

LAKE BONAVISTA COMMUNITY ASSOCIATION

FINANCIAL STATEMENTS (Audited)

June 30, 2020

Member of the



**FEDERATION OF
CALGARY COMMUNITIES**

LAKE BONAVISTA COMMUNITY ASSOCIATION

June 30, 2020

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MICHAEL IHEKUNA CPA
Chartered Professional Accountant

Independent Auditor's Report

To the Members of
Lake Bonavista Community Association

Report on the Audit of the Financial Statements

Opinion

I have audited the Statement of Financial Position of the Lake Bonavista Community Association as at June 30, 2020 and the Statements of Operations, Net Assets and Cash Flows and a summary of significant accounting policies and other explanatory notes for the year ended June 30, 2020.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Lake Bonavista Community Association as at June 30, 2020 and the results of its operations and cash flows for the year ended June 30, 2020 in accordance with Canadian accounting standards for not-for-profit associations.

Basis for Opinion

I am independent of the Lake Bonavista Community Association in accordance with the ethical requirements that are relevant to my audit 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 audit opinion.

Management's Responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit associations and for such internal control as management determines 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 Lake Bonavista Community 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.

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 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 of 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 judgement, 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, concluding on the appropriateness of management's use of the going concern basis of accounting as well as evaluating the overall presentation of the financial statements.

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

Calgary, Alberta
October 30, 2020



Michael Ihekuna CPA
Chartered Professional Accountant

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LAKE BONAVISTA COMMUNITY ASSOCIATION
STATEMENT OF FINANCIAL POSITION
(Audited)

As at June 30, 2020


	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents, unrestricted	\$ 364,896	\$ 62,123
Cash and cash equivalents, externally restricted (Note 3)	100,854	63,374
Cash and cash equivalents, internally restricted (Note 5)	763,112	988,578
Short term investments, internally restricted (Note 5)	-	103,352
Accounts receivable, unrestricted	189,021	137,910
GST recoverable	3,497	7,980
Inventories	-	1,951
Prepaid expense and deposits (Note 6)	76,455	57,545
	1,497,835	1,422,813
Property and Equipment (Notes 4 & 10)	3,235,871	3,275,615
	\$ 4,733,706	\$ 4,698,428
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable, deposits and accrued liabilities (Note 7)	\$ 25,495	\$ 108,834
Deferred cash contributions (Note 3)	100,854	63,374
Deferred revenue	150,373	41,531
Payroll payable	15,522	10,821
	292,244	224,560
Debentures payable (Note 9)	30,000	30,000
Deferred capital contributions (Notes 8)	2,013,398	1,986,455
NET ASSETS		
Internally restricted (Note 5)	763,112	1,091,930
Invested in property and equipment	1,222,473	1,289,160
Unrestricted	412,479	76,323
	2,398,064	2,457,413
	\$ 4,733,706	\$ 4,698,428

CONTINGENCY (NOTE 13)

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS



Director



Director

See Notes to the Financial Statements

LAKE BONAVISTA COMMUNITY ASSOCIATION
STATEMENT OF CHANGES IN NET ASSETS
(Audited)

For the Year Ended June 30, 2020

	Unrestricted	Internally Restricted	Invested in Property and Equipment	2020 Totals	2019 Totals
Balances, beginning of the year	\$ 76,323	1,091,930	1,289,160	2,457,413	2,476,020
Transfer of capital replacement reserve	259,136	(259,136)	-	-	-
Contract ice reserve fund	15,904	(15,904)	-	-	-
Uniform/equipment reserve fund	58,457	(58,457)	-	-	-
Breaking barriers assistance fund	5,890	(5,890)	-	-	-
Emergency operating fund	-	-	-	-	-
Investment income	(10,569)	10,569	-	-	-
Increase (decrease)	7,338	-	(66,687)	(59,349)	(18,607)
Balances, end of the year	<u>\$ 412,479</u>	<u>763,112</u>	<u>1,222,473</u>	<u>2,398,064</u>	<u>2,457,413</u>

See Notes to Financial Statements

LAKE BONAVISTA COMMUNITY ASSOCIATION

STATEMENT OF OPERATIONS

(Audited)

For the Year ended June 30, 2020

Revenue and expenditures			2020	2019
	Revenue	Expenditures	Net	Net
Facility rentals (schedule 1)	\$ 837,992	-	837,992	995,022
Programs (schedule 2)	10,881	25,747	(14,866)	51,530
Casino contributions (note 11)	12,328	6	12,322	55,781
Expenses recovered	-	1,376	(1,376)	48,615
Memberships	21,352	-	21,352	23,806
Fundraising - user fees	-	-	-	4,550
Vending and merchandise	390	-	390	2,565
Donations	5,159	-	5,159	4,854
Investment income	10,569	-	10,569	15,391
Advertising	2,215	-	2,215	3,295
Miscellaneous	-	64,340	(64,340)	6,586
Grants	200,187	-	200,187	7,707
	1,101,073	91,469	1,009,604	1,219,702
General and administrative expenditures				
Salaries and benefits			523,104	630,357
Utilities			159,362	200,190
Building and equipment - repair & maintenance			107,069	185,769
General office & miscellaneous			55,601	103,356
Loss on sale of capital assets			64,811	13,581
Insurance			36,657	30,925
Professional fees			16,546	8,518
Advertising			612	1,667
			963,762	1,174,363
Excess of revenue over expenses before amortization			45,842	45,339
Amortization of deferred capital contributions (note 8)			136,135	85,105
Amortization expense			(241,326)	(149,051)
Deficiency of revenue over expenses after amortization			\$ (59,349)	\$ (18,607)

See Notes to Financial Statements

LAKE BONAVISTA COMMUNITY ASSOCIATION
STATEMENT OF CASH FLOWS
(Audited)

For the Year Ended June 30, 2020

	2020	2019
Funds provided by (used In) operating activities:		
Deficiency of revenue over expenses	\$ (59,349)	\$ (18,607)
Charges not affecting cash:		
Amortization	241,326	149,051
Loss on sale of capital asset	64,811	13,581
Amortization of deferred capital contributions	<u>(136,135)</u>	<u>(85,105)</u>
	110,653	58,920
Changes in operating working capital:		
Account receivable	(46,629)	(117,227)
Inventories	1,951	7,920
Prepaid expenses	(18,909)	(34,070)
Accounts payable and accrued charges	(78,635)	32,056
Deferred revenue	<u>108,843</u>	<u>(167,251)</u>
Net increase (decrease) in working capital	<u>77,274</u>	<u>(219,652)</u>
Cash flows from financing activities:		
Deferred cash contributions	37,480	57,550
Debentures	-	339,981
Deferred capital contributions (Note 8)	<u>163,078</u>	<u>-</u>
	<u>200,558</u>	<u>397,531</u>
Cash flows from investing activities:		
Acquisition of capital assets	(266,397)	(558,592)
Proceeds on disposal of capital assets	-	500
Investments	<u>103,352</u>	<u>(2,057)</u>
	<u>(163,045)</u>	<u>(560,149)</u>
Increase in cash	114,787	(382,270)
Cash, beginning of the year	<u>1,114,075</u>	<u>1,496,345</u>
Cash, end of the year	<u>\$ 1,228,862</u>	<u>\$ 1,114,075</u>
Consisting of:		
Unrestricted cash and cash equivalents	\$ 364,896	\$ 62,123
Internally restricted cash and cash equivalents	763,112	988,578
Externally restricted cash (note 3)	<u>100,854</u>	<u>63,374</u>
	<u>\$ 1,228,862</u>	<u>\$ 1,114,075</u>

See Notes to Financial Statements

LAKE BONAVISTA COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
(Audited)

June 30, 2020

1. NATURE OF THE ORGANIZATION

The Lake Bonavista Community Association (the "Association") was incorporated under the Societies Act of Alberta on February 6, 1970, to acquire lands and provide a building for social and community activities, to encourage and promote amateur games and exercises and to provide a meeting place for the consideration and discussion of questions affecting the interests of the community.

The Association was registered as a charity and is exempt from income taxes as long as it maintains its charitable purpose.

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) 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.

(b) Revenue Recognition

Donations are recorded as revenue when received.

The Association follows the deferral method of accounting for contributions. Externally restricted contributions are recognized as revenue in the year in which the related expenses were 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.

Operating revenue and expenses are recorded on the accrual basis.

(c) Inventories

Inventory consists of staff clothing and is valued at the lower of cost and net realizable value with the cost being determined on a first-in first-out basis.

LAKE BONAVISTA COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
(Audited)

June 30, 2020

(d) Property and Equipment

Property and equipment are recorded at cost and amortization is provided in the accounts at rates designed to amortize the cost of the capital assets over its estimated useful life. Amortization is provided at the following annual rates on a straight-line basis:

Recreation centre and ice plant	-	5%
Field house & community entrance sign		4%
Mechanical equipment	-	5%
Other equipment and tools	-	10%, 20%
Used vehicle, office equipment, community garden and computer software	-	20%

During the fiscal year, the board passed a motion to increase amortization rates for the Recreation centre and Ice plant from 2.5% to 5%. These changes have been accounted for prospectively.

(e) Deferred Capital Contributions

Deferred capital contributions represent funding or donations received to assist in the purchase of property and equipment. This funding is being amortized to income on the same basis as the related capital asset is amortized and expensed (Note 8).

(f) Contributed Services

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

(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, investments, accounts receivable and accounts payable.

Financial Risk:

It is management's opinion that the Organization is not exposed to significant interest, currency, price, market or credit risks arising from these financial instruments.

(h) Donated Goods

The Association receives goods donated by individuals and businesses who assist the organization in achieving its mission. Donated goods are recorded at cost if a value could readily be established and the goods would have otherwise been purchased.

LAKE BONAVISTA COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
(Audited)

June 30, 2020

3. EXTERNALLY RESTRICTED ASSETS/DEFERRED CASH CONTRIBUTIONS

Assets generated from casino activities are restricted to spending according to Alberta Gaming regulations. Unspent grant funding is restricted to be spent on approved expenditures only.

	<u>2020</u>	<u>2019</u>
Casino Bank	\$ 3,854	\$ 16,182
Unspent grant funding	97,000	47,192
	<u>\$ 100,854</u>	<u>\$ 63,374</u>

4. PROPERTY AND EQUIPMENT

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2020 Net</u>	<u>2019 Net</u>
Recreation centre	\$ 4,085,768	1,845,192	2,240,576	2,239,716
Mechanical equipment	1,053,275	618,866	434,409	481,802
Ice plant	415,910	147,928	267,982	243,105
Other equipment and tools	369,142	196,417	172,725	186,616
Field house	109,859	92,860	16,999	17,813
Office equipment	83,766	63,977	19,789	10,059
Community entrance signs	36,085	5,063	31,022	32,466
Community garden	23,058	3,459	19,599	21,905
Computer software	46,815	14,045	32,770	42,133
	<u>\$ 6,223,678</u>	<u>2,987,807</u>	<u>3,235,871</u>	<u>3,275,615</u>

5. INTERNALLY RESTRICTED ASSETS

The board of directors internally restricted cash for the following reserve funds:

	<u>2020</u>	<u>2019</u>
Balance forward	\$ 1,002,271	\$ 986,880
Investment income	10,569	15,391
Transfer of capital replacement fund	(304,389)	-
Capital building levy	45,252	-
Total capital replacement reserve	<u>753,703</u>	<u>1,002,271</u>
Uniform reserve fund	-	58,456
Contract ice reserve fund	-	15,905
Breaking barriers fund	7,702	13,591
Playground fund	1,707	1,707
Total other funds	<u>9,409</u>	<u>89,659</u>
Total internally restricted cash	<u>\$ 763,112</u>	<u>\$ 1,091,930</u>

LAKE BONAVISTA COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
(Audited)

June 30, 2020

Internally restricted cash consists of:

	2020
Cash equivalent GIC - maturing July. 22, 2020 @ .60%	\$ 305,793
Cash equivalent GIC - maturing Mar. 28, 2021 @ 2.10%	105,627
Redemmmable GIC - Maturing Sep. 20, 2020 @ .650%	307,144
Cash	44,548
	\$ 763,112

6. PREPAID EXPENSE AND DEPOSITS

Prepaid expense and deposits consist of retainer, prepaid insurance, warranties and various other deposits and prepaid expenses.

7. ACCOUNTS PAYABLE, DEPOSITS AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities includes normal trade payables.

8. DEFERRED CAPITAL CONTRIBUTIONS

	2020	2019
Balance from previous year	\$ 1,986,455	\$ 1,731,579
Contributions received	163,078	339,981
Amortization	(136,135)	(85,105)
	\$ 2,013,398	\$ 1,986,455

9. DEBENTURES PAYABLE

The debentures payable are unsecured, bear simple interest of 5% per annum and are repayable as to both principal and interest at any time upon the request of the debenture holder, but matured on January 1, 1998 and are non-interest bearing from that date forward.

	2020	2019
Principal	\$ 15,000	\$ 15,000
Accrued interest	15,000	15,000
	\$ 30,000	\$ 30,000

10. LICENCE OF OCCUPATION

The Association's building complex and field house are situated on land under a licence of occupation from the City of Calgary. The term of this licence is for a fifteen (15) year period, beginning on April 1, 2019 and ending on March 31, 2034 for a nominal fee of \$150 for the entire period.

LAKE BONAVISTA COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
(Audited)

June 30, 2020

11. CASINO CONTRIBUTIONS

	2020	2019
Casino balance, beginning of the year	\$ 16,182	\$ 4,189
Casino proceeds less bank charges	-	70,050
Contribution to operations	(12,328)	(58,057)
Casino balance, end of the year (Note 3)	<u>\$ 3,854</u>	<u>\$ 16,182</u>

12. SUBSEQUENT EVENT

The global COVID19 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 Society's ability to continue to service its members is dependent on the continued ability to generate revenue and manage expenses

13. CONTINGENT LIABILITY

On July 26, 2019, the Lake Bonavista Community Association was served with a statement of claim filed by a former employee seeking damages for wrongful dismissal and punitive damages. Management has a strong argument to support the cause for termination and believes that this claim holds little merit.

LAKE BONAVISTA COMMUNITY ASSOCIATION
SCHEDULE 1 - FACILITIES RENTAL

For the Year ended June 30, 2020

	2020	2019
Large arena	\$ 423,592	\$ 415,090
Facility rentals - programs	68,429	312,156
Small arena	164,013	124,345
Gym	46,603	67,392
Multi-purpose, storage and dressing room	43,720	56,526
Fitness centre	31,243	61,279
Bonavista room	52,945	53,189
Scout hall and green space	8,075	14,000
Concession	-	1,707
Board room rental	335	-
Set up and take down fees	500	-
Equipment rental	20	260
Garden plots	1,755	255
Facility rental discounts	(3,238)	11,177
	\$ 837,992	\$ 995,022

LAKE BONAVISTA COMMUNITY ASSOCIATION
SCHEDULE 2 - PROGRAM REVENUE AND EXPENSES
For the Fiscal year ended June 30, 2020

	Basketball	Soccer	Children	Adult	Social	Baseball	Total
Revenue							
Registration	15,135	7,548	18,740	18,094	12,920	385	72,822
Less: Amount received for facility rental	(5,499)	(1,496)	(16,013)	(40,814)	(1,638)	-	(65,460)
Program registration	9,636	6,052	2,727	(22,720)	11,282	385	7,362
Fundraising	-	-	-	-	364	-	364
Sponsorships/grants/donations	-	1,855	-	-	1,300	-	3,155
	9,636	7,907	2,727	(22,720)	12,946	385	10,881
Expenditures:							
Advertising	-	-	-	-	1,253	308	1,561
Coached clinics & training	-	15	-	-	-	-	15
Officials & instructors	1,325	750	8,137	6,518	694	-	17,424
Facilities - external	(426)	-	-	-	-	-	(426)
Uniforms/equipment	-	1,785	-	714	-	-	2,499
Miscellaneous	527	467	9	91	3,580	-	4,674
	1,426	3,017	8,146	7,323	5,527	308	25,747
Excess of revenue (deficit) over expenses	8,210	4,890	(5,419)	(30,043)	7,419	77	(14,866)

For the Year ended June 30, 2019

	Hockey	Basketball	Soccer	Children	Adult	Social	Total
Revenue							
Registration	\$ 487,126	48,143	34,060	34,370	24,474	1,716	629,889
Less: Fees collected for Hockey Calgary/Alberta	(68,156)	-	-	-	-	-	(68,156)
Less: Bonafund discount	(18,060)	-	-	-	-	-	(18,060)
Less: Amount recovered for facility rental	(249,760)	(17,250)	(2,454)	(26,356)	(15,867)	(470)	(312,157)
Program registration	151,150	30,893	31,606	8,014	8,607	1,246	231,516
Contract ice reserve fund	5,889	-	-	-	-	-	5,889
Advertising	750	-	-	-	-	-	750
Fundraising	7,138	-	-	-	-	504	7,642
Sponsorships/grants/donations	1,384	-	-	-	-	750	2,134
Miscellaneous	75	-	6,600	-	-	-	6,675
	166,386	30,893	38,206	8,014	8,607	2,500	254,606
Expenditures:							
Advertising	350	-	-	1,594	424	132	2,500
Awards and photos	7,752	370	3,929	-	-	13	12,064
Coached clinics & training	4,430	-	30	-	-	-	4,460
Officials & instructors	68,924	9,095	-	550	7,070	-	85,639
Salaries	-	2,344	1,015	5,500	448	522	9,829
Fundraising	-	-	-	-	-	312	312
Facilities - external	27,652	10,804	635	140	-	233	39,464
Uniforms/equipment	14,368	32	5,252	2,023	-	1,111	22,786
Miscellaneous	9,824	1,081	1,611	4,995	239	8,272	26,022
	133,300	23,726	12,472	14,802	8,181	10,595	203,076
Excess of revenue (deficit) over expenses	\$ 33,086	7,167	25,734	(6,788)	426	(8,095)	51,530

