

KINGSLAND COMMUNITY ASSOCIATION

FINANCIAL STATEMENTS (Audited)

June 30, 2020

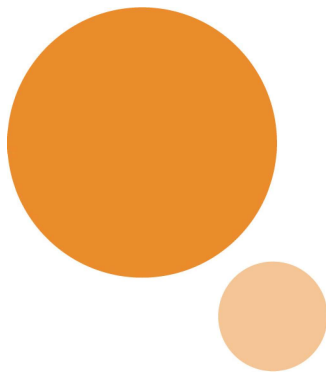


KINGSLAND COMMUNITY ASSOCIATION

June 30, 2020

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Anthony Chiu

Chartered Professional Accountant

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Independent Auditors' Report

To the Members of the
Kingsland Community Association

Qualified Opinion

I have audited the financial statements of the Kingsland Community Association (the "Association"), which comprise the Statement of Financial Position as at June 30, 2020, and the Statements of Operations, 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 my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of my report, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at June 30, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Association derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Association. Therefore, I was not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenue over expenses, and cash flows from operations for the year ended June 30, 2020, current assets as at June 30, 2020, and net assets as at July 1, 2019 and June 30, 2020. The predecessor auditor's opinion on the financial statements for the year ended June 30, 2019 was modified accordingly because of the possible effects of this limitation in scope.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Association in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Other Matter

The financial statements for the year ended June 30, 2019 were audited by another auditor who expressed a qualified opinion on those financial statements on October 1, 2019 for reasons described in the Basis for Qualified Opinion section.

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 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.

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

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusion is based on the audit evidence obtained up to the date of my 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.

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

Calgary, Alberta
October 20, 2020


Anthony Chiu
Chartered Professional Accountant

KINGSLAND COMMUNITY ASSOCIATION

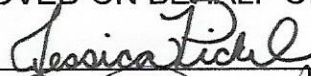
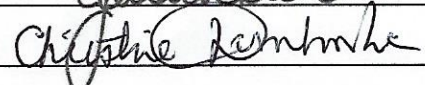
STATEMENT OF FINANCIAL POSITION

(Audited)

As at June 30, 2020

	2020	2019
ASSETS		
Current assets		
Cash and cash equivalents, unrestricted	\$ 39,502	\$ 15,198
Short term investments (Note 3)	87,266	52,423
Accounts receivable	556	1,564
Goods and Service Tax receivable	-	589
Prepaid expenses	2,010	1,872
	129,334	71,646
Externally restricted assets (Note 4)	63,436	84,296
Long term investments (Note 3)	27,807	60,204
Capital assets (Note 5)	305,238	320,066
	\$ 525,815	\$ 536,212
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 7,710	\$ 6,021
Goods and Services Tax payable	828	-
Deferred revenue	3,244	5,184
	11,782	11,205
Deferred cash contributions (Note 4)	63,436	84,296
Deferred capital contributions (Note 6)	205,852	194,743
	281,070	290,244
Net assets		
Unrestricted	145,359	120,645
Invested in capital assets	99,386	125,323
	244,745	245,968
	\$ 525,815	\$ 536,212

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS


 _____ Director

 _____ Director

See Notes to the Financial Statements

KINGSLAND COMMUNITY ASSOCIATION
STATEMENT OF CHANGES IN NET ASSETS
(Audited)

June 30, 2020

	Unrestricted	Invested in Capital Assets	2020 Totals	2019 Totals
Balances, beginning of the year	\$ 120,645	\$ 125,323	\$ 245,968	\$ 262,523
Transfers	14,098	(14,098)	-	-
Deficiency of revenue over expenses	10,616	(11,839)	(1,223)	(16,555)
Balances, end of the year	<u>\$ 145,359</u>	<u>\$ 99,386</u>	<u>\$ 244,745</u>	<u>\$ 245,968</u>

See Notes to the Financial Statements

KINGSLAND COMMUNITY ASSOCIATION
STATEMENT OF OPERATIONS
(Audited)

June 30, 2020

	2020	2019
Revenue		
Casino contributions (Note 7)	\$ 52,181	\$ 22,499
Rentals	37,710	49,911
Donations	1,669	886
Interest income	1,420	1,786
Memberships	1,369	2,892
Grants	125	1,678
Functions	70	305
	94,544	79,957
Expenses		
Repairs and maintenance	35,606	32,621
Administration	19,239	18,774
Utilities	10,049	10,223
Professional fees	7,178	7,520
Insurance	4,241	3,632
Supplies	3,294	3,840
Functions	2,108	7,317
Telephone	1,984	2,063
Donations	200	200
Interest and bank charges	29	136
Volunteer award	-	1,000
	83,928	87,326
Excess (deficiency) of revenue over expenses before amortization	10,616	(7,369)
Amortization of deferred capital contributions (Note 6)	14,876	11,518
Amortization	(26,715)	(20,704)
Deficiency of revenue over expenses	\$ (1,223)	\$ (16,555)

See Notes to the Financial Statements

KINGSLAND COMMUNITY ASSOCIATION
STATEMENT OF CASH FLOWS
(Audited)

June 30, 2020

	2020	2019
Funds provided by (used in) operations:		
Deficiency of revenue over expenses	\$ (1,223)	\$ (16,555)
Amortization	26,715	20,704
Amortization of deferred capital contributions	(14,876)	(11,518)
Changes in non-cash operating working capital		
Accounts receivable	75,015	(9,026)
Goods and Services Tax	1,417	(910)
Prepaid expenses	(138)	199
Accounts payable and accrued liabilities	1,689	3,326
Deferred revenue	(1,940)	(3,012)
	86,659	(16,792)
Cash flows from financing activities:		
Additions to deferred capital contributions	25,985	83,625
Use of deferred cash contributions	(20,860)	(3,802)
	5,125	79,823
Cash flows from investing activities:		
Purchase of equipment	(11,887)	(137,022)
Purchase of investments	(56,087)	(342)
Redemption of investments	53,641	-
	(14,333)	(137,364)
Increase (decrease) in cash and cash equivalents	77,451	(74,333)
Cash and cash equivalents, beginning of year	19,400	93,733
Cash and cash equivalents, end of year	\$ 96,851	\$ 19,400
Cash and cash equivalents consists of:		
Unrestricted cash	\$ 39,502	\$ 15,198
Externally restricted cash	57,349	4,202
	\$ 96,851	\$ 19,400

See Notes to the Financial Statements

KINGSLAND COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
(Audited)

June 30, 2020

1. NATURE OF THE ORGANIZATION

The Kingsland Community Association (the "Association") was incorporated under the Societies Act of Alberta on May 18, 1960 as a not-for-profit organization. The Association is exempt from income tax under Section 149 of the Income Tax Act.

The Association was formed to promote the recreational, cultural and social activities of its members and community.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are as follows:

a) Basis of Accounting

Management has concluded that the going concern basis of accounting is appropriate for the Association.

b) Revenue Recognition

Revenue from externally restricted assets has been recorded according to the deferral method, where revenue is recognized when the related expense occurred.

Earned operating revenue is recognized when received or reasonable assurance is given that it is receivable.

c) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of three months or less.

d) Investments

Investments are comprised of Guaranteed Investment Certificates for which investments maturing within 365 days or less are classified as short-term investments, and those with maturity terms of more than 365 days are classified as long-term investments.

e) Prepaid Expenses

Prepaid expenses primarily comprise advance payments made to vendors in the current fiscal year for goods and services to be received in the next fiscal year. Prepaid expenses are recognized as expenses in the period when the goods and services are received.

KINGSLAND COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
(Audited)

June 30, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Capital Assets

Assets of a capital nature are recorded at cost. Amortization is calculated using the straight-line method over the estimated useful lives of the assets as follows:

Building & improvements	25 years
Furniture and equipment	5 years
Computer	5 years

g) Financial Instruments

Measurement of Financial Instruments

The Association initially measures its financial assets and financial liabilities at fair value. The Association subsequently measures all its financial assets and financial liabilities at cost or amortized cost. Changes in fair value of these financial instruments are recognized in net income.

Financial instruments measured at amortized cost include cash and cash equivalents, investments, accounts receivable, and accounts payable and accrued liabilities.

Financial Risk

It is management's opinion that the Association is not exposed to significant interest, currency, price, or market risks arising from these financial instruments. The following risk exposures related to the financial instruments are outlined as follows:

Liquidity Risk

Liquidity risk is the risk that the Association will be unable to fulfil its obligations on a timely basis or at a reasonable cost. The Association's overall liquidity risk is monitored on a regular basis.

Credit Risk

Credit risk relates to cash, investments and accounts receivable. The Association's cash and investment balances are held with reputable Canadian financial institutions. Accounts receivable are primarily from the Association's members and grant funders. Management believes the Association's exposure to credit risk is not significant.

KINGSLAND COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
(Audited)

June 30, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Measurement Uncertainty

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the statement of financial position date and the reported amounts of revenues and expenses for the period covered.

Estimates and assumptions include the estimated useful life of capital assets for amortization purposes and the net recoverable amount of accounts receivable. By their nature, these estimates are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates in future periods could be significant.

3. SHORT TERM / LONG TERM INVESTMENTS

The Association has invested in guaranteed investment certificates (GICs) as follows:

	2020	2019
GIC, 1.80%, maturing August 03, 2019	\$ -	\$ 25,362
GIC, 1.25%, maturing December 06, 2019	-	27,061
GIC, 1.50%, maturing February 02, 2021	25,513	25,513
GIC, 1.60%, maturing March 13, 2021	35,412	34,691
GIC, 1.95%, maturing October 05, 2020	26,341	-
GIC, 0.66%, maturing February 21, 2023	27,807	-
	115,073	112,627
Short term investments	(87,266)	(52,423)
Long term investments	\$ 27,807	\$ 60,204

4. EXTERNALLY RESTRICTED ASSETS / DEFERRED CASH CONTRIBUTIONS

	2020	2019
Cash - Casino bank (Note 7)	\$ 57,349	\$ 4,202
Casino GST held in general	2,166	1,124
CCG receivable	3,921	78,970
	\$ 63,436	\$ 84,296

KINGSLAND COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
(Audited)

June 30, 2020

5. CAPITAL ASSETS

	Cost	Accumulated Amortization	2020	2019
Building and improvements	\$ 550,570	\$ 252,093	\$ 298,477	\$ 313,484
Furniture and equipment	50,799	44,038	6,761	6,582
Computer	624	624	-	-
	<u>\$ 601,993</u>	<u>\$ 296,755</u>	<u>\$ 305,238</u>	<u>\$ 320,066</u>

6. DEFERRED CAPITAL CONTRIBUTIONS

Externally restricted assets spent on property and equipment have been recorded as deferred capital contributions and are amortized on the same basis as the related asset.

	2020	2019
Carried forward from previous year	\$ 194,743	\$ 122,636
Grant funds spent on capital purchases	18,969	-
Casino funds spent on capital purchases	3,095	-
CCG receivable spent on capital purchases	3,921	83,625
Taken into income during the year	(14,876)	(11,518)
Balance carried forward to next year	<u>\$ 205,852</u>	<u>\$ 194,743</u>

7. CASINO CONTRIBUTIONS

	2020	2019
Beginning casino funds	\$ 4,202	\$ 87,825
Casino funds received / receivable	53,413	-
Casino advisor fees	(2,341)	-
Reimbursement of Casino advisor fees	2,341	-
Bank charges	(27)	-
Capital assets contribution (Note 6)	(3,095)	-
Casino GST refund held in general	(2,166)	(1,124)
CCG capital contribution receivable (Note 6)	(3,921)	-
Transfer from (to) general	61,124	(60,000)
Less: ending balance (Note 4)	(57,349)	(4,202)
Casino funds contributed to operations	<u>\$ 52,181</u>	<u>\$ 22,499</u>

KINGSLAND COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
(Audited)

June 30, 2020

8. CONTRIBUTED GOODS AND SERVICES

Contributed services and donated items are recognized in the financial statements when the fair value can reasonably be estimated, when the services are used in the normal course of the Association's operations and when they otherwise would have been purchased. During the year \$nil (2019 - \$nil) donated goods and services were recorded in the financial statements.

A substantial number of volunteers have made significant contributions of their time to develop the association's programs. The value of this contributed time is not reflected in these financial statements.

9. SUBSEQUENT EVENTS

The global Covid-19 pandemic has disrupted economic activities and supply chains. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of business disruption and the related financial impact cannot be reasonably estimated at this time. The Association's ability to serve its members is dependent on the continued ability to generate revenue and manage expenses.

10. COMPARATIVE FIGURES

The prior period figures, which were audited by another Chartered Professional Accountant, have been reclassified to conform with current year presentation.