SWIM NATATION MANITOBA INC.

FINANCIAL STATEMENTS

MARCH 31, 2022

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Swim Natation Manitoba Inc.:

Opinion
We have audited the financial statements of Swim Natation Manitoba Inc. (the Organization), which comprise the statement of financial position as at March 31, 2022, and the statement operations, statement of changes in net assets and statement of 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 Organization as at March 31, 2022, and its financial performance 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 Organization 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 Organization'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 Organization'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 Organization 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.

Scarrow & Donald LLP

Chartered Professional Accountants
June 13, 2022
Winnipeg, Canada

For this communication, together with the work done to prepare this communication and for opinions we have formed, if any, we accept and assume responsibility only to the addressee of this communication, as specified in our letter of engagement.

SWIM NATATION MANITOBA INC.

STATEMENT OF FINANCIAL POSITION

	March 31	
	2022	**2021**
ASSETS		
Current assets:		
Cash	$ 328,422	$ 222,790
Investments (Note 3)	368,583	368,006
Accounts receivable	33,977	26,548
	730,982	617,344
Investments (Note 3)	-	100,000
Capital assets (Note 4)	106,747	131,592
	$ 837,729	$ 848,936
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued liabilities	$ 111,604	$ 47,169
Goods and services tax payable	809	468
Deferred contributions (Note 5)	72,700	63,807
	185,113	111,444
Deferred contributions (Note 5)	63,771	79,714
	248,884	191,158
Net assets:		
General fund	545,869	605,900
Invested in capital assets	42,976	51,878
	588,845	657,778
	$ 837,729	$ 848,936

APPROVED BY THE BOARD:

_____ **Director**

_____ **Director**

SWIM NATATION MANITOBA INC.

STATEMENT OF OPERATIONS

	Year ended March 31	
	2022	**2021**
Revenues:		
Pan Am Pool rental	$ 152,046	$ 46,759
Sport Manitoba grants	116,500	80,000
Sport Manitoba/Sport Program Funding	46,500	46,500
Government assistance (Note 7)	79,850	342,142
Registration and fees	35,040	25,896
Events	23,308	525
Fundraising	-	2,934
Swim development programming	20,507	3,000
Interest	3,366	6,116
Equipment rental	1,145	-
Other grants	24,500	-
Amortization of deferred contributions (Note 5)	15,943	19,991
	518,705	573,863
Expenses:		
Administration	60,619	30,826
Amortization	26,681	33,118
Programs (recovery)	46,982	(1,416)
Fundraising	-	1,166
Pan Am Pool rental	115,903	43,162
Programming - Interprovincial/Manitoba Games	2,497	-
Programming - provincial teams	-	701
Programming - summer swim	500	-
Salaries and benefits	237,638	217,356
Support - athletes	60,960	37,613
Support - coaches	5,030	1,600
Support - officials	128	-
Federal Emergency Sport Funding	30,700	181,793
	587,638	545,919
Difference between revenues and expenses	$ (68,933)	$ 27,944

SWIM NATATION MANITOBA INC.

STATEMENT OF CHANGES IN NET ASSETS

	Year ended March 31			
	2022			2021
	General Fund	Invested in capital assets	Total	Total
Net assets, beginning of year	$ 605,900	$ 51,878	$ 657,778	$ 629,834
Purchase of capital assets	(1,836)	1,836	-	-
Difference between revenues and expenses	(58,195)	(10,738)	(68,933)	27,944
Net assets, end of year	$ 545,869	$ 42,976	$ 588,845	$ 657,778

SWIM NATATION MANITOBA INC.

STATEMENT OF CASH FLOWS

	Year ended March 31	
	2022	**2021**
Cash flow from operating activities:		
Difference between revenues and expenses	$ (68,933)	$ 27,944
Items not affecting cash:		
Amortization of fixed assets	26,681	33,118
Amortization of deferred contributions	(15,943)	(19,991)
	(58,195)	41,071
Changes in non-cash working capital:		
Accounts receivable	(7,429)	10,999
Deferred contributions	8,893	63,307
Goods and services tax	341	2,765
Accounts payable and accrued liabilities	64,435	(56,079)
	66,240	20,992
Cash flow from operating activities	8,045	62,063
Cash flow from investing activities:		
Purchase of capital assets	(1,836)	-
Purchase of investments	(577)	(801)
Redemption of term deposits	100,000	100,000
	97,587	99,199
Change in cash	105,632	161,262
Cash, beginning of year	222,790	61,528
Cash, end of year	$ 328,422	$ 222,790

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

1. Nature of the Association:

Swim Natation Manitoba Inc. (the Organization) is a non-profit association incorporated without share capital under The Corporations Act (Manitoba). The Organization is committed to excellence in swimming through broad based provincial participation at all levels and the development of swimming as an enjoyable life-long activity. The Organization is exempt from tax under Section 149(1)(l) of the Income Tax Act (Canada). Swim Natation Canada is the Organization's national governing body.

2. Significant accounting policies:

The financial statements have been compiled in accordance with Canadian accounting standards for not-for-profit organizations. An assumption underlying the preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations is that the Organization will continue for the foreseeable future and will be able to realize its assets and discharge liabilities in the normal course of operations.

The financial statements include the following significant accounting policies:

a) Accounting estimates-

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and judgments that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period.

Accounting estimates are included in financial statements to approximate the effect of past transactions or events, or to approximate the present status of an asset or liability. It is possible that changes in future economic conditions could require changes in the recognized amounts for accounting estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the period in which they became known. Significant areas of estimation by management include the impairment of non-financial assets, the useful lives of capital assets and the fair value of financial instruments. Management bases their judgments, estimates and assumptions on factors they believe to be reasonable in the circumstances, but which may be inherently uncertain and unpredictable

b) Revenue recognition and deferred revenues-

The Organization follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

The Organization provides a variety of services such as athlete development, swim meets and facility and equipment rentals. Revenue is recognized when the services have been provided and collectability is reasonably assured. Sale of merchandise and fundraising income is recognized when the goods are transferred and collectability is reasonably assured. Registrations are recognized in the year they are paid. Interest income is recognized on a time proportion basis.

2. Significant accounting policies (continued)**:**

c) Financial instruments-

Except for certain related party transactions financial instruments are measured at fair value on initial recognition adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption. Transactions costs related to financial instruments that will be measured subsequently at fair value are recognized in net income for the period incurred.

In subsequent periods investments in equity instruments that are quoted in an active market and certain derivative contracts are measured at fair value without any adjustment for transaction costs that may incur on sale or other disposal. The Organization may elect to measure any financial instrument at fair value when the asset or liability is first recognized or for equity instruments previously measured at fair value when the equity instrument ceases to be quoted in an active market. Other investments in equity instruments are measured at cost less any reduction for impairments. All other financial instruments are measured at amortized cost. Amortized cost is the amount at which the financial instrument is measured at initial recognition less principal repayments, plus or minus the cumulative effect of any difference between that initial amount and the maturity amount, and minus any reduction for impairment.

The Organization measures its financial instruments at amortized cost.

The Organization assesses impairment of all its financial assets, except those measured at fair value. Management considers whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. Impairment is included in current earnings.

d) Capital assets-

Capital assets are recorded at cost and amortized over their estimated useful lives, except for contributed assets which are recorded at fair market value at the time of the contribution plus all costs directly attributable to the acquisition. This requires estimation of the useful life of the asset and its salvage and residual value. When a fixed asset is impaired, the excess of its net carrying amount over the asset's fair value or replacement cost is recognized as an expense. As is true for all accounting estimates, it is possible that changes in future conditions could require changes in the recognized amounts for accounting estimates. Amortization is calculated at the following annual rates:

Office equipment	20%	Declining balance method
Computer equipment	25%	Declining balance method
Meet equipment	20%	Declining balance method

e) Contributed services

Volunteers contribute a significant amount of their time assisting the Organization in carrying out its activities each year. Due to the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

3. Investments:

	March 31 2022	March 31 2021
Current investments:		
Money market fund	$ 268,583	$ 268,006
Guaranteed Investment Certificate - interest at 2.50% due May 7, 2021	-	100,000
Guaranteed Investment Certificate - interest at 2.54% due May 9, 2022	100,000	-
	368,583	368,006
Long term investments:		
Guaranteed Investment Certificate - interest at 2.54% due May 9, 2022	-	100,000
	-	100,000
Total investments	$ 368,583	$ 468,006

4. Capital assets:

	March 31 2022		March 31 2021	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Office equipment	$ 6,313	$ 5,782	$ 6,313	$ 5,649
Computer equipment	37,168	33,578	35,332	32,687
Meet equipment	274,412	171,786	274,412	146,129
	$ 317,893	$ 211,146	$ 316,057	$ 184,465
Net book value	$ 106,747		$ 131,592	

5. Deferred contributions:

	Programs	Fixed assets	March 31 2022	March 31 2021
Balance, beginning of year	$ 63,807	$ 79,714	$ 143,521	$ 100,205
Add: Contributions received	39,100	-	39,100	63,807
Less: Contributions refunded	-	-	-	(500)
Less: Amounts recognized as revenue	(30,207)	(15,943)	(46,150)	(19,991)
Balance, end of year	$ 72,700	$ 63,771	$ 136,471	$ 143,521

Deferred contributions for programs consists of funding received from Sports Manitoba related to specific programs that did not occur during the 2022 year. These amounts are expected to be realized in the following year.

6. Risk management and fair values:

Management's risk management policies are typically performed as a part of the overall management of the Organization's operations. Management is aware of risks related to these objectives through direct personal involvement with employees and outside parties. In the normal course of its operations, the Organization is exposed to a number of risks that can affect its operating performance. Management's close involvement in operations helps identify risks and variations from expectations. As a part of the overall operation of the Organization, management considers the avoidance of undue concentrations of risk. These risks and the actions taken to manage them include the following:

Liquidity risk-

Liquidity risk is the risk that the Organization cannot meet its financial obligations associated with financial liabilities in full. The Organization's main sources of liquidity are its operations and funders. The funds are primarily used to finance working capital and capital expenditure requirements and are adequate to meet the Organization's financial obligations associated with financial liabilities.

Credit risk-

Credit risk arises from the possibility that debtors may be unable to fulfill their commitments. For a financial asset, this is typically the gross carrying amount, net of any amounts offset and any impairment losses. The Organization has credit policies to address credit risk on accounts receivable, which may include the analysis of the financial position of the debtor and review of credit limits. The Organization also may review credit history before establishing credit and review credit performance. An allowance for doubtful accounts or other impairment provisions are established based upon factors surrounding credit risk, historical trends and other information. The Organization has recorded $nil allowance for doubtful accounts and bad debt expense (2021 - $nil).

7. Government assistance:

The Organization applied for the Canada Emergency Wage Subsidy, Canada Emergency Rent Subsidy and Hardest Hit Business Recovery Program relating to salaries and rent paid during the year ended March 31, 2022. A subsidy receivable of $2,737 (2021 - $20,702) has been recorded in accounts receivable and $44,193 (2021 - $110,349) for subsidies is included in government assistance.

The Organization applied for the Federal Emergency Sport Funding to keep operations viable and to assist community clubs during the year ended March 31, 2022. $30,657 (2021 - $216,793) is included in government assistance and $nil (2021 - $9,207) is included in deferred revenue contributions.

The Organization applied for the Manitoba Bridge Grant during the year-ended March 31, 2022. Grants of $5,000 (2021 - $15,000) is included in government assistance.

8. COVID-19:

The outbreak of COVID-19, has resulted in governments enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, quarantine periods and social distancing, have caused an economic slowdown and material disruption to business. The duration and impact of the COVID-19 outbreak is unknown at the time. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial performance and financial position of the Organization in future periods.