

Diving Plongeon Canada
(formerly known as Canadian Amateur Diving Association Inc./
L'Association Canadienne du Plongeon Amateur Inc.)
Financial Statements
For the year ended August 31, 2014

Contents

Independent Auditor's Report	1
Financial Statements	
Balance Sheet	3
Statement of Changes in Net Assets	4
Statement of Operations	5
Statement of Cash Flows	6
Summary of Significant Accounting Policies	7
Notes to Financial Statements	9
Supplementary Financial Information	
Schedule 1 - Athletes Expenses	12
Schedule 2 - Coaches Expenses	13
Schedule 3 - Events/Competitions Expenses	14
Schedule 4 - Clubs/Sections Expenses	15
Schedule 5 - Officials Expenses	16
Schedule 6 - Planning and Management	17

Independent Auditor's Report

**To the Members of
Diving Plongeon Canada**

Report on the Financial Statements

We have audited the accompanying financial statements of Diving Plongeon Canada (formerly known as Canadian Amateur Diving Association Inc./ L'Association Canadienne du Plongeon Amateur Inc.), which comprise the balance sheet as at August 31, 2014, and the statements of operations, 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.

Collins Barrow Ottawa LLP
301 Moodie Drive, Suite 400
Ottawa, Ontario
K2H 9C4 Canada

T: 613.820.8010
F: 613.820.0465

email: ottawa@collinsbarrow.com
web: ottawa.collinsbarrow.com

Independent Auditor's Report (continued)

Basis for Qualified Opinion

In common with many registered Canadian Amateur Athletic Associations, Diving Plongeon Canada derives part of its revenue from donations 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, and we were not able to determine whether any adjustments might be necessary to these revenues and the excess of revenue over expenses for the years ended August 31, 2014 and 2013, assets and liabilities as at August 31, 2014 and 2013, and net assets at both the beginning and end of the August 31, 2014 and 2013 years.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion Paragraph, the financial statements present fairly, in all material respects, the financial position of Diving Plongeon Canada as at August 31, 2014, 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.

Collins Barrow Ottawa LLP

Chartered Accountants, Licensed Public Accountants

December 15, 2014

Ottawa, Ontario

Diving Plongeon Canada Balance Sheet

August 31

2014

2013

Assets

Current

Cash (Note 1)	\$ 652,514	\$ 922,391
Accounts receivable	640,205	259,166
Government remittances receivable	134,230	99,989
Prepaid expenses	74,877	51,010
	<hr/>	<hr/>
	1,501,826	1,332,556
Tangible capital assets (Note 2)	<hr/>	<hr/>
	5,981	11,962
	<hr/>	<hr/>
	\$ 1,507,807	\$ 1,344,518

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities	\$ 423,750	\$ 198,837
Deferred revenue (Note 3)	32,614	304,086
Lease inducement payable	5,000	10,000
	<hr/>	<hr/>
	461,364	512,923
Net Assets	<hr/>	<hr/>
Unrestricted	1,046,443	831,595
	<hr/>	<hr/>
	\$ 1,507,807	\$ 1,344,518

On behalf of the Board:

 _____ Director

_____ Director

Diving Plongeon Canada
Statement of Changes in Net Assets

<u>For the year ended August 31</u>	<u>2014</u>	<u>2013</u>
Balance, beginning of year	\$ 831,595	\$ 635,331
Excess of revenue over expenses for the year	<u>214,848</u>	<u>196,264</u>
Balance, end of year	<u>\$ 1,046,443</u>	<u>\$ 831,595</u>

Diving Plongeon Canada Statement of Operations

For the year ended August 31

2014

2013

Revenue

Sport Canada	\$ 3,568,397	\$ 3,321,225
Canada Cup	359,962	429,075
Coaching Association of Canada	16,133	18,669
Appearances	-	7,500
Diving World Series	564,655	-
Donations	98,820	108,097
Events	50,471	49,070
Foundation	115,000	15,000
Insurance premiums	8,178	29,190
International team fees	10,650	20,420
FINA	99,622	94,100
Membership fees	24,181	24,198
Sales	5,101	2,658
Sponsorships	64,229	71,742
Miscellaneous	20,892	15,785
	<hr/>	<hr/>
	5,006,291	4,206,729

Expenses

Athletes (Schedule 1)	1,301,911	1,046,975
Coaches (Schedule 2)	350,059	366,083
Events/competitions (Schedule 3)	1,025,540	464,639
Clubs/sections (Schedule 4)	868,497	886,421
Officials (Schedule 5)	134,787	140,747
Planning and Management (Schedule 6)	1,110,649	1,105,600
	<hr/>	<hr/>
	4,791,443	4,010,465

Excess of revenue over expenses for the year

\$ 214,848 **\$ 196,264**

Diving Plongeon Canada Statement of Cash Flows

For the year ended August 31

2014

2013

Cash from (used in) operating activities

Excess of revenue over expenses for the year	\$ 214,848	\$ 196,264
Items not affecting cash		
Amortization of tangible capital assets	<u>5,981</u>	5,981
	220,829	202,245
Net change in non-cash working capital items		
Accounts receivable	(381,039)	115,642
Government remittances receivable	(34,241)	(8,206)
Prepaid expenses	(23,867)	24,527
Accounts payable and accrued liabilities	224,913	(251,324)
Lease inducement payable	(5,000)	(5,000)
Deferred revenue	<u>(271,472)</u>	(428,752)
Decrease in cash during the year	(269,877)	(350,868)
Cash, beginning of year	922,391	1,273,259
Cash, end of year	\$ 652,514	\$ 922,391

Diving Plongeon Canada Summary of Significant Accounting Policies

August 31, 2014

Nature of Business

The Association was incorporated as a not-for-profit organization under Part II of the Canada Corporations Act with federal letters patent dated November 25, 1968, and was continued under the Canada Not-for-profit Corporations Act on June 26, 2014. [Also, effective June 26, 2014, the Association changed its name from Canadian Amateur Diving Association Inc./L'Association Canadienne de Plongeon Amateur Inc. to Diving Plongeon Canada.]

The Association is a registered Canadian Amateur Athletics Association. Under the Income Tax Act, the Association is a registered charity and is exempt from income taxes.

Basis for Presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with 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 period. The Association's estimates relate to provision for doubtful receivables and estimated useful life of tangible capital assets. Actual results could differ from management's best estimates as additional information becomes available in the future.

Financial Instruments

Measurement of 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 asset.

The Association initially measures its financial assets and liabilities at fair value.

The Association subsequently measures all its financial assets and financial liabilities at amortized cost.

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

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in excess of revenue over expenses. 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 excess of revenue over expenses.

Diving Plongeon Canada Summary of Significant Accounting Policies

August 31, 2014

Financial Instruments
(continued)

Transaction costs

The Association recognizes its transaction costs in excess of revenue over expenses in the period incurred. However, 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.

Revenue Recognition

The Association follows the deferral method of accounting for contributions. The Association receives Government of Canada contributions for the purpose of sponsoring specific activities during the year. Expenses are applied against contributions on the accrual basis. Unexpended portions of Government of Canada contributions as at August 31 are deferred to the next fiscal year and are recorded as current liabilities. Funds which have been granted for projects but not received as at August 31 are recorded as accounts receivable, to the extent that grantable expenses have been incurred.

Other revenues are recorded when earned.

Tangible Capital Assets

Tangible capital assets are recorded at cost. Assets with a cost less than \$1,000 are expensed in the year of acquisition. Amortization is based on the estimated useful life of the asset and is provided as follows:

Furniture and equipment	20%	straight-line basis
Computers	33.3%	straight-line basis
Leasehold improvements	20%	straight-line basis

Foreign Currency

Transactions during the year in foreign currencies have been translated in the accounts to Canadian dollars at the exchange rate effective on the transaction date. All monetary assets in foreign currencies have been translated to Canadian dollars at the exchange rates in effect at August 31, 2014. Gains or losses resulting therefrom are included in the determination of excess of revenue over expenses for the year except for the foreign currency gains and losses on long-term monetary items which are deferred and amortized over the remaining terms of the related items.

**Contributed Materials
and Services**

Contributed materials and services which are used in the normal course of the Association's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if fair value can be reasonably estimated.

Lease Inducement

The benefit of lease inducements which consists of costs paid by the landlord for leasehold improvements is amortized on a systematic basis to operations, as part of planning and management expense in the statement of operations, over the term of the lease. This results in a consistent annual amortization expense. The unamortized portion of the lease inducement is presented as lease inducement payable in the statement of financial position.

Diving Plongeon Canada Notes to Financial Statements

August 31, 2014

1. Cash

The company's bank accounts are held at one chartered bank. Bank balances include \$205,802 (2013 - \$240,485) denominated in U.S. dollars.

2. Tangible Capital Assets

	2014			2013		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computers equipment	\$ 8,519	\$ 8,519	\$ -	\$ 48,189	\$ 48,189	\$ -
Leasehold improvements	\$ 4,291	\$ 4,291	\$ -	\$ 14,313	\$ 14,313	\$ -
	<u>29,905</u>	<u>23,924</u>	<u>5,981</u>	<u>29,905</u>	<u>17,943</u>	<u>11,962</u>
	<u>\$ 42,715</u>	<u>\$ 36,734</u>	<u>\$ 5,981</u>	<u>\$ 92,407</u>	<u>\$ 80,445</u>	<u>\$ 11,962</u>

Fully amortized assets written off during the current fiscal year amounted to \$49,692 (2013 - nil).

3. Deferred Revenue

Deferred revenues represent unspent restricted operating funding received in the current period that is related to the subsequent periods.

	Sport Canada	Other	2014 Total	2013 Total
Balance, beginning of year	\$ 304,086	\$ -	\$ 304,086	\$ 732,838
Additions during the year	28,214	4,400	32,614	304,086
Recognized as revenue during the year	(304,086)	-	(304,086)	(732,838)
Balance, end of year	<u>\$ 28,214</u>	<u>\$ 4,400</u>	<u>\$ 32,614</u>	<u>\$ 304,086</u>

Diving Plongeon Canada Notes to Financial Statements

August 31, 2014

4. Contributed Clothing

Contributions recognized in the year ended August 31, 2014 include contributed clothing having a fair value of \$24,000 (2013 - \$24,000). This amount has been recorded as revenue and expenses in these financial statements.

5. Commitments

As part of its normal operations, the Association has various commitments with various expiry dates related to the rental of equipment, vehicles and premises for its 2014 fiscal year and thereafter.

The most significant agreement is for the lease of office space under agreement expiring September 30, 2015. The annual rent includes additional rent representing operating costs and applicable taxes.

The estimated total payments for these noted items for the next three fiscal years are approximately:

2015	\$ 24,068
2016	3,733
2017	1,727
	<hr/>
	\$ 29,528

6. Risk 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 August 31, 2014.

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 is exposed to this credit risk mainly in respect of its accounts receivable and government remittances receivable.

Liquidity risk

Liquidity risk is the risk that the Association 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.

Changes in risk

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

Diving Plongeon Canada
Notes to Financial Statements

August 31, 2014

7. Comparative Amounts

In certain instances, 2013 amounts presented for comparative purposes have been reclassified to conform to the financial statement presentation adopted for the current year.

Diving Plongeon Canada
Schedule 1 - Athletes Expenses

For the year ended August 31

2014

2013

	Actual	Actual
Senior National Team	\$ 701,208	\$ 617,155
Junior High Performance	343,445	190,884
Performance Monitoring and Enhancements	126,851	134,540
Administration	30,493	31,305
Integrated Support Team	<u>99,914</u>	73,091
	<hr/> \$ 1,301,911	<hr/> \$ 1,046,975

Diving Plongeon Canada
Schedule 2 - Coaches Expenses

<u>For the year ended August 31</u>	<u>2014</u>	<u>2013</u>
	<u>Actual</u>	<u>Actual</u>
Senior Performance Incentives	\$ 163,358	\$ 202,430
Meetings	31,650	28,774
Sport Leadership Council	5,069	5,125
Development and Succession	90,424	73,442
National Coaching Certification Program	<u>59,558</u>	<u>56,312</u>
	<hr/>	<hr/>
	\$ 350,059	\$ 366,083

Diving Plongeon Canada
Schedule 3 - Events/Competitions Expenses

For the year ended August 31

2014

2013

	Actual	Actual
Promotion	\$ 29,475	\$ 27,480
National Competitions	48,420	62,503
Canada Cup	343,949	327,410
Marketing	48,380	47,246
Diving World Series	<u>555,316</u>	-
	<hr/> \$ 1,025,540	<hr/> \$ 464,639

Diving Plongeon Canada
Schedule 4 - Clubs/Sections Expenses

For the year ended August 31

2014

2013

	Actual	Actual
Club Funding Assistance	\$ 124,105	\$ 117,049
Club Performance Incentives	38,989	39,141
World Class Program Support	461,946	380,791
Rule Book	-	1,935
Other Clubs/Provinces	18,468	44,525
Training Centres	<u>224,989</u>	<u>302,980</u>
	<hr/> \$ 868,497	<hr/> \$ 886,421

Diving Plongeon Canada
Schedule 5 - Officials Expenses

For the year ended August 31

2014

2013

	Actual	Actual
Domestic	\$ 85,602	\$ 101,453
Grand Prix	14,473	14,817
Major Competitions	7,324	1,216
Junior International	5,162	9,827
Development	<u>22,226</u>	<u>13,434</u>
	<hr/> \$ 134,787	<hr/> \$ 140,747

Diving Plongeon Canada
Schedule 6 - Planning and Management

For the year ended August 31

2014

2013

	Actual	Actual
Human Resources	\$ 816,923	\$ 833,533
Travel	63,763	58,217
Administration	159,554	152,913
Governance	70,409	60,937
	<hr/> \$ 1,110,649	<hr/> \$ 1,105,600