

# **CANOE KAYAK B.C.**

Financial Statements  
Years Ended March 31, 2015  
and Auditor's Report

## INDEPENDENT AUDITOR'S REPORT

We have audited the financial statements of Canoe Kayak B.C. ("the Society"), which comprise the statement of financial position as at March 31, 2015 and the statements of operations, of cash flows and of changes in net assets for the for the year then ended, and 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.

### Auditor's 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 the auditor's 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, the auditor considers 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.

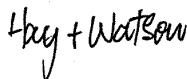
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### Basis for Qualified Opinion

In common with many non-profit organizations, the Society derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts included in the records of the Society and we were not able to determine whether any adjustments might be necessary to such revenues, excess of revenue over expenditure, assets and net assets.

### Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2015 and its operations and cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.



# CANOE KAYAK B.C.

## Statement of Financial Position As at March 31, 2015

	2015	2014
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 92,204	\$ 156,907
Cash - restricted (Note 4)	37,951	44,317
Term deposits - restricted (Note 5)	79,104	78,398
Accounts receivable	65,795	59,761
Boat loans receivable	3,702	1,902
Prepaid expenses	46,170	14,623
	<b>324,926</b>	355,908
<b>Boat loans receivable</b>	<b>7,302</b>	3,804
<b>Equipment (Note 6)</b>	<b>64,529</b>	72,005
	<b>\$ 396,757</b>	<b>\$ 431,717</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 18,304	\$ 58,443
Deferred receipts (Note 7)	72,131	69,812
	<b>90,435</b>	128,255
<b>NET ASSETS</b>		
Investment in capital assets	64,529	72,005
Restricted net assets		
Boat loan fund	28,996	34,294
Gaming fund	32,807	44,317
Operating contingency fund	79,104	78,398
Equipment replacement reserve	27,491	27,491
Marathon operating fund	5,144	5,409
Dragonboat fund	400	400
Unrestricted net assets	67,851	41,148
	<b>306,322</b>	303,462
	<b>\$ 396,757</b>	<b>\$ 431,717</b>

The accompanying notes are an integral part of these financial statements.

### APPROVED BY THE BOARD

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

# CANOE KAYAK B.C.

Statement of Operations  
Year Ended March 31, 2015

	2015	2014
<b>RECEIPTS</b>		
Coaching	\$ 151,436	\$ 98,499
Gaming	71,000	33,177
Government grants	254,826	285,322
Marathon	3,531	436
Other income	76,528	2,273
Programs (Schedule 1)	165,180	189,298
	<b>722,501</b>	<b>609,005</b>
<b>EXPENDITURES (Schedule 2)</b>		
Amortization	15,952	16,995
Coaching - Staff	236,892	182,470
Coaching Development	33,976	37,589
Marathon	3,170	420
Member Services	111,814	94,746
Officials Development	9,422	6,262
Participation Development	196,312	175,460
Performance Development	114,195	123,690
	<b>721,733</b>	<b>637,632</b>
	<b>768</b>	<b>(28,627)</b>
<b>OTHER ITEMS</b>		
Interest income	2,092	2,406
Writedown of equipment	-	(4,269)
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER EXPENDITURES</b>	<b>\$ 2,860</b>	<b>\$ (30,490)</b>

## CANOE KAYAK B.C.

Statement of Cash Flows  
Year Ended March 31, 2015

	2015	2014
<b>Cash Flows From (Used In) Operating Activities</b>		
Excess (deficiency) of receipts over expenditures	\$ 2,860	\$ (30,490)
Non-cash items		
Amortization	15,952	16,995
Write-down of equipment	-	4,269
	<b>18,812</b>	<b>(9,226)</b>
Changes in non-cash working capital		
Accounts receivable	(6,034)	(26,688)
Boat loans receivable	(5,298)	1,902
Prepaid expenses	(31,547)	(749)
Accounts payable and accrued liabilities	(40,139)	15,412
Deferred receipts	2,319	17,902
	<b>(61,887)</b>	<b>(1,447)</b>
<b>Cash Flows From (Used In) Investing Activities</b>		
Purchase of equipment	(8,476)	(15,436)
<b>DECREASE IN CASH</b>	<b>(70,363)</b>	<b>(16,883)</b>
<b>CASH AND TERM DEPOSITS, Beginning of Year</b>	<b>279,622</b>	<b>296,505</b>
<b>CASH AND TERM DEPOSITS, End of Year</b>	<b>\$ 209,259</b>	<b>\$ 279,622</b>
<b>Cash and Term Deposits Consist of:</b>		
Cash	\$ 92,204	\$ 156,907
Cash - restricted (Note 4)	37,951	44,317
Term deposits – restricted (Note 5)	79,104	78,398
	<b>\$ 209,259</b>	<b>\$ 279,622</b>
<b>Supplemental cash flow information</b>		
Interest received	\$ 2,093	\$ 2,447

# CANOE KAYAK B.C.

## Statement of Changes in Net Assets Year ended March 31, 2015

	Investment in capital assets	Boat loans fund - restricted	Gaming fund - restricted	Operating contingency fund - restricted	Equipment replacement reserve - restricted	Marathon operating fund - restricted	Dragonboat fund - restricted	Unrestricted	2015	2014
<b>NET ASSETS, BEGINNING OF YEAR</b>	\$ 72,005	\$ 34,294	\$ 44,317	\$ 78,398	\$ 27,491	\$ 5,409	\$ 400	\$ 41,148	\$ 303,462	\$ 333,952
(Deficiency) excess of receipts over expenditures	(15,952)	-	(11,510)	-	-	-	-	30,322	2,860	(30,490)
Interfund transfer	-	-	-	706	-	(265)	-	(441)	-	-
Investment in capital assets	8,476	(5,298)	-	-	-	-	-	(3,178)	-	-
<b>NET ASSETS, END OF YEAR</b>	\$ 64,529	\$ 28,996	\$ 32,807	\$ 79,104	\$ 27,491	\$ 5,144	\$ 400	\$ 67,851	\$ 306,322	\$ 303,462

# CANOE KAYAK B.C.

Notes to Financial Statements  
March 31, 2015

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## 1. OPERATIONS

Canoe Kayak B.C. (the “Society”) is a non-profit organization, incorporated under the Society Act in the Province of British Columbia. The Society raises and receives funds for the purposes of developing canoeing and kayaking in British Columbia.

The Society’s operations are dependent upon contributions from Sports BC and the Province of British Columbia, for which the Society must qualify on an annual basis. Should these grants not be received, the operations of the Society may be significantly affected.

## 2. BASIS OF PRESENTATION

### Statement of Compliance

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (“ASNPO”), using the deferral method of accounting for contributions.

### Basis of Presentation

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out in Note 3.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### Accounting Estimates and Judgments

The preparation of these financial statements requires management to make estimates and judgments and to form assumptions that affect the reported amounts and other disclosures in these financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of these assumptions form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year. Critical estimates used in the Society’s preparation of these financial statements include, among others, the recoverability of accounts receivable and boat loans receivable.

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. Critical accounting judgments used by the Society include the estimated useful lives of and future operating results from equipment.

# CANOE KAYAK B.C.

Notes to Financial Statements  
March 31, 2015

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## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Cash and Term Deposits

Cash and term deposits consist of cash balances and investments in highly liquid, short-term deposits.

### Financial Assets and Liabilities

The Society's financial instruments are cash, term deposits, accounts receivable, boat loans receivable and accounts payable and accrued liabilities. All financial instruments, except for cash and term deposits which are measured at fair value, are measured at amortized cost.

The Society makes its fair value measurements based on a three-level hierarchy:

- Level 1 – inputs are unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – inputs for the asset or liability that are not based on observable market data.

Transaction costs directly attributable to the acquisition or issue of a financial asset or financial liability that will be measured subsequently at amortized cost are added to the carrying amount of the financial asset or financial liability.

### Equipment

Equipment is recorded at cost and amortized over the estimated useful lives of the equipment, using the declining balance method and at the following annual rates:

Boats	20%
Furniture and equipment	20%
Computer equipment	30%
Computer software	100%
Vehicle	30%

### Recognition of Receipts

The Society follows the deferral method of accounting for contributions. Receipts are recognized as follows:

- Restricted contributions are deferred and recognized in the year in which the related expenses are incurred. Restricted contributions related to the purchase of equipment are amortized on the same basis as the asset acquired.
- Unrestricted contributions are recognized when received or receivable, if the amount can be reasonably estimated and collection is reasonably assured.
- Unrestricted investment income is recognized when earned.



# CANOE KAYAK B.C.

Notes to Financial Statements  
March 31, 2015

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Contributed Services

Volunteers contribute an undetermined number of hours annually to assist the Society in carrying out its activities. Contributed services are not recorded in the financial statements because of the difficulty in determining the time spent by volunteers and the fair value of their services.

### Income Taxes

The Society, as a non-profit organization, is not subject to Federal or Provincial income taxes.

## 4. CASH – RESTRICTED

Restricted cash represents funds received from the B.C. Gaming Commission (“Commission”) and from Marathon Canoe Racing Association (“Marathon”). Disbursements of funds received from the Commission are restricted to expenditures acceptable to the Commission. Disbursements of funds received from Marathon are restricted to expenditures acceptable to Marathon’s board of directors.

## 5. TERM DEPOSITS – RESTRICTED

Restricted term deposits are composed of an internally restricted contingency fund for boat loans, for operating contingencies and for replacement of equipment. Disbursements from restricted term deposits require prior approval of the Board of Directors.

## 6. EQUIPMENT

			2015	2014
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Boats	\$ 190,122	\$ 138,563	\$ 51,559	\$ 54,927
Racing equipment	6,000	6,000	-	-
Furniture and equipment	23,265	13,173	10,092	12,615
Computer equipment	5,630	5,156	474	1,029
Computer software	10,262	10,262	-	-
Vehicle	24,035	21,631	2,404	3,434
	\$ 259,314	\$194,785	\$ 64,529	\$ 72,005

## 7. COMMITMENTS

The Society is committed to minimum annual payments of \$20,295 until October 31, 2018 for its operating premises.

# CANOE KAYAK B.C.

Notes to Financial Statements  
March 31, 2015

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## 8. RISK MANAGEMENT

The Society's financial instruments are exposed to certain risks, which include credit risk, interest rate risk and liquidity risk.

### Credit risk

Credit risk is the risk of a financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. The Society considers this risk to be limited on cash and term deposits held at major financial institutions and accounts receivable consisting of excise taxes refundable from the Government of Canada. The Society's maximum exposure to credit risk is \$76,799 (March 31, 2014 - \$65,467), which consists of accounts receivable and boat loans receivable.

### Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect the fair value or future cash flows of the Society's financial instruments. The Society is exposed from time to time to interest rate risk as a result of holding fixed rate term deposits of varying maturities. The risk that the Society will realize a loss as a result of a decline in the fair value of these investments is limited as these investments are highly liquid securities with short-term maturities.

### Liquidity risk

Liquidity risk is the risk that the Society will not be able to meet its financial obligations as they come due. Accounts payable and accrued liabilities are due within the current operating period. The Society manages liquidity risk through the management of its capital structure (Note 9).

## 9. CAPITAL MANAGEMENT

The Society defines its capital for capital management purposes as cash. The Society's capital management objective is to maximize its cash flows from government grants and its program income and membership fees in order to maintain sufficient liquidity to fund its ongoing programs and operations.

The Society's primary source of capital are government and non-government grants.

The Society monitors and achieves its capital management objective, which is unchanged from prior years, through short and long term liquidity plans, to which it makes changes in light of changes in economic conditions.

## 10. COMPARATIVE FIGURES

Comparative figures have been reclassified as necessary to conform with current year presentation.

# CANOE KAYAK B.C.

Schedule of Program Income  
Year Ended March 31, 2015

## Schedule 1

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	<b>2015</b>		2014
<b>Programs</b>			
Coaching Development	\$ 22,034	\$	26,648
Officials Development	975		905
Participation Development	53,827		55,222
Performance Development	24,824		47,127
Member Services	63,520		59,396
	<b>\$ 165,180</b>	<b>\$</b>	<b>189,298</b>

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# CANOE KAYAK B.C.

Schedule of Expenditures  
Year Ended March 31, 2015

**Schedule 2**

	2015	2014
<b>Amortization</b>	<b>\$ 15,952</b>	\$ 16,995
<b>Coaching - Staff</b>	<b>236,892</b>	182,470
<b>Coaching Development</b>	<b>33,976</b>	37,589
<b>Marathon</b>	<b>3,170</b>	420
<b>Member Services</b>		
Audit and legal	12,344	5,294
Bad debts	749	3,433
Insurance	22,269	21,218
Meetings	5,722	5,768
Memberships	22,012	21,009
Office expenses	7,730	8,397
Professional fees	12,723	6,606
Rent	20,295	15,377
Salaries and benefits	7,970	7,644
	<b>111,814</b>	94,746
<b>Officials Development</b>	<b>9,422</b>	6,262
<b>Participation Development</b>		
Camps and clinics	128,062	159,780
Competitions	29,878	14,680
Grants and scholarships	30,720	1,000
Promotion	7,652	-
	<b>196,312</b>	175,460
<b>Performance Development</b>		
Athlete Assistance Program	10,025	-
Athletic services	8,196	34,265
Camps and clinics	17,042	32,420
Competitions	56,263	40,325
Equipment	2,265	7,350
Staff Travel/Meetings	5,295	2,951
Sports on the Move	7,422	-
Whitewater	7,687	6,379
	<b>114,195</b>	123,690
	<b>\$ 721,733</b>	\$ 637,632