

Financial Statements of

**CANADIAN WATER POLO  
ASSOCIATION INC.**

Year ended March 31, 2014



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## **INDEPENDENT AUDITORS' REPORT**

To the Members of Canadian Water Polo Association Inc.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Canadian Water Polo Association Inc., which comprise the statements of financial position as at March 31, 2014, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising 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.

#### *Auditors' 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 our 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, we consider 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 audit opinion.



*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Canadian Water Polo Association Inc. as at March 31, 2014 and its results of operations, changes in net assets and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

**Report on Other Legal 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 consistent basis.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

May 21, 2014

Ottawa, Canada

# CANADIAN WATER POLO ASSOCIATION INC.

## Statement of Financial Position

Year ended March 31, 2014, with comparative information for 2013

	2014	2013
<b>Assets</b>		
Current assets:		
Cash	\$ 108,157	\$ 146,891
Amounts receivable	165,155	421,324
Prepaid expenses	169,144	153,353
Investments (note 3)	202,092	355,265
	<u>\$ 644,548</u>	<u>\$ 1,076,833</u>

## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 99,470	\$ 160,149
Deferred revenue	19,927	88,787
	<u>119,397</u>	<u>248,936</u>
Net assets:		
Unrestricted	525,151	827,897
Contingencies (note 5)		
	<u>\$ 644,548</u>	<u>\$ 1,076,833</u>

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

# CANADIAN WATER POLO ASSOCIATION INC.

## Statement of Operations

Year ended March 31, 2014, with comparative information for 2013

	2014	2013
Revenue:		
Contributions	\$ 3,314,122	\$ 4,739,488
Fees and general donations	698,107	514,494
National team self help	644,023	686,299
Marketing and sales	21,374	35,431
Investment	12,773	4,451
	4,690,399	5,980,163
Expenses:		
National teams	3,869,375	5,004,047
Administration	730,009	573,994
Membership support	282,301	312,643
Committees	62,573	54,874
Marketing and sales	25,822	23,755
Projects	23,065	18,340
	4,993,145	5,987,653
Deficiency of revenue over expenses	\$ (302,746)	\$ (7,490)

See accompanying notes to financial statements.

# CANADIAN WATER POLO ASSOCIATION INC.

## Statement of Changes in Net Assets

Year ended March 31, 2014, with comparative information for 2013

	Unrestricted	2014 Total	2013 Total
Net assets, beginning of year	\$ 827,897	\$ 827,897	\$ 835,387
Deficiency of revenue over expenses	(302,746)	(302,746)	(7,490)
Net assets, end of year	\$ 525,151	\$ 525,151	\$ 827,897

See accompanying notes to financial statements.

# CANADIAN WATER POLO ASSOCIATION INC.

## Statement of Cash Flows

Year ended March 31, 2014, with comparative information for 2013

	2014	2013
Cash provided by (used in):		
Operating activities:		
Deficiency of revenue over expenses	\$ (302,746)	\$ (7,490)
Less unrealized investment income	-	(4,451)
Change in non-cash operating working capital:		
Decrease (increase) in amounts receivable	256,169	(374,757)
Increase in prepaid expenses	(15,791)	(18,019)
Increase (decrease) in accounts payable and accrued liabilities	(60,679)	49,253
Increase (decrease) in deferred revenue	(68,860)	7,820
	(191,907)	(347,644)
Investing activities:		
Decrease (increase) in investments	153,173	(98,721)
Decrease in cash	(38,734)	(446,365)
Cash, beginning of year	146,891	593,256
Cash, end of year	\$ 108,157	\$ 146,891

See accompanying notes to financial statements.

# CANADIAN WATER POLO ASSOCIATION INC.

## Notes to Financial Statements

Year ended March 31, 2014

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Canadian Water Polo Association Inc. (the "Association") is incorporated under the Canada Corporations Act as a not-for-profit organization and is a Registered Canadian Amateur Athletic Association under the Income Tax Act (Canada).

The mission of the Association is to develop and deliver the sport of water polo for all, while promoting and providing opportunities for fun, fitness, fairness, excellence and personal development.

### 1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

#### (a) Basis of presentation:

The Association follows the deferral method of accounting for contributions for not-for-profit organizations.

#### (b) Contributions revenue:

Contributions revenue restricted for a specific purpose or fiscal period is recognized in the year in which the related expense is incurred.

Unrestricted contributions are recognized when received or receivable if the amount is determinable and collection is reasonably assured.

#### (c) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Association has elected to carry its investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.



# CANADIAN WATER POLO ASSOCIATION INC.

Notes to Financial Statements (continued)

Year ended March 31, 2014

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## 1. Significant accounting policies (continued):

### (c) Financial instruments (continued):

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Association determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Association expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

### (d) Use of estimates:

The preparation of the financial statements 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 revenue and expenses during the year. Actual results could differ from those estimates. These estimates are reviewed annually and as adjustments become necessary, they are recognized in the financial statements in the period they become known.

## 2. Bank indebtedness:

The Association has arranged for a line of credit of \$90,000 plus the value of investments on hand, which is secured by investments and accounts receivable and carries an interest rate of prime plus 3.5%. At year-end, no amount was drawn on the line of credit.

# CANADIAN WATER POLO ASSOCIATION INC.

Notes to Financial Statements (continued)

Year ended March 31, 2014

## 3. Investments:

The Association's investments comprise the following:

	2014 Fair value	2013 Fair value
Guaranteed investment certificates	\$ 202,092	\$ 355,265

The guaranteed investment certificates are non-redeemable with maturity dates from December 10, 2014 to December 10, 2015 and interest rates ranging from 1.9% to 2.1% (2013 - 1.2% to 2.1%).

## 4. Accounts payable and accrued liabilities:

There are no government remittances payable included in accounts payable and accrued liabilities at year end.

## 5. Contingencies:

Contributions received from Sport Canada are subject to specific terms and conditions regarding the expenditure of the funds. The Association's accounting records are subject to audit by Sport Canada. Should any instances be identified, in which amounts charged to projects are not in accordance with the agreed terms and conditions, amounts would be refundable to Sport Canada.

For the current year, Management believes that the Association has not incurred ineligible expenditures and, therefore, has not recorded a liability for reimbursement.

Adjustments to the financial statements as a result of audits by Sport Canada will be recorded in the period in which they become known.

# CANADIAN WATER POLO ASSOCIATION INC.

Notes to Financial Statements (continued)

Year ended March 31, 2014

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## 6. Financial risk management:

### (a) Liquidity risk:

Liquidity risk is the risk that the Association will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Association manages its liquidity risk by monitoring its operating requirements. The Association prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

### (b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Association is exposed to credit risk with respect to the accounts receivable. The Association assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. At year-end, there were no amounts allowed for in accounts receivable.

### (c) Interest rate risk:

The Association believes it is not subject to significant interest rate risk arising from its financial instruments, as this risk is limited to its investment in guaranteed investment certificates as disclosed in note 3.

There has been no change to the risk exposures from 2013.

## 7. Net assets:

The Association's objective with respect to its net assets are to safeguard its ability to continue as a going concern and pursue its strategy of leading the growth and the pursuit of excellence in the sport of water polo for all Canadians in a manner that meets the mandate and criteria of its main funders, Sport Canada and the Canadian Olympic Committee, and provide benefits to other stakeholders. Management continually monitors the impact of changes in economic conditions on its investment portfolio and its funding commitments.

The Association is not subject to externally imposed capital requirements and its overall strategy with respect to net assets remains unchanged from the year ended March 31, 2013.