

Shooting Federation of Canada

Financial Statements
For the year ended March 31, 2020

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Financial Statements
For the year ended March 31, 2020**

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Independent Auditor's Report

**To the Members of
Shooting Federation of Canada**

Opinion

We have audited the financial statements of Shooting Federation of Canada, which comprise the balance sheet as at March 31, 2020, and the statements of operations and 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.

Except as noted in the following paragraph, in our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Federation 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

In common with many charitable organizations, the Federation derives revenue from donations, memberships and tournaments the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Federation. The auditor's opinion on the financial statements for the year ended March 31, 2019 was also qualified because of the possible effects of this limitation in scope. Therefore we were not able to determine whether any adjustments might be necessary to donations, memberships and tournaments revenue, excess of revenue over expenses for the years ended March 31, 2020 and 2019, assets as at March 31, 2020 and 2019 and net assets at both the beginning and end of the March 31, 2020 and 2019 years.

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 Federation'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 Federation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Federation'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:

- w 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.
- w 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 Federation's internal control.
- w Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- w 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 Federation'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 Federation to cease to continue as a going concern.
- w 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.

Chartered Professional Accountants, Licensed Public Accountants
(Date to be determined)
Ottawa, Ontario

Shooting Federation of Canada Balance Sheet

March 31	2020	2019
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Assets

Current

Cash (Note 2)	\$ 253,198	\$ 164,209
Accounts receivable	244	83
Inventory	24,471	33,424
Prepaid expenses	24,063	10,316
HST receivable	7,721	1,912
Investment	<u>121,160</u>	<u>118,779</u>
	430,857	328,723
Capital assets (Note 4)	<u>20,588</u>	20,509
	\$ 451,445	\$ 349,232

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities	\$ 42,931	\$ 43,908
Deferred revenue (Note 5)	125,952	75,772
Deferred term memberships	<u>7,229</u>	<u>5,222</u>
	176,112	124,902
Net assets	<u>275,333</u>	224,330
	\$ 451,445	\$ 349,232

Approved on behalf of the Board:

Member _____ Member

Shooting Federation of Canada Statement of Operations and Changes in Net Assets

<u>For the year ended March 31</u>	<u>2020</u>	<u>2019</u>
Revenues		
Sport Canada	\$ 441,101	\$ 392,000
Coaching Association of Canada (CAC)	3,000	3,000
Affiliation/Insurance	191,645	169,155
Tournaments	359	369
Target sales	29,228	28,322
National team	13,750	16,150
Certification program	4,350	3,561
Miscellaneous	16,303	4,882
Membership	20,286	19,216
	<hr/> 720,022	<hr/> 636,655
Expenditures		
Administrative (Schedule 1)	58,759	56,749
Amortization of capital assets	7,137	5,694
Athletes with a Disability (AWAD)	74,731	93,636
Coaching development	18,558	17,493
Cost of targets	24,879	25,127
Inventory write-down	8,953	5,990
Meetings	3,800	1,069
Membership and affiliation	52,847	48,417
National competition and sports science	179,677	141,715
Official languages	21,512	16,442
Professional fees	69,180	15,088
Promotion and communication	1,376	15,564
Salaries, benefits, and travel	73,200	160,453
Sport Canada Programs (Schedule 2)	74,410	38,669
	<hr/> 669,019	<hr/> 642,106
Excess (deficiency) of revenues over expenditures for the year	51,003	(5,451)
Net assets, beginning of year	224,330	229,781
Net assets, end of year	\$ 275,333	\$ 224,330

Shooting Federation of Canada Statement of Cash Flows

<u>For the year ended March 31</u>	<u>2020</u>	<u>2019</u>
Cash flows from (used in) operating activities		
Excess (deficiency) of revenues over expenditures for the year	\$ 51,003	\$ (5,451)
Adjustment for non-cash item		
Amortization of capital assets	<u>7,137</u>	<u>5,694</u>
	58,140	243
Change in non-cash working capital items		
Accounts receivable	(161)	221
Inventory	8,953	5,990
Prepaid expenses	(13,747)	3,038
HST receivable	(5,809)	6,063
Accounts payable and accrued liabilities	(977)	(38,332)
Deferred revenue	50,180	72,564
Deferred term memberships	<u>2,007</u>	<u>704</u>
	98,586	50,491
Cash flows from (used in) investing activities		
Increase in investments	(2,381)	(1,596)
Purchase of capital assets	<u>(7,216)</u>	-
	(9,597)	(1,596)
Increase in cash during the year		
	88,989	48,895
Cash, beginning of year	<u>164,209</u>	115,314
Cash, end of year	\$ 253,198	\$ 164,209

Shooting Federation of Canada Notes to the Financial Statements

March 31, 2020

1. Significant Accounting Policies

Nature and Purpose of Organization	The Shooting Federation of Canada (the "Federation") is incorporated under the laws of Canada. The Federation is engaged in the promotion of the sport of shooting, the sponsorship of competitions and meets and to act as the national body. The Federation is a registered charity and, as such, is exempt from income tax and may issue income tax receipts to donors.
Basis of Presentation	These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations which are part of Canadian generally accepted accounting principles and include the following significant accounting policies.
Use of Estimates	<p>The preparation of financial statements in accordance 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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from management's best estimates as additional information becomes available in the future.</p> <p>Significant estimates include assumptions used in estimating the collectibility of accounts receivable, inventory obsolescence, the useful life and related amortization of tangible capital assets, provisions for accrued liabilities and accrued vacation pay.</p>
Financial Instruments	Financial instruments are financial assets or liabilities of the Federation where, in general, the Federation has the right to receive cash or another financial asset from another party or the Federation has the obligation to pay another party cash or other financial assets.

Measurement of financial instruments

The Federation initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The Federation subsequently measures all its financial assets and financial liabilities at 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 are recognized in operations.

Shooting Federation of Canada Notes to the Financial Statements

March 31, 2020

1. Significant Accounting Policies (continued)

**Financial Instruments
(continued)**

Measurement of financial instruments (continued)

Financial assets measured at amortized cost include cash, investments and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities. The Federation has no financial assets measured at fair value.

Transaction costs

The Federation recognizes its transaction costs in operations in the period incurred. However, the financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in operations.

Government Assistance

Funds are advanced by the federal government for the purpose of sponsoring specific activities during the year. Expenses are applied against contributions on the accrual basis. Any unexpended portions of Government of Canada contributions as at March 31 are refundable to the contributor and are recorded as current liabilities unless the contributor agrees to defer the contributions and are recorded as deferred revenue.

Capital Assets

Capital assets includes both tangible and intangible assets. The intangible asset consists of the membership database. The policy of the Federation is to charge to operations the total cost of capital asset purchases, if less than \$200, in the year of purchase. Capital assets in excess of \$200 are capitalized and the cost is amortized on a straight-line basis over five years for both tangible and intangible assets.

Donated Material and Services

The value of assets, materials and services donated to the Federation is not reflected in these financial statements unless the item would be otherwise purchased and the fair value of such donations is reasonably determinable.

Shooting Federation of Canada Notes to the Financial Statements

March 31, 2020

1. Significant Accounting Policies (continued)

Inventory	Inventory is valued at the lower of cost and net realizable value. Cost is generally determined on an average cost basis. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable variable selling costs. Net realizable value is assessed at each balance sheet date and a write down is recorded as necessary. The amount of the write down may be reversed (up to original amount of the write down) where there is a change in the economic circumstances.
Deferred Revenue	Membership fees received for terms extending beyond one year are deferred. The deferred revenue is transferred to income over the life of the membership, not to exceed five years. Membership fees for one-year terms are recognized as revenue in the year received.
Revenue Recognition	The Federation 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.
Foreign Currency Transactions	Transactions during the year in foreign currencies have been converted in the accounts to Canadian dollars at the exchange rate effective on the transaction date. There are no monetary assets in foreign currencies at the end of the year.

2. Cash

The Federation's bank accounts are held at one chartered bank and earn nominal interest.

3. Investment

The Federation's investments consists of a guaranteed investment certificate maturing in September 2020, earning interest at 2.2%.

Shooting Federation of Canada Notes to the Financial Statements

March 31, 2020

4. Capital Assets

	2020	2019		
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Equipment	\$ 24,349	\$ 8,297	\$ 16,052	\$ 13,706
Membership database	<u>11,337</u>	<u>6,801</u>	<u>4,536</u>	<u>6,803</u>
	\$ 35,686	\$ 15,098	\$ 20,588	\$ 20,509

5. Deferred Revenue

Deferred revenue is made up of the following amounts:

	Balance, beginning of year	Received	Recognized	Balance, end of year
Insurance	\$ 75,772	\$ 230,176	\$ (191,645)	\$ 114,303
Sport Canada	-	452,750	(441,101)	11,649
	\$ 75,772	\$ 682,926	\$ (632,746)	\$ 125,952

Insurance represents amounts received in advance of the membership year that will be recognized as earned in the following fiscal year.

On March 30, 2020, there was an agreement signed with Sport Canada allowing the Federation to defer unused protected funding until September 30, 2020.

6. Financial Instruments

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

Liquidity risk

Liquidity risk is the risk that the Federation will encounter difficulty in meeting obligations associated with financial liabilities. The Federation is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.

Shooting Federation of Canada Notes to the Financial Statements

March 31, 2020

6. Financial Instruments (continued)

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 other price risk. The Federation is mainly exposed to interest rate risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Federation is exposed to fair value risk on its investments with fixed interest rates.

Changes in risk

There have been no significant changes in the Federation's risk exposures from the previous fiscal year.

7. Uncertainty due to COVID-19

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Federation's environment and in the global markets due to the possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Federation's operations.

The extent of the impact of this outbreak and related containment measures on the Federation's operations cannot be reliably estimated at this time.

Shooting Federation of Canada
Schedule 1 - Administrative

For the year ended March 31	2020	2019
Office, computer, postage, etc.	\$ 26,412	\$ 15,918
Insurance	4,743	5,517
Telecommunications	1,367	3,591
Bank charges	5,616	6,340
Premises	<u>20,621</u>	<u>25,383</u>
	<hr/>	<hr/>
	\$ 58,759	\$ 56,749

Shooting Federation of Canada
Schedule 2 - Sport Canada Programs

For the year ended March 31	2020	2019
Coaches salaries and professional development	\$ 20,600	\$ 11,351
Sport participation development	3,898	7,873
National championship	49,537	17,932
International representation	<u>375</u>	<u>1,513</u>
	<hr/>	<hr/>
	\$ 74,410	\$ 38,669