

CANADIAN SPORT PARACHUTING ASSOCIATION

FINANCIAL STATEMENTS

NOVEMBER 30, 2018



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CHARTERED PROFESSIONAL ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Canadian Sport Parachuting Association

Report on the Financial Statements

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, 2018, 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. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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.

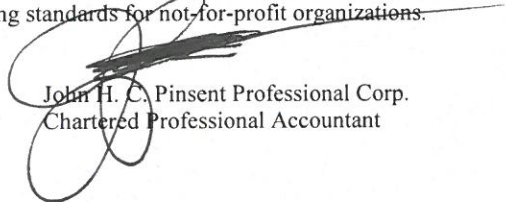
Basis for Qualified Opinion

In common with many 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.

Qualified Opinion

In our opinion, except for the 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 Canadian Sport Parachuting Association at November 30, 2018, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

January 14, 2019
Edmonton, Alberta


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

CANADIAN SPORT PARACHUTING ASSOCIATION

STATEMENT OF FINANCIAL POSITION

AS AT NOVEMBER 30, 2018

	2018			2017
	General Fund \$	Defence Fund \$	Team Fund \$	Total \$
ASSETS				
CURRENT ASSETS				
Cash	23,993	2,550	50	26,593
Accounts receivable	-	-	-	649
GST and sales taxes recoverable	3,879	156	-	4,035
Receivable from General Fund	-	120	-	2,032
Receivable from Team Fund	10	-	-	-
Prepaid expenses	18,142	-	-	18,142
TOTAL CURRENT ASSETS	<u>46,024</u>	<u>2,826</u>	<u>50</u>	<u>48,900</u>
EQUIPMENT (note 5)	15,626	-	-	15,626
INVESTMENTS (note 3)	<u>413,527</u>	<u>192,347</u>	<u>430,256</u>	<u>1,036,130</u>
TOTAL ASSETS	<u>475,177</u>	<u>195,173</u>	<u>430,306</u>	<u>1,100,656</u>
LIABILITIES				
CURRENT LIABILITIES				
Deferred revenue (note 6)	171,461	-	-	171,461
Accounts payable	29,470	2,500	-	31,970
Payable to Defence Fund	120	-	-	120
Payable to General Fund	-	-	10	10
TOTAL LIABILITIES	<u>201,051</u>	<u>2,500</u>	<u>10</u>	<u>203,561</u>
COMMITMENTS (note 7)				
NET ASSETS				
Internally restricted	-	192,673	430,296	622,969
Unrestricted	<u>274,126</u>	<u>-</u>	<u>-</u>	<u>274,126</u>
	<u>274,126</u>	<u>192,673</u>	<u>430,296</u>	<u>897,095</u>
TOTAL LIABILITIES AND NET ASSETS	<u>475,177</u>	<u>195,173</u>	<u>430,306</u>	<u>1,100,656</u>

David Lutzy, 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, 2018

	2018				2017
	General Fund \$	Defence Fund \$	Team Fund \$	Total \$	Total \$
Balance - beginning of year	291,186	191,039	429,271	911,496	878,687
Excess (deficit) of revenues over expenses	<u>(17,060)</u>	<u>1,634</u>	<u>1,025</u>	<u>(14,401)</u>	<u>32,809</u>
Balance - end of year	<u><u>274,126</u></u>	<u><u>192,673</u></u>	<u><u>430,296</u></u>	<u><u>897,095</u></u>	<u><u>911,496</u></u>

The accompanying notes form part of these financial statements.



CANADIAN SPORT PARACHUTING ASSOCIATION

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED NOVEMBER 30, 2018

	2018			2017
	General Fund	Defence Fund	Team Fund	Total
	\$	\$	\$	\$
REVENUE				
Affiliation fees	274,533	-	15,360	289,893
Rating and certificate fees	53,541	-	-	53,541
Member fees	36,941	7,500	-	44,441
Donations	22,327	-	9,894	32,221
CanPara	26,830	-	-	26,830
Interest	7,566	3,850	8,823	20,239
Other revenue	44,347	-	-	44,347
Aero Club	2,970	-	-	2,970
Miscellaneous revenue	1,835	-	-	1,835
Grants	<u>1,160</u>	<u>-</u>	<u>-</u>	<u>1,160</u>
	<u>472,050</u>	<u>11,350</u>	<u>34,077</u>	<u>517,477</u>
				<u>488,113</u>
EXPENSES				
Amortization	2,450	-	-	2,450
Bank charges and interest	12,025	-	-	12,025
BOD and Committee	83,383	-	-	83,383
CanPara	66,609	-	-	66,609
Competition	50,072	-	33,052	83,124
Defence fund claims	-	9,716	-	9,716
Insurance	73,123	-	-	73,123
Membership services	21,344	-	-	21,344
Office	56,299	-	-	56,299
Translation	6,719	-	-	6,719
Wages and benefits	<u>117,086</u>	<u>-</u>	<u>-</u>	<u>117,086</u>
	<u>489,110</u>	<u>9,716</u>	<u>33,052</u>	<u>531,878</u>
				<u>455,304</u>
Excess (deficit) of revenues over expenses	<u>(17,060)</u>	<u>1,634</u>	<u>1,025</u>	<u>(14,401)</u>
				<u>32,809</u>

The accompanying notes form part of these financial statements.



CANADIAN SPORT PARACHUTING ASSOCIATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED NOVEMBER 30, 2018

	<u>2018</u> \$	<u>2017</u> \$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Excess (deficit) of revenues over expenses	(14,401)	32,809
Add: Items not affecting cash flow		
Amortization	<u>2,450</u>	<u>1,367</u>
	(11,951)	34,176
Changes in non-cash working capital		
Accounts receivable	649	(19)
GST and sales taxes recoverable	42	(383)
Prepaid expenses	(504)	(1,031)
Accounts payable	9,407	(2,652)
Deferred revenue	<u>7,387</u>	<u>(3,320)</u>
	<u>5,030</u>	<u>26,771</u>
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Purchase of equipment	(11,648)	(1,916)
Purchase (redemption) of investments	<u>21,616</u>	<u>(26,444)</u>
	<u>9,968</u>	<u>(28,360)</u>
NET INCREASE (DECREASE) IN CASH	14,998	(1,589)
CASH - beginning of year	<u>11,595</u>	<u>13,184</u>
CASH - end of year	<u><u>26,593</u></u>	<u><u>11,595</u></u>

The accompanying notes form part of these financial statements.



CANADIAN SPORT PARACHUTING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

NOVEMBER 30, 2018

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 receivables 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, 2018

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 are 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 principle 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.

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, 2018

3. INVESTMENTS

Investments consist of GICs bearing interest at 2% per annum, all issued in March 2015 and maturing in March 2020, plus shares in the CSPA's credit union, and the cash surrender value of a life insurance policy.

	<u>2018</u>	<u>2017</u>
GIC bearing interest at 2% per annum, maturing March 30, 2020	\$ 412,284	\$ 438,709
GIC bearing interest at 2% per annum, maturing March 31, 2020	192,347	190,870
GIC bearing interest at 2% per annum, maturing March 30, 2020	430,256	427,189
Cash surrender value of insurance policy	808	543
Credit union shares	435	435
	<u>1,036,130</u>	<u>1,057,746</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, 2018, management and those charged with governance are aware of three 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>2018</u>		<u>2017</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer equipment	\$ 15,014	\$ 5,622	\$ 9,392	\$ 3,439
Office furniture	31,852	30,971	881	1,101
Competition judging equipment	<u>10,029</u>	<u>4,676</u>	<u>5,353</u>	<u>1,888</u>
	<u>56,895</u>	<u>41,269</u>	<u>15,626</u>	<u>6,428</u>



CANADIAN SPORT PARACHUTING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

NOVEMBER 30, 2018

6. DEFERRED REVENUE

	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 164,074	\$ 167,394
Received during this year	173,001	312,188
Recognized as revenue during the year	<u>(165,614)</u>	<u>(315,508)</u>
Balance, end of year	<u>171,461</u>	<u>164,074</u>

7. COMMITMENTS

The Association has leased office premises to September 30, 2019 at \$785 per month. The Association also leases office equipment, consisting of a postage meter for approximately \$175 per month to February 2019 and a photocopier for \$126 per month to October 2022. Payments for these commitments over the next four years are as follows:

2019	\$ 9,893
2020	1,512
2021	1,512
2022	<u>1,134</u>
	<u>14,051</u>

