

Cheerleading Canada Inc.

Financial statements

March 31, 2019



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 March 31, 2019, and the statement of operations and changes in net assets, and statement of 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 paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2019, and its results of 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

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 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, our 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, Team Canada revenue, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2019 and current assets and net assets as at March 31, 2019.

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 13, 2019

Cheerleading Canada Inc.

Statement of financial position

As at March 31

	2019	2018
	\$	\$
Assets		
Current		
Cash and cash equivalents	124,907	85,095
Prepaid expense	6,025	—
Accounts receivable	3,015	1,577
	133,947	86,672
Liabilities and net assets		
Current		
Accounts payable and accrued liabilities	28,325	18,161
Deferred revenue	49,885	—
Total current liabilities	78,210	18,161
Net assets	55,737	68,511
	133,947	86,672

See accompanying notes

On behalf of the Board:

Director

Director

Cheerleading Canada Inc.

Statement of operations and changes in net assets

Year ended March 31

	2019	2018
	\$	\$
Revenue		
Cheer Canada membership fee	89,232	—
Team Canada revenues	21,987	—
Donations <i>[note 3]</i>	14,730	81,891
Provincial sports organizations membership fees <i>[note 3]</i>	4,000	4,000
	<u>129,949</u>	<u>85,891</u>
Expenses		
Travel	8,588	1,314
Clothing	34,933	—
Team Canada expenses	53,018	—
Professional fees	23,295	12,075
Administrative expenses	10,646	355
Office expenses	4,159	—
Insurance	2,660	—
Dues and subscriptions	2,799	1,324
Rent or lease payments	665	—
Bank charges and service fees	1,960	679
	<u>142,723</u>	<u>15,747</u>
Excess (deficiency) of revenue over expenses for the year	(12,774)	70,144
Net assets (liabilities), beginning of year	<u>68,511</u>	<u>(1,633)</u>
Net assets, end of year	<u>55,737</u>	<u>68,511</u>

See accompanying notes

Cheerleading Canada Inc.

Statement of cash flows

Year ended March 31

	2019	2018
	\$	\$
Operating activities		
Excess (deficiency) of revenue over expenses for the year	(12,774)	70,144
Changes in non-cash working capital balances related to operations		
Deferred revenue	49,885	—
Accounts payable and accrued liabilities	10,164	13,354
Accounts receivable	(1,438)	(777)
Prepaid expense	(6,025)	—
Cash provided by operating activities	39,812	82,721
Change in cash during the year	39,812	82,721
Cash and cash equivalents, beginning of the year	85,095	2,374
Cash and cash equivalents, end of the year	124,907	85,095

See accompanying notes

Cheerleading Canada Inc.

Notes to financial statements

March 31, 2019

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

March 31, 2019

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 year, 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 year were as follows:

	2019	2018
	\$	\$
Revenue		
Donations	14,730	15,437
Provincial sports organization membership fees	4,000	4,000
	93,232	14,437

4. Financial instruments and risk management

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.

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.