

Financial Statements of

**SWIM ALBERTA
ASSOCIATION**

Year ended June 30, 2021

SWIM ALBERTA ASSOCIATION

Table of Contents

Year ended June 30, 2021

	Page
Independent Auditors' Report	
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, 2021
- 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, 2021, 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.



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.

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.



Page 3

- 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.

KPMG LLP

Chartered Professional Accountants

Edmonton, Canada

September 28, 2021

SWIM ALBERTA ASSOCIATION

Statement of Financial Position

As at June 30, 2021, with comparative information for 2020

	2021	2020
Assets		
Current assets:		
Cash	\$ 353,365	\$ 210,267
Term deposits (note 2)	1,053,021	955,220
Accounts receivable (note 4)	90,442	91,381
Prepaid expenses and deposits	63,038	59,112
	<u>1,559,866</u>	<u>1,315,980</u>
Capital assets (note 3)	4,449	5,492
	<u>\$ 1,564,315</u>	<u>\$ 1,321,472</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 224,525	\$ 158,487
Deferred contributions (note 5)	107,000	1,288
	<u>331,525</u>	<u>159,775</u>
Long-term debt (note 6)	60,000	-
Net assets (note 7):		
Invested in capital assets	4,449	5,492
Sustainability reserve fund	620,000	620,000
Operating reserve fund	300,000	300,000
Unrestricted	248,341	236,205
	<u>1,172,790</u>	<u>1,161,697</u>
	<u>\$ 1,564,315</u>	<u>\$ 1,321,472</u>

Commitments (note 8)
Investment in Limited Partnership (note 9)
COVID-19 pandemic (note 11)

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

SWIM ALBERTA ASSOCIATION

Statement of Operations

Year ended June 30, 2021, with comparative information for 2020

	2021	2020
Revenue:		
Affiliation and registration fees	\$ 713,219	\$ 835,204
Programs, courses and fees (Schedule 1)	65,150	319,491
Grant revenue (note 5 and Schedule 2)	309,187	229,581
Government assistance (note 11)	266,936	91,631
Interest income	7,729	25,566
Donations and corporate sponsorships	7,287	7,713
Swim-A-Thon donations (note 10)	151	1,996
	<u>1,369,659</u>	<u>1,511,182</u>
Expenses:		
Program costs (Schedule 3)	673,635	923,796
Administration	382,185	457,032
Assessment fees (Schedule 4)	263,884	281,344
Contributions to swim clubs	36,401	2,677
Amortization of capital assets	2,461	2,991
	<u>1,358,566</u>	<u>1,667,840</u>
Deficiency of revenues over expenditures	\$ 11,093	\$ (156,658)

See accompanying notes to financial statements.

SWIM ALBERTA ASSOCIATION

Statement of Changes in Net Assets

Year ended June 30, 2021, with comparative information for 2020

	Invested in capital assets	Sustainability reserve fund	Operating reserve fund	Unrestricted	Total 2021	Total 2020
Balance, beginning of year	\$ 5,492	\$ 620,000	\$ 300,000	\$ 236,205	\$ 1,161,697	\$ 1,318,355
Deficiency of revenues over expenses	(2,461)	-	-	13,554	11,093	(156,658)
Purchase of capital assets (note 3)	1,418	-	-	(1,418)	-	-
Balance, end of year	\$ 4,449	\$ 620,000	\$ 300,000	\$ 248,341	\$ 1,172,790	\$ 1,161,697

See accompanying notes to financial statements.

SWIM ALBERTA ASSOCIATION

Statement of Cash Flows

Year ended June 30, 2021, with comparative information for 2020

	2021	2020
Cash (used in) provided by:		
Operations:		
Deficiency of revenues over expenditures	\$ 11,093	\$ (156,658)
Item not involving cash:		
Amortization of capital assets	2,461	2,991
	13,554	(153,667)
Change in non-cash operating working capital:		
Decrease in accounts receivable (note 4)	939	51,159
(Increase) decrease in prepaid expenses and deposits	(3,926)	(4,888)
Increase (decrease) in accounts payable and accrued liabilities	66,038	(130,937)
Increase (decrease) in deferred contributions	105,712	(97,161)
	182,317	(335,494)
Financing:		
Long-term debt	60,000	-
Investments:		
Proceeds on disposal of term deposits	2,616,534	5,183,367
Purchases of term deposits	(2,714,335)	(4,744,421)
Purchases of capital assets	(1,418)	-
	(99,219)	438,946
Increase in cash	143,098	103,452
Cash, beginning of year	210,267	106,815
Cash, end of year	\$ 353,365	\$ 210,267

See accompanying notes to financial statements.

SWIM ALBERTA ASSOCIATION

Notes to Financial Statements

Year ended June 30, 2021

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, 2021

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:

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

SWIM ALBERTA ASSOCIATION

Notes to Financial Statements (continued)

Year ended June 30, 2021

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 2021 and May 2022 (2020 - August 2020 and May 2021) and bear interest at 0.30% to 1.08% (2020 - 0.25% to 3%).

3. Capital assets:

			2021	2020
	Cost	Accumulated amortization	Net book value	Net book value
Office equipment	\$ 31,739	\$ 29,184	\$ 2,555	\$ 3,124
Website	3,700	1,806	1,894	2,368
	\$ 35,439	\$ 30,990	\$ 4,449	\$ 5,492

4. Government amounts receivable and payable:

Included in accounts receivable as at June 30, 2021 are Canada Emergency Wage Subsidy receivables of \$19,396 (2020 - \$22,456) (see note 11).

Included in accounts payable and accrued liabilities as at June 30, 2021 are government remittances payable of \$621 (2020 - \$449) relating to federal and provincial sales taxes and payroll taxes.

SWIM ALBERTA ASSOCIATION

Notes to Financial Statements (continued)

Year ended June 30, 2021

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
Government of Alberta Association Development Program	\$ -	\$ 168,437	\$ (168,437)	\$ -
Western Canada Summer Games	-	32,000	-	32,000
COVID-19 Sport Emergency Funding	-	80,750	(80,750)	-
	-	281,187	(249,187)	32,000
Grants - non-Government of Alberta	1,288	135,000	(61,288)	75,000
	\$ 1,288	\$ 416,187	\$ (310,475)	\$ 107,000

6. Long-term debt:

In response to the economic impacts of the COVID-19 pandemic, the Government of Canada created the Canada Emergency Business Account (CEBA) program which provides up to \$60,000 of interest-free loans to small businesses and not-for-profit organizations. As part of this program, up to \$20,000 of the loan is forgivable if the balance is repaid on or before December 31, 2022.

During the year, the Association received \$60,000 (2020 - \$nil) under the CEBA program. As repayment of the loan is expected to be made on or before December 31, 2022, the Association has recorded the outstanding balance as long-term debt.

SWIM ALBERTA ASSOCIATION

Notes to Financial Statements (continued)

Year ended June 30, 2021

7. Net assets:

By Board of Directors resolution carried in November 2016, the Association created a sustainability reserve fund and an 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 at \$870,000. In the prior year, the Association drew upon \$250,000 of the sustainability reserve fund as a result of the deficiency of revenues over expenses, as well as to cover other short term anticipated shortfalls due to the impacts of the COVID-19 pandemic (see note 11).

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 Association's funding that may result in deficits to the Association. The operating reserve fund will be maintained at an amount no greater than \$300,000.

8. 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 each, paid in annual instalments of \$5,000, as long as the recipient meets the selection criteria each year over the five year period. The bursary program will not be continued past 2023. Total annual commitments over the next two years are as follows:

2022	\$	20,000
2023		10,000

SWIM ALBERTA ASSOCIATION

Notes to Financial Statements (continued)

Year ended June 30, 2021

9. 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.

10. 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 2021 (2020 - 4%). During fiscal 2021, the 4% (2020 - 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:

	2021	2020
Swim-A-Thon contributions received	\$ 3,247	\$ 60,233
Swim-A-Thon assessment fees	466	3,934
Swim-A-Thon administrative commission	151	2,677
	3,864	66,844
Grants contributed to swim clubs	(3,398)	(60,233)
Swim-A-Thon assessment fees	(315)	(4,615)
Net revenues	\$ 151	\$ 1,996

SWIM ALBERTA ASSOCIATION

Notes to Financial Statements (continued)

Year ended June 30, 2021

11. COVID-19 pandemic:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in the Canadian and Provincial governments enacting emergency measures to combat the spread of the virus. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the Association is not known at this time.

At the time of approval of these financial statements, the Association has experienced the following fiscal 2021 impacts due to imposed government restrictions to mitigate the impacts of COVID-19:

- Significant decreases in registration for year-round, masters and summer swimmers as a result of uncertainty of direct programming by clubs and economic impacts to member families;
- Cancellation of all provincial competitions and events, including camps;
- Sanctioning of competitions run by affiliated clubs was not permitted; and
- Application and receipt of federal subsidies including the Canada Emergency Wage Subsidy (CEWS) and the Canadian Emergency Business Account (CEBA) loan.

These factors present uncertainty over future cash flows and may result in changes to future operations. An estimate of the full financial effect is not practicable at this time.

12. 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 significant change to the risk exposures from 2020.

SWIM ALBERTA ASSOCIATION

Schedule 1 - Programs, Courses and Fees

Year ended June 30, 2021, with comparative information for 2020

	2021	2020
Program:		
Technical Programs	\$ 44,650	\$ 62,572
AGM and Other Income	20,500	44,137
Olympic Bonus	-	141,416
Provincial Meet Fees	-	71,366
	<u>\$ 65,150</u>	<u>\$ 319,491</u>

Schedule 2 - Grant Revenue

Year ended June 30, 2021, with comparative information for 2020

	2021	2020
Government of Alberta grants:		
Association Development Program	\$ 168,437	\$ 196,291
COVID-19 Sport Emergency Funding Program	80,750	-
High Performance Coaching Grant	-	15,000
Western Canada Summer Games	-	6,400
Other grants	60,000	11,890
	<u>\$ 309,187</u>	<u>\$ 229,581</u>

SWIM ALBERTA ASSOCIATION

Schedule 3 - Program Costs

Year ended June 30, 2021, with comparative information for 2020

	2021	2020
Program:		
Athlete Technical and Funding Programs & Provincial Championships Meets	\$ 432,970	\$ 563,336
Club Development and Membership Support Services	115,187	178,837
Coach Technical and Funding Programs	96,519	142,718
Officials Programs	28,959	38,905
	<u>\$ 673,635</u>	<u>\$ 923,796</u>

Schedule 4 - Assessment Fees

Year ended June 30, 2021, with comparative information for 2020

	2021	2020
Assessment Fee:		
Swimming Canada National Assessment	\$ 218,738	\$ 280,215
Alberta Summer Swim Association Fees and Coaches	45,146	1,129
	<u>\$ 263,884</u>	<u>\$ 281,344</u>