

Financial Statements of

**CANADIAN AMATEUR
SYNCHRONIZED SWIMMING
ASSOCIATION INC.
(SYNCHRO CANADA)**

Year ended March 31, 2017



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INDEPENDENT AUDITORS' REPORT

To the Members of Canadian Amateur Synchronized Swimming Association Inc.
(Synchro Canada)

We have audited the accompanying financial statements of Canadian Amateur Synchronized Swimming Association Inc. (Synchro Canada), which comprise the statement of financial position as at March 31, 2017, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising 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.

Auditors' 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 our 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, we consider 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.



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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Canadian Amateur Synchronized Swimming Association Inc. (Synchro Canada) as at March 31, 2017, and its results of operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other Matter

We draw attention to the fact that the supplementary information included in Schedule of Revenue and Expenses 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

August 28, 2017

Ottawa, Canada

CANADIAN AMATEUR SYNCHRONIZED SWIMMING ASSOCIATION INC. (SYNCHRO CANADA)

Statement of Financial Position
March 31, 2017, with comparative information for 2016

	2017	2016
Assets		
Current assets:		
Cash and cash equivalents (note 2)	\$ 410,066	\$ 296,385
Amounts receivable	130,752	207,550
Inventories	5,000	8,465
Prepaid expenses	23,408	18,776
	<u>569,226</u>	<u>531,176</u>
Endowment assets	7,500	-
	<u>\$ 576,726</u>	<u>\$ 531,176</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 221,354	\$ 244,012
Deferred revenue (note 3)	190,339	124,745
	<u>411,693</u>	<u>368,757</u>
Net assets:		
Unrestricted (note 4)	157,533	162,419
Endowments	7,500	-
	<u>165,033</u>	<u>162,419</u>
Contingencies and commitments (note 5)		
	<u>\$ 576,726</u>	<u>\$ 531,176</u>

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

CANADIAN AMATEUR SYNCHRONIZED SWIMMING ASSOCIATION INC. (SYNCHRO CANADA)

Statement of Operations

Year ended March 31, 2017, with comparative information for 2016

	2017	2016
Revenue:		
Sport Canada contributions	\$ 1,129,900	\$ 1,460,500
Affiliation and registration fees	622,753	756,572
Regional training centres	386,185	161,406
Rebates, interest and other revenue	84,641	77,411
Donated goods and services (note 6)	55,000	64,568
Sport Canada hosting contributions	50,000	85,000
Sport Canada - OTP contributions to INS	38,000	184,000
Sale of products	11,494	14,084
Coaching Association	10,595	4,840
Sponsorship and fundraising	2,895	58,164
Competition revenue	733	62,906
Canadian Olympic Committee	-	88,367
	<u>2,392,196</u>	<u>3,017,818</u>
Expenses:		
High performance	706,893	1,308,353
Regional training centres	386,185	161,406
Sport development	369,024	493,547
Donated goods and services (note 6)	55,000	64,568
Cost of products sold	7,348	14,488
Administration:		
Association	77,190	43,836
National office	66,577	71,185
Payroll and benefits	665,380	702,606
Planning and management	36,701	30,422
Promotions and communication	26,784	108,471
	<u>2,397,082</u>	<u>2,998,882</u>
Excess (deficiency) of revenue over expenses	\$ (4,886)	\$ 18,936

See accompanying notes to financial statements.

CANADIAN AMATEUR SYNCHRONIZED SWIMMING ASSOCIATION INC. (SYNCHRO CANADA)

Statement of Changes In Net Assets

Year ended March 31, 2017, with comparative information for 2016

	Unrestricted	Endowments	Total 2017	Total 2016
Balance, beginning of year	\$ 162,419	\$ -	\$ 162,419	\$ 143,483
Excess (deficiency) of revenue over expenses	(4,886)	-	(4,886)	18,936
Endowment contributions	-	7,500	7,500	-
Balance, end of year	\$ 157,533	\$ 7,500	\$ 165,033	\$ 162,419

See accompanying notes to financial statements.

CANADIAN AMATEUR SYNCHRONIZED SWIMMING ASSOCIATION INC. (SYNCHRO CANADA)

Statement of Cash Flows

Year ended March 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	\$ (4,886)	\$ 18,936
Changes in non-cash operating working capital:		
Decrease (increase) in amounts receivable	76,798	(31,297)
Decrease in inventories	3,465	7,450
Increase in prepaid expenses	(4,632)	(5,753)
Increase (decrease) in accounts payable and accrued liabilities	(22,658)	78,462
Increase in deferred revenue	65,594	124,745
	113,681	192,543
Investing:		
Increase in endowment assets	(7,500)	-
Endowment contributions	7,500	-
Increase in cash and cash equivalents	113,681	192,543
Cash and cash equivalents, beginning of year	296,385	103,842
Cash and cash equivalents, end of year	\$ 410,066	\$ 296,385
Cash and cash equivalents consists of:		
Cash on deposit	\$ 110,066	\$ 95,178
Cash equivalents	300,000	201,207
	\$ 410,066	\$ 296,385

See accompanying notes to financial statements.

CANADIAN AMATEUR SYNCHRONIZED SWIMMING ASSOCIATION INC. (SYNCHRO CANADA)

Notes to Financial Statements

Year ended March 31, 2017

The Canadian Amateur Synchronized Swimming Association Inc. ("Synchro Canada" or "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 synchronized 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) Basis of presentation:

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

(b) Revenue recognition:

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.

Revenue collected for the Regional Training Centre is deferred and recognized as revenue when the related expenses are incurred.

CANADIAN AMATEUR SYNCHRONIZED SWIMMING ASSOCIATION INC. (SYNCHRO CANADA)

Notes to Financial Statements (continued)

Year ended March 31, 2017

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 championships. The total amount 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 equally divided 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 and educational 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.

CANADIAN AMATEUR SYNCHRONIZED SWIMMING ASSOCIATION INC. (SYNCHRO CANADA)

Notes to Financial Statements (continued)

Year ended March 31, 2017

1. Significant accounting policies (continued):

(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.

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, 2017.

3. Deferred revenue:

Deferred revenue of \$190,339 (2016 - \$124,745) comprises Regional Training Centre revenue for the subsequent period.

4. 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.

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, 2016.

CANADIAN AMATEUR SYNCHRONIZED SWIMMING ASSOCIATION INC. (SYNCHRO CANADA)

Notes to Financial Statements (continued)

Year ended March 31, 2017

5. 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:

2018	\$	14,380
2019		13,311
2020		12,256
2021		11,905
	\$	69,709

6. Donated goods and services:

The Association received the following donated goods and services, which have been recorded as revenue and expenses on the statement of operations:

	2017	2016
Swim apparel and equipment	\$ 55,000	\$ 55,000
Skincare wardrobing	-	9,568
	\$ 55,000	\$ 64,568

CANADIAN AMATEUR SYNCHRONIZED SWIMMING ASSOCIATION INC. (SYNCHRO CANADA)

Notes to Financial Statements (continued)

Year ended March 31, 2017

7. 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.

(c) Interest rate risk:

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

CANADIAN AMATEUR SYNCHRONIZED SWIMMING ASSOCIATION INC. (SYNCHRO CANADA)

Schedule of Revenue and Expenses - Sport Canada Contribution

Year ended March 31, 2017
(Unaudited)

Mainstream Core Revenues	Sport Development	Enhanced Excellence	Total
General administration	\$ 85,000	\$ -	\$ 85,000
Governance	10,000	-	10,000
Salaries, fees and benefits	275,000	35,000	310,000
Coaching salaries and professional development	70,000	76,500	146,500
National team program	200,000	143,900	343,900
Official languages	13,000	-	13,000
Operations and programming	253,500	-	253,500
	\$ 906,500	\$ 255,400	\$ 1,161,900

Mainstream Above Core Revenues	Total
International sport initiatives	\$ 6,000

Mainstream Actual Core Expenses	Sport Development	Enhanced Excellence	Total
General administration	\$ 163,021	\$ -	\$ 163,021
Governance	33,500	-	33,500
Salaries, fees and benefits	610,379	55,000	665,379
Coaching salaries and professional development	180,695	76,500	257,195
National team programs	232,599	168,911	401,510
Official languages	16,416	-	16,416
Operations and programming	769,218	-	769,218
	\$ 2,005,828	\$ 300,411	\$ 2,306,239

Mainstream Above Core Actual Expenses	Total
International sport initiatives	\$ 8,869

CANADIAN AMATEUR SYNCHRONIZED SWIMMING ASSOCIATION INC. (SYNCHRO CANADA)

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

Year ended March 31, 2016
(unaudited)

Mainstream Core Revenues	Sport Development	Enhanced Excellence	Total
General administration	\$ 80,000	\$ -	\$ 80,000
Governance	10,000	-	10,000
Salaries, fees and benefits	250,000	25,000	275,000
Coaching salaries and professional development	140,000	188,000	328,000
National team program	240,000	318,000	558,000
Official languages	13,000	-	13,000
Operations and programming	173,500	-	173,500
	\$ 906,500	\$ 531,000	\$ 1,437,500

Mainstream Above Core Revenues	Total
International sport initiatives	\$ 8,000
Long-term athlete development	15,000
	\$ 23,000

Mainstream Actual Core Expenses	Sport Development	Enhanced Excellence	Total
General administration	\$ 231,205	\$ -	\$ 231,205
Governance	8,259	-	8,259
Salaries, fees and benefits	650,085	52,520	702,605
Coaching salaries and professional development	141,600	231,000	372,600
National team programs	305,225	446,525	751,750
Official languages	14,093	-	14,093
Operations and programming	631,365	-	631,365
	\$ 1,981,832	\$ 730,045	\$ 2,711,877

Mainstream Above Core Actual Expenses	Total
International sport initiatives	\$ 8,000
Long-term athlete development	20,116
	\$ 28,116