

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

FINANCIAL STATEMENTS

MARCH 31, 2019

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## **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, 2019, 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, 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 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.

*O/H CD W.P.*

**OUSELEY HANVEY CLIPSHAM DEEP LLP**

Licensed Public Accountants

Ottawa, Ontario

September 24, 2019



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

STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2019

	2019	2018
<b>CURRENT ASSETS</b>		
Cash	\$ 365,098	\$ 41,942
Short-term investments (note 4)	328,370	819,388
Accounts receivable	21,812	129,628
Prepaid expenses	8,130	904,950
	723,410	1,895,908
INVESTMENTS (NOTE 4)	708,821	-
DUE FROM RELATED PARTY (NOTE 5)	45,776	55,050
	\$ 1,478,007	\$ 1,950,958
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 17,321	\$ 144,224
Deferred revenue (note 6)	-	540,970
	17,321	685,194
<b>UNRESTRICTED NET ASSETS</b>		
Balance - beginning of year	1,265,764	1,874,945
Net revenue (expense) for the year	194,922	(609,181)
Balance - end of year	1,460,686	1,265,764
	\$ 1,478,007	\$ 1,950,958

Approved on behalf of the Board:

Director

Keith Gillam, Treasurer

Director

Richard Powers, President



**THE COMMONWEALTH GAMES ASSOCIATION OF CANADA INC.  
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STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED MARCH 31, 2019

	2019	2018
<b>REVENUE</b>		
Contributions		
Commonwealth Games Federation	\$ -	\$ 88,990
Sport Canada	434,372	385,300
Sponsorship	189,850	207,070
National Sport Organization	481,146	67,640
Commonwealth Games Organizing Committee	877,587	-
Commonwealth Games Foundation	-	990
Interest	17,942	10,970
Other	45,827	12,167
	<b>2,046,724</b>	<b>773,127</b>
<b>EXPENSE</b>		
Sport excellence	1,259,328	735,150
Sport for development	7,894	6,992
Branding and communications	33,338	87,214
Marketing	2,988	4,093
National and international relations and hosting	39,210	86,700
Organizational effectiveness	509,044	462,159
	<b>1,851,802</b>	<b>1,382,308</b>
<b>NET REVENUE (EXPENSE) FOR THE YEAR</b>	<b>\$ 194,922</b>	<b>\$ (609,181)</b>



**THE COMMONWEALTH GAMES ASSOCIATION OF CANADA INC.  
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STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2019

	2019	2018
<b>OPERATING ACTIVITIES</b>		
Net revenue (expense) for the year	\$ 194,922	\$ (609,181)
Net change in non cash working capital:		
Accounts receivable	107,817	(97,459)
Due from related party	9,274	(6,390)
Prepaid expenses	896,819	(849,849)
Accounts payable	(126,903)	93,843
Deferred revenues	(540,970)	490,970
	540,959	(978,066)
<b>INVESTING ACTIVITIES</b>		
Disposition (purchase) of investments	(217,803)	534,109
<b>CHANGE IN CASH FOR THE YEAR</b>	<b>323,156</b>	<b>(443,957)</b>
Cash - beginning of year	41,942	485,899
<b>CASH - END OF YEAR</b>	<b>\$ 365,098</b>	<b>\$ 41,942</b>

**THE COMMONWEALTH GAMES ASSOCIATION OF CANADA INC.  
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NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019

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 cost, amortized cost or cost less appropriate allowances for impairment.

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.

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.

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.



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NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 related party and accounts payable.

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.

4. INVESTMENTS

	2019	2018
<b>Short-term</b>		
RBC investment savings account	\$ -	\$ 819,388
GIC earning interest rate at 1.67%, maturing in December 2019	328,370	-
<b>Long-term</b>		
GICs at rates between 3.1% and 3.24% annually, maturing in November 2022	708,821	-
	<u>1,037,191</u>	<u>819,388</u>



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NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019

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 \$nil (2018 - \$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

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

	2019	2018
Balance, beginning of year	\$ 540,970	\$ 50,000
Less: amount recognized as revenue in the year	(540,970)	-
Plus: amount received related to a following year	-	490,970
Balance, end of year	\$ -	\$ 540,970

Deferred revenue balance consists of:

	2019	2018
Gold Coast 2018 Commonwealth Games Corp	\$ -	\$ 448,673
Sport Canada	-	50,000
Other (pay-to-play receipts)	-	42,297
	\$ -	\$ 540,970

7. COMMITMENT

The Association has leased premises to May 2023 at approximately \$24,000 per annum.

