

Phoenix Gymnastics Club

Unaudited Financial Statements

June 30, 2020



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of Phoenix Gymnastics Club

We have reviewed the accompanying financial statements of Phoenix Gymnastics Club that comprise the financial position as at June 30, 2020, and the statements of revenue and expenditures, change in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information (collectively referred to as the "financial statements").

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 Phoenix Gymnastics Club as at June 30, 2020 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

As required by the Society Act of British Columbia, we report that, in our opinion, these principles have been applied on a basis consistent with that of the previous year.

A handwritten signature in blue ink that reads "DMCL".

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

October 18, 2020

PHOENIX GYMNASTICS CLUB
Statement of Financial Position
(Unaudited)

	June 30, 2020	June 30, 2019
ASSETS		
Current		
Cash	\$ 86,298	\$ 157,461
Restricted cash (Note 3)	525,000	807,118
Restricted short term investments (Note 3)	25,414	46,692
Accounts receivable	8,616	11,338
GST receivable	7,600	6,874
Inventory	4,595	2,261
Prepaid expenses	4,418	24,171
Total current assets	661,941	1,055,915
Non-current assets		
Property and equipment, net (Note 4)	617,723	633,307
Total non-current assets	617,723	633,307
TOTAL ASSETS	\$ 1,279,664	\$ 1,689,222
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities	\$ 28,777	\$ 36,075
Wages payable	68,182	8,273
Deferred revenue (Note 6)	42,634	597,266
Mortgage payable - current portion (Note 5)	28,000	28,000
Total current liabilities	167,593	669,614
Long term debt		
Mortgage payable (Note 5)	114,295	142,918
Total liabilities	281,888	812,532
NET ASSETS		
Contingency reserve (Note 3)	525,000	807,100
Surplus	472,776	69,590
Total net assets	997,776	876,690
TOTAL LIABILITIES AND NET ASSETS	\$ 1,279,664	\$ 1,689,222

On behalf of the board:

 Director

 Director

PHOENIX GYMNASTICS CLUB
Statement of Revenue and Expenditures
(Unaudited)

	2020	2019
Revenues		
Gymnastic for all program revenue (Note 7)	\$ 1,786,079	\$ 2,182,250
Team program revenue (Note 8)	615,841	651,435
Specialty program revenue (Note 9)	53,260	109,302
Non-program revenue (Note 10)	117,436	179,873
Total revenues	2,572,616	3,122,860
Program costs		
Gymnastic for all program cost (Note 11)	597,442	708,290
Team program cost (Note 12)	476,631	586,364
Specialty program cost (Note 13)	46,456	41,792
Non-program cost (Note 14)	9,636	59,824
Total program costs	1,130,165	1,396,270
Operating expenditures		
Amortization (Note 4)	84,667	83,883
Interest and bank charges	179,451	146,825
Office	75,267	66,191
Marketing and promotion	4,135	5,897
Professional fees	16,503	23,269
Gym and equipment maintenance	2,174	11,198
Administrative salaries and wages (Note 15)	373,591	372,971
Contributions, benefits and vacation pay (Note 16)	385,211	348,455
Premise costs	178,357	261,039
Supplies	18,005	28,010
Training	4,004	9,474
Total operating expenditures	1,321,365	1,357,212
Surplus of revenues over expenditures	\$ 121,086	\$ 369,378

PHOENIX GYMNASTICS CLUB

Statement of Changes in Net Assets

Year Ended June 30, 2020

(Unaudited)

	Surplus (Deficiency)	Contingency Reserve	2020	2019
NET ASSETS - BEGINNING OF YEAR	\$ 69,590	\$ 807,100	\$ 876,690	\$ 507,312
Surplus of revenues over expenditures	121,086	-	121,086	369,378
Fund transfer	282,100	(282,100)	-	-
NET ASSETS - END OF YEAR	\$ 472,776	\$ 525,000	\$ 997,776	\$ 876,690

PHOENIX GYMNASTICS CLUB
Statement of Cash Flows
Year Ended June 30, 2020
(Unaudited)

	2020	2019
CASH AND CASH EQUIVALENTS PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Surplus of revenues over expenditures	\$ 121,086	\$ 369,378
Items not involving cash:		
Amortization	84,667	83,883
Changes in non-cash working capital balances:		
Accounts receivable	2,722	(8,421)
GST receivable	(726)	(8,847)
Inventory	(2,334)	(177)
Prepaid expenses	19,753	(5,872)
Accounts payable and accrued liabilities	(7,298)	(25,952)
Wages payable	59,909	(4,227)
Deferred revenue	(554,632)	(120,158)
	(276,853)	279,607
INVESTING ACTIVITIES		
Purchase of furniture and equipment	(69,083)	(24,173)
Purchase of short-term investment	21,278	(25,000)
	(47,805)	(49,173)
FINANCING ACTIVITIES		
Repayment of mortgage	(28,623)	(28,553)
	(28,623)	(28,553)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(353,281)	201,881
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	964,579	762,698
CASH AND CASH EQUIVALENT, END OF YEAR	\$ 611,298	\$ 964,579
CASH AND CASH EQUIVALENTS CONSIST OF:		
Cash	\$ 86,298	\$ 157,461
Restricted cash	525,000	807,118
	\$ 611,298	\$ 964,579

See notes to financial statements

PHOENIX GYMNASTICS CLUB

Notes to Financial Statements

Year Ended June 30, 2020

(Unaudited)

1. PURPOSE OF THE ORGANIZATION

Phoenix Gymnastics Club ("the Club") is incorporated under the Society Act of the Province of British Columbia on March 22nd, 1973. The purpose of the Club is to find, foster and develop the highest caliber gymnastics athletes; and to provide the highest caliber recreational gymnastics experiences to the community, developing an awareness and appreciation of gymnastics. The Club is exempt from tax under the Income Tax Act on part of its taxable income.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The impact on the Club is not currently determinable but management continues to monitor the situation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements were prepared in accordance with Part III of the Chartered Professional Accountants ("CPA") Canada Handbook - Canadian accounting standards for not-for-profit organizations ("ASNPO") which set out generally accepted accounting principals ("GAAP") for private sector not-for-profit organizations in Canada and include the significant accounting policies described hereafter.

Cash and restricted cash

The Club has segregated cash into unrestricted cash and restricted cash. Unrestricted cash comprises of cash on hand with no restriction in its use. Restricted cash includes cash subject to external restrictions or internal restrictions in its use.

Restricted short term investments

Short term investments are composed of term deposits maturing within a year and are stated at cost, which, together with accrued interest income, approximates the fair value at the year end given the short term nature of these investments.

Inventory

Inventory consists of uniforms for members. Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

Property and equipment

Property and equipment are stated at cost or deemed cost less accumulated amortization. The Club provides for the depreciation of its property and equipment at the following method and annual rate:

Furniture and office equipment	20% declining
Computer equipment	20% declining
Gymnastics equipment	20% declining
Leasehold improvements	straight line over 25 years
Building	straight line over 25 years

PHOENIX GYMNASTICS CLUB

Notes to Financial Statements

Year Ended June 30, 2020

(Unaudited)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Grant revenues are recognized over the life of the projects or term of the grant based on related expenditures.

Donation revenues are recognized when received.

Membership, registration and tuition revenues are recognized over the course terms.

Financial instruments

In accordance with ASNPO, cash, restricted cash and short term investments are initially measured at fair value. Subsequent changes in fair value are recorded in the statement of revenues and expenditures. Accounts receivable and accounts payable are measured at amortized cost. Amounts amortized in the year are reported in the statement of revenues and expenditures.

Transaction costs are expensed when incurred.

Unless otherwise noted, it is the management's opinion that the Club is not exposed to significant currency or credit risk arising from these financial instruments.

Use of estimates

The preparation of financial statements in conformity with ASNPO 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. Such estimates are periodically reviewed and any adjustments necessary are reported in the statement of revenues and expenditures. Actual results could differ from these estimates.

3. RESTRICTED CASH AND SHORT TERM INVESTMENTS

	<u>2020</u>	<u>2019</u>
Gaming fund	\$ -	\$ 18
Internally restricted contingency fund - operating and building	525,000	807,100
Externally restricted short term investments - term deposits for credit card	25,414	46,692
	<u>\$ 550,414</u>	<u>\$ 853,810</u>

PHOENIX GYMNASTICS CLUB

Notes to Financial Statements

Year Ended June 30, 2020

(Unaudited)

4. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Furniture and office equipment	\$ 48,530	\$ 37,965	\$ 10,565	\$ 10,019
Computer equipment	74,304	64,279	10,025	12,531
Gymnastics equipment	733,315	542,241	191,074	164,312
Leasehold improvements	75,884	49,835	26,049	29,084
Building	933,776	553,766	380,010	417,361
	<u>\$ 1,865,809</u>	<u>\$ 1,248,086</u>	<u>\$ 617,723</u>	<u>\$ 633,307</u>

5. MORTGAGE PAYABLE

The Club entered into a mortgage agreement with HSBC in December 2004 for its millennium sport facility. The interest rate of the mortgage is 5.7% per annum, and the mortgage is maturing on September 1, 2024. The Club makes repayments of \$3,150 per month for principal and interest.

	2020	2019
Current portion	\$ 28,000	\$ 28,000
Long term	114,295	142,918
	<u>\$ 142,295</u>	<u>\$ 170,918</u>

6. DEFERRED REVENUE

	2020	2019
Membership fees	\$ -	\$ 75,946
Recreational program tuition	14,963	485,496
Team program tuition and fund	19,568	28,298
Gaming fund	-	18
Specialty program fund	8,103	7,508
	<u>\$ 42,634</u>	<u>\$ 597,266</u>

7. GYMNASTIC FOR ALL PROGRAM REVENUE

	2020	2019
Membership fees	\$ 148,880	\$ 114,327
Recreational program tuition	1,414,183	1,774,997
Interclub program revenue	233,284	279,075
Other recreational program revenue	(10,268)	13,851
	<u>\$ 1,786,079</u>	<u>\$ 2,182,250</u>

PHOENIX GYMNASTICS CLUB

Notes to Financial Statements

Year Ended June 30, 2020

(Unaudited)

8. TEAM PROGRAM REVENUE

	2020	2019
Membership fees	\$ 23,510	\$ 14,308
Team program tuition	377,470	410,845
Developmental program revenue	209,109	222,465
Other team program revenue	5,752	3,817
	<u>\$ 615,841</u>	<u>\$ 651,435</u>

9. SPECIALTY PROGRAM REVENUE

	2020	2019
Private and special needs lesson tuition	\$ 25,007	\$ 45,434
School group tuition	3,186	13,840
Adult program tuition	8,146	23,889
Birthday party tuition	16,921	26,139
	<u>\$ 53,260</u>	<u>\$ 109,302</u>

10. NON-PROGRAM REVENUE

	2020	2019
Grant revenue	\$ 71,227	\$ 70,405
Fundraising revenue	26,243	33,770
Event hosting revenue	-	60,211
Facility rentals	6,617	9,196
Pro-shop revenue	4,621	4,733
Miscellaneous revenue	8,728	1,558
	<u>\$ 117,436</u>	<u>\$ 179,873</u>

11. GYMNASTIC FOR ALL PROGRAM COST

	2020	2019
Recreational program coaching	\$ 401,170	\$ 477,050
Interclub program coaching	95,316	77,122
Front desk	79,178	64,506
CEWS wage subsidy	(70,279)	-
Membership insurance expense	69,445	77,332
Professional development and training	5,612	9,996
Meet, travel and other costs	4,766	2,284
Severance pay	12,234	-
	<u>\$ 597,442</u>	<u>\$ 708,290</u>

PHOENIX GYMNASTICS CLUB

Notes to Financial Statements

Year Ended June 30, 2020

(Unaudited)

12. TEAM PROGRAM COST

	2020	2019
Team program coaching	\$ 360,089	\$ 402,494
Developmental program coaching	97,333	99,886
CEWS wage subsidy	(62,093)	-
Membership insurance expense	9,881	7,612
Professional development and training	1,328	1,354
Program administration	31,500	34,973
Meet, travel and other costs	27,891	40,045
Severance pay	10,702	-
	<u>\$ 476,631</u>	<u>\$ 586,364</u>

13. SPECIALTY PROGRAM COST

	2020	2019
Private and special needs lesson coaching	\$ 43,027	\$ 27,533
School group coaching	-	1,597
Adult program coaching	-	4,361
Birthday party coaching	3,429	8,301
	<u>\$ 46,456</u>	<u>\$ 41,792</u>

14. NON-PROGRAM COST

	2020	2019
Fundraising cost	\$ 3,274	\$ 16,595
Event hosting cost	3,467	38,141
Pro-shop cost	2,895	5,088
	<u>\$ 9,636</u>	<u>\$ 59,824</u>

15. MANAGEMENT AND ADMINISTRATIVE SALARIES

	2020	2019
Executive salaries, administration and maintenance wages	\$ 410,414	\$ 372,971
Severance pay	14,722	-
CEWS wage subsidy	(51,545)	-
	<u>\$ 373,591</u>	<u>\$ 372,971</u>

PHOENIX GYMNASTICS CLUB

Notes to Financial Statements

Year Ended June 30, 2020

(Unaudited)

16. CLUB CONTRIBUTIONS AND BENEFITS

	<u>2020</u>		<u>2019</u>
Payroll remittance	\$ 138,914	\$	160,670
Vacation pay	147,035		91,776
Benefits	99,262		96,009
	<u>\$ 385,211</u>	\$	<u>348,455</u>

17. REMUNERATION DISCLOSURE

During the year ended June 30, 2020, the Club employed three persons that were remunerated more than \$75,000 (\$237,697 in aggregate).