

Financial Statements of

**SWIM ALBERTA ASSOCIATION**

Year ended June 30, 2017

# SWIM ALBERTA ASSOCIATION

Table of Contents

Year ended June 30, 2017

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	<b>Page</b>
<b>Independent Auditors' Report</b>	
Statement of Financial Position	1
Statement of Operations	2
Statement of Changes in Net Assets	3
Statement of Cash Flows	4
Notes to Financial Statements	5 - 11
Schedule 1 - Grant Revenue	12
Schedule 2 - Program Costs	12
Schedule 3 - Assessment Fees	13



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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, 2017, 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.



Page 2

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Swim Alberta Association as at June 30, 2017, 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*

Chartered Professional Accountants

September 11, 2017

Edmonton, Canada

# SWIM ALBERTA ASSOCIATION

## Statement of Financial Position

As at June 30, 2017, with comparative information for 2016

	2017	2016
<b>Assets</b>		
Current assets:		
Cash	\$ 724,913	\$ 524,621
Term deposits (note 2)	833,254	826,100
Accounts receivable	86,957	47,654
Prepaid expenses and deposits	40,198	39,664
	<u>1,685,322</u>	<u>1,438,039</u>
Investment in Limited Partnership (note 3)	-	-
Capital assets (note 4)	9,857	10,747
	<u>\$ 1,695,179</u>	<u>\$ 1,448,786</u>

## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 259,526	\$ 208,323
Deferred contributions (note 6)	25,190	37,000
	<u>284,716</u>	<u>245,323</u>
Net assets (note 7):		
Invested in capital assets	9,857	10,747
Athlete development fund	-	611,195
Sustainability reserve fund	852,966	-
Operating fund	300,000	-
Unrestricted	247,640	581,521
	<u>1,410,463</u>	<u>1,203,463</u>
Commitments (note 8)		
	<u>\$ 1,695,179</u>	<u>\$ 1,448,786</u>

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, 2017, with comparative information for 2016

	2017	2016
Revenues:		
Affiliation and registration fees	\$ 1,033,377	\$ 960,288
Grant revenue (schedule 1)	298,009	288,261
Programs, courses and fees	276,120	308,242
Olympic bonus	91,896	107,716
Swim-A-Thon donations (note 9)	16,582	17,830
Donations and corporate sponsorships	8,742	9,013
Interest income	7,416	5,730
Sale of supplies	409	709
	<u>1,732,551</u>	<u>1,697,789</u>
Expenditures:		
Program costs (schedule 2)	727,884	777,143
Administration	423,786	419,509
Assessment fees (schedule 3)	368,612	329,405
Amortization of capital assets	5,863	3,370
	<u>1,526,145</u>	<u>1,529,427</u>
Excess of revenues over expenditures before the undernoted	206,406	168,362
Other income:		
Gain on disposal of capital assets	594	-
Excess of revenues over expenditures	<u>\$ 207,000</u>	<u>\$ 168,362</u>

See accompanying notes to financial statements.

# SWIM ALBERTA ASSOCIATION

## Statement of Changes in Net Assets

Year ended June 30, 2017, with comparative information for 2016

	Invested in capital assets	Athlete development fund	Sustainability reserve fund	Operating fund	Unrestricted	2017	2016
Balance, beginning of year	\$ 10,747	\$ 611,195	\$ -	\$ -	\$ 581,521	\$ 1,203,463	\$ 1,035,101
Excess (deficiency) of revenues over expenses	(5,269)	-	-	-	212,269	207,000	168,362
Purchase of capital assets	4,379	-	-	-	(4,379)	-	-
Internally imposed transfers	-	(611,195)	852,966	300,000	(541,771)	-	-
Balance, end of year	\$ 9,857	\$ -	\$ 852,966	\$ 300,000	\$ 247,640	\$ 1,410,463	\$ 1,203,463

See accompanying notes to financial statements.

# SWIM ALBERTA ASSOCIATION

## Statement of Cash Flows

Year ended June 30, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operations:		
Excess of revenues over expenses	\$ 207,000	\$ 168,362
Items not involving cash:		
Amortization of capital assets	5,863	3,370
Gain on disposal of capital asset	(594)	-
	212,269	171,732
Change in non-cash operating working capital:		
(Increase) decrease in accounts receivable	(39,303)	3,977
(Increase) decrease in prepaid expenses and deposits	(534)	12,564
Increase (decrease) in accounts payable and accrued liabilities	51,203	(146,175)
Decrease in deferred contributions	(11,810)	(47,086)
	211,825	(4,988)
Investments:		
Proceeds on disposal of term deposits	826,100	817,369
Purchases of term deposits	(833,254)	(826,100)
Proceeds on disposal of capital assets	600	-
Purchases of capital assets	(4,979)	-
	(11,533)	(8,731)
Increase (decrease) in cash	200,292	(13,719)
Cash, beginning of year	524,621	538,340
Cash, end of year	\$ 724,913	\$ 524,621

See accompanying notes to financial statements.



# SWIM ALBERTA ASSOCIATION

Notes to Financial Statements

Year ended June 30, 2017

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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, 2017

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## 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:

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

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### (f) Investment in Limited Partnership:

Investment in Limited Partnership is recorded at cost. If the recoverable value of an investment declines below cost and this decline in value is considered to be other than temporary, the investment is written down to recoverable value.

### (g) 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.

# SWIM ALBERTA ASSOCIATION

Notes to Financial Statements (continued)

Year ended June 30, 2017

## 2. Term deposits:

The term deposits mature between August 2017 and June 2019 (2016 - August 2016 and June 2019) and bear interest at 0.75% to 1.17% (2016 - 0.7% to 1.17%).

## 3. Investment in Limited Partnership:

	2017		2016	
5 Units of Alberta Satellite Bingo Limited Partnership, at cost	\$	15,000	\$	15,000
Less: Provision for impairment		(15,000)		(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.

## 4. Capital assets:

	2017		2016	
	Cost	Accumulated amortization	Net book value	Net book value
Office equipment	\$ 23,667	\$ 18,535	\$ 5,132	\$ 3,660
Website	11,813	7,088	4,725	7,087
	\$ 35,480	\$ 25,623	\$ 9,857	\$ 10,747

# SWIM ALBERTA ASSOCIATION

Notes to Financial Statements (continued)

Year ended June 30, 2017

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## 5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities as at June 30, 2017 are government remittances payable of \$837 (2016 - \$1,878) relating to federal and provincial sales taxes and payroll taxes.

## 6. 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:

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	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	\$ -	\$ 216,699	\$ (216,699)	\$ -
Canada Summer Games High Performance Coaching Grant	37,000	30,000	(41,810)	25,190
Zone Development Program	-	30,000	(30,000)	-
	-	1,750	(1,750)	-
Other Grants:				
Province of Alberta - STEP	-	3,907	(3,907)	-
Canada Summer Jobs Grant	-	3,843	(3,843)	-
	\$ 37,000	\$ 286,199	\$ (298,009)	\$ 25,190

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# SWIM ALBERTA ASSOCIATION

Notes to Financial Statements (continued)

Year ended June 30, 2017

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## 7. Net assets:

By Board of Directors resolution carried in November 2016, the Association has 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.

## 8. 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 2017 is the Association's prior post-secondary bursary program, under which \$2,000 (2016 - \$2,000) remains to be paid to recipients. Total annual commitments over the next five years are as follows:

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2018	\$	32,000
2019		30,000
2020		30,000
2021		30,000
2022		15,000

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# SWIM ALBERTA ASSOCIATION

Notes to Financial Statements (continued)

Year ended June 30, 2017

## 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 2017 (2016 - 4%). 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:

	2017	2016
Swim-A-Thon contributions received	\$ 171,995	\$ 188,775
Swim-A-Thon administrative commission	7,644	8,390
Swim-A-Thon assessment fee	8,938	9,440
	188,577	206,605
Grants contributed to swim clubs	(171,995)	(188,775)
Net revenues	\$ 16,582	\$ 17,830

# SWIM ALBERTA ASSOCIATION

Notes to Financial Statements (continued)

Year ended June 30, 2017

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## 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 2016.

# SWIM ALBERTA ASSOCIATION

## Schedule 1 - Grant Revenue

Year ended June 30, 2017, with comparative information for 2016

	2017	2016
Alberta Sport Connection grants:		
Association Development Program	\$ 216,699	\$ 216,699
Canada Summer Games	41,810	9,000
High Performance Coaching Grant	30,000	30,000
Zone Development Program	1,750	1,750
Western Canada Summer Games	-	26,911
Other grants:		
Province of Alberta - STEP	3,907	3,901
Canada Summer Jobs	3,843	-
	\$ 298,009	\$ 288,261

## Schedule 2 - Program Costs

Year ended June 30, 2017, with comparative information for 2016

	2017	2016
Program:		
Athlete Technical and Funding Programs	\$ 283,998	\$ 339,145
Provincial Championship Meets	141,939	122,445
Club Development and Membership Support Services	124,394	126,810
Coach Technical and Funding Programs	107,734	127,533
Officials Programs	38,170	30,538
Other Programs	31,649	30,672
	\$ 727,884	\$ 777,143



# SWIM ALBERTA ASSOCIATION

## Schedule 3 - Assessment Fees

Year ended June 30, 2017, with comparative information for 2016

	2017		2016
Assessment Fee:			
SNC National Assessment	\$ 284,159	\$	246,353
ASSA Fees and ASSA Coaches	84,453		83,052
	\$ 368,612	\$	329,405