

**Athletics Canada/Athlétisme Canada**  
**Financial Statements**  
**For the year ended March 31, 2014**

**Contents**

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## Independent Auditor's Report

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**To the Members of  
Athletics Canada/Athlétisme Canada**

**Report on the Financial Statements**

We have audited the accompanying financial statements of Athletics Canada/Athlétisme Canada, which comprise the statement of financial position as at March 31, 2014 and the statements of operations and changes in net assets and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our qualified audit opinion.

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## Independent Auditor's Report (continued)

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### Basis of Qualified Opinion

In common with many charitable organizations, the Association derives revenue from donations and sales, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Association. Our audit opinion on the financial statements for the year ended March 31, 2013, was also qualified because of the possible effects of this limitation in scope. Therefore we were not able to determine whether any adjustments might be necessary to donations and sales revenues, excess of revenue over expenses for the year ended March 31, 2014 and 2013, assets as at March 31, 2014 and 2013, and net assets at both the beginning and end of the March 31, 2014 year.

### Qualified Opinion

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves with respect to the completeness of revenue referred to in the preceding paragraph, the financial statements present fairly, in all material respects, the financial position of Athletics Canada/Athlétisme Canada as at March 31, 2014 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.

### **Report on Other Legal and Regulatory Requirements**

As required by the Canada Corporations Act, we report, that in our opinion, the accounting principles in Canadian Accounting Standards for Not-for-Profit Organizations have been applied on a basis consistent with the preceding year.

*Collins Barrow Ottawa LLP*

Chartered Accountants, Licensed Public Accountants

May 23, 2014

Ottawa, Ontario

## Athletics Canada/Athlétisme Canada Statement of Financial Position

March 31

2014

2013

### Assets

#### Current

Cash (Note 1)	\$ 32,725	\$ 116,831
Accounts receivable (Note 2)	453,662	310,594
Prepaid expenses	147,971	188,657
Receivable from Athletes' reserve trust fund (Note 5)	-	2,505
Due from related party (Note 7)	<u>153,368</u>	<u>153,368</u>
	<u>787,726</u>	<u>771,955</u>
<b>Athletes' reserve trust fund (Note 5)</b>	<b>399,100</b>	<b>468,486</b>
	<b>\$ 1,186,826</b>	<b>\$ 1,240,441</b>

### Liabilities and Net Assets

#### Current

Accounts payable and accrued liabilities (Note 8)	\$ 447,327	\$ 477,397
Government remittances payable	27,253	4,118
Deferred contributions (Note 4)	<u>92,887</u>	<u>77,086</u>
	<u>567,467</u>	<u>558,601</u>
<b>Athletes' reserve trust fund (Note 5)</b>	<b>399,100</b>	<b>468,486</b>
	<b>966,567</b>	<b>1,027,087</b>

#### Contingent liability (Note 6)

#### Net assets

Unrestricted net assets (Note 8)	63,382	59,930
Internally restricted net assets held in the Athletics Canada Foundation (Note 7)	<u>156,877</u>	<u>153,424</u>
	<u>220,259</u>	<u>213,354</u>
	<b>\$ 1,186,826</b>	<b>\$ 1,240,441</b>

On behalf of the Board:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

## Athletics Canada/Athlétisme Canada Statement of Changes in Net Assets

For the year ended March 31

	<u>2014</u>		
	<u>Unrestricted Net Assets</u>	<u>Internally Restricted</u>	<u>Total</u>
<b>Balance, beginning of year, as previously reported</b>	\$ 108,442	\$ 153,424	\$ 261,866
<b>Adjustment for prior year correction (Note 8)</b>	<u>(48,512)</u>	-	(48,512)
<b>Balance, beginning of year, restated</b>	59,930	153,424	213,354
<b>Excess of revenue over expenses for the year</b>	6,905	-	6,905
<b>Interfund transfers (Note 7)</b>	<u>(3,453)</u>	3,453	-
<b>Balance, end of year</b>	<u>\$ 63,382</u>	<u>\$ 156,877</u>	<u>\$ 220,259</u>

  

	<u>2013</u>		
	<u>Unrestricted Net Assets</u>	<u>Internally Restricted</u>	<u>Total</u>
<b>Balance, beginning of year</b>	\$ 136,855	\$ 153,424	\$ 290,279
<b>Deficiency of revenue over expenses for the year</b>	<u>(76,925)</u>	-	(76,925)
<b>Balance, end of year</b>	<u>\$ 59,930</u>	<u>\$ 153,424</u>	<u>\$ 213,354</u>

## Athletics Canada/Athlétisme Canada Statement of Operations

For the year ended March 31

2014

2013

### **Revenue**

Ministry of Canadian Heritage	\$ 4,316,600	\$ 4,756,200
Canadian Olympic Committee	420,000	112,500
Sport Canada - Hosting Support		
Boiling Point Track Classic	49,500	49,999
National Track League	400,000	400,000
Canadian Paralympic Committee	7,500	-
Coaching Association of Canada	43,993	47,616
Membership Fees	92,255	132,915
Entry Fees - National Events	202,951	151,877
National Track League	100,000	120,000
National Centre Revenue	85,000	55,000
Trillium Foundation	75,953	64,960
ACF Contribution	35,000	35,000
ARF Contribution	2,449	2,505
Donations	23,815	44,722
Sponsorship Revenue		
In kind	245,000	245,000
Financial	229,303	263,688
Sales	47,082	65,266
Interest	1,957	3,859
Other Revenue	162,243	127,457
	<u>6,540,601</u>	<u>6,678,564</u>

### **Expenses**

Administration		
National office	141,281	164,916
Salaries and benefits	686,729	681,499
Planning and management	15,500	89,026
Promotions and communications	65,744	64,694
Association expenses (Note 8)	62,194	77,650
	<u>971,448</u>	<u>1,077,785</u>
High performance excellence	<u>4,407,613</u>	<u>4,346,739</u>
Marketing sponsorships - in kind	<u>245,000</u>	<u>245,000</u>
Sport development		
Boiling point track classic	45,000	49,999
National track league	415,000	400,000
Other (Note 8)	449,635	635,966
	<u>909,635</u>	<u>1,085,965</u>
<b>Excess (deficiency) of revenue over expenses for the year</b>	<b>\$ 6,905</b>	<b>\$ (76,925)</b>

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## Athletics Canada/Athlétisme Canada Statement of Cash Flows

**For the year ended March 31**

**2014**

**2013**

### **Operating activities**

Excess (deficiency) of revenue over expenses for the year	\$ 6,905	\$ (76,925)
Changes in non-cash working capital balances		
Accounts receivable	(143,068)	54,770
Prepaid expenses	40,686	191,537
Receivable from Athlete's reserve trust fund	2,505	37
Accounts payable and accrued liabilities	(30,070)	(93,192)
Government remittances payable	23,135	(2,585)
Deferred revenue	15,801	10,586
Due to/from related party	-	(1,320)
<b>Increase (decrease) in cash during the year</b>	<b>(84,106)</b>	82,908
<b>Cash, beginning of year</b>	<b>116,831</b>	33,923
<b>Cash, end of year</b>	<b>\$ 32,725</b>	\$ 116,831

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## Athletics Canada/Athlétisme Canada Summary of Significant Accounting Policies

**March 31, 2014**

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### **Nature of Organization**

The Association is a national sports governing body whose purpose is to support high performance athletics excellence at the world level and to provide leadership in developmental athletics. Its membership consists of ten provincial and two territorial branches which are further divided into club members, individual members, affiliated members and supporting members.

All provincial and territorial branches are autonomous, separately incorporated organizations. In addition, the Athletics Canada Foundation (ACF) is a separate legal entity with an independent board of directors. The financial statements of the Association do not include the net assets and income of the provincial and territorial branches or the ACF.

The Association was incorporated under the Canada Corporations Act and received letters of patent dated July 31, 1968. The Association adopted the name Athletics Canada/Athlétisme Canada by way of supplementary letters patent dated June 4, 1991. The Association is a "Registered Canadian Amateur Athletic Association" within the meaning of the Canada Income Tax Act and is, therefore, not subject to income taxes.

### **Basis of Presentation**

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations which are part of Canadian generally accepted accounting principles and include the following significant accounting policies.

### **Use of Estimates**

The preparation of financial statements in accordance 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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from management's best estimates as additional information becomes available in the future.

### **Financial Instruments**

Financial instruments are financial assets or liabilities of the Association where, in general, the Association has the right to receive cash or another financial asset from another party or the Association has the obligation to pay another party cash or other financial assets.

#### Measurement of financial instruments

The Association initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions, that are measured at the exchange amount.

The Association subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in operations.

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## Athletics Canada/Athlétisme Canada Summary of Significant Accounting Policies

**March 31, 2014**

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### **Financial Instruments**

Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, and government remittances payable.

The Association has no financial instruments measured at fair value.

#### Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in operations.

#### Transaction costs

The Association recognizes its transaction costs in operations in the period incurred. However, the financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

### **Tangible Capital Assets**

Tangible capital assets individually equal to or greater than \$10,000 are recorded at cost. Amortization is provided on the straight-line basis over a period of three years based upon the expected useful lives of the assets.

### **Contributed Goods and Services**

Essential goods and services contributed to the Association are recognized at their fair market value calculated at \$245,000 (2013 - \$245,000) for the year.

These financial statements do not reflect the value associated with the numerous hours contributed by volunteers to assist the Association in carrying out its service delivery activities.

### **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 receives contributions from various funding bodies for reimbursement of certain technical and administrative expenses incurred during the year. Unexpended portions of these contributions may be refundable to the contributors pursuant to particular funding agreements.

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## Athletics Canada/Athlétisme Canada Summary of Significant Accounting Policies

**March 31, 2014**

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**Revenue Recognition**  
(continued)

Membership fees are set annually by the Board of Directors and are recognized as revenue proportionately over the fiscal year to which they relate.

Other revenues (including but not limited to competition fees, sales and donations) are recorded when earned.

Unrestricted investment income is recognized as revenue when earned.

**Foreign Currency**

Monetary assets and liabilities denominated in a foreign currency have been translated at the rate of exchange in effect at the year end. Revenue and expenses denominated in a foreign currency have been translated at the prevailing rate of exchange at the transaction date. Gains and losses resulting therefrom are included in the determination of excess of revenue over expenses for the year.

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## Athletics Canada/Athlétisme Canada

### Notes to Financial Statements

March 31, 2014

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#### 1. Cash

The Association's cash is held at one chartered bank and earns interest at a nominal rate. Cash includes \$374 (2013 - \$9,537) denominated in U.S. dollars.

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#### 2. Accounts Receivable

Accounts receivable are comprised of:

	2014	2013
Contributions receivable	\$ 453,662	\$ 298,510
Government remittances receivable	- 12,084	
	<b>\$ 453,662</b>	<b>\$ 310,594</b>

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#### 3. Lines of Credit

A credit facility has been provided by a Canadian chartered bank, which bears interest at the rate of prime plus 0.5%, to a maximum borrowing of \$150,000. At March 31, 2014, there were no funds advanced under this loan facility (2013 - \$nil)

A credit facility has been provided by ACF to a maximum of \$350,000, bearing interest at prime plus 1% payable quarterly. Any funds advanced under this facility are to be repaid by the first available funds by the Association on a revolving basis. At March 31, 2014, there were no funds advanced under this loan facility (2013 - \$nil).

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#### 4. Deferred Contributions

Deferred contributions represent unspent restricted operating funding received in the current period that is related to the subsequent period. Changes in the deferred contributions balance are as follows:

	2014	2013
Beginning balance	\$ 77,086	\$ 66,500
Less: Amounts recognized as revenue in the year	(77,086)	(66,500)
Add: Amounts received related to the following year	92,887	77,086
Ending balance	<b>\$ 92,887</b>	<b>\$ 77,086</b>

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## Athletics Canada/Athlétisme Canada Notes to Financial Statements

**March 31, 2014**

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**4. Deferred Contributions (continued)**

The ending balance consists of the following:

	<b>2014</b>	<b>2013</b>
Ontario Trillium Foundation	\$ 68,487	\$ 61,140
Other	<u>24,400</u>	<u>15,946</u>
	<b>\$ 92,887</b>	<b>\$ 77,086</b>

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**5. Athletes' Reserve Trust Fund**

The Association administers trust funds which represent monies received by athletes from sponsorship contracts, equipment endorsements, advertising, participation in competitions and any other activities not prohibited by the International Amateur Athletic Federation. An administrative fee of \$2,449 (2013 - \$2,505), was charged for this service. These funds are reported as trust assets and a corresponding trust liability on the financial statements of the Association, which reflect the fact that the Association has no title to these assets, but solely administers them on behalf of the athletes. The invested assets are recorded at market value, as follows:

	<b>2014</b>	<b>2013</b>
Cash held in Canadian Chartered Bank (overdraft)	\$ (776)	\$ 15,821
Marketable securities - at market	<u>399,876</u>	<u>452,665</u>
	<b>\$ 399,100</b>	<b>\$ 468,486</b>

Marketable securities at market includes \$nil denominated in U.S. dollars (2013 - \$49,129).

The allocation of these assets is as follows:

	<b>2014</b>	<b>2013</b>
Payable to Athletics Canada/Athlétisme Canada	\$ -	\$ 2,505
Net trust assets due to athletes	<u>399,100</u>	<u>465,981</u>
	<b>\$ 399,100</b>	<b>\$ 468,486</b>

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## Athletics Canada/Athlétisme Canada Notes to Financial Statements

March 31, 2014

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### 6. Contingent Liability

There is a lawsuit filed against the Association for an incident which arose in the ordinary course of business. In the opinion of management and legal counsel, the outcome of the lawsuit is not determinable. Should any losses result from the resolution of this claims, such loss will be charged to operations in the year of resolution.

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### 7. Related Party Transactions/Balances

ACF provides a long-term financial revenue base to support the activities and programs of the Association. Certain activities of the Foundation require approval by the Association. During the year, the Association had certain transactions with ACF. The transactions were recorded at an exchange amount as determined by the related parties.

The Association was granted charitable funds of \$35,000 (2013 - \$35,000).

The Association maintains a portion of their annual surplus within the investments held by ACF. The Association will transfer half of the excess of revenue over expenses for the year ended March 31, 2014 to the ACF during the fiscal year 2015, this amounts to \$3,453 (2013 - \$nil). The amount of \$153,368 (2013 - \$153,368) due from related party is the balance of the investment funds repayable to the Association by ACF. This amount will be maintained within ACF's investments funds and will be repayable to the Association.

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### 8. Prior Period Correction

During the preparation of the March 31, 2014 financial statements, certain adjustments of the March 31, 2013 amounts presented for comparative purposes were considered necessary.

During the 2014 fiscal year, it was determined that opening accounts payable and accrued liabilities was understated. As a result, unrestricted net assets at the beginning of the year was overstated.

The impact of this change on the 2013 amounts is as follows:

	As Previously Reported	Correction	As Restated
Accounts payable and accrued liabilities	\$ 428,885	\$ 48,512	\$ 477,397
Association expenses	44,138	33,512	77,650
Sports development expense - other	620,966	15,000	635,966
Deficiency of revenue over expenses for the year	(28,413)	(48,512)	(76,925)
Unrestricted net assets, end of year	108,442	(48,512)	59,930

In addition, on the statement of cash flows, the 2013 amount for changes in non-cash accounts payable and accrued liabilities changed from a decrease of \$141,704 to a decrease of \$93,192.

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## **Athletics Canada/Athlétisme Canada**

### **Notes to Financial Statements**

**March 31, 2014**

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**9. Lease Commitment**

Athletics Canada/Athlétisme Canada rents office accommodation under an operating lease which expires on March 31, 2015. Future minimum lease payment under the lease (exclusive of operating costs) is as follows:

March 31, 2015	\$ 30,804
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**10. Financial Instruments Risks and Concentrations**

The Association is exposed to various risks through its financial instruments. The following analysis provides a measure of the Association's risk exposure and concentrations as at March 31, 2014.

**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 accounts payable and accrued liabilities, government remittances payable, and its ability to provide the activities related to its deferred contributions as set out in Note 4 to these financial statements.

**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 risks relate to its accounts receivable as set out in Note 2 to these financial statements.

**Changes in risk**

There have been no significant changes in the Association's risk exposures from the 2013 fiscal year.

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