

Financial Statements of

**CANADIAN GYMNASTICS  
FEDERATION**

(OPERATING AS GYMNASTICS CANADA  
GYMNASTIQUE)

And Independent Auditors' Report thereon

Year ended March 31, 2021



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## INDEPENDENT AUDITORS' REPORT

To the Directors of Canadian Gymnastics Federation

### ***Opinion***

We have audited the financial statements of Canadian Gymnastics Federation (GymCan), which comprise:

- the statement of financial position as at March 31, 2021
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of GymCan as at March 31, 2021 and its results of operations, its changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit corporations.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of GymCan in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these ethical requirements.

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

### ***Responsibilities of Management 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 corporations, 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 GymCan'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 GymCan or to cease operations, or has no realistic alternative but to do so.

### ***Auditors' 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 auditors' 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 the 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 GymCan'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 GymCan's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause GymCan 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.



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- 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.

*KPMG LLP*

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

September 10, 2021

# CANADIAN GYMNASTICS FEDERATION

(OPERATING AS GYMNASTICS CANADA GYMNASTIQUE)

## Statement of Financial Position

March 31, 2021, with comparative information for 2020

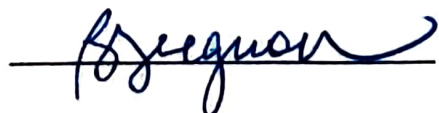
	2021	2020
<b>Assets</b>		
<b>Current assets:</b>		
Cash	\$ 1,740,040	\$ 19,428
Restricted investments (note 2)	363,063	319,693
Accounts receivable (note 3)	232,497	777,674
Inventory	-	103,641
Prepaid expenses	86,125	224,614
Short-term deposits held in trust (note 7)	104,775	147,065
	<u>2,526,500</u>	<u>1,592,115</u>
Tangible capital and intangible assets (note 5)	68,242	104,196
	<u>\$ 2,594,742</u>	<u>\$ 1,696,311</u>

## Liabilities and Net Assets

<b>Current liabilities:</b>		
Accounts payable and accrued liabilities (note 6)	\$ 453,061	\$ 431,949
Athletes' funds (note 7)	104,775	147,065
Deferred revenue (note 8)	562,790	38,569
	<u>1,120,626</u>	<u>617,583</u>
<b>Net assets:</b>		
Internally restricted	1,405,874	974,532
Investment in tangible capital and intangible assets	68,242	104,196
	<u>1,474,116</u>	<u>1,078,728</u>
Contingencies (note 9)		
Impact of COVID-19 (note 11)		
	<u>\$ 2,594,742</u>	<u>\$ 1,696,311</u>

See accompanying notes to financial statements.

On behalf of the Board:



# CANADIAN GYMNASTICS FEDERATION

(OPERATING AS GYMNASTICS CANADA GYMNASTIQUE)

Statement of Operations

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Revenue:		
Government contributions	\$ 1,546,988	\$ 2,068,826
Membership fees	1,007,317	2,508,597
COVID-19 related subsidies and grants	934,942	-
Coaching and sport development	71,538	163,138
Marketing, fundraising and merchandising	56,486	401,855
Program initiatives	47,738	647,734
Events	27,300	1,905,198
	<u>3,692,309</u>	<u>7,695,348</u>
Expenses:		
National teams (schedule 1)	1,486,658	3,511,360
Administration (schedule 2)	851,897	1,059,910
Safe sport and case management legal costs	573,996	286,548
Education and sport development	205,779	413,954
Marketing, fundraising and merchandising	156,484	320,609
Events	51,690	1,895,179
	<u>3,326,504</u>	<u>7,487,560</u>
Excess of revenue over expenses before the undernoted items	365,805	207,788
Other income (expenses):		
Interest income	48,783	5,155
Unrealized gain (loss) on investments	6,395	(4,701)
Inventory write-down	(25,595)	(80,544)
	<u>29,583</u>	<u>(80,090)</u>
Excess of revenue over expenses	<u>\$ 395,388</u>	<u>\$ 127,698</u>

See accompanying notes to financial statements.

# CANADIAN GYMNASTICS FEDERATION

(OPERATING AS GYMNASTICS CANADA GYMNASTIQUE)

## Statement of Changes In Net Assets

Year ended March 31, 2021, with comparative information for 2020

	Internally restricted	Investment in tangible capital and intangible assets	Total 2021	Total 2020
Balance, beginning of year	\$ 974,532	\$ 104,196	\$ 1,078,728	\$ 951,030
Excess of revenue over expenses	395,388	-	395,388	127,698
Purchase of tangible capital and intangible assets	(1,401)	1,401	-	-
Amortization of tangible capital assets	37,355	(37,355)	-	-
<b>Balance, end of year</b>	<b>\$ 1,405,874</b>	<b>\$ 68,242</b>	<b>\$ 1,474,116</b>	<b>\$ 1,078,728</b>

See accompanying notes to financial statements.

# CANADIAN GYMNASTICS FEDERATION

(OPERATING AS GYMNASTICS CANADA GYMNASTIQUE)

## Statement of Cash Flows

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 395,388	\$ 127,698
Items not involving cash:		
Amortization of tangible capital and intangible assets	37,354	43,828
Inventory write-down	78,046	80,544
Unrealized loss (gain) on investments	(6,395)	4,701
Changes in non-cash operating working capital:		
Accounts receivable	545,177	354,139
Inventory	25,595	(56,245)
Prepaid expenses	138,489	477,767
Accounts payable and accrued liabilities	21,112	184,489
Deferred revenue	524,221	(1,006,371)
	1,758,987	210,550
Investing activities:		
Restricted investments	(36,975)	(44,743)
Tangible capital and intangible asset additions	(1,400)	(69,727)
Short-term deposits held in trust	42,290	(17,490)
Athletes' funds	(42,290)	17,490
	(38,375)	(114,470)
Increase in cash	1,720,612	96,080
Cash (bank indebtedness), beginning of year	19,428	(76,652)
Cash, end of year	\$ 1,740,040	\$ 19,428

See accompanying notes to financial statements.



# CANADIAN GYMNASTICS FEDERATION

(OPERATING AS GYMNASTICS CANADA GYMNASTIQUE)

Notes to Financial Statements

Year ended March 31, 2021

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Canadian Gymnastics Federation (Operating as Gymnastics Canada Gymnastique) ("GymCan") is incorporated as a not-for-profit organization without share capital under the laws of Canada. The objectives of GymCan 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. GymCan is a not-for-profit organization and a Registered Amateur Athletic Association within the terms of the Income Tax Act (Canada) and as such is not subject to income taxes.

## 1. Significant accounting policies:

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. GymCan's significant accounting policies are as follows:

### (a) Revenue recognition:

GymCan follows the deferral method of accounting for contributions for not-for-profit organizations and uses fund accounting. Membership fees and government contributions are recorded in the period to which they relate. Other unrestricted revenues are recorded when they are received or become receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

The invested in tangible capital and intangible assets fund reports the net investment in tangible capital and intangible assets.

The internally restricted fund represents the amount that GymCan has set aside to safeguard against future catastrophic events. GymCan's goal with respect to the fund is to increase the balance to hold three to six months of regular, recurring expenses plus deferred revenue net of prepaid expenses at year end. The minimum target fund balance set in 2020 is \$1,238,000.

### (b) Sport Canada contributions:

Contributions received from Sport Canada, which amounted to \$1,966,779 (2020 - \$2,068,826) are subject to specific terms and conditions regarding the expenditure of the funds. GymCan'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.

# CANADIAN GYMNASTICS FEDERATION

(OPERATING AS GYMNASTICS CANADA GYMNASTIQUE)

Notes to Financial Statements (continued)

Year ended March 31, 2021

## 1. Significant accounting policies (continued):

### (b) Sport Canada contributions (continued):

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 measured at the lower of cost and net realizable value. Costs are assigned on a first-in, first-out basis

### (d) Tangible capital and intangible assets:

Tangible capital and intangible assets are stated at cost. Betterments which extend the estimated life of an asset are capitalized. When a tangible capital or intangible asset no longer contributes to GymCan's ability to provide services, its carrying amount is written down to its residual value. Amortization is provided using the following methods and annual rates:

Asset	Basis	Rate
Computer equipment	Straight-line	3 years
Gym equipment	Straight-line	5 years
Office equipment	Straight-line	5 years
Computer software	Straight-line	3 years

Amortization of leasehold improvements is recorded over the remaining term of the lease plus the first renewal option.

### (e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. GymCan has elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

# CANADIAN GYMNASTICS FEDERATION

(OPERATING AS GYMNASTICS CANADA GYMNASTIQUE)

Notes to Financial Statements (continued)

Year ended March 31, 2021

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## 1. Significant accounting policies (continued):

### (e) Financial instruments (continued):

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, GymCan 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 GymCan expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

### (f) 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

(OPERATING AS GYMNASTICS CANADA GYMNASTIQUE)

Notes to Financial Statements (continued)

Year ended March 31, 2021

## 2. Restricted investments:

	OCF	2021 COF	OCF	2020 COF
Opening	\$ 10,000	\$ 309,693	\$ 10,000	\$ 269,651
Contributions to fund	-	-	-	10,500
Investment income earned	1,356	29,993	-	37,220
Investment management fees	783	(3,174)	-	(2,977)
Unrealized gain (loss)	(164)	5,039	-	(4,701)
Disbursements	(463)	-	-	-
Ending market value	\$ 11,512	\$ 341,551	\$ 10,000	\$ 309,693

GymCan holds the following investment funds at external organizations:

- (a) The Canadian Olympic Foundation (COF) administers the Gymnastics Canada Fund on behalf of GymCan. The purpose of the Fund is to provide general support to Gymnastics Canada. Principal donations to the fund totaling \$308,000 are permanently endowed. The Fund is designed to provide an annual disbursement at GymCan's discretion. GymCan did not request a disbursement from the fund in 2021 (2020 - \$nil).
- (b) The Ottawa Community Foundation (OCF) administers the Gymnastics Canada Gymnastique Endowment Fund on behalf of GymCan. The purpose of the Fund is to provide. Principal donations to the fund totaling \$10,000 are permanently endowed. The Fund is designed to provide an annual disbursement to GymCan. GymCan received a disbursement from the fund of \$463 in 2021 (2020 - \$nil).

# CANADIAN GYMNASTICS FEDERATION

(OPERATING AS GYMNASTICS CANADA GYMNASTIQUE)

Notes to Financial Statements (continued)

Year ended March 31, 2021

### 3. Accounts receivable:

	2021	2020
Cost sharing activities	\$ 93,720	\$ 277,557
Membership dues	87,000	221,136
Other receivables	25,338	173,769
Government contributions and tax refunds	27,054	105,827
	233,112	778,289
Provision for doubtful accounts	(615)	(615)
	\$ 232,497	\$ 777,674

### 4. Line of credit:

The line of credit is payable on demand and provides for advances of up to \$580,000. Interest is payable monthly, calculated at bank prime rate plus 1.875% per annum. All assets of GymCan are pledged as security for the line of credit. At year end, \$Nil (2020 - \$Nil) was drawn on the advance.

### 5. Tangible capital and intangible assets:

	2021		2020	
	Cost	Accumulated amortization	Net book value	Net book value
Tangible capital assets:				
Computer equipment	\$ 38,325	\$ 23,763	\$ 14,562	\$ -
Gym equipment	73,171	59,687	13,484	95,352
Office equipment	173,317	138,465	34,852	8,844
Intangible assets:				
Computer software	55,806	50,462	5,344	-
	\$ 340,619	\$ 272,377	\$ 68,242	\$ 104,196

Cost and accumulated amortization of tangible capital and intangible assets at March 31, 2020 amounted to \$339,218 and \$235,022, respectively.

During the year, GymCan wrote off \$49,152 of fully amortized assets.

# CANADIAN GYMNASTICS FEDERATION

(OPERATING AS GYMNASTICS CANADA GYMNASTIQUE)

Notes to Financial Statements (continued)

Year ended March 31, 2021

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## 6. Accounts payable and accrued liabilities:

As at March 31, 2021 and 2020, there were no government remittances included in accounts payable and accrued liabilities, such as payroll-related remittances or harmonized sales tax.

## 7. Athletes' funds:

The Athletes' funds represent promotional fees received on behalf of individual athletes which are designated for the reimbursement of training and competition expenses of the athlete. GymCan holds the funds on the athletes' behalf in accordance with the guidelines of the Canada Revenue Agency.

Athletes' reserve fund cash is recorded at fair value on the statement of financial position as short-term deposits held in trust.

## 8. Deferred revenue:

Deferred revenue consists of various event registrations and training camps collected in the current year that pertain to future years.

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	2021	2020
Administration	\$ 550,867	\$ -
Women's artistic gymnastics	10,453	14,816
Acrobatics	1,470	4,225
Events	-	10,000
TG Pacific Rim	-	5,250
Rhythmic gymnastics	-	4,278
	<hr/> \$ 562,790	<hr/> \$ 38,569

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## 9. Contingencies

In the normal course of its operations, GymCan is party to claims and legal proceedings. GymCan makes provisions when it deems appropriate. In the opinion of management, the total amount of potential liability, net of amount accrued, if any, will not have any significant unfavourable impact on GymCan's financial position.

# CANADIAN GYMNASTICS FEDERATION

(OPERATING AS GYMNASTICS CANADA GYMNASTIQUE)

Notes to Financial Statements (continued)

Year ended March 31, 2021

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## 10. Financial risks and concentration of risk:

GymCan is subject to the following risks from its financial instruments:

(a) Liquidity risk:

Liquidity risk is the risk that GymCan will be unable to fulfill its obligations on a timely basis or at a reasonable cost. GymCan manages its liquidity risk by monitoring its operating requirements. GymCan prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

Credit risk:

(b)

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. GymCan is exposed to credit risk with respect to the accounts receivable. GymCan assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

At year-end, \$615 (2020 - \$615) was allowed for in accounts receivable.

GymCan believes it is not subject to significant foreign currency, interest rate or other price risks arising from its financial instruments.

There have been no significant changes to these risks exposures from the prior year.

## 11. Impact of COVID-19:

In March of 2020 the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and societal impact. The situation is fluid and the ultimate duration and magnitude of the impact on the economy and on all aspects of operations are unknown.

Management has undertaken strategies and actions to respond to the pandemic. Management furloughed the majority of GymCan employees, invoked a work-from-home regime for non-furloughed employees, suspended most domestic and international travel and shifted face-to-face meetings to digital methods.

Financial statements are required to be adjusted for events occurring between the date of the financial statements and the date of the auditors' report which provide additional evidence relating to conditions that existed at year-end. Management has assessed the financial impacts and there are no additional adjustments required to the financial statements at this time.

# CANADIAN GYMNASTICS FEDERATION

(OPERATING AS GYMNASTICS CANADA GYMNASTIQUE)

Notes to Financial Statements (continued)

Year ended March 31, 2021

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## **12. Comparative information:**

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.



# CANADIAN GYMNASTICS FEDERATION

(OPERATING AS GYMNASTICS CANADA GYMNASTIQUE)

Schedule of National Teams Expenses

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Women's Artistic Program	\$ 540,736	\$ 1,095,268
Trampoline Program	432,961	1,033,830
Rhythmic Program	357,914	784,202
Men's Artistic Programs	155,047	598,060
	\$ 1,486,658	\$ 3,511,360

Schedule of Administration Expenses

Period ended March 31, 2021, with comparative information for 2020

	2021	2020
Amortization of capital assets	37,355	43,828
Annual general meeting	720	32,315
Bad debts	15,124	6,591
Bank charges, merchant fees and interest	10,400	38,611
Board and standing committees	6,464	79,650
Domestic and international travel - senior management	(1,364)	51,352
Information technology	38,471	53,362
Insurance fees and contract services	96,557	92,655
Legal fees - operations	63,333	32,545
Membership and miscellaneous	8,732	14,694
National Team uniforms	18,637	27,463
Office facility	70,056	152,375
Official languages	17,414	14,814
Other - INSQ	53,604	54,328
PTO services (recovery)	2,950	10,627
Salaries and benefits	386,909	327,430
Telephone and cell	26,535	27,270
	\$ 851,897	\$ 1,059,910