Grande Prairie Gymnastic Society

Financial Statements

June 30, 2021

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, 2021, 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, 2021, 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

December 7, 2021

Chartered Professional Accountants

Grande Prairie Gymnastic Society
Statement of Financial Position
As at June 30, 2021

	2021	*2020*
Assets		
Current		
Cash *(Note 3)*	**789,014**	422,044
Accounts receivable *(Note 4)*	**57,532**	43,477
Inventory	**13,700**	17,800
Funds held in trust *(Note 5)*	**20,302**	40,189
	880,548	523,510
Capital assets *(Note 6)*	**147,563**	192,038
	1,028,111	715,548
Liabilities		
Current		
Accounts payable and accruals *(Note 7)*	**87,168**	43,505
Deferred revenue and prepaid fees *(Note 8)*	**208,346**	151,821
Trust liability *(Note 5)*	**20,302**	40,189
	315,816	235,515
Long-term debt *(Note 9)*	**60,000**	40,000
	375,816	275,515
Net Assets		
Invested in capital assets	**147,563**	192,038
Internally restricted reserve	**435,561**	198,851
Unrestricted	**69,171**	49,144
	652,295	440,033
	1,028,111	715,548

Approved on behalf of the Board

Treasurer

The accompanying notes are an integral part of these financial statements

Grande Prairie Gymnastic Society
Statement of Operations
For the year ended June 30, 2021

	2021	*2020*
Revenue		
Programs and competition revenue	**763,166**	1,049,304
Cars for Christmas	**83,000**	55,140
Rental income	**32,332**	32,601
Grant revenue	**31,293**	18,759
Sale of merchandise	**16,190**	42,119
Interest	**642**	2,605
Cash and Camping	**377**	38,518
Casino	**-**	557
Total revenue	**927,000**	1,239,603
Expenses		
Salaries and benefits	**862,568**	858,616
Supplies	**66,193**	149,073
Alberta Gymnastics Federation fees	**65,315**	117,344
Office expense	**55,027**	64,952
Amortization	**47,764**	55,990
Bank and service fees	**33,708**	38,915
Professional fees	**13,727**	11,449
Insurance	**7,681**	6,938
Telephone	**3,969**	3,610
Travel	**1,966**	30,545
Training and education	**1,615**	16,318
Equipment rental	**1,503**	2,189
Alberta Cheerleading Association fees	**906**	5,455
Repairs and maintenance	**288**	464
Advertising	**-**	4,841
Total expenses	**1,162,230**	1,366,699
Deficiency of revenue over expenses before other item	**(235,230)**	(127,096)
Other item		
Canada Emergency Wage Subsidy	**447,493**	42,069
Excess (deficiency) of revenue over expenses	**212,263**	(85,027)

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, 2021

	Invested in capital assets	*Net assets unrestricted*	*Internally restricted reserve*	***2021***	*2020*
Net assets, beginning of year	192,038	49,144	198,850	**440,032**	525,059
Excess (deficiency) of revenue over expenses	-	212,263	-	**212,263**	(85,027)
	192,038	**261,407**	**198,850**	**652,295**	440,032
Capital assets purchased	3,289	-	(3,289)	**-**	-
Amortization	(47,764)	47,764	-	**-**	-
Transfer to internally restricted reserve	-	(240,000)	240,000	**-**	-
Net assets, end of year	**147,563**	**69,171**	**435,561**	**652,295**	440,032

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, 2021

	2021	*2020*
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenue over expenses	**212,263**	(85,027)
Amortization	**47,764**	55,990
	260,027	(29,037)
Changes in working capital accounts		
Accounts receivable	**(14,055)**	34,700
Inventory	**4,101**	7,434
Accounts payable and accruals	**43,662**	(47,512)
Deferred revenue and prepaid fees	**56,524**	8,225
	350,259	(26,190)
Financing		
Advances of long-term debt	**20,000**	40,000
Investing		
Purchase of capital assets	**(3,289)**	(22,518)
Increase (decrease) in cash resources	**366,970**	(8,708)
Cash resources, beginning of year	**422,044**	430,752
Cash resources, end of year	**789,014**	422,044

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 Societies Act as a not-for-profit organization and is a NPO under the Income Tax Act. In order to maintain its status as a 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.

Impact on operations of COVID-19 (coronavirus)

During the year, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. The Organization's operations were impacted by COVID-19 due to closure of operations, cancellation of events, lay-off of staff, etc.

The impact of COVID-19 has been partially offset by available Government programs for which the Organization was eligible. The Organization has received wage subsidies from March 2020 to October 2021. Further details of this program is described in Note 11 Government assistance. Eligibility requirements under this program have evolved since first announced and can be subject to changes in legislation or administrative positions, further, there is significant uncertainty of the period of time into the future that the Government will continue this program.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Organization as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, it is anticipated that this outbreak may cause closure of operations and increased government regulations which may negatively impact the Organization.

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

Inventory is value at the lower of cost and net realizable value. Cost is determined by the first in, first out method. Net realizable value is the estimated selling price in the ordinary course of business.

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

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 and straight line 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.

The Organization writes down long-lived assets held for use when conditions indicate that the asset no longer contributes to the Organization's ability to provide goods and services. The asset are also written-down when the value of future economic benefits or service potential associated with the asset is less than its net carrying amount. When the Organization determines that a long-lived asset is impaired, its carrying amount is written down to the asset's fair value.

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.

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.

Government assistance

Claims for assistance under various government grant programs are recorded as other income in the year in which eligible expenditures are incurred.

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. 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.

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

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.

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 $435,561 (2020 - $198,851) bearing interest at 0.50% to 1.1% (2020 - 0.50% to 1.1%) per annum. These funds are designated for the internally restricted reserves.

4. Accounts receivable

	2021	2020
Accounts receivable	**49,920**	30,105
Canada Emergency Wage Subsidy (Note 12)	**7,612**	13,372
	57,532	43,477

5. Funds held in trust

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

6. Capital assets

	Cost	**Accumulated amortization**	**2021 Net book value**	2020 Net book value
Computer equipment	**106,461**	**87,139**	**19,322**	27,603
Equipment	**916,904**	**790,538**	**126,366**	154,257
Leasehold improvements	**51,186**	**49,311**	**1,875**	10,178
	1,074,551	**926,988**	**147,563**	192,038

7. Accounts payable and accruals

	2021	2020
Accounts payable	**7,323**	8,386
Accrued liabilities	**11,250**	10,000
Wages and vacation payable	**67,197**	24,769
Goods and services tax payable	**1,398**	350
	87,168	43,505

8. Deferred revenue and prepaid fees

	2021	2020
Deferred revenue	**128,417**	75,820
Prepaid fees	**79,929**	76,002
	208,346	151,822

9. Long-term debt

	2021	2020
Canada Emergency Business Account (CEBA) loan. CEBA loans are a Canadian Federal government initiative to provide Covid-19 relief to Canadian small businesses and not-for-profits to pay for operating expenses, payroll and other non-deferrable expenses. Non-interest bearing to December 31, 2022. If $40,000 (2020 - $30,000) of the balance is repaid in full by Decemeber 31, 2022, $20,000 (2020 - $10,000) of the balance will be forgiven. If the repayable portion is not repaid by January 1, 2023, loan converts to a term loan bearing interest at 5% per annum, interest payable monthly, principal due December 31, 2025.	**60,000**	40,000

10. 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.

Credit concentration

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of trade accounts receivable.

At year end, there is no credit concentration (2020 - one customer represents 33.2% of total trade accounts receivable).

11. 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 unrecognised contribution is indeterminable.

12. Government assistance

The Canada Emergency Wage Subsidy (“CEWS”) was introduced in March 2020, providing employers which incurred certain revenue declines with an initial wage subsidy up to 75% of eligible wages (to certain maximums per employee per program application period). The program has had a gradual phase out with differing percentages of wage subsidy dependent on the respective decline in revenue, with an overall decrease in the wage subsidy percentage over time. The program ends in October 2021. As at June 30, 2021, the Organization has recognized $447,493 (2020 - $42,069) of CEWS as Other income, of which $7,612 (2020 - $13,372) is included in accounts receivable.

13. Comparative figures

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

The Canada Emergency Wage Subsidy, that was previously reported as a reduction to Salaries and benefits, has now been presented separately in Other income.