

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

*March 31, 2021*

# Canadian Amateur Boxing Association / Association Canadienne de Boxe Amateur

## Contents

For the year ended March 31, 2021

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	<i>Page</i>
<b>Management's Responsibility</b>	
<b>Independent Auditors' Report</b>	
<b>Financial Statements</b>	
Statement of Financial Position.....	1
Statement of Operations.....	2
Statement of Changes in Net Asset (Deficiency).....	3
Statement of Cash Flows.....	4
<b>Notes to the Financial Statements</b> .....	5
<b>Schedules</b>	
Schedule 3 - Schedule of Other Expenses .....	12
Schedule 2 - Schedule of Administration Expenses.....	11
Schedule 1 - Schedule of Sports Canada Funded Projects Expenses.....	10

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## Management's Responsibility

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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.

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Director of finance

## **Independent Auditor's Report**

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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, 2021, and the statements of operations, 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, 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, 2021, 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 of revenue over expenses, or cash flows from operations for the year ended March 31, 2021, or to assets and net asset as at March 31, 2021.

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

October 22, 2021

MNP<sup>1</sup> SENCRL, s.r.l.

<sup>1</sup> 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, 2021*

	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
<b>Current</b>		
Cash (Note 4)	523,779	66,119
Accounts receivable (Note 5)	28,492	68,505
Prepaid expenses	3,797	5,296
	<b>556,068</b>	139,920
<b>Capital assets (Note 6)</b>	<b>18,795</b>	20,219
	<b>574,863</b>	160,139
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 8)	166,590	28,371
Deferred revenue (Note 9)	219,258	80,472
	<b>385,848</b>	108,843
<b>Long-term debt (Note 10)</b>	<b>60,000</b>	-
	<b>445,848</b>	108,843
<b>Net asset</b>		
Unrestricted net asset	129,015	51,296
	<b>574,863</b>	160,139

Approved on behalf of

\_\_\_\_\_  
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, 2021*

	<b>2021</b>	<b>2020</b>
<b>Contributions</b>		
Sport Canada Contributions <i>(Note 12)</i>	<b>799,875</b>	643,500
Donations	<b>20,000</b>	40,892
Sponsorship	-	39,500
Coaching Association of Canada	<b>3,000</b>	-
Canadian Olympic Committee	<b>149,985</b>	64,000
Deferred revenues - current year	<b>(219,258)</b>	(80,472)
Deferred revenues - prior year	<b>80,472</b>	155,339
	<b>834,074</b>	862,759
<b>Other revenue</b>		
Membership fees	<b>179,342</b>	329,994
Administration, sanction and other fees	<b>59,865</b>	61,995
	<b>239,207</b>	391,989
<b>Total revenue</b>	<b>1,073,281</b>	1,254,748
<b>Sports Canada Funded Projects</b> <i>(Schedule 1)</i>	<b>779,425</b>	971,407
<b>Administration</b> <i>(Schedule 2)</i>	<b>192,849</b>	160,434
<b>Other</b> <i>(Schedule 3)</i>	<b>23,288</b>	38,088
<b>Total expenses</b>	<b>995,562</b>	1,169,929
<b>Excess of revenue over expenses</b>	<b>77,719</b>	84,819

*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, 2021*

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	<i>2021</i>	<i>2020</i>
<b>Net asset (deficiency), beginning of year</b>	<b>51,296</b>	<b>(33,523)</b>
<b>Excess of revenue over expenses</b>	<b>77,719</b>	<b>84,819</b>
<b>Net (deficiency) asset, end of year</b>	<b>129,015</b>	<b>51,296</b>

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*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, 2021*

	<b>2021</b>	<b>2020</b>
<hr/>		
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Cash receipts from contributions	1,245,120	1,158,784
Cash paid for program service expenses	(354,125)	(641,057)
Cash paid for salaries and benefits	(493,335)	(492,339)
	<hr/>	<hr/>
	<b>397,660</b>	25,388
<b>Financing</b>		
Advances of long-term debt	60,000	-
	<hr/>	<hr/>
<b>Decrease in cash resources</b>	<b>457,660</b>	25,388
<b>Cash resources, beginning of year</b>	<b>66,119</b>	40,731
	<hr/>	<hr/>
<b>Cash resources, end of year</b>	<b>523,779</b>	66,119
	<hr/>	<hr/>

*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, 2021*

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**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. COVID-19**

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization, which is causing significant financial market and social dislocation. The Organization continues to operate during the current pandemic. Employees are working remotely and, when required, on location while supporting the Organization's members.

Based on current activity, the Organization believes the outbreak is not having a material adverse impact on its operating results. The Organization will continue to monitor developments of the pandemic and continuously assess the pandemic's potential further impact on the Organization's operations. The situation is dynamic and the ultimate duration and magnitude of the impact of the pandemic on the economy and the financial effect on the Organization's operations are not known at this time. In developing estimates for the year ended March 31, 2021, management determined that COVID-19 has minimal impact on key assumptions. However, because of the uncertainty that exists, it is not possible to reliably estimate the impact that these developments will have on the Organization's financial condition and cash flows.

**3. 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.

**Canadian Amateur Boxing Association /  
Association Canadienne de Boxe Amateur**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2021*

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

**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.

	<b>Rate</b>
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.

**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.

**Canadian Amateur Boxing Association /  
Association Canadienne de Boxe Amateur**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2021*

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

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.

**4. Cash**

During the year, the Organization received \$20,000 (2020 - \$40,892) 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, 2021, the balance of the restricted cash was \$3,891 (2020 - \$3,458) and is included in cash.

**5. Accounts receivable**

	<b>2021</b>	<b>2020</b>
Accounts receivable	17,209	58,733
Sales tax receivable	11,283	9,772
	<b>28,492</b>	<b>68,505</b>

**6. Capital assets**

	<b>Cost</b>	<b>Accumulated amortization</b>	<b>2021 Net book value</b>	<b>2020 Net book value</b>
Equipment	23,325	4,530	18,795	20,219

**7. Line of credit**

The Organization has available an operating line of credit in the amount of \$70,000. As at March 31, 2021 the amount due on the line of credit was \$Nil (2020 - \$Nil). The line of credit is secured by a first ranking movable hypothec of \$100,000 over all present and future property and capital assets, having a net book value of \$18,795 (2020 - \$20,219) and bears interest at prime plus 1.5% per annum. The line of credit is renewable on an annual basis.

**Canadian Amateur Boxing Association /  
Association Canadienne de Boxe Amateur**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2021*

**8. Accounts payable and accrued liabilities**

	2021	2020
Accounts payable and accrued liabilities	42,689	27,113
Deductions at source payable	-	1,258
Government assistance payable	123,901	-
	166,590	28,371

Government assistance payable consists of amounts owed to the government of Canada for advances made through the Canada Emergency Wage Subsidy program.

**9. Deferred revenue**

Deferred revenue consists of membership fees received during the period from September 1, 2020 to March 31, 2021 and are on account of the 2021 calendar membership year. Deferred revenue represents 75% of any memberships fees received during this period.

Included in Other fees is \$36,000 (2020 - \$Nil) of fees received for the High Performance Program which are for the period of April 1, 2021 to March 31, 2022.

Deferred revenue also includes \$140,898 (2020 - \$Nil) in Sports Canada contributions received in advance.

Changes in the deferred revenue balance are as follows:

	Sports Canada contributions	Membership fees	Other fees	2021	2020
Balance, beginning of year	-	80,472	-	80,472	155,339
Amount received during the year	799,875	179,342	36,000	1,015,217	307,627
Less: Amount recognized as revenue during the year	(658,977)	(217,454)	-	(876,431)	(382,494)
Balance end of year	140,898	42,360	36,000	219,258	80,472

**10. Long-term debt**

	2021	2020
The Canada Emergency Business Account ("CEBA") loan is an unsecured, non-interest bearing government-backed loan to a maximum of \$60,000 that is partially forgivable (up to \$20,000), if repaid by December 31, 2022. As of January 1, 2023, the loan will begin to bear interest at a rate of 5% per annum, interest is payable on a monthly basis and the principal due by December 31, 2025.	60,000	-
	60,000	-

**Canadian Amateur Boxing Association /  
Association Canadienne de Boxe Amateur**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2021*

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**11. 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.

**12. Sports Canada Contributions**

	<b>2021</b>	<b>2020</b>
Sports Canada	<b>371,000</b>	437,000
Own the podium	<b>221,000</b>	206,500
Sports Canada - other	<b>207,875</b>	-
	<b>799,875</b>	643,500

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**Canadian Amateur Boxing Association /  
Association Canadienne de Boxe Amateur**  
**Schedule 1 - Schedule of Sports Canada Funded Projects Expenses**  
*For the year ended March 31, 2021*

	2020	2019
<b>Sports Canada Funded Projects</b>		
Salaries and benefits	<b>439,533</b>	462,767
Own the podium programs	<b>119,340</b>	157,773
National team programs	<b>118,411</b>	182,162
National championships programs	<b>25,794</b>	125,616
Leadership development programs	<b>27,402</b>	11,991
Administration	<b>14,460</b>	14,510
Official languages	<b>17,685</b>	13,988
Women's initiatives	<b>16,800</b>	2,600
	<b>779,425</b>	971,407

**Canadian Amateur Boxing Association /  
Association Canadienne de Boxe Amateur**  
**Schedule 2 - Schedule of Administration Expenses**

*For the year ended March 31, 2021*

	<b>2020</b>	<b>2019</b>
<b>Administration</b>		
Meetings and administrative	2,999	32,216
Employee benefits	53,802	29,572
Office supplies	21,205	21,036
Insurance	43,844	23,709
Rent	4,417	8,119
Secretarial support	5,875	12,855
Professional fees	35,740	16,855
Communications	31,820	23,053
Promotional materials	1,374	454
Bank charges	3,304	6,691
Memberships, affiliation and delegation fees	75	384
Sports Canada funding	(14,460)	(14,510)
	<b>189,995</b>	<b>160,434</b>



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

*For the year ended March 31, 2021*

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	2020	2019
<b>Other</b>		
Donations	10,650	37,150
Miscellaneous	4,254	-
Amortization	1,424	1,548
Bad debt expense (recovery)	6,960	(610)
	<b>23,288</b>	<b>38,088</b>

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