

**CANADIAN FENCING FEDERATION**

**Financial Statements**

**Year Ended March 31, 2021**

# CANADIAN FENCING FEDERATION

## Index to Financial Statements

Year Ended March 31, 2021

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	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Revenues and Expenses	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 11

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Canadian Fencing Federation

### *Opinion*

We have audited the financial statements of Canadian Fencing Federation (the Federation), which comprise the statement of financial position as at March 31, 2021, and the statements of revenues and expenses, changes in net assets 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 Federation as at March 31, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-profit Organizations (ASNPO).

### *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 Federation in accordance with 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 the financial statements in accordance with ASNPO, 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 Federation'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 Federation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Federation'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:

(continues)

Independent Auditor's Report to the Members of Canadian Fencing Federation *(continued)*

- 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 Federation'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 Federation'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 Federation 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.

Ottawa, Ontario  
August 22, 2021

*Leslie & MacLeod*

Leslie & MacLeod, Chartered Professional Accountants  
(A Professional Corporation)

Authorized to practise public accounting by  
the Chartered Professional Accountants of Ontario

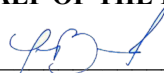
# CANADIAN FENCING FEDERATION

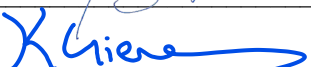
## Statement of Financial Position

March 31, 2021

	2021	2020
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 314,330	\$ 11,858
Accounts receivable	18,524	136,840
Public service bodies rebate receivable	14,178	25,294
Prepaid expenses	27,623	18,670
	<b>\$ 374,655</b>	<b>\$ 192,662</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 376,020	\$ 562,002
Deferred revenue	127,330	9,060
Short term debt <i>(Note 4)</i>	63,343	63,000
	<b>566,693</b>	<b>634,062</b>
<b>CANADA EMERGENCY BUSINESS ACCOUNT <i>(Note 5)</i></b>	<b>60,000</b>	<b>-</b>
	<b>626,693</b>	<b>634,062</b>
<b>NET ASSETS</b>	<b>(252,038)</b>	<b>(441,400)</b>
	<b>\$ 374,655</b>	<b>\$ 192,662</b>

ON BEHALF OF THE BOARD

  
\_\_\_\_\_  
*Director*

  
\_\_\_\_\_  
*Director*

See notes to financial statements

# CANADIAN FENCING FEDERATION

## Statement of Revenues and Expenses

Year Ended March 31, 2021

	2021	2020
<b>REVENUES</b>		
Sport Canada - Sport Support	\$ 634,995	\$ 580,060
COC/CPC	83,254	130,696
High performance program fees	58,751	319,769
CFF fees	41,542	136,306
Other revenues	37,697	76,717
Marketing, promotions, sponsorships	20,113	33,628
Development program fees	6,898	8,600
FIE grants	6,555	1,154
Domestic hosting fees	170	268,060
Sport Canada - Hosting grants	-	150,000
International hosting fees	-	121,007
	<b>889,975</b>	<b>1,825,997</b>
<b>EXPENSES</b>		
High performance: Programs	225,234	748,807
High performance: Coaching	127,967	135,217
Administration ( <i>Note 6</i> )	107,017	254,500
Safe sport	62,373	8,321
High performance: IST	56,051	67,538
AWAD	48,792	-
High performance: Administration ( <i>Note 6</i> )	39,274	102,971
Marketing and communications	19,222	35,710
Hosting: Domestic	11,377	310,267
Developmental programs	3,150	18,058
Meetings	156	23,452
Hosting: International	-	370,752
	<b>700,613</b>	<b>2,075,593</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<b>\$ 189,362</b>	<b>\$ (249,596)</b>

# CANADIAN FENCING FEDERATION

## Statement of Changes in Net Assets

Year Ended March 31, 2021

	2021	2020
NET ASSETS - BEGINNING OF YEAR	\$ (441,400)	\$ (191,804)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	189,362	(249,596)
NET ASSETS - END OF YEAR	\$ (252,038)	\$ (441,400)

# CANADIAN FENCING FEDERATION

## Statement of Cash Flows Year Ended March 31, 2021

	2021	2020
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenses	\$ 189,362	\$ (249,596)
Changes in non-cash working capital:		
Accounts receivable	118,316	(93,066)
Public service bodies rebate receivable	11,116	(14,037)
Inventory	-	944
Prepaid expenses	(8,953)	47,262
Accounts payable and accrued liabilities	(185,982)	249,789
Deferred revenue	118,270	(5,880)
	52,767	185,012
Cash flow from (used by) operating activities	242,129	(64,584)
<b>FINANCING ACTIVITIES</b>		
Short term debt	343	63,000
Proceeds from CEBA loan	60,000	-
Cash flow from financing activities	60,343	63,000
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>302,472</b>	<b>(1,584)</b>
<b>CASH - BEGINNING OF YEAR</b>	<b>11,858</b>	<b>13,442</b>
<b>CASH - END OF YEAR</b>	<b>\$ 314,330</b>	<b>\$ 11,858</b>

See notes to financial statements



# CANADIAN FENCING FEDERATION

## Notes to Financial Statements

Year Ended March 31, 2021

### 1. DESCRIPTION OF OPERATIONS

The Canadian Fencing Federation (the "Federation") is a not-for-profit organization incorporated federally under the Canada Not-for-profit Corporations Act. Its mission is to establish, develop, promote, and support the sport of fencing in Canada and internationally.

The Federation is a Registered Canadian Amateur Athletic Association under the Canadian Income Tax Act and as such is exempt from income taxes.

### 2. GOING CONCERN

The accompanying financial statements have been prepared on the going concern assumption that the Federation will be able to realize its assets and discharge its liabilities in the normal course of business. The Federation's ability to continue as a going concern is dependant upon its ability to attain profitable operations and generate funds there from and/or on borrowing from third parties sufficient to meet current and future obligations.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Federation follows the standards in Part III of the CPA Canada Handbook and has prepared these financial statements in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies outlined below.

#### Cash

Cash is defined as cash on hand and cash on deposit, net of cheques issued and outstanding at the reporting date.

#### Revenue recognition

Canadian Fencing Federation follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses 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. These include Sport Canada, domestic hosting fees, COC/CPC, international hosting fees, other revenues, marketing, promotions, sponsorships, and FIE grants.

High performance, CFF, and development program fees are recognized at the time services are rendered or over the term of the membership and when collectibility of proceeds is reasonably assured.

Revenue from sales of products is recognized when the product is shipped and collection is reasonably assured.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

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# CANADIAN FENCING FEDERATION

## Notes to Financial Statements

Year Ended March 31, 2021

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### **Fund accounting**

The operating fund accounts for the Federation's program delivery and administrative activities.

#### **Government assistance**

The Federation is entitled to certain government assistance due to the impact of Covid-19, which are accounted for using the cost reduction approach. Under this approach, the credits are recognized as a reduction from the related expenses in the period in which those expenditures are incurred. These subsidies are also subject to a review by taxation authorities. Any differences between the credits granted and the credits recognized will be recorded in income in the period in which new information will be known.

#### **Foreign currency translation**

Accounts in foreign currencies have been translated into Canadian dollars using the temporal method. Under this method, monetary assets and liabilities have been translated at the year end exchange rate. Non-monetary assets have been translated at the rate of exchange prevailing at the date of transaction. Revenues and expenses have been translated at the average rates of exchange during the year, except for amortization, which has been translated at the same rate as the related assets.

Foreign exchange gains and losses on monetary assets and liabilities are included in the determination of earnings.

#### **Contributed services**

Volunteers contribute their services to assist the Federation in its service delivery activities. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

#### **Financial instruments policy**

The Federation initially measures its financial assets and financial liabilities at fair value.

The Federation subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value of these financial instruments are recognized in net income.

Financial assets measured at amortized cost on a straight-line basis include cash, accounts receivable, and public service bodies rebate receivable.

Financial liabilities measured at amortized cost on a straight-line basis include accounts payable and accrued liabilities, short term debt, and Canada Emergency Business Account.

*(continues)*

# CANADIAN FENCING FEDERATION

## Notes to Financial Statements

Year Ended March 31, 2021

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### 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 expenses 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.

### 4. SHORT TERM DEBT

	2021	2020
Loan from Jackson Wang	\$ 50,000	\$ 50,000
Loan from Ontario Fencing Federation	13,343	13,000
	<b>\$ 63,343</b>	<b>\$ 63,000</b>

The loan from Jackson Wang is interest free and was provided to ensure the Federation is able to meet its payroll obligations and to reimburse coaches and athletes for travel expenses related to National Team Program competitions and training camps. During fiscal 2021, no payments were made towards the loan.

The loan from the Ontario Fencing Association is interest free and is to be repaid in full in July 2021.

### 5. CANADA EMERGENCY BUSINESS ACCOUNT

The Canada Emergency Business Account (CEBA) is a loan payable with an initial term due December 31, 2022. The loan bears interest at 0% per annum during the initial term. The loan has an extended term to December 31, 2025 and bears interest at 5% per annum during this term. The Federation is not required to repay any portion of the loan and no interest shall accrue during the initial term. During the extended term, the Federation will be required to pay interest on the loan, on a monthly basis, commencing on the first interest payment date of January 31, 2023. On the extended term date, the Federation is required to repay the loan balance in full.

If \$40,000 of the loan is repaid by December 31, 2022 there is a forgivable portion of \$20,000.

# CANADIAN FENCING FEDERATION

## Notes to Financial Statements

Year Ended March 31, 2021

### 6. GOVERNMENT ASSISTANCE

Government assistance includes the following amounts under administration and high performance administration expenses:

	2021
Canada Emergency Wage Subsidy	\$ 60,006

### 7. FINANCIAL INSTRUMENTS

The Federation 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 Federation's risk exposure and concentration as of March 31, 2021.

#### *(a) Credit risk*

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Federation is exposed to credit risk from customers. In order to reduce its credit risk, the Federation reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Federation has a significant number of customers which minimizes concentration of credit risk.

#### *(b) Fair value*

The Association's carrying value of cash, accounts receivable, public service rebate receivable and accounts payable and accrued liabilities, and short term debt approximates their fair value due to the immediate or short term maturity of these instruments.

#### *(c) Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Federation is exposed to this risk mainly in respect of its receipt of funds from its customers, accounts payable and accrued liabilities, and short and long term debt.

Unless otherwise noted, it is management's opinion that the Federation is not exposed to significant other price risks arising from these financial instruments.

# CANADIAN FENCING FEDERATION

## Notes to Financial Statements

Year Ended March 31, 2021

### 8. IMPACT OF COVID-19 AND SUBSEQUENT EVENTS

In March 2020, the World Health Organization declared a global pandemic due to COVID-19, which continues to spread in Canada and around the world. The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national, and global economies. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, lockdowns, and closures of non-essential businesses, have all triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions.

In an attempt to follow mandates of health officials and government authorities, the Federation has had to cancel or modify the programs and events they participated in from mid-March 2020 up until the year end date, which significantly contributed to a decrease of revenues. Managements recovery plan included obtaining support from the federal government and managing expenditures accordingly.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position of the Federation for future periods. The Federation has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended March 31, 2021 have not been adjusted to reflect their impact.

### 9. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.