

CANADIAN SPORT PARACHUTING ASSOCIATION
FINANCIAL STATEMENTS
YEAR ENDED NOVEMBER 30, 2023

CANADIAN SPORT PARACHUTING ASSOCIATION
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YEAR ENDED NOVEMBER 30, 2023

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ST. ARNAUD PINSENT STEMAN

CHARTERED PROFESSIONAL ACCOUNTANTS
AN ASSOCIATION TO PRACTISE CHARTERED PROFESSIONAL ACCOUNTANCY

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INDEPENDENT AUDITOR'S REPORT

To the Members of Canadian Sport Parachuting Association

Qualified Opinion

We have audited the financial statements of Canadian Sport Parachuting Association (the Association), which comprise the statement of financial position as at November 30, 2023, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at November 30, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO)

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 revenue 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.

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 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 qualified audit opinion.

Other Matter

The financial statements for the year ended November 30, 2022 were audited by another auditor who expressed a qualified opinion on those financial statements on February 1, 2023 for the reasons described in the *Basis for Qualified Opinion* section.

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 ASNPO, 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.

(continues)

▪ Operating as a Professional Corporation ▪ Operating as a Limited Liability Partnership

Independent Auditor's Report to the Members of Canadian Sport Parachuting Association (*continued*)

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.

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.

JAM Accounting Group LLP

Edmonton, Alberta
February 5, 2024

JAM Accounting Group LLP
Chartered Professional Accountants

CANADIAN SPORT PARACHUTING ASSOCIATION
STATEMENT OF FINANCIAL POSITION
NOVEMBER 30, 2023

	General Fund	Defence Fund	Team Fund	2023	2022
	\$	\$	\$	\$	\$
ASSETS					
CURRENT					
Cash	5,735	50	105	5,890	577
Short term investments (Note 3)	390,298	193,953	508,256	1,092,507	1,087,296
Accounts receivable	1,549	-	-	1,549	1,639
GST and sales taxes recoverable	3,560	-	-	3,560	3,879
Prepaid expenses	27,293	-	-	27,293	21,836
	428,435	194,003	508,361	1,130,799	1,115,227
EQUIPMENT (Note 5)	11,096	-	-	11,096	9,414
INVESTMENTS (Note 3)	28,899	-	-	28,899	17,793
TOTAL ASSETS	468,430	194,003	508,361	1,170,794	1,142,434
LIABILITIES					
CURRENT					
Deferred revenue (Note 6)	170,967	-	-	170,967	177,600
Accounts payable and accrued liabilities	29,098	-	-	29,098	27,813
TOTAL LIABILITIES	200,065	-	-	200,065	205,413
COMMITMENTS (Note 7)					
NET ASSETS	268,365	194,003	508,361	970,729	937,021
TOTAL LIABILITIES AND NET ASSETS	468,430	194,003	508,361	1,170,794	1,142,434

ON BEHALF OF THE BOARD

President

CANADIAN SPORT PARACHUTING ASSOCIATION
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED NOVEMBER 30, 2023

	General Fund \$	Defence Fund \$	Team Fund \$	2023 \$	2022 \$
NET ASSETS - BEGINNING OF YEAR	275,713	182,645	478,663	937,021	966,072
Excess (deficiency) of revenues over expenses	(7,477)	11,465	29,718	33,706	(29,051)
NET ASSETS - END OF YEAR	<u>268,236</u>	<u>194,110</u>	<u>508,381</u>	<u>970,727</u>	<u>937,021</u>

The accompanying notes form part of these financial statements

CANADIAN SPORT PARACHUTING ASSOCIATION
STATEMENT OF OPERATIONS
YEAR ENDED NOVEMBER 30, 2023

	General Fund	Defence Fund	Team Fund	2023	2022
	\$	\$	\$	\$	\$
REVENUES					
Affiliation fees	289,533	-	14,130	303,663	296,410
Rating and certificate fees	48,795	-	-	48,795	52,950
Member fees	28,056	6,600	-	34,656	32,580
Interest	9,723	4,865	12,984	27,572	11,092
Donations	23,349	-	2,604	25,953	26,565
CanPara	25,010	-	-	25,010	21,268
WPC registrations	24,298	-	-	24,298	35,153
Miscellaneous revenue	16,142	-	-	16,142	12,234
Grants and subsidies (Note 8)	6,000	-	-	6,000	3,000
Aero Club	3,440	-	-	3,440	5,200
	474,346	11,465	29,718	515,529	496,452
EXPENSES					
Wages and benefits	128,322	-	-	128,322	123,645
Insurance	89,252	-	-	89,252	89,313
CanPara	65,422	-	-	65,422	67,713
Office	55,103	-	-	55,103	57,897
Competition	48,895	-	-	48,895	87,315
BOD and Committee	47,217	-	-	47,217	37,732
Membership services	23,525	-	-	23,525	24,238
Bank charges and interest	15,754	-	-	15,754	15,799
Translation	5,511	-	-	5,511	7,814
Amortization	2,279	-	-	2,279	2,353
Defence fund claims	543	-	-	543	11,684
	481,823	-	-	481,823	525,503
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(7,477)	11,465	29,718	33,706	(29,051)

The accompanying notes form part of these financial statements

CANADIAN SPORT PARACHUTING ASSOCIATION
STATEMENT OF CASH FLOWS
YEAR ENDED NOVEMBER 30, 2023

	2023 \$	2022 \$
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	33,706	(29,051)
Item not affecting cash:		
Amortization	2,279	2,353
	<u>35,985</u>	<u>(26,698)</u>
Changes in non-cash working capital:		
Accounts receivable	90	(880)
GST and sales taxes recoverable	319	1,144
Prepaid expenses	(5,457)	866
Accounts payable and accrued liabilities	1,286	14,374
Deferred revenue	(6,633)	4,126
	<u>(10,395)</u>	<u>19,630</u>
Cash flow from (used by) operating activities	<u>25,590</u>	<u>(7,068)</u>
CASH FLOWS FROM INVESTING ACTIVITY		
Net change in investments	<u>(20,277)</u>	42,335
CASH FLOWS FROM FINANCING ACTIVITY		
Repayment of long term debt	<u>-</u>	<u>(30,000)</u>
INCREASE IN CASH	5,313	5,267
Cash (bank indebtedness) - beginning of year	<u>577</u>	<u>(4,690)</u>
CASH - END OF YEAR	<u>5,890</u>	<u>577</u>

CANADIAN SPORT PARACHUTING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED NOVEMBER 30, 2023

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 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) and, in management's opinion, with consideration of materiality and within the framework of the following accounting policies:

Accounting Estimates

In preparing the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, management must make estimates such as the useful life and amortization of capital assets. 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 judgement. 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.

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CANADIAN SPORT PARACHUTING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED NOVEMBER 30, 2023

2. SUMMARY OF SIGNIFICANT 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 the 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.

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 FINANCIAL STATEMENTS
YEAR ENDED NOVEMBER 30, 2023

3. INVESTMENTS

Investments consist of cash and cash equivalents. During a prior fiscal year, the proceeds from matured GICs were placed into investment savings funds, bearing interest at 3.00% (2022 - 2.20%) per annum as at November 30, 2023. 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.

	2023	2022
	\$	\$
Desjardins business investment savings account, General Fund	390,298	426,250
Defence Fund	193,953	182,488
Team Fund	508,256	478,558
Cash surrender value of insurance policy	28,894	17,788
Credit union shares	5	5
	1,121,406	1,105,089

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 \$15,000 per incident. The deductible portion of any insurance claim may also be absorbed by the Legal Defence Fund. As at November 30, 2023, management and those charged with governance are not aware of any potential matters which could result in claims being made.

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.

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
	\$	\$	\$	\$
Computer equipment	23,650	15,242	8,408	6,054
Office furniture	32,782	32,065	717	896
Competition judging equipment	10,618	8,647	1,971	2,464
	67,050	55,954	11,096	9,414

CANADIAN SPORT PARACHUTING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED NOVEMBER 30, 2023

6. DEFERRED REVENUE

Deferred revenue is primarily comprised of individual affiliation fees and affiliations towards team endowment collected in the current year but related to expenses incurred in the subsequent year.

	2023	2022
	\$	\$
Balance, beginning of year	177,600	173,474
Received during the year	164,827	171,460
Recognized as revenue during the year	(171,460)	(167,334)
Balance, end of year	170,967	177,600

7. COMMITMENTS

The Association has leased office premises from September 30, 2023 to September 30, 2025. The Association also leases office equipment, consisting of a postage meter for \$138 per month until February 2024 and a photocopier for \$100 per month until November 2023. Payments for these commitments over the next two years are as follows:

	\$
2024	10,516
2025	8,933
	19,449

8. GRANTS AND SUBSIDIES

In the current fiscal year, the Association received grants from Coaching Association of Canada in the amount of \$6,000 (2022 - \$3,000).