

ALBERTA TAEKWONDO ASSOCIATION

Financial Statements

Year Ended August 31, 2018

ALBERTA TAEKWONDO ASSOCIATION

Index to Financial Statements

Year Ended August 31, 2018

| | Page |
|---------------------------------------|-------|
| INDEPENDENT AUDITOR'S REPORT | 1 |
| FINANCIAL STATEMENTS | |
| Statement of Revenues and Expenses | 2 |
| Statement of Changes in Fund Balances | 3 |
| Statement of Financial Position | 4 |
| Statement of Cash Flows | 5 |
| Notes to Financial Statements | 6 - 7 |



INDEPENDENT AUDITOR'S REPORT

To the Board and Members of Alberta Taekwondo Association

We have audited the accompanying financial statements of Alberta Taekwondo Association, which comprise the statement of financial position as at August 31, 2018 and the statements of revenues and expenses, changes in fund balances 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Alberta Taekwondo Association as at August 31, 2018 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.

Lim & Associates

Edmonton, AB
January 16, 2019

CHARTERED PROFESSIONAL ACCOUNTANTS

** Operates through Cheng S. Lim Professional Corporation.*

Suite 201, 11806 - 126 Street NW Edmonton, AB T5L 0V9 P. 780.484.8803 F. 780.761.0688 E. info@limcpas.com

ALBERTA TAEKWONDO ASSOCIATION
Statement of Revenues and Expenses
Year Ended August 31, 2018

| | Budget - 2018 | | Casino Fund | | 2018 | 2017 |
|--|---------------|-----------|--------------|------|-------------|-----------|
| | General Fund | | General Fund | | | |
| REVENUES | | | | | | |
| Tournaments | \$ 27,500 | \$ 26,540 | \$ - | \$ - | \$ 26,540 | \$ 32,051 |
| Casino grant | 37,500 | - | - | - | - | 78,131 |
| Association development program grant | 17,152 | 24,089 | - | - | 24,089 | 17,152 |
| Referee seminars | 1,500 | 2,200 | - | - | 2,200 | 1,050 |
| Membership fees | 15,000 | 23,605 | - | - | 23,605 | 27,465 |
| Miscellaneous revenue | 2,500 | 60 | - | - | 60 | 346 |
| | 101,152 | 76,494 | - | - | 76,494 | 156,195 |
| EXPENSES | | | | | | |
| Administrative assistance | 14,400 | 14,400 | - | - | 14,400 | 14,400 |
| Athlete's funding | 45,000 | 6,874 | 41,000 | - | 47,874 | 21,906 |
| Casino expenses | 3,500 | - | (1,210) | - | (1,210) | 3,515 |
| Insurance | - | 1,450 | - | - | 1,450 | 4,340 |
| Meeting | 9,500 | 5,852 | 690 | - | 6,542 | 7,654 |
| Memberships | 3,500 | - | 4,150 | - | 4,150 | 4,156 |
| Office and administration | 4,000 | 5,459 | 92 | - | 5,551 | 10,946 |
| Professional fees | 2,200 | 2,833 | - | - | 2,833 | 16,404 |
| Referee seminars | 7,500 | 9,726 | - | - | 9,726 | 2,877 |
| Telephone | - | 554 | - | - | 554 | 525 |
| Tournament and facility rental | 10,000 | 5,481 | 11,463 | - | 16,944 | 14,921 |
| Training | - | 2,085 | - | - | 2,085 | 1,400 |
| Travel and meeting | - | - | - | - | - | 2,204 |
| Uniforms and equipments | 7,500 | 2,269 | 5,771 | - | 8,040 | 25,737 |
| | 107,100 | 56,983 | 61,956 | - | 118,939 | 130,985 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES | \$ (5,948) | \$ 19,511 | \$ (61,956) | \$ - | \$ (42,445) | \$ 25,210 |

ALBERTA TAEKWONDO ASSOCIATION
Statement of Changes in Fund Balances
Year Ended August 31, 2018

| | General Fund | Casino Fund | 2018 | 2017 |
|--|------------------|------------------|-------------------|-------------------|
| FUND BALANCES - BEGINNING OF YEAR | \$ 67,504 | \$ 98,970 | \$ 166,474 | \$ 141,264 |
| Deficiency of revenues over expenses | 19,511 | (61,956) | (42,445) | 25,210 |
| FUND BALANCES - END OF YEAR | \$ 87,015 | \$ 37,014 | \$ 124,029 | \$ 166,474 |

ALBERTA TAEKWONDO ASSOCIATION

Statement of Financial Position

August 31, 2018

ASSETS

CURRENT

| | | | | |
|---------------|-----------|-----------|------------|------------|
| Cash (Note 6) | \$ 92,636 | \$ 37,014 | \$ 129,650 | \$ 177,203 |
|---------------|-----------|-----------|------------|------------|

LIABILITIES AND FUND BALANCES

CURRENT

| | | | | |
|------------------|----------|------|----------|----------|
| Accounts payable | \$ 2,153 | \$ - | \$ 2,153 | \$ 2,153 |
| Deferred income | 3,468 | - | 3,468 | 8,576 |

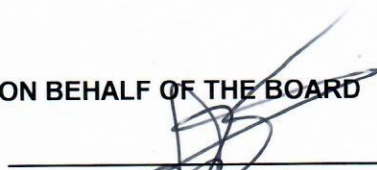
| | | | | |
|--|-------|---|-------|--------|
| | 5,621 | - | 5,621 | 10,729 |
|--|-------|---|-------|--------|

FUND BALANCES

| | | | | |
|--|--------|--------|---------|---------|
| | 87,015 | 37,014 | 124,029 | 166,474 |
|--|--------|--------|---------|---------|

| | | | | |
|--|-----------|-----------|------------|------------|
| | \$ 92,636 | \$ 37,014 | \$ 129,650 | \$ 177,203 |
|--|-----------|-----------|------------|------------|

ON BEHALF OF THE BOARD



Chairman



Treasurer

ALBERTA TAEKWONDO ASSOCIATION

Statement of Cash Flows

Year Ended August 31, 2018

| | 2018 | 2017 |
|---|-------------------|-------------------|
| OPERATING ACTIVITIES | | |
| Excess (deficiency) of revenues | \$ (42,445) | \$ 25,210 |
| Changes in non-cash working capital: | | |
| Deferred income | (5,108) | (1,423) |
| | <u>(5,108)</u> | <u>(1,423)</u> |
| INCREASE (DECREASE) IN CASH FLOW | (47,553) | 23,787 |
| Cash - beginning of year | <u>177,203</u> | <u>153,416</u> |
| CASH - END OF YEAR (Note 6) | \$ 129,650 | \$ 177,203 |

ALBERTA TAEKWONDO ASSOCIATION

Notes to Financial Statements

Year Ended August 31, 2018

1. PURPOSE OF THE ASSOCIATION

Alberta Taekwondo Association (the "association") is a not-for-profit organization incorporated provincially under the Society Act of Alberta. The association's purpose is to promote and develop World Taekwondo Federation Taekwondo in Alberta. Management has determined that they are exempt from payment of income tax under Section 149(1) of the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

Fund accounting

Alberta Taekwondo Association follows the deferral method of accounting for contributions. The General Fund accounts for the Association's programme delivery and administration. The Casino fund subject to restriction are included herein. At present the Association operates only a general fund.

Revenue recognition

Alberta Taekwondo Association recognizes revenues when they are earned, specifically when all the following conditions are met:

Unrestrictive contributions are recognized as revenue of the General Fund in the year received or receivable in the amount can be reasonably estimated and collection is reasonably assured.

In future any funds received whose purpose is restricted to a specific use will recognized as the revenue of a different fund.

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit in banks.

Contributed services

Volunteers contribute a significant amount of their time each year. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Financial instruments policy

The association initially measures its financial assets and liabilities at fair value. The association subsequently measures all its financial assets and liabilities at amortized cost, net of any provision for impairment.

Financial assets and liabilities measured at amortized cost include cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities.

(continues)

ALBERTA TAEKWONDO ASSOCIATION

Notes to Financial Statements

Year Ended August 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Measurement uncertainty

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. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

3. FINANCIAL INSTRUMENTS

The association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the association's risk exposure and concentration as of August 31, 2018.

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The association is exposed to credit risk from members. In order to reduce its credit risk, the association reviews a new member's credit history before extending credit and conducts regular reviews of its existing members' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The association has a significant number of members which minimizes concentration of credit risk.

Unless otherwise noted, it is management's opinion that the association is not exposed to significant other risks arising from these financial instruments.

4. GRANTS RECEIVED

During 2018, the association received a grant from the Alberta Sports Connection in the amount of \$24,089 (2017 - \$17,152). It is expected the provincial government support will be maintained into the future.

5. SUBSEQUENT EVENTS

The following event occurred subsequent to the fiscal year end:

The association has been named one of the defendants under the lawsuit with a former member and taekwondo instructor ("Instructor"). The statement of claim had filed on October 25, 2018 by the Instructor. The association's lawyer had file a statement of defence on December 4, 2018. The association has contested this claim and, in management's opinion and its lawyer's opinion, the lawsuit is groundless. Neither the possible outcome nor the amount of possible settlement can be foreseen. Therefore, no provision has been recognized in these financial statements.

6. CASH

| | <u>2018</u> | <u>2017</u> |
|------|-------------------|-------------------|
| Cash | <u>\$ 129,650</u> | <u>\$ 177,203</u> |