Cheerleading Canada Inc.

Financial Statements

June 30, 2022

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Independent Auditors' Report

To the members of Cheerleading Canada Inc.

Qualified Opinion
We have audited the financial statements of Cheerleading Canada Inc., which comprise the statement of financial position as at June 30, 2022, 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, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at June 30, 2022, 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..

Basis for Qualified Opinion
In common with many not-for-profit organizations, the organization derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the organization.

We were also not able to obtain sufficient appropriate audit evidence in relation to the completeness of Team Canada revenues and and existence of Team Canada expenses.

Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, Team Canada revenues, Team Canada expenses, excess of revenues over expenses, and cash flows from operations for the years ended June 30, 2022 and 2021, current assets as at June 30, 2022 and 2021, and net assets as at July 1 and June 30 for both the 2022 and 2021 years.

The audit opinion on the financial statements for the year ended June 30, 2021 was modified by the predecessor auditor because of the possible effects of the limitation in scope of the fundraising revenues.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Matter
The financial statements of the organization for the year ended June 30, 2021 were audited by another auditor who expressed an qualified opinion on those financial statements on January 28, 2022.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for private enterprises, 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.

Independent Auditors' Report (continued)

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.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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.

Crowe MacKay LLP

Edmonton, Canada
May 21, 2024

Chartered Professional Accountants

Cheerleading Canada Inc.

Statement of Operations

For the year ended June 30,	2022	2021
Revenues		
Membership fees	**$ 165,331**	$ 149,741
Team Canada revenues	**131,359**	2,894
Product sales	**76,245**	(466)
International events revenues	**34,666**	-
Donations	**19,897**	870
Provincial Organization Fees	**4,100**	4,050
Other revenue	**1,128**	4,016
	432,726	161,105
Expenditures		
Bad debts (recovered)	**(3,709)**	14,199
Insurance	**8,117**	3,265
Interest and bank charges	**4,316**	2,002
Memberships	**9,159**	3,403
Office	**5,624**	18,490
Product purchases	**128,058**	-
Professional fees	**61,698**	56,057
Subcontract	**19,148**	11,381
Team Canada Expenses	**240,529**	-
Wages and benefits	**7,679**	-
	480,619	108,797
(Deficiency) excess of revenues over expenditures	**$ (47,893)**	$ 52,308

Cheerleading Canada Inc.

Statement of Changes in Net Assets

For the year ended June 30,	**2022**	2021
Net assets, beginning of year	**$ 120,601**	$ 68,293
(Deficiency) excess of revenues over expenditures	**(47,893)**	52,308
Net assets, end of year	**$ 72,708**	$ 120,601

Cheerleading Canada Inc.

Statement of Financial Position

June 30,		**2022**		2021
Assets				
Current				
Cash	**$**	**107,406**	$	130,412
Accounts receivable (note 4)		**45,128**		3,137
Prepaid expenses		**10,807**		8,072
	$	**163,341**	$	141,621
Liability				
Current				
Accounts payable and accrued liabilities	**$**	**90,633**	$	21,020
Net Assets				
Unrestricted		**72,708**		120,601
	$	**163,341**	$	141,621

Contingent liabilities (note 5)

Approved on behalf of the Board:

Krista GT ______________________ President

______________________ Treasurer

Cheerleading Canada Inc.

Statement of Cash Flows

For the year ended June 30,		2022		2021
Cash provided by (used for)				
Operating activities				
(Deficiency) excess of revenues over expenditures	**$**	**(47,893)**	$	52,308
Change in non-cash working capital items				
Accounts receivable		**(41,991)**		25,123
Prepaid expenses		**(2,735)**		16,505
Accounts payable and accrued liabilities		**69,613**		(47,176)
Increase (decrease) in cash		**(23,006)**		46,760
Cash, beginning of year		**130,412**		83,652
Cash, end of year	**$**	**107,406**	$	130,412

1. Nature of operations

Cheerleading Canada Inc.("Organization") is the National Sports Organization for cheerleading in Canada to manage, direct, promote, regulate, and assist the activities of cheerleading in Canada.

The Organization is a not-for-profit corporation incorporated under the Canada Corporations Act and was granted continuance under the Canada Not-for-profit Corporations Act on October 16, 2023.

No provision for income taxes was provided in the financial statements as the organization is exempt from tax under section 149(1) (l) of the Income Tax Act (Canada).

2. Change in accounting policies from amendments to accounting standards

The organization has adopted the amendments to CPA Handbook Section 3856, Financial Instruments. The amendments have been adopted effective July 1, 2021, the beginning of the earliest comparative period in these financial statements (the “transition date”). The amendments provide guidance on the accounting for financial instruments arising from transactions between both arm's-length and related parties, and require disclosure of enterprise-specific information related to significant risks arising from financial instruments.

The organization has applied the amendments retrospectively, in accordance with the transition provisions. The amendments provide transition relief for instruments without repayment terms to be measured at their pre-adoption carrying amount less impairment at the transition date. Transition relief is also provided for instruments extinguished or derecognized prior to the transition date, such that only instruments existing on the transition date need to be assessed.

The adoption of the amendments had no impact on the organization 's financial statements other than the enterprise-specific risk disclosures related to significant risks arising from the organization 's financial instruments (see Note 7).

(a) Related party balances

The organization adopted the amendments to Financial Instruments, Section 3856. The change affects how the entity accounts for financial instruments originated or exchanged in a related party transaction.

Initial Measurement
Under the new requirements, a financial instrument is initially measured at cost, which is determined depending on whether the instrument has repayment terms. If the instrument does have repayment terms, cost is determined using the instrument’s undiscounted cash flows, excluding interest and dividend payments, less any impairment losses. Otherwise, the cost of the instrument is determined using the consideration transferred or received by the organization .

Subsequent Measurement
Subsequent measurement is based on how the financial instrument is initially measured. A related party financial instrument initially measured at cost is subsequently measured at cost less any reduction for impairment or at fair value.

2. Change in accounting policies from amendments to accounting standards (continued)

(a) Related party balances (continued)

Transitional Provisions
These changes have been adopted retrospectively with the following transitional provisions:

- The cost of an instrument that has repayment terms is determined using its undiscounted cash flows excluding interest and dividend payment less any impairment;
- The cost of an instrument that does not have repayment terms is deemed to be its carrying amount, less any impairment provisions.

The adoption of the new requirements has no impact on the organization 's financial statements.

3. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are detailed as follows:

(a) Cash equivalents

Cash and cash equivalents consist of cash on hand and bank deposits.

(b) Revenue recognition

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenues 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.

Revenue from the product sales is recognized when title passes to customers, which is generally at the time goods are delivered.

Revenue from competitions and events is recognized in the year in which the competitions and events take place.

Membership fees from provincial organizations and athletes are recognized when received or receivable.

(c) Use of estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles 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 dates of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

3. Significant accounting policies (continued)

(d) Financial instruments

Initial measurement
Financial assets originated or acquired or financial liabilities issued or assumed in an arm's length transaction are initially measured at their fair value. In the case of a financial asset or financial liability not subsequently measured at its fair value, the initial fair value is adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption. Such fees and costs in respect of financial assets and liabilities subsequently measured at fair value are expensed.

Financial assets or liabilities originated or exchanged in related party transactions except for those that involve parties whose sole relationship with the organization is in the capacity of management, are initially measured at cost. The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. If the instrument does, the cost is determined using the instruments undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. Otherwise cost is determined using the consideration transferred or received by the organization in the transaction.

Transactions, with parties whose sole relationship with the organization is in the capacity of management, are accounted for as arm’s length transactions.

Subsequent measurement
The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in debt instruments, equity instruments and forward exchange contracts that are quoted in an active market, which are measured at fair value without any adjustment for transaction costs. Changes in fair value are recognized in net income in the period in which they occur.

Financial assets measured at amortized cost includes accounts receivable.

Financial liabilities measured at amortized cost includes accounts payable and accrued liabilities.

Transaction costs
Transaction costs attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction are recognized in income in the period incurred. Transaction cost for financial instruments originated or exchanged in an arm’s length transaction that are subsequently measured at amortized cost are recognized in the original cost of the instrument and recognized in income over the life of the instrument using the straight-line method.

3. Significant accounting policies (continued)

Impairment

At the end of each reporting period, management assesses whether there are any indications that financial assets measured at cost or amortized cost may be impaired. If there is an indication of impairment, management determines whether a significant adverse change has occurred in the expected timing or the amount of future cash flows from the asset, in which case the asset's carrying amount is reduced to the highest expected value that is recoverable by either holding the asset, selling the asset or by exercising the right to any collateral. The carrying amount of the asset is reduced directly or through the use of an allowance account and the amount of the reduction is recognized as an impairment loss in operations. Previously recognized impairment losses may be reversed to the extent of any improvement. The amount of the reversal, to a maximum of the related accumulated impairment charges recorded in respect of the particular asset, is recognized in operations.

4. Accounts receivable

	2022	2021
Athletes and registrants	**$ 9,365**	$ 3,137
Provincial organizations	**14,725**	-
GST/HST	**4,255**	-
Other accounts receivable	**16,783**	-
	$ 45,128	$ 3,137

5. Contingent liabilities

From time to time, various legal claims may be pending against the organization. Management believes that adequate provisions associated with these claims have been recorded, if any, and their ultimate resolution will not have a material adverse effect on the organization's financial position or its financial activities.

6. Related party transactions

The organization is related to the Provincial sports organizations that are members of the organization. During the year, the organization entered into the following transactions with related parties:

	2022	2021
Revenue		
Provincial organization fees	**$ 4,100**	$ 4,050
Donations	**-**	870
	$ 4,100	$ 4,920

6. Related party transactions (continued)

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties. Receivables from the related parties were measured at cost, determined using their undiscounted cash flows. No differences resulted from these transactions.

7. Financial instruments

Transacting in and holding of financial instruments exposes the organization to certain financial risks and uncertainties. These risks include:

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization 's exposure to credit risk relates to accounts receivable and arises from the possibility that a debtor does not fulfil its obligations. The organization is exposed to credit risk in the event of non-performance by counterparties in connection with accounts receivable. Management believes this risk is minimized by performing continuous evaluation of its financial assets and records impairment in accordance with the stated policy.

The organization's exposure to credit risk increased from the prior year due to increased activities as a result of recovery from the COVID 19 pandemic.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities. The organization 's exposure to liquidity risk relates to accounts payable and accrued liabilities and arises from the possibility that the timing and amount of its cash inflows will not be sufficient to enable it to meet its financial obligations as they become due. Management believes this risk is minimized through actively monitoring cash flows and documenting when payments are due to ensure sufficient funds are available.

There has not been any changes to the organization's exposure to liquidity risk from the prior year.

8. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.