

WRESTLING CANADA LUTTE

Financial Statements

Year Ended March 31, 2022

WRESTLING CANADA LUTTE

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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, 2022, 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, 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 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 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
August 3, 2022

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, 2022

	2022	2021
ASSETS		
CURRENT		
Cash	\$ 958,365	\$ 844,360
Accounts receivable	104,439	55,673
HST receivable	48,740	41,892
Prepaid expenses	34,861	39,113
Investments (<i>Market value \$61,609</i>)	61,609	248,554
Due from restricted funds	-	1,000
	\$ 1,208,014	\$ 1,230,592
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 647,840	\$ 141,487
Government remittances payable	12,980	14,600
Deferred revenue	28,125	661,134
	688,945	817,221
NET ASSETS		
General fund	221,323	168,474
Reserve fund	297,746	244,897
	519,069	413,371
	\$ 1,208,014	\$ 1,230,592

ON BEHALF OF THE BOARD

_____ *Director*

_____ *Director*

See notes to financial statements

WRESTLING CANADA LUTTE

Statement of Revenues and Expenditures

Year Ended March 31, 2022

	2022	2021
REVENUES		
Sport Canada	\$ 2,355,877	\$ 1,714,516
Other agency support	595,007	234,159
Association fees	178,430	32,915
Program fees	140,646	-
Sales and marketing	56,800	29,214
Other	8,118	2,849
Donations	194	27,701
	3,335,072	2,041,354
EXPENSES		
Administration		
Staff salaries and travel	343,309	278,651
General administration	177,760	326,561
Meetings	69,684	-
Promotion and communication	47,700	33,550
	638,453	638,762
Coaching salaries and professional development		
Coaching and technical leadership	406,150	359,142
Training centre coaches	365,501	315,483
NextGen programs	-	(1,291)
	771,651	673,334
National team programs		
Senior	555,471	129,409
NextGen	297,688	8,928
IST	282,510	230,498
Equipment	64,776	59,577
	1,200,445	428,412
Operations and programming		
Development, education, and training	275,374	211,354
Event hosting	202,334	2,851
	477,708	214,205
Other		
COVID-19	140,333	101,899
	3,228,590	2,056,612
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS	106,482	(15,258)
OTHER INCOME (EXPENSE)		
Unrealized gain (loss) on investments	(784)	9,076
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 105,698	\$ (6,182)

See notes to financial statements

WRESTLING CANADA LUTTE

Statement of Changes in Net Assets

Year Ended March 31, 2022

		General Fund		Reserve Fund		2022		2021
NET ASSETS - BEGINNING OF YEAR	\$	168,474	\$	244,897	\$	413,371	\$	419,553
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES		105,698		-		105,698		(6,182)
TRANSFER BETWEEN FUNDS <i>(Note 6)</i>		(52,849)		52,849		-		-
NET ASSETS - END OF YEAR	\$	221,323	\$	297,746	\$	519,069	\$	413,371

WRESTLING CANADA LUTTE

Statement of Cash Flows Year Ended March 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ 105,698	\$ (6,182)
Changes in non-cash working capital:		
Accounts receivable	(48,766)	473,465
HST receivable	(6,848)	124,644
Prepaid expenses	4,252	32,616
Accounts payable and accrued liabilities	506,353	(575,763)
Government remittances payable	(1,619)	(8,097)
Deferred revenue	(633,009)	589,951
Scholarship	1,000	-
	(178,637)	636,816
Cash flow from (used by) operating activities	(72,939)	630,634
INVESTING ACTIVITY		
Investments	186,944	(11,920)
INCREASE IN CASH FLOW	114,005	618,714
CASH - BEGINNING OF YEAR	844,360	225,646
CASH - END OF YEAR	\$ 958,365	\$ 844,360

See notes to financial statements

WRESTLING CANADA LUTTE

Notes to Financial Statements

Year Ended March 31, 2022

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, 2022

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, 2022

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, 2022.

(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, 2022 (\$NIL - 2021). Advances on the credit line bear interest at the bank's prime rate plus 1.0%.

6. TRANSFER BETWEEN FUNDS

The Association's reserve fund policy states it must transfer at least 50% of any surplus in a given fiscal year into the Reserve Fund. The Board decided to transfer 50% of the fiscal 2022 surplus.