

CANADIAN FENCING FEDERATION

Financial Statements

Year Ended March 31, 2020

CANADIAN FENCING FEDERATION

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INDEPENDENT AUDITOR'S REPORT

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, 2020, 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, 2020, 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:

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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 21, 2020

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, 2020

	2020	2019
ASSETS		
CURRENT		
Cash	\$ 11,858	\$ 13,442
Accounts receivable	136,840	43,774
Public service bodies rebate receivable	25,294	11,257
Inventory	-	944
Prepaid expenses	18,670	65,932
	\$ 192,662	\$ 135,349
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 562,003	\$ 312,214
Deferred revenue	9,060	14,940
Short term debt <i>(Note 4)</i>	63,000	-
	634,063	327,154
NET ASSETS	(441,401)	(191,805)
	\$ 192,662	\$ 135,349

ON BEHALF OF THE BOARD

_____ Director

_____ Director

See notes to financial statements

CANADIAN FENCING FEDERATION

Statement of Revenues and Expenses

Year Ended March 31, 2020

	2020	2019
REVENUES		
Sport Canada - Sport Support	\$ 580,060	\$ 570,050
High performance program fees	319,769	414,647
Domestic hosting fees	268,060	347,290
Sport Canada - Hosting grants	150,000	87,500
CFF fees	136,306	120,163
COC/CPC	130,696	76,510
International hosting fees	121,007	-
Other revenues	76,717	7,548
Marketing, promotions, sponsorships	33,628	5,094
Development program fees	8,600	16,770
FIE grants	1,154	4,069
	1,825,997	1,649,641
EXPENSES		
Administration	258,937	295,072
Developmental programs	18,058	59,270
High performance: Administration	105,488	79,237
High performance: Coaching	135,217	88,936
High performance: IST	67,538	24,376
High performance: Programs	748,807	733,374
Hosting: Domestic	310,267	330,407
Hosting: International	370,752	88,124
Marketing and communications	28,756	53,902
Meetings	23,452	29,165
Safe sport	8,321	-
	2,075,593	1,781,863
DEFICIENCY OF REVENUES OVER EXPENSES	\$ (249,596)	\$ (132,222)

CANADIAN FENCING FEDERATION

Statement of Changes in Net Assets

Year Ended March 31, 2020

	2020	2019
NET ASSETS - BEGINNING OF YEAR		
As previously reported	\$ (88,096)	\$ (59,582)
Prior period adjustments <i>(Note 7)</i>	(103,708)	-
As restated	(191,804)	(59,582)
DEFICIENCY OF REVENUES OVER EXPENSES	(249,596)	(132,222)
NET ASSETS - END OF YEAR	\$ (441,400)	\$ (191,804)

CANADIAN FENCING FEDERATION

Statement of Cash Flows Year Ended March 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Deficiency of revenues over expenses	\$ (249,596)	\$ (132,222)
Changes in non-cash working capital:		
Accounts receivable	(93,066)	6,092
Public service bodies rebate receivable	(14,037)	(803)
Inventory	944	-
Prepaid expenses	47,262	(19,862)
Accounts payable and accrued liabilities	249,789	143,252
Deferred revenue	(5,880)	(13,805)
	185,012	114,874
Cash flow used by operating activities	(64,584)	(17,348)
FINANCING ACTIVITY		
Short term debt	63,000	-
DECREASE IN CASH FLOW	(1,584)	(17,348)
CASH - BEGINNING OF YEAR	13,442	30,790
CASH - END OF YEAR	\$ 11,858	\$ 13,442

See notes to financial statements

CANADIAN FENCING FEDERATION

Notes to Financial Statements

Year Ended March 31, 2020

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. Due to the pandemic, the Federation is undergoing a severe cash flow problem. 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.

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, 2020

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

Fund accounting

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

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 deferred revenue.

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

	2020
Loan from Jackson Wang	\$ 50,000
Loan from Ontario Fencing Association	13,000
	\$ 63,000

The loan from Jackson Wang is interest free and the repayment amount will equal the principal amount less the budget shortfall of the 2020 Montreal Sabre Grand Prix of up to \$50,000.

The loan from the Ontario Fencing Association is interest free and was repaid in full in July 2020.

CANADIAN FENCING FEDERATION

Notes to Financial Statements

Year Ended March 31, 2020

5. 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, 2020.

(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 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.

6. COMMITMENTS

The Federation rents office accommodation under an operating lease, which expires December 1, 2023. The annual commitment is approximately \$20,196.

7. PRIOR PERIOD ADJUSTMENTS

During fiscal 2020, management determined adjustments to the fiscal 2019 year end were required. As a result, the March 31, 2019 comparative numbers have been restated to reflect the changes.

CANADIAN FENCING FEDERATION

Notes to Financial Statements

Year Ended March 31, 2020

8. SUBSEQUENT EVENTS

Since January 22, 2020, the spread of COVID-19 has severely impacted many local economies in Canada and around the world. The World Health Organization declared COVID-19 to be a global pandemic. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, lockdowns, and closures of non-essential businesses have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant decline. 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 Canadian Fencing Federation has cancelled all events from mid-March. 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, 2020 have not been adjusted to reflect their impact. 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.