

**Calgary Chinese Cultural Centre Association**

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Auditor's Report and Financial Statements

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April 30, 2018

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## Independent Auditor's Report

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### To: Calgary Chinese Cultural Centre Association

I have audited the accompanying financial statements of **Calgary Chinese Cultural Centre Association**, which comprise the statement of financial position as at April 30, 2018 and the statements of operations and change in unrestricted net assets, capital conservation fund and change in capital conservation fund, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the 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.

#### *Auditor's Responsibility*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

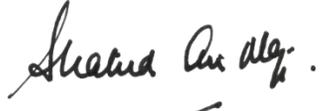
#### *Basis for Qualified Opinion*

In common with many not-for-profit organizations, the Association derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly my audit of these revenues was limited to the amounts recorded in the records of the Association and I was not able to determine whether any adjustments might be necessary to donation revenues, excess of revenue over expenses, current assets and net assets.

#### *Qualified Opinion*

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of **Calgary Chinese Cultural Centre Association** as at April 30, 2018, 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.

Calgary, Alberta  
August 15, 2018



Chartered Accountant

# Calgary Chinese Cultural Centre Association

## Statement of Financial Position

April 30, 2018

	<u>2018</u>	<u>2017</u>
<b><u>Assets</u></b>		
<b>Current</b>		
Cash	\$965,432	\$578,583
Term deposits, maturing within one year	216,351	214,112
Accounts receivable	16,818	31,683
Prepaid expenses	12,978	7,288
	<b>1,211,579</b>	<b>831,666</b>
<b>Non-current</b>		
Property and equipment (note 3)	3,225,951	3,338,446
	<b>\$4,437,530</b>	<b>\$4,170,112</b>
<b><u>Current liabilities</u></b>		
Accounts payable and accrued liabilities	\$32,393	\$35,176
Tenant and library deposits	82,179	34,498
Good and Services Tax payable	6,227	2,644
Casino proceeds and grants received but not spent (note 4)	149,884	88,239
	<b>270,683</b>	<b>160,557</b>
<b><u>Net assets</u></b>		
Capital conservation fund	58,227	58,227
Net assets invested in property and equipment	3,225,951	3,338,446
Unrestricted net assets	882,669	612,882
	<b>4,166,847</b>	<b>4,009,555</b>
	<b>\$4,437,530</b>	<b>\$4,170,112</b>

Approved by the Board:

\_\_\_\_\_, Director

\_\_\_\_\_, Director

## Calgary Chinese Cultural Centre Association

### Statement of Operations and Change in Unrestricted Net Assets

Year ended April 30, 2018

	<b>2018</b>	<b>2017</b>
<b>Revenue</b>		
Rental	\$611,450	\$669,245
Government grant, capital conservation	193,123	233,293
Activities and programs (note 6)	139,549	134,604
Grants and donations	124,555	70,270
Interest and other	2,439	3,482
Casino	2,054	5,303
Library deposits recognized as income	-	55,325
	<b>1,073,170</b>	<b>1,171,522</b>
<b>Expenses</b>		
Salaries and benefits	338,511	348,154
Repairs and maintenance		
general	139,978	104,895
roof top units	33,205	323,336
Amortization	149,337	155,477
Activities and programs (note 6)	121,174	94,194
Utilities	87,948	100,079
Office and general	22,647	15,076
Insurance	17,569	17,038
Professional fees	5,509	8,905
Uncollected rent	-	50,007
	<b>915,878</b>	<b>1,217,161</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>157,292</b>	<b>(45,639)</b>
Unrestricted net assets, start of year	612,882	521,816
Change in investment in property and equipment	112,495	136,705
<b>Unrestricted net assets, end of year</b>	<b>\$882,669</b>	<b>\$612,882</b>

**Calgary Chinese Cultural Centre Association**

**Statement of Capital Conservation Fund and Change in Capital Conservation Fund**

Year ended April 30, 2018

	<u>2018</u>	<u>2017</u>
<b>Revenue</b>		
Interest	\$ -	\$171
	<u>-</u>	<u>171</u>
<b>Expense</b>		
	<u>-</u>	<u>-</u>
	-	-
<b>Excess of revenue over expense</b>	-	<b>171</b>
Capital conservation fund, start of year	58,227	58,056
<b>Capital conservation fund, end of year</b>	<u><u>\$58,227</u></u>	<u><u>\$58,227</u></u>

## Calgary Chinese Cultural Centre Association

### Statement of Cash Flows

Year ended April 30, 2018

	<b>2018</b>	<b>2017</b>
<b>Operating activities</b>		
Rental income	\$636,315	\$616,326
Capital conservation grant	193,123	233,293
Programs and activities, net	1,102	40,410
Grants, donations, casino and other	188,454	76,555
Tenant and library deposits refunded, net	47,681	(45,595)
General fund expenses	(642,984)	(922,367)
	<b>423,691</b>	<b>(1,378)</b>
<b>Investing activities</b>		
Investment redeemed	-	62,355
Property and equipment purchased	(36,842)	(18,772)
	<b>(36,842)</b>	<b>43,583</b>
<b>Increase in cash</b>	<b>386,849</b>	<b>42,205</b>
Cash, start of year	578,583	536,378
<b>Cash, end of year</b>	<b>\$965,432</b>	<b>\$578,583</b>

## Calgary Chinese Cultural Centre Association

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### Notes to Financial Statements

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April 30, 2018

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**1. Organization:**

Calgary Chinese Cultural Centre Association (the Association) is incorporated under the Societies Act of Alberta to serve the community at large by organizing educational and recreational programs and to maintain the Calgary Chinese Cultural Centre as a venue for such activities.

The Centre, which houses a museum, an auditorium and meeting rooms, together with retail premises, is located on land leased from the City of Calgary until 2090 for a rental of \$1.

As a not-for-profit organization, the Association is not taxed and no provision for income taxes has been made in these financial statements.

**2. Significant accounting policies:**

The Association has an elected Board of Directors who had these financial statements prepared in accordance with Canadian accounting standards for not-for-profit organizations within reasonable limits of materiality using the accounting policies summarized below.

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations involves the use of assumptions and estimates affecting the amounts reported. Actual results may differ from these estimates.

**i. Revenue recognition:**

Retail rent and parking revenues are recorded as income on the first day of each month. Museum fees are recorded as income when received. Facility rentals and program fees are recorded as income when the event is held or the program is delivered. Interest income is accrued daily.

Unrestricted donations and grants are recorded as income when collection is reasonably assured; grants, donations and casino monies received for specific purposes are deferred and recognized as revenue in the year in which the related expenses are incurred.

**ii. Cash and investments:**

Cash comprises daily interest bank accounts and investments comprise guaranteed investment certificates.

**iii. Property and equipment:**

These are recorded at cost. Amortization is provided, by the declining balance method, at rates expected to reduce the cost over the estimated useful life of the assets at the following annual rates:

Building	4%
Furniture and equipment	20%

## Calgary Chinese Cultural Centre Association

### Notes to Financial Statements

April 30, 2018

#### 2. Significant accounting policies (continued):

##### iv. Contributed services:

Volunteers carry out many activities for the Association. As the fair value of contributed services cannot be easily determined, they are not recorded in these financial statements.

##### v. Fund accounting

The Association maintains two funds; the general fund for all operating revenue and expenses and the capital conservation fund for certain restricted City of Calgary grants and the related expenses.

##### vi. Financial instruments:

The financial instruments of the Association include cash, investments, accounts receivable, accounts payable and deposits, which are initially measured at fair value and subsequently at amortized cost.

At the end of each reporting period, the existence of indicators of impairment (such as financial difficulties of debtors) is assessed with a view of determining the carrying value of financial instruments.

#### 3. Property and equipment:

			2018	2017
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Building	\$8,188,470	\$5,060,352	\$3,128,118	\$3,258,456
Furniture and equipment	402,774	340,137	62,637	36,850
Leasehold improvement	39,722	37,176	2,546	10,490
Museum artifacts	32,650	-	32,650	32,650
	<b>\$8,663,616</b>	<b>\$5,437,665</b>	<b>\$3,225,951</b>	<b>\$3,338,446</b>

#### 4. Casino proceeds and grants:

Funds received for specific purposes are recorded as deferred revenue and recognized as income as the related expenses are incurred. The unspent funds are:

	Start	Received	Spent in year	Unspent
New Horizon for seniors	\$17,430	\$ -	\$17,430	\$ -
Casino funds	70,809	68,461	2,106	137,164
Panda dinner	-	12,720	-	12,720
	<b>\$88,239</b>	<b>\$81,181</b>	<b>\$19,536</b>	<b>\$149,884</b>

## Calgary Chinese Cultural Centre Association

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### Notes to Financial Statements

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April 30, 2018

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**5. Financial instrument risk management:**

The Association is exposed to various risks through its financial instruments and manages these risks with the objective of reducing volatility in its cash flows.

The principal risks are:

Cash and term deposits	Credit risk and interest rate risk
Accounts receivable	Credit risk
Accounts payable	Liquidity risk

**Credit risk and interest rate risk:**

The exposure to credit risk arises from the possibility that counter parties may default on their financial obligations.

Of the Association's total deposits of \$1,181,783 on April 30, 2018, \$110,426 was insured by the Canada Deposit Insurance Corporation. The average rate of interest on the total cash and term deposits was 0.37% (2017 – 0.21% on \$792,695).

The collection of rent is dependent on the success of the tenant's business. The Association manages this credit risk by screening potential tenants and requiring an appropriate rental deposit.

**Liquidity risk:**

Liquidity risk is the risk that the Association will not be able to meet its cash requirements as they come due or be able to liquidate its assets in a timely manner at reasonable prices. The Association manages this risk by assessing the cash flows from its activities and programs and holding sufficient funds in daily interest bank accounts to meet any temporary cash requirements.

## Calgary Chinese Cultural Centre Association

### Notes to Financial Statements

April 30, 2018

#### 6. Activities and programs:

	2018			2017		
	Revenue	Expenses	Net	Revenue	Expenses	Net
<b>Fees:</b>						
Education, recreation and summer camp	\$96,850	\$53,291	\$43,559	\$90,243	\$46,015	\$44,228
Museum	2,078	-	2,078	4,747	147	4,600
New Years' carnival	26,537	6,584	19,953	27,627	6,796	20,831
Alberta culture days	8,077	4,169	3,908	-	-	-
Other	6,007	14,120	(8,113)	11,987	-	11,987
	<b>139,549</b>	<b>78,164</b>	<b>61,385</b>	<b>134,604</b>	<b>52,958</b>	<b>81,646</b>
<b>Grants:</b>						
Senior citizens project	-	-	-	23,773	23,773	-
Canada 150	55,000	43,010	11,990	15,000	17,463	(2,463)
	<b>\$194,549</b>	<b>\$121,174</b>	<b>\$73,375</b>	<b>\$173,377</b>	<b>\$94,194</b>	<b>\$79,183</b>