

CANADIAN AMATEUR ROWING ASSOCIATION

Financial Statements

Year Ended March 31, 2014

CANADIAN AMATEUR ROWING ASSOCIATION

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Year Ended March 31, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Members of Canadian Amateur Rowing Association

We have audited the accompanying financial statements of Canadian Amateur Rowing Association, which comprise the statement of financial position as at March 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 for our qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, Canadian Amateur Rowing Association derives revenue from donations the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Canadian Amateur Rowing Association. Therefore, we were not able to determine whether any adjustments might be necessary to donations, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2014, current assets and net assets as at March 31, 2014.

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Independent Auditor's Report to the Members of Canadian Amateur Rowing Association *(continued)*

Qualified Opinion

In our opinion, except for the possible 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 Canadian Amateur Rowing Association 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.

Victoria, BC
September 23, 2014

Hayes Stewart Little & Co

CHARTERED ACCOUNTANTS


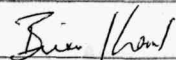
CANADIAN AMATEUR ROWING ASSOCIATION

Statement of Financial Position

March 31, 2014

	2014	2013
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 900,034	\$ 1,022,316
Accounts receivable	275,563	286,968
Prepaid expenses	104,682	73,586
	<u>1,280,279</u>	<u>1,382,870</u>
EQUIPMENT (Note 4)	596,654	581,249
	<u>\$ 1,876,933</u>	<u>\$ 1,964,119</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued charges	\$ 706,263	\$ 757,105
Government remittances payable	9,590	45,417
Deferred revenue (Note 5)	77,459	116,476
	<u>793,312</u>	<u>918,998</u>
DEFERRED CONTRIBUTIONS (Note 6)	7,776	12,939
	<u>801,088</u>	<u>931,937</u>
NET ASSETS		
Invested in equipment	588,878	568,310
Internally restricted (Note 7)	206,165	6,165
Unrestricted	280,802	457,707
	<u>1,075,845</u>	<u>1,032,182</u>
	<u>\$ 1,876,933</u>	<u>\$ 1,964,119</u>
CONTINGENT LIABILITY (Note 8)		
COMMITMENTS (Note 10)		

ON BEHALF OF THE BOARD

 Director
 Director

See notes to the financial statements

CANADIAN AMATEUR ROWING ASSOCIATION

Statement of Operations Year Ended March 31, 2014

	2014	2013
REVENUE		
Canadian Olympic Committee	\$ 100,001	\$ 432,225
Canadian Paralympic Committee	7,742	25,000
Competition and camp registrations	172,522	130,170
Donations	30,379	42,163
Interest earned	11,016	11,768
Membership fees	344,816	328,230
Miscellaneous	30,730	29,807
Regattas, events and fundraising	115,205	133,676
Sponsorships	7,000	15,500
Sport Canada	5,268,500	5,289,300
Sports associations and foundations	334,931	47,581
	<u>6,422,842</u>	<u>6,485,420</u>
EXPENSES		
Bad debts (recovery)	(517)	3,540
Communications and marketing	105,319	94,578
Memberships benefits	158,661	159,855
Governance and National Operations (Schedule 1)	445,764	458,204
High Performance (Schedule 2)	5,091,818	5,033,623
Domestic Development and Recreation Participation (Schedule 3)	553,778	545,900
	<u>6,354,823</u>	<u>6,295,700</u>
EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS	<u>68,019</u>	<u>189,720</u>
Loss on sale of equipment	(24,356)	(8,241)
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 43,663</u>	<u>\$ 181,479</u>

See notes to the financial statements

CANADIAN AMATEUR ROWING ASSOCIATION

Statement of Changes in Net Assets

Year Ended March 31, 2014

	Invested in Equipment	Internally Restricted	Unrestricted	2014	2013
NET ASSETS - BEGINNING OF YEAR	\$ 568,310	\$ 6,165	\$ 457,707	\$ 1,032,182	\$ 850,703
Excess of revenue over expenses	(125,032)	-	168,695	43,663	181,479
Purchase of equipment (net of \$87,690 disposal)	145,600	-	(145,600)	-	-
Interfund transfers (Note 7)	-	200,000	(200,000)	-	-
NET ASSETS - END OF YEAR	<u>\$ 588,878</u>	<u>\$ 206,165</u>	<u>\$ 280,802</u>	<u>\$ 1,075,845</u>	<u>\$ 1,032,182</u>

See notes to the financial statements

CANADIAN AMATEUR ROWING ASSOCIATION

Statement of Cash Flows Year Ended March 31, 2014

	2014	2013
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 43,663	\$ 181,479
Items not affecting cash:		
Amortization of equipment	130,196	100,187
Loss on disposal of assets	24,356	8,241
Amortization of deferred contributions	(5,163)	(3,219)
	<u>193,052</u>	<u>286,688</u>
Changes in non-cash working capital:		
Accounts receivable	11,405	83,667
Accounts payable and accrued charges	(50,839)	289,553
Deferred revenue	(39,017)	(91,653)
Prepaid expenses	(31,096)	150,006
Government remittances payable	(35,827)	17,162
	<u>(145,374)</u>	<u>448,735</u>
Cash flow from operating activities	<u>47,678</u>	<u>735,423</u>
INVESTING ACTIVITIES		
Purchase of equipment	(233,290)	(301,495)
Proceeds on disposal of equipment	63,330	74,582
Cash flow used by investing activities	<u>(169,960)</u>	<u>(226,913)</u>
INCREASE (DECREASE) IN CASH FLOW	<u>(122,282)</u>	<u>508,510</u>
Cash - beginning of year	<u>1,022,316</u>	<u>513,806</u>
CASH - END OF YEAR	<u>\$ 900,034</u>	<u>\$ 1,022,316</u>

See notes to the financial statements

CANADIAN AMATEUR ROWING ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2014

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 under Section 149(1) of the Income Tax Act. 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 (ASNFPO).

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.

Restrictions on Net Assets

Funding from Sport Canada is externally restricted to approved expenses. Any part of the funding unspent or not spent in accordance with the conditions must be repaid.

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 consists of cash on hand and balances with banks.

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CANADIAN AMATEUR ROWING ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Equipment

Purchased equipment is stated at cost less accumulated amortization. Contributed assets are recorded at fair value at the date of contribution. Equipment is amortized over its estimated useful life on a straight-line basis at the following rates:

Adaptive equipment	5 years
Domestic equipment	5 years
Mechanical equipment	5 years
Rowing equipment	5 years
Motorboats and accessories	5 years
Facility improvements	10 years
Office equipment	3 years
Trailers	10 years
Vehicles	3 years

Financial instruments policy

The Association's financial instruments consist of cash and cash equivalents, accounts receivable, 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 expensed 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, disclosure 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 equipment.

Contributed Materials and Services

Donated equipment 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 others. 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.

3. 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, 2014.

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CANADIAN AMATEUR ROWING ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2014

3. FINANCIAL INSTRUMENTS (continued)

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.

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 U.S. Dollars and British Pounds. The Association does not use derivative instruments to reduce its exposure to foreign currency risk.

4. EQUIPMENT

	Cost	Accumulated amortization	2014 Net book value	2013 Net book value
Adaptive equipment	\$ 115,434	\$ 57,281	\$ 58,153	\$ 53,703
Domestic equipment	80,368	29,903	50,465	56,682
Rowing equipment	303,006	113,677	189,329	262,840
Motorboats and accessories	138,099	79,976	58,123	56,769
Mechanical equipment	197,778	110,689	87,089	50,933
Facility improvements	22,411	-	22,411	-
Office equipment	204,754	170,378	34,376	16,388
Trailers	78,166	21,890	56,276	38,236
Vehicles	70,728	30,296	40,432	45,698
	<u>\$ 1,210,744</u>	<u>\$ 614,090</u>	<u>\$ 596,654</u>	<u>\$ 581,249</u>

5. DEFERRED REVENUE

Deferred revenue consists of membership fees received in the 2014 fiscal year for memberships in the 2015 fiscal year, and restricted contributions not fully utilized in the fiscal year.

6. DEFERRED CONTRIBUTIONS

Contributions received for equipment are amortized to revenue on the same basis as the equipment.

	2014	2013
Beginning balance	\$ 12,939	\$ 9,657
Contributions of equipment	-	6,500
Amounts amortized to revenue	(5,163)	(3,218)
Ending balance	<u>\$ 7,776</u>	<u>\$ 12,939</u>

CANADIAN AMATEUR ROWING ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2014

7. INTERNALLY RESTRICTED

Umpire's Reserve	Sustainable Organization Reserve	Total
\$ 6,165	\$ 200,000	\$ 206,165

The Association's Board has approved the establishment of a Sustainable Organization Reserve Fund to provide a source of funds in order to withstand unanticipated financial shortfalls. During the year \$200,000 was appropriated to this Reserve.

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 conditions. Audits have been conducted up to the period ended March 31, 2008 with no unresolved instances of non-compliance.

9. 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.

	Hanlan - Keller	Pearce - Guest	Seagram	Zasada	Total
Changes in the year:					
Opening balance	\$ 5,379	\$ 14,286	\$ 10,212	\$ 24,327	\$ 54,204
Investment income earned	101	271	192	454	1,018
Ending balance	\$ 5,480	\$ 14,557	\$ 10,404	\$ 24,781	\$ 55,222
Market Value	\$ 6,740	\$ 18,088	\$ 12,834	\$ 30,255	\$ 67,917

CANADIAN AMATEUR ROWING ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2014

10. COMMITMENTS

Commencing in March 2013, the Association entered into a lease for a training facility in London, Ontario. The lease expires March 31, 2017 and has one four year renewal option. Annual payments include base rent of \$75,600 plus tax and utilities.

Commencing in July 2013, the Association entered into a lease for the exclusive usage of the Erg Centre in London Ontario by Rowing Canada's National Rowing Team towards the Rio 2016 Summer Olympic Games. The lease expires March 31, 2016 and has a renewal option. Annual payments of \$20,000 include utilities, maintenance and repairs.

The Association leases boats throughout the year. Leases are typically one or two years in length. Lease payments are made at the commencement of the lease year. Amounts paid for lease terms extending into the subsequent year end are included in the prepaid balance. At year end, the Association has commitments to lease 49 boats for periods extending into the fiscal year ended March 31, 2015. As at March 31, 2014, the Association has lease commitments that will result in lease expenses of \$68,983 in fiscal 2015. Lease prepayments of \$65,990 (2013 - \$53,632) were made during the year.

The Association has signed memoranda of understanding with various groups for Row to Podium/TID initiatives. The Association has committed payments of \$46,800 in the fiscal year ended March 31, 2015 and \$30,000 in the fiscal year ended March 31, 2016 in support of staff and equipment. The agreements are subject to receiving funding from OTP (Own the Podium) and may be terminated by either party upon 3 months notice.

11. COMPARATIVE FIGURES

Certain of the prior year figures have been reclassified to conform to the method of presentation adopted in the current year.

CANADIAN AMATEUR ROWING ASSOCIATION

Governance and National Operations

(Schedule 1)

Year Ended March 31, 2014

	2014	2013
National office operations	\$ 77,814	\$ 72,839
National office - salaries and benefits	220,601	234,386
Governance	102,058	93,312
Strategic planning and governance review	24,876	42,691
International relations and domestic associations	20,415	14,976
	<u>\$ 445,764</u>	<u>\$ 458,204</u>

High Performance

(Schedule 2)

Year Ended March 31, 2014

	2014	2013
Staffing costs	\$ 1,414,562	\$ 1,488,099
Coaches travel and related expenses	54,711	54,291
Events and camps	1,827,359	1,566,949
Equipment	381,628	393,100
National training centres	466,328	462,519
RCA athlete support	173,320	162,321
Equipment amortization	88,371	73,736
Sport science, medicine & integrated support team	573,531	564,454
National Para Rowing Team	112,008	268,154
	<u>\$ 5,091,818</u>	<u>\$ 5,033,623</u>

Domestic Development and Recreation Participation

(Schedule 3)

Year Ended March 31, 2014

	2014	2013
Coach Education and Development	\$ 139,820	\$ 118,879
Domestic development support	82,576	90,712
Recreation/Participation support	80,376	63,600
Para rowing	73,728	65,011
RCA conference expense	71,188	80,033
Recreation/Participation	51,936	75,212
Umpires Committee	48,902	46,820
Safety and Events Committee	5,252	5,633
	<u>\$ 553,778</u>	<u>\$ 545,900</u>