

Financial Statements of

**CANADA ARTISTIC
SWIMMING**

And Independent Auditors' Report thereon

Year ended March 31, 2022



KPMG LLP
150 Elgin Street, Suite 1800
Ottawa ON K2P 2P8
Canada
Tel 613-212-5764
Fax 613-212-2896

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, 2022
- 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, 2022, and its results of operations, its changes in net assets 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.



Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

August 24, 2022

CANADA ARTISTIC SWIMMING

Statement of Financial Position

March 31, 2022, with comparative information for 2021

	2022	2021
Assets		
Current assets:		
Cash and cash equivalents (note 2)	\$ 1,718,532	\$ 1,326,811
Amounts receivable	154,941	71,932
Inventories	15,054	18,936
Prepaid expenses	195,716	20,094
	<u>2,084,243</u>	<u>1,437,773</u>
Endowment assets	10,320	10,220
Tangible capital and intangible assets (note 3)	16,136	23,840
	<u>\$ 2,110,699</u>	<u>\$ 1,471,833</u>

Liabilities and Net Assets

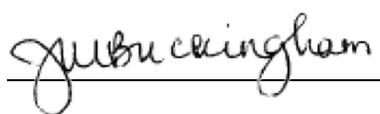
Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 453,471	\$ 155,226
Deferred revenue (note 5)	203,043	141,869
	<u>656,514</u>	<u>297,095</u>
Net assets:		
Unrestricted (note 6)	1,427,729	1,140,678
Invested in tangible capital and intangible assets	16,136	23,840
Endowment	10,320	10,220
	<u>1,454,185</u>	<u>1,174,738</u>
Contingencies and commitments (note 7)		
Impact of COVID-19 (note 10)		
	<u>\$ 2,110,699</u>	<u>\$ 1,471,833</u>

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

CANADA ARTISTIC SWIMMING

Statement of Operations

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Revenue:		
Sport Canada contributions	\$ 1,477,964	\$ 1,365,750
Registration, affiliation and entry fees	664,721	213,608
Rebates, interest and other revenue	124,953	77,142
COVID-19 government grants and subsidies	142,634	384,642
Competition revenue (prize money)	89,542	–
Sport Canada - OTP contributions to INS	74,000	59,500
Canadian Olympic Committee	73,000	75,250
Sale of products	9,475	1,267
Coaching Association	3,000	15,300
Sponsorship and fundraising	1,139	7,742
	<u>2,660,428</u>	<u>2,200,201</u>
Expenses:		
High performance	1,016,013	666,393
Sport development	217,143	45,185
Cost of products sold	6,316	532
Administration:		
Payroll and benefits	588,335	618,891
Association	435,516	318,583
National office	79,328	67,706
Planning and management	21,290	7,837
Promotions and communication	17,140	10,429
	<u>2,381,081</u>	<u>1,735,556</u>
Excess of revenue over expenses	<u>\$ 279,347</u>	<u>\$ 464,645</u>

See accompanying notes to financial statements.

CANADA ARTISTIC SWIMMING

Statement of Changes in Net Assets

Year ended March 31, 2022, with comparative information for 2021

	Unrestricted	Endowments	Invested in tangible capital and intangible assets	Total 2022	Total 2021
Balance, beginning of year	\$ 1,140,678	\$ 10,220	\$ 23,840	\$ 1,174,738	\$ 709,034
Excess of revenue over expenses	279,347	—	—	279,347	464,645
Endowment contributions	—	100	—	100	1,059
Amortization of tangible capital and intangible assets	7,704	—	(7,704)	—	—
Balance, end of year	\$ 1,437,729	\$ 10,320	\$ 16,136	\$ 1,454,185	\$ 1,174,738

See accompanying notes to financial statements.

CANADA ARTISTIC SWIMMING

Statement of Cash Flows

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 279,347	\$ 464,645
Amortization of tangible capital and intangible assets	7,704	6,950
Change in non-cash operating working capital:		
Decrease (increase) in amounts receivable	(83,009)	25,523
Decrease (increase) in inventories	3,882	(560)
Decrease (increase) in prepaid expenses	(175,622)	14,973
Increase in accounts payable and accrued liabilities	298,245	10,348
Increase in deferred revenue	61,174	82,338
	391,721	604,217
Financing activities:		
Endowment contributions	100	1,059
Investing activities:		
Increase in endowment assets	(100)	(1,059)
Increase in cash and cash equivalents	391,721	604,217
Cash and cash equivalents, beginning of year	1,326,811	722,594
Cash and cash equivalents, end of year	\$ 1,718,532	\$ 1,326,811
Cash and cash equivalents consists of:		
Cash on deposit	\$ 1,211,505	\$ 1,066,321
Cash equivalents	507,027	260,490
	\$ 1,718,532	\$ 1,326,811

See accompanying notes to financial statements.

CANADA ARTISTIC SWIMMING

Notes to Financial Statements

Year ended March 31, 2022

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, 2022

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, 2022

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, 2022.

3. Tangible capital and intangible assets:

			2022	2021
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and equipment	\$ 2,972	\$ 1,585	\$ 1,387	\$ 2,543
Computer software	32,936	18,187	14,749	21,297
	\$ 35,908	\$ 19,772	\$ 16,136	\$ 23,840

At March 31, 2021, cost and accumulated amortization amounted to \$35,908 and \$12,068, respectively.

4. Accounts payable and accrued liabilities:

There are no amounts payable for government remittances as at years ended 2022 and 2021 for payroll or sales tax related items.

5. Deferred revenue:

Deferred revenue of \$203,043 (2021 - \$141,869) comprises 2022-24 NSO Return to Sport contribution and 2022 FINA World Junior sponsorship 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.

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, 2021.

CANADA ARTISTIC SWIMMING

Notes to Financial Statements (continued)

Year ended March 31, 2022

7. 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.

In the normal course of its operations, the Association is party to claims and legal proceedings. The Association makes provisions when it deems appropriate. In the opinion of management, the total amount of potential liability, net of amount accrued, if any, will not have any significant unfavourable impact on the Association's financial position.

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.

(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.

CANADA ARTISTIC SWIMMING

Notes to Financial Statements (continued)

Year ended March 31, 2022

9. Comparative information:

Certain 2021 financial statement information has been reclassified to conform to the presentation used in the current year.

10. 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.

To be able to respond to any future public health lockdowns and to keep the Association operational, management has implemented a work-from-home environment for employees, is now participating in events where possible, and has continued to take advantage of any 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.

CANADA ARTISTIC SWIMMING

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

Year ended March 31, 2022

Mainstream Core Revenues	Sport Development	NextGen	Total
General administration	\$ 60,000	\$ -	\$ 60,000
Governance	10,000	-	10,000
Salaries, fees and benefits	295,000	-	295,000
Coaching salaries and professional development	103,000	63,000	166,000
National team program	250,000	63,000	313,000
Official languages	13,000	-	13,000
Operations and programming	175,500	-	175,500
	\$ 906,500	\$ 126,000	\$ 1,032,500

Mainstream Above Core Revenues	Total
Safe sport	\$ 143,000
COVID-19 funding	365,454
	\$ 1,540,954

Mainstream Actual Core Expenses	Sport Development	NextGen	Total
General administration	\$ 375,821	\$ -	\$ 375,821
Governance	25,218	-	25,218
Salaries, fees and benefits	394,903	-	394,903
Coaching salaries and professional development	275,836	60,000	335,836
National team program	229,960	140,000	369,960
Official languages	18,069	-	18,069
Operations and programming	233,118	-	233,118
	\$ 1,552,925	\$ 200,000	\$ 1,752,925

Mainstream Above Actual Core Expenses	Total
Safe sport	\$ 145,000
COVID-19 funding	358,025
	\$ 2,255,950