

BLUE QUILL COMMUNITY LEAGUE
Financial Statements
Year Ended August 31, 2020

BLUE QUILL COMMUNITY LEAGUE

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Year Ended August 31, 2020

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of Blue Quill Community League

We have reviewed the accompanying financial statements of Blue Quill Community League which comprise the statement of financial position as at August 31, 2020 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Practitioner's Responsibility for the Financial Statements

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects, the financial position of Blue Quill Community League as at August 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

RSM Alberta LLP

Chartered Professional Accountants

Edmonton, Alberta
October 15, 2020

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BLUE QUILL COMMUNITY LEAGUE

Statement of Financial Position

August 31, 2020

	2020	2019
ASSETS		
CURRENT		
Cash	\$ 194,512	\$ 58,160
Restricted cash (Note 3)	3,969	9,558
Accounts receivable	23,226	24,414
Prepaid expenses	7,254	873
	228,961	93,005
TANGIBLE CAPITAL ASSETS (Note 4)	339,498	405,272
	\$ 568,459	\$ 498,277
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 6,662	\$ 20,632
Deferred contributions (Note 5)	3,969	9,558
	10,631	30,190
DEFERRED CONTRIBUTIONS RELATED TO TANGIBLE CAPITAL ASSETS (Note 6)	50,850	64,373
DEFERRED CONTRIBUTIONS - GRANTS	25,000	-
CANADIAN EMERGENCY BUSINESS ACCOUNT LOAN (Note 7)	40,000	-
	126,481	94,563
NET ASSETS		
Invested in tangible capital assets	288,648	340,899
Unrestricted	153,330	62,815
	441,978	403,714
	\$ 568,459	\$ 498,277

APPROVED ON BEHALF OF THE BOARD

_____ Director

_____ Director

See notes to financial statements

BLUE QUILL COMMUNITY LEAGUE

Statement of Operations

Year Ended August 31, 2020

	2020	2019
REVENUES		
Grants		
Provincial and municipal (Note 9)	\$ 124,022	\$ 106,467
STEP and other	23,226	20,608
Alberta Lotteries (Note 6)	8,313	8,313
	155,561	135,388
Programs, memberships and rental		
Rental	83,577	103,550
Memberships	4,776	7,560
Programs (Schedule 1)	2,907	34,686
	91,260	145,796
Fundraising and other		
Casino (Note 5)	5,589	69,166
Other Income	-	50
Interest income	-	45
	252,410	350,445
EXPENSES		
Amortization	65,774	67,842
Salaries and wages	58,030	137,180
Repairs and maintenance	40,052	54,743
Utilities	18,532	18,910
Bad debts	8,396	-
Insurance	6,550	6,519
Professional fees	4,539	3,683
Programs (Schedule 1)	4,442	44,636
Office	4,022	4,030
Management salaries	2,213	3,041
Advertising and promotion	1,596	861
Signature events	-	18,839
	214,146	360,284
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 38,264	\$ (9,839)

See notes to financial statements

BLUE QUILL COMMUNITY LEAGUE

Statement of Changes in Net Assets

Year Ended August 31, 2020

	Invested in Tangible Capital Assets	Unrestricted	2020	2019
NET ASSETS - BEGINNING OF YEAR	\$ 340,899	\$ 62,815	\$ 403,714	\$ 413,553
Excess (deficiency) of revenues over expenses	(52,251)	90,515	38,264	(9,839)
NET ASSETS - END OF YEAR	\$ 288,648	\$ 153,330	\$ 441,978	\$ 403,714

See notes to financial statements

BLUE QUILL COMMUNITY LEAGUE

Statement of Cash Flows

Year Ended August 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ 38,264	\$ (9,839)
Items not affecting cash:		
Amortization	65,774	67,842
Amortization of deferred contributions related to tangible capital assets (Note 6)	(13,523)	(10,918)
	90,515	47,085
Changes in non-cash working capital (Note 8)	(24,752)	(138,223)
	65,763	(91,138)
INVESTING ACTIVITIES		
Purchase of tangible capital assets	-	(6,069)
Canadian Emergency Business Account loan	40,000	-
	40,000	(6,069)
FINANCING ACTIVITIES		
Deferred contributions - Grants	25,000	-
Proceeds from deferred contributions related to tangible capital assets	-	26,050
	25,000	26,050
INCREASE (DECREASE) IN CASH	130,763	(71,157)
Cash - beginning of year	67,718	138,875
CASH - END OF YEAR	\$ 198,481	\$ 67,718
CASH CONSISTS OF:		
Cash	\$ 194,512	\$ 58,160
Restricted cash	3,969	9,558
	\$ 198,481	\$ 67,718

See notes to financial statements

BLUE QUILL COMMUNITY LEAGUE

Notes to Financial Statements

Year Ended August 31, 2020

1. PURPOSE OF THE COMMUNITY LEAGUE

Blue Quill Community League (the "Community League") is a not-for-profit organization incorporated under the Societies Act (Alberta). As a not-for-profit organization, the Community League is exempt from corporate income taxes under Section 149(1) of the Income Tax Act (Canada).

The Community League offers services and programs to the people living in the community along with maintaining a community league hall.

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. Significant accounting policies used in the preparation of the financial statements are summarized below.

Cash

Cash is defined as cash on hand and cash on deposit, net of cheques issued and outstanding at the reporting date.

Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization and are amortized over their estimated useful lives on a straight-line basis at the following annual rates:

Buildings	5%
Equipment, solar panels, tennis courts, volleyball courts, basketball court, signage, playground and skating rink	20%
Computer equipment	30%

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

On September 1, 2019, the Community League adopted the new accounting standard Section 4433 - Property and Equipment Held by Not-for-Profit Organizations. This standard was applied on a prospective basis. As a result of the implementation of this new standard, the Community League has updated their policy as it relates to the impairment of property and equipment, as follows:

When conditions indicate a tangible capital asset is impaired, the carrying amount of the tangible capital asset is written down to the asset's fair value or replacement cost. The write-down of a tangible capital asset is recorded on the statement of operations. A write-down shall not be reversed. There were no transitional adjustments required as a result of the adoption of the new accounting standard.

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BLUE QUILL COMMUNITY LEAGUE

Notes to Financial Statements

Year Ended August 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Contributed services

Volunteers contribute time to assist the Community League in carrying out its services and programs. Due to the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Revenue recognition

The Community League follows the deferral method of accounting for contributions.

Restricted contributions from grants and fundraising are recognized as revenue in the year in which the related expenses are incurred.

Unrestricted contributions from programs and memberships are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Rental and interest revenue are recognized when they are earned and collectability is reasonably assured.

Government assistance is recognized as other income in the year the related expenses are incurred. When the Community League qualifies to receive a forgivable loan, it accounts for it in the same manner as government assistance and the forgivable loan is recognized when the Community League has received the funds and the related expenses have been incurred, and not at the time such loans are forgiven.

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BLUE QUILL COMMUNITY LEAGUE

Notes to Financial Statements

Year Ended August 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Financial instruments

Measurement of Financial Instruments

Financial instruments are financial assets or financial liabilities of the Community League where, in general, the Community League has the right to receive cash or another financial asset from another party or the Community League has the obligation to pay another party cash or other financial assets.

The Community League initially measures its financial assets and financial liabilities at fair value.

The Community League subsequently measures all its financial assets and financial liabilities at amortized cost.

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

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and the Canada Emergency Business Account loan.

Impairment

Financial assets measured at cost or amortized cost are tested for impairment, at the end of each year, to determine whether there are indicators that the asset may be impaired. The amount of the write-down, if any, is recognized in operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account. The reversal may be recorded provided it is no greater than the amount that had been previously reported as a reduction in the asset and it does not exceed original cost. The amount of the reversal is recognized in operations.

Use of estimates

The preparation of financial statements in conformity 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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Significant estimates included in the preparation of the financial statements are the estimated useful lives of tangible capital assets for the purpose of calculating amortization, accrued liabilities and deferred contributions related to tangible capital assets. Actual results could differ from these estimates.

3. RESTRICTED CASH

Restricted cash is comprised of \$484 (2019 - \$6,073) in proceeds from casinos which can only be used in accordance with the licensing agreements with the Alberta Gaming, Liquor and Cannabis Commission and \$3,485 (2019 - \$3,485) which can only be used for the purposes of purchasing and installing a memorial bench as indicated in Note 5.

BLUE QUILL COMMUNITY LEAGUE

Notes to Financial Statements

Year Ended August 31, 2020

4. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Buildings	\$ 1,517,686	\$ 1,259,738	\$ 257,948	\$ 284,270
Solar panels	109,410	54,705	54,705	76,587
Volleyball courts	35,498	19,427	16,071	23,171
Equipment	66,283	63,282	3,001	6,922
Tennis courts	332,896	330,825	2,071	6,212
Basketball court	7,697	3,848	3,849	5,388
Skating rink	11,067	9,689	1,378	1,931
Signage	8,722	8,247	475	791
Playground	30,125	30,125	-	-
Computer equipment	3,470	3,470	-	-
	\$ 2,122,854	\$ 1,783,356	\$ 339,498	\$ 405,272

5. DEFERRED CONTRIBUTIONS

Deferred contributions represent funding received for operations which have not been expensed at year end:

	Balance at Beginning of Year	Contributions Received	Amounts Recognized as Revenue	Balance at End of Year
Casino	\$ 6,073	\$ -	\$ (5,589)	\$ 484
Bench Fund	3,485	-	-	3,485
	\$ 9,558	\$ -	\$ (5,589)	\$ 3,969

6. DEFERRED CONTRIBUTIONS RELATED TO TANGIBLE CAPITAL ASSETS

Deferred contributions related to tangible capital assets represents restricted contributions received and spent to acquire tangible capital assets. They are amortized on the same basis as the related tangible capital assets. The changes in the deferred contributions related to tangible capital assets are as follows:

	Balance at Beginning of Year	Contributions Received	Amortized to Revenue	Balance at End of Year
Alberta Lotteries - Building Fund	\$ 40,928	\$ -	\$ (8,313)	\$ 32,615
Alberta Municipal Solar Program	23,445	-	(5,210)	18,235
	\$ 64,373	\$ -	\$ (13,523)	\$ 50,850

BLUE QUILL COMMUNITY LEAGUE

Notes to Financial Statements

Year Ended August 31, 2020

7. CANADIAN EMERGENCY BUSINESS ACCOUNT LOAN

The Canadian Emergency Business Account loan is a federal government interest-free loan to support businesses by providing financing for their expenses during the COVID-19 pandemic (Note 11). Repaying the balance of the loan on or before December 31, 2022 will result in loan forgiveness of 25% (up to \$10,000). If the loaned funds are not paid back by this date, the loan will be converted into a 3 year instalment loan with a 5% interest rate and will be repaid in monthly instalments, with the first payment due January 31, 2023 and the full balance and all interest accrued due by December 31, 2025.

8. CHANGES IN NON-CASH WORKING CAPITAL

	2020	2019
Accounts receivable	\$ 1,188	\$ 2,183
Prepaid expenses	(6,381)	-
Accounts payable and accrued liabilities	(13,970)	(72,300)
Deferred contributions	(5,589)	(68,106)
	\$ (24,752)	\$ (138,223)

9. ECONOMIC DEPENDENCE

The Community League receives 49% (2019 - 31%) of its revenue from provincial and municipal grants. The Community League's ability to continue providing its programs is dependent on obtaining funds from these funders.

10. RISK MANAGEMENT

The Community League is exposed to various risks through its financial instruments. The following provides information about the Community League's risk exposure and concentration as of August 31, 2020.

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. Accounts receivable consists of grants receivable from government agencies which mitigates the credit risk.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. It is the Community League's opinion that there is no significant liquidity risk as of August 31, 2020.

BLUE QUILL COMMUNITY LEAGUE

Notes to Financial Statements

Year Ended August 31, 2020

11. COVID-19 PANDEMIC

On March 11, 2020, the World Health Organization assessed the coronavirus outbreak (COVID-19) as a pandemic. In Canada, the Government of Alberta declared a provincial state of public health emergency as per the Province of Alberta's Public Health Act on March 17, 2020 with respect to COVID-19. As of the date of these financial statements, the extent to which COVID-19 impacts the Community League's operations will depend on future developments, which are highly uncertain and cannot be predicted and dependent upon new information which may emerge concerning the severity of COVID-19 and actions taken to contain this or its impact, among others.

In response to the COVID-19 pandemic, the Community League applied for and obtained additional support via the Canadian Emergency Business Account loan (see Note 7).

BLUE QUILL COMMUNITY LEAGUE

Schedule of Program Revenues and Expenses

(Schedule 1)

Year Ended August 31, 2020

	Revenues	Expenses	2020
Tennis	\$ 1,078	\$ 541	\$ 537
Bridge	500	-	500
Barre, zumba, and bootcamp	-	-	-
Yoga	669	780	(111)
Other (swimming and memberships)	-	596	(596)
Skating rink	-	895	(895)
Basketball	660	-	660
Soccer	-	1,360	(1,360)
Special events	-	272	(272)
	\$ 2,907	\$ 4,444	\$ (1,537)

	Revenue	Expenses	2019
Tennis	\$ 9,597	\$ 1,686	\$ 7,911
Bridge	1,150	-	1,150
Barre, zumba, and bootcamp	353	6	347
Yoga	485	1,080	(595)
Other (swimming and memberships)	-	1,383	(1,383)
Skating rink	-	1,750	(1,750)
Basketball	3,924	6,150	(2,226)
Soccer	19,177	21,914	(2,737)
Special events	-	10,667	(10,667)
	\$ 34,686	\$ 44,636	\$ (9,950)

See notes to financial statements