

Financial Statements of

**CANADA ARTISTIC
SWIMMING**

And Independent Auditors' Report thereon

Year ended March 31, 2020



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INDEPENDENT AUDITORS' REPORT

To the Members of Canada Artistic Swimming

Opinion

We have audited the financial statements of Canada Artistic Swimming (the "Association"), which comprise:

- the statement of financial position as at end of March 31, 2020
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Association as at end of March 31, 2020, and its results of 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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Association 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

We draw attention to the fact that the supplementary information included in the Schedule does not form part of the financial statements. We have not audited or reviewed this supplementary information and, accordingly, we do not express an opinion or any assurance on this supplementary information.



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

Those charged with governance are responsible for overseeing the Association's financial reporting process.

Auditors' 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 auditors' 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 the 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 Association'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 Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Association 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Kanata, Canada

September 1, 2020

CANADA ARTISTIC SWIMMING

Statement of Financial Position

March 31, 2020, with comparative information for 2019

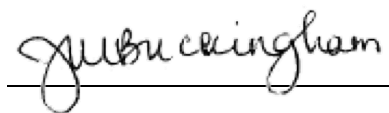
	2020	2019
Assets		
Current assets:		
Cash and cash equivalents (note 2)	\$ 722,594	\$ 532,531
Amounts receivable	97,455	108,969
Inventories	18,376	6,739
Prepaid expenses	35,067	62,178
	<u>873,492</u>	<u>710,417</u>
Endowment assets	9,161	9,644
Tangible capital and intangible assets (note 3)	30,790	13,112
	<u>\$ 913,443</u>	<u>\$ 733,173</u>

Liabilities and Net Assets

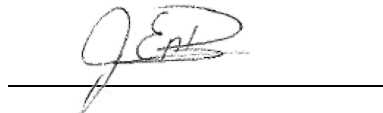
Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 144,878	\$ 132,105
Deferred revenue (note 5)	59,531	63,734
	<u>204,409</u>	<u>195,839</u>
Net assets:		
Unrestricted (note 6)	669,083	514,578
Invested in tangible capital assets	30,790	13,112
Endowment	9,161	9,644
	<u>709,034</u>	<u>537,334</u>
Contingencies and commitments (note 7)		
	<u>\$ 913,443</u>	<u>\$ 733,173</u>

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

CANADA ARTISTIC SWIMMING

Statement of Operations

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Revenue:		
Registration, affiliation and entry fees	\$ 1,358,024	\$ 954,010
Sport Canada contributions	1,120,000	1,006,500
Competition revenue (prize money)	275,126	–
Sport Canada hosting contributions	100,000	50,000
Rebates, interest and other revenue	84,105	54,709
Canadian Olympic Committee	70,500	140,000
Sport Canada - OTP contributions to INS	49,000	25,000
Sponsorship and fundraising	21,390	11,162
Sale of products	12,376	10,368
Coaching Association	3,000	6,500
	<u>3,093,521</u>	<u>2,258,249</u>
Expenses:		
High performance	1,259,454	760,500
Sport development	807,416	534,151
Cost of products sold	11,128	5,896
Administration:		
Association	102,911	80,315
National office	72,133	95,906
Payroll and benefits	610,985	522,634
Planning and management	28,836	39,815
Promotions and communication	28,475	73,111
	<u>2,921,338</u>	<u>2,112,328</u>
Excess of revenue over expenses	<u>\$ 172,183</u>	<u>\$ 145,921</u>

See accompanying notes to financial statements.

CANADA ARTISTIC SWIMMING

Statement of Changes in Net Assets

Year ended March 31, 2020, with comparative information for 2019

	Unrestricted	Endowments	Invested in tangible capital assets	Total 2020	Total 2019
Balance, beginning of year	\$ 514,578	\$ 9,644	\$ 13,112	\$ 537,334	\$ 390,371
Excess of revenue over expenses	172,183	–	–	172,183	145,921
Endowment contributions	–	1,017	–	1,017	1,042
Endowment bursaries	–	(1,500)	–	(1,500)	–
Additions to tangible capital and intangible assets	(22,422)	–	22,422	–	–
Amortization of tangible capital and intangible assets	4,744	–	(4,744)	–	–
Balance, end of year	\$ 669,083	\$ 9,161	\$ 30,790	\$ 709,034	\$ 537,334

See accompanying notes to financial statements.

CANADA ARTISTIC SWIMMING

Statement of Cash Flows

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 172,183	\$ 145,921
Amortization of tangible capital assets	4,744	374
Change in non-cash operating working capital:		
Decrease in amounts receivable	11,514	24,189
Increase in inventories	(11,637)	(6,739)
Decrease (increase) in prepaid expenses	27,111	(45,441)
Increase in accounts payable and accrued liabilities	12,773	19,974
Increase (decrease) in deferred revenue	(4,203)	36,234
	212,485	174,512
Financing activities:		
Endowment contributions	1,017	1,042
Endowment disbursements	(1,500)	—
	(483)	1,042
Investing activities:		
Decrease (increase) in endowment assets	483	(1,042)
Additions to tangible capital assets	(22,422)	(13,486)
	(21,939)	(14,528)
Increase in cash and cash equivalents	190,063	161,026
Cash and cash equivalents, beginning of year	532,531	371,505
Cash and cash equivalents, end of year	\$ 722,594	\$ 532,531
Cash and cash equivalents consists of:		
Cash on deposit	\$ 300,458	\$ 253,234
Cash equivalents	422,136	279,297
	\$ 722,594	\$ 532,531

See accompanying notes to financial statements.

CANADA ARTISTIC SWIMMING

Notes to Financial Statements

Year ended March 31, 2020

Canada Artistic Swimming (the "Association") was originally incorporated under the Canada Corporations Act on November 14, 1969. Effective November 20, 2013, the Association continued its Articles of Incorporation under the Canada Not-for-Profit Corporations Act.

The Association is a Registered Canadian Amateur Athletic Association is exempt from income tax under paragraph 149(1)(l) of the Income Tax Act (Canada) and is able to issue receipts for income tax purposes for charitable donations.

The objectives of the Association are to promote interest and participation in artistic swimming.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Revenue recognition:

The Association follows the deferral method of accounting for contributions for not-for-profit organizations.

Contributions include donations and grants. 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. Contributions that are externally restricted for specific purposes are deferred and recognized as revenue in the period in which the related expenses are incurred. Contributions to endowment funds are recognized as direct increases in net assets and any disbursements of interest earned on the principal are recognized as revenue when the related disbursement is made.

Membership fees and sponsorships are recognized in the year to which the membership or sponsorship relates.

(b) Tangible capital and intangible assets:

Tangible capital and intangible assets are stated at cost, net of accumulated amortization. When an asset no longer contributes to the Association's ability to provide services, it is written down to its residual value.

Amortization is calculated using the straight-line method at the following annual rates:

Asset	Rates
Tangible capital assets:	
Furniture and equipment	20%
Intangible assets:	
Computer software	20%

CANADA ARTISTIC SWIMMING

Notes to Financial Statements (continued)

Year ended March 31, 2020

1. Significant accounting policies (continued):

(c) Fund accounting:

The Association uses fund accounting. The unrestricted fund accounts for the general operations of the Association. The endowment fund supports swimmers in the Junior Duet chosen to represent Canada at the Junior World or World Youth championships. The total amount, normally awarded biennially, shall be an amount equal to the annual interest earned on the capital in this fund, subject to such adjustments as is necessary to preserve the capital and offer a suitable bursary. This amount will be divided equally between two duet swimmers (one duet) who meet the specified qualifications, to a maximum amount of \$1,000 per athlete.

(d) Expenses:

In the statement of operations, the Association presents its expenses by function.

Expenses are recognized in the year incurred and are recorded in the function to which they are directly related.

The Association does not allocate expenses between functions after initial recognition.

(e) Inventories:

Inventories consist primarily of promotional items, educational and program material held for resale. Inventories are valued at the lower of cost and net realizable value.

(f) Donated goods and services:

Donated goods and services are recorded as revenue and expenses at estimated values determined by reference to normal commercial activities. The actual value of the goods may vary from the estimated value.

(g) Cash and cash equivalents:

Cash and cash equivalents include deposits with financial institutions that can be withdrawn without prior notice or penalty and short-term deposits with an original maturity of 90 days or less.

(h) Use of estimates:

The preparation of the 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates. These estimates are reviewed annually and as adjustments become necessary, they are recognized in the financial statements in the period they become known.

CANADA ARTISTIC SWIMMING

Notes to Financial Statements (continued)

Year ended March 31, 2020

2. Line of credit:

The Association has an operating line of credit of \$250,000. It is due on demand and bears interest at bank prime plus 1%, and is secured by a general security agreement covering all personal property of the Association. No amounts were drawn on this operating line as of March 31, 2020.

3. Tangible capital and intangible assets:

			2020	2019
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and equipment	\$ 2,972	\$ 86	\$ 2,886	\$ –
Computer software	32,936	5,032	27,904	13,112
	<u>\$ 35,908</u>	<u>\$ 5,118</u>	<u>\$ 30,790</u>	<u>\$ 13,112</u>

At March 31, 2019, cost and accumulated amortization amounted to \$13,486 and \$374, respectively.

4. Accounts payable and accrued liabilities:

There are no amounts payable for government remittances as at years ended 2020 and 2019 for payroll or sales tax related items.

5. Deferred revenue:

Deferred revenue of \$59,531 (2019 - \$63,734) comprises Tourism Calgary grant for the SuperSeries Final and pre-purchased Olympic tickets for the subsequent year.

6. Net assets:

The Association considers its capital to consist of its unrestricted net assets. The Association's overall objective with its net assets is to fund capital acquisitions, future projects and ongoing operations. The Association manages its capital by monitoring the net assets balance and intends to increase the balance in future years to cover future potential cash flow requirements that cannot be funded by restricted contributions from the Association's funders.

CANADA ARTISTIC SWIMMING

Notes to Financial Statements (continued)

Year ended March 31, 2020

6. Net assets (continued):

The Association is not subject to externally imposed capital requirements and its overall strategy with respect to capital remains unchanged from the year ended March 31, 2019.

7. Contingencies and commitments:

(a) Contingencies:

Contributions received from Sport Canada are subject to specific terms and conditions regarding the expenditure of the funds. The Association's records are subject to audit by Sport Canada to identify instances, if any, in which amounts charged against contributions, have not complied with the agreed terms and conditions and which, therefore, would be refundable to Sport Canada. Adjustments to prior years' contributions are recorded in the year in which Sport Canada requests the adjustment.

Contributions are accounted for on an accrual basis. Any portion of a contribution that has not been spent for the purpose it was intended is considered to be refundable to Sport Canada.

(b) Leases:

The Association is committed under the terms of operating leases related to the rental of premises and photocopier. Minimum lease payments due under these lease agreements are as follows:

2021	\$	11,905
2022		11,905
2023		5,952
		<hr/>
		\$ 29,762

8. Financial risks and concentration of risk:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Association is exposed to credit risk with respect to the accounts receivable. The Association assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. At year-end, there were no amounts allowed for in accounts receivable.

(b) Liquidity risk:

Liquidity risk is the risk that the Association will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Association manages its liquidity risk by monitoring its operating requirements. The Association prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

CANADA ARTISTIC SWIMMING

Notes to Financial Statements (continued)

Year ended March 31, 2020

8. Financial risks and concentration of risk (continued):

(c) Market risk:

The Association believes it is not subject to significant interest rate, foreign currency or other price risks arising from its financial instruments.

9. Impact of COVID-19:

In March of 2020 the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact. The situation is fluid and the ultimate duration and magnitude of the impact on the economy and on all aspects of operations are unknown.

Management has been forthright in undertaking certain strategies and actions to respond to the COVID-19 outbreak. The health and safety of all staff has been reinforced as the priority for the Association, and Management invoked a work-from-home regime, suspended all domestic and international travel, shifted all face-to-face meetings to digital methods, and sought to access available government support programs.

Financial statements are required to be adjusted for events occurring between the date of the financial statements and the date of the auditors' report which provide additional evidence relating to conditions that existed at year-end. Management has assessed the financial impacts and there are no additional adjustments required to the financial statements at this time.

10. Adoption of new accounting policies:

The Association has adopted the following Canadian Not-for-Profit Accounting Standards effective on April 1, 2019:

- Section 4433, to replace Section 4431, Tangible Capital Assets Held by Not-for-Profit Organizations
- Section 4434, to replace Section 4432, Intangible Assets Held by Not-for-Profit Organizations
- Section 4441, to replace Section 4440, Collections Held by Not-for-Profit Organizations

The Association has adopted these standards on a prospective basis and will apply the componentization approach of significant tangible capital assets (and related amortization) acquired and will comply with revised intangible asset impairment assessment guidelines.

The Association does not have assets that meet the collections definition set out by the revised standards and as such there is no impact to the prior period or current period financial statements.

The adoption of these standard did not result in any adjustments to the financial statements as at April 1, 2019.

CANADA ARTISTIC SWIMMING

Schedule of Revenue and Expenses - Sport Canada Contribution

Year ended March 31, 2020
(Unaudited)

Mainstream Core Revenues	Sport Development	NextGen	Total
General administration	\$ 65,000	\$ –	\$ 65,000
Governance	5,000	–	5,000
Salaries, fees and benefits	270,500	–	370,500
Coaching salaries and professional development	25,000	70,500	95,500
National team program	338,000	70,500	408,500
Official languages	13,000	–	13,000
Operations and programming	190,000	–	190,000
	\$ 906,500	\$ 141,000	\$ 1,147,500

Mainstream Above Core Revenues	Total
Safe sport and budget priorities	\$ 143,000

Mainstream Actual Core Expenses	Sport Development	NextGen	Total
General administration	\$ 165,551	\$ –	\$ 165,551
Governance	28,836	–	28,836
Salaries, fees and benefits	610,985	–	610,985
Coaching salaries and professional development	98,124	276,711	374,835
National team programs	580,114	304,505	884,619
Official languages	20,621	–	20,621
Operations and programming	835,891	–	835,891
	\$ 2,340,122	\$ 581,216	\$ 2,921,338

Mainstream Above Core Actual Expenses	Total
Safe sport and budget priorities	\$ 143,000

CANADA ARTISTIC SWIMMING

Schedule of Revenue and Expenses - Sport Canada Contribution (continued)

Year ended March 31, 2019

(unaudited)

Mainstream Core Revenues	Sport Development	NextGen	Total
General administration	\$ 65,000	\$ –	\$ 65,000
Governance	5,000	–	5,000
Salaries, fees and benefits	220,500	–	220,500
Coaching salaries and professional development	121,000	92,500	213,500
National team program	290,000	107,500	397,500
Official languages	13,000	–	13,000
Operations and programming	192,000	–	192,000
	\$ 906,500	\$ 200,000	\$ 1,106,500

Mainstream Above Core Revenues	Total
International sport initiatives	\$ –

Mainstream Actual Core Expenses	Sport Development	NextGen	Total
General administration	\$ 158,866	\$ –	\$ 158,866
Governance	39,815	–	39,815
Salaries, fees and benefits	522,634	–	522,634
Coaching salaries and professional development	114,454	94,330	208,784
National team programs	368,574	183,142	551,716
Official languages	23,251	–	23,251
Operations and programming	607,262	–	607,262
	\$ 1,834,856	\$ 277,472	\$ 2,112,328

Mainstream Above Core Actual Expenses	Total
	\$ –