

Riverview Community Centre Inc.
Financial Statements
December 31, 2020
(Unaudited)

Draft - For Management Only

Independent Practitioner's Review Engagement Report

To the Directors of Riverview Community Centre Inc.:

We have reviewed the accompanying financial statements of Riverview Community Centre Inc. that comprise the statement of financial position as at December 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

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.

Basis for Qualified Conclusion

In common with many not-for-profit organizations, Riverview Community Centre Inc. derives revenue from fundraising activities, the completeness of which is not susceptible to us obtaining evidence we considered necessary for the purpose of the review. Accordingly, the evidence obtained of these revenues was limited to amounts recorded in the records of Riverview Community Centre Inc. Therefore we were unable to determine whether any adjustments might have been found necessary with respect to fundraising revenue, excess of revenue over expenses, assets and net assets for the year ended December 31, 2020. Our conclusion on the financial statements as at and for the year ended December 31, 2020 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Riverview Community Centre Inc. as at December 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.

Winnipeg, Manitoba

April 19, 2021

Riverview Community Centre Inc.
Statement of Financial Position

As at December 31, 2020
(Unaudited)

	2020	2019
Assets		
Current		
Cash	108,343	1,460
Accounts receivable	23,341	12,355
Prepaid expenses and deposits	-	769
	131,684	14,584
Capital assets (Note 3)	376,976	384,959
	508,660	399,543
Liabilities		
Current		
Bank indebtedness (Note 4)	-	197
Accounts payable and accruals	41,349	30,104
Deferred revenue	7,175	-
	48,524	30,301
Deferred contributions related to capital assets (Note 5)	347,370	261,603
	395,894	291,904
Net Assets		
Unrestricted	83,160	(15,717)
Invested in capital assets	29,606	123,356
	112,766	107,639
	508,660	399,543

Approved on behalf of the Board

 President

 Treasurer

The accompanying notes are an integral part of these financial statements

Riverview Community Centre Inc.

Statement of Operations

For the year ended December 31, 2020

(Unaudited)

	2020	2019
Revenue		
Programs (Schedule 1)	33,355	103,510
Grants (Schedule 2)	121,248	103,641
Fundraising	39,352	68,698
Rentals	17,853	42,114
Amortization of deferred contributions	9,233	26,592
Canteen	3,086	6,368
Reflector advertising	1,210	4,621
	225,337	355,544
Expenses		
Advertising and promotion	1,425	151
Amortization	29,897	33,600
Bad debts	1,405	445
Bank charges and interest	731	583
Canteen	1,733	2,269
Dues and memberships	-	1,692
Equipment maintenance	1,932	3,966
Fundraising	9,616	29,573
Hall rental	-	2,098
Newsletter	-	6,319
Office	524	3,875
Professional fees	4,022	7,088
Programs (Schedule 1)	16,676	70,557
Repairs and maintenance	23,025	18,754
Utilities	15,813	34,422
Wages and employee benefits	113,411	154,402
	220,210	369,794
Excess (deficiency) of revenue over expenses	5,127	(14,250)

The accompanying notes are an integral part of these financial statements

Riverview Community Centre Inc.
Statement of Changes in Net Assets

For the year ended December 31, 2020
(Unaudited)

	<i>Unrestricted</i>	<i>Invested in capital assets</i>	2020	2019
Net assets (deficit), beginning of year	(15,717)	123,356	107,639	121,889
Deficiency of revenue over expenses	25,791	(20,664)	5,127	(14,250)
Purchase of capital assets	(21,914)	21,914	-	-
Deferred contributions related to capital assets	95,000	(95,000)	-	-
Net assets, end of year	83,160	29,606	112,766	107,639

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The accompanying notes are an integral part of these financial statements

Riverview Community Centre Inc.

Statement of Cash Flows

For the year ended December 31, 2020

(Unaudited)

	2020	2019
Cash provided by (used for) the following activities		
Operating		
Cash receipts from operations	94,856	183,916
Cash received from contributions	212,417	179,898
Cash paid for program service expenses	(64,868)	(164,831)
Cash paid for salaries and benefits	(113,411)	(154,402)
	128,994	44,581
Investing		
Purchase of capital assets	(21,914)	(19,999)
Increase in cash resources	107,080	24,582
Cash resources (deficiency), beginning of year	1,263	(23,319)
Cash resources, end of year	108,343	1,263
Cash resources are composed of:		
Cash	108,343	1,460
Bank indebtedness	-	(197)
	108,343	1,263

The accompanying notes are an integral part of these financial statements

Riverview Community Centre Inc.

Notes to the Financial Statements

For the year ended December 31, 2020
(Unaudited)

1. Purpose of the Organization

Riverview Community Centre Inc. (the "Organization") was incorporated as a not-for-profit organization on August 7, 1985 and thus is exempt from income taxes under the Income Tax Act of Canada. The Organization receives primary funding from the City of Winnipeg, and its purpose is to provide various sports and other social programs for the benefit of the surrounding community.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada using the following significant accounting policies:

Cash

Cash includes balances with banks and short-term investments with original maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Capital assets

Purchased capital assets are recorded at cost.

Amortization is provided using the declining balance method at the following rates intended to amortize the cost of assets over their estimated useful lives. In the year of acquisition, amortization is taken at one-half of the below rates:

	Rate
Building improvements	5 %
Computers	55 %
Ski equipment	20 %
Soccer equipment	20 %
Rink improvements	20 %
Tennis equipment	20 %
Other equipment	20 %

Long-lived assets

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

When the Organization determines that a long-lived asset no longer has any long-term service potential to the organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

Revenue recognition

The Organization follows the deferral method of accounting for contributions, which includes government grants. Sports registration fees are recognized as revenue in the season to which they apply, hall rentals are recognized when the event is held, grants are recognized as revenue in the period the grant covers, all other revenues are recognized as collected or receivable.

Government assistance

Government assistance for acquiring capital assets is recorded as deferred contributions and is amortized on the same basis according to the same rates as the related capital assets. The Organization recognizes government assistance for operations received as earned revenue in the period for which all obligations in relation to the assistance have been satisfied.

2. **Significant accounting policies** *(Continued from previous page)*

Contributed services

Volunteers contribute many hours per year to assist the Organization in carrying out its service delivery activities. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Measurement uncertainty (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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Allowance for doubtful accounts was \$1,400 at December 31, 2020 (2019 - \$nil). Receivables are reviewed on an account basis for collectability. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

Financial instruments

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

The Organization subsequently measures investments in equity instruments quoted in an active market at fair value. Fair value is determined by published prices. Investments in equity instruments not quoted in an active market are subsequently measured at cost less impairment. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Riverview Community Centre Inc.
Notes to the Financial Statements
For the year ended December 31, 2020
(Unaudited)

3. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2020 Net book value</i>
Building improvements	501,252	146,773	354,479
Computers	959	959	-
Ski equipment	1,770	1,635	135
Soccer equipment	2,255	2,083	172
Rink improvements	11,175	11,096	79
Tennis equipment	4,369	4,036	333
Other equipment	93,672	71,894	21,778
	615,452	238,476	376,976

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2019 Net book value</i>
Building improvements	481,410	122,575	358,835
Computers	959	959	-
Ski equipment	1,770	1,601	169
Soccer equipment	2,255	2,040	215
Rink improvements	11,175	11,075	100
Tennis equipment	4,369	3,952	417
Other equipment	91,599	66,376	25,223
	593,537	208,578	384,959

4. Bank indebtedness

The Organization has an unsecured revolving line of credit of \$30,000 (2019 - \$30,000). Interest on any outstanding balance is charged at bank prime plus 3.00%, which at December 31, 2020 was 5.45% (2019 - 6.95%) and payable monthly. As at year-end no amounts have been drawn on the line of credit (2019 - \$0). The bank indebtedness balance as at December 31, 2020 includes outstanding cheques in the amount of \$0 (2019 - \$197).

5. Deferred contributions related to capital assets

Deferred capital contributions consist of the unamortized amount of contributions received for the purchase of capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized. Changes in deferred capital contributions are as follows:

	<i>2020</i>	<i>2019</i>
Balance, beginning of year	261,603	246,800
Amount received during the year	95,000	41,395
Less: Amounts recognized as revenue during the year	(9,233)	(26,592)
Balance, end of year	347,370	261,603

6. Economic dependence and going concern

The City of Winnipeg provides grants to community centres to pay operating expenses. The grant funding can be cancelled if the Organization does not observe certain established guidelines. The Organization's ability to continue viable operations is dependent upon maintaining this funding in addition to being able to generate sufficient non-grant revenues to cover operating expenses.

7. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

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. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Organization is exposed to interest rate cash flow risk with respect to its line of credit which is subject to floating interest rates based on bank prime lending rates plus 3.00%.

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization enters into transactions to purchase goods and services on credit, for which repayment is required at various maturity dates.

8. Government assistance

During the year, the Organization received \$35,762 of Canada Emergency Wage Subsidy from the Government of Canada as part of Canada's COVID-19 Economic Response Plan to support Canadians and protect jobs during the global COVID-19 pandemic. This amount has been recorded within grants revenue. \$10,544 of the subsidy is recorded in accounts receivable as at year-end.

9. Significant event

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in a widespread health crisis that has affected the global and local economies resulting in an economic slowdown. The duration and impact of the COVID-19 outbreak is unknown at this time and it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Organization.

Riverview Community Centre Inc.
Schedule 1 - Schedule of Programs Revenues and Expenses

For the year ended December 31, 2020

(Unaudited)

	2020			2019		
	Receipts	Expenses	Net	Receipts	Expenses	Net
Programs - Sports						
Basketball	3,190	1,026	2,164	1,201	250	952
Baseball	8,733	5,420	3,313	8,995	4,335	4,660
Hockey	300	8	292	1,965	-	1,965
Skiing	4,654	2,455	2,199	4,987	2,798	2,189
Soccer	3,908	3,255	653	52,105	49,679	2,426
Softball	3,092	638	2,454	3,330	2,203	1,127
	23,877	12,802	11,075	72,583	59,264	13,319
Programs - Other						
Magic lessons	-	-	-	325	-	325
Other	1,407	3,191	(1,784)	12,012	3,985	8,027
Shakespeare course	252	-	252	1,135	559	576
Summer camp	7,298	16	7,282	16,165	3,899	12,266
Writing course	521	667	(146)	1,290	2,850	(1,560)
	9,478	3,874	5,604	30,927	11,293	19,634
Totals	33,355	16,676	16,679	103,510	70,557	32,953

Riverview Community Centre Inc.
Schedule 2 - Schedule of Grant Revenue

For the year ended December 31, 2020
(Unaudited)

	2020	2019
Revenue		
City of Winnipeg		
Operating	68,534	65,724
Province of Manitoba		
Green Team	16,952	6,790
Government of Canada		
Canada Emergency Wage Subsidy	35,762	-
Summer Students	-	15,012
General Council of Winnipeg Community Centres		
Athletic Field Maintenance	-	8,442
Other		
Community Places Program	-	6,929
City of Winnipeg - Senior Fitness	-	744
	121,248	103,641