

INTERNATIONAL PRACTICAL SHOOTING CONFEDERATION

Financial Statements

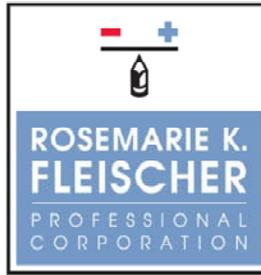
Year Ended December 31, 2017

INTERNATIONAL PRACTICAL SHOOTING CONFEDERATION

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INDEPENDENT AUDITOR'S REPORT

To the Members of International Practical Shooting Confederation

I have audited the accompanying financial statements of International Practical Shooting Confederation, which comprise the statement of financial position - general fund as at December 31, 2017 and the statements of revenues and expenditures - general fund and development fund, changes in net assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is 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 determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

(continues)

Independent Auditor's Report to the Members of International Practical Shooting Confederation
(continued)

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Confederation derives revenue from membership fees, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the company and I was not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets.

Qualified Opinion

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself concerning the completeness of the revenue referred to in the preceding paragraph, the financial statements present fairly, in all material respects, the financial position of International Practical Shooting Confederation as at December 31, 2017 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

The financial statements for the year ended December 31, 2016 were audited by another accounting firm and are presented for comparative purposes only.

Oakville, Ontario
August 10, 2018



ROSEMARIE K. FLEISCHER PROFESSIONAL CORPORATION
Chartered Professional Accountant
Authorized to practise public accounting by
the Chartered Professional Accountants of
Ontario

INTERNATIONAL PRACTICAL SHOOTING CONFEDERATION
Statement of Financial Position - General Fund
December 31, 2017

	2017	2016
ASSETS		
CURRENT		
Cash	\$ 186,454	\$ 725,284
Accounts receivable	4,963	4,596
Prepaid expenses	-	1,945
	191,417	731,825
EQUIPMENT <i>(Note 3)</i>	-	7,285
	\$ 191,417	\$ 739,110
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 17,922	\$ 22,632
Deferred income	-	1,186
Due to Development Fund	3,450	523,164
	21,372	546,982
NET ASSETS	170,045	192,128
	\$ 191,417	\$ 739,110

ON BEHALF OF THE EXECUTIVE COUNCIL

_____ *President*

_____ *Treasurer*

See accompanying notes to financial statements

INTERNATIONAL PRACTICAL SHOOTING CONFEDERATION
Statement of Financial Position - Development Fund
Year Ended December 31, 2017

	2017	2016
ASSETS		
DUE FROM GENERAL FUND	<u>\$ 3,450</u>	<u>\$ 523,164</u>
LIABILITIES AND NET ASSETS		
NET ASSETS	<u>\$ 3,450</u>	<u>\$ 523,164</u>

See accompanying notes to financial statements

INTERNATIONAL PRACTICAL SHOOTING CONFEDERATION
Statement of Revenues and Expenditures - General Fund
For the Year Ended December 31, 2017

	2017	2016
REVENUE		
Membership dues	\$ 329,496	\$ 344,179
Sponsorship and advertising	115,884	227,586
Other income	2,228	2,549
Match fees	39,326	35,239
Royalty fees	33,554	15,187
Seminar fees	2,071	11,221
	<u>522,559</u>	<u>635,961</u>
EXPENSES		
Sponsorship and advertising	133,178	247,765
Travel	162,587	142,314
Premises	20,906	25,758
Salary and benefits	70,873	51,122
Internet and website	40,634	39,265
Meetings	29,281	29,000
Office and general	38,374	46,043
Professional fees	19,950	17,798
Interest and bank charges	11,574	15,998
International Range Officer Association	10,000	10,000
Amortization	1,457	1,821
	<u>538,814</u>	<u>626,884</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ (16,255)	\$ 9,077

See accompanying notes to financial statements

INTERNATIONAL PRACTICAL SHOOTING CONFEDERATION
Statement of Revenues and Expenditures - Development Fund
For the Year Ended December 31, 2017

	<u>2017</u>	<u>2016</u>
PATRON MEMBERSHIP	\$ 48,246	\$ 149,515
EXPENSES	-	-
EXCESS OF REVENUE OVER EXPENSES	\$ 48,246	\$ 149,515

See accompanying notes to financial statements

INTERNATIONAL PRACTICAL SHOOTING CONFEDERATION

Statement of Changes in Net Assets

Year Ended December 31, 2017

	General Fund	Development Fund	2017	2016
NET ASSETS - BEGINNING OF YEAR	\$ 192,128	\$ 523,164	\$ 715,292	\$ 556,700
Excess (deficit) of revenue over expenses	(16,255)	48,246	31,991	158,592
Transfer out (Note 1)	(5,828)	(567,960)	(573,788)	-
NET ASSETS - END OF YEAR	\$ 170,045	\$ 3,450	\$ 173,495	\$ 715,292

See accompanying notes to financial statements

INTERNATIONAL PRACTICAL SHOOTING CONFEDERATION

Statement of Cash Flow

Year Ended December 31, 2017

	2017	2016
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses - General Fund	\$ (16,255)	\$ 9,077
Excess of revenue over expenses - Development Fund	48,246	149,515
Items not affecting cash:		
Amortization of equipment	1,457	1,821
Transfer of equipment	5,828	-
	<u>39,276</u>	<u>160,413</u>
Changes in non-cash working capital:		
Accounts receivable	(367)	(287)
Accounts payable and accrued liabilities	(4,710)	2,679
Deferred income	(1,186)	(14)
Prepaid expenses	1,945	-
	<u>(4,318)</u>	<u>2,378</u>
Cash flow from operating activities	<u>34,958</u>	<u>162,791</u>
FINANCING ACTIVITY		
Transfer out assets to Region of Sweden	<u>(573,788)</u>	-
Cash flow used by financing activity	<u>(573,788)</u>	-
INCREASE (DECREASE) IN CASH FLOW	(538,830)	162,791
Cash - beginning of year	<u>725,284</u>	<u>562,493</u>
CASH - END OF YEAR	\$ 186,454	\$ 725,284
CASH CONSISTS OF:		
Cash - General Fund	\$ 186,454	\$ 725,284
	-	-
	<u>\$ 186,454</u>	<u>\$ 725,284</u>

See accompanying notes to financial statements

INTERNATIONAL PRACTICAL SHOOTING CONFEDERATION

Notes to Financial Statements

Year Ended December 31, 2017

1. CHANGE OF ADMINISTRATION

International Practical Shooting Confederation (the "Confederation") is an unincorporated not-for-profit organization, organized in 1976, which sponsors practical competitions, awards champion titles and provides training for range officers and practical shooter athletes in member regions around the world. The Confederation is a not-for-profit organization and is, consequently, exempt from income taxes except as to tax on income from property being interest and royalty fees.

Pursuant to the constitution of the Confederation, the administration of the Confederation moves to the region the President. At the annual general meeting held on August 26, 2017 at Chateauroux, France, a new President was elected from the region of Sweden. As such, the assets of the Confederation were transferred to the new region effective December 31, 2017. During the year \$567,960 cash and \$5,828 in equipment was transferred to the region of Sweden.

These financial statements represent the last year of the administration in Canada.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the year in which they become known. Actual results could differ from these estimates.

Fund accounting

The financial statements are prepared on a restricted fund accounting basis. Separate funds have been established in order that limitations and restrictions may be placed on the use of funds raised for special purposes. The funds administered are:

(i) General Fund

Revenues and expenses related to the general program delivery and administrative activities are reported in the General fund.

(ii) Development Fund

Proceeds from the patron contributions are reported in the Development fund.

Revenue recognition

Membership dues, match fees, patron fees, seminar fees, sponsorships and royalty fees are recognized as revenue in the year in which they are received. Affiliation and per capital fees are recognized as revenue in the year they are due.

(continues)

INTERNATIONAL PRACTICAL SHOOTING CONFEDERATION

Notes to Financial Statements

Year Ended December 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Equipment

Equipment is stated at cost or deemed cost less accumulated amortization. Equipment is amortized over their estimated useful lives on a declining balance basis at the following rates and methods:

Equipment	20%
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The Confederation regularly reviews its equipment to eliminate obsolete items.

In the year of acquisition, property, plant and equipment are amortized at 50% of the above annual rates.

Financial instruments

Measurement of financial instruments

The Confederation initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The Confederation 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 net income.

Financial assets measured at amortized cost include cash and sales tax receivable.

Financial liabilities measured at amortized cost consists accounts payable and accrued liabilities.

The Confederation has not designated any financial asset or financial liability to be measured at fair value.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. 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 net income.

Transaction costs

The Confederation recognizes its transaction costs in net income in the period incurred. However, 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.

Contributed services

Volunteers contribute a significant amount of their time each year. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

INTERNATIONAL PRACTICAL SHOOTING CONFEDERATION

Notes to Financial Statements

Year Ended December 31, 2017

3. EQUIPMENT

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Equipment	\$ -	\$ -	\$ -	\$ 7,285

4. NET ASSETS

Net assets consist of the following funds:

	2017	2016
Development fund	\$ 3,450	\$ 523,164
General fund	170,045	192,128
	\$ 173,495	\$ 715,292

Commencing fiscal year 2011, the Confederation created the Development fund from the proceeds of patron contributions. These funds, and the proceeds from their investments are to be used specifically and exclusively for the development of the aims of the Confederation. During the year \$48,246 of patron contributions (2016 - \$149,515) were segregated to the fund and \$NIL in expenses (2016 - \$NIL) were charged to the fund, for a net increase of \$48,246 (2016 - \$149,515). At year end, \$567,960 in cash and \$5,828 of equipment was transferred to IPSC Sweden in accordance with the resolutions passed on August 26, 2017. See Note 1.

5. RELATED PARTY TRANSACTIONS AND BALANCES

During the fiscal year the Confederation received and paid for the following services from related parties of the Executive Council.

	2017	2016
(a) Salary and benefits paid to N. Alexikos, IPSC President:	\$ 65,277	\$ 50,000
(b) Accounting services from Laurence J. Henderson Professional Corporation, a company in which L.J. Henderson, IPSC Treasurer is a shareholder:	11,300	11,526
(d) Commission fees paid for advertising sold in IPSC Magazine to Alain Joly, IPSC General Secretary:	40,554	27,456

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

INTERNATIONAL PRACTICAL SHOOTING CONFEDERATION

Notes to Financial Statements

Year Ended December 31, 2017

6. FINANCIAL INSTRUMENTS

The Confederation is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Confederation's risk exposure and concentration as of December 31, 2017.

(a) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Confederation is exposed to this risk mainly in respect of its receipt of funds from its members and other related sources, and accounts payable and accrued liabilities.

(b) Currency risk

Currency risk is the risk to the Confederation's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Confederation is exposed to foreign currency exchange risk on cash, accounts receivable held in U.S. dollars. The Confederation does not use derivative instruments to reduce its exposure to foreign currency risk.

Unless otherwise noted, it is management's opinion that the Confederation is not exposed to significant other price risks arising from these financial instruments.

7. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.
