



Financial Statements

Canadian Amateur Rowing Association

March 31, 2021

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Independent Auditor's Report

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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, 2021, 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, 2021, 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 12, 2021

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 | 2021 | 2020 |
|--|-------------------|------------------|
| Revenues | | |
| Sport Canada | \$ 4,156,889 | \$ 5,065,610 |
| COVID-19 Emergency Relief Funding (Note 11) | 1,234,500 | - |
| Canadian Olympic Committee | 118,000 | 418,942 |
| Membership fees | 220,568 | 482,155 |
| Sports associations and foundations | 258,522 | 388,090 |
| Donations, events and fundraising | 57,950 | 393,218 |
| Competition and camp registrations | - | 281,283 |
| Interest earned | 9,145 | 27,384 |
| | <u>6,055,574</u> | <u>7,056,682</u> |
| Expenses | | |
| Communication, marketing and initiatives | 203,010 | 178,200 |
| Membership services (Note 11) | 523,426 | 260,354 |
| Governance and National Operations (Schedule 1) | 558,546 | 463,173 |
| High Performance (Schedule 2) | 3,912,150 | 5,698,162 |
| Domestic Development (Schedule 3) | 522,933 | 500,487 |
| | <u>5,720,065</u> | <u>7,100,376</u> |
| Excess (deficiency) of revenue over expenses before other income | <u>335,509</u> | <u>(43,694)</u> |
| Other income | | |
| Gain on sale of tangible capital assets | 1,656 | 65,618 |
| Government Grants | 24,997 | - |
| | <u>26,653</u> | <u>65,618</u> |
| Excess of revenue over expenses | <u>\$ 362,162</u> | <u>\$ 21,924</u> |

Canadian Amateur Rowing Association

Statement of Changes in Net Assets

Year ended March 31

| | Invested in Tangible Capital Assets | Internally Restricted | Unrestricted | Total 2021 | Total 2020 |
|---|---|--------------------------|--------------------------|----------------------------|----------------------------|
| Balance, beginning of year | \$ 191,293 | \$ 271,832 | \$ 734,200 | \$ 1,197,325 | \$ 1,175,401 |
| Excess (deficiency) of revenue over expenses | (101,313) | - | 463,475 | 362,162 | 21,924 |
| Net investment in tangible capital assets | 469,268 | - | (469,268) | - | - |
| Internally restricted funds | - | 1,326 | (1,326) | - | - |
| Balance, end of year | <u>\$ 559,248</u> | <u>\$ 273,158</u> | <u>\$ 727,081</u> | <u>\$ 1,559,487</u> | <u>\$ 1,197,325</u> |

Canadian Amateur Rowing Association

Statement of Financial Position

March 31

2021

2020

Assets

Current

| | | |
|-----------------------------------|------------------|---------------|
| Cash and cash equivalents | \$ 2,740,972 | \$ 1,008,277 |
| Accounts receivable (Note 3) | 64,643 | 256,113 |
| Prepaid expenses | 327,215 | 360,358 |
| Goods and services tax receivable | <u>101,164</u> | <u>63,723</u> |
| | 3,233,994 | 1,688,471 |

Long-term

| | | |
|----------------------------------|---------------------|---------------------|
| Tangible capital assets (Note 4) | <u>559,248</u> | <u>191,293</u> |
| | \$ 3,793,242 | \$ 1,879,764 |

Liabilities

Current

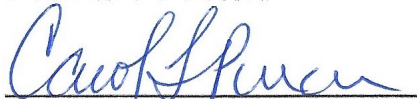
| | | |
|--|------------------|---------------|
| Accounts payable and accrued liabilities | \$ 725,482 | \$ 345,493 |
| Deferred revenue (Note 5) | 1,498,928 | 315,827 |
| Government remittances | <u>9,345</u> | <u>21,119</u> |
| | 2,233,755 | 682,439 |

Fund balances

| | | |
|-------------------------------------|---------------------|---------------------|
| Invested in Tangible Capital Assets | 559,248 | 191,293 |
| Internally Restricted | 273,158 | 271,832 |
| Unrestricted | <u>727,081</u> | <u>734,200</u> |
| | 1,559,487 | 1,197,325 |
| | \$ 3,793,242 | \$ 1,879,764 |

Contingent liability (Note 7), Trust Fund (Note 6), Lease commitment (Note 10)

On behalf of the board

 Director

 Director

Canadian Amateur Rowing Association

Statement of Cash Flows

Year ended March 31

2021

2020

Increase (decrease) in cash

Operating

| | | |
|---|-------------------|-----------------|
| Excess of revenue over expenses | \$ 362,162 | \$ 21,924 |
| Items not affecting cash | | |
| Amortization | 102,969 | 76,845 |
| Gain on sale of tangible capital assets | (1,656) | (65,618) |

| | | |
|--|----------------|--------|
| | 463,475 | 33,151 |
|--|----------------|--------|

Change in non-cash working capital items

| | | |
|--|------------------|---------------|
| Accounts receivable | 191,470 | (45,406) |
| Prepaid expenses | 33,143 | (207,967) |
| Goods and services tax | (37,441) | 83,625 |
| Accounts payable and accrued liabilities | 379,989 | 161,449 |
| Deferred revenue | 1,183,101 | 42,269 |
| Government remittances payable | (11,774) | 19,009 |

| | | |
|--|------------------|---------------|
| | 2,201,963 | 86,130 |
|--|------------------|---------------|

Investing

| | | |
|---|------------------|----------------|
| Purchase of tangible capital assets | (470,924) | (39,814) |
| Proceeds on disposal of tangible capital assets | 1,656 | 123,924 |

| | | |
|--|------------------|---------------|
| | (469,268) | 84,110 |
|--|------------------|---------------|

Increase in cash

| | | |
|--|------------------|---------|
| | 1,732,695 | 170,240 |
|--|------------------|---------|

Cash

| | | |
|-------------------|------------------|----------------|
| Beginning of year | 1,008,277 | 838,037 |
|-------------------|------------------|----------------|

| | | |
|-------------|---------------------|---------------------|
| End of year | \$ 2,740,972 | \$ 1,008,277 |
|-------------|---------------------|---------------------|

Canadian Amateur Rowing Association

Notes to the Financial Statements

March 31, 2021

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 ("ASNPO"). 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 consist of cash on hand and balances with banks.

Canadian Amateur Rowing Association

Notes to the Financial Statements

March 31, 2021

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 |
| 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 |

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.

Canadian Amateur Rowing Association

Notes to the Financial Statements

March 31, 2021

| 3. Accounts receivable | <u>2021</u> | <u>2020</u> |
|---------------------------------|-------------------------|--------------------------|
| Accounts receivable | \$ 66,443 | \$ 257,873 |
| Allowance for doubtful accounts | <u>(1,800)</u> | <u>(1,760)</u> |
| | <u>\$ 64,643</u> | <u>\$ 256,113</u> |

| 4. Tangible capital assets | | | <u>2021</u> | <u>2020</u> |
|-----------------------------------|----------------------------|-------------------------------------|---------------------------|---------------------------|
| | <u>Cost</u> | <u>Accumulated Amortization</u> | <u>Net Book Value</u> | <u>Net Book Value</u> |
| Adaptive equipment | \$ 158,676 | \$ 111,169 | \$ 47,507 | \$ 14,457 |
| Event registration system | 72,859 | 72,859 | - | 26,307 |
| Facility improvements | 241,849 | 33,936 | 207,913 | 47,574 |
| Mechanical equipment | 331,736 | 247,822 | 83,914 | 34,246 |
| Motorboats and accessories | 236,395 | 128,240 | 108,155 | 15,684 |
| Office software and hardware | 248,627 | 232,913 | 15,714 | 10,918 |
| Rowing equipment | 221,015 | 221,015 | - | - |
| Trailers | 63,441 | 55,088 | 8,353 | 16,609 |
| Vehicles | 145,886 | 58,194 | 87,692 | 25,498 |
| | <u>\$ 1,720,484</u> | <u>\$ 1,161,236</u> | <u>\$ 559,248</u> | <u>\$ 191,293</u> |

The facility improvements totalling \$166,727 are not in use at year end, therefore no amortization has been taken to date.

| 5. Deferred revenue | <u>2021</u> | <u>2020</u> |
|----------------------------|----------------------------|--------------------------|
| Deferred membership fees | \$ - | \$ 24,360 |
| Deferred contributions | <u>1,498,928</u> | <u>291,467</u> |
| | <u>\$ 1,498,928</u> | <u>\$ 315,827</u> |

Deferred contributions represent amounts received in 2021 relating to Sport Canada, COC funding, future bursaries and other externally restricted grants.

Canadian Amateur Rowing Association

Notes to the Financial Statements

March 31, 2021

6. 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>2021</u> |
|--------------|----------------------------|---------------------------|----------------|---------------|-------------|
| Cost | \$ 6,000 | \$ 16,131 | \$ 11,323 | \$ 27,499 | \$ 60,953 |
| Market value | 11,140 | 28,437 | 21,214 | 47,086 | 107,877 |
| | <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 |

7. 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.

8. Internally restricted net assets

| | <u>2021</u> | <u>2020</u> |
|----------------------------------|-------------------|-------------------|
| Umpire's Reserve | \$ 6,244 | \$ 6,214 |
| Sustainable Organization Reserve | <u>266,914</u> | <u>265,618</u> |
| | <u>\$ 273,158</u> | <u>\$ 271,832</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.

A separate internally restricted fund has been established to accept donations for the National Training Centre in Quamichan Lake. The donations are restricted for expenditures of the Centre.

Canadian Amateur Rowing Association

Notes to the Financial Statements

March 31, 2021

9. 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, 2021.

(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 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.

Canadian Amateur Rowing Association

Notes to the Financial Statements

March 31, 2021

10. Lease commitment

The Association entered into a lease agreement in the year for a training facility with an expiry date of December 31, 2022. The lease agreement has an option to renew the lease by October 1, 2021 for an additional one year to a maximum of three additional years or five years in total.

The Association's total future minimum lease payments under operating lease commitments over the next two years are as follows:

| | |
|------|------------------|
| 2022 | \$ 36,000 |
| 2023 | <u>27,000</u> |
| | <u>\$ 63,000</u> |

In addition to the above noted minimum lease payments the Association is also obligated to pay their share of operating costs, which fluctuate year to year.

11. COVID-19 Emergency Relief Funding

On June 19, 2020 the Association received \$1,234,500 from the COVID-19 Emergency Relief Fund for Cultural, Heritage and Sport Organizations administered through Heritage Canada. The goal of the Fund was to ensure business continuance for organizations whose viability was negatively affected by COVID-19. The funds were expended by March 31, 2021 as follows:

| | |
|--|---------------------|
| | <u>2021</u> |
| Membership Emergency Relief Support and Grants | \$ 356,962 |
| Domestic Support and Sport Development | 153,383 |
| High Performance and Athlete Support | 440,568 |
| Capacity Support for Tokyo 2021, Paris 2024 and NexGen | <u>295,038</u> |
| Total Expended | <u>\$ 1,245,951</u> |

Canadian Amateur Rowing Association

Notes to the Financial Statements

March 31, 2021

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 and COC have amended the term of the existing funding agreements for fiscal 2021 to extend the period for which eligible expenses may qualify for funding to September 2021. 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 | |
|---|-------------------|-------------------|
| | 2021 | 2020 |
| National office operations | \$ 160,106 | \$ 77,171 |
| National office - salaries and benefits | 319,103 | 284,235 |
| Governance | 73,829 | 90,540 |
| International relations and domestic associations | 5,508 | 11,227 |
| | <u>\$ 558,546</u> | <u>\$ 463,173</u> |

| Schedule of high performance | Schedule 2 | |
|-------------------------------------|---------------------|---------------------|
| | 2021 | 2020 |
| Salaries and benefits | \$ 1,895,335 | \$ 1,736,183 |
| Amortization | 65,921 | 38,785 |
| Coaches travel and related expenses | 12,664 | 44,887 |
| Events and camps | 323,885 | 2,347,146 |
| Equipment | 447,749 | 463,240 |
| National training centres | 236,702 | 200,379 |
| RCA athlete support | 181,991 | 92,145 |
| Sport science and medical | 386,650 | 366,181 |
| Para rowing | 361,253 | 409,216 |
| | <u>\$ 3,912,150</u> | <u>\$ 5,698,162</u> |

| Schedule of domestic development | Schedule 3 | |
|--|-------------------|-------------------|
| | 2021 | 2020 |
| Coach education and development | \$ 110,848 | \$ 120,666 |
| Para rowing | - | 7,892 |
| RCA regattas and events | 104,713 | 82,896 |
| Sport development | 134,634 | 124,715 |
| Umpires committee | 32,771 | 46,844 |
| Safety and events committee | 5,445 | 9,020 |
| Safe Sport, Diversity, Inclusion and Gender Equity | 134,522 | 108,454 |
| | <u>\$ 522,933</u> | <u>\$ 500,487</u> |