

Financial Statements of

**CANADIAN GYMNASTICS
FEDERATION**

(OPERATING AS GYMNASTICS CANADA
GYMNASTIQUE)

And Independent Auditor's Report thereon

Year ended March 31, 2024



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INDEPENDENT AUDITOR'S REPORT

To the Directors of Canadian Gymnastics Federation

Opinion

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

- the statement of financial position as at March 31, 2024
- 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 and schedules 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, 2024 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 organizations.

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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's 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 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 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.

Those charged with governance are responsible for overseeing the GymCan'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 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.



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- 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 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 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.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, slanted font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

September 6, 2024

CANADIAN GYMNASTICS FEDERATION

(OPERATING AS GYMNASTICS CANADA GYMNASTIQUE)

Statement of Financial Position

March 31, 2024, with comparative information for 2023

	2024	2023
Assets		
Current assets:		
Cash	\$ 619,079	\$ 2,308,430
Restricted investments (note 2)	318,000	318,000
Accounts receivable (note 3)	1,303,760	949,315
Inventory	31,782	-
Prepaid expenses	172,827	298,910
Short-term deposits held in trust (note 7)	103,468	84,357
	<u>2,548,916</u>	<u>3,959,012</u>
Tangible capital and intangible assets (note 5)	203,118	82,744
	<u>\$ 2,752,034</u>	<u>\$ 4,041,756</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 6)	\$ 778,762	\$ 787,737
Athletes' funds (note 7)	58,694	84,357
Deferred revenue (note 8)	108,064	936,930
	<u>945,520</u>	<u>1,809,024</u>
Net assets:		
Unrestricted	1,603,396	249,988
Internally restricted	-	1,900,000
Investment in tangible capital and intangible assets	203,118	82,744
	<u>1,806,514</u>	<u>2,232,732</u>
Contingencies (note 9)		
	<u>\$ 2,752,034</u>	<u>\$ 4,041,756</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, 2024, with comparative information for 2023

	2024	2023
Revenue:		
Membership fees	\$ 2,755,778	\$ 2,670,728
Events	1,583,502	398,696
Sport Canada funding	1,056,000	1,059,500
Own the Podium funding	790,057	848,699
Canadian Olympic Committee funding	315,000	209,530
Self-funded programs	176,525	369,402
Coaching and sport development	142,368	148,075
Other revenue	139,017	153,978
Marketing, fundraising and merchandising	91,099	91,495
COVID-19 related subsidies and grants	-	13,377
	<u>7,049,346</u>	<u>5,963,480</u>
Expenses:		
National teams (schedule 1)	2,444,800	2,684,133
Salaries and benefits	1,933,597	1,461,230
Events	1,723,715	624,239
Administration (schedule 2)	768,652	509,726
Safe sport and case management legal costs	384,904	571,212
Education and sport development	139,656	129,315
Marketing, fundraising and merchandising	80,240	78,147
	<u>7,475,564</u>	<u>6,058,002</u>
Deficiency of revenue over expenses before the undernoted items	(426,218)	(94,522)
Other income (expense):		
Net investment income (loss)	-	479
Inventory write-down	-	(1,194)
	-	(715)
Deficiency of revenue over expenses	<u>\$ (426,218)</u>	<u>\$ (95,237)</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, 2024, with comparative information for 2023

	Unrestricted	Internally restricted	Investment in tangible capital and intangible assets	Total 2024	Total 2023
Balance, beginning of year	\$ 249,988	\$ 1,900,000	\$ 82,744	\$ 2,232,732	\$ 2,327,969
Deficiency of revenue over expenses	(426,218)	-	-	(426,218)	(95,237)
Purchase of tangible capital and intangible assets	(176,505)	-	176,505	-	-
Amortization of tangible capital assets	56,131	-	(56,131)	-	-
Interfund transfer	1,900,000	(1,900,000)	-	-	-
Balance, end of year	\$ 1,603,396	\$ -	\$ 203,118	\$ 1,806,514	\$ 2,232,732

See accompanying notes to financial statements.

CANADIAN GYMNASTICS FEDERATION

(OPERATING AS GYMNASTICS CANADA GYMNASTIQUE)

Statement of Cash Flows

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operations:		
Deficiency of revenue over expenses	\$ (426,218)	\$ (95,237)
Item not involving cash:		
Amortization of tangible capital and intangible assets	56,131	19,175
Changes in non-cash operating working capital:		
Accounts receivable	(354,445)	(472,373)
Inventory	(31,782)	-
Prepaid expenses	126,083	(263,295)
Short-term deposits held in trust	(19,111)	-
Accounts payable and accrued liabilities	(8,975)	38,665
Athletes' funds	(25,663)	-
Deferred revenue	(828,866)	936,497
	(1,512,846)	163,432
Investing activities:		
Tangible capital and intangible asset additions	(176,505)	(18,753)
(Decrease) increase in cash	(1,689,351)	144,679
Cash, beginning of year	2,308,430	2,163,751
Cash, end of year	\$ 619,079	\$ 2,308,430

See accompanying notes to financial statements.

CANADIAN GYMNASTICS FEDERATION

(OPERATING AS GYMNASTICS CANADA GYMNASTIQUE)

Notes to Financial Statements

Year ended March 31, 2024

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.

(b) Sport Canada contributions:

Contributions received from the Federal Government amounting to \$1,846,057 (2023 - \$1,908,199) 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, 2024

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, 2024

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, 2024

2. Restricted investments:

GymCan has established a fund under agreement with the Canadian Olympic Foundation (the Foundation) as approved by the Board of Directors. The purpose of the fund is to provide general support to GymCan.

Under the terms of the agreement, the fund is administered by the Foundation in accordance with their investment policy and granting policy. For investment purposes, the assets of the fund may be pooled with other amounts held by the Foundation are not held as separate trust funds. The Foundation provides GymCan with an annual accounting report on the fund on a calendar year basis.

GymCan may make contributions to the fund and is able to request the withdrawal of all or part of their contributions from the fund at any time. These contributions are recorded in restricted investments and accumulated investment income is maintained in the fund until officially distributed by the Foundation. The investment income and management fees are not recorded in these financial statements. Distributions received from the fund are recorded as revenue.

The following table shows the activity of the fund for the year ended March 31, 2024:

	2024	2023
Opening balance	\$ 365,192	\$ 374,786
Investment income earned	8,069	1,289
Investment management fees	(3,461)	(672)
Unrealized gain (loss)	31,977	(9,401)
Realized gain (loss)	(799)	(219)
Disbursements	(591)	(591)
Closing balance	\$ 400,387	\$ 365,192

	2024	2023
Consisting of:		
Association contributions	\$ 308,000	\$ 308,000
Amount available for distribution	92,387	57,192
	\$ 400,387	\$ 365,192

The Ottawa Community Foundation (OCF) administers the Gymnastics Canada Gymnastique Endowment Fund on behalf of GymCan. 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 \$nil in 2024 (2023 - \$nil).

CANADIAN GYMNASTICS FEDERATION

(OPERATING AS GYMNASTICS CANADA GYMNASTIQUE)

Notes to Financial Statements (continued)

Year ended March 31, 2024

3. Accounts receivable:

	2024	2023
Cost sharing activities	\$ 404,173	\$ 277,466
Membership dues	389,045	406,204
Other receivables	-	5,061
Government contributions and tax refunds	530,541	261,200
	1,323,759	949,931
Provision for doubtful accounts	(19,999)	(616)
	\$ 1,303,760	\$ 949,315

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 (2023 - \$Nil) was drawn on the advance.

5. Tangible capital and intangible assets:

	2024		2023	
	Cost	Accumulated amortization	Net book value	Net book value
Tangible capital assets:				
Computer equipment	\$ 48,264	\$ 22,563	\$ 25,701	\$ 16,325
Gym equipment	320,800	151,839	168,961	66,419
Intangible assets:				
Computer software	65,953	57,497	8,456	-
	\$ 435,017	\$ 231,899	\$ 203,118	\$ 82,744

Cost and accumulated amortization of tangible capital and intangible assets at March 31, 2023 amounted to \$258,512 and \$175,768, respectively. During the year, GymCan wrote off fully amortized assets of \$Nil (2023 of \$250,906).

CANADIAN GYMNASTICS FEDERATION

(OPERATING AS GYMNASTICS CANADA GYMNASTIQUE)

Notes to Financial Statements (continued)

Year ended March 31, 2024

6. Accounts payable and accrued liabilities:

As at March 31, 2024 and 2023, 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.

	2024	2023
Events	\$ -	\$ 846,532
Women's artistic gymnastics	45,000	45,398
Men's artistic gymnastics	30,000	22,500
Trampoline gymnastics	33,064	22,500
	\$ 108,064	\$ 936,930

9. Contingencies:

Gymcan is involved in certain legal matters and litigation including one uncertified class action claim. The outcome of these claims is not presently determinable and an estimate of a liability, if any, cannot be reasonably made. No liability has been recorded relating to these claims. Gymcan has insurance policies which will provide coverage for these claims should damages be awarded. Any deductible or residual payment above the insured amount required by Gymcan from the resolution of these claims will be accounted for in the periods in which the claims are resolved.

CANADIAN GYMNASTICS FEDERATION

(OPERATING AS GYMNASTICS CANADA GYMNASTIQUE)

Notes to Financial Statements (continued)

Year ended March 31, 2024

10. Financial risks and concentration of risk:

GymCan is exposed to various risk through its financial instruments. The following analysis provides a measure of GymCan's risk exposure and concentrations at March 31, 2024.

(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.

(b) Credit risk:

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, \$20,000 (2023 - \$615) was allowed for in accounts receivable.

(c) Market risk:

GymCan believes it is not exposed to significant market, interest rate, currency or other price risks.

GymCan believes that its financial risks are appropriately mitigated and do not post a significant risk to its operations. There have been no significant changes in these risks or to the policies, procedures and methods used to manage these risks in the year.

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

11. Comparative information:

Certain comparative information has been reclassified, where applicable, to conform to the financial statement presentation used in the current year. The changes do not affect the deficiency of revenue over expenses of the prior year.

CANADIAN GYMNASTICS FEDERATION

(OPERATING AS GYMNASTICS CANADA GYMNASTIQUE)

Schedule of National Teams Expenses

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Women's Artistic Program	\$ 921,875	\$ 1,018,386
Trampoline Program	807,264	834,395
Rhythmic Program	233,815	290,738
Men's Artistic Program	301,889	402,666
Acro program	11,267	61,163
Training centres and uniforms	168,690	77,236
	\$ 2,444,800	\$ 2,684,584

Schedule of Administration Expenses

Period ended March 31, 2024, with comparative information for 2023

	2024	2023
Amortization of capital assets	\$ 56,131	\$ 19,175
Annual general meeting	59,973	47,397
Bad debts (recoveries)	(10,934)	-
Bank charges, merchant fees and interest	27,129	21,171
Board and standing committees	59,047	42,440
Domestic and international travel - senior management	4,491	34,782
Information technology	93,242	57,098
Insurance, accounting and audit services	180,170	130,593
Legal fees - operations	35,520	33,578
General office	24,367	34,364
Office facility	49,621	33,751
Human resources and professional development	154,689	36,678
Non-refundable commodity taxes	18,934	-
PTO services (recoveries)	-	(1,526)
Telephone and cell	16,272	20,225
	\$ 768,652	\$ 509,726