

Dean Orlando Professional Corporation

Notice to Reader-Compilation Financial Statements

Karate Alberta Association

December 31, 2020

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Notice to Reader

To the Members of Karate Alberta Association,

On the basis of information provided by management, I have compiled the statement of financial position of Karate Alberta Association. As at December 31, 2020 and the statement of operations, net assets and cash flow for the year then ended.

I have not performed an audit or review engagement in respect of these financial statements and, accordingly, I express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

December 24, 2021



Dean Orlando Professional
Corporation, Chartered
Professional Accountant

Cochrane, Alberta

Karate Alberta Association
STATEMENT OF FINANCIAL POSITION

(Unaudited, see Notice to Reader)

As At December 31, 2020

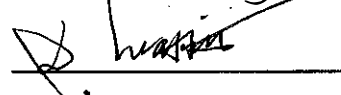
	General fund	Externally restricted funds	Total	
			2020	2019
Current assets				
Cash (Note 2)	\$ 71,757	\$ —	\$ 71,757	\$ 21,130
Grants Receivable	15,540	—	15,540	57,635
GST rebate receivable	1,027	—	1,027	1,920
Investments (Note 3)	—	—	—	30,358
Prepaid expenses	5,578	—	5,578	5,638
	93,902	—	93,902	116,681
Long-term assets				
Restricted cash (Note 2)	—	111,094	111,094	31,587
Capital assets (Notes 2 and 4)				
	4,449	11,373	15,822	25,948
	\$ 98,351	\$ 122,467	\$ 220,818	\$ 174,216
Current liabilities				
Accounts payable and accrued liabilities	\$ 2,156	\$ —	\$ 2,156	\$ 1,367
Credit card loan	105	—	105	97
Deferred revenue (Note 6)	—	—	—	182
	2,261	—	2,261	1,646
Long-term liabilities				
Deferred casino revenue (Note 6)	—	61,961	61,961	31,587
	—	61,961	64,222	33,233
Fund balances				
Externally restricted (Note 7)	—	60,506	60,506	20,016
Unrestricted	96,090	—	96,090	120,967
	96,090	60,506	156,596	140,983
	\$ 98,351	\$ 122,467	\$ 220,818	\$ 174,216

The accompanying notes are an integral part of these financial statements.

Some figures may be rounded.

APPROVED BY THE BOARD

 Director

 Director

Karate Alberta Association

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

(Unaudited, see Notice to Reader) As At December 31, 2020

	General fund		Externally restricted funds		Total	
	2020	2019	2020	2019	2020	2019
REVENUES						
Casino revenue	\$ —	\$ —	\$ —	\$ 42,864	\$ —	\$ 42,864
Memberships revenue	58,194	65,975	—	—	58,194	65,975
Grant revenue (Note 5)	41,081	71,156	—	—	41,081	71,156
Tournament cost recovery	—	—	—	42,057	—	42,057
Coaching revenue	—	—	—	—	—	—
Interest revenue	—	123	212	387	212	510
Donations revenue	—	301	—	—	—	301
Total revenues	99,275	137,555	212	85,308	99,487	222,863
EXPENSES						
Amortization expense	1,483	1,483	8,643	8,643	10,126	10,126
Board expenses	24,547	19,986	—	—	24,547	19,986
Casino advisor exp	—	—	—	2,242	—	2,242
Coaching clinics	393	6,691	—	—	393	6,691
Honorariums expense	10,000	5,000	—	—	10,000	5,000
Info Technology, advert	3,452	2,082	—	—	3,452	2,082
Insurance	12,490	12,331	—	—	12,490	12,331
Interest & bank charges	475	333	65	34	540	367
Membership expenses	28,720	32,816	—	—	28,720	32,816
Officials	1,573	18,500	—	—	1,573	18,500
Professional fees	1,575	1,958	—	—	1,575	1,958
Provincial & nationals	—	—	—	53,141	—	53,141
Trailer storage expense	1,204	1,256	—	—	1,204	1,256
Tournament expenses	6,382	—	—	4,365	6,382	4,365
Total expenses	92,294	102,436	8,708	68,425	101,002	170,861
Excess (deficiency) of revenues over expenses	6,981	35,119	(8,496)	16,883	(1,515)	52,002
Fund balances, beginning of year	120,967	125,510	20,016	(36,529)	140,983	88,981
Fund balance adjustment	(31,858)	—	48,986	—	17,128	—
Interfund transfers	—	(39,662)	—	39,662	—	—
Fund balances, end of year	\$ 96,090	\$ 120,967	\$ 60,506	\$20,016	\$156,596	\$140,983

The accompanying notes are an integral part of these financial statements.

Some figures may be rounded.

Karate Alberta Association

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 (Unaudited, See Notice to Reader)

PURPOSE OF THE ORGANIZATION

Karate Alberta Association (the "association") is incorporated under the Business Corporations Act of Alberta. The Association is a not-for-profit entity and is exempt from income tax and they are registered for the Goods and Services tax rebate for not for profit organizations.

The mission statement is as follows:

To promote cooperation and collaboration among all Karate styles through training and competition.

The vision statement is as follows:

To be the voice that promotes growth, development, and excellence of karate in Alberta

The values are as follows:

- Provide the tools and environment to facilitate success.
- Conduct business ethically and honestly.
- Operate in an open and transparent manner.
- Provide proactive and relevant communication.
- Bring a team approach to all activities.

1. CASH and RESTRICTED CASH

Cash consists of two bank accounts.

1. The operating account is unrestricted and is part of the general fund.
2. The casino account consists of restricted funds. For purposes of compliance with Alberta Gaming and Liquor Commission regulations for casino fundraising.
3. The 2020 CIP grant of \$49,133 is also part of restricted cash, as part of long term assets

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Association's financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (ANSPO). The financial statements have, in management's opinion, been properly prepared using careful judgment within reasonable limits of materiality and within the framework of the significant accounting policies which are detailed as follows:

Fund accounting

The association follows the deferral method of revenue recognition and it uses fund accounting as defined in the CPA Handbook.

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

Casino revenues are recognized as revenue of the casino (restricted) fund when funds are expensed on approved uses as per the AGLC approved uses for casino funds.

Interest income is recognized as revenue when earned.

Cash and cash equivalents

Cash consists of cash on hand and bank deposits in excess of outstanding cheques.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is taken on a straight-line basis over the assets estimated useful lives, which are as follows:

- Equipment, 33.3%, straight-line method
- Trailer 20%, straight-line method
- Computer hardware and software 50%, straight-line method
- Mats 20%, straight-line method

The association regularly reviews its capital assets to eliminate obsolete items.

Investments

Investments are recorded at the lower of cost and market value, as at year-end.

Accounts payable and accrued liabilities

Amounts owing at fiscal year-end are recorded at market value, as a year-end.

Revenue recognition

Firstly, unrestricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. Secondly, restricted contributions, such as AGLC approved raffle revenue are recognized as revenue of the externally restricted fund when funds are expensed on approved uses as per the AGLC approved uses for the raffle funds.

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

The following are recognized as revenue of the General fund:

- Investment income is recognized as revenue of the General Fund when earned.
- Registration fees and other non-gaming revenues are recognized as revenue of the General Fund when collected.

Restricted contributions are recognized as revenue in the year in which expenses are incurred.

Endowments are recognized as revenue in a separate restricted fund for endowments in the year in which expenses are incurred.

Revenues and expenses related to program delivery and administrative activities are reported in the General Fund.

Contributed services

Volunteers contribute an estimated 7,500 hours annually to assist the Association in carrying out its service delivery activities.

Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Use of estimates

When preparing financial statements according to Canadian accounting standards for not-for-profit organizations, The board makes estimates and assumptions relating to:

- Reported amounts of revenue and expenses
- Reported amounts of assets and liabilities
- Disclosure of contingent assets and liabilities

Assumptions are based on several factors including historical experience, current events and actions that the organization may undertake in the future, and other assumptions that I believe are reasonable under the circumstances. Actual results could differ from

those estimates under different conditions and assumptions. The board uses estimates when accounting for certain items such as useful lives of capital assets and impairment of long-lived assets

3. INVESTMENTS

	2020	2019
Guaranteed Investment Certificates (GIC's)	\$ -	\$ 30,358

At Dec 31, 2020 no GIC's exist. The only GIC existing at the beginning of 2020 with a principal amount of \$30,000, matured in February 2020.

4. CAPITAL ASSETS

	Cost		Accumulated Amortization		Net Book Value	
	2020	2019	2020	2019	2020	2019
Computer Hardware and Software	\$ 16,469	\$ 16,469	\$ 16,469	\$ 11,726	\$ -	\$ 4,743
Mats	19,825	19,825	8,452	4,552	11,373	15,273
Trailer	7,544	7,544	3,095	1,612	4,449	5,932
	\$ 43,838	\$ 43,838	\$ 28,016	\$ 17,890	\$ 15,822	\$ 25,948

Some figures may be rounded.

5. GRANT REVENUE

Alberta Sport, Physical Activity and Recreation provided the following grants to the Association during 2020. (Note, \$15,578 received in March 2020, was awarded and recorded for the 2019 fiscal year).

Other grant amounts received are as follows:

\$31,081.00, from the Association Development Program; of which \$15,540.50 was received in March 2021,

\$10,000.00 from the COVID-19 Emergency support funding: for a total of \$41,081.

6. DEFERRED CASINO REVENUE

Deferred casino revenue reported represents restricted casino funding received, but not yet expensed in the current period as per the approved casino "use of funds" agreement between the association and the AGLC. Changes in the deferred casino revenue balance are as follows:

	2020	2019
Beginning balance	\$ 31,587	\$ 4,219
Ending balance	\$ 61,961	\$ 31,587

7. INTERFUND TRANSFERS AND INTERNALLY RESTRICTED NET ASSETS

For the year ending December 31, 2020, the Association's board of directors made no internal bank transfers of funds between the casino account fund and the main general account for expenses related to National and provincial tournament expenses. Also, as at December 31, 2020, no internally restricted funds exist.

8. RELATED PARTIES

No related parties exist.

9. FINANCIAL INSTRUMENTS

The Association's financial instruments consist of cash, investments (no GIC's for 2020 year end), grants receivable, (none) and accounts payable. Unless otherwise noted, it is my opinion that the organization is not exposed to significant interest, currency, or credit risks arising from these financial instruments. The fair value of the instruments approximates their carrying values, unless otherwise noted. The organization is exposed to financial risk that arises from the fluctuation in interest rates and in the credit quality of its customers, and those who pay for registration.

Currency risk The Association does not have any significant currency risks.

Interest rate risk The Association is exposed to interest risk with respect to the following financial instruments: Cash, restricted cash and investments.

Fair value Cash, restricted cash, grants receivable, and accounts payable and accrued liabilities are short-term financial instruments whose fair value approximates their carrying values. No long-term debt exists.