

British Columbia Artistic Swimming Association
Financial Statements
For the year ended June 30, 2020

British Columbia Artistic Swimming Association

Contents

For the year ended June 30, 2020

	<i>Page</i>
Independent Auditors' Report	
Financial Statements	
Statement of Financial Position.....	1
Statement of Operations.....	2
Statement of Changes in Net Assets.....	3
Statement of Cash Flows.....	4
Notes to the Financial Statements	5

Independent Auditor's Report

To the Members of British Columbia Artistic Swimming Association:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of British Columbia Artistic Swimming Association (the "Association"), which comprise the statement of financial position as at June 30, 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 June 30, 2020, 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.

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 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.

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.

Report on Other Legal and Regulatory Requirements

As required by the Society Act of British Columbia, we report that, in our opinion, these principles have been applied on a basis consistent with that of the previous year.

Surrey, British Columbia

November 10, 2020

MNP LLP

Chartered Professional Accountants

British Columbia Artistic Swimming Association

Statement of Financial Position

As at June 30, 2020

	2020	2019 <i>(Restated)</i>
Assets		
Current		
Cash and cash equivalents	176,170	140,017
Accounts receivable	7,317	8,399
Government receivable	12,948	12,948
Prepaid expenses	3,930	3,702
Inventory	14,301	3,281
	214,666	168,347
Capital assets (Note 4)	3,044	4,979
Intangible assets (Note 5)	-	617
	217,710	173,943
Liabilities		
Current		
Accounts payable and accruals	8,998	15,577
Deferred contributions (Note 6)	98,132	58,953
	107,130	74,530
Commitment (Note 7)		
Significant event (Note 13)		
Net Assets		
Invested in capital and intangible assets	3,044	5,596
Internally restricted (Note 8)	20,340	20,603
Unrestricted	87,196	73,214
	110,580	99,413
	217,710	173,943

Approved on behalf of the Board of Directors

E-SIGNED by Raeanne Rose

President

The accompanying notes are an integral part of these financial statements

British Columbia Artistic Swimming Association
Statement of Operations
For the year ended June 30, 2020

	2020	2019 <i>(Restated)</i>
Revenue		
Affiliation fees (Provincial and National)	49,471	49,344
Competition operations	23,120	62,824
Capital gaming grant	-	227
Fundraising	4,745	19,465
Athlete development	13,500	59,948
Government funding	243,014	227,745
Coaching development	6,066	6,225
Supplies	1,259	2,218
Total revenue	341,175	427,996
Expense		
Association operations	88,849	110,077
Human resources	154,649	177,362
Competition operations	29,878	128,651
Athlete development	45,698	41,033
Sport development	3,702	3,607
Coach development	6,469	6,818
Member support programs	500	(75)
Total expenses	329,745	467,473
Revenue over expenses before other items	11,430	(39,477)
GST rebates	-	12,748
Excess (deficiency) of revenue over expenses	11,430	(26,729)

The accompanying notes are an integral part of these financial statements

British Columbia Artistic Swimming Association Statement of Changes in Net Assets

For the year ended June 30, 2020

	<i>Invested in Capital and Intangible Assets</i>	<i>Internally Restricted Fund</i>	<i>Unrestricted Fund</i>	<i>2020</i>	<i>2019</i>
Balance, beginning of year, current year, as restated (Note 3)	5,596	20,603	73,214	99,413	129,142
Excess (deficiency) of revenue over expenses, prior period, as restated (Note 3)	(2,552)	-	13,982	11,430	(26,729)
Bursaries disbursed (Note 8)	-	(263)	-	(263)	(3,000)
Net assets, end of year	3,044	20,340	87,196	110,580	99,413

The accompanying notes are an integral part of these financial statements

British Columbia Artistic Swimming Association

Statement of Cash Flows

For the year ended June 30, 2020

	2020	2019
Cash provided by (used for) the following activities		
Operating		
Deficiency of revenue over expenses	11,430	(26,729)
Amortization	2,552	4,164
Bursaries disbursements	(263)	(3,000)
	13,719	(25,565)
Changes in working capital accounts		
Accounts receivable	1,082	22,824
Government receivable	-	(12,948)
Prepaid expenses	(228)	1,444
Inventory	(11,020)	1,194
Accounts payable and accruals	(6,579)	(13,087)
Deferred contributions	39,179	20,767
	36,153	(5,371)
Investing		
Purchase of capital assets	-	(2,056)
Increase (decrease) in cash resources	36,153	(7,427)
Cash resources, beginning of year	140,017	147,444
Cash resources, end of year	176,170	140,017

The accompanying notes are an integral part of these financial statements

British Columbia Artistic Swimming Association

Notes to the Financial Statements

For the year ended June 30, 2020

1. Nature of the association

British Columbia Artistic Swimming Association (the "Association") changed its name from British Columbia Synchronized Swimming Association on November 25, 2019. The former was incorporated under the Society Act of British Columbia as a registered not-for-profit organization and thus is exempt from income taxes under the Income Tax Act ("the Act").

The Association's primary scope of operations involves the promotion, improvement and development of artistic swimming, the regulation of amateur artistic swimming and the establishment and maintenance of standards of certification of coaches and officials in British Columbia.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada, which are part of Canadian generally accepted accounting principles, and include the following significant accounting policies:

Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments with maturities of three months or less.

Inventory

Inventory held for distribution at no charge or for a nominal charge are recognized at the lower of cost and current replacement cost. Cost is determined by the first in, first out method.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution, if fair value can be reasonably determined. When fair value cannot be determined, capital assets are recorded at nominal value.

Amortization is provided using the declining balance method at rates intended to amortize the cost of assets over their estimated useful lives.

	Rate
Computer hardware and software	40 %
Furniture and equipment	40 %

Intangible assets

Intangible assets, comprised of website costs, subject to amortization are recorded at cost and amortized using the declining balance method at a rate of 50%, which is intended to amortize the cost of the intangible assets over their estimated useful life.

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. 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.

The Association recognizes revenue from affiliation fees, swim meet entry fees, course fees, and conference admission fees when the services are provided, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributed materials and services

Contributions of materials and services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials or services are used in the normal course of the Association's operations and would otherwise have been purchased. If the fair value of contributed materials or services are not determinable, the contributions are not reflected in the financial statements.

British Columbia Artistic Swimming Association

Notes to the Financial Statements

For the year ended June 30, 2020

2. Significant accounting policies (Continued from previous page)

Measurement uncertainty (use of estimates)

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful life of capital assets and intangible assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess (deficiency) of revenues and expenses in the periods in which they become known.

Financial instruments

The Association recognizes its financial instruments when the Association becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the Association may irrevocably elect to subsequently measure any financial instrument at fair value. The Association has not made such an election during the year. The Association subsequently measures financial assets and liabilities at amortized cost, with transaction costs and financing fees added to the carrying amount of the financial instruments.

Financial asset impairment

The Association assesses impairment of all of its financial assets measured at cost or amortized cost. When there is an indication of impairment, the Association determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Association reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in excess of revenues over expenses in the periods in which they become known.

The Association reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess of revenues over expenses in the year the reversal occurs.

3. Correction of an error

During the year, the Association determined that a prior year revenue was overstated by \$19,773. For 2019 the impact of this correction has resulted in an increase in deferred contributions of \$19,773 and a decrease in Capital gaming grant revenue of \$19,773.

	Net assets, as previously stated	Restatement	Net assets, restated
Beginning balance, at July 1, 2019	\$129,142		\$129,142
Net income for the year ended June 30, 2019	(6,956)	(19,773)	(26,729)
Bursaries disbursed	(3,000)		(3,000)
Balance as at, June 30, 2019	\$119,186	\$(19,773)	\$99,413

British Columbia Artistic Swimming Association

Notes to the Financial Statements

For the year ended June 30, 2020

4. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2020 Net book value</i>	<i>2019 Net book value</i>
Computer hardware and software	10,980	9,766	1,214	2,024
Furniture and equipment	42,194	40,364	1,830	2,955
	53,174	50,130	3,044	4,979

Amortization of \$1,934 (2019 - \$2,792) related to capital assets is included in the excess (deficiency) of revenues over expenditures.

5. Intangible assets

Amortization of \$617 (2019 – \$1,372) related to intangible assets with definite lives is included in the excess (deficiency) of revenue over expenditures.

6. Deferred contributions

Deferred contributions consist of unspent contributions which are externally restricted for specific purposes to be carried out by the Association. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made. Changes in the deferred contribution balance are as follows:

	<i>2020</i>	<i>2019</i>
Balance, beginning of the year	58,953	38,186
Add: Provincial Government Core Grant (viaSport B.C.)	195,899	152,745
Add: Direct Access Program Grant (Gaming)	72,500	75,000
Add: Capital Gaming Grant	-	20,000
Less: Amounts recognized as revenue during the year	(229,220)	(226,978)
Balance, end of the year	98,132	58,953

Ending deferred contributions consist of the following balances:

	<i>2020</i>	<i>2019</i>
Provincial Government Core Grant (viaSport B.C.)	78,359	39,180
Direct Access Program Grant (Gaming)	19,773	19,773
Total	98,132	58,953

7. Commitment

The Association has entered into a lease agreement for its office premise expiring in April 30, 2021. The minimum lease payments required on the remainder of this lease are \$10,735.

British Columbia Artistic Swimming Association

Notes to the Financial Statements

For the year ended June 30, 2020

8. Internally restricted net assets

Internally restricted net assets are comprised of bursaries not yet distributed by the Association. During the year, the Association's Board of Directors internally restricted \$Nil (2019 - \$Nil) to be restricted for future bursary disbursement, and \$263 (2019 - \$3,000) of internally restricted bursaries were disbursed. These internally restricted amounts are not available for other purposes without the approval of the Board of Directors.

	2020	2019
Athlete Hardship Bursary Award	4,997	4,997
Charlotte Tutte Memorial Bursary Award	3,000	3,000
Coaching Bursary Award	2,000	2,000
Donalda Smith Bursary Award	5,343	5,606
Officials Bursary Award	5,000	5,000
	20,340	20,603

9. Salaries and benefits

No directors received remuneration for their contribution to the governance or operations of the Association. During the year, the Association paid \$78,625 (2019 - \$80,000) to one employee (2019 - one employee).

10. Government funding and economic dependence

The Association's primary source of revenue is funding of the Provincial Government Core Grant and the Direct Access Program Grant. The funding can be withheld or cancelled if the Association does not observe certain established guidelines. The Association's ability to continue viable operations is dependent upon operating within the agreement guidelines. As at June 30, 2020, the Association believes that it's in compliance with these guidelines.

11. Financial instruments

The Association, as part of its operations, carries a number of financial instruments. It is management's opinion that the Association is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Liquidity risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting obligations associated with financial liabilities. The Association enters into transactions to purchase goods and services for which repayment is required at various maturity dates.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association's main credit risk relates to its accounts receivable. Accounts receivable are continuously monitored, and an allowance is provided for potentially uncollectible accounts receivable.

12. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.

British Columbia Artistic Swimming Association

Notes to the Financial Statements

For the year ended June 30, 2020

13. Significant event

During the year, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on organizations through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Association as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

As a result of this the Association paused operations, primarily competitions and events, beginning in March. From this they experienced significant loss of revenues, this was offset by a reduction in associated expenses.