

# Cheerleading Canada Inc.

**Financial statements**

**June 30, 2020**



# Independent auditor's report

To the Members of  
**Cheerleading Canada Inc.**

## Qualified opinion

We have audited the financial statements of Cheerleading Canada Inc. [the "Organization"], which comprise the statement of financial position as at June 30, 2020, and the statement of operations and changes in net assets, and statement of cash flows for the 15-month period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible 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 Cheerleading Canada Inc. as at June 30, 2020, and the results of its operations and its cash flows for the 15-month period then ended in accordance with Canadian accounting standards for not-for-profit organizations.

## Basis for qualified opinion

In common with many non-profit organizations, the Organization derives revenue from donations, 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. Therefore, we were not able to determine whether any adjustments might be necessary to donations revenue, excess of revenue over expenses, and cash flows from operations for the 15-month period ended June 30, 2020 and the year ended June 30, 2019, current assets as at June 30, 2020 and March 31, 2019, and net assets as at June 30, 2020, April 1, 2019, March 31, 2019, and April 1, 2018. Our audit opinion on the financial statements for the year ended March 31, 2019 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's 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 audit opinion.

## 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 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.

Edmonton, Canada  
December 3, 2020

*Ernst & Young LLP*

Chartered Professional Accountants



**Cheerleading Canada Inc.**

**Statement of financial position**

	<b>As at June 30, 2020</b>	<b>As at March 31, 2019</b>
	\$	\$
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	<b>83,652</b>	124,907
Accounts receivable	<b>28,260</b>	3,015
Prepaid expense	<b>24,577</b>	6,025
	<b>136,489</b>	<b>133,947</b>
<b>Liabilities and net assets</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	<b>68,196</b>	28,325
Deferred revenue	—	49,885
<b>Total current liabilities</b>	<b>68,196</b>	<b>78,210</b>
<b>Net assets</b>	<b>68,293</b>	<b>55,737</b>
	<b>136,489</b>	<b>133,947</b>

*See accompanying notes*

On behalf of the Board:

Director

Director

## Cheerleading Canada Inc.

### Statement of operations and changes in net assets

	For the 15-month period ended June 30, 2020	For the year ended March 31, 2019
	\$	\$
<b>Revenue</b>		
Team Canada revenues	138,412	21,987
Cheer Canada membership fee	128,015	89,232
Clothing income	87,348	—
Other income	7,361	—
Provincial sports organizations membership fees <i>[note 3]</i>	3,600	4,000
Donations <i>[note 3]</i>	1,063	14,730
	<u>365,799</u>	<u>129,949</u>
<b>Expenses</b>		
Clothing expenses	135,664	34,933
Team Canada expenses	91,289	53,018
Professional fees	57,060	23,295
Administrative expenses	37,368	10,646
Travel	12,995	8,588
Pan American Games expenses	5,825	—
Insurance	4,675	2,660
Training expenses	4,273	—
Bank charges and service fees	2,147	1,960
Dues and subscriptions	1,180	2,799
Office expenses	767	4,159
Rent or lease payments	—	665
	<u>353,243</u>	<u>142,723</u>
<b>Excess (deficiency) of revenue over expenses for the year</b>	<b>12,556</b>	<b>(12,774)</b>
Net assets, beginning of year	55,737	68,511
<b>Net assets, end of year</b>	<b><u>68,293</u></b>	<b><u>55,737</u></b>

See accompanying notes

**Cheerleading Canada Inc.**

**Statement of cash flows**

	<b>For the 15-month period ended June 30, 2020</b>	<b>For the year ended March 31, 2019</b>
	<b>\$</b>	<b>\$</b>
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenses for the year	<b>12,556</b>	(12,774)
Changes in non-cash working capital balances related to operations		
Deferred revenue	<b>(49,885)</b>	49,885
Accounts payable and accrued liabilities	<b>39,871</b>	10,164
Accounts receivable	<b>(18,552)</b>	(1,438)
Prepaid expense	<b>(25,245)</b>	(6,025)
<b>Cash provided by (used in) operating activities</b>	<b>(41,255)</b>	39,812
<b>Change in cash during the year</b>	<b>(41,255)</b>	39,812
Cash and cash equivalents, beginning of the year	<b>124,907</b>	85,095
<b>Cash and cash equivalents, end of the year</b>	<b>83,652</b>	124,907

*See accompanying notes*

## **Cheerleading Canada Inc.**

# **Notes to financial statements**

June 30, 2020

### **1. Nature of the organization**

Cheerleading Canada Inc. [the "Organization"] is established as the National Sports Organization for cheerleading in Canada to manage, direct, promote 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, 2014.

### **2. Summary of significant accounting policies**

#### **Basis of presentation**

These financial statements were prepared in accordance with Part III of the *CPA Canada Handbook – Accounting, "Accounting Standards for Not-for-Profit Organizations,"* which sets out generally accepted accounting principles for not-for-profit organizations in Canada and include the significant accounting policies described hereafter.

#### **Cash and cash equivalents**

Bank balances are presented with cash and cash equivalents. Cash equivalents include highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value and have a maturity of approximately three months or less from the date of acquisition.

#### **Revenue recognition**

The Organization follows the deferral method of accounting for contributions. Donations are recorded when received, since pledges are not legally enforceable claims. Unrestricted contributions are recognized as revenue when initially recorded in the accounts. Membership fees are recognized as revenue when received or receivable.

#### **Financial instruments**

The Organization initially records a financial instrument at its fair value. The Organization recognizes its transaction costs in net income in the period incurred. Subsequently, the Organization measures all financial instruments, which include cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities, at amortized cost.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset, or the amount the Organization expects to realize by exercising its right to collateral. If events and circumstances reverse in the future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

## Cheerleading Canada Inc.

### Notes to financial statements

June 30, 2020

#### 2. Summary of significant accounting policies (continued from previous page)

##### Measurement uncertainty

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty that affect the reporting amounts of assets and liabilities, revenues and expenses at the date of the financial statements. Measurement uncertainty exists when there is a significant variance between the recognized or disclosed amount and another reasonably possible amount. These estimates and assumptions are reviewed periodically at least annually. Actual results could differ from the estimates determined by management in these financial statements, and these differences, which may be material, could require adjustment in subsequent reporting periods.

#### 3. Related party transactions

During the 15-month period, the Organization normally has transactions with Provincial sports organizations that are members of the Organization. All related party transactions have been recorded at their agreed upon exchange amounts. Revenue from donations and membership fees is recorded in the related revenue account.

Transactions with related parties during the 15-month period were as follows:

	For the 15- month period ended June 30, 2020 \$	For the 12- month period ended March 31, 2019 \$
<b>Revenue</b>		
Donations	—	14,730
Provincial membership fees	<b>3,600</b>	4,000
	<b>3,600</b>	18,730

#### 4. Financial instruments

The Organization is exposed to various financial risks through transactions in financial instruments.

##### 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 main credit risk relates to its accounts receivable. To mitigate this risk, the Organization monitors outstanding balances regularly and allows for uncollectible amounts when determined.

##### Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.



## **Notes to financial statements**

June 30, 2020

### **5. Contingencies**

From time to time, various legal claims may be pending against the Organization. Management believes that the Organization has recognized adequate provisions for probable and reasonably estimable liabilities, if any, associated with such claims, and that their ultimate resolution will not have a material adverse effect on the Organization's financial position or its financial activities.

### **6. COVID-19 and Subsequent Events**

The outbreak of the Coronavirus disease ("COVID-19") has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruptions to businesses and organizations globally, resulting in an economic slowdown. The duration and impact of the COVID-19 outbreak is unknown at this time, nor is the efficacy of the government and central bank monetary and fiscal interventions designed to stabilize economic conditions. As a result, it is not possible to reliably estimate the length and severity of these developments nor the impact on the financial position and financial results of the Organization in future periods.