

Financial Statements

Paralympic Sports Association

From January 1, 2019 to May 31, 2019

Contents

	Page
Independent Practitioner's Review Engagement Report	1 - 2
Statement of Operations	3
Statement of Changes in Net Assets	4
Statement of Financial Position	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 12
Schedule of Programs and Activities Expenditures	13

Independent Practitioner's Review Engagement Report

Grant Thornton LLP
1701 Scotia Place 2
10060 Jasper Avenue NW
Edmonton, AB
T5J 3R8

T +1 780 422 7114
F +1 780 426 3208
www.GrantThornton.ca

To the Members of
Paralympic Sports Association

We have reviewed the accompanying financial statements of Paralympic Sports Association that comprise the statement of financial position as at May 31, 2019, and the statements of operations, changes in net assets, and cash flows for the period from January 1, 2019 to May 31, 2019, 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

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us 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 inquiries 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

In common with many not-for-profit organizations, Paralympic Sports Association derives revenue from fundraising activities, the completeness of which is not susceptible to us obtaining evidence we considered necessary for the purpose of the review. Accordingly, the evidence obtained of these revenues was limited to the amounts recorded in the records of Paralympic Sports Association. Therefore, we were unable to determine whether any adjustments might have been found necessary with respect to fundraising revenue, excess of revenue over expenses, and cash flows from operations for the period from January 1, 2019 to May 31, 2019 or year ended December 31, 2018, current assets as at May 31, 2019 and December 31, 2018 and net assets as at May 31, 2019, December 31, 2018 and January 1, 2018. Our conclusion on the financial statements as at and for the period ended May 31, 2019 was modified accordingly because of the possible effects of this limitation in scope.

Independent Practitioner's Review Engagement Report (continued)

Qualified conclusion

Based on our review, except for the effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Paralympic Sports Association as at May 31, 2019, and the results of its operations and its cash flows for the period from January 1, 2019 to May 31, 2019 in accordance with Canadian accounting standards for not-for-profit organizations.

Edmonton, Canada
September 24, 2019

Grant Thornton LLP

Chartered Professional Accountants

Paralympic Sports Association

Statement of Operations

	January 1 to May 31 2019 (5 months)	December 31 2018 (12 months)
Revenues		
General fundraising events - net (Note 4)	\$ 79,038	\$ 148,422
Grants (Note 3)	70,756	145,559
Program fees	38,416	71,674
Sport fundraising activities (Note 4)	44,333	26,518
Donations	7,516	40,539
Amortization of deferred contributions	1,259	3,775
Interest income	950	2,326
Memberships	740	2,345
Oilers tickets	-	1,409
	<u>243,008</u>	<u>442,567</u>
Expenditures		
Programs and activities (Schedule 1)	97,539	156,223
Salaries and related benefits	95,852	190,924
Professional fees	15,625	27,354
Rent	8,998	16,450
Amortization	3,823	11,468
Travel	3,778	6,835
Office	4,338	5,541
Meetings and conventions	2,716	5,048
Insurance	1,482	4,010
Dues and fees	905	2,749
Interest and bank charges	889	2,188
Telephone	514	1,935
Advertising	-	75
	<u>236,459</u>	<u>430,800</u>
Excess of revenues over expenditures	<u>\$ 6,549</u>	<u>\$ 11,767</u>

Paralympic Sports Association Statement of Changes in Net Assets

	Unrestricted	Investment in tangible capital assets	Total January 1 to May 31 2019 (5 months)	Total December 31 2018 (12 months)
Balance, beginning of period	\$ 29,581	\$ 30,768	\$ 60,349	\$ 48,582
Excess (deficiency) of revenues over expenditures	<u>9,113</u>	<u>(2,564)</u>	<u>6,549</u>	<u>11,767</u>
Balance, end of period	<u>\$ 38,694</u>	<u>\$ 28,204</u>	<u>\$ 66,898</u>	<u>\$ 60,349</u>

Paralympic Sports Association Statement of Financial Position

	May 31 2019	December 31 2018
Assets		
Current		
Cash (Note 5)	\$ 149,228	\$ 136,863
Receivables (Note 6)	30,709	28,595
Prepays	<u>5,452</u>	<u>4,846</u>
	185,389	170,304
Equipment (Note 7)	<u>42,048</u>	<u>45,870</u>
	<u>\$ 227,437</u>	<u>\$ 216,174</u>
Liabilities		
Current		
Payables and accruals	\$ 66,904	\$ 42,754
Deferred contributions (Note 8)	<u>79,792</u>	<u>97,969</u>
	146,696	140,723
Deferred contributions - tangible capital assets (Note 9)	<u>13,843</u>	<u>15,102</u>
	<u>160,539</u>	<u>155,825</u>
Fund balances		
Unrestricted	38,694	29,581
Investment in tangible capital assets	<u>28,204</u>	<u>30,768</u>
	<u>66,898</u>	<u>60,349</u>
	<u>\$ 227,437</u>	<u>\$ 216,174</u>

Commitment (Note 10)

On behalf of the board

_____ Director

_____ Director

Paralympic Sports Association Statement of Cash Flows

	January 1 to May 31 2019 (5 months)	December 31 2018 (12 months)
Increase (decrease) in cash		
Operating		
Excess of revenues over expenditures	\$ 6,549	\$ 11,767
Items not affecting cash		
Amortization	3,823	11,468
Amortization of deferred contributions	<u>(1,259)</u>	<u>(3,775)</u>
	9,113	19,460
Change in non-cash working capital items		
Receivables	(2,114)	(11,347)
Prepays	(606)	8,224
Payables and accruals	24,149	17,374
Deferred contributions	<u>(18,177)</u>	<u>77,409</u>
Increase in cash	12,365	111,120
Cash		
Beginning of period	<u>136,863</u>	<u>25,743</u>
End of period	<u>\$ 149,228</u>	<u>\$ 136,863</u>

Paralympic Sports Association

Notes to the Financial Statements

May 31, 2019

1. Nature of operations

Paralympic Sports Association (the "Association") is incorporated under the Society Act of the Province of Alberta as a not-for-profit organization and is an inclusive organization dedicated to enhancing the well being of individuals with a disability and their support networks through adaptive recreational and sporting activities.

The Association is a registered charity under the Income Tax Act and as such is exempt from income taxes and is able to issue donation receipts for income tax purposes.

The Association changed its year-end from December 31 to May 31 during the period.

2. Significant accounting policies

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Use of estimates

Management reviews the carrying amounts of items in the financial statements at each balance sheet date to assess the need for revision or any possibility of impairment. 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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to net income as appropriate in the year they become known.

Items subject to significant management estimates include the useful lives of tangible capital assets and the corresponding rates of amortization.

Cash and cash equivalents

The Association's policy is to present bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn, and term deposits with a maturity period of three months or less at the date of acquisition. Term deposits that the Association cannot use for current transactions because they are pledged as security are excluded from cash and cash equivalents.

Equipment

Purchased tangible capital assets are carried at cost less, where applicable, any accumulated amortization and impairment losses. Tangible capital assets are amortized over their estimated useful lives on a declining balance basis at the following rates:

Paralympic Sports Association

Notes to the Financial Statements

May 31, 2019

2. Significant accounting policies (continued)

Equipment (continued)

Furniture and fixtures	20%
Computer equipment	20%

One-half the normal rate of amortization is recorded in the year of acquisition.

Revenue recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures 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.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized on an accrual basis.

General fundraising events, Oilers tickets, sports fundraising activities, donations, memberships, and provincial sledge team recovery costs are recognized as revenue in the period it is earned.

Program fees and Medicine Hat fees are recognized as revenue in the period the service is provided.

Contributed services

Volunteers contribute a substantial amount of time annually to assist the Association in carrying out its services. Due to the difficulty of determining the fair value of the contributed services, volunteer time is not recognized in the financial statements.

Financial instruments

The Association considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Association accounts for the following as financial instruments:

- cash and cash equivalents
- receivables
- payables and accruals

A financial asset or liability is recognized when the Association becomes party to contractual provisions of the instrument.

Financial assets or liabilities obtained in arm's length transactions are initially measured at their fair value. In the case of a financial asset or liability not being subsequently measured at fair value, the initial fair value will be adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption.

Paralympic Sports Association

Notes to the Financial Statements

May 31, 2019

2. Significant accounting policies (continued)

Financial instruments (continued)

The Association subsequently measures all of its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value; investments in equity instruments that are not quoted in an active market, which are measured at cost less any reduction for impairment; derivative contracts, which are measured at fair value; and certain financial assets and financial liabilities which the Association has elected to measure at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash and cash equivalents and receivables.

Financial liabilities measured at amortized cost include payables and accruals.

The Association has no financial assets measured at fair value.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in the statement of operations.

3. Grants

	<u>2019</u>	<u>2018</u>
Other	\$ 34,162	\$ 77,490
Government	<u>36,594</u>	<u>68,069</u>
	<u>\$ 70,756</u>	<u>\$ 145,559</u>

4. General and sports fundraising events

Revenue generated from general fundraising events are as follows:

	<u>2019</u>	<u>2018</u>
Bingo revenue	\$ 52,885	\$ 116,886
Casino revenue	26,995	39,152
Bingo expense	(842)	(5,271)
Casino expense	<u>-</u>	<u>(2,345)</u>
	<u>\$ 79,038</u>	<u>\$ 148,422</u>

Revenue generated from sports fundraising events are as follows:

Paralympic Sports Association

Notes to the Financial Statements

May 31, 2019

4. General and sports fundraising events (continued)

	<u>2019</u>	<u>2018</u>
Fundraiser	\$ 13,825	\$ 9,186
Fundraiser Oilers 50/50 raffle	29,558	3,000
Sledge fundraiser	950	14,332
Fundraiser: Banquet	-	-
	<u>\$ 44,333</u>	<u>\$ 26,518</u>

5. Cash

	<u>2019</u>	<u>2018</u>
Business High Yield Savings	\$ 56,107	\$ 32,789
General account	47,894	5,252
Medicine Hat account	35,252	58,753
Casino account	9,017	36,011
Caesar Bingo account	909	166
Kensington Bingo account	553	82
Gaming account	41	41
Parkway Bingo account	39	3,429
Fundraising campaign account	<u>(584)</u>	<u>340</u>
	<u>\$ 149,228</u>	<u>\$ 136,863</u>

6. Receivables

	<u>May 31</u> <u>2019</u>	<u>December 31</u> <u>2018</u>
Bingo pool distributions	\$ 18,489	\$ 18,224
Other	6,118	6,877
GST receivable	<u>6,102</u>	<u>3,494</u>
	<u>\$ 30,709</u>	<u>\$ 28,595</u>

Paralympic Sports Association

Notes to the Financial Statements

May 31, 2019

7. Equipment			<u>May 31</u> <u>2019</u>	December 31 <u>2018</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	Net Book Value
Furniture and fixtures	\$ 164,096	\$ 123,553	\$ 40,543	\$ 44,229
Computer equipment	<u>4,453</u>	<u>2,948</u>	<u>1,505</u>	<u>1,641</u>
	<u>\$ 168,549</u>	<u>\$ 126,501</u>	<u>\$ 42,048</u>	<u>\$ 45,870</u>

8. Deferred contributions

Deferred contributions represent unspent externally restricted funds that are related to expenses to be incurred in a future year. Changes in the deferred contributions balance are as follows:

	<u>Opening</u>	<u>Funding Received</u>	<u>Funding Utilized</u>	<u>Total</u>
RPAD grant	\$ -	\$ 25,000	\$ -	\$ 25,000
ASC Sport Support	-	20,000	-	20,000
Oilers 50/50	17,553	-	(17,553)	-
Edmonton Community Foundation	24,639	-	(8,880)	15,759
Parasport Jumpstart Fund	10,038	-	-	10,038
Casino	35,989	-	(26,995)	8,994
RPAD micro grant	9,750	-	(9,750)	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 97,969</u>	<u>\$ 45,000</u>	<u>\$ (63,178)</u>	<u>\$ 79,791</u>

9. Deferred contributions - tangible capital assets

Deferred contributions related to tangible capital assets represent restricted contributions received for the acquisition of tangible capital assets. The changes in the deferred contributions balance for the year are as follows:

	<u>May 31</u> <u>2019</u>	December 31 <u>2018</u>
Balance, beginning of period	\$ 15,102	\$ 18,877
Less: amounts amortized to revenue	<u>(1,259)</u>	<u>(3,775)</u>
	<u>\$ 13,843</u>	<u>\$ 15,102</u>

Paralympic Sports Association

Notes to the Financial Statements

May 31, 2019

10. Commitment

The Association entered into a long-term operating lease for building space until June 2020. The minimum annual lease payments required over the remaining term of the lease are \$13,680.

11. Financial instruments

The Association's main financial instrument risk exposure is detailed as follows:

(a) Credit risk

The Association is exposed to credit risk from program participants, organizations receiving services and grantors. 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's receivable balance is made up of diverse receivables which reduces the concentration of credit risk.

Credit risk associated with cash is \$149,228 (2017 - \$136,863) as at May 31, 2019. The Association manages the credit exposure related to cash by selecting financial institutions with high credit ratings.

(b) Liquidity risk

The Association has liquidity risk with respect to its payables and accruals of \$66,904 (2018-\$42,754). Liquidity risk is the risk that the Association cannot repay its obligations when they become due to its creditors. The Association manages its credit risk by monitoring the timing of required payments and its outstanding cash and receivables balances.

12. Comparative figures

Certain comparative figures have been reclassified from those previously presented to conform to the presentation of the 2019 financial statements.

Paralympic Sports Association Schedule to the Financial Statements

Schedule of programs and activities expenditures	Schedule 1	
	January 1 to May 31 2019 (5 months)	December 31 2018 (12 months)
Sledge hockey	\$ 40,471	\$ 81,575
Ever Active schools	37,980	-
Sledges in schools	7,058	15,705
Rock climbing	3,373	1,345
One for all day camps	2,796	37,927
Tae Kwon Do	2,114	4,365
Floor hockey	2,084	2,853
Other	720	5,384
Cycle and spin	478	4,532
Boccia	311	2,045
Stretch and strength	154	-
Curling	-	492
	\$ 97,539	\$ 156,223
