

**THE BRETON AND DISTRICT AGRICULTURAL SOCIETY**  
**Financial Statements**  
**Year Ended October 31, 2020**

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Year Ended October 31, 2020

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## Banman Westerlund LLP

Chartered Professional Accountants

\* Derek W. Banman CPA, CA – Partner

\* Kyle Westerlund CPA, CA – Partner

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### INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

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To the Members of The Breton and District Agricultural Society

We have reviewed the accompanying financial statements of The Breton and District Agricultural Society (the Society) that comprise the statement of financial position as at October 31, 2020, and the statements of revenues and expenditures, 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 (ASNPO), 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.

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Independent Practitioner's Review Engagement Report to the Members of The Breton and District  
Agricultural Society *(continued)*

*Conclusion*

Based on our review, 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 The Breton and District Agricultural Society as at October 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with ASNPO.

*Emphasis of Matter*

Without modifying our conclusion, we draw your attention to Note 12 to the financial statements, concerning the worldwide spread of a novel coronavirus known as COVID-19 which is ongoing at the year-end and its effect on the global economy.

*Other Matter*

The financial statements of The Breton and District Agricultural Society for the year ended October 31, 2019 were reviewed by another practitioner who expressed an unmodified conclusion on those financial statements on December 3, 2019.



BANMAN WESTERLUND LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

Edmonton, Alberta  
December 1, 2020

## Statement of Revenues and Expenditures

Year Ended October 31, 2020

	2020	2019
<b>REVENUE</b>		
Grants ( <i>Notes 9, 11</i> )	\$ 44,177	\$ 54,722
Contributions	11,080	24,426
Casino and bingo income ( <i>Note 8</i> )	11,060	6,930
Fundraising income	6,390	23,922
Hall rentals	4,401	8,308
Interest	834	1,226
Memberships	21	102
Miscellaneous	-	70
	<u>77,963</u>	<u>119,706</u>
<b>EXPENSES</b>		
Utilities	16,638	17,273
Salaries and wages	13,748	17,433
Insurance	11,825	15,252
Fundraising expenses	7,681	20,570
Professional fees	4,430	4,380
Meetings and conventions	2,453	1,745
Advertising and promotion	1,952	2,809
Capital asset purchases	1,929	29,437
Repairs and maintenance	1,071	2,311
Telephone	796	816
Non-recoverable GST expenses	754	-
Memberships	355	358
Office	265	300
Interest and bank charges	144	15
Supplies	111	897
Snow removal	38	1,119
Casino expenses	-	2,172
Donations	-	100
	<u>64,190</u>	<u>116,987</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>\$ 13,773</u>	<u>\$ 2,719</u>

## Statement of Changes in Net Assets

Year Ended October 31, 2020

	2020	2019
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>\$ 57,704</b>	<b>\$ 54,985</b>
Excess of revenue over expenses	<u>13,773</u>	<u>2,719</u>
<b>NET ASSETS - END OF YEAR</b>	<b><u>\$ 71,477</u></b>	<b><u>\$ 57,704</u></b>

## Statement of Financial Position

October 31, 2020

	2020	2019
<b>ASSETS</b>		
CURRENT		
Cash	\$ 32,854	\$ 55,220
Short term investments (Note 5)	43,510	-
Accounts receivable	100	14,150
Interest receivable	733	528
Goods and services tax recoverable	508	1,204
	<u>77,705</u>	<u>71,102</u>
LONG TERM INVESTMENTS (Note 6)	-	27,951
RESTRICTED ASSETS (Note 7)	9,487	19,286
	<u>\$ 87,192</u>	<u>\$ 118,339</u>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT		
Accounts payable	\$ 6,021	\$ 40,819
Employee deductions payable	207	220
Deferred contributions (Note 8)	9,487	19,596
	<u>15,715</u>	<u>60,635</u>
NET ASSETS	<u>71,477</u>	<u>57,704</u>
	<u>\$ 87,192</u>	<u>\$ 118,339</u>
LEASE COMMITMENTS (Note 10)		
SUBSEQUENT EVENTS (Note 12)		

ON BEHALF OF THE BOARD

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 Director

See notes to financial statements

**Statement of Cash Flows**  
**Year Ended October 31, 2020**

	2020	2019
<b>OPERATING ACTIVITIES</b>		
Cash receipts from unrestricted contributions	\$ 62,503	\$ 77,489
Cash receipts from restricted contributions	13,896	53,555
Cash receipts from rents and memberships	4,672	9,155
Cash paid to suppliers and employees	(98,859)	(96,114)
Interest received	70	177
Interest paid	(142)	(13)
Goods and services tax	696	(376)
	<u>(17,164)</u>	<u>43,873</u>
Cash flow from (used by) operating activities		
<b>FINANCING ACTIVITIES</b>		
Purchase of short term investments	(15,000)	-
Change of restricted assets	9,798	(15,130)
	<u>(5,202)</u>	<u>(15,130)</u>
Cash flow used by financing activities		
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>(22,366)</b>	<b>28,743</b>
Cash - beginning of year	<u>55,220</u>	<u>26,477</u>
<b>CASH - END OF YEAR</b>	<b>\$ 32,854</b>	<b>\$ 55,220</b>



## Notes to Financial Statements

Year Ended October 31, 2020

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**1. DESCRIPTION OF BUSINESS**

The Society is a not-for-profit organization incorporated under the Agricultural Society Act of the Province of Alberta. The primary activities of the Society are to maintain community facilities and organize community sports, cultural activities and fairs.

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**2. BASIS OF PRESENTATION**

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Cash and cash equivalents

Cash consists of the bank balance less outstanding cheques. The society does not have cash equivalents.

Tangible capital assets

Tangible capital assets are expensed in the year of acquisition since the Society falls under the \$500,000 average gross revenue exemption limit. A total of \$1,929 tangible capital assets were expensed during the year.

Restricted assets

The use of proceeds, including interest, from the casino, raffle and bingo pool is restricted. The amounts have been segregated from the operating accounts of the Society.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Revenue recognition

The Breton and District Agricultural Society follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue 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.

All other sources of revenue are recognized when the requirements as to the performance for transactions involving the sale of goods or services are met and ultimate collection is reasonably assured.

Contributed services

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

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## Notes to Financial Statements

Year Ended October 31, 2020

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*Income taxes

The Society is a not-for-profit organization. Accordingly, no provision for income taxes has been made in these financial statements, as the Society is exempt from income taxes pursuant to Section 149(1)(i) of the Income Tax Act.

Measurement uncertainty

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. Actual results could differ from these estimates.

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## 4. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Society's risk exposure and concentration as of October 31, 2020.

***(a) Credit risk***

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Society is exposed to credit risk from customers. In order to reduce its credit risk, the Society reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Society has a significant number of customers which minimizes concentration of credit risk.

***(b) Liquidity risk***

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources and accounts payable.

***(c) 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. In seeking to minimize the risks from interest rate fluctuations, the Society manages exposure through its normal operating and financing activities. The Society is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

Unless otherwise noted, it is management's opinion that the Society is not exposed to significant other price risks arising from these financial instruments.

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**Notes to Financial Statements**  
**Year Ended October 31, 2020**

**5. SHORT TERM INVESTMENTS**

	2020	2019
GIC bearing interest at 2.10% per annum maturing November 19, 2020	\$ 28,510	\$ -
GIC bearing interest at 1.30% per annum maturing January 2, 2021	5,000	-
GIC bearing interest at 1.30% per annum maturing January 2, 2021	5,000	-
GIC bearing interest at 1.30% per annum maturing January 2, 2021	5,000	-
	\$ 43,510	\$ -

**6. LONG TERM INVESTMENTS**

	2020	2019
GIC bearing interest at 2.00% per annum maturing November 19, 2020	\$ -	\$ 27,951
	\$ -	\$ 27,951

**7. RESTRICTED ASSETS**

	2020	2019
Casino GIC bearing interest at 1.30% per annum maturing January 2, 2021	\$ 5,000	\$ -
Casino bank account	4,433	19,027
Casino GIC interest receivable	54	-
Bingo bank account	-	259
	\$ 9,487	\$ 19,286

Included in the Casino bank account is \$1,155 raffle funds.

The use of casino, raffle and bingo funds are externally restricted to expenditures approved by the Alberta Gaming and Liquor Commission pursuant to the Society's casino, raffle and bingo applications. These amounts have been segregated from the operating accounts of the Society.

## Notes to Financial Statements

Year Ended October 31, 2020

## 8. DEFERRED CONTRIBUTIONS

Deferred contributions consist of restricted contributions and other contributions for specific purposes that have been received but have not yet been spent on their related programs. The current and prior year figure consists of the following amounts:

	<u>2020</u>	<u>2019</u>
<u>Casino</u>		
Balance, beginning of year	\$ 19,027	\$ 2,872
Receipts in the year	-	22,061
Interest earned	106	2
Amounts recognized in the year	<u>(10,801)</u>	<u>(5,908)</u>
	<u>8,332</u>	<u>19,027</u>
<u>Bingo</u>		
Balance, beginning of year	259	680
Receipts in the year	-	1,204
Amounts recognized in the year	<u>(259)</u>	<u>(1,625)</u>
	<u>-</u>	<u>259</u>
<u>Raffle</u>		
Receipts in the year	1,155	-
<u>Home Expo</u>		
Receipts in the year	-	310
Grand total	<u>\$ 9,487</u>	<u>\$ 19,596</u>

## 9. GRANTS

	<u>2020</u>	<u>2019</u>
Base funding - Alberta Agricultural & Forestry Grant	\$ 17,500	\$ 17,500
Operating grant - Alberta Agricultural & Forestry Grant	8,435	6,641
Cost sharing grant - Village of Breton	6,000	-
Operating grant - Village of Breton	5,000	-
Farm Safety grant - Alberta Association of Agricultural Societies	4,252	6,722
First Aid grant - Alberta Association of Agricultural Societies	2,692	-
COVID-19 grant - Government of Alberta	298	-
Government of Alberta - Climate Leadership	-	23,859
	<u>\$ 44,177</u>	<u>\$ 54,722</u>

## Notes to Financial Statements

Year Ended October 31, 2020

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## 10. LEASE COMMITMENTS

Land and building are owned by the Village of Breton and leased to the Society for a nominal amount. The Society is responsible for all operating costs of the facilities. The current lease expires on December 31, 2026.

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## 11. ECONOMIC DEPENDENCE

The society received approximately 48% (70% - 2019) of its revenue from Government of Alberta and 39% (20% - 2019) of its revenue from the Village of Breton.

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## 12. SUBSEQUENT EVENTS

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

As at October 31, 2020, the Society is aware of changes in its operations as a result of the COVID-19 crisis, including the closure of its community hall until June 2020 with restrictions on indoor facilities usage by provincial decree and deferral of certain programs/activities.

Management is uncertain of the effects of these changes on its financial statements and believes that any disturbance may be temporary; however, there is uncertainty about the length and potential impact of the disturbance.

As a result, we are unable to estimate the potential impact on the Society's operations as at the date of these financial statements.

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## 13. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

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