

Climbing Escalade Canada



Financial Statements

For the year ended March 31, 2024

Climbing Escalade Canada
Financial Statements
For the year ended March 31, 2024

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Independent Auditor's Report

To the Members of Climbing Escalade Canada

Opinion

We have audited the financial statements of Climbing Escalade Canada, which comprise the statement of financial position as at March 31, 2024, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the management as at March 31, 2024, 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 management 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 opinion.

Other Matter

The financial statements for the year ended March 31, 2023 were reported on by another firm of Chartered Professional Accountants who issued an unqualified opinion in their Independent Auditor's Report dated August 8, 2023.

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

Those charged with governance are responsible for overseeing the management'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 management'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 management'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 management 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.

Baker Tilly Ottawa LLP

Chartered Professional Accountants, Licensed Public Accountants
September 17, 2024
Ottawa, Ontario

Climbing Escalade Canada Statement of Financial Position

March 31	2024	2023
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Assets

Current

Cash	\$ 140,960	\$ 121,684
Accounts receivable	15,200	21,163
Inventory	2,217	2,870
Promissory note receivable	1,000	1,000
Prepaid expenses	30,695	11,603
	190,072	158,320

Investments (Note 2)	5,000	-
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Intangible assets (Note 3)	2,489	5,531
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	\$ 197,561	\$ 163,851
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Liabilities and Net Assets

Current

Accounts payable and accrued liabilities (Note 4)	\$ 41,939	\$ 18,801
Deferred revenue	120,997	164,635
	162,936	183,436

Deferred capital contributions (Note 5)	1,461	3,248
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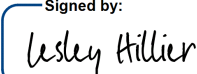
	164,397	186,684
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Net assets (deficiency)	33,164	(22,833)
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	\$ 197,561	\$ 163,851
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Approved on behalf of the board:


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 _____ Director
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 Joachim Stroink


Signed by:
 _____ Director
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 Lesley Hillier

Climbing Escalade Canada

Statement of Operations and Changes in Net Assets

For the year ended March 31	2024	2023
Revenues		
Sport Canada funding (Note 7)	\$ 309,927	\$ 409,540
Sponsorships	193,528	317,006
Climbers' fees	422,761	294,800
Youth National team	64,399	24,448
Grants and donations	80,206	9,341
	<u>1,070,821</u>	<u>1,055,135</u>
Expenditures		
Amortization	3,042	6,760
Cost of goods sold	653	682
Exchange loss	-	213
General and administration	97,168	87,518
Governance	31,041	43,527
National team programs	204,646	187,527
Official languages	5,270	6,773
Operations and programming	364,179	339,400
Salaries and benefits	221,133	307,596
Sport development	15,692	75,662
Uniforms (gifts-in-kind)	72,000	67,000
	<u>1,014,824</u>	<u>1,122,658</u>
Excess (deficiency) of revenues over expenses for the year	55,997	(67,523)
Net assets (deficiency), beginning of year	<u>(22,833)</u>	<u>44,690</u>
Net assets (deficiency), end of year	<u>\$ 33,164</u>	<u>\$ (22,833)</u>

Climbing Escalade Canada Statement of Cash Flows

For the year ended March 31	2024	2023
Cash flows from (used in) operating activities		
Excess (deficiency) of revenues over expenses for the year	\$ 55,997	\$ (67,523)
Adjustments for non-cash items		
Amortization of intangible assets	3,042	6,760
Amortization of deferred capital contributions	(1,787)	(3,969)
	<u>57,252</u>	<u>(64,732)</u>
Change in non-cash working capital items		
Accounts receivable	5,963	91,337
Inventory	653	682
Prepaid expenses	(19,092)	(2,431)
Accounts payable and accrued liabilities	23,138	(21,715)
Deferred revenue	(43,638)	26,460
	<u>24,276</u>	<u>29,601</u>
Cash flows from (used in) investing activity		
Purchase of investment	(5,000)	-
Increase in cash during the year	19,276	29,601
Cash, beginning of year	121,684	92,083
Cash, end of year	\$ 140,960	\$ 121,684

Climbing Escalade Canada
Notes to the Financial Statements

March 31, 2024

Nature of Operations

Climbing Escalade Canada is a not-for-profit organization federally incorporated as a National Sport Organization. The Organization was formed with a mandate to regulate and promote the development of competition climbing in Canada. In addition, the Organization provides assistance to athletes, coaches, and event organizers at the national level. The Organization is exempt from income tax due to its not-for profit status.

1. Significant Accounting Policies

Basis of Presentation	The financial statements were 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 policies.
Use of Estimates	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 period. Actual results could differ from management's best estimates as additional information becomes available in the future. These estimates and assumption are reviewed periodically and as adjustments become necessary, they are reported in the periods in which they become known. Significant estimates include assumptions used in estimating the useful lives and related amortization of intangible assets and provisions for accrued liabilities.
Revenue Recognition	Revenue on significant contracts, which provide for progress billings and payments as part of the contract, are recognized on the percentage of completion method. Deferred revenue, in current liabilities, represents billings rendered in excess of revenue earned. Revenue from climbers' fees, selection camps, and youth national teams are recognized when the service is provided, the amount can be reasonably estimated and collection is reasonably assured.

Climbing Escalade Canada
Notes to the Financial Statements

March 31, 2024

1. Significant Accounting Policies (continued)

Government Assistance	Government assistance related to current expenses and revenues is included in the determination of deficiency of revenue over expenses for the year. Government assistance related to capital expenditures is deferred and amortized to income on the same basis as the related capital asset is depreciated.
Contributed Materials and Services	Contributions of materials and services are recognized in the financial statements at fair value at the date of contribution, but only when a fair value can be reasonably estimated and when the materials and services are used in the normal course of operations, and would otherwise have been purchased.
Cash	Cash includes balances with banks held with Canadian financial institutions.
Inventory	Inventory consists of clothing and promotional items. Inventory is stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the normal course of business less the estimated costs necessary to make the sale. Included in the cost of inventory are costs of purchase. Cost is determined using the weighted average cost method, based on individual products.
Capital Assets	Purchased capital assets are recorded at cost. The carrying amount of an item of capital asset is tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the asset's carrying amount is not recoverable and is in excess of its fair value. The Organization currently has no capital assets.
Intangible Assets	Intangible assets acquired individually or as part of a group of other assets are initially recognized and measured at cost. Expenditures incurred to acquire, develop, maintain and enhance intangible resources are recognized as assets only when they are separable or arise from contractual or other legal rights regardless of whether these rights are transferable or separable and it is probable that the expected future economic benefits that are attributable to the asset will flow to the Organization and the cost can be reliably measured. The assessment of the probability of the future economic benefits using reasonable and supportable assumptions represents management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Climbing Escalade Canada
Notes to the Financial Statements

March 31, 2024

1. Significant Accounting Policies (continued)

Intangible Assets
(continued)

Subsequent expenditures to maintain such expected economic benefits are only capitalized to the carrying amount of the existing intangible asset if these expenditures separately meet the prescribed criteria for recognition as an intangible and that these costs could be directly attributable to a specific intangible rather than to the business as a whole.

Intangible assets with finite useful lives are amortized over their useful lives. Amortization is provided using the declining-balance method at rates intended to amortize the cost of assets over their estimated useful lives. The annual amortization rates are as follows:

Website	55%
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Intangible assets is reviewed for impairment whenever events or changes in the circumstances indicate that the carrying value may not be recoverable. If the total of the estimated undiscounted future cash flows is less than the carrying value of the asset, an impairment loss is recognized for the excess of the carrying value over the fair value of the asset during the year the impairment occurs.

An intangible asset that is subject to amortization is tested for impairment only when events or changes in circumstances indicate that its carrying amount may not be recoverable. The carrying amount is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from its use and eventual disposition. An impairment loss for an intangible asset is not reversed upon subsequent increase of the fair value of such assets. The amortization methods and estimated useful lives of intangible assets are reviewed annually.

Contributed intangible assets used in the Organization’s normal operations are recorded at cost, which is the estimated fair value plus all costs directly attributable to the acquisition of the intangible asset. If the estimated fair value cannot be reasonably determined, such donations are not recorded.

Financial Instruments

Financial instruments are financial assets or liabilities of the Organization where, in general, the Organization has the right to receive cash or another financial asset from another party or the Organization has the obligation to pay another party cash or other financial assets.

Climbing Escalade Canada

Notes to the Financial Statements

March 31, 2024

1. Significant Accounting Policies (continued)

Financial Instruments
(continued)

Measurement of arm's length financial instruments

The Organization initially measures its arm's length financial assets and liabilities at fair value.

The Organization subsequently measures all its arm's length financial assets and liabilities at amortized cost, except for investments in equity instruments, if any, that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the Statement of Operations.

Arm's length financial assets measured at amortized cost include cash and accounts receivable. Arm's length financial liabilities measured at amortized cost include accounts payable and accrued liabilities. The Organization has no arm's length financial assets or liabilities measured at fair value.

Measurement of related party financial instruments

The Organization initially measures its related party financial assets at fair value, cost or the exchange amount.

The Organization subsequently measures related party financial assets quoted in an active market at fair value. All other related party financial assets are subsequently measured at cost or the exchange amount.

When the related party financial instrument has repayment terms, cost is determined using the undiscounted cash flows of the instrument, excluding interest and dividend payments, less any impairment losses previously recognized. If the related party financial instrument does not have repayment terms, cost is determined using the exchange amount. The exchange amount is the amount of consideration paid or received as established and agreed to by the related parties.

Related party financial assets and liabilities measured at the exchange amount is the promissory note receivable.

2. Investments

	2024	2023
Non redeemable guaranteed investment certificate, bearing interest at 4.0% per year, maturing in January 2026	\$ 5,000	\$ -

Climbing Escalade Canada Notes to the Financial Statements

March 31, 2024

3. Intangible Assets

	2024		
	Cost	Accumulated Amortization	Net Book Value
Website	\$ 26,071	\$ 23,582	\$ 2,489
	2023		
	Cost	Accumulated Amortization	Net Book Value
Website	\$ 26,071	\$ 20,540	\$ 5,531

4. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$4,707 (2023 – \$7,454) which includes amounts payable for payroll related taxes.

5. Deferred Capital Contributions

Deferred capital contributions represent restricted contributions received and designated to be used for capital purposes.

	2024	2023
Balance, beginning of year	\$ 3,248	\$ (7,217)
Amortization of deferred capital contributions	(1,787)	10,465
Balance, end of year	\$ 1,461	\$ 3,248

6. Commitments

Subsequent to year-end, the Organization signed a lease agreement for new office premises with a term ending June 2025. The annual lease payments required for the remainder of the lease terms, are as follows:

Climbing Escalade Canada
Notes to the Financial Statements

March 31, 2024

6. Commitments (continued)

2025	\$ 3,423
2026	<u>1,141</u>
	<u>\$ 4,564</u>

The Organization has entered into an agreement for the development and implementation of a new organization website. The Organization has also entered into a two year annual subscription agreement. The total cost of the development and implementation agreement is \$13,500 plus applicable taxes of which the remaining \$8,775 is due by June 2025. The total cost of the two year subscription agreement is \$11,850 plus applicable taxes.

7. Grants and Economic Dependence

The Organization is eligible to receive grants from Sports Canada under the Sport Support Program. Total grants of \$309,927 (2023 – \$409,540) were recognized in revenue on the statement of operations for the year ended March 31, 2024. The entire amount is non-repayable.

The Organization receives the majority of its revenue in the form of funding from Sports Canada. The Organization's continued operations are dependent on the continuance of this funding.

8. Financial Instruments

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure and concentrations as at March 31, 2024.

The Organization is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization's main credit risks relate to its accounts receivable and promissory note receivable.

Liquidity risk

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

Climbing Escalade Canada Notes to the Financial Statements

March 31, 2024

8. 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 Organization is mainly exposed to interest rate risk due to its investment bearing fixed interest rate.

Changes in risk

There have been no significant changes in the Organization's risk exposures from the prior year.
