

Financial Statements of

SWIM ALBERTA ASSOCIATION

Year ended June 30, 2018

SWIM ALBERTA ASSOCIATION

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Year ended June 30, 2018

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INDEPENDENT AUDITORS' REPORT

To the Members of Swim Alberta Association

We have audited the accompanying financial statements of Swim Alberta Association, which comprise the statement of financial position as at June 30, 2018, 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.



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Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Swim Alberta Association as at June 30, 2018, 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.

KPMG LLP

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slanted style. Below the signature is a long, horizontal, slightly curved line that ends in an arrowhead pointing to the right.

Chartered Professional Accountants

September 17, 2018

Edmonton, Canada

SWIM ALBERTA ASSOCIATION

Statement of Financial Position

As at June 30, 2018, with comparative information for 2017

	2018	2017
Assets		
Current assets:		
Cash	\$ 858,730	\$ 724,913
Term deposits (note 2)	840,156	833,254
Accounts receivable	39,530	86,957
Prepaid expenses and deposits	56,639	40,198
	<u>1,795,055</u>	<u>1,685,322</u>
Capital assets (note 3)	7,025	9,857
	<u>\$ 1,802,080</u>	<u>\$ 1,695,179</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 307,435	\$ 259,526
Deferred contributions (note 5)	68,198	25,190
	<u>375,633</u>	<u>284,716</u>
Net assets (note 6):		
Invested in capital assets	7,025	9,857
Sustainability reserve fund	870,000	852,966
Operating fund	300,000	300,000
Unrestricted	249,422	247,640
	<u>1,426,447</u>	<u>1,410,463</u>
	<u>\$ 1,802,080</u>	<u>\$ 1,695,179</u>

Commitments (note 7)

Investment in Limited Partnership (note 8)

See accompanying notes to financial statements.

On behalf of the Board:

signed - Dean Schultz, President Director

signed - Lloyd Schoepp, Treasurer Director

SWIM ALBERTA ASSOCIATION

Statement of Operations

Year ended June 30, 2018, with comparative information for 2017

	2018	2017
Revenues:		
Affiliation and registration fees	\$ 1,039,835	\$ 1,033,377
Programs, courses and fees (schedule 1)	528,485	368,425
Grant revenue (schedule 2)	288,495	298,009
Interest income	9,415	7,416
Donations and corporate sponsorships	8,299	8,742
Swim-A-Thon donations (note 9)	6,518	7,644
	<u>1,881,047</u>	<u>1,723,613</u>
Expenditures:		
Program costs (schedule 3)	1,055,538	718,946
Administration	406,299	423,786
Assessment fees (schedule 4)	387,213	368,612
Contributions to swim clubs	10,518	-
Amortization of capital assets	5,844	5,863
	<u>1,865,412</u>	<u>1,517,207</u>
Excess of revenues over expenditures before the undernoted	15,635	206,406
Other income:		
Gain on disposal of capital assets	349	594
Excess of revenues over expenditures	<u>\$ 15,984</u>	<u>\$ 207,000</u>

See accompanying notes to financial statements.

SWIM ALBERTA ASSOCIATION

Statement of Changes in Net Assets

Year ended June 30, 2018, with comparative information for 2017

	Invested in capital assets	Sustainability reserve fund	Operating fund	Unrestricted	2018	2017
Balance, beginning of year	\$ 9,857	\$ 852,966	\$ 300,000	\$ 247,640	\$ 1,410,463	\$ 1,203,463
Excess (deficiency) of revenues over expenses	(5,495)	-	-	21,479	15,984	207,000
Purchase of capital assets, net	2,663	-	-	(2,663)	-	-
Internally imposed transfers	-	17,034	-	(17,034)	-	-
Balance, end of year	\$ 7,025	\$ 870,000	\$ 300,000	\$ 249,422	\$ 1,426,447	\$ 1,410,463

See accompanying notes to financial statements.

SWIM ALBERTA ASSOCIATION

Statement of Cash Flows

Year ended June 30, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operations:		
Excess of revenues over expenses	\$ 15,984	\$ 207,000
Items not involving cash:		
Amortization of capital assets	5,844	5,863
Gain on disposal of capital assets	(349)	(594)
	21,479	212,269
Change in non-cash operating working capital:		
Decrease (increase) in accounts receivable	47,427	(39,303)
(Increase) in prepaid expenses and deposits	(16,441)	(534)
Increase in accounts payable and accrued liabilities	47,909	51,203
Increase (decrease) in deferred contributions	43,008	(11,810)
	143,382	211,825
Investments:		
Proceeds on disposal of term deposits	2,339,440	2,624,223
Purchases of term deposits	(2,346,342)	(2,631,377)
Proceeds on disposal of capital assets	350	600
Purchases of capital assets	(3,013)	(4,979)
	(9,565)	(11,533)
Increase in cash	133,817	200,292
Cash, beginning of year	724,913	524,621
Cash, end of year	\$ 858,730	\$ 724,913

See accompanying notes to financial statements.

SWIM ALBERTA ASSOCIATION

Notes to Financial Statements

Year ended June 30, 2018

Swim Alberta Association (the "Association") is a not-for-profit organization incorporated under the Societies Act of Alberta. Its primary activity is to promote amateur swimming in Alberta. The Association is exempt from income taxes under Section 149(1) of the Income Tax Act.

1. Significant accounting policies:

(a) Basis of presentation:

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook.

(b) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and 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 not elected to carry any such financial instruments 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 effective interest rate method.

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.

(c) Contributed services:

A substantial number of volunteers contribute a significant amount of their time each year. Due to the difficulty of determining the fair value, contributed services are not recognized in the financial statements. Accommodation and certain overhead costs incurred in the administration of the Association, borne by the Province of Alberta, are not reasonably estimable and consequently are not reflected in these financial statements.

SWIM ALBERTA ASSOCIATION

Notes to Financial Statements (continued)

Year ended June 30, 2018

1. Significant accounting policies (continued):

(d) Revenue recognition:

The Association follows the deferral method of accounting for contributions which includes donations and government grants. Restricted contributions are recognized as revenue in the year the related expenses are incurred, or, for fixed period restricted government grants, based on the period in which the grant relates. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Contributed materials and services are recognized in the financial statements when their fair value is reasonably estimable.

Affiliation and registration fees, donations (including Swim-A-Thon donations), programs, courses and fees, Olympic bonus, and interest income are recognized as revenue when earned.

(e) Capital assets:

Capital assets are stated at cost, less accumulated amortization. Amortization is provided using the following methods and annual rates:

Asset	Basis	Rate
Office equipment	Declining balance	20 - 55%
Website	Straight-line	5 years

(f) 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.

2. Term deposits:

The term deposits mature between July 2018 and June 2019 (2017 - August 2017 and June 2019) and bear interest at 1.17% to 1.75% (2017 - 0.75% to 1.17%).

SWIM ALBERTA ASSOCIATION

Notes to Financial Statements (continued)

Year ended June 30, 2018

3. Capital assets:

				2018	2017
	Cost	Accumulated amortization		Net book value	Net book value
Office equipment	\$ 24,483	\$ 19,820	\$	4,663	\$ 5,132
Website	11,813	9,451		2,362	4,725
	\$ 36,296	\$ 29,271	\$	7,025	\$ 9,857

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities as at June 30, 2018 are government remittances payable of \$895 (2017 - \$827) relating to federal and provincial sales taxes and payroll taxes.

5. Deferred contributions:

Deferred contributions represent unspent resources for general operations that are related to a subsequent period. Changes in the deferred contribution balance are as follows:

	Balance, beginning of year	Add: amounts received and receivable during the year	Less: amounts recognized as revenue during the year	Deferred contribution balance, end of year
Alberta Sport Connection:				
Association Development Program	\$ -	\$ 268,557	\$ (215,541)	\$ 53,016
Canada Summer Games High Performance Coaching Grant	25,190	-	(25,190)	-
Zone Development Program	-	30,000	(30,000)	-
Donation Fund Program	-	2,500	-	2,500
	-	4,000	(4,000)	-
Other	-	26,446	(13,764)	12,682
	\$ 25,190	\$ 331,503	\$ (288,495)	\$ 68,198

SWIM ALBERTA ASSOCIATION

Notes to Financial Statements (continued)

Year ended June 30, 2018

6. Net assets:

By Board of Directors resolution carried in November 2016, the Association created a sustainability reserve fund. The purpose of this fund is to ensure the long term financial stability of the Association, to ensure the Association can respond to changes in its economic environment and to continually carry out its mandate. As part of the creation of this fund, the Board of Directors moved to transfer all funds previously held in the athlete development fund to the sustainability reserve fund and to restrict an additional \$200,000 of unrestricted net assets.

By resolution of the 1998 Annual General Meeting, incremental revenues generated from a \$0.25 increase in the Olympic Bonus fee have been set aside to be utilized toward programs for athlete development on an annual basis and are included within the sustainability reserve fund.

The Association maintains an operating fund, at an amount no greater than \$300,000, to support planned growth and new initiatives.

7. Commitments:

In 2017, the Association committed to selecting three post-secondary student athletes for receipt of a bursary up to a maximum of \$25,000, paid in annual instalments of \$5,000, as long as the recipient meets the selection criteria each year over the five year period. Ending in fiscal 2018 is the Association's prior post-secondary bursary program, under which \$nil (2017 - \$2,000) remains to be paid to recipients. Total annual commitments over the next five years are as follows:

2019	\$	45,000
2020		45,000
2021		45,000
2022		30,000
2023		15,000

SWIM ALBERTA ASSOCIATION

Notes to Financial Statements (continued)

Year ended June 30, 2018

8. Investment in Limited Partnership:

The Association holds 5 units of Alberta Satellite Bingo Limited Partnership with an original cost of \$15,000. In 2010, the Association determined that the carrying value of its investment in Alberta Satellite Bingo had been impaired. Accordingly, a provision for impairment of \$15,000 was recognized in the statement of operations.

9. Swim-A-Thon donations:

Together with Swimming Canada, the Association arranges to have a Swim-A-Thon each year, whereby individual swim clubs seek donations from the general public. The donations are collected by Swimming Canada and a portion of these donations are remitted back to the swim clubs. Swimming Canada is responsible for the financial aspects of the program and the Association is responsible for the administrative duties, for which the Association is paid an administrative commission. The Swim-A-Thon administrative commission is equal to the amount of the donations received from the Swim-A-Thon that are allocated to the Association to cover administrative costs of the program. This represented approximately 4% of total donations in 2018 (2017 - 4%). During fiscal 2018, the 4% administrative commission was contributed to the participating swim clubs. The related expense has been recorded within contributions to swim clubs within the statement of operations. The Swim-A-Thon assessment fee is earned from the swim clubs and individual swimmers participating in the Swim-A-Thon as they are required to pay a fee to the Association in order to participate. Other expenses include administration expenses directly attributable to the Swim-A-Thon. Transactions under this program during the year were as follows:

	2018	2017
Swim-A-Thon contributions received	\$ 146,678	\$ 171,995
Swim-A-Thon assessment fees	8,548	8,938
Swim-A-Thon administrative commission	6,518	7,644
	161,744	188,577
Grants contributed to swim clubs	(146,678)	(171,995)
Swim-A-Thon assessment fees	(8,548)	(8,938)
Net revenues	\$ 6,518	\$ 7,644

SWIM ALBERTA ASSOCIATION

Notes to Financial Statements (continued)

Year ended June 30, 2018

10. Financial risks and concentration of risk:

(a) 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 grants and accounts receivable and term deposits. The Association assesses these items on a continuous basis and provides for any amounts that are not collectible in the allowance for doubtful accounts.

(b) 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. There has been no change to the risk exposures from 2017.

11. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted for the current fiscal year.

SWIM ALBERTA ASSOCIATION

Schedule 1 – Programs, Courses and Fees

Year ended June 30, 2018, with comparative information for 2017

	2018	2017
Program:		
Olympic Bonus	\$ 194,830	\$ 91,896
Provincial Meet Fees	187,597	146,444
Technical Programs	114,547	92,477
AGM and Other Income	31,511	37,608
	<u>\$ 528,485</u>	<u>\$ 368,425</u>

Schedule 2 - Grant Revenue

Year ended June 30, 2018, with comparative information for 2017

	2018	2017
Alberta Sport Connection grants:		
Association Development Program	\$ 215,541	\$ 216,699
High Performance Coaching Grant	30,000	30,000
Canada Summer Games	25,190	41,810
Donation Fund Program	4,000	-
Zone Development Program	-	1,750
Other grants	13,764	7,750
	<u>\$ 288,495</u>	<u>\$ 298,009</u>

SWIM ALBERTA ASSOCIATION

Schedule 3 - Program Costs

Year ended June 30, 2018, with comparative information for 2017

	2018	2017
Program:		
Athlete Technical and Funding Programs	\$ 499,984	\$ 283,998
Provincial Championship Meets	254,245	141,939
Club Development and Membership Support Services	147,540	115,456
Coach Technical and Funding Programs	74,310	107,734
Officials Programs	35,955	38,170
Other Programs	43,504	31,649
	\$ 1,055,538	\$ 718,946

Schedule 4 - Assessment Fees

Year ended June 30, 2018, with comparative information for 2017

	2018	2017
Assessment Fee:		
SNC National Assessment	\$ 285,705	\$ 284,159
ASSA Fees and ASSA Coaches	101,508	84,453
	\$ 387,213	\$ 368,612