

ALBERTA TAEKWONDO ASSOCIATION
Financial Statements
Year Ended August 31, 2019

ALBERTA TAEKWONDO ASSOCIATION

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Year Ended August 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board and Members of Alberta Taekwondo Association

Opinion

We have audited the financial statements of Alberta Taekwondo Association (the Association), which comprise the statement of financial position as at August 31, 2019, and the statements of revenues and expenditures, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at August 31, 2019, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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Independent Auditor's Report to the Board and Members of Alberta Taekwondo Association *(continued)*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Lim & Associates

Edmonton , AB
December 18, 2019

CHARTERED PROFESSIONAL ACCOUNTANTS

ALBERTA TAEKWONDO ASSOCIATION
Statement of Revenues and Expenditures
Year Ended August 31, 2019

	Budget - 2019	General Fund	Casino Fund	2019	2018
REVENUES					
Tournaments	\$ 27,500	\$ 24,970	\$ -	\$ 24,970	\$ 26,540
Casino grant	37,500	-	77,273	77,273	-
Association development program grant	20,810	17,763	-	17,763	24,089
Referee seminars	1,500	5,135	-	5,135	2,200
Membership fees	23,500	25,470	-	25,470	23,605
Miscellaneous revenue	1,500	-	-	-	60
	<u>112,310</u>	<u>73,338</u>	<u>77,273</u>	<u>150,611</u>	<u>76,494</u>
EXPENSES					
Administrative assistance	14,400	14,400	-	14,400	14,400
Athlete funding	54,500	5,000	17,443	22,443	47,874
Casino expenses	3,500	-	2,587	2,587	(1,210)
Insurance	-	7,862	-	7,862	1,450
Meeting	5,500	4,165	-	4,165	6,542
Memberships	3,750	-	3,648	3,648	4,150
Office and administration	3,500	8,083	2,298	10,381	5,551
Professional fees	2,200	2,310	-	2,310	2,833
Referee seminars	7,500	2,364	-	2,364	9,726
Telephone	-	576	-	576	554
Tournament and facility rental	10,000	6,728	14,432	21,160	16,944
Training	-	1,800	-	1,800	2,085
Uniforms and equipments	7,250	2,587	4,412	6,999	8,040
	<u>112,100</u>	<u>55,875</u>	<u>44,820</u>	<u>100,695</u>	<u>118,939</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$ 210</u>	<u>\$ 17,463</u>	<u>\$ 32,453</u>	<u>\$ 49,916</u>	<u>\$ (42,445)</u>

ALBERTA TAEKWONDO ASSOCIATION

Statement of Changes in Fund Balances

Year Ended August 31, 2019

	General Fund	Casino Fund	2019	2018
FUND BALANCES - BEGINNING OF YEAR	\$ 87,015	\$ 37,014	\$ 124,029	\$ 166,474
Excess of revenues over expenses	17,463	32,453	49,916	(42,445)
FUND BALANCES - END OF YEAR	\$ 104,478	\$ 69,467	\$ 173,945	\$ 124,029

ALBERTA TAEKWONDO ASSOCIATION

Statement of Financial Position

August 31, 2019

	General Fund	Casino Fund	2019	2018
ASSETS				
CURRENT				
Cash	\$ 115,812	\$ 69,467	\$ 185,279	\$ 129,650
LIABILITIES AND FUND BALANCES				
CURRENT				
Accounts payable	\$ 2,258	\$ -	\$ 2,258	\$ 2,153
Deferred income	9,076	-	9,076	3,468
	11,334	-	11,334	5,621
FUND BALANCES	104,478	69,467	173,945	124,029
	\$ 115,812	\$ 69,467	\$ 185,279	\$ 129,650

ON BEHALF OF THE BOARD

_____ *Chairman*

_____ *Treasurer*

ALBERTA TAEKWONDO ASSOCIATION

Statement of Cash Flows

Year Ended August 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ 49,916	\$ (42,445)
Changes in non-cash working capital:		
Accounts payable	105	-
Deferred income	5,607	(5,108)
	<u>5,712</u>	<u>(5,108)</u>
INCREASE (DECREASE) IN CASH FLOW	55,628	(47,553)
Cash - beginning of year	<u>129,650</u>	<u>177,203</u>
CASH - END OF YEAR	\$ 185,278	\$ 129,650

ALBERTA TAEKWONDO ASSOCIATION

Notes to Financial Statements

Year Ended August 31, 2019

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

Measurement

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.

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ALBERTA TAEKWONDO ASSOCIATION

Notes to Financial Statements

Year Ended August 31, 2019

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, 2019.

(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

The association received a grant from the Alberta Sports Connection in the amount of \$17,763 (2017 - \$24,089). It is expected the provincial government support will be maintained into the future.

5. CONTINGENT LIABILITY

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. This matter still ongoing and has not been settled till date.

6. BUDGET

The 2019 budget amounts are unaudited and presented for the information purposes only.
