

ALBERTA TAEKWONDO ASSOCIATION
Financial Statements
Year Ended August 31, 2021

Index to Financial Statements

| | Page |
|---------------------------------------|-------|
| INDEPENDENT AUDITOR'S REPORT | 1 - 2 |
| FINANCIAL STATEMENTS | |
| Statement of Operations | 3 |
| Statement of Changes in Fund Balances | 4 |
| Statement of Financial Position | 5 |
| Statement of Cash Flows | 6 |
| Notes to Financial Statements | 7 - 9 |



INDEPENDENT AUDITOR'S REPORT

To the 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, 2021, and the statements of operations, 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, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO)

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 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 these 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 ASNPO, 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 related 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

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.

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

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

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
January 24, 2022

CHARTERED PROFESSIONAL ACCOUNTANTS

ALBERTA TAEKWONDO ASSOCIATION

Statement of Operations

Year Ended August 31, 2021

| | Budget | General Fund | Casino Fund | 2021 | 2020 |
|---|----------------|------------------|-------------------|----------------------|--------------------|
| REVENUES | | | | | |
| Association development program grant | \$ 28,607 | \$ 48,619 | \$ - | \$ 48,619 | \$ 26,333 |
| Membership fees | 21,000 | 13,280 | - | 13,280 | 19,340 |
| Tournaments | 23,000 | 1,000 | - | 1,000 | 3,120 |
| Miscellaneous revenue and insurance premiums recovery | 6,500 | 50 | - | 50 | - |
| Referee seminars | 1,500 | - | - | - | 605 |
| Casino grant | 30,000 | - | - | - | 352 |
| | <u>110,607</u> | <u>62,949</u> | <u>-</u> | <u>62,949</u> | <u>49,750</u> |
| EXPENSES | | | | | |
| Administrative assistance | 14,400 | 14,400 | - | 14,400 | 14,400 |
| Athlete funding | 50,000 | 129 | - | 129 | 16,000 |
| Casino expenses | 3,500 | - | - | - | - |
| Insurance | 5,000 | 3,811 | - | 3,811 | 3,400 |
| Meeting | 5,000 | 1,447 | - | 1,447 | 172 |
| Memberships | 3,500 | - | 2,284 | 2,284 | 4,378 |
| Office and administration | 2,500 | 1,126 | 79 | 1,205 | 2,895 |
| Professional fees | 2,200 | 2,070 | 2,310 | 4,380 | 6,394 |
| Referee seminars | 7,000 | 679 | - | 679 | 2,936 |
| Telephone | - | 552 | - | 552 | 510 |
| Tournament and facility rental | 9,000 | 2,803 | 1,172 | 3,975 | 17,554 |
| Training | - | - | - | - | 700 |
| Uniforms and equipments | 8,000 | - | - | - | 6,011 |
| | <u>110,100</u> | <u>27,017</u> | <u>5,845</u> | <u>32,862</u> | <u>75,350</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES | \$ 507 | \$ 35,932 | \$ (5,845) | \$ 30,087 | \$ (25,600) |

ALBERTA TAEKWONDO ASSOCIATION
Statement of Changes in Fund Balances
Year Ended August 31, 2021

| | General Fund | Casino Fund | 2021 | 2020 |
|--|-------------------|------------------|-------------------|-------------------|
| FUND BALANCES - BEGINNING OF YEAR | \$ 108,530 | \$ 39,815 | \$ 148,345 | \$ 173,945 |
| Excess of revenues over expenses | 35,932 | (5,845) | 30,087 | (25,600) |
| FUND BALANCES - END OF YEAR | \$ 144,462 | \$ 33,970 | \$ 178,432 | \$ 148,345 |

ALBERTA TAEKWONDO ASSOCIATION

Statement of Financial Position

August 31, 2021

| | General Fund | Casino Fund | 2021 | 2020 |
|--------------------------------------|--------------|-------------|------------|------------|
| ASSETS | | | | |
| CURRENT | | | | |
| Cash | \$ 150,129 | \$ 33,970 | \$ 184,099 | \$ 160,615 |
| LIABILITIES AND FUND BALANCES | | | | |
| CURRENT | | | | |
| Accounts payable | \$ 2,257 | \$ - | \$ 2,257 | \$ 2,258 |
| Deferred income | 3,410 | - | 3,410 | 10,012 |
| | 5,667 | - | 5,667 | 12,270 |
| FUND BALANCES | 144,462 | 33,970 | 178,432 | 148,345 |
| | \$ 150,129 | \$ 33,970 | \$ 184,099 | \$ 160,615 |

ON BEHALF OF THE BOARD

_____ *Chairman*

_____ *Treasurer*

ALBERTA TAEKWONDO ASSOCIATION

Statement of Cash Flows

Year Ended August 31, 2021

| | 2021 | 2020 |
|---|-------------------|-------------------|
| OPERATING ACTIVITIES | | |
| Excess (deficiency) of revenues over expenses | \$ 30,087 | \$ (25,600) |
| Change in non-cash working capital: | | |
| Deferred income | (6,603) | 937 |
| INCREASE (DECREASE) IN CASH FLOW | 23,484 | (24,663) |
| Cash - beginning of year | 160,615 | 185,278 |
| CASH - END OF YEAR | \$ 184,099 | \$ 160,615 |

ALBERTA TAEKWONDO ASSOCIATION

Notes to Financial Statements

Year Ended August 31, 2021

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.

The association operates to organize and conduct local events in the sport of Taekwondo.

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).

Fund accounting

Alberta Taekwondo Association follows the restricted fund method of accounting for contributions.

The General Fund accounts for the association's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The Casino Fund reports the assets, liabilities, revenues and expenses related to programs and events supported by AGLC gaming proceeds. Restricted contributions for this purpose are reported in this fund.

Revenue recognition

Alberta Taekwondo Association follows the restricted fund method of accounting for contributions.

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

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

Grants are recognized as revenue of the General Fund when collection is reasonably assured.

Membership dues are recognized as revenue of the General Fund when collection is reasonably assured.

Tournament fees are recognized as revenue of the General Fund when tournaments are held.

Seminar fees are recognized as revenue of the General Fund when the seminars are held.

Cash

Cash is comprised of cash on hand and bank balances, net of cheques issued and outstanding at the reporting date.

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ALBERTA TAEKWONDO ASSOCIATION

Notes to Financial Statements

Year Ended August 31, 2021

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

Financial instruments policy

Measurement

The association initially measures its financial assets and liabilities at fair value. Transaction costs related to financial assets that will be subsequently measured at fair value are recognized in the statement of operations in the year in which they are incurred. The association subsequently measures all its financial assets and liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Change in fair value are recognized in the statement of operations.

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

Contributed services

Volunteers contribute time each year to aid the Society in carrying out its service delivery activities. Because of the difficulty in determining the fair value of contributed services and meetings, the financial value of contributed services and meetings are recognized as an estimation in the financial statements.

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. GOVERNMENT GRANT

The association received a grant from the Alberta Sports Connection in the amount of \$28,607 (2020 - \$26,333) is expected the provincial government support will be maintained into the future.

4. 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, 2021.

(a) Credit risk

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. Cash is in place with a major financial institution. Grants are from municipalities and government agencies. The association does not believe it is subject to any significant concentration of credit risk.

(b) 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 receipt of funds from its members and accounts payable. It is the association's opinion that there is no significant liquidity risk as of August 31, 2021.

ALBERTA TAEKWONDO ASSOCIATION

Notes to Financial Statements

Year Ended August 31, 2021

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 filed a statement of defence on December 4, 2018. The Instructor voluntarily withdrew the claim in December 2020.

6. BUDGET

The 2021 budget amounts are unaudited and presented for the information purposes only.
