

Buckhorn Community Centre and Athletic Association

Financial Statements

Year ended December 31, 2022

Buckhorn Community Centre and Athletic Association

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For the year ended December 31, 2022

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Independent Auditor's Report

To the directors of

Buckhorn Community Centre and Athletic Association

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Buckhorn Community Centre and Athletic Association (the Association), which comprise the statement of financial position as at December 31, 2022, and the statements of revenue and expenses, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with Accounting Standards for Not-for-Profit Organizations.

Basis for Qualified Opinion

In common with many charitable organizations, the Association derives a portion of its revenue from donations and fundraising, including all festivals and social functions, the completeness of which is not susceptible to satisfactory audit verification. Our verification of these revenues was limited to the amounts recorded in the records of the Association. We were not able to determine whether any adjustments might be necessary to donations, fundraising revenues, excess of revenues over expenses, assets and net assets.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our independent auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Richard Clarke, CPA, CA.

Deeth & Co. LLP

Chartered Professional Accountants

Licensed Public Accountants

Mississauga, Ontario

April 18, 2023

Buckhorn Community Centre and Athletic Association

Statement of Financial Position

As at December 31, 2022

	Notes	Capital Fund	Operating Fund	2022	2021
Assets					
Current assets					
Cash and bank	2	\$ 166,546	\$ 83,690	\$ 250,236	\$ 402,978
Short term investments	3	-	200,591	200,591	-
Trade accounts receivable		-	1,626	1,626	1,044
Inventory		-	3,628	3,628	3,628
Prepays	4	-	15,186	15,186	3,040
Due (to) from other fund		37,385	(37,385)	-	-
		203,931	267,336	471,267	410,690
Capital assets	5	548,071	-	548,071	479,066
		\$ 752,002	\$ 267,336	\$ 1,019,338	\$ 889,756
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	6	\$ -	\$ 19,892	\$ 19,892	\$ 22,816
Deferred revenue	7	69,064	30,333	99,397	139,509
Current portion of loan	8	-	40,000	40,000	-
		69,064	90,225	159,289	162,325
Deferred contributions	9	272,366	-	272,366	208,633
Long-term portion of loan	8	-	-	-	40,000
		341,430	90,225	431,655	410,958
Net assets					
Invested in capital assets		381,272	-	381,272	270,433
Internally restricted	10	29,300	-	29,300	29,300
Unrestricted		-	177,111	177,111	179,065
		410,572	177,111	587,683	478,798
		\$ 752,002	\$ 267,336	\$ 1,019,338	\$ 889,756

Approved: _____

The accompanying notes are an integral part of these financial statements

Buckhorn Community Centre and Athletic Association

Statement of Revenue and Expenses

For the year ended December 31, 2022

	Notes	Capital Fund	Operating Fund	2022	2021
Revenue					
Memberships		\$ -	\$ 8,440	\$ 8,440	\$ 6,730
Investment income		-	591	591	-
Projects - Craft shows		-	32,534	32,534	560
- Donations		-	47,428	47,428	55,834
- Fine arts festival		-	48,660	48,660	500
- Social functions		-	85,761	85,761	165,249
Federal grants		-	4,724	4,724	20,365
Events revenue		-	129,543	129,543	-
Sale of solar power	11	-	54,996	54,996	53,485
Provincial grants		-	9,639	9,639	78,507
Municipal grant - Peterborough		-	-	-	2,400
- Trent Lakes		-	29,000	29,000	30,950
- Selwyn		-	275	275	275
Youth activity		-	5,381	5,381	-
Amortization of deferred contributions		38,410	-	38,410	21,268
		38,410	456,972	495,382	436,123
Expenses					
Fundraising costs - Social functions		-	99,111	99,111	54,410
- Fine arts festival		-	15,651	15,651	7,095
- Craft shows		-	11,835	11,835	6,817
Grant expenses		-	-	-	1,780
Management costs		-	161,447	161,447	131,347
		-	288,044	288,044	201,449
Advertising		-	6,251	6,251	4,638
Amortization of capital assets		44,455	-	44,455	41,279
Insurance		-	10,901	10,901	6,443
Property taxes		-	9,326	9,326	9,237
Office		-	18,733	18,733	19,301
Professional fees		-	26,403	26,403	16,457
Repairs and maintenance		-	51,900	51,900	38,313
Telephone		-	5,095	5,095	6,880
Utilities		-	42,273	42,273	26,694
		44,455	458,926	503,381	169,242
Operating revenue (loss)		(6,045)	(1,954)	-	65,432
Other item					
Gain on disposal of land	12	116,884	-	116,884	-
Excess of revenue over expenses (expenses over revenue)		\$ 110,839	\$ (1,954)	\$ 108,885	\$ 65,432

The accompanying notes are an integral part of these financial statements

Buckhorn Community Centre and Athletic Association

Statement of Changes in Net Assets

December 31, 2022

	Capital Fund		Operating Fund		2022	2021
Balance, beginning of year	\$	299,733	\$	179,065	\$ 478,798	\$ 413,366
Excess of revenue over expenses (expenses over revenue)		110,839		(1,954)	108,885	65,432
Balance, end of year	\$	410,572	\$	177,111	\$ 587,683	\$ 478,798

The accompanying notes are an integral part of these financial statements

Buckhorn Community Centre and Athletic Association

Statement of Cash Flows

For the year ended December 31, 2022

	Capital Fund	Operating Fund	2022	2021
Cash flows from operating activities:				
Excess of revenue over expenses (expenses over revenues)	\$ 110,839	\$ (1,954)	\$ 108,885	\$ 65,432
Items not involving cash:				
Amortization of capital assets	44,455	-	44,455	41,279
Amortization of deferred contributions	(38,410)	-	(38,410)	(21,268)
Gain on disposal of land	(116,884)	-	(116,884)	-
	-	(1,954)	(1,954)	85,443
Change in non-cash working capital items related to operations:				
Accounts receivable	-	(582)	(582)	(235)
Prepays	-	(12,146)	(12,146)	(2,768)
Accounts payable and accrued liabilities	-	(2,924)	(2,924)	12,765
Deferred revenue	(21,049)	(19,063)	(40,112)	89,738
Deferred contributions	102,143	-	102,143	86,515
	81,094	(36,669)	44,425	271,458
Cash provided by financing activities:				
Interfund transfer	(260,511)	260,511	-	-
Cash provided by (used in) in investing activities:				
Purchase of capital assets	(114,460)	-	(114,460)	(87,764)
Purchase of marketable securities	-	(200,591)	(200,591)	-
Proceeds from disposal of land	117,884	-	117,884	-
	3,424	(200,591)	(197,167)	(87,764)
Net increase (decrease) in cash from activities	(175,993)	23,251	(152,742)	183,694
Cash and bank at beginning of year	342,539	60,439	402,978	219,284
Cash and bank at end of year	\$ 166,546	\$ 83,690	\$ 250,236	\$ 402,978

The accompanying notes are an integral part of these financial statements

Buckhorn Community Centre and Athletic Association

Notes to the Financial Statements

December 31, 2022

1 Significant accounting policies

Purpose of organization

The Buckhorn Community Centre and Athletic Association is a registered charity that provides activities and enrichment to the lives of the residents of the community.

Basis of Accounting

The financial statements were prepared using Accounting Standards for Not-for-Profit Organizations.

Revenue Recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions for the purchase of capital assets are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired capital asset.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Inventory

The Association records inventory at the lower of cost and net realizable value.

Capital Assets

Purchased capital assets are recorded in the Capital Fund at acquisition cost.

Amortization is provided on a straight-line basis using the following rates:

Building	25 years
Computer equipment	5 years
Parking lot	10 years
Furniture, fixtures and equipment	5-10 years
Ball park	10 years
Building expansion	25 years
Fencing	10 years
Solar equipment	20 years

Deferred contributions relating to capital assets are amortized on a straight-line basis using the same rate as the related asset.

The Association's monument is capitalized in the statement of financial position. The monument is recorded at acquisition cost and not subject to amortization.

Assets under construction are not amortized until the asset is in service.

Buckhorn Community Centre and Athletic Association

Notes to the Financial Statements

December 31, 2022

1 Significant accounting policies (continued)

Contributed Materials and Services

Due to the difficulty of determining their fair value, the Association does not recognize in the financial statements the value of goods and services donated by the many volunteers on whom the Association is dependent.

Income Tax

The Association is a registered charity and, as such, it is not subject to either federal or provincial income taxes.

Fund Accounting

The Operating Fund accounts for the Association's program delivery and administrative activities.

The Capital Fund reports assets, liabilities, revenues, and expenses related to capital assets and building expansions.

Financial Instruments

Measurement of financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, cash and bank are reported at fair value. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets measured at amortized cost include trade accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, deferred revenue, loan and deferred contributions.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Use of Estimates

The preparation of financial statements in accordance with Accounting Standards for Not-for-Profit Organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. The principal estimates used in preparation of these financial statements are the estimated useful life of capital assets, deferred revenue and contributions and accruals. Actual results could differ from management's best estimates as additional information becomes available in the future.

2 Cash and bank

The Association's bank accounts are held at one credit union and earn a nominal amount of interest.

Buckhorn Community Centre and Athletic Association

Notes to the Financial Statements

December 31, 2022

3 Short term investments

The Association currently holds two short-term GICs. The first one with an interest rate of 4.4%, maturing on November 18, 2023 and the second one with an interest rate of 2%, maturing on December 21, 2023.

The GIC balances include principal invested plus all accrued interest to date.

4 Prepaids

Included in prepaids is a deposit for a generator in the amount of \$14,142.

5 Capital assets

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Land	\$ -	\$ -	\$ -	\$ 1,000
Building	645,161	366,715	278,446	184,479
Computer equipment	43,073	30,048	13,025	14,091
Parking lot	162,308	151,426	10,882	10,882
Furniture, fixtures and equipment	293,363	250,234	43,129	40,781
Ball park	2,072	2,072	-	-
Building expansion	674,371	575,942	98,429	107,130
Fencing	5,743	5,743	-	-
Solar equipment	312,293	250,835	61,458	78,180
Memorial Centaph Monument	42,702	-	42,702	42,523
	\$ 2,181,086	\$ 1,633,015	\$ 548,071	\$ 479,066

Amortization provided for the year totalled \$44,455 (2021 - \$41,279).

6 Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances amounting to \$347 (2021 - \$5,557).

Buckhorn Community Centre and Athletic Association

Notes to the Financial Statements

December 31, 2022

7 Deferred revenue

Deferred revenue represents grants and donations received subject to specific spending restrictions. The balance of deferred revenue at December 31 is comprised of:

	<u>2022</u>	<u>2021</u>
Capital Funds:		
Grants and private donations for capital	\$ 69,064	\$ 90,113
Operating Fund:		
Improvements to Community Centre's image	\$ -	\$ 14,940
Cenotaph project	9,017	9,298
Ball diamond upgrade	9,737	9,737
Soldier's account	-	3,931
Prepaid show and membership fees	3,396	4,650
Vehicle storage fees	8,183	6,840
	<u>30,333</u>	<u>49,396</u>
	<u>\$ 99,397</u>	<u>\$ 139,509</u>

8 Loan

	<u>2022</u>	<u>2021</u>
CEBA loan, \$60,000 net of forgivable portion, terms described below	\$ 40,000	\$ 40,000

The CEBA loan is unsecured and non-interest bearing with no scheduled payments until December 31, 2023. If \$40,000 of the loan has been repaid by that date, the remaining \$20,000 will be forgiven. If the \$40,000 in loan payments have not been made by December 31, 2023, the full outstanding balance will be converted to a 5% interest bearing loan with monthly interest-only payments required until full principal is due on December 31, 2025.

The \$20,000 forgivable portion has been recorded as federal grant income in the fiscal year ended December 31, 2020.

Buckhorn Community Centre and Athletic Association

Notes to the Financial Statements

December 31, 2022

9 Deferred contributions

Deferred contributions represent the unamortized amount of donations and grants received for the purchase of capital assets. The amortization of contributions is recorded as revenue in the statement of revenue and expenses.

	<u>2022</u>	<u>2021</u>
Balance, beginning of the year	\$ 208,633	\$ 143,386
Contributions received during the year		
Ontario Trillium Foundation grant	88,213	61,837
New Horizons grant	-	24,678
	296,846	229,901
Less: amortization	(24,480)	(21,268)
Balance, end of the year	\$ 272,366	\$ 208,633

10 Internally restricted reserves

The Board of Directors has established an internally restricted reserve in the Capital Fund, which is to be used towards future purchases of capital assets.

The internally restricted reserves are not available for other purposes without the approval of the Board of Directors.

11 Solar array

The Association entered into a 20-year agreement with the Ontario Power Authority on January 3, 2011 to install a solar array on the roof of the building. The solar array is expected to generate revenues of \$0.713/kWh for the Association. The total cost was financed through two loans and the interest and principal payments were funded by the proceeds from the sale of hydro as a transfer to the capital fund. The loans were fully repaid in a prior year.

The following is a summary of activity for the current year, and for the project to date:

	<u>2022</u>	<u>Cumulative</u>
Solar income	\$ 54,996	\$ 575,008
Less: debt payments		
Principal	-	(312,466)
Interest	-	(108,431)
Net cash flows	\$ 54,996	\$ 154,111

Buckhorn Community Centre and Athletic Association

Notes to the Financial Statements

December 31, 2022

12 Sale of land

During the fiscal year, the Association sold three plots of land for a sale price, net of legal fees in the amount of \$117,884.

13 Financial instruments

Liquidity Risk

Liquidity risk is the risk that the Association encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Association will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value which is less than what they are worth, or may be unable to settle or recover a financial asset. The Association is subject to liquidity risk through its accounts payable and accrued liabilities. It is the board's opinion that the Association is not subject to significant credit, currency, interest rate or other price risk. There have been no changes since the prior year.

14 Comparative figures

Certain of the prior year's figures have been reclassified to conform to the current year's presentation.
