

CANADIAN WHEELCHAIR SPORTS ASSOCIATION

FINANCIAL STATEMENTS

MARCH 31, 2019



MCCAY DUFF LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Members of
Canadian Wheelchair Sports Association

Qualified Opinion

We have audited the financial statements of Canadian Wheelchair Sports Association (the "Association"), which comprise the statement of financial position as at March 31, 2019, and the statements of operations and net assets for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2019, 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 Qualified Opinion

In common with many not-for-profit organizations, the Association derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Entity. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, net revenue, and cash flows from operations for the years ended March 31, 2019 and March 31, 2018, current assets and net assets - unrestricted as at March 31, 2019 and March 31, 2018. Our audit opinion on the financial statements for the year ended March 31, 2018 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association in accordance with the 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 qualified opinion.

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INDEPENDENT AUDITORS' REPORT (Cont'd.)

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 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 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.

Auditors' 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 auditors' 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:

- 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.

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INDEPENDENT AUDITORS' REPORT (Cont'd.)

- 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 auditors' 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 auditors' 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.

A handwritten signature in black ink that reads "McCay Duff LLP".

McCay Duff LLP,
Licensed Public Accountants.

Ottawa, Ontario,
June 20, 2019.

CANADIAN WHEELCHAIR SPORTS ASSOCIATION

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2019

	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT		
Cash	\$ 388,164	\$ 410,575
Accounts receivable	77,314	70,978
Inventory	8,294	-
Prepaid expenses	<u>62,485</u>	<u>119,872</u>
	<u>\$ 536,257</u>	<u>\$ 601,425</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 82,569	\$ 143,377
Deferred contributions (note 6)	<u>34,500</u>	<u>-</u>
	117,069	143,377
NET ASSETS		
UNRESTRICTED	319,188	358,048
INTERNALLY RESTRICTED RESERVE FUND (note 4)	<u>100,000</u>	<u>100,000</u>
	<u>419,188</u>	<u>458,048</u>
	<u>\$ 536,257</u>	<u>\$ 601,425</u>

Approved on behalf of the Board:

Catherine Cadieux

Director

Laurel Crosby

Director

CANADIAN WHEELCHAIR SPORTS ASSOCIATION

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2019

	<u>2019</u>	<u>2018</u>
NET ASSETS - UNRESTRICTED		
Balance - beginning of year	\$ 358,048	\$ 306,554
Net revenue (expenses) for the year	(38,860)	51,494
Balance - end of year	<u>\$ 319,188</u>	<u>\$ 358,048</u>
NET ASSETS - INTERNALLY RESTRICTED RESERVE FUND		
Balance - beginning and end of year	<u>\$ 100,000</u>	<u>\$ 100,000</u>

CANADIAN WHEELCHAIR SPORTS ASSOCIATION

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2019

	<u>2019</u>	<u>2018</u>
REVENUE		
Sport Canada contributions (note 5)	\$ 591,500	\$ 541,500
Own the Podium (note 5)	1,011,649	1,006,500
Own the Podium - Innovation for Gold (note 5)	-	24,657
Coaching Association of Canada (note 5)	4,110	5,000
Canadian Paralympic Committee (note 5)	89,928	7,500
Fundraising	466,720	521,851
Grants, sponsorships and partnerships	69,968	98,500
Events	420	19,026
Other (note 8)	<u>17,258</u>	<u>113,167</u>
	2,251,553	2,337,701
EXPENSES		
National office operations	285,583	266,848
Member services	25,014	182,979
International representation	29,595	8,931
Communications	155,500	128,489
Marketing	231,345	252,000
Bridging The Gap	193,044	197,063
Sport programming	<u>1,370,332</u>	<u>1,249,897</u>
	<u>2,290,413</u>	<u>2,286,207</u>
NET REVENUE (EXPENSES) FOR YEAR	<u>\$(38,860)</u>	<u>\$ 51,494</u>

CANADIAN WHEELCHAIR SPORTS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

1. ORGANIZATION

The Canadian Wheelchair Sports Association is the national sports organization representing wheelchair athletes. The purpose of the Association is to promote excellence and develop opportunities for Canadians in wheelchair sport.

The Canadian Wheelchair Sports Association is incorporated under the Canada Corporations Act, and is a registered amateur athletic association. As a not-for-profit, the Association is exempt from income taxes. The Association filed for continuance under the Canada Not-for-Profit Corporations Act, and on December 4, 2013, continuance was approved.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The Association's significant accounting policies are as follows:

(a) Revenue Recognition

The Association follows the deferral method of accounting for grants and contributions. Restricted grants and contributions are recognized as revenue when the related expenses have been incurred. Unrestricted grants and contributions are recognized as revenue when received or receivable, if the amount can be reasonably estimated, and collection is reasonably assured.

The Association employs the services of a professional fundraising organization to raise funds on its behalf. This organization collects and accumulates funds and then makes periodic remittances, net of expenses, to the Association. The Association's policy is to recognize the gross amount of revenue from fundraising in the period in which it is received.

All other income is recognized when received or receivable, if the amount can be reasonably estimated and collectibility is reasonably assured.

Sport Canada contributions are subject to specific terms and conditions regarding the expenditure of the funds. The Association's accounting 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. Adjustments to prior years' contributions are recorded in the year in which Sport Canada requests the adjustment.

CANADIAN WHEELCHAIR SPORTS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

(b) Inventory

Inventory consists of items for resale and is stated at the lower of cost and estimated net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable selling costs.

(c) Financial Instruments

The Association's financial instruments consist of cash, accounts receivable and accounts payable and accrued liabilities.

Measurement

Financial instruments are recorded at fair value on initial recognition.

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

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any write-down or subsequent recovery is recognized in net revenue (expenses).

(d) Use of Estimates

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 amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities. These estimates are reviewed periodically and adjustments are made to net revenue (expenses) as appropriate in the year they become known.

(e) Volunteer Services

The Association receives the services of volunteers, the cost of which cannot be reasonably estimated. Therefore, no representation of this expense has been included in these financial statements.

CANADIAN WHEELCHAIR SPORTS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

3. FINANCIAL RISKS AND CONCENTRATION OF RISKS

It is management's opinion that the Association is not exposed to significant interest rate, liquidity or market risks arising from its financial instruments. There has been no change to the risk exposure from the prior year.

Credit Risk

Credit risk arises from the potential that a customer may default on its contractual obligations resulting in a financial loss. The Association is exposed to credit risk through accounts receivable. The Association's primary customers are federal and provincial government departments which contain minimal risk. For all other customers, the Association performs ongoing credit evaluations of its customers' financial condition and limits the amount of credit extended when considered necessary. The Association also obtains deposits from customers, when required, to mitigate credit risk. There has been no change to the risk exposure from the prior year.

Currency Risk

Currency risk is the exposure of the Association's earnings that arises from fluctuations in exchange rates. The Association is exposed to currency risk through an ongoing contract relating to coaching services with a non-resident of Canada and its transactions with other international organizations. The Association holds foreign currency to minimize the loss exposure on these transactions. There has been no change to the risk exposure from the prior year.

4. NET ASSETS - INTERNALLY RESTRICTED RESERVE FUND

The Board of Directors has established a reserve fund in the amount of \$100,000 which represents their estimate of six months' operating expenses. This reserve fund is to sustain operations in the event of interruptions in funding or other unusual circumstances.

5. SPONSORSHIPS AND FINANCIAL SUPPORT

The Canadian Wheelchair Sports Association gratefully acknowledges the support of Sport Canada, Own the Podium, Coaching Association of Canada, IBEW Local 258, Canadian Paralympic Committee, 49 Bespoke Inc. and Hollister.

CANADIAN WHEELCHAIR SPORTS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

6. DEFERRED CONTRIBUTIONS

Deferred contributions represent resources restricted for the funding of a program to be delivered in future periods.

	<u>Balance - Beginning of Year</u>	<u>Less: Revenue Recognized</u>	<u>Plus: Amounts Received</u>	<u>Balance - End of Year</u>
2019 National Wheelchair Rugby Championships	\$ -	\$ -	\$ 4,500	\$ 4,500
Bridging the Gap - National Program Tennis	<u>-</u>	<u>40,000</u>	<u>70,000</u>	<u>30,000</u>
	<u><u>\$ -</u></u>	<u><u>\$ 40,000</u></u>	<u><u>\$ 74,500</u></u>	<u><u>\$ 34,500</u></u>

7. STATEMENT OF CASH FLOWS

A statement of cash flows has not been presented as all of the relevant information is apparent from the other financial statements.

8. OTHER REVENUE

	<u>2019</u>	<u>2018</u>
Interest- Investments	\$ 5,203	\$ 4,113
Annual dues - members	4,500	5,000
Sales	4,100	2,982
Miscellaneous revenue	3,380	5,433
Officials development fees	75	245
70-50-40 Celebration	<u>-</u>	<u>95,394</u>
	<u><u>\$ 17,258</u></u>	<u><u>\$ 113,167</u></u>