

CANADIAN FENCING FEDERATION

Financial Statements

Year Ended March 31, 2022

CANADIAN FENCING FEDERATION

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Year Ended March 31, 2022

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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, 2022, 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, 2022, 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 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 10, 2022

Leslie & MacLeod
Leslie & MacLeod, Chartered Professional Accountants
(A Professional Corporation)
Authorized to practise public accounting by
the Chartered Professional Accountants of Ontario

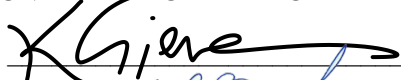
CANADIAN FENCING FEDERATION

Statement of Financial Position

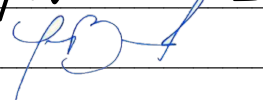
March 31, 2022

	2022	2021
ASSETS		
CURRENT		
Cash	\$ 355,521	\$ 314,330
Accounts receivable	8,756	18,524
Public service bodies rebate receivable	7,663	14,178
Prepaid expenses	37,448	27,623
	\$ 409,388	\$ 374,655
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 177,765	\$ 376,020
Deferred revenue	7,366	127,330
Short term debt (Note 3)	50,000	63,343
	235,131	566,693
CANADA EMERGENCY BUSINESS ACCOUNT (Note 4)	60,000	60,000
DEVELOPMENT FUND (Note 5)	40,000	-
	335,131	626,693
NET ASSETS	74,257	(252,038)
	\$ 409,388	\$ 374,655

ON BEHALF OF THE BOARD



Director



Director

See notes to financial statements

CANADIAN FENCING FEDERATION

Statement of Revenues and Expenses

Year Ended March 31, 2022

	2022	2021
REVENUES		
Sport Canada - Sport Support	\$ 727,400	\$ 634,995
High performance program fees	121,253	58,751
Domestic hosting fees	98,108	170
CFF fees	78,624	41,542
COC/CPC	67,006	83,254
Marketing, promotions, sponsorships	46,569	20,113
Other revenues	18,942	37,697
Development program fees	9,267	6,898
FIE grants	1,709	6,555
	1,168,878	889,975
EXPENSES		
High performance: Programs	264,387	225,234
Administration (<i>Note 6</i>)	133,525	107,017
High performance: Coaching	117,959	127,967
Safe sport	103,600	62,373
Hosting: Domestic	52,613	11,377
High performance: IST	48,808	56,051
Marketing and communications	45,156	19,222
AWAD	35,044	48,792
High performance: Administration (<i>Note 6</i>)	34,121	39,274
Developmental programs	5,711	3,150
Meetings	1,659	156
	842,583	700,613
EXCESS OF REVENUES OVER EXPENSES	\$ 326,295	\$ 189,362

CANADIAN FENCING FEDERATION

Statement of Changes in Net Assets

Year Ended March 31, 2022

	2022	2021
NET DEFICIENCY - BEGINNING OF YEAR	\$ (252,038)	\$ (441,400)
EXCESS OF REVENUES OVER EXPENSES	326,295	189,362
NET ASSETS (DEFICIENCY) - END OF YEAR	\$ 74,257	\$ (252,038)

CANADIAN FENCING FEDERATION

Statement of Cash Flows Year Ended March 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 326,295	\$ 189,362
Changes in non-cash working capital:		
Accounts receivable	9,768	118,316
Public service bodies rebate receivable	6,515	11,116
Prepaid expenses	(9,825)	(8,953)
Accounts payable and accrued liabilities	(198,255)	(185,982)
Deferred revenue	(119,964)	118,270
	(311,761)	52,767
Cash flow from operating activities	14,534	242,129
FINANCING ACTIVITIES		
Short term debt	(13,343)	343
Development fund	40,000	-
Proceeds from CEBA loan	-	60,000
Cash flow from financing activities	26,657	60,343
INCREASE IN CASH FLOW	41,191	302,472
CASH - BEGINNING OF YEAR	314,330	11,858
CASH - END OF YEAR	\$ 355,521	\$ 314,330

CANADIAN FENCING FEDERATION

Notes to Financial Statements

Year Ended March 31, 2022

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. 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.

Fund accounting

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

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CANADIAN FENCING FEDERATION

Notes to Financial Statements

Year Ended March 31, 2022

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

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, Canada Emergency Business Account, and development fund.

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.

CANADIAN FENCING FEDERATION

Notes to Financial Statements

Year Ended March 31, 2022

3. SHORT TERM DEBT

	2022	2021
- Loan from Jackson Wang	\$ 50,000	\$ 50,000
Loan from Ontario Fencing Federation	-	13,000
	\$ 50,000	\$ 63,000

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 2022, no payments were made towards the loan.

4. CANADA EMERGENCY BUSINESS ACCOUNT

The Canada Emergency Business Account (CEBA) is a loan payable with an initial term due December 31, 2023. 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 Association is not required to repay any portion of the loan and no interest shall accrue during the initial term. During the extended term, the Association will be required to pay interest on the loan, on a monthly basis, commencing on the first interest payment date of January 31, 2024. On the extended term date, the Organization is required to repay the loan balance in full. If the loan is repaid by December 31, 2023 there is a forgivable portion of \$20,000.

5. DEVELOPMENT FUND

The development fund includes amounts payable to the Nova Scotia Fencing Association and Newfoundland Fencing Association which are both inactive provincial bodies. Once these two provinces become active they can apply for funding from CFF.

6. GOVERNMENT ASSISTANCE

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

	2022
- Canada Emergency Wage Subsidy	\$ 32,263

CANADIAN FENCING FEDERATION

Notes to Financial Statements

Year Ended March 31, 2022

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, 2022.

(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.