



Financial Statements

Canadian Amateur Rowing Association

March 31, 2020

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Independent Auditor's Report

Grant Thornton LLP

Suite 650
1675 Douglas Street
Victoria, BC
V8W 2G5

T +1 250 383 4191
F +1 250 381 4623
www.GrantThornton.ca

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, 2020, 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 the Association as at March 31, 2020, and its results of 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 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.

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.

Independent Auditor's Report (continued)

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 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 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 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.

Victoria, Canada
July 15, 2020

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

Chartered Professional Accountants

Canadian Amateur Rowing Association

Statement of Operations

Year ended March 31	2020	2019
Revenues		
Sport Canada	\$ 5,065,610	\$ 4,706,500
Canadian Olympic Committee	418,942	446,245
Membership fees	482,155	502,172
Sports associations and foundations	411,307	440,833
Donations, events and fundraising	367,002	321,795
Competition and camp registrations	281,283	298,991
Sponsorships	3,000	3,000
Interest earned	27,384	14,979
	<u>7,056,683</u>	<u>6,734,515</u>
Membership services		
Communication, marketing and initiatives	178,200	250,884
Membership services	260,355	262,767
Governance and National Operations (Schedule 1)	463,173	466,591
High Performance (Schedule 2)	5,698,162	5,284,556
Domestic Development (Schedule 3)	500,487	477,077
	<u>7,100,377</u>	<u>6,741,875</u>
Deficiency of revenue over expenses before other income	(43,694)	(7,360)
Other income		
Gain on sale of tangible capital assets	65,618	1,500
Excess (deficiency) of revenue over expenses	<u>\$ 21,924</u>	<u>\$ (5,860)</u>

Canadian Amateur Rowing Association

Statement of Changes in Net Assets

Year ended March 31

	Invested in Tangible Capital Assets	Internally Restricted	Unrestricted	Total 2020	Total 2019
Balance, beginning of year	\$ 286,630	\$ 206,214	\$ 682,557	\$ 1,175,401	\$ 1,181,261
Excess (deficiency) of revenue over expenses	(11,228)	-	33,152	21,924	(5,860)
Net investment in tangible capital assets	(84,109)	-	84,109	-	-
Internally restricted funds	<u>-</u>	<u>65,618</u>	<u>(65,618)</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 191,293</u>	<u>\$ 271,832</u>	<u>\$ 734,200</u>	<u>\$ 1,197,325</u>	<u>\$ 1,175,401</u>

Canadian Amateur Rowing Association

Statement of Financial Position

March 31	2020	2019
Assets		
Current		
Cash and cash equivalents	\$ 1,008,277	\$ 838,037
Accounts receivable (Note 4)	256,113	210,707
Prepaid expenses	360,358	152,391
Goods and services tax receivable	63,723	147,348
	<u>1,688,471</u>	<u>1,348,483</u>
Long-term		
Tangible capital assets (Note 5)	<u>191,293</u>	<u>286,630</u>
	<u>\$ 1,879,764</u>	<u>\$ 1,635,113</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 345,493	\$ 184,044
Deferred revenue (Note 6)	315,827	273,558
Government remittances	21,119	2,110
	<u>682,439</u>	<u>459,712</u>
Fund balances		
Invested in Tangible Capital Assets	191,293	286,630
Internally Restricted	271,832	206,214
Unrestricted	734,200	682,557
	<u>1,197,325</u>	<u>1,175,401</u>
	<u>\$ 1,879,764</u>	<u>\$ 1,635,113</u>

Contingent liability (Note 8), Trust Fund (Note 7)

On behalf of the board

 Director

 Director

Canadian Amateur Rowing Association

Statement of Cash Flows

Year ended March 31

2020

2019

Increase (decrease) in cash

Operating

Excess (deficiency) of revenue over expenses	\$ 21,924	\$ (5,860)
Items not affecting cash		
Amortization	76,845	86,441
Gain on sale of tangible capital assets	<u>(65,618)</u>	<u>(1,500)</u>
	33,151	79,081
Change in non-cash working capital items		
Accounts receivable	(45,406)	(108,524)
Prepaid expenses	(207,967)	76,529
Goods and services tax	83,625	21,766
Accounts payable and accrued liabilities	161,449	(415,144)
Deferred revenue	42,269	50,661
Government remittances payable	<u>19,009</u>	<u>(128)</u>
	<u>86,130</u>	<u>(295,759)</u>

Investing

Purchase of tangible capital assets	(39,814)	(23,657)
Proceeds on disposal of tangible capital assets	<u>123,924</u>	<u>1,500</u>
	<u>84,110</u>	<u>(22,157)</u>

Increase (decrease) in cash

170,240 (317,916)

Cash

Beginning of year	<u>838,037</u>	<u>1,155,953</u>
End of year	<u>\$ 1,008,277</u>	<u>\$ 838,037</u>

Canadian Amateur Rowing Association

Notes to the Financial Statements

March 31, 2020

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. Change in accounting policies

On April 1, 2019, the Association adopted new accounting standard Section 4433 Tangible capital assets held by not-for-profit organizations. The most significant requirements include:

Tangible capital assets must be separated into their component parts, when practicable, and when estimates can be made of the lives of the separate components;

Tangible capital assets and intangible assets are written down to fair value or replacement cost to reflect partial impairments when conditions indicate that the assets no longer contribute to an organization's ability to provide goods and services, or that the value of future economic benefits or service potential associated with the tangible capital assets are less than their net carrying amounts; and

Additional disclosures when an impairment has occurred.

The adoption of the new accounting standards was applied prospectively. The adoption of this standard did not have any impact on the financial statements at March 31, 2020.

3. Summary of significant accounting policies

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"). As a result these financial statements are in accordance with Canadian generally accepted accounting principles ("Canadian GAAP").

Canadian Amateur Rowing Association

Notes to the Financial Statements

March 31, 2020

3. Summary of significant accounting policies (continued)

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 consist of cash on hand and balances with banks.

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
Motorboats and accessories	5 years
Office software and hardware	3 years
Rowing equipment	3 - 5 years
Trailers	10 years
Vehicles	5 years
Mechanical equipment	3 - 5 years

Canadian Amateur Rowing Association

Notes to the Financial Statements

March 31, 2020

3. Summary of significant accounting policies (continued)

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 expressed 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, disclosures 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 other. 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.

4. Accounts receivable	2020	2019
Accounts receivable	\$ 257,873	\$ 218,827
Allowance for doubtful accounts	(1,760)	(8,120)
	\$ 256,113	\$ 210,707

Canadian Amateur Rowing Association

Notes to the Financial Statements

March 31, 2020

5. Tangible capital assets			<u>2020</u>	<u>2019</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Adaptive equipment	\$ 118,123	\$ 103,666	\$ 14,457	\$ 3,829
Domestic equipment	-	-	-	43,465
Event registration system	72,859	46,552	26,307	44,531
Facility improvements	75,122	27,548	47,574	53,963
Mechanical equipment	263,363	229,117	34,246	48,615
Motorboats and accessories	131,213	115,529	15,684	10,729
Office software and hardware	233,895	222,977	10,918	12,633
Rowing equipment	221,015	221,015	-	2,690
Trailers	63,441	46,832	16,609	33,077
Vehicles	70,529	45,031	25,498	33,098
	<u>\$ 1,249,560</u>	<u>\$ 1,058,267</u>	<u>\$ 191,293</u>	<u>\$ 286,630</u>

6. Deferred revenue	<u>2020</u>	<u>2019</u>
Deferred membership fees	\$ 24,360	\$ 19,850
Deferred contributions	291,467	253,708
	<u>\$ 315,827</u>	<u>\$ 273,558</u>

Deferred membership fees represent membership fees received in 2020 for fiscal 2021.

Deferred contributions represent amounts received in 2020 relating to future bursaries and other externally restricted grants.

7. 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.

	<u>Hanlan - Keller</u>	<u>Pearce - Guest</u>	<u>Seagram</u>	<u>Zasada</u>	<u>2020</u>
Cost	\$ 6,000	\$ 16,131	\$ 11,323	\$ 27,499	\$ 60,953
Market value	8,526	21,764	16,236	36,037	82,563
	<u>Hanlan - Keller</u>	<u>Pearce - Guest</u>	<u>Seagram</u>	<u>Zasada</u>	<u>2019</u>
Cost	\$ 5,874	\$ 15,811	\$ 11,084	\$ 26,968	\$ 59,737
Market value	9,324	23,802	17,756	39,411	90,293

Canadian Amateur Rowing Association

Notes to the Financial Statements

March 31, 2020

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 condition. 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. Internally restricted net assets

	<u>2020</u>	<u>2019</u>
Umpire's Reserve	\$ 6,214	\$ 6,214
Sustainable Organization Reserve	<u>265,618</u>	<u>200,000</u>
	<u>\$ 271,832</u>	<u>\$ 206,214</u>

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.

10. 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, 2020.

(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.

Canadian Amateur Rowing Association

Notes to the Financial Statements

March 31, 2020

10. Financial instruments (continued)

(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 risk, interest rate risk and other price risk. The Association is mainly exposed to [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.

(i) 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.

11. NSF enhancement contribution agreement

During the prior year, the Association entered into a contribution agreement with the Canadian Olympic Committee to assist in building its fundraising 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, 2020 the Association has included \$44,505 (2019: \$96,245) of eligible expenditures in communications, marketing and initiatives expenses and \$43,942 (2019: \$96,245) in Canadian Olympic Committee revenue.

Canadian Amateur Rowing Association

Notes to the Financial Statements

March 31, 2020

12. Impacts of COVID-19

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

In response to the spread of COVID-19, Sport Canada has amended the term of the existing funding agreements for fiscal 2020 to extend the period for which eligible expenses may qualify for funding to September 2020. This has resulted in an increase of deferred revenue related to Sport Canada funding at March 31, 2020 of \$31,400. In addition, travel restrictions imposed by the pandemic have resulted in cancelled trips and lost travel deposits to date.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of operations of the Association for future periods.

Canadian Amateur Rowing Association

Schedules to the Financial Statements

Year ended March 31

Schedule of governance and national operations	Schedule 1	
	2020	2019
National office operations	\$ 77,171	\$ 81,267
National office - salaries and benefits	284,235	283,064
Governance	90,540	98,867
International relations and domestic associations	11,227	3,393
	<u>\$ 463,173</u>	<u>\$ 466,591</u>

Schedule of high performance	Schedule 2	
	2020	2019
Salaries and benefits	\$ 1,736,183	\$ 1,746,678
Amortization	38,785	46,806
Coaches travel and related expenses	44,887	43,926
Events and camps	2,347,146	2,179,181
Equipment	463,240	231,261
National training centres	200,379	183,177
RCA athlete support	92,145	122,900
Sport science and medical	366,181	386,034
Para rowing	409,216	344,593
	<u>\$ 5,698,162</u>	<u>\$ 5,284,556</u>

Schedule of domestic development	Schedule 3	
	2020	2019
Coach education and development	\$ 120,666	\$ 143,005
Para rowing	7,892	17,476
RCA regattas and events	82,896	134,503
Sport development	233,169	142,208
Umpires committee	46,844	33,491
Safety and events committee	9,020	6,394
	<u>\$ 500,487</u>	<u>\$ 477,077</u>