

RAMSAY COMMUNITY ASSOCIATION
Financial Statements
August 31, 2019

Draft for discussion purposes only

Prepared by	Reviewed by	Manager	Partner

RAMSAY COMMUNITY ASSOCIATION
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For the Year Ended August 31, 2019

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RAMSAY COMMUNITY ASSOCIATION
Statement of Financial Position
As at August 31, 2019

	2019	2018
Assets		
Current		
Cash	\$ 46,995	\$ 46,630
Restricted Cash (Note 3)	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
	<u>116,306</u>	105,092
Capital assets (Note 4)	4,463	5,419
	<u>\$ 120,769</u>	<u>\$ 110,511</u>
Liabilities and Net assets		
Current		
Accounts payable	\$ 5,999	\$ 10,522
Deferred income	11,552	2,281
Damage deposits	400	450
Restricted contributions (Note 5)	49,230	38,871
	<u>67,181</u>	52,124
Net Assets		
General fund	48,169	52,968
Restricted fund	5,419	5,419
	<u>53,588</u>	58,387
	<u>\$ 120,769</u>	<u>\$ 110,511</u>

On behalf of the Board

_____ Director

_____ Director

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

	2019	2018
Revenues		
Casino Contribution Revenue (Note 3)	\$ 57,345	\$ 37,148
Rental Revenue	44,932	50,187
Recreation Revenue	15,910	2,250
Advertising Revenue	12,167	18,708
Membership Revenue	3,633	3,624
Events Revenue	2,530	5,935
General Revenue	1,440	1,980
	<u>137,957</u>	<u>119,832</u>
Expenses		
Repairs and maintenance	46,015	35,903
Sub-contracts	37,685	36,000
Recreation Expenses	14,506	1,691
Advertising and promotion	16,131	14,265
Utilities	12,187	15,009
Insurance	8,454	7,018
Office and Other Expenses	3,200	2,838
Events Expenses	1,719	11,081
Amortization	956	2,144
Interest and bank charges	269	197
GST Expense	1,634	4,233
Professional fees	-	11,063
	<u>142,756</u>	<u>141,442</u>
DEFICIENCY OF REVENUES OVER EXPENSES	\$ (4,799)	\$ (21,610)

RAMSAY COMMUNITY ASSOCIATION
Statement of Changes in Net Assets
For the Year Ended August 31, 2019

	General Fund	Restricted Fund	2019	2018
NET ASSETS - BEGINNING OF YEAR	\$ 52,968	\$ 5,419	\$ 58,387	\$ 79,997
Deficiency of revenues over expenses	(4,799)	-	(4,799)	(21,610)
NET ASSETS - END OF YEAR	\$ 48,169	\$ 5,419	\$ 53,588	\$ 58,387

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RAMSAY COMMUNITY ASSOCIATION
Statement of Cash Flows
For the Year Ended August 31, 2019

	2019	2018
Operating activities		
Deficiency Of Revenues Over Expenses	\$ (4,799)	\$ (21,610)
Item not affecting cash:		
Amortization of capital assets	956	2,144
	<u>(3,843)</u>	<u>(19,466)</u>
Changes in non-cash working capital:		
Accounts receivable	3,868	59,155
Accounts payable	(4,523)	(6,750)
Deferred income	9,271	129
Prepaid expenses	(3,576)	(99)
Goods and services tax payable	(782)	(5,246)
Damage deposits	(50)	-
	<u>4,208</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 building	-	(157,463)
Cash flow from (used by) investing activity	<u>-</u>	<u>(157,463)</u>
Financing activities		
Restricted contributions	10,359	(37,148)
City of Calgary Capital Conservation grants received	-	157,463
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>

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 Province on March 21, 1956. The Association is exempt from the 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 and are amortized over their estimated useful lives at the following rates and methods:

Furniture and fixtures	20%	declining balance method
Parking lot improvements	8%	declining balance method

The Association regularly reviews its capital assets to eliminate obsolete items. Government grants are treated as a reduction of capital assets cost.

(continues)

RAMSAY COMMUNITY ASSOCIATION
Notes to Financial Statements
Year Ended August 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 23% (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 as receivable under the public service bodies' rebate. The net unrecoverable portion of GST paid or payable is recorded as an expense.

Government assistance

Government assistance for acquiring fixed assets and related to expenses is recorded as deferred government assistance and is amortized on the same basis and according to the same rates as the related fixed assets or to income as eligible expenditures are incurred. Government assistance for current expenses is recorded as a reduction of the related expenditures. Government assistance for acquiring fixed assets is recorded as a reduction of the cost of related assets.

Donated goods

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.

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RAMSAY COMMUNITY ASSOCIATION
Notes to Financial Statements
Year Ended August 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 contribution.

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 that are recorded at amortized cost include cash, accounts receivable, and GST receivable. Financial liabilities that are recorded at amortized cost include accounts payable and accrued liabilities. There are no assets or liabilities recorded at fair market value.

When the Association issues financial instruments that include both a debt and equity component, the entire proceeds are allocated to the debt component, and the equity component is assigned a measurement amount of \$nil.

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	\$ 49,230	\$ 38,871

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
Furniture and fixtures	\$ 19,361	\$ 16,623	\$ 2,738	\$ 3,544
Parking lot improvements	3,675	1,950	1,725	1,875
	<u>\$ 23,036</u>	<u>\$ 18,573</u>	<u>\$ 4,463</u>	<u>\$ 5,419</u>

5. CASINO CONTRIBUTIONS

	2019	2018
Balance carried forward from prior year	\$ 38,871	\$ 76,019
Add:		
Casino event proceeds	67,704	-
Recovery of professional fees	9,702	-
Interest income	616	-
	<u>78,022</u>	<u>-</u>
Less:		
Facilities and equipment	(34,756)	(10,305)
Utilities	(11,259)	(7,971)
Insurance	(8,880)	(7,117)
Advertising	(7,550)	(2,053)
Office and operating costs	(5,218)	-
Contract services and professional fees	-	(9,702)
	<u>(67,663)</u>	<u>(37,148)</u>
	<u>\$ 49,230</u>	<u>\$ 38,871</u>

6. 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 **\$4,570** (2018 - \$4,570) towards this project. Total funds on hand at the Foundation for this project is **\$101,459** as at August 31, 2019 (2018 - \$101,459).

RAMSAY COMMUNITY ASSOCIATION
Notes to Financial Statements
Year Ended August 31, 2019

7. 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.

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. In order to reduce its credit risk, the Association reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Association has a significant number of customers which minimizes concentration of 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 other related sources, long-term debt, obligations under capital leases, contributions to the pension plan, and accounts payable.

(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 in a foreign currency and it only operates locally.

(continues)

RAMSAY COMMUNITY ASSOCIATION
Notes to Financial Statements
Year Ended August 31, 2019

8. FINANCIAL INSTRUMENTS (continued)

(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.

9. ECONOMIC DEPENDENCE

The Association relies on Casino revenue and government funding to maintain its purpose. Should economic circumstances change whereby these revenue sources are no longer available, the Association's activities would be severely restricted. The Association has a confirmed 2020 Casino fundraising event and is currently receiving funding from the City of Calgary. It is the board of director's opinion that these revenue sources are not at risk.

10. SUBSEQUENT EVENTS

The following events occurred subsequent to the fiscal year end:

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 relinquish the property lease to the City of Calgary. Yearly declines in rental demand, increasing facility operation 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.

COVID-19

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.

RAMSAY COMMUNITY ASSOCIATION
Notes to Financial Statements
Year Ended August 31, 2019

11. COMPARATIVE FIGURES

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

Draft for discussion purposes only

RAMSAY COMMUNITY ASSOCIATION
General Operations (unaudited)
Year Ended August 31, 2019

(Schedule 1)

	2019	2018
REVENUE		
Casino	\$ 57,345	\$ 37,148
Memberships	3,633	3,624
Interest	1,391	57
Miscellaneous	51	1,923
	<u>62,420</u>	<u>42,752</u>
EXPENSES		
Licenses, memberships & fees	2,750	670
GST expense	1,634	4,233
Amortization	956	2,144
Office Supplies	450	2,169
Interest and bank charges	269	195
Professional fees	-	11,063
	<u>6,059</u>	<u>20,474</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 56,361</u>	<u>\$ 22,278</u>

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RAMSAY COMMUNITY ASSOCIATION
Hall Operations (unaudited)
Year Ended August 31, 2019

(Schedule 2)

	2019	2018
RENTAL REVENUE	\$ 43,678	\$ 48,028
EXPENSES		
Hall management	37,685	36,000
Janitorial	18,206	20,791
Grounds maintenance	17,233	15,842
Utilities	8,800	10,686
Insurance	8,454	7,018
Repairs & maintenance (recovery)	6,718	(3,251)
Security	1,718	-
	98,814	87,086
DEFICIENCY OF RENTAL REVENUE OVER EXPENSES	\$ (55,136)	\$ (39,058)

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RAMSAY COMMUNITY ASSOCIATION

Newsletter, Website and Advertising Operations (unaudited)

(Schedule 3)

Year Ended August 31, 2019

	2019	2018
ADVERTISING REVENUE	\$ 12,167	\$ 18,708
EXPENSES		
Printing	7,213	9,357
Layout	5,753	5,765
Bad debts (recovery)	2,265	(858)
Distribution	900	-
	<u>16,131</u>	<u>14,264</u>
EXCESS (DEFICIENCY) OF ADVERTISING REVENUE OVER EXPENSES	\$ (3,964)	\$ 4,444

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RAMSAY COMMUNITY ASSOCIATION
Recreation Operations (unaudited)
Year Ended August 31, 2019

(Schedule 4)

	2019	2018
REVENUE		
Donations	\$ 10,750	\$ -
Soccer	2,030	1,575
Tennis	1,675	-
T-Ball	1,455	675
Facility rent	1,253	1,794
Garden plot rent	-	365
	<u>17,163</u>	<u>4,409</u>
EXPENSES		
Donations	10,000	-
Utilities	3,388	4,324
Repairs & maintenance	2,140	2,521
Tennis	1,466	-
Soccer	1,231	898
T-Ball	1,189	794
Supplies	620	-
	<u>20,034</u>	<u>8,537</u>
DEFICIENCY OF REVENUE OVER EXPENSES	\$ (2,871)	\$ (4,128)

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RAMSAY COMMUNITY ASSOCIATION
Events Operations (unaudited)
Year Ended August 31, 2019

(Schedule 5)

	2019	2018
REVENUE		
Stampede party	\$ -	\$ 4,570
Art in the Hood	575	565
Ramsay Rocks	1,355	-
Donations	600	800
	<u>2,530</u>	<u>5,935</u>
EXPENSES		
Winter festival	1,009	1,550
Non-reoccurring events	710	1,986
Donations	-	4,570
Stampede party	-	2,975
	<u>1,719</u>	<u>11,081</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ 811</u>	<u>\$ (5,146)</u>

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