

OLIVER COMMUNITY LEAGUE
Financial Statements
Year Ended December 31, 2016
(Unaudited)

OLIVER COMMUNITY LEAGUE

Index to Financial Statements

For the Year Ended December 31, 2016

(Unaudited)

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REVIEW ENGAGEMENT REPORT

To the Members of Oliver Community League

We have reviewed the statement of financial position of Oliver Community League as at December 31, 2016 and the statements of operations, changes in net assets and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the Community League.

A review does not constitute an audit and, consequently, we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

Collins Barrow Edmonton LLP

Edmonton, Alberta
April 11, 2017

Chartered Professional Accountants

OLIVER COMMUNITY LEAGUE

Statement of Financial Position

December 31, 2016

(Unaudited)

| | 2016 | 2015 |
|--|------------|------------|
| ASSETS | | |
| CURRENT | | |
| Cash | \$ 330,643 | \$ 300,727 |
| Restricted cash <i>(Note 3)</i> | 153,449 | 126,305 |
| Accounts receivable | 931 | 466 |
| Inventory <i>(Note 4)</i> | 10,580 | 11,000 |
| Prepaid expenses | 3,945 | 3,225 |
| | 499,548 | 441,723 |
| PROPERTY AND EQUIPMENT <i>(Note 5)</i> | 38,580 | 44,181 |
| | \$ 538,128 | \$ 485,904 |
| LIABILITIES AND NET ASSETS | | |
| CURRENT | | |
| Accounts payable and accrued liabilities | \$ 7,246 | \$ 3,501 |
| Deferred contributions <i>(Note 6)</i> | 153,449 | 126,305 |
| | 160,695 | 129,806 |
| NET ASSETS | | |
| Invested in property and equipment | 38,580 | 44,181 |
| Unrestricted | 338,853 | 311,917 |
| | 377,433 | 356,098 |
| | \$ 538,128 | \$ 485,904 |

APPROVED ON BEHALF OF THE BOARD

_____ Director

_____ Director

See notes to financial statements

OLIVER COMMUNITY LEAGUE

Statement of Operations

For the Year Ended December 31, 2016

(Unaudited)

| | 2016 | 2015 |
|--|------------------|------------------|
| REVENUES | | |
| City of Edmonton grants | \$ 59,056 | \$ 46,101 |
| Casino (Note 7) | 47,981 | 53,292 |
| Fundraising and programs (Note 8) | 15,270 | 10,619 |
| Hall rentals and other (Note 9) | 13,968 | 15,704 |
| Other grants | 629 | 20,263 |
| Kitchener Park redevelopment | - | 125,000 |
| | 136,904 | 270,979 |
| EXPENSES | | |
| Administrative | 1,300 | 2,644 |
| Amortization | 5,601 | 6,212 |
| Bank charges | 153 | 140 |
| Business taxes, licenses and memberships | 54 | 54 |
| Cost of books sold | 420 | 934 |
| Donations | 1,250 | 2,000 |
| Insurance | 2,740 | 2,586 |
| Kitchener park redevelopment | - | 127,007 |
| Meals and entertainment | 1,081 | 2,545 |
| Memberships | 1,894 | 1,803 |
| Newspaper and advertising | 15,105 | 13,558 |
| Professional fees | 40,885 | 25,757 |
| Programs | 10,328 | 16,458 |
| Rental, repairs and maintenance | 14,691 | 22,939 |
| Salaries and wages | 1,212 | 3,818 |
| Sub-contracts | 6,291 | 4,410 |
| Supplies | 8,949 | 7,133 |
| Utilities | 3,615 | 4,096 |
| Write-down of inventory | - | 5,307 |
| | 115,569 | 249,401 |
| REVENUES OVER EXPENSES | \$ 21,335 | \$ 21,578 |

See notes to financial statements

OLIVER COMMUNITY LEAGUE

Statement of Changes in Net Assets

For the Year Ended December 31, 2016

(Unaudited)

| | Invested in Property and Equipment | Unrestricted | 2016 | 2015 |
|---------------------------------------|--|--------------|-------------------|------------|
| NET ASSETS - BEGINNING OF YEAR | \$ 44,181 | \$ 311,917 | \$ 356,098 | \$ 334,520 |
| Revenues (under) over expenses | (5,601) | 26,936 | 21,335 | 21,578 |
| NET ASSETS - END OF YEAR | \$ 38,580 | \$ 338,853 | \$ 377,433 | \$ 356,098 |

See notes to financial statements

OLIVER COMMUNITY LEAGUE

Statement of Cash Flows

For the Year Ended December 31, 2016

(Unaudited)

| | 2016 | 2015 |
|--|-------------------|-------------------|
| CASH PROVIDED BY (USED IN): | | |
| OPERATING ACTIVITIES | | |
| Revenues over expenses | \$ 21,335 | \$ 21,578 |
| Items not affecting cash: | | |
| Amortization | 5,601 | 6,212 |
| Restricted cash (increase) decrease | (27,144) | 52,996 |
| | (208) | 80,786 |
| Changes in non-cash working capital <i>(Note 10)</i> | 30,124 | (169,025) |
| INCREASE (DECREASE) IN CASH | 29,916 | (88,239) |
| Cash - beginning of year | 300,727 | 388,966 |
| CASH - END OF YEAR | \$ 330,643 | \$ 300,727 |

See notes to financial statements

OLIVER COMMUNITY LEAGUE

Notes to Financial Statements

December 31, 2016

(Unaudited)

1. NATURE OF OPERATIONS

Oliver Community League (the "Community League") is incorporated under the Societies Act (Alberta). The Community League offers services and programs to people living in the surrounding community along with maintaining a community league hall. 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).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations. Significant accounting policies observed in the preparation of the financial statements are summarized below.

(a) Cash

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

(b) Restricted cash

Restricted cash is defined as cash on hand and cash on deposit, net of cheques issued and outstanding at the reporting date, as well as a Guaranteed Investment Certificate with a maturity date of less than one year.

(c) Inventory

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

(d) Property and equipment

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

| | |
|------------------------|-----|
| Building | 4% |
| Furniture and fixtures | 20% |
| Computer equipment | 55% |

(e) Contributed services

The Community League is largely dependant on the contributed services of its many volunteers. The fair value of contributed services cannot be reasonably determined and are therefore not reflected in these financial statements.

(continues)

OLIVER COMMUNITY LEAGUE

Notes to Financial Statements

December 31, 2016

(Unaudited)

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

(f) Revenue recognition

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

Restricted contributions are recognized 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.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Hall rentals and other revenue are recognized when the service has been provided or the goods have been delivered and collectability is reasonably assured.

(g) 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 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.

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.

(h) Use of estimates

The preparation of these 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. Significant estimates included in the financial statements are the net realizable value of inventory, useful lives of property and equipment for the purposes of calculating amortization and accrued liabilities. Actual results could differ from these estimates.

OLIVER COMMUNITY LEAGUE

Notes to Financial Statements

December 31, 2016

(Unaudited)

3. RESTRICTED CASH

| | 2016 | 2015 |
|-----------------------------------|-------------------|-------------------|
| Cash current account | \$ 134,672 | \$ 107,621 |
| Guaranteed Investment Certificate | 18,777 | 18,684 |
| | \$ 153,449 | \$ 126,305 |

Restricted cash consists of proceeds from casinos which are held in a bank account and a guaranteed investment certificate.

Restricted cash can only be used in accordance with the licensing agreement with the Alberta Gaming and Liquor Commission.

The guaranteed investment certificate bears interest at 0.5% per annum and matures October 2017.

4. INVENTORY

Inventory is comprised of books on the history of the Oliver community and was estimated by the Board of Directors. In the prior year, inventory was written down to its net realizable value of \$10 per book.

5. PROPERTY AND EQUIPMENT

| | Cost | Accumulated amortization | 2016 Net book value | 2015 Net book value |
|------------------------|-------------------|-----------------------------|---------------------------|---------------------------|
| Building | \$ 100,000 | \$ 61,920 | \$ 38,080 | \$ 42,080 |
| Furniture and fixtures | 22,265 | 21,765 | 500 | 1,816 |
| Computer equipment | 1,629 | 1,629 | - | 285 |
| | \$ 123,894 | \$ 85,314 | \$ 38,580 | \$ 44,181 |

6. DEFERRED CONTRIBUTIONS

Deferred contributions are comprised of contributions received in the year that are recognized as revenue in future years as the related expenses are incurred.

| | Balance, Beginning of Year | Contributions Received | Amounts Recognized as Revenue | Balance, End of Year |
|--------|----------------------------------|---------------------------|-------------------------------------|-------------------------|
| Casino | \$ 126,305 | \$ 75,125 | \$ 47,981 | \$ 153,449 |

OLIVER COMMUNITY LEAGUE

Notes to Financial Statements

December 31, 2016

(Unaudited)

7. CASINO

Casino proceeds are recognized as revenue when expenses are incurred. Amounts drawn from the casino account are spent in accordance with the licensing agreements with the Alberta Gaming and Liquor Commission. During the year, the following disbursements were made from the casino proceeds:

| | 2016 | 2015 |
|--|-----------|-----------|
| Promotional activities and newspaper | \$ 15,000 | \$ 13,988 |
| Hall rental and supplies | 12,619 | 11,446 |
| Repairs and maintenance, utilities and insurance | 10,383 | 21,789 |
| Contract services | 6,292 | 2,520 |
| Telephone and Utilities | 3,615 | 796 |
| Website | 3,603 | - |
| Community garden | 962 | 1,573 |
| Administration | 493 | 181 |
| Bank charges | 152 | 132 |
| Office and supplies | - | 867 |
| Reimbursement of funds | (5,138) | - |
| | \$ 47,981 | \$ 53,292 |

8. FUNDRAISING AND PROGRAMS

| | 2016 | 2015 |
|------------------|-----------|-----------|
| Programs | \$ 5,802 | \$ 6,045 |
| Community garden | 3,901 | 2,150 |
| Fundraising | 2,000 | - |
| Event | 1,596 | 1,412 |
| Donations | 1,230 | 862 |
| Membership | 741 | 150 |
| | \$ 15,270 | \$ 10,619 |

9. HALL RENTALS

| | 2016 | 2015 |
|---------------------|-----------|-----------|
| Hall rental | \$ 12,480 | \$ 14,582 |
| History book sales | 320 | 461 |
| Equipment rental | 175 | - |
| Donations and other | - | 21 |
| Interest | 993 | 640 |
| | \$ 13,968 | \$ 15,704 |

OLIVER COMMUNITY LEAGUE

Notes to Financial Statements

December 31, 2016

(Unaudited)

10. CHANGES IN NON-CASH WORKING CAPITAL

| | 2016 | 2015 |
|--|-----------------|--------------------|
| Accounts receivable | \$ (465) | \$ 894 |
| Inventory | 420 | 6,241 |
| Prepaid expenses | (720) | (23) |
| Accounts payable and accrued liabilities | 3,745 | 1,859 |
| Deferred contributions | 27,144 | (177,996) |
| | <hr/> \$ 30,124 | <hr/> \$ (169,025) |

11. ECONOMIC DEPENDENCE

The Community League received 43% (2015 - 17%) of its funding from the City of Edmonton. The Community League's ability to continue its programs and services is dependent on this funding.

12. FINANCIAL INSTRUMENTS

The Community League's financial instruments consist of cash, restricted cash, accounts receivable and accounts payable and accrued liabilities.

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 December 31, 2016.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Community League is exposed to credit risk from accounts receivable, which are generally the result of services to community members and funding from government. The Community League does not believe it is subject to any significant credit risk.

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 December 31, 2016.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Community League is exposed to interest rate risk on its interest bearing assets which is in place with a major financial institution.