

ALBERTA FENCING ASSOCIATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023
AND
REVIEW ENGAGEMENT REPORT

DRAFT

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of **Alberta Fencing Association**:

We have reviewed the accompanying financial statements of **Alberta Fencing Association** that comprise the statement of financial position as at August 31, 2023, and the statements of operations and changes in net assets and 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.

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.

Conclusion

Based on our review, 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 **Alberta Fencing Association** as at August 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Edmonton, Alberta

Chartered Professional Accountants

ALBERTA FENCING ASSOCIATION
STATEMENT OF FINANCIAL POSITION
AS AT AUGUST 31, 2023

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash - unrestricted	\$110,710	\$154,354
- restricted (Note 4)	79,047	6,050
Accounts receivable - Government of Alberta	39,200	69,170
- other	4,280	1,082
Prepaid expenses	<u>5,055</u>	<u>9,552</u>
Total current assets	238,292	240,208
EQUIPMENT (Note 3)	<u>16,051</u>	<u>18,334</u>
TOTAL	<u>\$254,343</u>	<u>\$258,542</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities - including government remittances of \$1,256 (2022 - \$2,949)	\$ 23,368	\$ 26,960
Deferred revenue - casino (Note 4)	79,047	6,050
- other (Note 5)	<u>13,967</u>	<u>-</u>
Total current liabilities	<u>116,382</u>	<u>33,010</u>
LOAN PAYABLE (Note 6)	<u>60,000</u>	<u>60,000</u>
NET ASSETS:		
Invested in equipment	16,051	18,334
Unrestricted	<u>61,910</u>	<u>147,198</u>
Total net assets	<u>77,961</u>	<u>165,532</u>
TOTAL	<u>\$254,343</u>	<u>\$258,542</u>

Approved by the Board:

.....Director

.....Director

ALBERTA FENCING ASSOCIATION
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED AUGUST 31, 2023

	<u>Invested in equipment</u>	<u>Unrestricted</u>	<u>2023</u>	<u>Total 2022</u>
Balance at beginning of the year	\$18,334	\$147,198	\$165,532	\$175,731
Purchase of equipment	1,786	(1,786)	-	-
Excess of expenses for the year	<u>(4,069)</u>	<u>(83,502)</u>	<u>(87,571)</u>	<u>(10,199)</u>
Balance at end of the year	<u>\$16,051</u>	<u>\$ 61,910</u>	<u>\$ 77,961</u>	<u>\$165,532</u>

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ALBERTA FENCING ASSOCIATION

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED AUGUST 31, 2023

	<u>2023</u>	<u>2022</u>
RESTRICTED REVENUE:		
Casino (Note 4)	\$ 5,456	\$ 4,175
Grants - Canada Winter Games	-	21,000
- other	<u>10,313</u>	<u>10,500</u>
Total restricted revenue	<u>15,769</u>	<u>35,675</u>
UNRESTRICTED REVENUE:		
Camp fees	2,145	9,027
Grants - Government of Alberta (Note 8).....	87,570	65,575
Membership fees	20,864	15,316
Other	289	1,847
Tournament registration fees.....	<u>75,238</u>	<u>31,504</u>
Total unrestricted revenue	<u>186,106</u>	<u>123,269</u>
Total revenue	<u>201,875</u>	<u>158,944</u>
EXPENSES:		
Advertising and promotion	10,858	7,587
Amortization.....	4,069	4,684
Athlete development.....	35,823	15,842
Bank charges and interest.....	1,314	805
Bookkeeping.....	11,299	5,794
Delivery and freight.....	7,223	4,896
Insurance.....	9,939	8,884
Meetings	-	2,511
Office	3,816	1,078
Professional fees	3,990	3,675
Rent.....	-	11,900
Repairs and maintenance.....	3,251	-
Salaries and benefits	58,927	59,603
Telephone.....	1,180	2,639
Tournament	122,490	37,230
Travel	<u>15,267</u>	<u>2,015</u>
Total expenses	<u>289,446</u>	<u>169,143</u>
EXCESS OF EXPENSES FOR THE YEAR	<u>\$ (87,571)</u>	<u>\$ (10,199)</u>

ALBERTA FENCING ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2023

	<u>2023</u>	<u>2022</u>
OPERATING ACTIVITIES:		
Cash from operations:		
Excess of expenses for the year	\$ (87,571)	\$ (10,199)
Item not affecting operations - amortization	<u>4,069</u>	<u>4,684</u>
	(83,502)	(5,515)
Increase (decrease) in non-cash working capital balances related to operations:		
Accounts receivable	26,772	(40,152)
Prepaid expenses.....	4,497	(2,593)
Accounts payable and accrued liabilities.....	(3,592)	18,452
Deferred revenue	<u>86,964</u>	<u>(24,775)</u>
Net cash used in operating activities.....	31,139	(54,583)
FINANCING ACTIVITY - purchase of equipment.....	<u>(1,786)</u>	<u>-</u>
INCREASE (DECREASE) IN CASH DURING THE YEAR	29,353	(54,583)
CASH AT BEGINNING OF THE YEAR.....	<u>160,404</u>	<u>214,987</u>
CASH AT END OF THE YEAR	<u>\$189,757</u>	<u>\$160,404</u>

ALBERTA FENCING ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2023

1. PURPOSE OF ASSOCIATION:

Alberta Fencing Association is a not-for-profit sport governing body promoting the sport of Fencing in the Province of Alberta. The Association is responsible for programs and events in the Province of Alberta as well as preparing athletes to reach National status.

The Association was established to provide technical, financial and organizational leadership for clubs, coaching staff and all levels of individual fencers within Alberta.

The Association is incorporated under the Societies Act of the Province of Alberta as a non-profit organization without share capital.

2. ACCOUNTING POLICIES:

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

Revenue recognition:

The Association follows the deferral method of accounting for revenue. Restricted revenue is recognized as revenue in the year in which the related expenses are incurred. Unrestricted revenue is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Donation of services:

The work of the Association is dependent on the voluntary service of many individuals. Since these services are not normally purchased by the Association and because of the difficulty of determining their fair value, donated services are not recognized in these financial statements.

Equipment:

Equipment is stated at cost. Amortization is provided at the following annual rates:

Computer	45% declining balance
Fencing	20% declining balance
Office.....	20% declining balance

ALBERTA FENCING ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2023

2. ACCOUNTING POLICIES (continued):

Financial instruments:

The Association initially measures its financial assets and liabilities at fair value.

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

The Association's financial instruments measured at amortized cost consist of cash, accounts receivable and accounts payable and accrued liabilities.

Financial assets measured at amortized cost are tested for impairment where there are indicators of impairment. The amount of the write-down is recognized in net income. Any previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount of impairment recognized previously. The amount of the reversal is recognized in net income.

Cash and cash equivalents:

Cash and cash equivalents consist of balances with banks and short-term investments that can be converted readily to cash.

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. These estimates are reviewed annually and adjustments are made to income as appropriate in the year they become known.

3. EQUIPMENT:

The major categories of equipment and related accumulated amortization are as follows:

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			<u>2023</u>	<u>2022</u>
Computer	\$ 22,992	\$ 21,608	\$ 1,384	\$ -
Fencing	160,714	146,047	14,667	18,334
Office	<u>1,444</u>	<u>1,444</u>	<u>-</u>	<u>-</u>
	<u>\$185,150</u>	<u>\$169,099</u>	<u>\$16,051</u>	<u>\$18,334</u>

ALBERTA FENCING ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2023

4. DEFERRED CASINO REVENUE:

The Association holds casinos which generate revenue for the Association. Under the terms of the licenses, this revenue can only be utilized for specific expenditures. The unexpended amount is recorded as deferred casino revenue and is held by the Association in segregated bank accounts. Details of the deferred casino revenue is as follows:

	<u>2023</u>	<u>2022</u>
Balance at beginning of the year	\$ 6,050	\$10,225
Add: proceeds from casino	78,453	-
Less: expended on approved expenditures	<u>5,456</u>	<u>4,175</u>
Balance at end of the year	<u>\$79,047</u>	<u>\$ 6,050</u>

5. DEFERRED REVENUE:

Deferred revenue consists of the following:

	<u>2022</u>	<u>Received</u>	<u>Recognized</u>	<u>2023</u>
Grants:				
Alberta Winter Games.....	\$ -	\$ 4,280	\$ -	\$ 4,280
Canadian Sport Institute .	-	10,000	9,263	737
InMotion Network.....	<u>-</u>	<u>10,000</u>	<u>1,050</u>	<u>8,950</u>
Total	<u>\$ -</u>	<u>\$24,280</u>	<u>\$10,313</u>	<u>\$13,967</u>

6. LOAN PAYABLE:

In response to the global COVID-19 pandemic, the Government of Canada introduced the Canada Emergency Business Account which provides businesses with loans of up to \$60,000 to finance expenses which cannot be deferred or avoided. Repaying the loan in full on or before January 18, 2024 or entering into a qualifying refinancing within the time frame set out by the Department of Finance may result in the forgiveness of up to \$20,000 of the loan. The loan is non-interest bearing until January 18, 2024. If the loan is not repaid by January 18, 2024, it can be converted into a three year term loan with an interest rate of 5%. The loan is unsecured.

ALBERTA FENCING ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2023

7. FINANCIAL INSTRUMENTS:

The Association is exposed to risk on certain financial instruments as follows:

Liquidity risk:

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.

8. ECONOMIC DEPENDENCE:

The Association receives an annual grant from Government of Alberta. This grant represents a significant portion of the Association's net revenue. The ability of the Association to continue operations in the future in a manner similar to present operations is dependent on continuing to receive this grant. The Association received \$117,540 from the grant in the current year and there is a balance in accounts receivable of \$39,200 (2022 - \$69,170) relating to this grant.

9. INCOME TAXES:

The Association is a non-profit organization within the meaning of the Income Tax Act (Canada) and is exempt from income taxes.