

PACIFIC HEIGHTS COMMUNITY ASSOCIATION
FINANCIAL STATEMENTS
AUGUST 31, 2020
(Unaudited)

DRAFT FOR DISCUSSION PURPOSES ONLY

PACIFIC HEIGHTS COMMUNITY ASSOCIATION
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AUGUST 31, 2020
(Unaudited)

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the members of Pacific Heights Community Association,

We have reviewed the accompanying financial statements of Pacific Heights Community Association (the Organization) that comprise the statement of financial position as at August 31, 2020, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of the Organization as at August 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Saskatoon, Saskatchewan
December 2, 2020


Tara Quick, Chartered Professional Accountant, CGA

PACIFIC HEIGHTS COMMUNITY ASSOCIATION
STATEMENT OF FINANCIAL POSITION
AS AT AUGUST 31, 2020
(Unaudited)

	<u>2020</u> (Note 2)	<u>2019</u> (Note 3)
ASSETS		
CURRENT		
Cash (Note 3)	\$ 27,354	\$ 24,524
Guaranteed investment certificate	13,130	12,846
City of Saskatoon grants receivable	<u>0</u>	<u>3,740</u>
	<u>\$ 40,484</u>	<u>\$ 41,110</u>
NET ASSETS		
UNRESTRICTED FUNDS (Note 3)	<u>40,484</u>	<u>41,110</u>
	<u>\$ 40,484</u>	<u>\$ 41,110</u>

APPROVED ON BEHALF OF THE BOARD

Treasurer


Nairn Neiser (Dec 4, 2020 20:26 CST)

Board member

Nairn Neiser


Nikita King (Dec 3, 2020 20:01 CST)

Nikita King

The accompanying notes are an integral part of these financial statements.

PACIFIC HEIGHTS COMMUNITY ASSOCIATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED AUGUST 31, 2020
(Unaudited)

	<u>2020</u> (Note 2)	<u>2019</u> (Note 3)
REVENUES		
City of Saskatoon grants	\$ 5,495	\$ 4,590
Fun night	325	356
Indoor programs	5,060	4,873
Interest revenue and sundry	285	106
Soccer program	<u>0</u>	<u>1,070</u>
	<u>11,165</u>	<u>10,995</u>
EXPENDITURES		
Accounting	1,460	1,321
Bank charges	83	46
Fun night	571	565
Indoor programs	4,106	6,190
Insurance	1,719	1,654
Newsletter	979	1,189
Office and sundry	725	264
Rink operations	1,994	600
Soccer program	0	1,070
Web site	<u>154</u>	<u>154</u>
	<u>11,791</u>	<u>13,053</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>\$ (626)</u>	<u>\$ (2,058)</u>

The accompanying notes are an integral part of these financial statements.

PACIFIC HEIGHTS COMMUNITY ASSOCIATION
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED AUGUST 31, 2020
(Unaudited)

	<u>Unrestricted</u>	<u>Restricted Funds</u>	<u>2020</u> (Note 2)	<u>2019</u> (Note 3)
BALANCE , beginning of year	\$ 41,110	\$ 0	\$ 41,110	\$ 39,659
Deficiency of revenues over expenditures	(626)	0	(626)	(2,058)
Prior period adjustment (Note 3)	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,510</u>
BALANCE , end of year	<u>\$ 40,484</u>	<u>\$ 0</u>	<u>\$ 40,484</u>	<u>\$ 41,111</u>

The accompanying notes are an integral part of these financial statements.

PACIFIC HEIGHTS COMMUNITY ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2020
(Unaudited)

	<u>2020</u> (Note 2)	<u>2019</u> (Note 3)
OPERATING ACTIVITIES		
Excess revenues over expenditures (deficiency of revenues over expenditures) (Note 3)	\$ (626)	\$ 1,452
Net change in non-cash working capital balances related to operations:		
Accounts receivable	<u>3,740</u>	<u>1,096</u>
	3,114	2,548
FINANCING ACTIVITIES		
Guaranteed Investment Certificate reinvested	<u>(284)</u>	<u>(107)</u>
INCREASE IN CASH	2,830	2,441
CASH AND CASH EQUIVALENTS, beginning of year	<u>24,524</u>	<u>22,083</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 27,354</u>	<u>\$ 24,524</u>

The accompanying notes are an integral part of these financial statements.

PACIFIC HEIGHTS COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
AS AT AUGUST 31, 2020
(Unaudited)

1. PURPOSE OF THE ORGANIZATION

Pacific Heights Community Association was incorporated under the Non-Profit Corporations Act of the Province of Saskatchewan on November 24, 1978. Its primary purpose is to promote educational, recreational, and social programs in the Pacific Heights subdivision in Saskatoon, Saskatchewan. The Corporation is exempt from income taxes under section 149(1)(l) of the Income Tax Act of Canada.

2. COVID-19

Since early 2020 the spread of COVID-19 has impacted many local economies in Saskatchewan and around the world. Businesses have been and continue to be forced into limited operation or even closure for long periods of time. Measures taken to contain the spread of the virus, including quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses and organizations worldwide, resulting in an economic slowdown. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

Pacific Heights Community Association has determined that these events are non-adjusting, current and subsequent events. Accordingly, the financial position and results of the operations as of August 31, 2020 and for the year ended August 31, 2020 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as the impact on the financial position and results of the Association for future periods.

Specifics

During March 2020, due to government regulations on social distancing and large gatherings, all programs were cancelled. Partial and full refunds were given to those that started and paid for the programs at the time. At this time, it is known that all indoor programs will not be held at any schools or community centres until at least 2021.

Subsequent Events

COVID-19 is amongst the most significant economic events currently faced, and at the date of this report, their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. Because of this, no report should be expected to predict the unknowable factors or all possible future implications for an association associated with these events.

3. PRIOR PERIOD ADJUSTMENT

The association had opened a second bank account during the 2019 year end. This bank account is used to collect the money for online program registrations. There was a balance in the bank on August 31, 2019 of \$3,509.73 which included payments for 2019 programs held. As a result, the retained earnings balance as at September 1, 2019 has been increased by \$3,509.73 and the 2019 financial

PACIFIC HEIGHTS COMMUNITY ASSOCIATION
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statements have been restated. The retained earnings balance as at August 31, 2019 has been increased by \$3,509.73, which represents the excess program fees for 2019. The cash balance appearing in the 2019 balance sheet has been increased by \$3,509.73.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements of the Association have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Fund accounting

The Association follows the restricted fund method of accounting for contributions.

The General Fund accounts are for the Association's program delivery and administrative activities. This fund reports unrestricted resources and unrestricted operating grants.

Use of estimates

The preparation of financial statements requires the board to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the year. Actual results could differ from those estimates.

Revenue recognition

Membership fees are recognized as received as they are non-refundable and do not relate directly to the services provided. The association has elected not to charge membership fees this year.

The Association recognizes government funding (grants) in the period in which it becomes receivable.

The Association recognizes contributions of materials and services only when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Association's operations and would otherwise have been purchased.

The Association recognizes all other forms of income and deposits as they are received and or receivable.

The Association uses the deferral method of accounting for contributions under which restricted contributions related to expenses of future periods are deferred and recognized as revenue in the period in which the related expenses are incurred. As of the current year end there are none.

Donated services

The Association receives a significant amount of donated time and services from its directors and volunteers.

The monetary value of donated services is not reflected in these financial statements because their fair value can not be reasonably estimated.

PACIFIC HEIGHTS COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
AS AT AUGUST 31, 2020
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Cash and cash equivalents

Cash equivalents are comprised of highly liquid investments with maturities of three months or less from the date of acquisition.

Program supplies

Program supplies are expensed as acquired.

Capital assets and equipment

The average annual revenues recognized in the statement of operations for the current and preceding period of the Association was less than \$500,000. Since the Association meets criteria for small not-for-profit organizations, it does not record the acquisition of tangible capital assets and intangible assets. These acquisitions are expensed at the date of acquisition. This year the association bought a new snow blower for \$1,247.92 and computer for \$533.63.

5. FINANCIAL INSTRUMENTS

The Association's financial instruments consist of cash and guaranteed investment certificates. Unless otherwise noted, it is the board's opinion that the Association is not exposed to significant credit, interest rate, liquidity, or market risks arising from these financial instruments

Credit risk

The Association's credit risk consists principally of cash and cash equivalents, short-term investments and accounts receivable. The Association maintains cash and cash equivalents with a reputable and major financial institution. The investments include commercial papers and investments issued by high-credit quality corporations and financial institutions. The receivable is with a government organization and so risk of no payment is low. The Board considers the risk of non-performance of these instruments to be remote.

Interest rate risk

The Association's interest-bearing assets include cash and cash equivalents and government guaranteed funds.

The Association's cash is generally on a demand nature which minimizes the impact of fluctuations in market interest rate. The GIC is set at a fixed rate for the year. These assets are held with one financial institution.

Pacific Heights Community Association
Box 28013, RPO Westgate
Saskatoon, SK
S7M 5V8

December 2, 2020

Tara Quick, CPA, CGA
#300 - 820 51st Street E
Saskatoon, Saskatchewan
S7K 0X8

Dear Madame:

This representation letter is provided in connection with your review of the financial statements of Pacific Heights Community Association for the period ended August 31, 2020 for the purposes of you expressing a conclusion that, based on your review, nothing has come to your attention that causes you to believe that the financial statements of Pacific Heights Community Association do not present fairly, in all material respects, the financial position of Pacific Heights Community Association as at August 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with ASNPO.

Certain representations in this letter are described as being limited to matters that are material. Misstatements (including omissions) are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

In making the representations outlined below, we took the time necessary to appropriately inform ourselves on the subject matter through inquiries of entity personnel with relevant knowledge and experience, and, where appropriate, by inspecting supporting documentation.

We confirm, to the best of our knowledge and belief, the following representations made to you during your review:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated November 4, 2019, for the preparation and fair presentation of the financial statements in accordance with ASNPO.
- We reviewed, approved and recorded all of your proposed adjustments (except for uncorrected misstatements, which are addressed in the next bullet point) to our accounting records. This includes journal entries, changes to account coding, classification of certain transactions and preparation of, or changes to, certain accounting records.
- The effects of uncorrected misstatement are immaterial, individually and in aggregate, to the financial statements as a whole. A list of the uncorrected misstatements, including the reasons why

they were not corrected, is attached to this representation letter.

- Board members or other appropriate persons (such as those charged with governance) have accepted responsibility for the financial statements, including the related notes.

Information Provided

- We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation and other matters;
 - Additional information that you have requested from us for the purpose of the review; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you:
 - The identity of the entity's related parties and all the related-party relationships and transactions of which we are aware;
 - Significant facts relating to any fraud or suspected fraud known to us that may have affected the entity;
 - Known actual or possible non-compliance with laws and regulations for which the effects of non-compliance impact the financial statements of Pacific Heights Community Association;
 - All information relevant to use of the going concern assumption in the financial statements;
 - All events occurring subsequent to the date of the financial statements that may require adjustment or disclosure;
 - Material commitments, contractual obligations or contingencies that have affected or may affect the entity's financial statements, including disclosures; and
 - Material non-monetary transactions or transactions for no consideration undertaken by the entity in the financial reporting period under consideration.

- **Material transactions**

There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.

- **Future plans**

We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.

- **Liabilities and contingencies**

All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.

- **Ownership**

The association has satisfactory title to all assets, and there are no liens or encumbrances on the company's assets.

- **Compliance**

We have disclosed to you, and the association has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

Acknowledged and agreed on behalf Pacific Heights Community Association by:

_____ Title: _____

Daryl Campbell



Nairn Neiser (Dec 4, 2020 20:26 CST)

Title: **Nairn Neiser**

Nairn Neiser



Nikita King (Dec 3, 2020 20:01 CST)

Nikita King









2020 Draft financial statements to review and approve

Final Audit Report

2020-12-05

Created:	2020-12-03
By:	Tara Quick (tara@taraquick.ca)
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