

**CHEERLEADING CANADA INC.**

**Financial Statements**

**Year Ended June 30, 2023**

**CHEERLEADING CANADA INC.**  
**Index to Financial Statements**  
**Year Ended June 30, 2023**

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	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Revenues and Expenses	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 9

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## INDEPENDENT AUDITOR'S REPORT

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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, 2023, and the statements of revenues and expenses, 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 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 the organization as at June 30, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO)

### *Basis for Qualified Opinion*

The organization derives revenue from Membership fees and Team Canada activities for which their completeness 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 and existence of Team Canada expenses.

Therefore, we were not able to determine whether any adjustments might be necessary to Membership fees, Team Canada revenues and Team Canada expenses, thus, affecting excess of revenues over expenses, cash flows from operations for the year ended June 30, 2023, current assets as at June 30, 2023, and net assets as at June 30, 2023.

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 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.

### *Other Matter*

The financial statements for the year ended June 30, 2022 were audited by another auditor who expressed a qualified opinion on those financial statements on May 21, 2024 for the reasons described in the *Basis for Qualified Opinion* section.

### *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 ASNPO, 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.

(continues)

Independent Auditor's Report to the To the Members of Cheerleading Canada Inc. (continued)

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.

Calgary, Alberta  
December 3, 2024

  
C&E LLP Chartered Professional Accountants

**CHEERLEADING CANADA INC.**  
**Statement of Financial Position**  
**June 30, 2023**

	2023	2022
<b>ASSETS</b>		
CURRENT		
Cash	\$ 101,129	\$ 107,406
Accounts receivable (Note 3)	112,052	45,128
Prepaid expenses	11,262	10,807
	<b>\$ 224,443</b>	<b>\$ 163,341</b>
 <b>LIABILITIES AND NET ASSETS</b>		
CURRENT		
Accounts payable and accrued liabilities	\$ 70,144	\$ 90,633
<b>UNRESTRICTED NET ASSETS</b>	<b>154,299</b>	72,708
<b>LIABILITIES AND NET ASSETS</b>	<b>\$ 224,443</b>	<b>\$ 163,341</b>
 CONTINGENT LIABILITY (Note 6)		

ON BEHALF OF THE BOARD

Wendy Mackey Director

Krista Giff Director

**CHEERLEADING CANADA INC.**  
**Statement of Revenues and Expenses**  
**Year Ended June 30, 2023**

	2023	2022
<b>REVENUES</b>		
Membership fees	\$ 337,910	\$ 165,331
Team Canada revenues	124,575	131,359
Donations	24,118	19,897
International events revenue	20,917	34,666
Products sales	6,281	76,245
Provincial Organization fees	4,910	4,100
Other revenue	158	1,128
	<u>518,869</u>	<u>432,726</u>
<b>EXPENSES</b>		
Team Canada expenses	221,542	240,887
Wages and benefits	77,936	7,679
Product purchases	49,866	128,058
Professional fees	21,357	61,698
Bad debt (recovered)	18,418	(3,709)
Office expenses	14,237	5,266
Memberships	14,039	9,159
Insurance	7,452	8,117
Travel expenses	5,344	-
Training expenses	3,538	-
Subcontractors	1,796	19,148
Interest and bank charges	1,753	4,316
	<u>437,278</u>	<u>480,619</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<u>\$ 81,591</u>	<u>\$ (47,893)</u>

**CHEERLEADING CANADA INC.**  
**Statement of Changes in Net Assets**  
**Year Ended June 30, 2023**

	<u>2023</u>	<u>2022</u>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>\$ 72,708</b>	<b>\$ 120,601</b>
Excess (deficiency) of revenues over expenses	<u>81,591</u>	<u>(47,893)</u>
<b>NET ASSETS - END OF YEAR</b>	<b><u>\$ 154,299</u></b>	<b><u>\$ 72,708</u></b>

**CHEERLEADING CANADA INC.**  
**Statement of Cash Flows**  
**Year Ended June 30, 2023**

	2023	2022
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenses	\$ 81,591	\$ (47,893)
Changes in non-cash working capital:		
Accounts receivable	(66,924)	(41,991)
Accounts payable and accrued liabilities	(20,489)	69,613
Prepaid expenses	(455)	(2,735)
	<u>(87,868)</u>	<u>24,887</u>
<b>DECREASE IN CASH FLOW</b>	<b>(6,277)</b>	<b>(23,006)</b>
Cash - beginning of year	<u>107,406</u>	<u>130,412</u>
<b>CASH - END OF YEAR</b>	<b>\$ 101,129</b>	<b>\$ 107,406</b>



**CHEERLEADING CANADA INC.**  
**Notes to Financial Statements**  
**Year Ended June 30, 2023**

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**1. DESCRIPTION OF ORGANIZATION**

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 Corporation Act and was granted continuance under the Canada Not-for-profit Corporation act on October 16, 2023.

The Organization is a Federal Not-For-Profit Corporation and is exempt from income taxes pursuant to section 149(1)(l) of the Income Tax Act; accordingly, no provision for income taxes has been provided for in these financial statements.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Cash and cash equivalents

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

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.

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.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

**CHEERLEADING CANADA INC.**  
**Notes to Financial Statements**  
**Year Ended June 30, 2023**

**3. ACCOUNTS RECEIVABLE**

	2023	2022
Membership fees	\$ 91,400	\$ 14,725
GST/HST	8,844	4,255
Other accounts receivable	8,372	16,783
Athletes and registrants	3,436	9,365
	\$ 112,052	\$ 45,128

**4. RELATED PARTY TRANSACTIONS**

The Organization is related to the provincial sports organization that are members of the organization. The following is a summary of the organization's related party transactions:

	2023	2022
Provincial Organization Fees		
Revenue	\$ 4,910	\$ 4,100

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

**5. FINANCIAL INSTRUMENTS**

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of June 30, 2023.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from customers. In order to reduce its credit risk, the organization reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The organization has a significant number of customers which minimizes concentration of credit risk.

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.

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant other price risks arising from these financial instruments.

**CHEERLEADING CANADA INC.**  
**Notes to Financial Statements**  
**Year Ended June 30, 2023**

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**6. CONTINGENT LIABILITY**

From time to time, various legal claims may be pending against the organization. Management believes that adequate provision 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.

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**7. COMPARATIVE FIGURES**

Some of the comparative figures have been reclassified to conform to the current year's presentation.

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