

**CANADIAN SPORT PARACHUTING ASSOCIATION**

**FINANCIAL STATEMENTS**

**NOVEMBER 30, 2020**



## CONTENTS

Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Operations	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 10





# ST. ARNAUD PINSENT STEMAN

CHARTERED PROFESSIONAL ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

To the Members of the Canadian Sport Parachuting Association

### *Opinion*

We have audited the accompanying financial statements of Canadian Sport Parachuting Association (the "Association") which are comprised of the statement of financial position as at November 30, 2020, and the statements of changes in net assets, operations and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information. In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of Canadian Sport Parachuting Association as at November 30, 2020, and the financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### *Basis for Qualified Opinion*

In common with many not-for-profit organizations, the Association derives revenues from memberships and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Association and we were not able to determine whether any adjustments might be necessary to donations, receipts, deferred contributions, excess of revenue over expenditures, current assets or net assets.

### *Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing 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.

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. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

January 27, 2021  
Edmonton, Alberta

*John H.C. Pinsent Professional Corporation*

John H. C. Pinsent Professional Corp.  
Chartered Professional Accountant



**CANADIAN SPORT PARACHUTING ASSOCIATION**

**STATEMENT OF FINANCIAL POSITION**

**AS AT NOVEMBER 30, 2020**

	2020			2019	
	General Fund \$	Defence Fund \$	Team Fund \$	Total \$	Total \$
<b><u>ASSETS</u></b>					
<b>CURRENT ASSETS</b>					
Cash	16,257	50	50	16,357	18,287
Short term investments (note 3)	412,449	188,410	485,273	1,086,132	-
Accounts receivable	243	-	10	253	-
GST and sales taxes recoverable	2,261	-	-	2,261	3,821
Receivable from General Fund	-	1,240	-	1,240	120
Prepaid expenses	<u>21,096</u>	<u>-</u>	<u>-</u>	<u>21,096</u>	<u>19,207</u>
<b>TOTAL CURRENT ASSETS</b>	<u>452,306</u>	<u>189,700</u>	<u>485,333</u>	<u>1,127,339</u>	<u>41,435</u>
<b>EQUIPMENT</b> (note 5)	14,709	-	-	14,709	16,828
<b>INVESTMENTS</b> (note 3)	<u>3,062</u>	<u>-</u>	<u>-</u>	<u>3,062</u>	<u>1,066,135</u>
<b>TOTAL ASSETS</b>	<u>470,077</u>	<u>189,700</u>	<u>485,333</u>	<u>1,145,110</u>	<u>1,124,398</u>
<b><u>LIABILITIES</u></b>					
<b>CURRENT LIABILITIES</b>					
Deferred revenue (note 6)	149,860	-	-	149,860	172,826
Accounts payable	13,168	-	-	13,168	36,774
Payable to Defence Fund	1,240	-	-	1,240	120
CEBA loan payable	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>194,268</u>	<u>-</u>	<u>-</u>	<u>194,268</u>	<u>209,720</u>
<b>COMMITMENTS</b> (note 7)					
<b>NET ASSETS</b>					
Internally restricted	-	189,700	485,333	675,033	659,770
Unrestricted	<u>275,809</u>	<u>-</u>	<u>-</u>	<u>275,809</u>	<u>254,908</u>
	<u>275,809</u>	<u>189,700</u>	<u>485,333</u>	<u>950,842</u>	<u>914,678</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>470,077</u>	<u>189,700</u>	<u>485,333</u>	<u>1,145,110</u>	<u>1,124,398</u>

Isabelle Perry, President

Date

*The accompanying notes form part of these financial statements.*



**CANADIAN SPORT PARACHUTING ASSOCIATION**

**STATEMENT OF CHANGES IN NET ASSETS**

**FOR THE YEAR ENDED NOVEMBER 30, 2020**

	2020			2019	
	General Fund \$	Defence Fund \$	Team Fund \$	Total \$	Total \$
<b>Balance - beginning of year</b>	254,908	199,190	460,580	914,678	897,095
Excess (deficit) of revenues over expenses	<u>20,901</u>	<u>(9,490)</u>	<u>24,753</u>	<u>36,164</u>	<u>17,583</u>
<b>Balance - end of year</b>	<u>275,809</u>	<u>189,700</u>	<u>485,333</u>	<u>950,842</u>	<u>914,678</u>

*The accompanying notes form part of these financial statements.*



**CANADIAN SPORT PARACHUTING ASSOCIATION**

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED NOVEMBER 30, 2020**

	2020			2019	
	General Fund \$	Defence Fund \$	Team Fund \$	Total \$	Total \$
<b>REVENUE</b>					
Affiliation fees	257,826	-	13,715	271,541	290,382
Rating and certificate fees	44,421	-	-	44,421	55,403
Grants and subsidies (note 8)	31,447	-	-	31,447	3,139
CanPara	24,741	-	-	24,741	25,761
Donations	22,357	-	6,645	29,002	27,784
Member fees	13,902	750	-	14,652	44,185
Interest	4,148	1,944	4,393	10,485	21,826
Miscellaneous revenue	1,551	-	-	1,551	1,622
Aero Club	715	-	-	715	1,705
Other revenue	-	-	-	-	5,121
	<u>401,108</u>	<u>2,694</u>	<u>24,753</u>	<u>428,555</u>	<u>476,928</u>
<b>EXPENSES</b>					
Advertising and promotion	1,000	-	-	1,000	-
Amortization	3,504	-	-	3,504	3,606
Bank charges and interest	9,176	-	-	9,176	10,956
BOD and Committee	29,766	-	-	29,766	73,241
CanPara	62,186	-	-	62,186	62,980
Competition	812	-	-	812	20,720
Defence fund claims	-	12,184	-	12,184	4,861
Insurance	81,339	-	-	81,339	75,671
Membership services	18,607	-	-	18,607	22,859
Office	51,827	-	-	51,827	58,871
Translation	1,063	-	-	1,063	6,814
Wages and benefits	<u>120,927</u>	<u>-</u>	<u>-</u>	<u>120,927</u>	<u>118,766</u>
	<u>380,207</u>	<u>12,184</u>	<u>-</u>	<u>392,391</u>	<u>459,345</u>
<b>Excess (deficit) of revenues over expenses</b>	<u>20,901</u>	<u>(9,490)</u>	<u>24,753</u>	<u>36,164</u>	<u>17,583</u>

*The accompanying notes form part of these financial statements.*



**CANADIAN SPORT PARACHUTING ASSOCIATION**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED NOVEMBER 30, 2020**

	<u>2020</u>	<u>2019</u>
	\$	\$
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	36,164	17,583
Add: Items not affecting cash flow		
Amortization	<u>3,504</u>	<u>3,606</u>
	39,668	21,189
Changes in non-cash working capital		
Accounts receivable	(1,373)	-
GST and sales taxes recoverable	1,560	214
Prepaid expenses	(1,889)	(1,065)
Accounts payable	(22,486)	4,804
Deferred revenue	<u>(22,966)</u>	<u>1,365</u>
	<u>(7,486)</u>	<u>26,507</u>
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		
Purchase of equipment	(1,385)	(4,809)
Purchase of investments	<u>(23,059)</u>	<u>(30,004)</u>
	<u>(24,444)</u>	<u>(34,813)</u>
<b>CASH PROVIDED BY FINANCING ACTIVITIES</b>		
Proceeds from long term debt (net of forgivable portion)	<u>30,000</u>	<u>-</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	(1,930)	(8,306)
<b>CASH - beginning of year</b>	<u>18,287</u>	<u>26,593</u>
<b>CASH - end of year</b>	<u><u>16,357</u></u>	<u><u>18,287</u></u>

*The accompanying notes form part of these financial statements.*





# CANADIAN SPORT PARACHUTING ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS

NOVEMBER 30, 2020

### 1. NATURE OF THE ORGANIZATION

The Canadian Sport Parachuting Association ("CSPA" or "the Association") is Canada's official sport organization for sport parachuting in Canada. CSPA promotes safe, enjoyable sport parachuting through cooperation and adherence to self-imposed rules and recommendations. CSPA is run by its Members and Registered Participants, joined together, voluntarily, for mutual benefit.

The Association was originally incorporated in 1956 and operates under the Canada Not-for-profit Corporations Act. CSPA is a Registered Canadian Amateur Athletic Association under Section 149 of the Income Tax Act. As such, the Association is exempt from the payment of income taxes.

### 2. ACCOUNTING POLICIES

#### Accounting Estimates

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. The precise determination of many assets and liabilities is dependent on future events. As a result, the preparation of financial statements for a period involves the use of estimates and approximations that have been made using careful judgment. Actual results could differ from those estimates and approximations. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies.

#### Cash and Cash Equivalents

The Association's policy is to present bank balances and term deposits with a maturity period of three months or less from the date of acquisition under cash and cash equivalents. Term deposits relating to reserves that the Association cannot use for current transactions are excluded from cash and cash equivalents.

#### Financial Instruments

The Association initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets subsequently measured at amortized cost are cash, term deposits, trade and other receivables, and grants receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

#### Interest, Currency and Credit Risks Arising From Financial Instruments

The Association's financial instruments consist of cash, short term investments, long term investments, accounts receivable and accounts payable. It is management's opinion that the Association is not exposed to significant interest, currency or credit risk arising from these financial instruments. The fair values of these financial instruments approximate carrying values due to the short maturity or capacity for prompt liquidation.



# CANADIAN SPORT PARACHUTING ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS

NOVEMBER 30, 2020

### 2. ACCOUNTING POLICIES (CONTINUED)

#### Revenue Recognition

The Association follows the deferral method of accounting for contributions and revenues. Contributions are reported as revenue in the year in which they are received. Revenue primarily consists of fees for services. Most services are performed when revenue is received, therefore revenue is recognized when received or receivable. Membership and affiliation fees are recognized on the basis of the passage of time, because services may be delivered evenly throughout the membership or affiliation period.

#### Fund Accounting

Revenues and expenses related to general operating activities of the Association are reported in the General Fund. Revenues and expenses related to Legal Defence Fund and Team Fund are internally restricted funds.

The Legal Defence Fund is used to offset the costs of defending members against lawsuits related to incidents arising from parachuting or parachute training. Eligibility for assistance is subject to a number of terms and conditions, and is limited to a maximum of \$10,000 per incident, to be divided amongst claimants for the same incident. The fund is maintained by a contribution of \$5.00 from each Registered Participant's affiliation fees until the balance is in excess of \$125,000. It is also maintained by collection of defence fees from member groups. Interest income earned on assets is allocated to the fund.

The Team Fund provides funding to teams which represent Canada at World Parachuting Championships. The funds are administered with the goal of preserving an ever-growing principal amount so that significant interest will be generated to support national teams. When the Legal Defence Fund is in excess of \$125,000 the \$5.00 contribution from each Registered Participant is allocated to the Team Fund. Donations are also accepted to the current National Team, and may be designated by competition discipline. Designated donations are dispersed in the current funding cycle to that team, while non-designated donations are divided amongst the entire team. Donations may also be allocated to the permanent fund to form part of the accumulated fund balance. Interest earned is disbursed with donations. The Team Fund operates on a two-year funding cycle to correspond with the World Parachuting Championships. Due to the COVID-19 pandemic, the 2020 World Parachuting Championships were postponed until 2021 and there is currently no indication on whether the 2022 Championships will also be delayed. The rescheduling will have an effect on the operating cycle of the Team Fund.

#### Contributed Services

Volunteers contribute an indeterminable number of hours to assist the Association in carrying out its activities. In addition, in-kind contributions in the form of use of equipment are received from volunteers, board members and committee members. Neither the value of the contributions nor the cost of these goods and services is recognized in these financial statements.



# CANADIAN SPORT PARACHUTING ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS

NOVEMBER 30, 2020

### 3. INVESTMENTS

Investments consist of cash and cash equivalents. During the year, GICs matured and proceeds were placed into investment savings funds, bearing interest at 0.25% per annum as at November 30, 2020. The interest rate is variable and increases with fund balances. Investments also include shares in the CSPA's credit union, and the cash surrender value of a life insurance policy.

	<u>2020</u>	<u>2019</u>
GIC bearing interest at 0.25% per annum, matured March 30, 2020	\$ -	\$ 404,494
GIC bearing interest at 0.25% per annum, matured March 31, 2020	-	199,020
GIC bearing interest at 0.25% per annum, matured March 30, 2020	-	460,530
Desjardins business investment savings account, General Fund	412,449	-
Desjardins business investment savings account, Defence Fund	188,410	-
Desjardins business investment savings account, Team Fund	485,273	-
Cash surrender value of insurance policy	3,057	1,656
Credit union shares	<u>5</u>	<u>435</u>
	<u>1,089,194</u>	<u>1,066,135</u>

### 4. CONTINGENT LIABILITIES

Under the terms of the Legal Defence Fund, participating members and Registered Participants are eligible for coverage of their third-party defence costs to a maximum of \$10,000 per incident. The deductible portion of any insurance claim may also be absorbed by the Legal Defence Fund. As at November 30, 2020, management and those charged with governance are aware of two potential matters, each of which could result in claims being made. None of these matters is presently under litigation and the outcomes are unknown at this time.

### 5. EQUIPMENT

Equipment is recorded at cost less accumulated amortization. Amortization is recorded to amortize the cost of the assets over their estimated useful lives, using a rate of 20% and a declining-balance method. The rate used in the year of purchase is one-half of the annual rate.

	<u>2020</u>	<u>2020</u>	<u>2019</u>	<u>2019</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer equipment	\$ 19,689	\$ 10,230	\$ 9,459	\$ 11,312
Office furniture	32,782	31,382	1,400	703
Competition judging equipment	<u>10,618</u>	<u>6,768</u>	<u>3,850</u>	<u>4,813</u>
	<u>63,089</u>	<u>48,380</u>	<u>14,709</u>	<u>16,828</u>



# CANADIAN SPORT PARACHUTING ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS

NOVEMBER 30, 2020

### 6. DEFERRED REVENUE

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 172,826	\$ 171,461
Received during this year	141,400	164,366
Recognized as revenue during the year	<u>(164,366)</u>	<u>(163,001)</u>
Balance, end of year	<u>149,860</u>	<u>172,826</u>

### 7. COMMITMENTS

The Association has leased office premises to September 30, 2021 at \$825 per month. The Association also leases office equipment, consisting of a postage meter for approximately \$138 per month to February 2024 and a photocopier for \$126 per month to October 2022. Payments for these commitments over the next four years are as follows:

2021	\$ 11,417
2022	2,788
2023	1,654
2024	<u>551</u>
	<u>16,410</u>

### 8. GRANTS AND SUBSIDIES

In 2020, the Association received grants and subsidies that consist of the following:

Canada Emergency Wage Subsidy	\$ 16,947
Canadian Emergency Business Account loan forgiveness	10,000
Coaching Association of Canada	<u>4,500</u>
	<u>31,447</u>

### 9. COVID-19 PANDEMIC

In March of 2020, the various Provincial Governments declared a public health emergency in response to the COVID-19 global pandemic. Federal and Provincial programs, support and regulations are continuously developing. The ongoing financial impact of this public health emergency has been rapidly evolving, which precludes a reasonable estimate of the overall financial or operational impact it may have on the Association.

