

**WUSHU ONTARIO**  
**(FORMERLY KNOWN AS UNITED WUSHU ASSOCIATION OF ONTARIO)**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2012 AND 2011**

*Draft Copy - April 24, 2013*

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**WUSHU ONTARIO**  
**(FORMERLY KNOWN AS UNITED WUSHU ASSOCIATION OF ONTARIO)**

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**DECEMBER 31, 2012 and 2011**

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*Draft Copy - April 24, 2013*

## INDEPENDENT AUDITOR'S REPORT

To the Members of  
**Wushu Ontario (formerly known as United Wushu Association of Ontario)**

We have audited the accompanying financial statements of **Wushu Ontario** (formerly known as United Wushu Association of Ontario), which comprise the statements of financial position as at December 31, 2012 and 2011, and the statements of changes in net assets, operations and cash flow for the years then ended, and a summary of significant accounting policies and other explanatory information.

### *Management and Directors' Responsibility for the Financial Statements*

Management and Directors are responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management and Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**INDEPENDENT AUDITOR'S REPORT, continued**

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Wushu Ontario as at December 31, 2012 and 2011, and the results of its operations and its cash flows for the years then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Toronto, Ontario  
April 22, 2013

**Granatstein Lusthouse Mar LLP**  
Chartered Accountants  
Licensed Public Accountants

Draft Copy - April 22, 2013

**WUSHU ONTARIO**  
**(FORMERLY KNOWN AS UNITED WUSHU ASSOCIATION OF ONTARIO)**

**STATEMENTS OF FINANCIAL POSITION**  
**AS AT DECEMBER 31**

	December 31, 2012	December 31, 2011	January 1, 2011
<b>ASSETS</b>			
<b>CURRENT</b>			
Cash	\$ 5,880	\$ 4,326	\$ 2,065
Accounts receivable	-	15	720
	<b>5,880</b>	<b>4,341</b>	<b>2,785</b>
<b>PROPERTY, PLANT AND EQUIPMENT (note 4)</b>	<b>48,810</b>	<b>61,012</b>	<b>76,266</b>
	<b>\$ 54,690</b>	<b>\$ 65,353</b>	<b>\$ 79,051</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>CURRENT</b>			
Accounts payable and accrued liabilities	\$ 326,390	\$ 322,359	\$ 323,496
Loan payable (note 5)	32,187	40,336	53,027
Government remittances	-	-	141
	<b>358,577</b>	<b>362,695</b>	<b>376,664</b>
<b>BALANCE</b>	<b>(303,887)</b>	<b>(297,342)</b>	<b>(297,613)</b>
	<b>\$ 54,690</b>	<b>\$ 65,353</b>	<b>\$ 79,051</b>

Approved by the board

\_\_\_\_\_ Member

\_\_\_\_\_ Member

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**WUSHU ONTARIO**  
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**STATEMENTS OF CHANGES IN NET ASSETS**  
**YEARS ENDED DECEMBER 31**

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	2012	2011
BALANCE, BEGINNING OF YEAR	\$ (297,342)	\$ (297,613)
(Deficiency) excess of revenues over expenditures	(6,545)	271
BALANCE, END OF YEAR	\$ (303,887)	\$ (297,342)

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**WUSHU ONTARIO**  
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**STATEMENTS OF OPERATIONS**  
**YEARS ENDED DECEMBER 31**

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	2012	2011
<b>REVENUES</b>	<b>\$ 46,246</b>	<b>\$ 58,690</b>
<b>EXPENDITURES</b>		
Advertising and promotion	13,774	4,726
Amortization	12,202	15,253
Supplies	8,674	5,084
Professional fees	5,221	3,221
Rent	4,156	4,366
Travel	3,297	6,379
Wushu for all program	2,520	1,840
Salaries and related benefits	1,801	11,140
Interest and bank charges	792	622
Office	354	2,156
Paramedic services	-	1,772
Postage and courier	-	1,442
Repairs and maintenance	-	418
	<b>52,791</b>	<b>58,419</b>
<b>(DEFICIENCY) EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>\$ (6,545)</b>	<b>\$ 271</b>

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**WUSHU ONTARIO**  
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**STATEMENTS OF CASH FLOW**  
**YEARS ENDED DECEMBER 31**

	2012	2011
<b>OPERATING ACTIVITIES</b>		
(Deficiency) excess of revenues over expenditures	\$ (6,545)	\$ 271
Adjustment for		
Amortization	12,202	15,253
	<b>5,657</b>	15,524
Change in non-cash working capital items		
Decrease in accounts receivable	15	705
Increase (decrease) in accounts payable and accrued liabilities	4,031	(1,136)
Decrease in loan payable	(8,149)	(12,691)
Decrease in Government remittances	-	(141)
<b>INCREASE IN CASH</b>	<b>1,554</b>	2,261
<b>CASH, BEGINNING OF YEAR</b>	<b>4,326</b>	2,065
<b>CASH, END OF YEAR</b>	<b>\$ 5,880</b>	\$ 4,326

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**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012 AND 2011**

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1. **NATURE OF OPERATIONS**

Wushu Ontario is an incorporated, not-for-profit corporation, governed by a Board of Directors, whose member clubs in good standing are entitled to vote at the Annual General Meeting. Wushu Ontario is committed to the growth of the sport of Wushu (Chinese martial arts) in Ontario. Further, Wushu Ontario is focused on the development and preparation of our provincial Wushu athletes on the national team for all international competitions including the World Wushu Championships.

Wushu Ontario Headquarters is located at 2370 Midland Avenue, Unit B25, Scarborough, Ontario. Wushu Ontario is the provincial Ministry of Health Promotion's recognized voice of all Chinese Martial Arts in Ontario and provides value-added services to its member clubs in the form of competitions, education (clinics for coaches, officials, judges), safety (insurance coverage, clinics on safety) and up-to-date information on changes in Wushu at the international level. Wushu Ontario continues to expand its membership through the addition of more clubs, as well as expand into more geographic areas in Ontario.

Internationally, Wushu is governed by the International Wushu Federation (IWuF). Competition routines are developed by the IWuF and are practiced worldwide in over 130 countries. In Canada, Wushu is governed by the NSO Wushu Canada and is officially recognized by the Canadian Olympic Committee.

2. **SIGNIFICANT ACCOUNTING POLICIES**

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

(a) **Revenue recognition**

The Company 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. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

(b) **Contributed services**

A substantial number of volunteers contributed a significant amount of their time in the fiscal year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

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2. **SIGNIFICANT ACCOUNTING POLICIES, continued**

(c) **Property, plant and equipment**

Property, plant and equipment are recorded at cost. The Company provides for amortization using the straight-line method at rates designed to amortize the cost of the property, plant and equipment over their estimated useful lives. The annual amortization rates are as follows:

Sports equipment 20%

(d) **Impairment of long-lived assets**

The Company tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected undiscounted future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value.

(e) **Management estimates**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

3. **IMPACT OF THE CHANGE IN THE BASIS OF ACCOUNTING**

The Company has elected to apply the standards in Part III of the CICA Accounting Handbook for not-for-profit organizations in accordance with Canadian accounting standards for non-profit organizations.

These financial statements are the first financial statements for which the entity has applied Canadian accounting standards for not-for-profit organizations hereafter referred to as "ASNPO".

The financial statements for the year ended December 31, 2012 were prepared in accordance with the accounting principles and provisions set out in FIRST-TIME ADOPTION BY NOT-FOR-PROFIT ORGANIZATIONS, Section 1501, for first-time adopters of this basis of accounting.

The impact of adopting these standards has not resulted in any material changes to the opening financial statements for the current or previous year end.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012 AND 2011**

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4. **PROPERTY, PLANT AND EQUIPMENT**

	<b>December 31,</b>	December 31,	January 1,		
	<b>2012</b>	2011	2011		
	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Net</b>	<b>Net</b>	<b>Net</b>
Sports equipment	\$ 130,056	\$ 81,246	\$ 48,810	\$ 61,012	\$ 76,266

5. **LOAN PAYABLE**

	<b>December 31,</b>	December 31,	January 1,
	<b>2012</b>	2011	2011
Loan payable	\$ 32,187	\$ 40,336	\$ 53,027

Loan payable is non-interest bearing with no specific terms of repayment.

6. **COMPARATIVE AMOUNTS**

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.