

ATHLETICS NEW BRUNSWICK INC.

Financial Statements

Year Ended December 31, 2016

(Unaudited)

Draft for discussion purposes only

ATHLETICS NEW BRUNSWICK INC.

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Year Ended December 31, 2016

(Unaudited)

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REVIEW ENGAGEMENT REPORT

To the Members of Athletics New Brunswick Inc.

We have reviewed the statement of financial position of Athletics New Brunswick Inc. as at December 31, 2016 and the statements of revenue and expenditures, changes in net assets and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the organization.

A review does not constitute an audit and, consequently, we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

Saint John, New Brunswick
April 23, 2017

CHARTERED PROFESSIONAL ACCOUNTANTS

ATHLETICS NEW BRUNSWICK INC.

Statement of Financial Position

December 31, 2016

(Unaudited)

	2016	2015
ASSETS		
CURRENT		
Cash <i>(Notes 2, 3)</i>	\$ 144,400	\$ 100,707
Accounts receivable <i>(Notes 2, 3)</i>	15,331	3,556
HST receivable	6,007	4,606
Prepaid expenses	6,869	9,999
	<u>172,607</u>	118,868
CAPITAL ASSETS <i>(Notes 2, 4)</i>	<u>13,460</u>	19,340
	<u>\$ 186,067</u>	\$ 138,208
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable <i>(Notes 2, 3)</i>	\$ 11,550	\$ 4,083
Employee deductions payable	4,632	4,548
Deferred income <i>(Note 2)</i>	85,000	30,000
	<u>101,182</u>	38,631
NET ASSETS		
Unrestricted net assets	<u>84,885</u>	99,577
	<u>\$ 186,067</u>	\$ 138,208

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ATHLETICS NEW BRUNSWICK INC.

Statement of Revenue and Expenditures

Year Ended December 31, 2016

(Unaudited)

	2016	2015
REVENUE <i>(Note 2)</i>		
Government grants	\$ 223,831	\$ 194,306
Membership and registrations	123,075	105,365
Meet revenue	90,595	50,317
Program revenue	82,456	67,073
	<u>519,957</u>	<u>417,061</u>
EXPENDITURES		
Salaries and wages	250,088	193,133
Meet and hosting expense	111,303	54,648
Program expenses	59,305	50,177
High performance	18,493	39,749
Memberships	11,042	12,790
Training and professional development	10,443	5,539
Travel	9,793	2,955
Repairs and maintenance	8,775	483
Advertising and promotion	8,419	6,012
Telephone	7,947	7,463
Office and postage	5,613	4,393
Awards	5,417	7,007
Meetings	4,693	5,391
Rental	3,800	3,600
Professional fees	5,385	4,805
Officials expenses	3,126	1,697
Coaching/officials development	494	-
Bank charges	155	122
Insurance	2,387	2,973
Miscellaneous	-	634
Amortization	7,971	7,154
	<u>534,649</u>	<u>410,725</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>\$ (14,692)</u>	<u>\$ 6,336</u>

ATHLETICS NEW BRUNSWICK INC.

Statement of Changes in Net Assets

Year Ended December 31, 2016

(Unaudited)

	2016	2015
NET ASSETS - BEGINNING OF YEAR	\$ 99,577	\$ 93,242
Deficiency of revenue over expenditures	<u>(14,692)</u>	<u>6,336</u>
NET ASSETS - END OF YEAR	<u>\$ 84,885</u>	<u>\$ 99,578</u>

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ATHLETICS NEW BRUNSWICK INC.

Statement of Cash Flows
Year Ended December 31, 2016

(Unaudited)

	2016	2015
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditures	\$ (14,692)	\$ 6,336
Item not affecting cash:		
Amortization of capital assets	7,971	7,154
	<u>(6,721)</u>	13,490
Changes in non-cash working capital:		
Accounts receivable	(11,775)	19,428
HST receivable	(1,401)	(493)
Prepaid expenses	3,130	(294)
Accounts payable	7,466	259
Employee deductions payable	84	(8,190)
Deferred income	55,000	15,000
	<u>52,504</u>	25,710
Cash flow from operating activities	<u>45,783</u>	39,200
INVESTING ACTIVITY		
Purchase of capital assets	<u>(2,090)</u>	(8,809)
INCREASE IN CASH FLOW	43,693	30,391
CASH - BEGINNING OF YEAR	<u>100,707</u>	70,316
CASH - END OF YEAR	<u>\$ 144,400</u>	\$ 100,707

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ATHLETICS NEW BRUNSWICK INC.

Notes to Financial Statements

Year Ended December 31, 2016

(Unaudited)

1. DESCRIPTION OF BUSINESS

Athletics New Brunswick Inc. (the "organization") is a not-for-profit organization incorporated for the organization, promotion and development of track and field, cross country running, race walking and road racing in the Province of New Brunswick. Athletics New Brunswick Inc. qualifies as a not-for-profit organization under the Income Tax Act and as such, is exempt from income taxes.

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").

Cash and Cash Equivalents

The organization considers cash on hand and balances with banks, net of overdrafts, as cash and cash equivalents.

Capital Assets

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives on a straight-line basis at the following rates:

Track equipment	5 years
Computer equipment	5 years
Furniture and fixtures	5 years

The organization regularly reviews its capital assets to eliminate obsolete items. Government grants are treated as a reduction of capital assets cost.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Revenue Recognition

Athletics New Brunswick Inc. follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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.

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ATHLETICS NEW BRUNSWICK INC.

Notes to Financial Statements

Year Ended December 31, 2016

(Unaudited)

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

Financial Instruments Policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in excess of revenue over expenditures. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

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 expenditures 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.

Examples of significant estimates include:

- providing for amortization of capital assets;
- the recoverability of tangible assets;
- the estimated useful lives of assets; and
- the allowance for doubtful accounts.

3. FINANCIAL INSTRUMENTS

The organization 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 organization's risk exposure and concentration as of December 31, 2016.

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from local running clubs and associations. If applicable, an allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from its members, Government and other related sources, accounts payable and other obligations.

Currency Risk

Currency risk is the risk to the organization's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The organization is not exposed to foreign currency exchange risk on cash, accounts receivable, and accounts payable as it does not hold funds in foreign currency.

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ATHLETICS NEW BRUNSWICK INC.

Notes to Financial Statements

Year Ended December 31, 2016

(Unaudited)

3. FINANCIAL INSTRUMENTS (continued)

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The organization is not exposed to interest rate risk as it does not hold any floating interest rate bank indebtedness or credit facilities.

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Track equipment	\$ 39,244	\$ 26,990	\$ 12,254	\$ 18,136
Computer equipment	3,380	2,174	1,206	1,172
Computer software	1,938	1,938	-	-
Furniture and fixtures	589	589	-	32
	\$ 45,151	\$ 31,691	\$ 13,460	\$ 19,340

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ATHLETICS NEW BRUNSWICK INC.**Notes to Financial Statements****Year Ended December 31, 2016***(Unaudited)***5. RUN NB**

These financial statements have been prepared on a non-consolidated basis for management reporting purposes and do not include the accounts of Run NB. Canadian accounting standards for not-for-profit organizations require when one organization controls another organization, it should either consolidate the controlled organization in its financial statements or disclose certain information concerning the controlled entity. The following information has been provided by Run NB at at December 31, 2016:

	<u>2016</u>	<u>2015</u>
BALANCE SHEET		
Total assets	\$ 27,535	\$ 28,750
Total liabilities	1,124	1,556
Net assets	26,411	27,194
REVENUE		
Day fees	\$ 29,482	\$ 29,328
NB Medical Society	10,000	10,000
Banquet	2,898	3,103
Advertising	2,155	200
Miscellaneous	69	365
Interest	9	9
	<u>44,613</u>	<u>43,005</u>
EXPENDITURES		
Children's bibs and medals	13,057	7,896
Executive director	8,400	8,400
Athletics New Brunswick fees	7,371	7,691
Banquet	2,695	3,531
Meetings	2,032	1,354
Super series	1,925	1,963
Provincial cash awards	1,800	1,800
Booklet	1,597	1,125
Gantry	1,260	-
Hall of fame	1,129	777
Scholarship	1,000	1,025
Provincial championship medals	706	703
Website	583	203
Race clock/stand	525	150
Postage and shipping	365	288
Telephone	330	250
Miscellaneous	309	63
Race timing tool	305	-
Bank charges	10	-
Race directors workshop	-	958
Timex	-	1,000
Travel	-	405
Office supplies	-	104
Elite cash awards	-	1,400
	<u>45,399</u>	<u>41,086</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>\$ (786)</u>	<u>\$ 1,919</u>

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Notes to Financial Statements

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6. COMPARATIVE FIGURES

The prior year figures have been reclassified to conform to the current year's presentation.

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