
ONTARIO FENCING ASSOCIATION
FINANCIAL STATEMENTS
MARCH 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Members
Ontario Fencing Association
Toronto, Ontario

Opinion

We have audited the accompanying financial statements of Ontario Fencing Association which comprise the statement of financial position as at March 31, 2020 and the statement of operations and changes in net assets and statement of 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 entity as at March 31, 2020 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other 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.

Other Matter

The financial statements for the year-end March 31, 2019 were unaudited and as such, we express no opinion on the comparative information.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations 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 entity'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 entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity'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

- 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 entity'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 entity'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 entity 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.

Norton McMullen LLP

NORTON McMULLEN LLP

Chartered Professional Accountants, Licensed Public Accountants

MARKHAM, Canada

November 30, 2020

ONTARIO FENCING ASSOCIATION

STATEMENT OF FINANCIAL POSITION

As at March 31,	2020	2019
		(unaudited)
ASSETS		
Current		
Cash	\$ 282,140	\$ 241,727
Accounts receivable	19,103	16,787
Loan receivable (Note 2)	13,000	-
Prepaid expenses	<u>26,828</u>	<u>2,074</u>
	<u>\$ 341,071</u>	<u>\$ 260,588</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 6)	\$ 31,153	\$ 17,582
Deferred revenue (Note 3)	<u>20,038</u>	<u>20,118</u>
	\$ 51,191	\$ 37,700
NET ASSETS (Note 6)	<u>289,880</u>	<u>222,888</u>
	<u>\$ 341,071</u>	<u>\$ 260,588</u>

Approved by the Board:

_____ Director

_____ Director

ONTARIO FENCING ASSOCIATION

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

For the year ended March 31,	2020	2019
		(unaudited)
REVENUES		
Competition and program fees	\$ 122,137	\$ 86,806
Government grants	95,000	75,000
Member fees (Note 3)	66,283	67,977
	<u>\$ 283,420</u>	<u>\$ 229,783</u>
EXPENSES		
Competition support (Note 6)	\$ 75,431	\$ 49,938
Administration and governance	70,657	50,628
Officials and coaches development	63,756	56,127
Advertising and promotion	5,636	4,926
Insurance	948	4,362
	<u>\$ 216,428</u>	<u>\$ 165,981</u>
EXCESS OF REVENUES OVER EXPENSES	\$ 66,992	\$ 63,802
NET ASSETS - Beginning (Note 6)	<u>222,888</u>	<u>159,086</u>
NET ASSETS - Ending (Note 6)	<u>\$ 289,880</u>	<u>\$ 222,888</u>

See accompanying notes

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ONTARIO FENCING ASSOCIATION

STATEMENT OF CASH FLOWS

For the year ended March 31,

2020

2019

(unaudited)

CASH AND CASH EQUIVALENTS WERE PROVIDED BY (USED IN):

OPERATING ACTIVITIES

Excess of revenues over expenses	\$ 66,992	\$ 63,802
Net change in non-cash working capital balances:		
Accounts receivable	(2,316)	(6,180)
Loan receivable	(13,000)	-
Prepaid expenses	(24,754)	-
Accounts payable and accrued liabilities	13,571	(4,723)
Deferred revenue	(80)	(1,942)

INCREASE IN CASH

\$ 40,413 \$ 50,957

CASH - Beginning

241,727 190,770

CASH - Ending

\$ 282,140 \$ 241,727

See accompanying notes

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ONTARIO FENCING ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

NATURE OF OPERATIONS

The Ontario Fencing Association (the "Association") is incorporated under the laws of Ontario. The Association operates as a not-for-profit organization that is exempt from income tax under the Income Tax Act.

The purpose of the Association is to:

- a) establish, develop, promote and support fencing within the province of Ontario;
- b) aid and guide the regional development of the sport;
- c) serve as a liaison within the Canadian fencing community.

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

a) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions based on currently available information. Such estimates and assumptions affect the reported amounts of assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from the estimates used.

b) Cash and Cash Equivalents

Cash and cash equivalents consist of balances held in the Association's bank accounts only.

c) Revenue Recognition

The Association follows the deferral method of accounting for contributions which includes government funding and member contributions. Unspent 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. Funding and fees received and restricted for specific projects, programs and events are recognized as revenue when the project, program or event takes place or when the corresponding expenditures are incurred.

d) Contributed Services

Volunteers have contributed significant time and effort on behalf of the Association. Due to the difficulty of determining fair value of these services, contributed services are not recognized in these financial statements.

ONTARIO FENCING ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

e) Financial Instruments

Measurement of Financial Instruments

The Association initially measures its financial assets and liabilities at fair value and subsequently measures all its financial assets and liabilities at amortized cost.

Financial assets measured at amortized cost include cash, accounts receivable and loan receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The Association has no financial assets measured at fair value and has not elected to carry any financial asset or liability at fair value.

Impairment

Financial assets measured at amortized cost are tested for impairment when events or circumstances indicate possible impairment. Write-downs, if any, are recognized in the excess of revenues over expenses and may be subsequently reversed to the extent that the net effect after reversal is the same as if there had been no write-down. There are no impairment indicators in the current year.

2. LOAN RECEIVABLE

During the year, the Association gave a \$13,000 interest-free loan to the Canadian Fencing Federation. The loan was repaid subsequent to year-end.

3. DEFERRED REVENUE

Deferred revenue consists of member fees collected in the current year pertaining to membership for the following year. The change in deferred revenue for the year consists of the following:

	2020	2019
Balance - Beginning	\$ 20,118	\$ 22,060
Add: member fees received	66,203	60,355
Less: amount recognized as revenue	<u>66,283</u>	<u>62,297</u>
Balance - Ending	<u>\$ 20,038</u>	<u>\$ 20,118</u>

ONTARIO FENCING ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

4. OPERATIONAL DEPENDENCE

The Association is affiliated with the Canadian Fencing Federation. This affiliation enables the Association to participate in fencing activities and benefit from Ontario government funding programs. The ability of the Association to continue its activities is dependent on maintaining its affiliation with the Canadian Fencing Federation.

5. FINANCIAL INSTRUMENTS

Risks and Concentrations

The Association is exposed to various risks through its financial instruments. The following analysis provides a summary of the Association's exposure to and concentrations of risk at March 31, 2020:

a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation. The Association's main credit risks relate to its accounts receivable and loan receivable. The Association provides credit to its members in the normal course of operations. There were no concentrations of credit risk as at March 31, 2020. There has been no change in the assessment of credit risk from the previous year.

b) Liquidity Risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly with respect to its accounts payable and accrued liabilities. The Association manages this risk by managing its working capital and by generating sufficient cash flow from operations. There has been no change in the assessment of liquidity risk from the previous year.

c) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and price risk. The Association is not exposed to significant market risk.

ONTARIO FENCING ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

6. RESTATEMENT OF PRIOR PERIOD FIGURES

During the year, the Association identified unrecorded competition support expenses that related to, and should have been included in accounts payable and accrued liabilities in the previous fiscal year. As a result, the prior period figures have been adjusted as follows:

NET ASSETS - as originally stated	\$ 232,718
To adjust for unrecorded competition support expenses	<u>9,830</u>
NET ASSETS - restated	<u>\$ 222,888</u>
EXCESS OF REVENUES OVER EXPENSES - as originally stated	\$ 73,632
To adjust for unrecorded competition support expenses	<u>9,830</u>
EXCESS OF REVENUES OVER EXPENSES - restated	<u>\$ 63,802</u>