

**WRESTLING CANADA LUTTE**

**Financial Statements**

**Year Ended March 31, 2020**

# WRESTLING CANADA LUTTE

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Wrestling Canada Lutte

### *Opinion*

We have audited the financial statements of Wrestling Canada Lutte (the Association), 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 Association 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 Association 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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 Wrestling Canada Lutte *(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 Association'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 Association'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 Association 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  
July 29, 2020

*Leslie & MacLeod*

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

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

# WRESTLING CANADA LUTTE

## Statement of Financial Position

March 31, 2020

	2020	2019
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 225,646	\$ 820,996
Accounts receivable	545,698	97,775
HST receivable	166,536	78,015
Prepaid expenses	71,729	75,014
Investments ( <i>Market value \$236,633</i> )	236,633	236,282
Due from restricted funds	1,000	-
	<b>\$ 1,247,242</b>	<b>\$ 1,308,082</b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 717,250	\$ 530,265
Government remittances payable	22,696	15,102
Deferred revenue	71,183	100,083
	<b>811,129</b>	<b>645,450</b>
<b>NET ASSETS</b>		
General fund	191,216	417,735
Reserve fund	244,897	244,897
	<b>436,113</b>	<b>662,632</b>
	<b>\$ 1,247,242</b>	<b>\$ 1,308,082</b>

### ON BEHALF OF THE BOARD

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

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

See notes to financial statements

# WRESTLING CANADA LUTTE

## Statement of Revenues and Expenses

Year Ended March 31, 2020

	2020	2019
<b>REVENUES</b>		
Other agency support	\$ 1,936,160	\$ 397,250
Sport Canada	1,891,950	1,831,750
Program fees	412,455	428,187
Association fees	306,950	223,805
Sales and marketing	50,115	51,235
Donations	38,047	234,490
Other	4,201	3,669
	4,639,878	3,170,386
<b>EXPENSES (Schedule 1)</b>	4,862,548	3,338,947
<b>DEFICIENCY OF REVENUES OVER EXPENSES FROM OPERATIONS</b>	(222,670)	(168,561)
<b>OTHER INCOME (EXPENSE)</b>		
Prior year expense recovery	-	136,850
Unrealized gain (loss) on investments	(3,849)	1,394
	(3,849)	138,244
<b>DEFICIENCY OF REVENUES OVER EXPENSES</b>	\$ (226,519)	\$ (30,317)

# WRESTLING CANADA LUTTE

## Statement of Changes in Net Assets

Year Ended March 31, 2020

	General Fund	Reserve Fund	2020	2019
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 417,735	\$ 244,897	\$ <b>662,632</b>	\$ 692,949
<b>DEFICIENCY OF REVENUES OVER EXPENSES</b>	(226,519)	-	<b>(226,519)</b>	(30,317)
<b>NET ASSETS - END OF YEAR</b>	\$ 191,216	\$ 244,897	\$ <b>436,113</b>	\$ 662,632

See notes to financial statements

# WRESTLING CANADA LUTTE

## Statement of Cash Flows Year Ended March 31, 2020

	2020	2019
<b>OPERATING ACTIVITIES</b>		
Deficiency of revenues over expenses	\$ (226,519)	\$ (30,317)
Changes in non-cash working capital:		
Accounts receivable	(447,923)	3,736
HST receivable	(88,521)	(26,619)
Prepaid expenses	3,285	(46,959)
Inventory	-	3,721
Accounts payable and accrued liabilities	186,986	(103,276)
Government remittances payable	7,593	(15,332)
Deferred revenue	(28,900)	(77,034)
Scholarship	(1,000)	-
	(368,480)	(261,763)
Cash flow used by operating activities	(594,999)	(292,080)
<b>INVESTING ACTIVITY</b>		
Investments	(351)	(5,064)
<b>DECREASE IN CASH FLOW</b>	<b>(595,350)</b>	<b>(297,144)</b>
<b>CASH - BEGINNING OF YEAR</b>	<b>820,996</b>	<b>1,118,140</b>
<b>CASH - END OF YEAR</b>	<b>\$ 225,646</b>	<b>\$ 820,996</b>

See notes to financial statements



# WRESTLING CANADA LUTTE

## Notes to Financial Statements

Year Ended March 31, 2020

### 1. DESCRIPTION OF OPERATIONS

The Canadian Amateur Wrestling Association (the “Association”) is a not-for-profit corporation incorporated without share capital. Its purpose is to foster the development of amateur wrestlers, coaches, managers, trainers and officials who desire to join in membership to the advancement of amateur wrestling in Canada, and to provide these members with the opportunity to participate and contribute to the improvement of wrestling.

The Association 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 Association 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.

#### **Fund accounting**

Wrestling Canada Lutte follows the deferral method of accounting for contributions.

The general fund accounts for the Association's program delivery and administration activities.

The reserve fund was set up by the Board to fund any potential future operating losses.

#### **Cash and cash equivalents**

Cash is defined as cash on hand, cash on deposit, and short-term deposits with maturity dates of less than 90 days, net of cheques issued and outstanding at the reporting date.

#### **Investments**

Short and long term investments for which there are quoted prices in an active market are carried at fair value. Unrealized gains or losses are reported as part of net income. Investments for which there is not an active market are carried at amortized cost except when it is established that their value is impaired. Impairment losses, or reversal of previously recognized impairment losses, are reported as part of net income.

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# WRESTLING CANADA LUTTE

## Notes to Financial Statements

Year Ended March 31, 2020

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

#### **Revenue recognition**

The Association receives restricted contributions for reimbursement of certain specified technical and administrative expenses during the year. 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. Unexpended portions of contributions are refundable to the contributor.

Sport Canada contributions are subject to specific terms and conditions regarding the expenditure of the funds. The Association's records are subject to audit by Sport Canada to identify instances, if any, in which amounts charged against contributions have not complied with the agreed terms and conditions and which, therefore, would be refundable to Sport Canada. In the event that adjustments to prior years' contributions are requested, they would be recorded in the year in which Sport Canada requests the adjustments.

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

Reserve fund investment income is recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted and board restricted investment income is recognized as revenue when earned.

#### **Contributed services**

Volunteers contribute their services to assist the Association in its service delivery activities. Due to the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Value in kind revenue is recorded at the fair value of the contributed product.

#### **Financial instruments policy**

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

The Association 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 HST receivable.

Financial liabilities measured at amortized cost on a straight-line basis include accounts payable and accrued liabilities, government remittances payable and deferred revenue.

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# WRESTLING CANADA LUTTE

## Notes to Financial Statements

Year Ended March 31, 2020

### 2. 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.

### 3. FINANCIAL INSTRUMENTS

The Association 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 Association'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 Association is exposed to credit risk from customers. In order to reduce its credit risk, the Association 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 Association has a significant number of customers which minimizes concentration of credit risk.

#### *(b) Fair value*

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

#### *(c) 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 Association manages exposure through its normal operating and financing activities. The Association is exposed to interest rate risk primarily through its investments and credit facilities..

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

### 4. LEASE COMMITMENTS

The Association leases premises under a long term lease that expires on October 31, 2022. Under the lease, the Association is required to pay a base rent plus operating costs of approximately \$37,000 for the five-year term.

# WRESTLING CANADA LUTTE

## Notes to Financial Statements

Year Ended March 31, 2020

### 5. OPERATING LOAN

The Association has a \$150,000 revolving line of credit of which \$NIL was used as at March 31, 2019. Advances on the credit line bear interest at the bank's prime rate plus 1.0%.

### 6. 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, Canadian Amateur Wrestling Association has cancelled all national, regional and international events from mid-March. The Association 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 Association for future periods.

### 7. COMPARATIVE FIGURES

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

# WRESTLING CANADA LUTTE

## Expenses

*(Schedule 1)*

Year Ended March 31, 2020

	2020	2019
<b>Administration</b>		
General administration	\$ 394,469	\$ 528,767
Meetings	110,068	130,552
Promotion and communication	65,633	95,181
Staff salaries and travel	311,042	327,088
	<b>881,212</b>	<b>1,081,588</b>
<b>Coaching salaries and professional development</b>		
Coaching and technical leadership	336,800	353,920
Training centre coaches	292,143	331,823
NextGen programs	97,005	88,897
	<b>725,948</b>	<b>774,640</b>
<b>National team programs</b>		
Senior	699,482	561,272
NextGen	423,638	423,142
IST	298,064	279,617
Uniforms	85,627	93,347
	<b>1,506,811</b>	<b>1,357,378</b>
<b>Operations and programming</b>		
Event hosting	1,721,744	93,736
Development, education and training	26,833	31,605
	<b>1,748,577</b>	<b>125,341</b>
	<b>\$ 4,862,548</b>	<b>\$ 3,338,947</b>