

**THE COMMONWEALTH GAMES ASSOCIATION OF CANADA INC.
L'ASSOCIATION CANADIENNE DES JEUX DU COMMONWEALTH INC.**

FINANCIAL STATEMENTS

MARCH 31, 2023

DRAFT FOR REVIEW

INDEPENDENT AUDITOR'S REPORT

To the Members,
The Commonwealth Games Association of Canada Inc.:

Opinion

We have audited the financial statements of The Commonwealth Games Association of Canada Inc. ("the Entity"), which comprise the statement of financial position as at March 31, 2023, and the statements of operations 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 Entity as at March 31, 2023, 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 Entity 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 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 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.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity, or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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.

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 Entity'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 Entity'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 Entity 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.

OUSELEY HANVEY CLIPSHAM DEEP LLP

Licensed Public Accountants
Ottawa, Ontario
TBD

**THE COMMONWEALTH GAMES ASSOCIATION OF CANADA INC.
L'ASSOCIATION CANADIENNE DES JEUX DU COMMONWEALTH INC.**

STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2023

	2023	2022
CURRENT ASSETS		
Cash	\$ 1,245,277	\$ 278,400
Short-term investments (note 4)	544,960	1,123,649
Accounts receivable	22,378	194,464
Due from AB2030 (note 7)	269,757	-
Prepaid expenses	7,502	274,250
	2,089,874	1,870,763
DUE FROM RELATED PARTY (NOTE 5)	48,864	45,361
	\$ 2,138,738	\$ 1,916,124
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 185,571	\$ 87,034
Deferred revenue (note 6)	-	233,264
	185,571	320,298
UNRESTRICTED NET ASSETS		
Balance - beginning of year	1,595,826	1,519,982
Net revenue for the year	357,341	75,844
	1,953,167	1,595,826
	\$ 2,138,738	\$ 1,916,124

Approved on behalf of the Board:

Director _____ Director _____

**THE COMMONWEALTH GAMES ASSOCIATION OF CANADA INC.
L'ASSOCIATION CANADIENNE DES JEUX DU COMMONWEALTH INC.**

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2023

	2023	2022
REVENUE		
Contributions		
Sport Canada	\$ 1,232,235	\$ 523,569
Alberta 2030 bid	217,594	-
Calgary 2026 bid	-	5,512
Hamilton bid contributions	-	10,170
CSC Programs	246,373	269,737
Non-Government Organizations	810,974	96,574
National Sport Organizations	1,078,482	-
Interest	26,524	28,550
Other	21,283	2,143
	3,633,465	936,255
EXPENSE		
Sport excellence	2,179,767	254,409
Sport for development	139,823	67,201
Branding and communications	50,014	13,156
Marketing	16,500	20,580
National and international relations and hosting	88,135	4,374
Alberta bid	217,594	-
Calgary bid	-	4,987
Hamilton bid	1,068	9,677
Organizational effectiveness	583,223	486,027
	3,276,124	860,411
NET REVENUE FOR THE YEAR	\$ 357,341	\$ 75,844

**THE COMMONWEALTH GAMES ASSOCIATION OF CANADA INC.
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Net revenue for the year	\$ 357,341	\$ 75,844
Net change in non cash working capital:		
Accounts receivable	172,086	16,454
Due from related party	(3,503)	(453)
Prepaid expenses	266,748	(269,988)
Accounts payable and accrued liabilities	98,537	47,190
Deferred revenue	(233,264)	202,111
	657,945	71,158
FINANCING ACTIVITY		
Advance to AB2030	(269,757)	-
INVESTING ACTIVITY		
Investments	578,689	(28,342)
CHANGE IN CASH FOR THE YEAR		
Cash - beginning of year	278,400	235,584
CASH - END OF YEAR	\$ 1,245,277	\$ 278,400

**THE COMMONWEALTH GAMES ASSOCIATION OF CANADA INC.
L'ASSOCIATION CANADIENNE DES JEUX DU COMMONWEALTH INC.**

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

1. PURPOSE OF THE ORGANIZATION

The Commonwealth Games Association of Canada Inc. (the "Association") strengthens sport within Canada and throughout the Commonwealth by participation in the Commonwealth Games and by using sport as a development tool.

The Association is incorporated without share capital under the laws of Canada and is designated as a Registered Canadian Amateur Athletic Association under the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

a) Use of estimates

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. These estimates are reviewed annually and as adjustments become necessary, they are recorded in the financial statements in the period in which they become known.

b) Financial instruments

Investments quoted in an active market are initially recognized at fair value and are subsequently measured at the year-end fair value. Other financial instruments are initially recognized at fair value and are subsequently measured at amortized cost or cost less appropriate allowances for impairment.

Financial assets measured at fair value include investments. Financial assets measured at amortized cost include cash, accounts receivable, due from AB2030 and due from related party. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

c) Capital assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided on the furniture and equipment on the straight line basis over 3 years.

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NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Revenue recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expense is incurred. Unrestricted contributions are recognized as revenue when they are received or can be reasonably estimated and collection is reasonably assured. Sponsorship revenue is recorded as the related services are provided.

The Association records the value of donated materials and services when a fair value can be reasonably estimated and when the materials and services would normally be purchased by the Association.

e) Contributions

The contributions received from funders are subject to specific terms and conditions regarding the expenditure of the funds. The Association's accounting records are subject to audit by the funders to identify instances, if any, in which amounts charged against the contributions have not complied with the agreed terms and conditions and which, therefore, would be refundable to the funders. In the event that adjustments are requested, they would be recorded in the year in which the funders request the adjustments.

3. FINANCIAL INSTRUMENTS

Financial instruments of the Association consist of cash, investments, accounts receivable, due from AB2030 due from related party and accounts payable and accrued liabilities.

Unless otherwise noted, it is management's opinion that the Association is not exposed to significant interest rate, currency, credit, liquidity or market risks arising from its financial instruments and the carrying amount of the financial instruments approximate their fair value. There have been no material changes in the financial instrument risk exposures from the previous year.

4. INVESTMENTS

	2023	2022
Short-term		
Investment savings and GICs earning interest rate at 5.00% to 5.10% annually, maturing in 2023	\$ 544,960	\$ -
Investment savings and GICs earning interest rate at 3.10% to 3.20% annually, maturing in 2022	-	1,123,649
	\$ 544,960	\$ 1,123,649

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NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

5. RELATED PARTY TRANSACTIONS

The Commonwealth Games Foundation of Canada Inc. (the "Foundation"), a related not-for-profit organization, raises funds to support the Association's activities.

The Association has an agreement with the Foundation under which the Association provides management and administrative services to the Foundation. During the year the Association billed the Foundation \$3,503 (2022 - \$nil) for services provided and expense incurred under this agreement. Amounts due from the Foundation have no fixed terms of payment.

These transactions have been recorded at the exchange amount, which is the amount established and agreed to by the related parties.

6. DEFERRED REVENUE

	2023	2022
Balance, beginning of year	\$ 233,264	\$ 31,153
Less: amount recognized as revenue in the year	(233,264)	(31,153)
Plus: amount received related to a following year	-	233,264
Balance, end of year	\$ -	\$ 233,264

Deferred revenue consists of amounts received prior to the year-end for events or programs that will be completed in a future period.

Unspent bid contributions	\$ -	\$ 23,339
Canadian Women and Sport	-	2,500
Sport for Newcomers	-	5,340
Sport Canada	-	70,500
Team Canada	-	131,585
	\$ -	\$ 233,264

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7. DUE FROM AB2030 / SUBSEQUENT EVENT

During the year, the Alberta 2030 Commonwealth Games Corp. (AB2030) was incorporated with the objective of preparing a proposal and bid to host the 2030 Commonwealth Games in Alberta. The Association has entered into an agreement with AB2030 to provide accounting and financial services and an interest free loan for up to \$1,000,000 to help facilitate the bid, with repayment terms and conditions to be determined by the parties. As at year end \$269,757 is owed to the Association.

On August 3, 2023, subsequent to year end, the bid to host the 2030 Commonwealth Games in Alberta was discontinued. All amounts due to the Association from AB2030 were repaid on August 9, 2023.

8. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.

DRAFT FOR REVIEW