

WRESTLING CANADA LUTTE

Financial Statements

Year Ended March 31, 2021

WRESTLING CANADA LUTTE

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Year Ended March 31, 2021

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INDEPENDENT AUDITOR'S REPORT

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, 2021, and the statements of revenues and expenditures, 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, 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 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

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, 2021

	2021	2020
ASSETS		
CURRENT		
Cash	\$ 844,360	\$ 225,646
Accounts receivable	55,673	529,138
HST receivable	41,892	166,536
Prepaid expenses	39,113	71,729
Investments (<i>Market value \$248,554</i>)	248,554	236,633
Due from restricted funds	1,000	1,000
	\$ 1,230,592	\$ 1,230,682
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 141,487	\$ 717,250
Government remittances payable	14,600	22,696
Deferred revenue	661,134	71,183
	817,221	811,129
NET ASSETS		
General fund	168,474	174,656
Reserve fund	244,897	244,897
	413,371	419,553
	\$ 1,230,592	\$ 1,230,682

ON BEHALF OF THE BOARD

_____ *Director*

_____ *Director*

See notes to financial statements

WRESTLING CANADA LUTTE

Statement of Revenues and Expenditures

Year Ended March 31, 2021

	2021	2020
REVENUES		
Sport Canada	\$ 1,714,516	\$ 1,891,950
Other agency support	234,159	1,924,640
Association fees	32,915	306,950
Sales and marketing	29,214	50,115
Donations	27,701	38,047
Other	2,849	4,201
Program fees	-	407,416
	2,041,354	4,623,319
EXPENSES		
Administration		
General administration	326,561	394,470
Meetings	-	110,068
Promotion and communication	33,550	65,633
Staff salaries and travel	278,651	311,042
	638,762	881,213
Coaching salaries and professional development		
Coaching and technical leadership	359,142	336,800
Training centre coaches	315,483	292,143
NextGen programs	(1,291)	97,005
	673,334	725,948
National team programs		
Senior	129,409	699,482
NextGen	8,928	423,638
IST	230,498	298,064
Equipment	59,577	85,627
	428,412	1,506,811
Operations and programming		
Event hosting	2,851	1,721,744
Development, education, and training	211,354	26,833
	214,205	1,748,577
Other		
COVID-19	101,899	-
	2,056,612	4,862,549
DEFICIENCY OF REVENUES OVER EXPENSES FROM OPERATIONS	(15,258)	(239,230)
OTHER INCOME		
Unrealized gain (loss) on investments	9,076	(3,849)
DEFICIENCY OF REVENUES OVER EXPENSES	\$ (6,182)	\$ (243,079)

See notes to financial statements

WRESTLING CANADA LUTTE

Statement of Changes in Net Assets

Year Ended March 31, 2021

		General Fund		Reserve Fund	2021	2020
NET ASSETS - BEGINNING OF YEAR						
As previously reported	\$	191,215	\$	244,897	\$ 436,112	\$ 662,632
Prior period adjustment <i>(Note 6)</i>		(16,559)		-	(16,559)	-
As restated		174,656		244,897	419,553	662,632
DEFICIENCY OF REVENUES OVER EXPENSES						
		(6,182)		-	(6,182)	(243,079)
NET ASSETS - END OF YEAR	\$	168,474	\$	244,897	\$ 413,371	\$ 419,553

WRESTLING CANADA LUTTE

Statement of Cash Flows Year Ended March 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Deficiency of revenues over expenses	\$ (6,182)	\$ (243,079)
Changes in non-cash working capital:		
Accounts receivable	473,465	(431,363)
HST receivable	124,644	(88,521)
Prepaid expenses	32,616	3,285
Accounts payable and accrued liabilities	(575,763)	186,986
Government remittances payable	(8,097)	7,593
Deferred revenue	589,951	(28,900)
Scholarship	-	(1,000)
	636,816	(351,920)
Cash flow from (used by) operating activities	630,634	(594,999)
INVESTING ACTIVITY		
Investments	(11,920)	(351)
INCREASE (DECREASE) IN CASH FLOW	618,714	(595,350)
CASH - BEGINNING OF YEAR	225,646	820,996
CASH - END OF YEAR	\$ 844,360	\$ 225,646

WRESTLING CANADA LUTTE

Notes to Financial Statements

Year Ended March 31, 2021

1. DESCRIPTION OF OPERATIONS

Wrestling Canada Lutte (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

Basis of presentation

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, 2021

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. These include other agency support, program fees, association fees, sales and marketing, donations, and other revenues. 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.

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, HST receivable, and investments.

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

WRESTLING CANADA LUTTE

Notes to Financial Statements

Year Ended March 31, 2021

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, 2021.

(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.

5. OPERATING LOAN

The Association has a \$150,000 revolving line of credit of which \$NIL was used as at March 31, 2021 (\$NIL - 2020). Advances on the credit line bear interest at the bank's prime rate plus 1.0%..

6. PRIOR PERIOD ADJUSTMENT

During the fiscal year, the Association determined an adjustment was required for the fiscal 2020 year end regarding invoices that should not have been accrued as receivables. As a result, the March 31, 2021 financial statements have been restated to reflect the changes made to the March 31, 2020 comparative numbers.

WRESTLING CANADA LUTTE

Notes to Financial Statements

Year Ended March 31, 2021

7. 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 Association has had to cancel or modify the programs and events they participated in from mid-March 2020 up until the year end date, which resulted in a significant 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 Association for future periods. 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, 2021 have not been adjusted to reflect their impact.