Grande Prairie Gymnastic Society

Financial Statements

June 30, 2019

Independent Auditor's Report

To the Board of Directors of Grande Prairie Gymnastic Society:

Opinion

We have audited the financial statements of Grande Prairie Gymnastic Society (the "Organization"), which comprise the statement of financial position as at June 30, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as at June 30, 2019, 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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Organization’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization’s financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Grande Prairie, Alberta

MNP LLP

October 29, 2019

Chartered Professional Accountants

Grande Prairie Gymnastic Society
Statement of Financial Position
As at June 30, 2019

	2019	2018 Restated - see Note 10
Assets		
Current		
Cash *(Note 3)*	**430,752**	548,078
Accounts receivable *(Note 4)*	**78,175**	61,076
Prepaid expenses and deposits	**-**	3,213
Inventory	**25,234**	24,916
Funds held in trust *(Note 5)*	**32,070**	-
	566,231	637,283
Capital assets *(Note 6)*	**225,510**	154,207
	791,741	791,490
Liabilities		
Current		
Accounts payable and accruals *(Note 7)*	**91,015**	42,393
Prepaid fees	**143,597**	165,645
Trust liability *(Note 5)*	**32,070**	-
	266,682	208,038
	266,682	208,038
Net Assets		
Invested in capital assets	**225,510**	154,207
Internally restricted reserve	**221,368**	341,232
Unrestricted	**78,181**	88,013
	525,059	583,452
	791,741	791,490

Approved on behalf of the Board

Director

Grande Prairie Gymnastic Society
Statement of Operations
For the year ended June 30, 2019

	2019	*2018* *Restated - see Note 10*
Revenue		
Programs and competition revenue	**1,534,919**	1,585,917
Rental income	**42,972**	53,000
Cars for Christmas	**42,878**	36,581
Cash and camping	**24,852**	34,147
Sale of merchandise	**12,579**	53,169
Donations	**-**	10,354
Interest	**2,680**	1,505
Grant revenue	**11,480**	-
Casino	**41,569**	-
Total revenue	**1,713,929**	1,774,673
Expenses		
Advertising	**3,497**	8,000
Alberta Cheerleading Association fees	**6,237**	-
Alberta Gymnastics Federation fees	**133,718**	125,869
Amortization	**48,561**	34,778
Bank and service fees	**47,512**	49,930
Equipment rental	**2,834**	6,802
Insurance	**7,026**	6,870
Office expense	**56,276**	77,209
Other expenses	**-**	39,959
Professional fees	**10,627**	14,575
Repairs and maintenance	**101**	239
Salaries and benefits	**1,232,276**	1,191,338
Supplies	**195,643**	261,930
Telephone	**4,240**	5,050
Travel	**29,183**	34,109
Total expenses	**1,777,731**	1,856,658
Deficiency of revenue over expenses before other item	**(63,802)**	(81,985)
Other item		
Gain on disposal of capital assets	**5,409**	-
Deficiency of revenue over expenses	**(58,393)**	(81,985)

The accompanying notes are an integral part of these financial statements

Grande Prairie Gymnastic Society
Statement of Changes in Net Assets
For the year ended June 30, 2019

	Invested in capital assets	*Net assets unrestricted*	*Internally restricted reserve*	*2019*	*2018*
					Restated - see Note 10
Net assets (deficit), beginning of year, as previously stated	154,207	(24,248)	-	**129,959**	149,980
Correction of an error (Note 10)	-	112,261	341,232	**453,493**	515,457
Net assets, beginning of year, as restated	**154,207**	**88,013**	**341,232**	**583,452**	665,437
Deficiency of revenue over expenses	-	(58,393)	-	**(58,393)**	(81,985)
	154,207	**29,620**	**341,232**	**525,059**	583,452
Capital assets purchased	119,864	-	(119,864)	**-**	-
Amortization	(48,561)	48,561	-	**-**	-
Net assets, end of year	**225,510**	**78,181**	**221,368**	**525,059**	583,452

The accompanying notes are an integral part of these financial statements

Grande Prairie Gymnastic Society
Statement of Cash Flows
For the year ended June 30, 2019

	2019	*2018* *Restated - see Note 10*
Cash provided by (used for) the following activities		
Operating		
Deficiency of revenue over expenses	**(58,393)**	(81,985)
Amortization	**48,561**	34,778
Gain on disposal of capital assets	**(5,409)**	-
	(15,241)	(47,207)
Changes in working capital accounts		
Accounts receivable	**(17,099)**	(56,056)
Inventory	**(318)**	-
Prepaid expenses and deposits	**3,213**	8,724
Accounts payable and accruals	**48,621**	(17,838)
Prepaid fees	**(22,048)**	(4,646)
	(2,872)	(117,023)
Investing		
Purchase of property, plant and equipment	**(119,863)**	(46,411)
Proceeds on disposal of property, plant and equipment	**5,409**	-
	(114,454)	(46,411)
Decrease in cash resources	**(117,326)**	(163,434)
Cash resources, beginning of year	**548,078**	711,512
Cash resources, end of year	**430,752**	548,078

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

Grande Prairie Gymnastic Society (the "Organization") was incorporated under the Alberta Society Act as a not-for-profit organization and is a registered NPO under the Income Tax Act. In order to maintain its status as a registered NPO under the Act, the Organization must meet certain requirements within the Act. In the opinion of management these requirements have been met.

The Organization was established to provide Grande Prairie and area activities that meet the needs of all athletes in the gymnastics industry.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations as issued by the Accounting Standards Board and include the following significant accounting policies:

Cash and cash equivalents

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

Inventory

Inventories held for distribution at no charge or for a nominal charge, or for consumption in the production process of goods to be distributed at no charge or for a nominal charge are recognized at the lower of cost and current replacement cost. Cost is determined by the first in, first out method.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the declining balance method at rates intended to amortize the cost of assets over their estimated useful lives.

	Method	**Rate**
Computer equipment	declining balance	30 %
Equipment	declining balance	20 %
Leasehold improvements	straight-line	5 years

Invested in capital assets

Invested in capital assets represents the equity the Organization has invested in capital assets. The balance is determined as the cost of capital assets, less accumulated amortization and less any related debt or deferred capital contributions.

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.

Contributed materials and services

Contributions of materials and services are not recognized in the statement of operations as revenue nor expense. The nature, and where a reasonable estimate exists amount, of contributed materials and services received are disclosed in the notes to the financial statements.

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

Revenue recognition

The Organization 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. Contributions for the acquisition of capital assets are deferred and recognized as revenue on the same basis as the asset is amortized. All other contributions are reported in revenue in the current year.

Measurement uncertainty and 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 revenue 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. Provisions are made for slow moving and obsolete inventory as well as warranty and after sales service costs. 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 revenue 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, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with Section 3840 *Related Party Transactions*.

At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value. The Organization has not made such an election during the year.

The Organization subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Organization's performance or value of its equity and those instruments designated at fair value, 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 revenue 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.

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

Financial asset impairment

The Organization assesses impairment of all of its financial assets measured at cost or amortized cost. The Organization groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors or no asset is individually significant. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess of revenue over expenses.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in earnings in the year the reversal occurs.

Internally restricted net assets

A reserve fund has been set-up by the board for future capital asset expenditures.

3. Cash

Included within the cash balance is a restricted fund bank account totaling $221,368 (2018 - $341,232) bearing interest at 0.050% to 1.1% (2018 - 0.50% to 1.1%) per annum. These funds are designated for the internally restricted reserves and for the funds held in trust (see note 5).

4. Accounts receivable

	2019	*2018*
Accounts receivable	**76,930**	35,188
Government remittances receivable	**1,245**	25,888
	78,175	61,076

5. Funds held in trust

Funds held in trust consits of funds held by the Organization for Women's Artistic Gymnastics, Tramps and Tumbling and Cheer funds. Fundraising for these prorgrams is done by the parents where these funds are not spent on operations for the Organization.

6. Capital assets

	Cost	***Accumulated amortization***	***2019 Net book value***	*2018 Net book value*
Computer equipment	**85,999**	**71,413**	**14,586**	13,064
Equipment	**913,909**	**723,400**	**190,509**	110,491
Leasehold improvements	**51,186**	**30,771**	**20,415**	30,652
	1,051,094	**825,584**	**225,510**	154,207

7. Accounts payable and accruals

	2019	*2018*
Accounts payable	**67,659**	18,415
Accrued liabilities	**9,000**	10,500
Vacation payable	**12,920**	12,167
Goods and services tax payable	**1,435**	1,311
	91,014	42,393

8. 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.

9. Contributed materials and services and commitments

The Organization has a 25 year lease with respect to the land and building that the Organization operates in. The lease commenced March 23, 2004 for $1 per year. The Organization has not recognized a contribution nor expense related to this contribution of facility rental. The fair value of the lease has not been determined, therefore, disclosure of the value of the unrecognized contribution is indeterminable.

10. Correction of an error

During the year, the Organization determined that prior year revenue was overstated by $61,964, deferred revenue was overstated by $453,493, current year opening net assets was understated by $453,493, and prior year opening net assets was understated by $515,457. This error has be corrected retrospectively.

11. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.