

CANADIAN GYMNASTICS FEDERATION

FINANCIAL STATEMENTS

MARCH 31, 2014





INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Canadian Gymnastics Federation:

We have audited the accompanying financial statements of Canadian Gymnastics Federation, which comprise the statement of financial position as at March 31, 2014 and the statements of changes in net assets, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with similar organizations, the Federation derives revenue from donations and other fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the Federation and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expense for the year, assets and net assets.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Canadian Gymnastics Federation as at March 31, 2014 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.

OHC O C&P.

OUSELEY HANVEY CLIPSHAM DEEP LLP
Licensed Public Accountants

Ottawa, Ontario
June 11, 2014

CANADIAN GYMNASTICS FEDERATION

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2014

	2014	2013
ASSETS		
CURRENT		
Short-term deposits held in trust (note 4)	\$ 41,012	\$ 60,987
Accounts receivable	326,344	387,122
Inventory	234,617	251,830
Prepaid expenses	139,185	30,859
	<hr/> 741,158	<hr/> 730,798
CAPITAL ASSETS (note 2)	29,941	4,214
	<hr/> \$ 771,099	<hr/> \$ 735,012
CURRENT LIABILITIES		
Bank advance (note 3)	\$ 375,521	\$ 91,152
Accounts payable	149,773	281,366
Government remittances payable	42,298	-
Deferred revenue (note 6)	14,937	11,902
Athletes' funds (note 4)	41,012	64,952
	<hr/> 623,541	<hr/> 449,372
NET ASSETS		
Invested in capital assets	29,941	4,214
<u>Unrestricted</u>	<u>117,617</u>	<u>281,426</u>
	<hr/> 147,558	<hr/> 285,640
	<hr/> \$ 771,099	<hr/> \$ 735,012

Approved on behalf of the Board:

Richard Capu Director
B. J. Leguerre Director

CANADIAN GYMNASTICS FEDERATION

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED MARCH 31, 2014

INVESTED IN CAPITAL ASSETS

	2014	2013
Balance, beginning of year	\$ 4,214	\$ -
Purchase of capital assets	34,682	6,083
Amortization of capital assets	(8,955)	(1,869)
<u>Balance, end of year</u>	<u>\$ 29,941</u>	<u>\$ 4,214</u>

INTERNAL RESTRICTED FOR RHYTHMIC PROGRAM

	2014	2013
Balance, beginning of year	\$ -	\$ 15,884
Transfer to unrestricted net assets	- (15,884)	(15,884)
<u>Balance, end of year</u>	<u>\$ -</u>	<u>\$ -</u>

UNRESTRICTED

	2014	2013
Balance, beginning of year	\$ 281,426	\$ 302,056
Deficiency of revenue over expense for the year	(138,082)	(32,300)
Investment in capital assets	(25,727)	(4,214)
Transfer from internally restricted for Rhythmic Program	- 15,884	15,884
<u>Balance, end of year</u>	<u>\$ 117,617</u>	<u>\$ 281,426</u>

CANADIAN GYMNASTICS FEDERATION

STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 2014

	2014	2013
REVENUE		
Sport Canada Contributions - Gymnastics Canada	\$ 1,791,000	\$ 1,394,500
Sport Canada Contributions - SDP and LTAD	7,500	105,000
Sport Canada International hosting	100,000	100,000
Canadian Olympic Committee	-	559,000
International / National hosting	960,004	148,960
Membership fees	729,838	699,896
Other Program fees	487,780	461,571
Merchandising	284,955	233,243
Fundraising	15,131	33,660
Marketing and promotion	153,048	179,698
Education programs	67,033	40,734
	<hr/> 4,596,289	<hr/> 3,956,262
EXPENSE		
Canadian and international programs (schedule)	1,650,958	1,759,495
Salaries and benefits	1,337,770	1,123,071
Operations and governance (schedule)	416,294	453,888
Merchandising	139,123	138,009
Education programs	87,789	75,483
International / National hosting	962,191	246,882
Marketing and promotion	140,246	191,734
	<hr/> 4,734,371	<hr/> 3,988,562
DEFICIENCY OF REVENUE OVER EXPENSE FOR THE YEAR	<hr/> \$ (138,082)	<hr/> \$ (32,300)



CANADIAN GYMNASTICS FEDERATION

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2014

	2014	2013
CASH PROVIDED BY (USED FOR)		
OPERATING ACTIVITIES		
Deficiency of revenue over expense for the year	\$ (138,082)	\$ (32,300)
Item not requiring cash:		
Amortization of capital assets	8,955	1,869
	<hr/>	<hr/>
	(129,127)	(30,431)
Changes in operating components of working capital:		
Short-term deposits held in trust	19,975	20,266
Accounts receivable	60,778	(3,905)
Inventory	17,213	7,890
Prepaid expenses	(108,326)	65,932
Accounts payable	(131,593)	(143,581)
Government remittances payable	42,298	-
Athletes' funds	(23,940)	(21,176)
Deferred revenue	3,035	(42,103)
	<hr/>	<hr/>
	(249,687)	(147,108)
INVESTING ACTIVITIES		
Purchase of capital assets	(34,682)	(6,083)
DECREASE IN CASH	<hr/>	<hr/>
Cash (bank advance) beginning of year	(91,152)	62,039
BANK ADVANCE END OF YEAR	<hr/>	<hr/>
	\$ (375,521)	\$ (91,152)

CANADIAN GYMNASTICS FEDERATION

NOTES TO FINANCIAL STATEMENTS **MARCH 31, 2014**

The Canadian Gymnastics Federation is incorporated as a not-for-profit organization without share capital under the laws of Canada. The objectives of the Federation are to direct high performance programs in the pursuit of international excellence, to guide the development of the other competitive programs and to facilitate gymnastics for all. The Federation operates as "Gymnastics Canada Gymnastique". The Federation is a not-for-profit organization and a Registered Amateur Athletic Association within the terms of the Income Tax Act and as such is not subject to income taxes.

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Revenue recognition

The Federation follows the deferral method of accounting for contributions. Membership fees are recorded in the period to which they relate. Donations are recorded as revenue when received. Donated goods and services are recorded at their fair value.

(b) Sport Canada Contributions

Contributions received from Sport Canada, which amounted to \$1,898,500 (2013 - \$1,599,500) are subject to specific terms and conditions regarding the expenditure of the funds. The Federation's accounting records are subject to audit by Sport Canada to identify instances, if any, in which amounts charged against contributions have not complied with the agreed terms and conditions and which, therefore, would be refundable to Sport Canada. Adjustments to prior years' contributions are recorded in the year in which Sport Canada requests the adjustment.

Contributions are accounted for on an accrual basis. Any portion of a contribution that has not been spent for the purpose it was intended is considered refundable to the Federal Government.

(c) Inventory

Inventory consists of manuals, skill posters and other materials held for resale and is valued at the lower of cost, calculated on the first-in, first-out basis, and net realizable value.

(d) Use of estimates

The preparation of these 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 revenues and expenses during the reporting period. Actual results could differ from those estimates. These estimates are reviewed annually and as adjustments become necessary, they are recorded in the financial statements in the period in which they become known.

CANADIAN GYMNASTICS FEDERATION

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Financial instruments

Financial instruments are initially recognized at fair value and are subsequently measured at cost, amortized cost or cost less appropriate allowances for impairment.

2. CAPITAL ASSETS

Capital assets are recorded at cost and are amortized on the straight line basis at the following annual rates:

Computer and office equipment	10% to 33%					
Gym and video equipment	20% to 33%					
				2014	2013	
		Accumulated				
		Cost	Amortization	Net	Net	
Computer and office equipment	\$ 144,938	\$ 136,127	\$ 8,811	\$ 4,214		
Gym and video equipment	49,986	\$ 28,856	21,130			-
	\$ 194,924	\$ 164,983	\$ 29,941	\$ 4,214		

3. BANK ADVANCE

The bank advance is payable on demand and provides for advances of up to \$470,000. Interest is payable monthly, calculated at bank prime rate plus 1.875% per annum. All assets of the Federation are pledged as security for the bank advance.

4. ATHLETES' FUNDS

Funds held in trust by the Federation are derived from athlete promotional and commercial projects and are reflected in these financial statements as "Athletes' Funds".

5. COMMITMENTS

The Federation has a lease commitment for office space which expires on December 31, 2020. Minimum annual lease payments until the end of the lease are as follows:

Year	Amount
2015	\$ 40,600
2016	45,500
2017	50,200
2018	50,200
2019	51,000

Operating costs are in addition to the above amounts and are currently estimated to be \$66,000 per year. As part of the lease agreement, the Federation granted a security interest in all corporate assets of the Federation.



CANADIAN GYMNASTICS FEDERATION

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

6. DEFERRED REVENUE

Deferred revenue consists of various future year event registrations and membership fees collected in the current year.

	2014	2013
Balance, beginning of year	\$ 11,902	\$ 54,005
Less: amount recognized as revenue in the year	(11,902)	(54,005)
Plus: amount received related to the following year	14,937	11,902
<u>Balance, end of year</u>	<u>\$ 14,937</u>	<u>\$ 11,902</u>

7. RELATED PARTY TRANSACTIONS

Included in expense is \$76,909 (2013 - \$83,500) that was paid to a consulting firm, for which a member of the Board of Directors is a contractor. These transactions are in the normal course of operations and are measured at the exchange amount.

8. FINANCIAL INSTRUMENTS

The Federation's financial instruments consist of short-term deposits held in trust, accounts receivable, bank advance, accounts payable, government remittances payable and athletes' funds. Unless otherwise noted, it is management's opinion that the Federation is not exposed to significant interest rate, currency, credit, liquidity or market risks arising from its financial instruments and the carrying amount of the financial instruments approximate their fair value.

CANADIAN GYMNASTICS FEDERATION

SCHEDULE OF CANADIAN AND INTERNATIONAL PROGRAMS FOR THE YEAR ENDED MARCH 31, 2014

	2014	2013
Women's Artistic Program	\$ 599,553	\$ 357,926
Gymnastics for All	16,062	1,842
Men's Artistic Program	293,056	342,535
Trampoline Program	543,284	730,245
Rhythmic Program	190,054	180,664
Sport Development and Participation Program	1,449	130,287
Long Term Athlete Development Program	7,500	15,996
	<hr/>	<hr/>
	\$ 1,650,958	\$ 1,759,495

SCHEDULE OF OPERATIONS AND GOVERNANCE FOR THE YEAR ENDED MARCH 31, 2014

	2014	2013
Rent and storage	\$ 106,081	\$ 125,842
Governance and strategic plan	8,111	5,232
Telephone	25,946	30,724
Postage and freight	9,632	8,997
Photocopies	6,454	5,820
Interest and bank charges	23,305	24,266
General	4,956	3,443
Supplies	5,876	4,121
Translation	13,778	9,202
Professional fees	28,390	33,321
Amortization	8,955	1,869
Memberships	2,553	2,284
Insurance	28,764	25,569
Computer charges	28,515	37,801
Corporate identity	1,925	-
Grants to clubs	7,064	10,000
Bad debts	141	2,603
Board meetings and AGM	71,268	61,244
International meetings	19,977	37,793
Operation Council	631	1,827
Domestic staff travel	13,391	18,465
Awards	581	3,465
	<hr/>	<hr/>
	\$ 416,294	\$ 453,888

