

Financial Statements of

**NIAGARA FALLS LIGHTNING
GYMNASTIC CLUB**

And Independent Auditor's Report thereon

Year ended June 30, 2025

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Members of Niagara Falls Lightning Gymnastic Club

Qualified Opinion

We have audited the financial statements of Niagara Falls Lightning Gymnastic Club (the Entity), which comprise:

- the statement of financial position as at June 30, 2025
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the "***Basis for Qualified Opinion***" section of our auditor's report, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at June 30, 2025, and its results of operations, its changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Entity derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Entity.

Therefore, we were not able to determine whether any adjustments might be necessary to:

- the current assets reported in the statement of financial position as at June 30, 2025
- the fundraising revenues and excess (deficiency) of revenue over expenses reported in the statement of operations for the year then ended

- the net assets, at the beginning and end of the year, reported in the statement of changes in net assets for the year then ended
- the excess (deficiency) of revenue over expenses reported in the statement of cash flows for the year then ended

Our opinion on the financial statements for the year ended June 30, 2024 was qualified accordingly because of the possible effects of this limitation in scope.

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 auditor’s 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 qualified 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 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 the 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.



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- 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.

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

September 20, 2025

NIAGARA FALLS LIGHTNING GYMNASTIC CLUB

Statement of Financial Position

Year ended June 30 2025, with comparative information for June 30, 2024

	2025	2024
Assets		
Current assets:		
Cash	\$ 67,785	\$ 114,216
Accounts receivable	4,415	789
Inventory	16,341	16,341
Prepaid expenses and deposits	14,625	14,252
	103,166	145,598
Capital assets (note 2)	189,185	224,304
	\$ 292,351	\$ 369,902
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 3)	\$ 34,398	\$ 37,498
Deferred revenue (note 5)	57,608	64,711
Current portion of long-term debt (note 4)	21,642	19,983
	113,648	122,192
Long-term debt (note 4)	138,325	159,966
	251,973	282,158
Net assets:		
Unrestricted	11,160	43,389
Investment in capital assets	29,218	44,355
	40,378	87,744
Commitments (note 6)		
	\$ 292,351	\$ 369,902

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

NIAGARA FALLS LIGHTNING GYMNASTIC CLUB

Statement of Operations

Year ended June 30 2025, with comparative information for June 30, 2024

	2025	2024
Revenue:		
Recreational programs	\$ 286,082	264,914
Competitive programs	232,267	215,998
Invitational meets	-	96,830
Fundraising	34,711	24,057
Lottery and Bingo	27,814	20,057
Other	1,804	-
Interest income	1,864	1,883
	584,542	623,739
Expenses:		
Wages and benefits	266,776	234,823
Rent and facility	167,804	161,030
Competitive programs	39,231	52,601
Amortization	35,119	35,120
Invitational meets	-	25,303
Service charges	17,686	18,863
Professional fees	22,769	16,392
Fundraising	21,195	16,348
Interest	13,674	15,205
Recreational programs	19,990	15,153
Gym equipment	-	4,105
Office	11,321	3,536
Insurance	3,733	3,250
Bad debt	443	2,320
General membership fees	2,181	2,147
Advertising	1,282	67
Travel expenses and mileage	8,704	-
	631,908	606,263
Excess (deficiency) of revenue over expenses	\$ (47,366)	\$ 17,476

See accompanying notes to financial statements.

NIAGARA FALLS LIGHTNING GYMNASTIC CLUB

Statement of Changes in Net Assets

Year ended June 30 2025, with comparative information for June 30, 2024

	2025		
	Unrestricted	Investment in Capital Assets	Total
Net assets, beginning of year	\$ 43,389	\$ 44,355	\$ 87,744
Deficiency of revenue over expenses	(47,366)	-	(47,366)
Net change in investment in capital assets	15,137	(15,137)	-
Net assets, end of the year	\$ 11,160	\$ 29,218	\$ 40,378

	2024		
	Unrestricted	Investment in Capital Assets	Total
Net assets (deficiency), beginning of year	\$ 45,134	\$ 25,134	\$ 70,268
Excess of revenue over expenses	17,476	-	17,476
Net change in investment in capital assets	(19,221)	19,221	-
Net assets, end of the year	\$ 43,389	\$ 44,355	\$ 87,744

See accompanying notes to financial statements.

NIAGARA FALLS LIGHTNING GYMNASTIC CLUB

Statement of Cash Flows

Year ended June 30 2025, with comparative information for June 30, 2024

	2025	2024
Cash flows from operating activities:		
Excess (deficiency) of revenue over expenses	\$ (47,366)	\$ 17,476
Adjustments for:		
Amortization of capital assets	35,119	35,120
	(12,247)	52,596
Change in non-cash working capital:		
Increase in accounts receivable	(3,626)	(15)
Increase in prepaid expenses and deposits	(373)	(34)
Increase in inventory	-	(5,042)
Increase (decrease) in accounts payable and accrued liabilities	(3,100)	8,231
Increase (decrease) in deferred revenue	(7,103)	17,841
	(26,449)	73,577
Cash flows from investing activities:		
Acquisition of capital assets	-	(35,889)
Cash flows from financing activities:		
Repayment of long-term debt	(19,982)	(18,452)
Increase (decrease) in cash	(46,431)	19,236
Cash, beginning of year	114,216	94,980
Cash, end of year	\$ 67,785	\$ 114,216

See accompanying notes to financial statements.

NIAGARA FALLS LIGHTNING GYMNASTIC CLUB

Notes to Financial Statements

Year ended June 30, 2025

Niagara Falls Lightning Gymnastic Club ("the Organization"), is incorporated without share capital under the laws of Ontario. Its principal activities include providing recreation and competitive gymnastics programs to the Niagara Region.

1. Significant accounting policies:

These financial statements have been prepared by management in accordance with the Canadian accounting standards for not-for-profit organizations in Part III of the CPA Handbook – Accounting. The Organization's significant account policies are as follows:

(a) Revenue recognition:

The Organization accounts for contributions under the deferral method of accounting.

Contributions including, fundraising and donations are recognized as revenue when received or receivable if the amounts can be reasonably estimated and collection is reasonably assured.

Competitive and recreational program fees are recognized over the term of the program programming.

Other revenue streams, such as invitational meets are recognized as the services are provided/delivered, the amounts are reasonably estimated and collection is reasonably assured.

(b) Capital assets:

Capital assets are stated at cost less accumulated amortization. Amortization is provided on the straight-line basis over the estimated useful lives of the assets as follows:

Equipment and fixtures	5 years
Leasehold improvements	Term of lease

(c) Inventory:

Inventory is stated at the lower of cost, determined on a first-in, first-out basis, and net realizable value.

NIAGARA FALLS LIGHTNING GYMNASTIC CLUB

Notes to Financial Statements (continued)

Year ended June 30, 2025

1. Significant accounting policies (continued):

(d) Use of estimates:

The preparation of financial statements 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 dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Significant items subject to such estimates and assumptions include the carrying value of capital assets and the valuation of certain accrued liabilities. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

(e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Organization has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

2. Capital assets:

			2025	2024
	Cost	Accumulated amortization	Net book value	Net book value
Equipment and fixtures	\$ 43,909	\$ 22,376	\$ 21,533	\$ 28,710
Leasehold improvements	229,819	62,167	167,652	195,594
	\$ 273,728	\$ 84,543	\$ 189,185	\$ 224,304

3. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$80 (2024 - \$500)

NIAGARA FALLS LIGHTNING GYMNASTIC CLUB

Notes to Financial Statements (continued)

Year ended June 30, 2025

4. Long-term debt:

Long-term debt is comprised of the following:

E.S. Fox Limited:	
Loan, unsecured, bearing interest at 8%, with blended monthly payments of \$2,805 maturing July 1, 2031	\$ 159,967
Current portion of long-term debt	(21,642)
	<hr/> \$ 138,325 <hr/>

Principal repayments are as follows:

2025	\$ 21,642
2026	23,438
2027	25,383
2028	27,490
2029	29,772
Thereafter	32,242
	<hr/> \$ 159,967 <hr/>

5. Deferred revenue:

The balance consists of:

	2025	2024
Recreational program fees	\$ 23,932	\$ 21,820
Restricted donations	20,000	20,000
Restricted bingo and lottery	10,368	17,338
Other	3,308	5,553
	<hr/> \$ 57,608	<hr/> \$ 64,711 <hr/>

The restricted donations have been received from external donors and are restricted for the purchase of certain capital items.

The restricted bingo and lottery revenues are required to be utilized for expenses in accordance with the Ontario Lottery and Gaming ("OLG") requirements.

NIAGARA FALLS LIGHTNING GYMNASTIC CLUB

Notes to Financial Statements (continued)

Year ended June 30, 2025

6. Commitments:

The Organization is committed to monthly lease payments for the rental of the building in the amount of \$10,145 plus HST for the period of September 1, 2021 to August 31, 2031. At the date of expiration of the lease agreement there is an option to renew for an additional five-year term upon expiration. The agreement also includes provisions that allow for early termination by the landlord under certain conditions.

7. Financial risks and concentration of credit risk:

(a) Liquidity risk:

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization manages its liquidity risk by monitoring its operating requirements. The Organization prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no significant change in liquidity risk when compared to 2024.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Organization is exposed to credit risk with respect to the accounts receivable. The Organization assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. There has been no significant change in credit risk when compared to 2024.

(c) Interest rate risk:

The Organization is exposed to interest rate risk on its fixed interest rate financial instruments. Further details about the long-term debt are included in note 4.