

**GYMNASTICS B.C.**

Vancouver, B.C.

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**FINANCIAL STATEMENTS**

June 30, 2015

## INDEPENDENT AUDITOR'S REPORT

To the Members of Gymnastics B.C.:

### Report on the Financial Statements

We have audited the accompanying financial statements of Gymnastics B.C., which comprise the statement of financial position as at June 30, 2015, and the statement of operations, statement of changes in net assets and statement of 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.

#### *Auditor's 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 audit opinion.

#### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Gymnastics B.C. as at June 30, 2015, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

**Report on Other Legal and Regulatory Requirements**

As required by the *Society Act* (British Columbia), we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

*Wolrige Mahon LLP*

CHARTERED PROFESSIONAL ACCOUNTANTS

October 8, 2015  
Vancouver, B.C.

## GYMNASTICS B.C.

### STATEMENT OF OPERATIONS

For the year ended June 30, 2015

	2015	2014
	\$	\$
<b>Revenues</b>		
Membership fees	967,256	808,695
Grants	298,461	325,772
Technical programs operations, Schedule 1	189,756	297,616
Special hosted events operations, Schedule 2	166,625	777,742
Gaming	135,000	155,995
Fundraising, resource sales and other	155,046	132,877
	<u>1,912,144</u>	<u>2,498,697</u>
<b>Expenditures</b>		
Technical programs operations, Schedule 1	563,645	677,720
Special hosted events operations, Schedule 2	136,970	731,911
Administration		
Amortization	11,335	13,152
Office and miscellaneous	50,862	78,075
Rent	66,655	67,945
Salaries, consultants and benefits	437,981	449,926
Telecommunications	14,412	14,599
	<u>581,245</u>	<u>623,697</u>
Member services		
Affiliations	264,641	128,943
Insurance	173,022	145,425
Marketing and communications	23,820	36,822
Meetings	13,380	10,326
Membership services	114,644	61,058
Professional fees	14,803	9,649
	<u>604,310</u>	<u>392,223</u>
	<u>1,886,170</u>	<u>2,425,551</u>
Excess of revenues over expenditures before other items	25,974	73,146
Other		
Gain on sale of equipment held for resale (Note 5)	4,890	6,813
<b>Excess of revenues over expenditures</b>	<u>30,864</u>	<u>79,959</u>

*The accompanying notes are an integral part of these financial statements.*

## GYMNASTICS B.C.

### STATEMENT OF CHANGES IN NET ASSETS

For the year ended June 30, 2015

	<b>Invested in Property and Equipment \$</b>	<b>Judges Cup Fund \$</b>	<b>Unrestricted \$</b>	<b>2015 Total \$</b>	<b>2014 Total \$</b>
Net assets, beginning	42,268	9,302	649,536	701,106	621,147
Amortization of property and equipment	(11,335)	-	11,335	-	-
Judges support	-	(4,513)	4,513	-	-
Excess of revenues over expenditures	-	-	30,864	30,864	79,959
<b>Net assets, ending</b>	<b>30,933</b>	<b>4,789</b>	<b>696,248</b>	<b>731,970</b>	<b>701,106</b>

*The accompanying notes are an integral part of these financial statements.*

# GYMNASTICS B.C.

## STATEMENT OF FINANCIAL POSITION

June 30, 2015

	2015	2014
	\$	\$
<b>Assets</b>		
Current		
Cash	471,176	303,089
Restricted cash (Note 2)	5,736	24,499
Short-term investments (Note 3)	328,802	325,064
Receivables (Note 4)	124,105	142,278
Equipment held for resale (Note 5)	78,244	71,334
Prepaid expenditures	58,525	47,827
	<u>1,066,588</u>	<u>914,091</u>
Property and equipment, Schedule 3	30,933	42,268
	<u>1,097,521</u>	<u>956,359</u>
<b>Liabilities</b>		
Current		
Payables and accruals (Note 6)	200,480	196,421
Deferred revenue (Note 7)	165,071	58,832
	<u>365,551</u>	<u>255,253</u>
<b>Net Assets</b>		
Net assets invested in property and equipment	30,933	42,268
Judges Cup fund	4,789	9,302
Unrestricted net assets	696,248	649,536
	<u>731,970</u>	<u>701,106</u>
	<u>1,097,521</u>	<u>956,359</u>

*Commitments (Note 11)*

Approved by Directors:

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*The accompanying notes are an integral part of these financial statements.*

## GYMNASTICS B.C.

### STATEMENT OF CASH FLOWS

For the year ended June 30, 2015

	2015	2014
	\$	\$
<b>Cash flows related to operating activities</b>		
Excess of revenues over expenditures	30,864	79,959
Adjustments for items not affecting cash:		
Amortization	11,335	13,152
	<u>42,199</u>	<u>93,111</u>
Changes in non-cash working capital:		
Receivables	18,173	81,709
Equipment held for resale	(6,910)	7,600
Prepaid expenditures	(10,698)	15,811
Payables and accruals	4,059	50,136
Deferred revenue	106,239	(169,024)
	<u>153,062</u>	<u>79,343</u>
<b>Cash flows related to investing activities</b>		
Purchase of short-term investments	(3,738)	(4,036)
Purchase of property and equipment	-	(1,729)
	<u>(3,738)</u>	<u>(5,765)</u>
<b>Net increase in cash</b>	<b>149,324</b>	<b>73,578</b>
Cash, beginning	327,588	254,010
<b>Cash, ending</b>	<b>476,912</b>	<b>327,588</b>
Cash represented by:		
Cash	471,176	303,089
Restricted cash	5,736	24,499
	<u>476,912</u>	<u>327,588</u>

*The accompanying notes are an integral part of these financial statements.*

# GYMNASTICS B.C.

## NOTES

For the year ended June 30, 2015

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Gymnastics B.C. (the "association") was incorporated in 1969 under the laws of British Columbia. The association is an autonomous, formally constituted, not-for-profit, volunteer society responsible for the regulation of all areas and levels of gymnastics participation within B.C. and for the governance of the province-wide development of gymnastics sports. The association is the provincial voice for gymnastics on behalf of its full member clubs and affiliated recreation and education members.

The association is a not-for-profit organization registered under the *Income Tax Act* and, as such, is exempt from income tax.

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### Note 1 Significant Accounting Policies

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

#### Basis of Presentation

These financial statements include only the accounts of the association's head office and do not include the results of operations of the individual zones, which operate on an autonomous basis.

#### Fund Accounting

The resources and operations of the association have been segregated for accounting and financial reporting purposes into the following funds:

The Investment in Property and Equipment fund accounts for the association's investment in assets for program delivery.

The Judges Cup fund is internally restricted for use for the support of women judges of the association. These funds are not available for purposes other than those specified without approval of the Board of Directors.

The Unrestricted fund reports the association's program and events operations and its administrative activities.

#### Property and Equipment

Property and equipment are carried at cost less accumulated amortization. Amortization is calculated annually as follows:

Leasehold improvements	- straight-line over the term of the lease
Electronic scoring system	- 30% declining balance
Office equipment	- 20% declining balance
Computer hardware	- 30% declining balance
Computer software	- 100% declining balance

except in the year of acquisition, at which time amortization is provided for at one-half the annual rate.



# GYMNASTICS B.C.

## NOTES

For the year ended June 30, 2015

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### **Note 1 Significant Accounting Policies (continued)**

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#### **Revenue Recognition**

The association follows the deferral method of accounting for revenue. Contributions restricted for the purchase of property and equipment are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired assets. Other restricted contributions are recorded as revenue 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.

Deferred revenue is comprised of grants and other revenue received during the period which relate to programs and expenditures of the next fiscal year and contributions for property and equipment acquisitions.

#### **Financial Instruments**

##### *Measurement of financial instruments*

The association measures its financial assets and financial liabilities at fair value at the acquisition date, except for financial assets and financial liabilities acquired in related party transactions. Transaction costs related to the acquisition of financial instruments subsequently measured at fair value are recognized in net earnings when incurred. The carrying amounts of financial instruments not subsequently measured at fair value are adjusted by the amount of transaction costs directly attributable to the acquisition of the instrument.

The association subsequently measures all of its financial assets and financial liabilities at amortized cost.

##### *Impairment*

Financial assets measured at amortized cost are assessed for indications of impairment at the end of each reporting period. If impairment is identified, the amount of the write-down is recognized as an impairment loss in net earnings. Previously recognized impairment losses are reversed when the extent of the impairment decreases, provided that the adjusted carrying amount is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net earnings.

#### **Contributed Services, Equipment and Other Materials**

During the year, volunteers contributed approximately 10,906 (2013: 14,692) hours to assist the association in carrying out its gymnastics and development activities. Because of the difficulty of determining the fair value of these services, contributed services are not recognized in these financial statements.

Contributed services, equipment and other materials are recognized in these financial statements when fair value can be reasonably estimated. There are no contributed services, equipment or other materials recognized in these financial statements.

# GYMNASTICS B.C.

## NOTES

For the year ended June 30, 2015

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### Note 1 Significant Accounting Policies (continued)

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#### Use of Estimates

The preparation of 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 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.

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### Note 2 Restricted Cash

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	2015 \$	2014 \$
Gaming account	947	15,197
Judges Cup fund account	4,789	9,302
	<u>5,736</u>	<u>24,499</u>

The Gaming account funds are externally restricted by the Gaming Policy and Enforcement Branch (the "Branch") for the specific programs applied for by the association and approved by the Branch.

The Judges Cup fund account is internally restricted for use for the support of women judges of Gymnastics B.C. These funds are not available for purposes other than those specified without the approval of the Board of Directors.

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### Note 3 Short-term Investments

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Short-term investments are money market investments which are cashable at any time.

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### Note 4 Receivables

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Receivables consist of the following:

	2015 \$	2014 \$
Receivables	137,312	168,885
Allowance for doubtful accounts	(13,207)	(26,607)
	<u>124,105</u>	<u>142,278</u>

## GYMNASTICS B.C.

### NOTES

For the year ended June 30, 2015

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#### Note 5 Equipment Held for Resale

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Equipment held for resale represents gymnastics equipment purchased by or donated to the association for use in gymnastics events hosted during the year. It is management's intention to sell this equipment to its member clubs in the upcoming year and, as such, no amortization has been taken on this equipment.

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#### Note 6 Payables and Accruals

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Payables and accruals consist of the following:

	2015 \$	2014 \$
Trade payables	189,971	188,014
Government remittances	10,509	8,407
	<u>200,480</u>	<u>196,421</u>

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#### Note 7 Deferred Revenue

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	2015 \$	2014 \$
Core government grant	72,741	-
Membership fees	48,487	39,602
Gaming funds	20,000	-
Course fees and other	16,885	9,290
Electronic scoring system contributions	6,958	9,940
	<u>165,071</u>	<u>58,832</u>

The amount included in deferred revenue for Gaming funds is allocated specifically for various communications, sport development, athlete development, and recreation and community access costs. This is subject to change from year to year dependent on the funding applications submitted by the association.

The amount included in deferred revenue for the Electronic scoring system contributions is being taken into income on the same basis as amortization is being taken on the related assets.

## GYMNASTICS B.C.

### NOTES

For the year ended June 30, 2015

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#### Note 8 Endowment Fund

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The Gymnastics B.C. Endowment Fund was established with the Vancouver Foundation on December 18, 2008 with a contribution from the association of \$100,000. The association may encroach upon up to 50% of the capital contributed to the fund at the discretion of the Board of Directors. However, any encroachments must be reimbursed before further encroachments are made. The remaining 50% of the fund is required to be maintained as an investment. The association does not reflect the fund in its financial statements because it lacks discretion over the investment of the capital of the fund. Income earned in the fund may be distributed to qualified donees for purposes of supporting gymnastics in British Columbia, or may be reinvested in the endowment capital at the discretion of the Board of Directors. No distributions were made in the years ended June 30, 2015 and 2014. The quoted market value of the securities underlying the fund's capital as at June 30, 2015 was \$177,045 (2014: \$164,524).

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#### Note 9 Trust Accounts

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The association maintains separate bank accounts and accounting records for Zones 1, 2, 3, 5, 7, and 8. These funds are held in trust for use for activities specifically determined by each zone. These balances are not included in the association's financial statements.

	2015 \$	2014 \$
Total trust assets	<u>109,292</u>	<u>79,070</u>
Total trust liabilities	<u>109,292</u>	<u>79,070</u>

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#### Note 10 Financial Instruments

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Items that meet the definition of a financial instrument include cash, restricted cash, short-term investments, receivables, and payables and accruals.

It is management's opinion that the association is not exposed to significant liquidity risk arising from these financial instruments. The following is a summary of the significant financial instrument risks:

##### **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 association is exposed to credit risk in connection with its receivables, which consist of amounts owing by its members. In order to reduce its credit risk, the association reviews a new member's credit history before extending credit and conducts regular reviews of its existing members' credit performance. Credit limits are established for its members. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends, and other information. The association's credit risk is limited due to the large number of members. The association's maximum credit risk exposure related to its receivables is represented by their carrying amount.

# GYMNASTICS B.C.

## NOTES

For the year ended June 30, 2015

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### Note 10 Financial Instruments (continued)

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#### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. It is management's opinion that the association is not exposed to significant currency risk or other price risk.

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The fair values of fixed rate financial instruments are subject to change, since fair values fluctuate inversely with changes in market interest rates. The cash flows related to floating rate financial instruments change as market interest rates change. The association is exposed to interest rate risk with respect to its short-term investments, which bear interest at floating rates.

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### Note 11 Commitments

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The association is obligated under an operating lease to February 28, 2019 for its premises requiring the following lease payments:

	\$
2016	53,500
2017	53,500
2018	53,500
2019	35,700
	<hr/>
	196,200
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The association is obligated under an information technology services agreement to make the following payments:

	\$
2016	15,500
2017	3,750
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	19,250
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### Note 12 Comparative Figures

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Certain 2014 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2015.

**GYMNASTICS B.C.****Schedule 1**

## SCHEDULE OF TECHNICAL PROGRAMS OPERATIONS

For the year ended June 30, 2015

	2015	2014
	\$	\$
<b>Receipts</b>		
Canadian Championships	5,750	85,274
Fall Congress	14,997	8,095
Gymnastics For All	4,006	8,829
Men's Artistic Gymnastics	1,940	7,278
NCCP	90,555	97,611
Trampoline Gymnastics	16,178	14,513
Western Canadian Championships	42,310	55,685
Women's Artistic Gymnastics	14,020	20,331
	<u>189,756</u>	<u>297,616</u>
<b>Expenditures</b>		
Team BC Programs	219,791	360,345
Fall Congress	20,025	10,812
Gymnastics For All	15,402	11,106
Men's Artistic Gymnastics	40,568	49,988
NCCP	102,480	85,254
Trampoline Gymnastics	64,331	65,036
Women's Artistic Gymnastics	66,278	66,022
Integrated Performance System (IPS)	34,770	29,157
	<u>563,645</u>	<u>677,720</u>
	<b>(373,889)</b>	<b>(380,104)</b>

*The accompanying notes are an integral part of these financial statements.*

**GYMNASTICS B.C.****Schedule 2**

## SCHEDULE OF SPECIAL HOSTED EVENTS OPERATIONS

For the year ended June 30, 2015

	<b>2015</b>	2014
	<b>\$</b>	\$
<b>Receipts</b>		
B.C. Championships	<b>80,695</b>	58,268
B.C. Gymnaestrada	<b>47,340</b>	43,241
Other hosted events	<b>38,590</b>	-
Pacific Rim Championships	-	676,233
	<u><b>166,625</b></u>	<u>777,742</u>
<b>Expenditures</b>		
B.C. Championships	<b>87,409</b>	53,074
B.C. Gymnaestrada	<b>37,020</b>	28,839
Other hosted events	<b>12,424</b>	-
Pacific Rim Championships	<b>117</b>	649,998
	<u><b>136,970</b></u>	<u>731,911</u>
	<u><b>29,655</b></u>	<u>45,831</u>

*The accompanying notes are an integral part of these financial statements.*

**GYMNASTICS B.C.**

Schedule 3

## PROPERTY AND EQUIPMENT

For the year ended June 30, 2015

	Cost \$	Accumulated Amortization \$	Net Carrying Value \$	Current Amortization \$
<b>Leasehold Improvements</b>				
Balance, June 30, 2014	34,204	8,711	25,493	
Amortization		5,665	(5,665)	5,665
Balance, June 30, 2015	34,204	14,376	19,828	
<b>Electronic Scoring System</b>				
Balance, June 30, 2014	44,756	34,816	9,940	
Amortization		2,982	(2,982)	2,982
Balance, June 30, 2015	44,756	37,798	6,958	
<b>Office Equipment</b>				
Balance, June 30, 2014	13,664	10,261	3,403	
Amortization		681	(681)	681
Balance, June 30, 2015	13,664	10,942	2,722	
<b>Computer Hardware</b>				
Balance, June 30, 2014	24,290	22,255	2,035	
Amortization		610	(610)	610
Balance, June 30, 2015	24,290	22,865	1,425	
<b>Computer Software</b>				
Balance, June 30, 2014	11,276	9,879	1,397	
Amortization		1,397	(1,397)	1,397
Balance, June 30, 2015	11,276	11,276	-	
<b>Totals</b>	<b>128,190</b>	<b>97,257</b>	<b>30,933</b>	<b>11,335</b>

The accompanying notes are an integral part of these financial statements.