

CANADIAN AMATEUR ROWING ASSOCIATION

Financial Statements

Year Ended March 31, 2019

CANADIAN AMATEUR ROWING ASSOCIATION

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Year Ended March 31, 2019

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INDEPENDENT AUDITORS' REPORT

To the members of Canadian Amateur Rowing Association.

Opinion

We have audited the financial statements of Canadian Amateur Rowing Association, which comprise the statement of financial position as at March 31, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Canadian Amateur Rowing Association as at March 31, 2019, and its results of its 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization 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.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Canadian Amateur Rowing 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 Canadian Amateur Rowing Association or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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 auditor's 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 these 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 Canadian Amateur Rowing 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 Canadian Amateur Rowing 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 auditor's 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 auditor's report. However, future events or conditions may cause the Canadian Amateur Rowing 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.

We 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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Victoria, Canada
July 24, 2019

Chartered Professional Accountants

CANADIAN AMATEUR ROWING ASSOCIATION

Statement of Financial Position

March 31, 2019

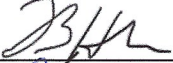

	2019	2018
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 838,037	\$ 1,155,953
Accounts receivable (Note 4)	210,707	102,183
Goods and services tax recoverable	147,348	169,114
Prepaid expenses	152,391	228,920
	<u>1,348,483</u>	1,656,170
TANGIBLE CAPITAL ASSETS (Note 5)	<u>286,629</u>	349,415
	<u>\$ 1,635,112</u>	<u>\$ 2,005,585</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued charges	\$ 184,044	\$ 599,187
Government remittances payable	2,110	2,240
Deferred revenue (Note 6)	273,558	222,897
	<u>459,712</u>	824,324
NET ASSETS		
Invested in tangible capital assets	286,629	349,415
Internally restricted (Note 7)	206,214	206,214
Unrestricted	682,557	625,632
	<u>1,175,400</u>	1,181,261
	<u>\$ 1,635,112</u>	<u>\$ 2,005,585</u>

CONTINGENT LIABILITY (Note 8)

TRUST FUNDS (Note 9)

COMMITMENTS (Note 10)

ON BEHALF OF THE BOARD


 _____ Director

 _____ Director

CANADIAN AMATEUR ROWING ASSOCIATION

**Statement of Operations
Year Ended March 31, 2019**

	2019	2018
REVENUE		
Sport Canada	\$ 4,706,500	\$ 4,867,000
Canadian Olympic Committee (<i>Note 11</i>)	446,245	367,827
Membership fees	502,172	401,518
Sports associations and foundations	440,833	271,915
Donations, events and fundraising	321,795	309,395
Competition and camp registrations	298,991	126,680
Sponsorships	3,000	3,000
Interest earned	14,979	9,906
	6,734,515	6,357,241
EXPENSES		
Communications, marketing and initiatives (<i>Note 11</i>)	250,884	272,443
Membership services	262,772	190,246
Governance and National operations (<i>Schedule 1</i>)	466,590	466,749
High performance (<i>Schedule 2</i>)	5,284,554	4,797,647
Domestic development (<i>Schedule 3</i>)	477,076	574,543
	6,741,876	6,301,628
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FROM OPERATIONS	(7,361)	55,613
GAIN ON DISPOSAL OF TANGIBLE CAPITAL ASSETS	1,500	23,507
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ (5,861)	\$ 79,120

See notes to the financial statements

CANADIAN AMATEUR ROWING ASSOCIATION

Statement of Changes in Net Assets

Year Ended March 31, 2019

	Invested in Tangible Capital Assets	Internally Restricted (Note 8)	Unrestricted	2019	2018
NET ASSETS - BEGINNING OF YEAR	\$ 349,415	\$ 206,214	\$ 625,632	\$ 1,181,261	\$ 1,102,141
(Deficiency) surplus of revenue over expenses	(84,943)	-	79,082	(5,861)	79,120
Net investment in tangible capital assets	22,157	-	(22,157)	-	-
NET ASSETS - END OF YEAR	\$ 286,629	\$ 206,214	\$ 682,557	\$ 1,175,400	\$ 1,181,261

See notes to the financial statements

CANADIAN AMATEUR ROWING ASSOCIATION

Statement of Cash Flows
Year Ended March 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ (5,861)	\$ 79,120
Items not affecting cash:		
Amortization of tangible capital assets	86,441	105,001
Gain on disposal of tangible capital assets	(1,500)	(23,507)
Amortization of deferred contributions	-	(1,300)
	<u>79,080</u>	<u>159,314</u>
Changes in non-cash working capital:		
Accounts receivable	(108,524)	219,395
Accounts payable and accrued charges	(415,141)	106,192
Deferred revenue	50,661	26,336
Prepaid expenses	76,529	(60,826)
Goods and services tax payable	21,766	(86,639)
Government remittances payable	(130)	651
	<u>(374,839)</u>	<u>205,109</u>
Cash flow from operating activities	<u>(295,759)</u>	<u>364,423</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(23,657)	(154,302)
Proceeds on disposal of tangible capital assets	1,500	29,949
Cash flow used by investing activities	<u>(22,157)</u>	<u>(124,353)</u>
INCREASE (DECREASE) IN CASH FLOW	(317,916)	240,070
Cash and cash equivalents - beginning of year	<u>1,155,953</u>	<u>915,883</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 838,037	\$ 1,155,953

See notes to the financial statements

CANADIAN AMATEUR ROWING ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2019

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.

Membership fees are recognized as revenue in the period of membership eligibility.

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, 2019

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
Event registration system	3 years
Facility improvements	10 years
Mechanical equipment	3 - 5 years
Motorboats and accessories	5 years
Office software and hardware	3 years
Rowing equipment	3 - 5 years
Trailers	10 years
Vehicles	5 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, 2019

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, 2019.

(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>2019</u>	<u>2018</u>
Accounts receivable	\$ 218,827	\$ 109,773
Allowance for doubtful accounts	(8,120)	(7,590)
	<u>\$ 210,707</u>	<u>\$ 102,183</u>

CANADIAN AMATEUR ROWING ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2019

5. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Adaptive equipment	\$ 111,173	\$ 107,344	\$ 3,829	\$ 7,257
Domestic equipment	94,618	51,153	43,465	46,411
Event registration system	66,797	22,266	44,531	61,570
Facility improvements	75,122	21,159	53,963	58,075
Mechanical equipment	267,659	219,044	48,615	73,889
Motorboats and accessories	126,397	115,668	10,729	6,696
Office software and hardware	224,373	211,740	12,633	13,765
Rowing equipment	255,037	252,348	2,689	2,689
Trailers	78,242	45,166	33,076	41,063
Vehicles	70,529	37,430	33,099	38,000
	\$ 1,369,947	\$ 1,083,318	\$ 286,629	\$ 349,415

6. DEFERRED REVENUE

Deferred revenue consists of the following amounts:

	2019	2018
Deferred membership fees	\$ 19,850	\$ 27,825
Deferred contributions	253,708	195,072
	\$ 273,558	\$ 222,897

Deferred membership fees represent membership fees received in 2019 for fiscal 2020.

Deferred contributions represent amounts received in 2019 relating to future bursaries and other externally restricted grants.

7. INTERNALLY RESTRICTED NET ASSETS

Umpire's Reserve	Sustainable Organization Reserve	2019	2018
\$ 6,214	\$ 200,000	\$ 206,214	\$ 206,214

The Umpire's Reserve Fund relates to amounts raised 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 for future financial needs.

CANADIAN AMATEUR ROWING ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2019

8. 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. Sport Canada may conduct audits up to 5 years after the end of a reporting period. The last Sport Canada audit conducted was prior to the period ended March 31, 2013.

9. 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
2019					
Cost	\$ 5,874	\$ 15,811	\$ 11,084	\$ 26,968	\$ 59,737
Market value	9,324	23,802	17,756	39,411	90,293
<hr/>					
2018					
Cost	\$ 5,828	\$ 15,687	\$ 10,898	\$ 26,549	\$ 58,782
Market value	8,593	21,936	15,827	35,130	80,485
<hr/>					

10. COMMITMENTS

The Association leases boats for a term of one or two years. 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 \$0 (2018 - \$46,116) to lease 0 boats (2018- 18 boats).

In September 2017, the Association entered into a contract with RegattaCentral to develop a new event registration software system. The contract consists of three Phases. At year end, the Association has outstanding commitments for Phase 3 totalling an estimated \$25,000 (\$19,500 USD.)

11. 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. The Canadian Olympic Committee has agreed to reimburse the Association for eligible expenditures to a maximum of \$140,000. For the year ended March 31, 2019 the Association has included \$96,245 (2018 - \$128,607) of eligible expenditures in communications, marketing and initiatives expenses and \$96,245 (2018 - \$127,827) in Canadian Olympic Committee revenue.

CANADIAN AMATEUR ROWING ASSOCIATION

Governance and National Operations

(Schedule 1)

Year Ended March 31, 2019

	2019	2018
National office operations	\$ 81,266	\$ 81,263
National office - salaries and benefits	283,064	275,798
Governance	98,867	103,313
International relations and domestic associations	3,393	6,375
	<u>\$ 466,590</u>	<u>\$ 466,749</u>

High Performance

(Schedule 2)

Year Ended March 31, 2019

	2019	2018
Salaries and benefits	\$ 1,746,676	\$ 1,573,625
Coaches travel and related expenses	43,926	69,894
Events and camps	2,179,181	1,638,579
Equipment	231,261	249,977
National training centres	183,177	274,839
RCA athlete support	122,900	118,420
Equipment amortization	46,806	79,290
Sport science and medical	386,034	459,150
Para rowing	344,593	333,873
	<u>\$ 5,284,554</u>	<u>\$ 4,797,647</u>

Domestic Development

(Schedule 3)

Year Ended March 31, 2019

	2019	2018
Coach education and development	\$ 143,004	\$ 154,009
Para rowing	17,476	13,709
RCA regattas and events	134,503	203,587
Sport development	142,208	127,059
Umpires committee	33,491	67,738
Safety and events committee	6,394	8,441
	<u>\$ 477,076</u>	<u>\$ 574,543</u>