

**Canadian Amateur Boxing Association /
Association Canadienne de Boxe Amateur
Financial Statements**

March 31, 2019

**Canadian Amateur Boxing Association /
Association Canadienne de Boxe Amateur**

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For the year ended March 31, 2019

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Management's Responsibility

To the Members of Canadian Amateur Boxing Association / Association Canadienne de Boxe Amateur:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed primarily of Directors who are neither management nor employees of the Organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Organization's external auditors.

MNP SENCRL, srl is appointed by the Board to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

July 5, 2019



Director of finance

Independent Auditor's Report

To the Members of Canadian Amateur Boxing Association / Association Canadienne de Boxe Amateur:

Qualified Opinion

We have audited the financial statements of Canadian Amateur Boxing Association / Association Canadienne de Boxe Amateur (the "Organization"), which comprise the statement of financial position as at March 31, 2019, and the statements of operations, changes in net assets (deficiency), cash flows and the related schedules 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 Organization 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

As with many not-for-profit and charitable organizations, the Organization earns revenues from donations, the completeness of which is not susceptible to satisfactory audit verification. As such, our verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to donations and miscellaneous sources of revenue, excess (deficiency) of revenue over expenses, or cash flows from operations for the year ended March 31, 2019, or to assets and net asset (deficiency) as at March 31, 2019.

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 Organization 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.

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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Organization'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:

- 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 Organization'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 Organization'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 Organization 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.

Montréal, Québec

July 5, 2019

MNP¹ SENCRL, s.r.l.

¹ CPA auditor, CA, public accountancy permit No. A129294

**Canadian Amateur Boxing Association /
Association Canadienne de Boxe Amateur**
Statement of Financial Position

As at March 31, 2019

	2019	2018
Assets		
Current		
Cash (Note 3)	40,731	69,716
Accounts receivable (Note 4)	46,799	95,523
Prepaid expenses	60,696	29,188
	148,226	194,427
Capital assets (Note 5)	21,767	22,788
	169,993	217,215
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 7)	48,177	82,494
Deferred revenue (Note 8)	155,339	133,102
	203,516	215,596
Net asset (deficiency)		
Unrestricted net asset (deficiency)	(33,523)	1,619
	169,993	217,215

Approved on behalf of Director



Director

Director

The accompanying notes are an integral part of these financial statements

**Canadian Amateur Boxing Association /
Association Canadienne de Boxe Amateur**
Statement of Operations
For the year ended March 31, 2019

	2019	2018
Contributions		
Sport Canada Contributions <i>(Note 10)</i>	566,200	484,800
Canadian Olympic Committee	47,000	198,485
Sponsorship	67,300	35,200
Donations	7,100	23,684
Coaching Association of Canada	-	17,436
Deferred revenues - prior year	133,102	109,152
Deferred revenues - current year	(155,339)	(133,102)
	665,363	735,655
Other revenue		
Membership fees	311,143	266,141
Administration, sanction and other fees	56,997	122,403
	368,140	388,544
Total revenue	1,033,503	1,124,199
Sports Canada Funded Projects <i>(Schedule 1)</i>	905,165	896,423
Administration <i>(Schedule 2)</i>	151,969	132,385
Other <i>(Schedule 3)</i>	11,511	27,984
Total expenses	1,068,645	1,056,792
Excess /(Deficiency) of revenue over expenses	(35,142)	67,407

The accompanying notes are an integral part of these financial statements

**Canadian Amateur Boxing Association /
Association Canadienne de Boxe Amateur
Statement of Changes in Net Asset (Deficiency)**

For the year ended March 31, 2019

	<i>2019</i>	<i>2018</i>
Net asset (deficiency), beginning of year	1,619	(65,788)
Excess /(Deficiency) of revenue over expenses	(35,142)	67,407
Net (deficiency) asset, end of year	(33,523)	1,619

The accompanying notes are an integral part of these financial statements

**Canadian Amateur Boxing Association /
Association Canadienne de Boxe Amateur**
Statement of Cash Flows
For the year ended March 31, 2019

	2019	2018
Cash provided by (used for) the following activities		
Operating		
Cash receipts from contributions	1,102,280	1,091,337
Cash paid for program service expenses	(751,768)	(715,868)
Cash paid for salaries and benefits	(379,497)	(356,337)
	(28,985)	19,132
Investing		
Purchase of capital assets	-	(23,325)
	(28,985)	(4,193)
Decrease in cash resources	(28,985)	(4,193)
Cash resources, beginning of year	69,716	73,909
	40,731	69,716
Cash resources, end of year	40,731	69,716

The accompanying notes are an integral part of these financial statements

**Canadian Amateur Boxing Association /
Association Canadienne de Boxe Amateur**
Notes to the Financial Statements
For the year ended March 31, 2019

1. Purpose and legal form of the Organization

Canadian Amateur Boxing Association / Association Canadienne de Boxe Amateur (the "Organization") was incorporated under the *Law of the Province of Ontario* and is a not-for-profit organization registered charity under the *Income Tax Act* and is thus exempt from income taxes. Its primary purpose includes the instruction in and co-ordination of matters concerning the sport of amateur boxing in Canada at the national and international level.

2. Significant accounting policies

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

Revenue recognition

The Organization follows the deferral method of accounting for contributions. 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.

Membership fees are recognized as revenue in the year earned and when collection is reasonably assured.

Revenue from administration, sanction and other fees are recognized when the amounts can be reasonably estimated and collection is reasonably assured.

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues over expenses during the reporting period.

Accounts and contributions receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in excess of revenues and expenses in the periods in which they become known.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the declining balance method at rates intended to amortize the cost of assets over their estimated useful lives.

	Rate
Equipment	10 %

Long-lived assets

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

When the Organization determines that a long-lived asset no longer has any long-term service potential to the organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

**Canadian Amateur Boxing Association /
Association Canadienne de Boxe Amateur**
Notes to the Financial Statements
For the year ended March 31, 2019

2. Significant accounting policies *(Continued from previous page)*

Contributed materials and services

Contributions of materials and services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Organization's operations and would otherwise have been purchased.

Financial instruments

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with CPA Canada Handbook Section 3840 *Related Party Transactions*.

At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value. The Organization has not made such an election during the year.

The Association has no financial instruments requiring subsequent measurement at fair value, consequently, all of the Association's financial instruments are measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Financial asset impairment

The Organization assesses impairment of all of its financial assets measured at cost or amortized cost. The Organization groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group, there are numerous assets affected by the same factors, no asset is individually significant. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments, in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year deficiency of revenues over expenses.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess of revenues over expenses in the year the reversal occurs.

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

3. Cash

During the year, the Organization received \$7,100 (2018 - \$23,684) of externally restricted cash from individuals and organizations. The use of the cash is restricted to support athletes and fund their professional development.

As at March 31, 2019, the balance of the restricted cash was \$1,488 (2017 - \$2,955) and is included in cash.

**Canadian Amateur Boxing Association /
Association Canadienne de Boxe Amateur**
Notes to the Financial Statements
For the year ended March 31, 2019

4. Accounts receivable

	2019	2018
Accounts receivable	41,053	59,907
Contributions receivable	-	30,000
Sales tax receivable	5,746	9,816
	46,799	99,723
Allowance for doubtful accounts	-	(4,200)
	46,799	95,523

5. Capital assets

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Equipment	23,325	1,558	21,767	22,788

Equipment includes a boxing ring with a carrying value of \$12,576. No amortization of this asset has been recorded during the current year because it is currently not ready for its intended use.

6. Line of credit

The Organization has available an operating line of credit in the amount of \$75,000. As at March 31, 2019 the amount due on the line of credit was \$Nil (2018 - \$Nil). The line of credit is secured by a general security agreement over all present and future property and capital assets, having a net book value of \$21,767 (2018 - \$22,788) and bears interest at prime plus 1.5% per annum. The line of credit is renewable on an annual basis.

7. Accounts payable and accrued liabilities

	2019	2018
Accounts payable and accrued liabilities	46,919	82,494
Deductions at source payable	1,258	-
	48,177	82,494

**Canadian Amateur Boxing Association /
Association Canadienne de Boxe Amateur**
Notes to the Financial Statements
For the year ended March 31, 2019

8. Deferred revenue

Deferred revenue consists of membership fees received during the period from September 1, 2018 to March 31, 2019 and are on account of the 2019 calendar membership year. Deferred revenue represents 75% of any memberships fees received during this period. Deferred revenues also includes \$62,436 in sponsorship and other revenues received in advance.

Changes in the deferred revenue balance are as follows:

	<i>Membership fees</i>	<i>Sponsorship and other</i>	2019	<i>2018</i>
Balance, beginning of year	116,102	17,000	133,102	109,152
Amount received during the year	297,880	52,500	350,380	428,293
Less: Amount recognized as revenue during the year	(311,143)	(17,000)	(328,143)	(404,343)
Balance end of year	102,839	52,500	155,339	133,102

9. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

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. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Organization is exposed to interest rate cash flow risk with respect to its line of credit which is subject to a floating interest rate. There has been no change to the Association's exposure to interest rate risk since the previous period.

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization enters into transactions to purchase goods and services on credit and borrow funds from financial institutions or other creditors for which repayment is required at various maturity dates.

The Association meets its liquidity requirements by maintaining cash balances sufficient to meet cash flow. There has been no change to the Association's exposure to liquidity risk since the previous period.

10. Sports Canada Contributions

	2019	<i>2018</i>
Sports Canada	373,200	371,000
Own the podium	193,000	101,000
Sports Canada - other	-	12,800
	566,200	484,800

**Canadian Amateur Boxing Association /
Association Canadienne de Boxe Amateur**
Schedule 1 - Schedule of Sports Canada Funded Projects Expenses
For the year ended March 31, 2019

	2019	2018
Sports Canada Funded Projects		
Salaries and benefits	300,038	284,646
Own the podium programs	250,979	250,282
National team programs	242,594	230,149
National championships programs	48,931	65,798
Leadership development programs	26,321	24,549
Administration	24,000	24,000
Official languages	12,302	16,999
	905,165	896,423

**Canadian Amateur Boxing Association /
Association Canadienne de Boxe Amateur**
Schedule 2 - Schedule of Administration Expenses
For the year ended March 31, 2019

	2019	2018
Administration		
Meetings and administrative	41,897	34,392
Employee benefits	34,459	25,691
Office supplies	23,120	22,515
Insurance	24,923	21,670
Rent	12,407	11,978
Secretarial support	3,225	10,573
Professional fees	14,487	9,567
Communications	11,258	8,415
Promotional materials	645	6,903
Bank charges	8,652	4,426
Memberships, affiliation and delegation fees	896	255
Sports Canada funding	(24,000)	(24,000)
	151,969	132,385

**Canadian Amateur Boxing Association /
Association Canadienne de Boxe Amateur**
Schedule 3 - Schedule of Other Expenses

For the year ended March 31, 2019

	2019	2018
Other		
Donations	8,306	21,657
Miscellaneous	-	5,350
Amortization	1,021	537
Bad debts	2,184	440
	11,511	27,984
