OAWA Board of Directors’ and Annual General Meeting Treasurer’s Report/Variance Report

For June 1st and 2nd

Dear fellow OAWA member:

I am pleased to deliver this report in preparation for our 2018 Board of Directors’ and Annual General Meetings.

The past year has been challenging in many ways. I feel our management team of Executive Committee, staff, and Board of Directors has not operated smoothly this past year. In addition to a lot of ill-feelings, things are not getting done. I hope the OAWA can be and do better moving forward. In this report I will speak to our **Internal Review** we had; **Unexpected Finical Commitments** we now have due to a complaint; a **Club Standards** motion I have put forward; and an **Overview of our Finances and Variances**.

I apologize for the length of this report, however, I feel as though while this has been a difficult year, all of this information is vital to our association.

**Internal Review**

Over the last several months, our financial control systems and reporting have come under unusual scrutiny. Concerns were raised. As a non-profit it is up to me as Treasurer and the entire OAWA Executive to address all such concerns grounded or not, so the Executive approved an Internal Review.

I’d like to personally thank Steve Suraci for his work on this Internal Review. As an accredited accountant (a CMA) he brought a fresh set of eyes to our finances and a neutral viewpoint – outside our normal financial control systems.

This review was extensive, including the following items:

1. All Quick Books (internal bookkeeping) system files for OAWA. These files include financial records going back over five years.
2. All bank statements including copies of canceled cheques as provided by the bank and which are used in our annual audit, over 300 pages of documentation. These are what our Auditor uses annually.
3. Full listing of charges to our corporate Diners Card (a MasterCard). We use the card extensively for payments due to the added accountability and reporting security it brings to our financial control systems.
4. A sampling of cheques from the donations program were looked at, including the endorsement side of the cheques.
5. All term deposits for OAWA.
6. All current service contracts for services rendered to OAWA, as well as payment records/T-4 records for our employee, Mr. MaGarrey.
7. Other items, including our Annual Audited Financial Statements which I would like to remind the board is prepared by a Chartered Accounting firm and is a clean audit.

I would also like to thank Tim for his extensive work in providing all financial materials requested to the internal review group. This amounted to likely 50+ extra hours of his time not previously budgeted for, some of it over the holidays.

At the January Board of Directors’ Meeting, Steve Suraci made the following report (in his own words):

“*Steve stated that he did not find evidence of financial "irregularities" in the OAWA financial records. He noted he found transactions surrounding donations being processed through the OAWA concerning. He repeated concerns he had raised to the Executive Committee surrounding the current WCL donation process and stated the Treasurer would be engaging WCL on the behalf of OAWA to review the donation process. “*

Following the Board meeting as requested by the Board, we consulted OAWA Legal Counsel, Wrestling Canada staff and Auditors including their feedback on Canada Revenue Agency (CRA) audits of WCL, our own Auditor, and an outside Chartered Accountant, Tax Specialist and former OAWA Treasurer. The findings as reported to the Board which I hope they will accept at their meeting prior to the AGM were:

1. OAWA follows the WCL Donation Process. The WCL process meets CRA Guidelines.
2. OAWA is at no risk in the Donation Process as it is meeting its responsibilities under the WCL Donations Process.
3. Payments to members of the Executive Committee and Board of Directors for services those members provide outside their Board responsibilities are in compliance with the law, including the not-for-profit act.
4. The OAWA having paid employees of member clubs on its Executive Committee is a violation of the OAWA Constitution and By-Laws.

This said, we have consulted with Wrestling Canada on how to work with WCL to improve the communication regarding the WCL Donation Process. I have recently been appointed to the WCL Finance Committee. Discussion on ways to improve the efficiency of the WCL Donations process is on the agenda for our upcoming first meeting.

**Unexpected Financial Commitments**

There are currently two complaints outstanding with the OAWA. It was believed that the complaints could not be objectively dealt with, within the conventional manner. The VP admin, in consultation with myself as Treasurer, instructed Tim to secure the services of the Centre for Sport and Law so that there would be an unbiased, untainted mediator who could handle the complaint. The estimated costs were deemed reasonable to ensure that everyone involved in the complaint is able to have their voice heard, and that the complaint is being judged on its merits. However, due to the fact that one of the parties involved in this complaint has been extremely difficult in dealing with this issue, our estimated $1,500 total cost has ballooned to almost $5,000 at the interim. Unfortunately, the same difficult party has initiated legal action against the OAWA, requiring us to hire legal counsel to defend OAWA in this action. We anticipate ongoing costs could be an additional $10,000.00 this fiscal year and another $10,000.00 next fiscal year. This is based on our lawyer’s estimate of costs of $15 - $20,000.00 perhaps even higher. In light of this, we have added a new line item (Legal Costs 5045) in the new updated budget we will present at the AGM.

**Minimum Standards for a Wrestling Club**

At this year’s AGM I have put a motion in to change our constitution to include minimum standards of what constitutes a club. I have worked with a variety of people and groups to try and draft standards that will protect this association, while promoting wrestling. Without any standards in place we leave ourselves extremely vulnerable and exposed. While I understand that there might be some sticking points on the standards, we must remember that standards are better than no standards. We have to ensure that we safeguard our current and future athletes; our coaches and our clubs who are working toward promoting amateur wrestling from unnecessary risks. Also, this safeguards our association from potentially jeopardizing our insurance coverage.

**Overview on Finances/Variance Report**

Overall, I am pleased to report that OAWA’s financial status is healthy. We have recovered from the days a few years back of struggling to cover expenses while waiting on payments such as Ministry grants. We have money in the bank, which helps us to deliver quality service on a timely basis to our members without worrying if we have the cash to pay for it.

The Canada Summer Games and the Summer Games program posed some financial struggles. While I appreciate all the work our coaching and management staff did to bring a number of individual and team medals back to Ontario, I feel as though the money we invested into the program could have been better allocated. One issue being the cost to the program for camps that were delivered by our coaches. Also, the collection of fees from the athletes was outstanding well past the end of the games. I feel as though the set up was not conducive to allow our coaching and management staff to be as successful as possible. I feel as though a longer preparation time, for a larger number of athletes, which we have done in the past, will help with better development for the province as a whole.

Hosting events continues to be a challenge for us. The Senior Championships last November lost money. The Junior Championships lost money, but I am hopeful that the decision to partner the 2019 Juniors with the Western Open the next day will help attendance and the quality of the event, which will hopefully deliver a break-even for the event. The Cadet/Juvenile Championships delivered a small net revenue. We need to have a discussion on what the members want the Provincial Championships to look like. I read this comment in the Provincial Directors’ report and echo them.

This said, we have experienced good news on our finances over the period since the AGM. Thanks largely to Tim MaGarrey’s work on our Ministry grant applications we had a good Ministry Evaluation under the Ontario Amateur Sport Fund. This was a brand new program by the Ministry and very involved and time consuming. The good news is that we have seen our Ministry grants for the year rise from $79,000.00 last year to $125,000.00 this year. Even better news is that this new grant system carries a two-year cycle so our grants are locked in for next year, assuming we meet all reporting requirements. This means we can budget reliably moving forward.

This year we were able to subsidize our athletes on a variety of events. For the first time we were given permission from the City of Toronto to allow us to subsidize national championship costs through our bingo fund. We were able to subsidize four Toronto clubs for about 40% of their travel and accommodation costs for the national Cadet/Juvenile Championships. The requirements to get the subsidy were communicated to all Toronto Clubs. Also, we are able to reinstate reduced national championship sanction fees for all Provincial medalists both at Cadet/Juvenile and Junior Senior. This will hopefully increase participation at the Provincial Championships while reducing the financial burden on our athletes representing Ontario.

Items of interest when looking at the income and expense versus budget statement you have received:

1. Ministry grants (line 4100) have gone up considerably.
2. (also line 4100) We also secured a small grant $4,000.00 from the Coaches Association of Ontario to help with the hosting costs for the Coaches’ workshops at Super Weekend.
3. Our Sales program, primarily mat sales, continues to perform well. We sell mats at a profit to pump back in to programming. Other sales items like coaches’ training materials sell at just over cost as an initiative to drive more coach training.
4. On the 2018-2019 budget that was pre-circulated on the OAWA web site, items highlighted in yellow represent areas we plan to make significant investments in for the coming year. This is the result of our strengthened financial position. We have managed to set aside some money as a reserve, and as promised to the membership their patience with our financial stabilization is being rewarded by investments in things like National Championships support, Regional Development, OHP programming, Youth Programming, and Senior Programming.
5. As a result of the anticipated $15,000.00 in legal costs this year, we will be reducing the planned support for a variety of areas: AGM Hosting, NCCP/Coaching Development, National Jr/Sr project, National Cadet/Juvenile, Youth and Senior programming. While reducing our planned support in these areas is regretful, and takes us away from being athlete centric, it is what has to be done when faced with unreasonable and unanticipated expenses like these legal costs,

As stated at our last AGM, the OAWA is in a healthy financial position. We are primed to make strategic investments into Ontario Wrestling programs. I thank you for the opportunity to represent you as your Treasurer for the last four years and I am proud of the work we have done in stabilizing the finances of the organization in trying times. I ask for and would appreciate your support as I seek another two years in the position of Treasurer to continue this good work on your behalf and on the behalf of Wrestling and the wresters of Ontario.

Thank you.

Sincerely,

Sheldon Francis,

Treasurer, OAWA.