



DIVING PLONGEON CANADA

Financial Statements
For the year ended August 31, 2022

Diving Plongeon Canada

Financial Statements

For the year ended August 31, 2022

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Independent Auditor's Report

To the Members of the Diving Plongeon Canada

Opinion

We have audited the financial statements of Diving Plongeon Canada (the "association") which comprise the statement of financial position as at August 31, 2022, and the statements of operations, changes in net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the association as at August 31, 2022, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the association 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 association'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 association or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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 auditor's 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 these financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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 association'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 association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the association 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.

We 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.

Baker Tilly Ottawa LLP

Chartered Professional Accountants, Licensed Public Accountants
December 9, 2022
Ottawa, Ontario

Diving Plongeon Canada Statement of Financial Position

August 31	2022	2021
Assets		
Current		
Cash (Note 1)	\$ 2,297,668	\$ 1,561,939
Accounts receivable (Note 10)	386,936	479,881
Government remittances receivable	83,653	126,908
Prepaid expenses	204,601	305,010
	2,972,858	2,473,738
Tangible capital assets (Note 2)	82,173	111,858
	\$ 3,055,031	\$ 2,585,596

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities (Note 1 and 10)	\$ 322,539	\$ 374,596
Deferred revenue	65,525	130,800
Deferred contributions (Note 3)	475,891	-
	863,955	505,396
Long-term debt (Note 4)	30,000	30,000
	893,955	535,396
Net assets		
Unrestricted	2,161,076	2,050,200
	\$ 3,055,031	\$ 2,585,596

On behalf of the Board:

_____ Director

_____ Director

Diving Plongeon Canada
Statement of Changes in Net Assets

For the year ended August 31	2022	2021
Balance, beginning of year	\$ 2,050,200	\$ 2,028,260
Excess of revenue over expenses for the year	<u>110,876</u>	<u>21,940</u>
Balance, end of year	\$ 2,161,076	\$ 2,050,200

Diving Plongeon Canada Statement of Operations

For the year ended August 31	2022	2021
Revenue		
Sport Canada - core (Note 3)	\$ 3,730,711	\$ 3,305,897
Canadian Olympic organizations	368,525	480,000
Canada Cup (Note 3)	472,447	124,750
Clinic fees	1,250	-
Coaching Association of Canada	3,000	9,000
Diving World Series (Note 3)	139,609	45,000
Donations	345	800
Events	114,341	58,963
FINA	79,640	-
Insurance premiums	60,349	38,776
International team fees	8,000	-
Membership fees	24,180	24,423
Pan Am Juniors	7,500	-
Sales	932	-
Sponsorships (Note 5)	71,250	39,883
Training Camp Management	32,750	9,045
Toronto Diving Academy	195,919	128,125
Miscellaneous	244,491	35,148
Wage subsidy (Note 4 and Note 6)	20,887	543,265
	5,576,126	4,843,075
Expenses		
Amortization of tangible capital assets	35,295	39,195
Athletes (Schedule 1) (Note 9)	1,449,706	1,255,020
Coaches (Schedule 2) (Note 9)	978,521	970,393
Events/competitions (Schedule 3) (Note 9)	808,253	525,656
Clubs/sections (Schedule 4) (Note 9)	713,111	680,465
Officials (Schedule 5)	140,974	124,030
Planning and Management (Schedule 6) (Note 9)	1,057,058	1,017,956
Toronto Diving Academy	282,332	208,420
	5,465,250	4,821,135
Excess of revenue over expenses for the year	\$ 110,876	\$ 21,940

Diving Plongeon Canada Statement of Cash Flows

For the year ended August 31	2022	2021
Cash from (used in) operating activities		
Excess of revenue over expenses for the year	\$ 110,876	\$ 21,940
Items not affecting cash		
Amortization of tangible capital assets	35,295	39,195
	146,171	61,135
Net change in non-cash working capital items		
Accounts receivable	92,945	(75,351)
Government remittances receivable	43,255	6,983
Prepaid expenses	100,409	(229,501)
Accounts payable and accrued liabilities	(52,057)	158,863
Deferred contributions	475,891	-
Deferred revenue	(65,275)	(177,450)
	741,339	(255,321)
Cash used in investing activities		
Acquisition of tangible capital assets	(5,610)	(96,426)
Increase (decrease) in cash during the year	735,729	(351,747)
Cash, beginning of year	1,561,939	1,913,686
Cash, end of year	\$ 2,297,668	\$ 1,561,939

Diving Plongeon Canada

Summary of Significant Accounting Policies

August 31, 2022

Nature of Business	<p>The association was incorporated as a not-for-profit organization under Part II of the Canada Corporations Act with federal letters patent dated November 25, 1968, and was continued under the Canada Not-for-profit Corporations Act on June 26, 2014.</p> <p>The association is a registered Canadian Amateur Athletics Association. Under the Income Tax Act, the association is a registered charity and is exempt from income taxes.</p>
Basis for Presentation	<p>These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations which are part of Canadian generally accepted accounting principles and include the following significant accounting policies.</p>
Use of Estimates	<p>The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The association's estimates relate to provision for doubtful receivables, estimated useful life of tangible capital assets, and accruals for certain liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future.</p>
Financial Instruments	<p><u><i>Measurement of arm's length financial instruments</i></u></p> <p>Financial instruments are financial assets or liabilities of the association where, in general, the association has the right to receive cash or another financial asset from another party or the association has the obligation to pay another party cash or other financial asset.</p> <p>The association initially measures its arm's length financial assets and liabilities at fair value.</p> <p>The association subsequently measures its arm's length financial assets and financial liabilities at amortized cost, except for investments in equity instruments or investments held until maturity that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess of revenue over expenses.</p> <p>Financial assets and financial liabilities measured at amortized cost include cash, accounts receivable, accounts payable and accrued liabilities, and long-term debt.</p>

Diving Plongeon Canada

Summary of Significant Accounting Policies

August 31, 2022

**Financial Instruments
(continued)**

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in excess of revenue over expenses. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess of revenue over expenses.

Transaction costs

The association recognizes its transaction costs in excess of revenue over expenses in the period incurred. However, the arm's length financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

Revenue Recognition

The association follows the deferral method of accounting for contributions. The association receives Government of Canada contributions for the purpose of sponsoring specific activities during the year. Expenses are applied against contributions on the accrual basis. Unexpended portions of Government of Canada contributions as at August 31 are deferred to the next fiscal year and are recorded as current liabilities. Funds which have been granted for projects but not received as at August 31 are recorded as accounts receivable, to the extent that grantable expenses have been incurred.

Other revenues are recorded when earned.

Tangible Capital Assets

Tangible capital assets are recorded at cost. Assets with a cost less than \$2,000 are expensed in the year of acquisition. Amortization is based on the estimated useful life of the asset and is provided as follows:

Computers	33.3%	straight-line basis
Furniture and equipment	20%	straight-line basis
Vehicle	16.6%	straight-line basis

Foreign Currency

Transactions during the year in foreign currencies have been translated in the accounts to Canadian dollars at the exchange rate effective on the transaction date. All monetary assets in foreign currencies have been translated to Canadian dollars at the exchange rates in effect at the year end date. Gains or losses resulting therefrom are included in the determination of excess of revenue over expenses for the year except for the foreign currency gains and losses on long-term monetary items which are deferred and amortized over the remaining terms of the related items.

Diving Plongeon Canada

Summary of Significant Accounting Policies

August 31, 2022

**Contributed Materials
and Services**

Contributed materials and services which are used in the normal course of the association's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if fair value can be reasonably estimated.

Allocation of Costs

The association engages in programs and events funded by the government. The costs of these programs and events include the costs of personnel that are directly attributable to the program or event. These expenses are tracked and allocated to each program or event on the basis of time spent in the respective area.

**Government
Contributions**

The association's records are subject to audit by the government to identify instances, if any, in which amounts charged against contributions have not complied with the agreed terms and conditions and which therefore would be refundable to the government. Adjustments to prior years' contributions are recorded in the year in which the government requests the adjustment.

Diving Plongeon Canada Notes to Financial Statements

August 31, 2022

1. Cash

The association's bank accounts are held at one chartered bank. Bank balances include \$115,337 (2021 - \$3,105) denominated in U.S. dollars.

The association has available to it a line of credit with a limit of \$500,000 with a chartered bank. The line is secured by a general security agreement constituting a first rank security interest in all property of the association and bears interest at bank prime plus 2%. Any amounts drawn on this facility are due on demand. \$50 (2021 - \$50) was outstanding at year end.

The association also has available to it credit cards with an aggregate credit limit of \$245,000 of which \$39,545 (2021- \$7,462) was utilized at year end and is included in the balance of accounts payable and accrued liabilities.

2. Tangible Capital Assets

	2022			2021		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computers	\$ 55,335	\$ 46,537	\$ 8,798	\$ 49,725	\$ 39,243	\$ 10,482
Furniture and equipment	98,894	41,964	56,930	98,894	22,185	76,709
Vehicle	49,335	32,890	16,445	49,335	24,668	24,667
	\$ 203,564	\$ 121,391	\$ 82,173	\$ 197,954	\$ 86,096	\$ 111,858

3. Deferred Contributions

Deferred contributions represent restricted funds received from government organizations in the current year that relate to operations of the subsequent fiscal year. Contributions recognized in revenue in the current year have been included in Sport Canada, Canada Cup, and Diving World Series revenues to the extent the funding was restricted for that purpose.

The changes in the deferred contributions balance for the year ended August 31, 2022 were as follows:

	Balance at beginning of year	Received during the year	Revenue recognized	Balance at end of year
Sport Canada	\$ -	\$ 4,446,211	\$(3,970,320)	\$ 475,891
Other government funding	-	165,000	(165,000)	-
	\$ -	\$ 4,611,211	\$(4,135,320)	\$ 475,891

Diving Plongeon Canada Notes to Financial Statements

August 31, 2022

3. Deferred Contributions (continued)

The changes in the deferred contributions balance for the year ended August 31, 2021 were as follows:

	Balance at beginning of year	Received during the year	Revenue recognized	Balance at end of year
Sport Canada	\$ 53,500	\$ 3,050,000	\$(3,305,896)	\$ -
Other government funding	124,750	-	(124,750)	-
	<u>\$ 178,250</u>	<u>\$ 3,050,000</u>	<u>\$(3,430,646)</u>	<u>\$ -</u>

4. Long-term Debt

Canadian Emergency Business Account loan payable is in the amount of \$40,000. As long as the amount is repaid by December 31, 2023, \$10,000 of the loan amount will be forgiven. As allowed by Canadian accounting standards for not-for-profit organizations, the \$10,000 expected to be forgiven was recorded as part of government assistance revenue in the 2020 fiscal year. As a result, the payable balance at year end is presented as \$30,000.

5. Contributed Clothing

Contributions recognized in the year ended August 31, 2022 include contributed clothing having a fair value of \$28,500 (2021 - \$10,000). This amount has been recorded as revenue and expensed in these financial statements.

6. Government Assistance

The association qualified for various streams of government assistance in the fiscal year. In addition to the sources of funding identified in note 4, the association qualified for the Canadian Emergency Wage Subsidy that was created to subsidize Canadian organizations in response to the COVID-19 pandemic. The association also received \$7,001 from the Canada Summer Jobs Program.

Government assistance may be subject to audit under the terms and conditions of the programs. Should an audit reveal that any of the qualifying criteria or expenses incurred are not in accordance with program guidelines, the government may require the association to reimburse a portion of the assistance.

Diving Plongeon Canada Notes to Financial Statements

August 31, 2022

7. Commitments

As part of its normal operations, the association has various commitments with various expiry dates related to the rental of equipment and premises for its 2022 fiscal year and thereafter.

The most significant agreement is for the lease of office space under agreement expiring August 31, 2025. The annual rent includes additional rent representing base rent, operating costs, and applicable taxes. Total operating costs in 2022 were \$37,834.

The estimated total payment of base rent for the next three fiscal years are approximately:

2023	\$	28,875
2024		28,875
2025		<u>28,875</u>
	\$	<u>86,625</u>

8. Comparative Amounts

In certain instances, 2021 amounts presented for comparative purposes have been reclassified to conform to the financial statement presentation adopted for the current year.

9. Cost Allocation

As outlined in the Summary of Significant Accounting Policies, the association allocates personnel costs to its programs and events. During the year, personnel costs were allocated as follows:

	<u>2022</u>	<u>2021</u>
Athletes	\$ 67,933	\$ 36,424
Coaches	678,783	783,209
Events/Competitions	12,500	-
Clubs/Sections	205,285	168,390
Planning and Management	<u>1,036,296</u>	<u>925,203</u>
	<u>\$ 2,000,797</u>	<u>\$ 1,913,226</u>

Diving Plongeon Canada Notes to Financial Statements

August 31, 2022

10. Risk and Concentrations

The association is exposed to various risks through its financial instruments. The following analysis provides a measure of the association's risk exposure and concentrations as at August 31, 2022.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The association is exposed to this credit risk mainly in respect of its accounts receivable.

Liquidity risk

Liquidity risk is the risk that the association will encounter difficulty in meeting obligations associated with financial liabilities. The association is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and long-term debt.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The association is exposed to this risk mainly in respect of cash held in U.S. dollars as disclosed in note 1 and its accounts receivable and accounts payable and accrued liabilities balances held in U.S. dollars. Accounts receivable and accounts payable and accrued liabilities balances include \$58,600 (2021 - \$nil) and \$47,467 (2021 - \$nil) respectively, denominated in U.S. dollars.

Changes in risk

There have been no significant changes in the association's risk exposures from the previous fiscal year.

Diving Plongeon Canada
Schedule 1 - Athletes Expenses

For the year ended August 31	2022	2021
Senior National Team	\$ 706,290	\$ 706,864
Junior High Performance	427,064	239,689
Performance Monitoring and Enhancements	135,869	107,130
Administration	40,969	11,133
Integrated Support Team	139,514	190,204
	<hr/>	
	\$ 1,449,706	\$ 1,255,020

Diving Plongeon Canada
Schedule 2 - Coaches Expenses

<u>For the year ended August 31</u>	<u>2022</u>	<u>2021</u>
Senior Performance Incentives	\$ 863,585	\$ 880,789
Meetings	28,919	23,684
Development and Succession	50,823	28,023
National Coaching Certification Program	35,194	37,897
	<hr/>	
	\$ 978,521	\$ 970,393

Diving Plongeon Canada
Schedule 3 - Events/Competitions Expenses

For the year ended August 31	2022	2021
Promotion	\$ 69,546	\$ 88,544
National Competitions	136,535	273,416
Canada Cup	414,958	54,072
Marketing	47,605	34,992
Diving World Series	139,609	74,632
	<hr/>	
	\$ 808,253	\$ 525,656

Diving Plongeon Canada
Schedule 4 - Clubs/Sections Expenses

For the year ended August 31	2022	2021
Club Funding Assistance	\$ 39,622	\$ 12,571
Club Performance Incentives	39,000	40,000
World Class Program Support	260,185	247,532
Other Clubs/Provinces	81,076	45,006
Safe Sport & Equity	79,894	133,176
Training Centres	213,334	202,180
	<hr/>	
	\$ 713,111	\$ 680,465

Diving Plongeon Canada
Schedule 5 - Officials Expenses

For the year ended August 31	2022	2021
Domestic	\$ 94,026	\$ 48,975
Grand Prix	1,970	-
Major Competitions	8,591	6,155
Junior International	9,931	-
Development	26,456	68,900
	<hr/>	
	\$ 140,974	\$ 124,030

Diving Plongeon Canada
Schedule 6 - Planning and Management

For the year ended August 31	2022	2021
Human Resources	\$ 796,745	\$ 780,386
Travel	53,033	43,644
Administration	183,115	174,400
Governance	24,165	19,526
	<hr/>	
	\$ 1,057,058	\$ 1,017,956
