

THE BLUEWATER GYMNASTICS CLUB SARNIA INC.

FINANCIAL STATEMENTS

JUNE 30, 2022

LISA MAYER, CPA, PROFESSIONAL CORPORATION
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Sarnia, Ontario
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THE BLUEWATER GYMNASTICS CLUB SARNIA INC.

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Directors of The Bluewater Gymnastics Club Sarnia Inc.:

I have reviewed the accompanying financial statements of The Bluewater Gymnastics Club Sarnia Inc. that comprise the statement of financial position as at June 30, 2022, and the statements of operations, changes in net assets 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.

Practitioner's Responsibility

My responsibility is to express a conclusion on the accompanying financial statements based on my review. I conducted my review in accordance with Canadian generally accepted standards for review engagements, which require me to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making enquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Basis for Qualified Conclusion

Note 2 describes the organization's policy with respect to its real property. The note indicates that the organization expensed all capital assets in the year they were purchased as outlined in Note 5. Canadian accounting standards for not-for-profit organizations requires that any non-profit organization with an average annual revenue of greater than \$500,000, capitalize all capital items purchased and amortize them over their useful life. In this respect, the financial statements are not in accordance with Canadian accounting standards for not-for-profit organizations. If the real property had been capitalized and amortized over the estimated useful life, the net book value of the capital assets as at June 30, 2022 would have been \$78,430 (2021 - \$55,070) and the closing balance of the unrestricted net assets would have been \$600,659 (2021 - \$377,228).

Qualified Conclusion

Except for the possible effects of the matter described in the preceding paragraph, based on my review, nothing has come to my attention that causes me to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

Lisa Mayn CPA Professional Corporation

Authorized to practice public accounting by the Chartered Professional Accountants of Ontario
Sarnia, Ontario
January 30, 2023

THE BLUEWATER GYMNASTICS CLUB SARNIA INC.

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2022

(Unaudited - See Review Engagement Report)

ASSETS

	<u>2022</u>	<u>2021</u>
CURRENT ASSETS		
Cash	\$ 651,389	\$ 353,998
Short term investments (Note 4)	108,955	108,195
Accounts receivable	10,681	25,072
Prepaid expenses	<u>4,056</u>	<u>898</u>
	<u>\$ 775,081</u>	<u>\$ 488,163</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 36,156	\$ 22,321
Government remittances payable	13,613	5,633
Future revenue (Note 6)	<u>143,083</u>	<u>78,051</u>
	192,852	106,005
CANADIAN EMERGENCY BUSINESS ACCOUNT		
LOAN (Note 7)	<u>60,000</u>	<u>60,000</u>
	<u>252,852</u>	<u>166,005</u>
NET ASSETS		
Unrestricted net assets	<u>522,229</u>	<u>322,158</u>
	<u>\$ 775,081</u>	<u>\$ 488,163</u>

APPROVED ON BEHALF OF THE BOARD:

Rob Dawson Director

A. Twmoe Director

THE BLUEWATER GYMNASTICS CLUB SARNIA INC.

STATEMENT OF OPERATIONS

YEAR ENDED JUNE 30, 2022

(Unaudited - See Review Engagement Report)

	<u>2022</u>	<u>2021</u>
REVENUE		
Recreational programs	\$ 469,672	\$ 72,315
Registration fees	15,836	10,072
Invitational programs	185,252	125,462
Ontario small business grant	10,000	40,000
Sports camps	98,735	-
Gym rental/special programs	12,998	1,656
Birthday parties	14,863	598
Bingo	12,018	9,962
Fundraising	20,105	7,896
Donations	-	23,950
Interest revenue	760	378
Canada emergency rent subsidy	-	22,548
Canada emergency wage subsidy (Note 8)	41,459	160,260
	<u>881,698</u>	<u>475,097</u>
EXPENSES		
Advertising and promotion	2,979	2,151
Bank charges	28,097	10,567
Camp expenses	892	-
Equipment purchases	46,919	35,332
Fundraising expenses	-	282
Insurance	6,763	9,372
Invitational meet expenses	2,896	1,228
OGF registration	10,740	3,166
Office	3,824	3,233
Office equipment rental	2,095	3,319
Professional development	5,400	3,243
Professional fees - accounting and audit	4,500	5,085
Professional fees - legal	818	447
Professional fees - special projects	12,000	-
Recreational meet expenses	2,051	297
Rent	25,046	19,349
Repairs and maintenance	7,909	9,495
Supplies	1,851	1,004
Telephone	8,357	10,836
Travel	1,894	173
Utilities	15,991	13,706
Wages and benefits	490,605	360,568
	<u>681,627</u>	<u>492,853</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ 200,071</u>	<u>\$ (17,756)</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

THE BLUEWATER GYMNASTICS CLUB SARNIA INC.

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2022

(Unaudited - See Review Engagement Report)

	<u>2022</u>	<u>2021</u>
BALANCE, BEGINNING OF YEAR	\$ 322,158	\$ 339,914
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>200,071</u>	<u>(17,756)</u>
BALANCE, END OF YEAR	<u>\$ 522,229</u>	<u>\$ 322,158</u>

THE BLUEWATER GYMNASTICS CLUB SARNIA INC.

STATEMENT OF CASH FLOWS

JUNE 30, 2022

(Unaudited - See Review Engagement Report)

	<u>2022</u>	<u>2021</u>
OPERATING ACTIVITIES		
Net income (loss)	\$ 200,071	\$ (17,756)
Investment income reinvested	<u>(760)</u>	<u>(378)</u>
	199,311	(18,134)
Changes in non-cash working capital balances		
Accounts receivable	14,391	(13,845)
Prepaid expenses	(3,158)	1,583
Accounts payable and accrued liabilities	13,835	9,040
Government remittances payable	7,980	(775)
Future revenue	<u>65,032</u>	<u>31,438</u>
	297,391	9,307
FINANCING ACTIVITIES		
Proceeds from issue of long term debt	<u>-</u>	<u>20,000</u>
INCREASE IN CASH	297,391	29,307
CASH, beginning of year	<u>353,998</u>	<u>324,691</u>
CASH, end of year	<u>\$ 651,389</u>	<u>\$ 353,998</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

THE BLUEWATER GYMNASTICS CLUB SARNIA INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

(Unaudited - See Review Engagement Report)

1. PURPOSE OF THE ORGANIZATION

Bluewater Gymnastics Club is incorporated by letters patent as a corporation without share capital under Part III of the Ontario Business Corporations Act. The organization provides affordable gymnastic programs to all children in the community. As a non-profit entity, it is exempt from tax.

Bluewater Gymnastics Club is governed by GymCanada (GCG) and Gymnastics Ontario (GO). GymCanada (GCG) is the national governing body for the sport of gymnastics in Canada that oversees the conduct of coaches, athletes and clubs. Gymnastics Ontario (GO) is the provincial governing body that sets operational standards and practices, including those related to safety and ethical conduct in sports.

2. SIGNIFICANT ACCOUNTING POLICIES

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

Revenue Recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized 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.

Revenue from services are recognized in revenue as services are provided and fundraising revenue is recognized when the event occurs.

Due to the difficulty in determining the fair market value of the volunteer services, the services are not recognized in the financial statements.

Use of Estimates

The preparation of financial statements in accordance 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 reported period. Estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

Financial Instruments

The Organization initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, accounts receivable and Guaranteed Investment Certificates. Financial liabilities measured at amortized cost include accounts payable, accrued liabilities and government remittances payable.

THE BLUEWATER GYMNASTICS CLUB SARNIA INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

(Unaudited - See Review Engagement Report)

2. SIGNIFICANT ACCOUNTING POLICIES (con't)

Capital Assets

Capital assets are recorded as expenses in the year they are acquired. Those that are purchased are recorded at cost, while contributed capital assets are recorded at fair market value as of the date of contribution.

3. RESTRICTED FUNDS

Of the \$651,389 being held in the Organization's cash account, \$3,278 (2021 - \$141) are restricted bingo funds only to be used to pay for building rent and utilities and \$43 (2021 - \$66) are restricted lottery funds and can only be used to pay for building rent, utilities, professional coaching wages and gymnastics equipment.

4. INVESTMENTS

Long term investment consists of one guaranteed investment certificates earning interest at 1.00% maturing in March, 2023.

5. CAPITAL ASSETS

Major categories of capital assets include leasehold improvements, gymnastics equipment and office equipment. During the current year, a total of \$46,919 (2021 - \$35,332) in asset purchases were expensed. If the real property had been capitalized and amortized over the estimated useful life, amortization for the year would have been \$23,559 (2021 - \$16,030).

6. FUTURE REVENUE

Future revenue consists of fees for programs, registration, camps and birthday parties, etc. which occur subsequent to year end. These revenues are all expected to be brought into revenue in the next fiscal period.

	<u>2022</u>	<u>2021</u>
Recreational programs	\$ 15,826	\$ 32,686
Registration fees	23,932	5,440
Summer camps	83,965	36,965
Birthday parties	3,670	-
Gift cards and miscellaneous	<u>15,690</u>	<u>2,960</u>
	<u>\$ 143,083</u>	<u>\$ 78,051</u>

THE BLUEWATER GYMNASTICS CLUB SARNIA INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

(Unaudited - See Review Engagement Report)

7. CANADIAN EMERGENCY BUSINESS ACCOUNT LOAN ("CEBA")

In June 2020, the Organization received \$40,000, and in December 2020 received \$20,000, of Canada Emergency Business Account ("CEBA") loans from the Government of Canada. The CEBA loan was launched during the COVID-19 pandemic outbreak to ensure small businesses have access to the capital they need to see them through the current challenges, and better position them to quickly return to providing services to their communities and creating employment.

The CEBA loan has no specified repayment terms and is at 0% interest until December 31, 2023. The remaining balance is then converted to a 3-year term loan at an interest rate of 5% per annum. If the balance of the loan is fully repaid on or before December 31, 2023, it will result in loan forgiveness of 33% or \$20,000. The loan is unsecured.

8. CANADIAN EMERGENCY WAGE SUBSIDY ("CEWS")

The government launched the Canada Emergency Wage Subsidy ("CEWS") to assist Canadian employers whose businesses have been affected by COVID-19 in order to enable businesses to rehire workers, help prevent further job losses, and resume normal operations following the crisis.

As at June 30, 2022, the Organization has received up to \$232,651 of CEWS since the start of the funding. The entire wage subsidy relevant to the fiscal year had been applied to offset against payroll expenses incurred.

9. COMMITMENTS

On August 31, 2003, the Organization committed to a 20 year lease term with The Corporation of the City of Sarnia, with respect to its premises ending July 31, 2023. The annual rental rate is \$22,786 plus an annual payment of \$2,260 on account of maintenance and capital improvements. In response to the COVID-19 pandemic, The Corporation of the City of Sarnia provided rent relief by way of waiving the Organization's rental payments for the period covering April 2020 - September 2020. A Lease Addendum was signed effective February 8, 2021 allowing for an extension of the original lease term ending July 31, 2023 by six months, such that the extended term ends on January 31, 2024.

Future minimum payments required under the amended premises lease is as follows:

2023	\$ 25,046
2024	<u>13,293</u>
	\$ <u>38,339</u>

THE BLUEWATER GYMNASTICS CLUB SARNIA INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

(Unaudited - See Review Engagement Report)

10. FINANCIAL INSTRUMENTS

Financial Risks

The Organization is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis describes the Organization's risk exposure as at June 30, 2022.

Liquidity risk

Liquidity risk is the risk of being unable to meet cash requirements or to fund obligations as they become due. Accounts payable, accrued liabilities and government remittances are generally repaid within 30 days and the Organization does not have any bank financing. As such, the Organization has minimal exposure to this risk.

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 Organization does not provide credit to its clients in the normal course of its operations. As such, the Organization is not exposed to this risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Organization does not have any significant transactions in foreign currencies and is therefore not exposed to this risk.

Interest rate risk

The Organization is exposed to interest rate risk on the fair value of its fixed rate investments. Fixed rate instruments subject the Organization to a fair value risk, however, the risk associated with the investments is reduced to a minimum since these assets are invested in guaranteed investment certificates.

11. CONTINGENCIES

The Organization terminated a long term employee at the end of their employment contract effective June 30, 2019. The termination was in accordance with Gymnastics Canada's Ethics and Code of Conduct policies and required under Bluewater Gymnastics Club Sarnia Inc.'s reciprocal agreement with GymCanada (GCG) and Gymnastics Ontario (GO). A claim for wrongful termination, damages for bad faith and aggravated or punitive damages was issued against The Bluewater Gymnastics Club Sarnia Inc. The Organization's defence against these claims was successful and all charges were dismissed during the fiscal year.

The potential for liability to the Organization no longer exists.

THE BLUEWATER GYMNASTICS CLUB SARNIA INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

(Unaudited - See Review Engagement Report)

12. COVID-19 OUTBREAK

An outbreak of the novel strain of Coronavirus, specifically identified as "COVID-19" that broke out in March 2020, resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which included the implementation of travel bans, self-imposed quarantine periods and social distancing, caused material disruption to businesses globally resulting in an economic recession. Global equity markets experienced significant volatility and weakness. Governments and central banks reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. It is not possible to reliably estimate the long term effect of these developments, including the impact on future financial results noting that this contingency has become less severe and uncertain at the financial statement reporting date.







Bluewater Gymnastics 2022 Financial Statements

Final Audit Report

2023-03-30

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By:	Rob Dawson (rdawson@vensuris.com)
Status:	Signed
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