

**CANADIAN AMATEUR ROWING ASSOCIATION**

**Financial Statements**

**Year Ended March 31, 2017**

**CANADIAN AMATEUR ROWING ASSOCIATION**

**Index to Financial Statements**

**Year Ended March 31, 2017**

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	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 12
Governance and National Operations ( <i>Schedule 1</i> )	13
High Performance ( <i>Schedule 2</i> )	13
Domestic Development ( <i>Schedule 3</i> )	13

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of Canadian Amateur Rowing Association

We have audited the accompanying financial statements of Canadian Amateur Rowing Association, which comprise the statement of financial position as at March 31, 2017 and the statements of operations, changes in net assets and cash flows 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**

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 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.

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

*(continues)*



Independent Auditor's Report to the Members of Canadian Amateur Rowing Association *(continued)*

#### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Canadian Amateur Rowing Association as at March 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

#### Other Matter

The financial statements of Canadian Amateur Rowing Association for the year ended March 31, 2016, were audited by Hayes Stewart Little & Co. The partners and staff of Hayes Stewart Little & Co joined Grant Thornton LLP subsequent to October 1, 2016.

*Grant Thornton LLP*

Victoria, BC  
July 24, 2017

CHARTERED PROFESSIONAL ACCOUNTANTS



**CANADIAN AMATEUR ROWING ASSOCIATION**  
**Statement of Financial Position**  
**March 31, 2017**

	2017	2016
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and cash equivalents	\$ 915,883	\$ 481,422
Accounts receivable <i>(Note 4)</i>	321,578	350,664
Goods and services tax recoverable	82,475	144,616
Prepaid expenses	168,094	298,215
	1,488,030	1,274,917
<b>TANGIBLE CAPITAL ASSETS <i>(Note 5)</i></b>	<b>306,556</b>	<b>358,252</b>
	<b>\$ 1,794,586</b>	<b>\$ 1,633,169</b>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued charges	\$ 492,995	\$ 488,765
Government remittances payable	1,589	1,736
Deferred revenue <i>(Note 6)</i>	196,561	118,804
	691,145	609,305
<b>DEFERRED CAPITAL CONTRIBUTIONS <i>(Note 7)</i></b>	<b>1,300</b>	<b>2,600</b>
	<b>692,445</b>	<b>611,905</b>
 <b>NET ASSETS</b>		
Invested in tangible capital assets	305,256	355,652
Internally restricted <i>(Note 8)</i>	206,214	206,214
Unrestricted	590,671	459,398
	1,102,141	1,021,264
	<b>\$ 1,794,586</b>	<b>\$ 1,633,169</b>

CONTINGENT LIABILITY *(Note 9)*

COMMITMENTS *(Note 11)*

ON BEHALF OF THE BOARD

 Director  
 Director  
 Michael Walker President

**CANADIAN AMATEUR ROWING ASSOCIATION**

**Statement of Operations**

**Year Ended March 31, 2017**

	2017	2016
<b>REVENUE</b>		
Sport Canada	\$ 4,762,000	\$ 4,746,000
Canadian Olympic Committee <i>(Note 12)</i>	601,663	857,539
Membership fees	364,117	369,521
Sports associations and foundations	392,909	482,935
Donations, events and fundraising	362,406	264,751
Competition and camp registrations	309,623	299,016
Sponsorships	16,200	20,500
Interest earned	7,451	5,878
	<u>6,816,369</u>	<u>7,046,140</u>
<b>EXPENSES</b>		
Communications, marketing and initiatives <i>(Note 12)</i>	236,271	198,435
Membership services	163,586	166,544
Governance and National operations <i>(Schedule 1)</i>	480,872	438,718
High performance <i>(Schedule 2)</i>	5,253,789	5,663,032
Domestic development <i>(Schedule 3)</i>	611,255	578,309
	<u>6,745,773</u>	<u>7,045,038</u>
<b>EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS</b>	70,596	1,102
<b>GAIN (LOSS) ON DISPOSAL OF TANGIBLE CAPITAL ASSETS</b>	10,281	(6,781)
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	\$ 80,877	\$ (5,679)

See notes to the financial statements

**CANADIAN AMATEUR ROWING ASSOCIATION**

**Statement of Changes in Net Assets**

**Year Ended March 31, 2017**

	Invested in Tangible Capital Assets	Internally Restricted <i>(Note 8)</i>	Unrestricted	2017	2016
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 355,652	\$ 206,214	\$ 459,398	\$ 1,021,264	\$ 1,026,943
(Deficiency) surplus of revenue over expenses	(106,519)	-	187,396	80,877	(5,679)
Net investment in tangible capital assets	56,123	-	(56,123)	-	-
<b>NET ASSETS - END OF YEAR</b>	\$ 305,256	\$ 206,214	\$ 590,671	\$ 1,102,141	\$ 1,021,264

**CANADIAN AMATEUR ROWING ASSOCIATION**

**Statement of Cash Flows  
Year Ended March 31, 2017**

	2017	2016
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses	\$ 80,877	\$ (5,679)
Items not affecting cash:		
Amortization of tangible capital assets	107,701	128,595
Loss on disposal of tangible capital assets	119	8,581
Amortization of deferred contributions	<u>(1,300)</u>	<u>(1,300)</u>
	<u>187,397</u>	<u>130,197</u>
Changes in non-cash working capital:		
Accounts receivable	29,086	(200,403)
Accounts payable and accrued charges	4,229	(7,102)
Deferred revenue	77,757	(2,664)
Prepaid expenses	130,121	(121,754)
Goods and services tax payable	62,141	(48,109)
Government remittances payable	<u>(147)</u>	<u>(251)</u>
	<u>303,187</u>	<u>(380,283)</u>
Cash flow from (used by) operating activities	<u>490,584</u>	<u>(250,086)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of tangible capital assets	(62,613)	(22,626)
Proceeds on disposal of tangible capital assets	<u>6,490</u>	<u>6,200</u>
Cash flow used by investing activities	<u>(56,123)</u>	<u>(16,426)</u>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>434,461</b>	<b>(266,512)</b>
Cash and cash equivalents - beginning of year	<u>481,422</u>	<u>747,934</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 915,883</b>	<b>\$ 481,422</b>



# CANADIAN AMATEUR ROWING ASSOCIATION

## Notes to Financial Statements

Year Ended March 31, 2017

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### 1. PURPOSE OF THE ASSOCIATION

Rowing Canada Aviron is the operating name of the Canadian Amateur Rowing Association- Association Canadienne d'Aviron Amateur (the "Association") which is a not-for-profit organization incorporated under the Canada Not-for-profit Corporations Act. As a not-for-profit organization, the Association is exempt from the payment of income tax.

As a Registered Amateur Athletic Association it is authorized to issue receipts for tax purposes for the donations it receives.

The Association's principal activity is the development of the sport of rowing in Canada and it is recognized by the Government of Canada and the Canadian Olympic Committee as the national governing body for the sport of rowing.

### 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 ("ASNFP"). As a result these financial statements are in accordance with Canadian generally accepted accounting principles ("Canadian GAAP").

#### Revenue recognition

The Association follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Donation revenue is accounted for when received. 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.

Pledges from donors are recorded when payment is received by the Association or the transfer of property is completed. Donations received for the acquisition of property or to support future operations are recorded as deferred amounts.

#### Internally restricted net assets

Net assets that are internally restricted have been designated by the Association for specific uses. Internally restricted resources can be made available for other purposes.

#### Cash and cash equivalents

Cash and cash equivalents consists of cash on hand and balances with banks.

*(continues)*

# CANADIAN AMATEUR ROWING ASSOCIATION

## Notes to Financial Statements

Year Ended March 31, 2017

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

#### Tangible capital assets

Purchased assets are stated at cost less accumulated amortization. Contributed assets are recorded at fair value at the date of contribution. Tangible capital assets are amortized over their estimated useful lives on a straight-line basis at the following rates:

Adaptive equipment	3 - 5 years
Domestic equipment	3 - 5 years
Mechanical equipment	3 - 5 years
Rowing equipment	3 - 5 years
Motorboats and accessories	5 years
Facility improvements	10 years
Office equipment	3 years
Trailers	10 years
Vehicles	3 years

#### Financial instruments

The Association's financial instruments consist of cash and cash equivalents, accounts receivable and accounts payable and accrued charges. Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

#### Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities as 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 period in which they become known. Actual results could differ from these estimates. The Association's material estimates include the collectability of accounts receivable, deferral of revenue, accrual of accounts payable, and the useful life of tangible capital assets.

#### Contributed materials and services

Donated tangible capital assets and rent is recorded at fair value when received if fair value can be reasonably determined.

The Association is dependent on the voluntary service of many members and others. Since these services are not normally purchased by the Association, and because of the difficulty of determining their fair value, donated services are not recognized in these financial statements.

# CANADIAN AMATEUR ROWING ASSOCIATION

## Notes to Financial Statements

Year Ended March 31, 2017

### 3. FINANCIAL INSTRUMENTS

The Association 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 Association's risk exposure and concentration as of March 31, 2017.

#### *(a) Credit risk*

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Association is exposed to credit risk from members. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Association has a significant number of members which minimizes concentration of credit risk. The credit risk regarding cash and term deposits is considered to be negligible because they are held by a reputable financial institution with an investment grade external credit rating.

#### *(b) Liquidity risk*

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

#### *(c) Market risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Association is mainly exposed to currency risk.

#### *(d) Currency risk*

Currency risk is the risk to the Association's excess of revenue over expenses that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Association is exposed to foreign currency exchange risk on accounts payable held in foreign denominations. The Association does not use derivative instruments to reduce its exposure to foreign currency risk.

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

### 4. ACCOUNTS RECEIVABLE

	<u>2017</u>	<u>2016</u>
Accounts receivable	\$ 325,251	\$ 355,137
Allowance for doubtful accounts	(3,673)	(4,473)
	<u>\$ 321,578</u>	<u>\$ 350,664</u>

**CANADIAN AMATEUR ROWING ASSOCIATION**

**Notes to Financial Statements**

**Year Ended March 31, 2017**

**5. TANGIBLE CAPITAL ASSETS**

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Adaptive equipment	\$ 111,173	\$ 93,175	\$ 17,998	\$ 30,032
Domestic equipment	94,618	42,727	51,891	44,134
Rowing equipment	255,037	212,115	42,922	83,154
Motorboats and accessories	127,966	111,931	16,035	26,739
Mechanical equipment	254,961	169,454	85,507	68,518
Facility improvements	52,352	13,940	38,412	41,329
Office equipment	207,410	199,129	8,281	6,524
Trailers	72,047	29,812	42,235	49,602
Vehicles	56,093	52,818	3,275	8,220
	<b>\$ 1,231,657</b>	<b>\$ 925,101</b>	<b>\$ 306,556</b>	<b>\$ 358,252</b>

**6. DEFERRED REVENUE**

Deferred revenue consists of the following amounts:

	2017	2016
Deferred membership fees	\$ 67,870	\$ 49,390
Deferred contributions	128,691	69,414
	<b>\$ 196,561</b>	<b>\$ 118,804</b>

Deferred membership fees represent membership fees received in 2017 for fiscal 2018.

Deferred contributions represent amounts received in 2017 relating to future bursaries and other externally restricted grants.

**7. DEFERRED CAPITAL CONTRIBUTIONS**

Contributions received for tangible capital assets are amortized to revenue on the same basis as the amortization of related tangible capital assets.

	2017	2016
Beginning balance	\$ 2,600	\$ 3,900
Amounts amortized to revenue	(1,300)	(1,300)
Ending balance	<b>\$ 1,300</b>	<b>\$ 2,600</b>

**CANADIAN AMATEUR ROWING ASSOCIATION**

**Notes to Financial Statements**

**Year Ended March 31, 2017**

**8. INTERNALLY RESTRICTED NET ASSETS**

	Umpire's Reserve	Sustainable Organization Reserve	Total
	\$ 6,214	\$ 200,000	\$ 206,214

The Umpire's Reserve Fund relates to amounts contributed by the 2001 World Masters Rowing Regatta Organizing Committee to be used for the education and development of umpires within Canada.

The Sustainable Organization Reserve Fund provides a source of funds in order to withstand unanticipated financial shortfalls.

**9. CONTINGENT LIABILITY**

Contributions from Sport Canada are subject to periodic audit by Sport Canada. Contributions are refundable to Sport Canada to the extent that any expense has not complied with the agreed terms and conditions. Audits have been conducted up to the period ended March 31, 2008 with no unresolved instances of non-compliance.

**10. TRUST FUNDS**

Not included in the financial statements are the following funds which the Association administers and invests in the Bank of Montreal Dividend Fund. Amounts are disclosed at cost, with corresponding fair market values.

	Hanlan - Keller	Pearce - Guest	Seagram	Zasada	Total
<b>2017</b>					
Opening balance	\$ 5,689	\$ 15,429	\$ 10,802	\$ 26,335	\$ 58,255
Investment income earned	88	129	96	214	527
Ending balance	\$ 5,777	\$ 15,558	\$ 10,898	\$ 26,549	\$ 58,782
Market value	\$ 8,312	\$ 21,216	\$ 15,827	\$ 35,130	\$ 80,485
<b>2016</b>					
Opening balance	\$ 5,639	\$ 14,985	\$ 10,707	\$ 25,496	\$ 56,827
Investment income earned	50	128	95	212	485
Gain on sale of assets	-	316	-	627	943
Ending balance	\$ 5,689	\$ 15,429	\$ 10,802	\$ 26,335	\$ 58,255
Market value	\$ 7,377	\$ 18,832	\$ 14,049	\$ 31,572	\$ 71,830

# CANADIAN AMATEUR ROWING ASSOCIATION

## Notes to Financial Statements

Year Ended March 31, 2017

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### 11. COMMITMENTS

In March 2013, the Association entered into a lease for a training facility in London, Ontario. The lease expired March 31, 2017 and has one four year renewal option. The Association has agreed to a one year extension of the current lease to March 31, 2018. Annual payments include base rent of \$75,600 plus tax and utilities.

The Association leases boats throughout the year. Leases are typically one or two years in length. Lease payments are made at the commencement of the lease year. Amounts paid for lease terms extending into the subsequent year end are included in the prepaid balance. At year end, the Association has lease prepayments of \$60,700 (2016 - \$128,231) to lease 25 boats that will result in lease expenses of \$59,220 in fiscal 2018 and \$1,480 in fiscal 2019.

### 12. NSF ENHANCEMENT CONTRIBUTION AGREEMENT

During the year, the Association entered into a contribution agreement with the Canadian Olympic Committee to assist in building its fund raising capacity and develop a Hall of Fame program. The Canadian Olympic Committee has agreed to reimburse the Association for eligible expenditures to a maximum of \$360,000 to December 31, 2017. For the year ended March 31, 2017 the Association has included \$130,513 (2016 - \$81,243) of eligible expenditures in Communications, marketing and initiatives expenses and a reimbursement of \$130,513 (2016 - \$81,243) in Canadian Olympic Committee revenue.

**CANADIAN AMATEUR ROWING ASSOCIATION**

**Governance and National Operations**

*(Schedule 1)*

**Year Ended March 31, 2017**

	2017	2016
National office operations	\$ 93,128	\$ 81,749
National office - salaries and benefits	267,521	236,605
Governance	109,261	103,878
International relations and domestic associations	10,962	16,486
	<u>\$ 480,872</u>	<u>\$ 438,718</u>

**High Performance**

*(Schedule 2)*

**Year Ended March 31, 2017**

	2017	2016
Salaries and benefits	\$ 1,529,588	\$ 1,564,016
Coaches travel and related expenses	70,749	53,069
Events and camps	2,040,368	2,299,111
Equipment	333,657	395,074
National training centres	390,408	388,512
RCA athlete support	154,862	226,729
Equipment amortization	80,654	83,741
Sport science and medical	428,277	523,259
National Para Rowing Team	225,226	129,521
	<u>\$ 5,253,789</u>	<u>\$ 5,663,032</u>

**Domestic Development**

*(Schedule 3)*

**Year Ended March 31, 2017**

	2017	2016
Coach education and development	\$ 138,123	\$ 142,022
Para rowing	5,718	58,495
RCA regattas and events	187,136	120,704
Sport development	212,442	189,576
Umpires Committee	59,858	58,809
Safety and Events Committee	7,978	8,703
	<u>\$ 611,255</u>	<u>\$ 578,309</u>