

CANADIAN AMATEUR ROWING ASSOCIATION

Financial Statements

Year Ended March 31, 2016

CANADIAN AMATEUR ROWING ASSOCIATION

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Year Ended March 31, 2016

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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, 2016 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.

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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, 2016 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.

Hayes Stewart Little + Co

Victoria, BC
July 20, 2016

CHARTERED PROFESSIONAL ACCOUNTANTS

CANADIAN AMATEUR ROWING ASSOCIATION

Statement of Financial Position

March 31, 2016

	2016	2015
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 481,422	\$ 747,934
Accounts receivable (Note 4)	350,664	150,261
Goods and services tax recoverable	144,616	96,507
Prepaid expenses	298,215	176,461
	<u>1,274,917</u>	<u>1,171,163</u>
TANGIBLE CAPITAL ASSETS (Note 5)	358,252	479,000
	<u>\$ 1,633,169</u>	<u>\$ 1,650,163</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued charges	\$ 488,765	\$ 495,867
Government remittances payable	1,736	1,987
Deferred revenue (Note 6)	118,804	121,468
	<u>609,305</u>	<u>619,322</u>
DEFERRED CAPITAL CONTRIBUTIONS (Note 7)	2,600	3,900
	<u>611,905</u>	<u>623,222</u>
NET ASSETS		
Invested in tangible capital assets	355,652	475,100
Internally restricted (Note 8)	206,214	206,214
Unrestricted	459,398	345,627
	<u>1,021,264</u>	<u>1,026,941</u>
	<u>\$ 1,633,169</u>	<u>\$ 1,650,163</u>

CONTINGENT LIABILITY (Note 9)

COMMITMENTS (Note 11)

ON BEHALF OF THE BOARD

Michael Walla Director

[Signature] Director

CANADIAN AMATEUR ROWING ASSOCIATION

Statement of Operations

For the Year Ended March 31, 2016

	2016	2015
REVENUE		
Sport Canada	\$ 4,746,000	\$ 5,077,950
Canadian Olympic Committee <i>(Note 12)</i>	857,539	350,000
Sports associations and foundations	482,935	467,607
Membership fees	369,521	341,760
Competition and camp registrations	299,016	217,686
Donations, events and fundraising	264,751	290,424
Sponsorships	20,500	13,000
Interest earned	5,878	8,331
	<u>7,046,140</u>	<u>6,766,758</u>
EXPENSES		
Communications, marketing and initiatives <i>(Note 12)</i>	198,435	107,278
Membership services	166,544	147,453
Governance and National Operations <i>(Schedule 1)</i>	438,718	426,195
High Performance <i>(Schedule 2)</i>	5,663,032	5,485,442
Domestic Development <i>(Schedule 3)</i>	578,309	708,973
	<u>7,045,038</u>	<u>6,875,341</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FROM OPERATIONS	1,102	(108,583)
OTHER INCOME		
(Loss) gain on sale of assets	<u>(6,781)</u>	<u>59,679</u>
DEFICIENCY OF REVENUE OVER EXPENSES	\$ (5,679)	\$ (48,904)

See notes to the financial statements

CANADIAN AMATEUR ROWING ASSOCIATION

Statement of Changes in Net Assets

Year Ended March 31, 2016

	Invested in Tangible Capital Assets	Internally Restricted <i>(Note 8)</i>	Unrestricted	2016	2015
NET ASSETS - BEGINNING OF YEAR	\$ 475,100	\$ 206,214	\$ 345,629	\$ 1,026,943	\$ 1,075,847
(Deficiency) surplus of revenue over expenses	(135,874)	-	130,195	(5,679)	(48,904)
Net investment in tangible capital assets	16,426	-	(16,426)	-	-
NET ASSETS - END OF YEAR	\$ 355,652	\$ 206,214	\$ 459,398	\$ 1,021,264	\$ 1,026,943

CANADIAN AMATEUR ROWING ASSOCIATION

Statement of Cash Flows

Year Ended March 31, 2016

	2016	2015
OPERATING ACTIVITIES		
Deficiency of revenue over expenses	\$ (5,679)	\$ (48,904)
Items not affecting cash:		
Amortization of tangible capital assets	128,595	148,254
Loss (gain) on disposal of tangible capital assets	8,581	(29,679)
Amortization of deferred contributions	<u>(1,300)</u>	<u>(3,876)</u>
	<u>130,197</u>	<u>65,795</u>
Changes in non-cash working capital:		
Accounts receivable	(200,403)	37,295
Accounts payable and accrued charges	(7,102)	(210,397)
Deferred revenue	(2,664)	44,009
Prepaid expenses	(121,754)	(71,779)
Goods and services tax recoverable	(48,109)	(8,501)
Government remittances payable	<u>(251)</u>	<u>(7,603)</u>
	<u>(380,283)</u>	<u>(216,976)</u>
Cash flow used by operating activities	<u>(250,086)</u>	<u>(151,181)</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(22,626)	(42,811)
Proceeds on disposal of tangible capital assets	<u>6,200</u>	<u>41,892</u>
Cash flow used by investing activities	<u>(16,426)</u>	<u>(919)</u>
DECREASE IN CASH FLOW	(266,512)	(152,100)
Cash and cash equivalents - beginning of year	<u>747,934</u>	<u>900,034</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ <u>481,422</u>	\$ <u>747,934</u>

CANADIAN AMATEUR ROWING ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2016

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 (ASNFPO).

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.

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CANADIAN AMATEUR ROWING ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2016

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	5 years
Domestic equipment	5 years
Mechanical equipment	5 years
Rowing equipment	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.

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, 2016.

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CANADIAN AMATEUR ROWING ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2016

3. FINANCIAL INSTRUMENTS *(continued)*

(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.

(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>2016</u>	<u>2015</u>
Accounts receivable	\$ 355,137	\$ 158,167
Allowance for doubtful accounts	<u>(4,473)</u>	<u>(7,906)</u>
	<u>\$ 350,664</u>	<u>\$ 150,261</u>

CANADIAN AMATEUR ROWING ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2016

5. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Adaptive equipment	\$ 111,173	\$ 81,141	\$ 30,032	\$ 43,698
Domestic equipment	82,268	38,134	44,134	46,349
Rowing equipment	255,037	171,883	83,154	136,087
Motorboats and accessories	138,099	111,360	26,739	41,681
Mechanical equipment	221,461	152,943	68,518	74,505
Facility improvements	52,352	11,023	41,329	37,479
Office equipment	200,031	193,507	6,524	23,926
Trailers	72,047	22,445	49,602	56,969
Vehicles	76,622	68,402	8,220	18,306
	\$ 1,209,090	\$ 850,838	\$ 358,252	\$ 479,000

6. DEFERRED REVENUE

Deferred revenue consists of the following amounts:

	2016	2015
Deferred membership fees	\$ 49,390	\$ 56,718
Deferred contributions	69,414	64,750
	\$ 118,804	\$ 121,468

Deferred membership fees represent membership fees received in 2016 for fiscal 2017.

Deferred contributions represent amounts received in 2016 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.

	2016	2015
Beginning balance	\$ 3,900	\$ 7,776
Amounts amortized to revenue	(1,300)	(3,876)
Ending balance	\$ 2,600	\$ 3,900

CANADIAN AMATEUR ROWING ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2016

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
2015					
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
2014					
Opening balance	\$ 5,480	\$ 14,557	\$ 10,404	\$ 24,781	\$ 55,222
Investment income earned	159	428	303	715	1,605
Ending balance	\$ 5,639	\$ 14,985	\$ 10,707	\$ 25,496	\$ 56,827
Market value	\$ 7,529	\$ 20,306	\$ 14,336	\$ 33,798	\$ 75,969

CANADIAN AMATEUR ROWING ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2016

11. COMMITMENTS

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

In July 2013, the Association entered into a lease for the exclusive usage of the Erg Centre in Victoria. The lease expired March 31, 2016 and has a renewal option. Annual payments of \$20,000 include utilities, maintenance and repairs. The Association's intent is to renew the lease with similar terms.

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 \$128,231 (2015- \$124,451) to lease 55 boats that will result in lease expenses of \$127,426 in fiscal 2017 and \$805 in fiscal 2018.

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, 2016. For the year ended March 31, 2016 the Association has included \$81,243 of eligible expenditures in Communications, marketing and initiatives expenses and a reimbursement of \$81,243 in Canadian Olympic Committee revenue.

13. COMPARATIVE FIGURES

Certain of the prior year figures have been reclassified to conform to the method of presentation adopted in the current year.

CANADIAN AMATEUR ROWING ASSOCIATION

Governance and National Operations

(Schedule 1)

Year Ended March 31, 2016

	2016	2015
National office operations	\$ 81,749	\$ 78,126
National office - salaries and benefits	236,605	236,419
Governance	103,878	89,850
International relations and domestic associations	16,486	21,800
	<u>\$ 438,718</u>	<u>\$ 426,195</u>

High Performance

(Schedule 2)

Year Ended March 31, 2016

	2016	2015
Salaries and benefits	\$ 1,564,016	\$ 1,598,904
Coaches travel and related expenses	53,069	41,106
Events and camps	2,299,111	2,164,497
Equipment	395,074	333,152
National training centres	388,512	338,388
RCA athlete support	226,729	233,050
Equipment amortization	83,741	94,669
Sport science and medical	523,259	526,171
National Para Rowing Team	129,521	155,505
	<u>\$ 5,663,032</u>	<u>\$ 5,485,442</u>

Domestic Development

(Schedule 3)

Year Ended March 31, 2016

	2016	2015
Coach education and development	\$ 142,022	\$ 152,144
Para rowing	58,495	37,168
RCA regattas and events	120,704	243,116
Sport development	189,576	215,201
Umpires Committee	58,809	53,631
Safety and Events Committee	8,703	7,713
	<u>\$ 578,309</u>	<u>\$ 708,973</u>