

Financial Statements of

**SWIM ALBERTA  
ASSOCIATION**

Year ended June 30, 2019

# SWIM ALBERTA ASSOCIATION

## Table of Contents

Year ended June 30, 2019

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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 - Programs, Courses and Fees	12
Schedule 2 - Grant Revenue	12
Schedule 3 - Program Costs	13
Schedule 4 - Assessment Fees	13



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## INDEPENDENT AUDITORS' REPORT

To the Members of Swim Alberta Association

### ***Opinion***

We have audited the financial statements of Swim Alberta Association (the Entity), which comprise:

- the statement of financial position as at June 30, 2019
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at June 30, 2019, 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.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



### ***Other Information***

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditors' report thereon, included in Swim Alberta Association's Annual Report (the "Annual Report").

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditors' report thereon, included in the Annual Report as at the date of this auditors' report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.



Page 3

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants

Edmonton, Canada

September 16, 2019

# SWIM ALBERTA ASSOCIATION

## Statement of Financial Position

As at June 30, 2019, with comparative information for 2018

	2019	2018
<b>Assets</b>		
Current assets:		
Cash	\$ 106,815	\$ 858,730
Term deposits (note 2)	1,394,166	840,156
Accounts receivable	142,540	39,530
Prepaid expenses and deposits	54,224	56,639
	<u>1,697,745</u>	<u>1,795,055</u>
Capital assets (note 3)	8,483	7,025
	<u>\$ 1,706,228</u>	<u>\$ 1,802,080</u>

## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 289,424	\$ 307,435
Deferred contributions (note 5)	98,449	68,198
	<u>387,873</u>	<u>375,633</u>
Net assets (note 6):		
Invested in capital assets	8,483	7,025
Sustainability reserve fund	870,000	870,000
Operating reserve fund	300,000	300,000
Unrestricted	139,872	249,422
	<u>1,318,355</u>	<u>1,426,447</u>
	<u>\$ 1,706,228</u>	<u>\$ 1,802,080</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 - Kevin Wigginton, Treasurer~ Director

# SWIM ALBERTA ASSOCIATION

## Statement of Operations

Year ended June 30, 2019, with comparative information for 2018

	2019	2018
Revenue:		
Affiliation and registration fees	\$ 1,046,118	\$ 1,039,835
Programs, courses and fees (Schedule 1)	492,715	528,485
Grant revenue (note 5 and Schedule 2)	299,583	288,495
Interest income	53,418	9,415
Donations and corporate sponsorships	12,500	8,299
Swim-A-Thon donations (note 9)	5,400	6,518
	<u>1,909,734</u>	<u>1,881,047</u>
Expenses:		
Program costs (Schedule 3)	1,116,268	1,063,338
Administration	482,242	406,299
Assessment fees (Schedule 4)	393,337	379,413
Contributions to swim clubs	17,900	10,518
Amortization of capital assets	8,079	5,844
	<u>2,017,826</u>	<u>1,865,412</u>
(Deficiency) excess of revenues over expenditures before the undernoted	(108,092)	15,635
Other income:		
Gain on disposal of capital assets	-	349
(Deficiency) excess of revenues over expenditures	<u>\$ (108,092)</u>	<u>\$ 15,984</u>

See accompanying notes to financial statements.

# SWIM ALBERTA ASSOCIATION

## Statement of Changes in Net Assets

Year ended June 30, 2019, with comparative information for 2018

	Invested in capital assets	Sustainability reserve fund	Operating reserve fund	Unrestricted	Total 2019	Total 2018
Balance, beginning of year	\$ 7,025	\$ 870,000	\$ 300,000	\$ 249,422	\$ 1,426,447	\$ 1,410,463
Excess (deficiency) of revenues over expenses	(8,079)	-	-	(100,013)	(108,092)	15,984
Purchase of capital assets (note 3)	9,537	-	-	(9,537)	-	-
Balance, end of year	\$ 8,483	\$ 870,000	\$ 300,000	\$ 139,872	\$ 1,318,355	\$ 1,426,447

See accompanying notes to financial statements.

# SWIM ALBERTA ASSOCIATION

## Statement of Cash Flows

Year ended June 30, 2019, with comparative information for 2018

	2019	2018
Cash (used in) provided by:		
Operations:		
(Deficiency) excess of revenues over expenditures	\$ (108,092)	\$ 15,984
Items not involving cash:		
Amortization of capital assets	8,079	5,844
Gain on disposal of capital assets	-	(349)
	(100,013)	21,479
Change in non-cash operating working capital:		
(Increase) decrease in accounts receivable	(103,010)	47,427
Decrease (increase) in prepaid expenses and deposits	2,415	(16,441)
(Decrease) increase in accounts payable and accrued liabilities	(18,011)	47,909
Increase in deferred contributions	30,251	43,008
	(188,368)	143,382
Investments:		
Proceeds on disposal of term deposits	2,688,731	2,339,440
Purchases of term deposits	(3,242,741)	(2,346,342)
Proceeds on disposal of capital assets	-	350
Purchases of capital assets	(9,537)	(3,013)
	(563,547)	(9,565)
(Decrease) increase in cash	(751,915)	133,817
Cash, beginning of year	858,730	724,913
Cash, end of year	\$ 106,815	\$ 858,730

See accompanying notes to financial statements.

# SWIM ALBERTA ASSOCIATION

Notes to Financial Statements

Year ended June 30, 2019

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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.

# SWIM ALBERTA ASSOCIATION

Notes to Financial Statements (continued)

Year ended June 30, 2019

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## 1. Significant accounting policies (continued):

(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.

(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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# SWIM ALBERTA ASSOCIATION

Notes to Financial Statements (continued)

Year ended June 30, 2019

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## 1. Significant accounting policies (continued):

(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 2019 and December 2019 (2018 - July 2018 and June 2019) and bear interest at 1.65% to 1.85% (2018 - 1.17% to 1.75%).

## 3. Capital assets:

				2019	2018
	Cost	Accumulated amortization		Net book value	Net book value
Office equipment	\$ 30,321	\$ 24,798	\$	5,523	\$ 4,663
Website	3,700	740		2,960	2,362
	\$ 34,021	\$ 25,538	\$	8,483	\$ 7,025

# SWIM ALBERTA ASSOCIATION

Notes to Financial Statements (continued)

Year ended June 30, 2019

## 4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities as at June 30, 2019 are government remittances payable of \$688 (2018 - \$895) 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	\$ 53,016	\$ 208,820	\$ (210,442)	\$ 51,394
Western Canada Summer Games High Performance Coaching Grant	-	32,000	(25,600)	6,400
Donation Fund Program	-	30,000	(30,000)	-
Alberta Summer Games	2,500	12,500	(12,500)	-
		2,500	(5,000)	-
Other grants	7,500	25,691	(16,041)	17,150
	63,016	311,511	(299,583)	74,944
Other	5,182	23,505	(5,182)	23,505
	\$ 68,198	\$ 335,016	\$ (304,765)	\$ 98,449

# SWIM ALBERTA ASSOCIATION

Notes to Financial Statements (continued)

Year ended June 30, 2019

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## 6. Net assets:

By Board of Directors resolution carried in November 2016, the Association created a sustainability reserve fund and a general operating reserve fund.

The purpose of the sustainability reserve fund is to ensure 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. The Association will maintain the fund at a level relative to four (4) years of annual program operating core-funding, which has been targeted and fully funded at \$870,000.

The Association maintains an operating reserve fund, for the general purpose of assisting the Association to develop operating budgets that provide for planned growth and financial change in the Associations funding that may result in deficits to the association. The general operating reserve fund will be maintained at an amount no greater than \$300,000.

## 7. Commitments:

Beginning in 2017, the Association committed to selecting three post-secondary student athletes annually 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. Total annual commitments over the next four years are as follows:

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2020	\$	30,000
2021		30,000
2022		20,000
2023		10,000

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# SWIM ALBERTA ASSOCIATION

Notes to Financial Statements (continued)

Year ended June 30, 2019

## 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 2019 (2018 - 4%). During fiscal 2019, the 4% (2018 - 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. The full assessment fee collected is used by the Association to pay administration expenses directly attributable to the Swim-A-Thon. Transactions under this program during the year were as follows:

	2019	2018
Swim-A-Thon contributions received	\$ 121,505	\$ 146,678
Swim-A-Thon assessment fees	7,448	8,548
Swim-A-Thon administrative commission	5,400	6,518
	134,353	161,744
Grants contributed to swim clubs	(121,505)	(146,678)
Swim-A-Thon assessment fees	(7,448)	(8,548)
Net revenues	\$ 5,400	\$ 6,518

# SWIM ALBERTA ASSOCIATION

Notes to Financial Statements (continued)

Year ended June 30, 2019

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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 2018.

# SWIM ALBERTA ASSOCIATION

## Schedule 1 - Programs, Courses and Fees

Year ended June 30, 2019, with comparative information for 2018

	2019	2018
Program:		
Olympic Bonus	\$ 181,347	\$ 194,830
Provincial Meet Fees	172,927	187,597
Technical Programs	99,813	114,547
AGM and Other Income	38,628	31,511
	<u>\$ 492,715</u>	<u>\$ 528,485</u>

## Schedule 2 - Grant Revenue

Year ended June 30, 2019, with comparative information for 2018

	2019	2018
Alberta Sport Connection grants:		
Association Development Program	\$ 210,442	\$ 215,541
High Performance Coaching Grant	30,000	30,000
Western Canada Summer Games	25,600	-
Donation Fund Program	12,500	4,000
Alberta Summer Games	5,000	-
Canada Summer Games	-	25,190
Other grants	16,041	13,764
	<u>\$ 299,583</u>	<u>\$ 288,495</u>

# SWIM ALBERTA ASSOCIATION

## Schedule 3 - Program Costs

Year ended June 30, 2019, with comparative information for 2018

	2019	2018
Program:		
Athlete Technical and Funding Programs	\$ 521,446	\$ 499,984
Provincial Championship Meets	241,407	254,245
Coach Technical and Funding Programs	148,406	82,110
Club Development and Membership Support Services	119,645	147,540
Officials Programs	43,081	35,955
Other Programs	42,283	43,504
	\$ 1,116,268	\$ 1,063,338

## Schedule 4 - Assessment Fees

Year ended June 30, 2019, with comparative information for 2018

	2019	2018
Assessment Fee:		
Swimming Canada National Assessment	\$ 292,197	\$ 277,905
Alberta Summer Swim Association Fees and Coaches	101,140	101,508
	\$ 393,337	\$ 379,413