

RAMSAY COMMUNITY ASSOCIATION

Financial Statements

Year Ended August 31, 2019

INDEPENDENT AUDITOR'S REPORT

To the Members of Ramsay Community Association

Opinion

We have audited the financial statements of Ramsay Community Association (the Association), which comprise the statement of financial position as at August 31, 2019, and the statements of revenues and expenditures, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at August 31, 2019, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Opinion

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 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 ASNPO, 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 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:

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Independent Auditor's Report to the Members of Ramsay Community Association *(continued)*

- 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 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 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.

Calgary, Alberta

Chartered Professional Accountants

RAMSAY COMMUNITY ASSOCIATION

Statement of Financial Position

August 31, 2019

	2019	2018 <i>(Revised)</i>
Assets		
Current		
Cash	\$ 46,995	\$ 46,630
Restricted cash <i>(Note 3)</i>	49,230	38,871
Accounts receivable	4,914	8,782
Goods and services tax recoverable	9,817	9,035
Prepaid expenses	5,350	1,774
	116,306	105,092
Capital assets <i>(Note 4)</i>	3,970	5,419
	\$ 120,276	\$ 110,511
Liabilities and Net assets		
Current		
Accounts payable and accrued liabilities	\$ 20,467	\$ 10,522
Deferred income	15,867	2,281
Damage deposits	400	450
Restricted contributions <i>(Note 5)</i>	49,230	38,871
	85,964	52,124
Net assets		
General fund	28,893	52,968
Restricted fund	5,419	5,419
	34,312	58,387
	\$ 120,276	\$ 110,511

ON BEHALF OF THE BOARD

_____ *Director*

_____ *Director*

See notes to financial statements

RAMSAY COMMUNITY ASSOCIATION
Statement of Revenues and Expenditures
Year Ended August 31, 2019

	2019	2018 <i>(Revised)</i>
Revenue		
Casino income	\$ 57,345	\$ 37,148
Rental income	41,780	50,187
Recreation income	15,910	2,250
Advertising revenue	11,003	18,708
Memberships	3,633	3,624
Events income	2,530	5,935
Interest income	1,391	57
Miscellaneous	49	1,923
	<u>133,641</u>	<u>119,832</u>
Expenses		
Repairs and maintenance	48,726	33,571
Sub-contracts	37,685	38,905
Recreation program delivery	14,847	1,691
Newsletter	15,736	15,122
Utilities	12,733	15,009
Professional fees	9,000	11,063
Insurance	8,454	7,018
Licenses, memberships and fees	2,750	669
Bad debts (recovery)	2,265	(858)
Event expenses	1,719	11,081
GST expense	1,634	4,233
Amortization	1,449	2,144
Office supplies	450	1,596
Interest and bank charges	268	198
	<u>157,716</u>	<u>141,442</u>
Deficiency of revenue over expenses	<u>\$ (24,075)</u>	<u>\$ (21,610)</u>

See notes to financial statements

RAMSAY COMMUNITY ASSOCIATION

Statement of Changes in Net Assets

Year Ended August 31, 2019

	General Fund	Restricted Fund	2019	2018 <i>(Revised)</i>
Net assets - beginning of year	\$ 52,968	\$ 5,419	\$ 58,387	\$ 79,997
Deficiency of revenue over expenses	(24,075)	-	(24,075)	(21,610)
Net assets - end of year	\$ 28,893	\$ 5,419	\$ 34,312	\$ 58,387

RAMSAY COMMUNITY ASSOCIATION

Statement of Cash Flows
Year Ended August 31, 2019

	2019	2018 <i>(Revised)</i>
Operating activities		
Deficiency of revenue over expenses	\$ (24,075)	\$ (21,610)
Item not affecting cash:		
Amortization of capital assets	<u>1,449</u>	<u>2,144</u>
	<u>(22,626)</u>	<u>(19,466)</u>
Changes in non-cash working capital:		
Accounts receivable	3,868	59,155
Accounts payable and accrued liabilities	9,945	(6,750)
Prepaid expenses	(3,576)	(99)
Goods and services tax payable	(782)	(5,246)
Damage deposits	(50)	-
Deferred income	<u>13,586</u>	<u>129</u>
	<u>22,991</u>	<u>47,189</u>
Cash flow from operating activities	<u>365</u>	<u>27,723</u>
Investing activity		
City of Calgary Capital Conservation grants expended on repairs to hall building	<u>-</u>	<u>(157,463)</u>
Financing activities		
City of Calgary Capital Conservation grants received	-	157,463
Restricted contributions	<u>10,359</u>	<u>(37,148)</u>
Cash flow from financing activities	<u>10,359</u>	<u>120,315</u>
Increase (decrease) in cash flow	10,724	(9,425)
Cash - beginning of year	<u>85,501</u>	<u>94,926</u>
Cash - end of year	<u>\$ 96,225</u>	<u>\$ 85,501</u>
Cash consists of:		
Cash	\$ 46,995	\$ 46,630
Restricted cash	<u>49,230</u>	<u>38,871</u>
	<u>\$ 96,225</u>	<u>\$ 85,501</u>

See notes to financial statements

RAMSAY COMMUNITY ASSOCIATION

Notes to Financial Statements

Year Ended August 31, 2019

1. PURPOSE OF THE ASSOCIATION

Ramsay Community Association (the "Association") is a not-for-profit organization incorporated provincially under the Societies Act of Alberta on March 21, 1956. Management has determined that they are exempt from payment of income tax under Section 149(1) of the Income Tax Act.

The mandate of the Association is to facilitate and encourage the recreational, cultural and social activities of the community of Ramsay.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNFPO").

Cash and cash equivalents

Cash and cash equivalents consist of cash in banks less outstanding cheques plus any undeposited cheques.

Capital assets

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Parking lot improvements	10 years	straight-line method
Furniture and fixtures	10 years	straight-line method

The Association regularly reviews its capital assets to eliminate obsolete items.

Goods and Services Tax

The Association is a non-profit organization that is a GST registrant. As such, all GST paid or payable on the purchases and expenses related to its commercial activities are claimable as an ITC. GST paid or payable on property and services resold, used, or consumed in the course of its exempt activities are not claimable.

GST paid or payable on general operating and overhead expenses used in the day-to-day operations such as management, administration, utilities, and other support functions, is apportioned between commercial and exempt activities. Management uses the ratio of actual hours rented to total available rental hours for the Hall to determine the pro rata share of GST ITCs that may be claimed. In 2019, that ratio was 31% (2018 - 23%).

GST paid or payable on capital property is subject to special rules for non-profit organizations. If the commercial use is more than 50%, a full ITC is claimed. If the commercial use is 50% or less, then no ITC is claimed.

Management has also determined that the Association is a "qualifying non-profit organization" which means that the percentage of government funding is at least 40% of its total revenue for a fiscal year, or for the previous two fiscal years. As a qualifying non-profit organization, the Association qualifies to recover 50% of the GST paid or payable on its eligible purchases and expenses for which it cannot claim ITCs as a "public service bodies' rebate".

In 2019, the Association recorded \$1,705 (2018 - \$5,263) as receivable under the public service bodies' rebate. The net unrecoverable portion of GST paid or payable is recorded as an expense.

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RAMSAY COMMUNITY ASSOCIATION

Notes to Financial Statements

Year Ended August 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government assistance

Government assistance for current expenses is recorded as a reduction of the related expenditures. Government assistance for acquiring capital assets is recorded as a reduction of the cost of related assets.

Donated services and materials

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

Revenue recognition

Ramsay Community 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. Endowment contributions are recognized as direct increases in net assets.

Revenue generated through casino fundraisers are deferred until they are spent on operations, repairs, or facility costs related to the hall and rink, therefore casino cash has a matching liability for restricted contributions.

Revenue generated from hall rental, rink rental, or newsletter advertising is earned on pro-rata basis as the portion of purchased days are used. Because these services are typically prepaid this may also result in unused amounts being deferred.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Financial assets measured at amortized cost include cash, accounts receivable, and GST receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

There are no assets or liabilities recorded at fair market value.

3. EXTERNALLY RESTRICTED ASSETS

Casino receipts are restricted to usage according to approved expenditures by the Alberta Gaming and Liquor Commission. Grant funding is restricted by the funders according to each approved grant application.

	<u>2019</u>	<u>2018</u>
Casino bank account	<u>\$ 49,230</u>	<u>\$ 38,871</u>

RAMSAY COMMUNITY ASSOCIATION

Notes to Financial Statements

Year Ended August 31, 2019

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Parking lot improvements	\$ 3,675	\$ 1,987	\$ 1,688	\$ 1,875
Furniture and fixtures	19,361	17,079	2,282	3,544
	\$ 23,036	\$ 19,066	\$ 3,970	\$ 5,419

5. CASINO CONTRIBUTIONS

	2019	2018
Balance carried forward from prior year	\$ 38,871	\$ 76,019
Casino event proceeds	67,704	-
Transfers from General to reimburse for non-eligible expenses paid from Casino in 2018	9,702	-
Interest income	616	-
	116,893	76,019
Less:		
Facilities and equipment	(34,755)	(8,302)
Utilities	(11,259)	(9,974)
Insurance	(8,880)	(7,117)
Newsletter	(7,550)	(2,053)
Casino advisor fees	(2,351)	-
Office and operating costs	(1,461)	(1,260)
Recreation program delivery	(1,407)	-
Professional fees	-	(8,442)
	-	-
	\$ 49,230	\$ 38,871

6. MEASUREMENT UNCERTAINTY

The preparation of the financial statements in conformity with Canadian 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 revenues and expenses during the reporting period. Estimates include the useful life of its capital assets, allowance for doubtful accounts, and accrued payables. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future period could be significant. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

RAMSAY COMMUNITY ASSOCIATION

Notes to Financial Statements

Year Ended August 31, 2019

7. PARKS FOUNDATION CALGARY

Parks Foundation Calgary (the "Foundation") is an organization that helps communities enhance parks, amateur sport and river valleys throughout the City of Calgary. The Association has an approved project under the Foundation, the Ramsay Community Rink project, to help repair current rink and/or build a new rink. The Foundation receives donations on behalf of the project and issues tax receipts for eligible donations, processes payments for approved invoices for the project, and provides financial reports for the project. The Association made contributions of \$Nil (2018 - \$4,570) towards this project. Total funds on hand at the Foundation for this project is \$108,091 as at August 31, 2019 (2018 - \$101,459).

8. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Association's risk exposure and concentration as of August 31, 2019.

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Association is exposed to credit risk from customers. The Association has a significant number of customers which minimizes concentration of credit risk. It is management's opinion that the association is not significantly exposed to credit risk.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its receipt of funds from its customers and accounts payable. It is management's opinion that the association is not significantly exposed to liquidity risk.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk.

(d) Currency risk

Currency risk is the risk to the company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Association is not exposed to foreign currency exchange risk as it has no balances denominated in a foreign currency and it operates locally.

(e) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The Association is not exposed to interest rate risk as it has no loans subject to the market's interest rates.

(f) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Association is not exposed to other price risk as it holds no financial instruments subject to changes in market prices.

RAMSAY COMMUNITY ASSOCIATION

Notes to Financial Statements

Year Ended August 31, 2019

9. SUBSEQUENT EVENTS

The following events occurred subsequent to the fiscal year end:

COVID-19 global pandemic

Subsequent to year-end, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in worldwide emergency measures to combat the spread of the virus. These measures, which include self-quarantine periods, have caused disruption to businesses and governments globally, which are resulting in an economic slowdown. The duration and impact of the COVID-19 outbreak is unknown at this time, including measures implemented by governments and central banks. It is not possible to reliably estimate the length or effect of these developments, including the impact on the financial results of the Association in future periods.

Discontinued rental operation

During the 2020 year, the Association's Board of Directors unanimously agreed to cease rental operations at the Ramsay Community Hall and relinquished the property lease to the City of Calgary. Yearly declines in rental demand, increasing facility operating costs and significant impending repairs were contributing factors to realized and anticipated rental losses. It was determined that the Association could not maintain sufficient cash flow to meet the Association's purpose if rental operations continued.

The Board of Directors is satisfied that the Association's purpose will be maintained, and improved, by the curtailment of rental losses as well as continued Casino, event, fundraising and other revenue.

Change of year-end date

Subsequent to the year end, the Board of Directors approved the change of the fiscal period from August 31st to June 30th. The Association has made application to the Canada Revenue Agency to approve this change, but it has not been confirmed yet.

10. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

RAMSAY COMMUNITY ASSOCIATION

General Operations

(Schedule 1)

Year Ended August 31, 2019

	2019	2018
		<i>(Revised)</i>
Revenue		
Memberships	\$ 3,633	\$ 3,624
Interest income	1,391	57
Miscellaneous	49	1,923
Casino	<u>(6,507)</u>	<u>9,702</u>
	<u>(1,434)</u>	15,306
Expenses		
Professional fees	9,000	11,063
Licenses, memberships and fees	2,750	669
GST expense	1,634	4,233
Office supplies	450	1,596
Interest and bank charges	<u>269</u>	<u>195</u>
	<u>14,103</u>	17,756
Loss from operations	<u>\$ (15,537)</u>	<u>\$ (2,450)</u>

RAMSAY COMMUNITY ASSOCIATION

Hall Operations
(Schedule 2)

Year Ended August 31, 2019

	2019	2018 <i>(Revised)</i>
Revenue		
Rental income	\$ 41,780	\$ 50,187
Casino	<u>49,738</u>	<u>19,686</u>
	<u>91,518</u>	69,873
Expenses		
Hall management	37,685	38,905
Janitorial	19,302	17,886
Grounds maintenance	18,473	15,842
Utilities	9,186	10,686
Insurance	8,454	7,018
R & M - Hall	7,093	(3,251)
Security	1,718	-
Amortization	<u>1,449</u>	<u>2,144</u>
	<u>103,360</u>	89,230
Loss from operations	<u>\$ (11,842)</u>	<u>\$ (19,357)</u>

RAMSAY COMMUNITY ASSOCIATION
Newsletter, Website and Advertising Operations
(Schedule 3)
Year Ended August 31, 2019

	2019	2018 <i>(Revised)</i>
Revenue		
Advertising revenue	\$ 11,003	\$ 18,708
Casino	<u>7,550</u>	<u>2,053</u>
	<u>18,553</u>	20,761
Expenses		
Printing	7,213	9,357
Layout	6,423	5,765
Bad debts (recovery)	2,265	(858)
Distribution	<u>2,100</u>	<u>-</u>
	<u>18,001</u>	14,264
Income from operations	\$ 552	\$ 6,497

RAMSAY COMMUNITY ASSOCIATION

Recreation Operations

(Schedule 4)

Year Ended August 31, 2019

	2019	2018 <i>(Revised)</i>
Revenue		
Donations	\$ 10,750	\$ -
Soccer	2,030	1,575
Tennis	1,675	-
T-Ball	1,455	675
Casino	6,564	5,707
Facility rent	1,253	1,794
Garden plot rent	-	365
	<u>23,727</u>	<u>10,116</u>
Expenses		
Donation	10,000	-
Utilities	3,548	4,324
Repairs and maintenance	2,140	3,094
Tennis	1,466	-
Soccer	1,231	898
T-Ball	1,529	794
Supplies	620	-
	<u>20,534</u>	<u>9,110</u>
Income from operations	<u>\$ 3,193</u>	<u>\$ 1,006</u>

RAMSAY COMMUNITY ASSOCIATION

Events Operations

(Schedule 5)

Year Ended August 31, 2019

	2019	2018
		<i>(Revised)</i>
Revenue		
Ramsay Rocks	\$ 1,355	\$ -
Donations	600	500
Art in the Hood	575	565
Stampede party	-	4,570
Miscellaneous	-	300
	<u>2,530</u>	<u>5,935</u>
Expenses		
Winter festival	1,009	1,550
Robot festival	550	-
Miscellaneous	160	930
Donation	-	4,570
Stampede party	-	2,975
Pride parade	-	1,000
Volunteer dinner	-	56
	<u>1,719</u>	<u>11,081</u>
Income (loss) from operations	<u>\$ 811</u>	<u>\$ (5,146)</u>