

Financial Statements of

**CANADIAN WATER POLO
ASSOCIATION INC.**

And Independent Auditors' Report thereon

Year ended March 31, 2022



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INDEPENDENT AUDITORS' REPORT

To the Members of Canadian Water Polo Association Inc.

Opinion

We have audited the financial statements of Canadian Water Polo Association Inc. (the Entity), which comprise:

- the statement of financial position as at March 31, 2022
- 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 March 31, 2022 and its results of operations, its changes in net assets 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.
- 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 to cease to continue as a going concern.



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- 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, Licensed Public Accountants

Ottawa, Canada

September 29, 2022

CANADIAN WATER POLO ASSOCIATION INC.

Statement of Financial Position

March 31, 2022, with comparative information for 2021

	2022	2021
Assets		
Current assets:		
Cash	\$ 766,317	\$ 301,695
Amounts receivable	122,504	84,799
Investments (note 3)	526,583	776,583
Prepaid expenses	14,729	38,797
	<u>\$ 1,430,133</u>	<u>\$ 1,201,874</u>


Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 471,997	\$ 322,455
Deferred revenue (note 5)	251,289	471,954
	<u>723,286</u>	<u>794,409</u>
Long-term debt (note 6)	30,000	30,000
	<u>753,286</u>	<u>824,409</u>
Net assets (note 7)	676,847	377,465
Contingencies (note 8)		
Commitments (note 9)		
	<u>\$ 1,430,133</u>	<u>\$ 1,201,874</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, 2022, with comparative information for 2021

	2022	2021
Revenue:		
Contributions	\$ 2,536,622	\$ 2,411,456
National team other support	451,148	178,751
Fees, program revenues and general donations	466,158	172,198
Other	84,558	79,805
Marketing and sales	2,412	2,318
	<u>3,540,898</u>	<u>2,844,528</u>
Expenses:		
National teams	1,542,046	1,094,415
Coaching, technical and professional development	696,555	702,898
Administration	525,392	494,569
Operations and programming	435,061	408,578
Other	7,168	12,904
Marketing and promotion	6,907	5,163
Governance	28,387	2,758
	<u>3,241,516</u>	<u>2,721,285</u>
Excess of revenue over expenses	<u>\$ 299,382</u>	<u>\$ 123,243</u>

See accompanying notes to financial statements.

CANADIAN WATER POLO ASSOCIATION INC.

Statement of Changes in Net Assets

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Net assets, beginning of year	\$ 377,465	\$ 254,222
Excess of revenue over expenses	299,382	123,243
Net assets, end of year	\$ 676,847	\$ 377,465

See accompanying notes to financial statements.

CANADIAN WATER POLO ASSOCIATION INC.

Statement of Cash Flows

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 299,382	\$ 123,243
Changes in non-cash operating working capital:		
Amounts receivable	(37,705)	52,417
Prepaid expenses	24,068	11,350
Accounts payable and accrued liabilities	149,542	(18,095)
Deferred revenue	(220,665)	182,395
	214,622	351,310
Financing activities:		
Increase in long-term debt	-	30,000
Investing activities:		
Decrease (increase) in investments	250,000	(344,271)
Increase in cash	464,622	37,039
Cash, beginning of year	301,695	264,656
Cash, end of year	\$ 766,317	\$ 301,695

See accompanying notes to financial statements.

CANADIAN WATER POLO ASSOCIATION INC.

Notes to Financial Statements

Year ended March 31, 2022

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). Effective May 3, 2014, the Association continued its articles of incorporation under the Canada Not-For-Profit Corporations Act.

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:

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

(a) Revenue recognition:

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

Contribution revenue is restricted for a specific purpose and is recognized in the year in which the related expenses are incurred.

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

(b) Translation of foreign currency transactions and items:

The Association uses the temporal method to translate its foreign currency transactions. Monetary assets and liabilities are translated at the exchange rate in effect at the statement of financial position date. Other assets and liabilities are translated at the exchange rate in effect at the transaction date. Revenue and expenses are translated at the average rate for the year. Exchange gains and losses are included in the statement of operations.

CANADIAN WATER POLO ASSOCIATION INC.

Notes to Financial Statements (continued)

Year ended March 31, 2022

1. Significant accounting policies (continued):

(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 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 straight-line 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 year, 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 \$100,000 plus the value of investments on hand, which is secured by investments and accounts receivable and carries an interest rate of prime plus 1.5%. 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, 2022

3. Investments:

The Association's investments comprise guaranteed investment certificates with maturity dates of May 2022 to August 2023 with interest rates of between 0.70% and 1.36%.

4. Accounts payable and accrued liabilities:

There are no amounts payable for government remittances such as payroll or sales related taxes included in accounts payable at year end.

5. Deferred revenue:

	2022	2021
Governance and System Modernization project	\$ 56,250	\$ -
Junior Pan Am-Alberta grant	-	150,000
High performance programming	-	240,000
Safe Sport reserve fund	195,039	76,374
Other	-	5,580
	<u>\$ 251,289</u>	<u>\$ 471,954</u>

An additional \$Nil (2021 - \$21,878) is outstanding and set to be received subsequent to year end for the Safe Sport reserve fund.

6. Long-term debt:

During the prior year, the Association obtained a \$40,000 loan from The Canadian Emergency Business Account program. Under the terms of the agreement, the loan is non-interest bearing until December 31, 2023. If the loan is repaid by December 31, 2023, up to \$10,000 will be forgiven. As a result, upon receipt of the loan, the Association recorded grant income of \$10,000 related to the forgivable portion of the loan.

CANADIAN WATER POLO ASSOCIATION INC.

Notes to Financial Statements (continued)

Year ended March 31, 2022

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, 2021.

8. 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.

9. Commitments:

The Association rents office space under an operating lease which expires February 2027. Scheduled payments over the next five years are as follows:

2023	\$	33,521
2024		33,921
2025		34,321
2026		34,721
2027		32,164
	\$	168,648

As part of the lease agreement signed in the current year, the Entity has the option to renew the lease agreement for a further term of five years at pre-determined yearly rates. The option is subject to certain standard terms and conditions.

CANADIAN WATER POLO ASSOCIATION INC.

Notes to Financial Statements (continued)

Year ended March 31, 2022

10. Financial risks and concentration of risk:

(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) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

(d) 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.

(e) Currency risk:

Foreign currency exposure arises from the Association's holdings of non-Canadian financial instruments. The Association believes it is not subject to significant currency risk.

(f) Other price risk:

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Association is subject to other price risk on its investments.