

Alpine Canada Alpin

Financial Statements
April 30, 2016



September 2, 2016

Independent Auditor's Report

To the Members of Alpine Canada Alpin

We have audited the accompanying financial statements of Alpine Canada Alpin, which comprise the balance sheet as at April 30, 2016 and the statements of operations and changes in fund balances and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

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 in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Alpine Canada Alpin as at April 30, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Alpine Canada Alpin

Balance Sheet

As at April 30, 2016

	2016 \$	2015 \$
Assets		
Current assets		
Cash	-	394,184
Restricted cash (note 3)	105,068	-
Restricted short-term investments (note 4)	200,388	-
Short-term investments (note 4)	54,210	24,433
Accounts receivable, net of allowance for doubtful accounts of \$198,747 (2015 – \$89,195)	1,847,501	2,310,191
Prepaid expenses	252,737	125,803
	<u>2,459,904</u>	<u>2,854,611</u>
Assets held in trust	3,083,815	3,530,943
Property and equipment (note 5)	494,225	540,553
	<u>6,037,944</u>	<u>6,926,107</u>
Liabilities		
Current liabilities		
Bank indebtedness	159,850	-
Accounts payable and accrued liabilities	1,180,669	1,648,430
Deferred contribution (note 7)	1,325,750	1,458,250
	<u>2,666,269</u>	<u>3,106,680</u>
Liability for assets held in trust	3,083,815	3,530,943
	<u>5,750,084</u>	<u>6,637,623</u>
Fund Balances		
Restricted fund	337,019	-
General fund	(49,159)	288,484
	<u>6,037,944</u>	<u>6,926,107</u>
Commitment (note 10)		

Approved by the Board of Directors

_____ Director _____ Director

The accompanying notes are an integral part of these financial statements.

Alpine Canada Alpin

Statement of Operations and Changes in Fund Balances

For the year ended April 30, 2016

	2016			2015
	Restricted Fund \$	General Fund \$	Total \$	Total \$
Revenue (note 9)				
Events	-	765,313	765,313	1,307,363
Sponsorships	-	2,679,010	2,679,010	3,129,861
Grants	-	285,000	285,000	285,000
Canadian Alpine Ski Team	-	2,750,208	2,750,208	2,913,024
Canadian Para-Alpine Ski Team	-	1,532,086	1,532,086	1,696,280
Canadian Ski-Cross Team	-	1,665,497	1,665,497	1,675,691
Supplier Pool	-	1,439,128	1,439,128	1,227,537
Membership programs	-	1,184,963	1,184,963	1,093,125
Fundraising	-	1,092,508	1,092,508	790,013
Administration	-	126,494	126,494	226,626
Coach membership fees and courses	574,677	101,414	676,091	-
	<u>574,677</u>	<u>13,621,621</u>	<u>14,196,298</u>	<u>14,344,520</u>
Expenses				
Events	-	1,124,595	1,124,595	1,871,285
Sponsorship	-	1,258,516	1,258,516	1,184,472
Canadian Alpine Ski Team	-	4,748,187	4,748,187	4,903,160
Canadian Para-Alpine Ski Team	-	1,450,349	1,450,349	1,654,105
Canadian Ski-Cross Team	-	1,623,425	1,623,425	1,625,099
Supplier Pool	-	1,106,222	1,106,222	672,952
Membership Programs	-	751,908	751,908	654,124
Fundraising (note 8)	-	161,342	161,342	84,513
Administration	-	1,461,379	1,461,379	1,016,246
Communications and marketing	-	214,968	214,968	527,070
Coach education	542,614	-	542,614	-
Amortization of property and equipment	500	62,198	62,698	111,908
	<u>543,114</u>	<u>13,963,089</u>	<u>14,506,203</u>	<u>14,304,934</u>
(Deficiency) excess of revenue over expenses before the undernoted	31,563	(341,468)	(309,905)	39,586
Gain on acquisition of Canadian Ski Coach Federation (note 3)	305,456	3,825	309,281	-
(Deficiency) excess of revenue over expenses	337,019	(337,643)	(624)	39,586
Fund balance – Beginning of year	-	288,484	288,484	248,898
Fund balance – End of year	<u>337,019</u>	<u>(49,159)</u>	<u>287,860</u>	<u>288,484</u>

The accompanying notes are an integral part of these financial statements.

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Statement of Cash Flows
For the year ended April 30, 2016

	2016 \$	2015 \$
Cash provided by (used in)		
Operating activities		
(Deficiency) excess of revenue over expenses	(624)	39,586
Items not affecting cash		
Recovery of bad debt expense	-	(435,000)
Amortization of property and equipment	62,698	111,908
Gain on acquisition of Canadian Ski Coaches Federation	(309,281)	-
Gain on sale of assets	(3,611)	-
	<hr/>	<hr/>
	(250,818)	(283,506)
Cash increases (reductions) through working capital changes		
Accounts receivable	475,640	(340,772)
Prepaid expenses	(117,771)	(30,168)
Accounts payable and accrued liabilities	(488,348)	589,787
Deferred contribution	(132,500)	(8,375)
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	(513,797)	(73,034)
Investing activities		
Purchase of property and equipment	(18,459)	(11,763)
Proceeds from sale of property and equipment	8,000	-
Purchase of short-term investments	(29,777)	(24,433)
Acquisition of Canadian Ski Coaches Federation (note 3)	(1)	-
	<hr/>	<hr/>
	(40,237)	(36,196)
Decrease in cash	(554,034)	(109,230)
Cash – Beginning of year	<hr/>	<hr/>
	394,184	503,414
(Bank indebtedness) cash – End of year	<hr/>	<hr/>
	(159,850)	394,184

The accompanying notes are an integral part of these financial statements.

Alpine Canada Alpin

Notes to Financial Statements

April 30, 2016

1 Nature of operations

Alpine Canada Alpin (“the Association”) is a non-profit organization incorporated under Part II of the Canada Corporations Act and is a Registered Canadian Amateur Athletic Association.

The Association is the national governing body responsible for the advancement of alpine ski racing in and for Canada, from domestic programs to operating the Canadian Alpine Ski Team, the Canadian Para-Alpine Ski Team and the Canada Ski-Cross Team which are comprised of Canada’s best ski racers. The Association is also responsible for the development and accreditation of Canadian ski coaches.

2 Summary of significant accounting policies

The financial statements of the Association have been prepared for in accordance with accounting standards for not-for-profit organizations as set out in Part III of the CPA Handbook Canada.

a) Use of estimates

The preparation of the 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, liabilities and disclosures of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates, and differences could be material. Significant estimates include the recoverability of property and equipment and the collectability of accounts receivable.

b) Revenue recognition

i) Contributions and donations

The Association follows the restricted fund method of accounting for contributions. Unrestricted contributions are recognized as revenue in the general fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions related to furthering alpine ski coaching education, development and other related alpine ski coaching initiatives are recorded as revenue in the restricted fund in the year received. All other restricted contributions are deferred and recognized into revenue in the general fund in the year in which the related expenses are incurred.

ii) Corporate advertising and sponsorships

All advertising and sponsorship revenues are determined by multi-year contracts with annual periods generally coinciding with the Association’s fiscal period. Such revenues are recognized as earned in accordance with the terms of the contract, when such amounts are determinable and collection is reasonably assured.

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Notes to Financial Statements

April 30, 2016

iii) Memberships and fees

Memberships and fees are charged on an annual basis matching the fiscal period of the Association and are recorded as revenues as in the period the membership related to.

iv) Government grants

Government of Canada grants are subject to certain terms and conditions regarding the expenditures of these funds, with expenses charged against these contributions being subject to government audit. As a result, adjustments may be made to the original contributions received. The effect on net revenue or expenditures of any adjustment arising from this audit is reflected in the year in which the audit is completed. Contributions received in advance of the fiscal and program expenditures years are deferred to the applicable year.

c) Fund accounting

The General Fund reports all transactions and balances related to the operations of the Association. The Restricted Fund reports all transactions and balances related to restricted resources that are to be used, for a period of 3 years following June 30, 2015, to further alpine ski coaching education, development and other related alpine ski coaching initiatives, and to any potential claims or losses that may arise from the acquisition of the Canadian Ski Coaches Federation.

d) Donated materials and services

Donated materials and services are recorded at fair value when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Association's operations and would otherwise have been purchased.

e) Assets held in trust and liability for assets held in trust

Funds held in trust for certain athletes are included as assets and liabilities of the Association when accountability of these funds rests with the Association. Assets held in trust consist of cash and marketable securities and the marketable securities have been recorded at fair value.

f) Income tax status

The Association is a not-for-profit organization and as such, is exempt from income tax.

g) Cash and bank indebtedness

Cash consists of funds held at financial institutions. Bank indebtedness is cash on hand at financial institutions less cheques issued at year-end.

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h) Restricted cash

Restricted cash consists of cash acquired by the Association from the Canadian Ski Coaches Federation, and is restricted for a period of 3 years following June 30, 2015, to further alpine ski coaching education, development and other related alpine ski coaching initiatives, and for any potential claims or losses that may arise from the acquisition. Restricted cash is not available for current purposes.

i) Property and equipment

Property and equipment are recorded at cost less accumulated amortization. Property and equipment are amortized over their estimated useful lives, with a half year of amortization taken during the year of acquisition, with the exception of vehicles. Property and equipment are amortized at the following rates:

Asset	Rate	Basis
Computer equipment and systems	30%	straight-line
Racing equipment	30%	straight-line
Ski equipment	20%	straight-line
National Alpine Training Centre	15%	straight-line
World cup equipment	15%	straight-line
Fitness testing equipment	15%	straight-line
Vehicles	30%	declining balance
Netting	10%	straight-line
Towers and structures	5%	straight-line

j) Foreign currency translation

Foreign currency monetary assets and liabilities are translated to Canadian dollars at the year-end exchange rate and non-monetary assets and liabilities are translated at historic rates. Revenues and expenses are translated at average exchange rates, except for amortization, which is translated at the exchange rate prevailing when the related assets were acquired. Exchange gains and losses resulting from translation are included in the statement of operations.

k) Financial instruments

The Association's financial instruments recognized in the balance sheet consist of cash (bank indebtedness), accounts receivable, short-term investments assets held in trust, accounts payable, accrued liabilities, and liability for assets held in trust. The Association records these financial instruments initially at fair value and subsequently at amortized cost except assets held in trust which is recorded at fair value. Financial assets are tested for impairment at the end of each reporting period when there are indications that the assets may be impaired.

The Association is not exposed to significant interest rate risk or currency risk from these financial instruments.

i) Credit risk

The Association does not have a concentration of credit exposure with any one customer or sponsor. The Association does not consider that it is exposed to undue credit risk, and the Association takes steps to ensure it minimizes its credit risk by dealing with creditworthy counterparties and regularly monitoring collection of accounts receivable. There has been no significant change in risk exposure from the previous year.

ii) Foreign currency risk

The Association enters into transactions denominated in foreign currencies for which the related revenues, expenses, accounts receivable and accounts payable balances are subject to exchange rate fluctuations. There has been no change in risk exposure from the previous year.

iii) Liquidity risk

Liquidity risk is the risk that the Association will not be able to meet all of its financial obligations as they become due. There has been no significant change in risk exposure from the previous year.

l) Reclassification

Certain information provided for the prior year has been reclassified to conform to the presentation adopted in 2016. Short-term investments previously included in cash and cash equivalents have been reclassified as short-term investment assets. As a result, for the year ended April 30, 2016, current assets of \$24,433 have been reclassified.

3 Acquisition and integration of the Canadian Ski Coaches Federation

On June 25, 2015 the Board of Directors of the Association agreed to acquire the assets of the Canadian Ski Coaches Federation (“CSCF”) in exchange for consideration of \$1 and agreed to integrate their operations effective June 30, 2015. The Association continues to act as the national governing body for alpine ski racing in Canada as well as providing ski coach training and accreditation services previously provided by CSCF. This acquisition was conducted in order to increase the scope of the Association’s mandate to include the provision of these ski coach training and accreditation services.

This transaction was accounted for as an acquisition, under which the Association recognized all assets and liabilities acquired from CSCF at their fair value on the date of acquisition, with a gain recorded for the difference between the fair value of the acquired net assets and the consideration provided to CSCF.

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The following table summarizes the fair value of net assets acquired pursuant to the CSCF acquisition:

	\$
Cash and cash equivalents	305,456
Accounts receivable	12,950
Prepaid expenses	9,163
Property and equipment	2,300
Accounts payable and accrued liabilities	<u>(20,587)</u>
Fair value of net assets acquired	309,282
Less: Consideration paid	<u>(1)</u>
Gain on acquisition	<u>309,281</u>

The statement of operations includes the results of operations for the period following the close of the transaction on June 30, 2015.

In accordance with the purchase and sale agreement between the Association and the CSCF, the cash acquired by the Association from the CSCF of \$305,456 is restricted for a period of 3 years following June 30, 2015, to further alpine ski coaching education, development and other related alpine ski coaching initiatives, and to any potential claims or losses that may arise from the acquisition of the CSCF. As a result of this transaction, a gain on acquisition of \$309,281 has been recorded in the year, as detailed above. Of this, \$305,456 has been recorded as a gain in the restricted fund, with the remaining \$3,825 recorded as a gain in the general fund. At April 30, 2016, \$305,456 of cash and short-term investments remains unspent, and are presented as restricted cash and restricted short-term investments on the balance sheet.

Further, for a period of three years following June 30, 2015, 85% of ongoing revenue from coach membership fees and courses is restricted for the purposes outlined above. Accordingly, \$574,677 of revenue from coach membership fees and courses and the related expenses of \$543,114 have been recorded in the restricted fund for the year ended April 30, 2016.

4 Short-term investments and Restricted short-term investments

Short-term investment balances are comprised of the following:

	2016 \$	2015 \$
Restricted short-term investments		
Guaranteed Investment Certificates (0.70%, maturing May 2016)	200,388	-
Short-term investments		
Other short-term investments	54,210	24,433

Guaranteed Investment Certificate investments are restricted to further alpine ski coaching education, development and other related alpine ski coaching initiatives, as discussed in note 3, and are not available for current purposes.

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5 Property and equipment

			2016	2015
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Computer equipment	41,539	28,566	12,973	21,817
Racing equipment	121,546	119,550	1,996	9,454
National alpine training centre	126,552	125,102	1,450	3,151
World cup equipment	226,218	204,011	22,207	42,935
Office equipment	17,973	17,973	-	4,493
Fitness testing equipment	62,016	32,558	29,458	23,256
Vehicles	48,187	48,187	-	-
Netting	140,446	14,045	126,401	140,447
Towers and structures	295,000	14,750	280,250	295,000
Ski equipment	18,459	769	17,690	-
Course equipment	3,000	1,200	1,800	-
	<u>1,100,936</u>	<u>606,711</u>	<u>494,225</u>	<u>540,553</u>

6 Available credit facility

The Association has an available \$1,100,000 (2015 – \$1,100,000) demand credit facility with a Canadian chartered bank, bearing interest at prime plus 1% (2015 – prime plus 1%). As at April 30, 2016, \$nil was outstanding under this facility (2015 – \$nil). The Association also has an available \$250,000 USD hedging facility for the purpose of hedging business foreign currency risk. No amount was drawn on this facility at April 30, 2016.

At year-end, the Association reported bank indebtedness of \$159,850 (2015 – Cash of \$394,184) on its balance sheet, which consists of cash on hand at financial institutions less cheques issued at year-end.

All personal property of the business now owned, which includes among other things, equipment and receivables, and all personal property acquired in the future, is pledged as collateral for the credit facility.

7 Deferred contribution

Deferred contributions in the general fund result from externally restricted contributions for purposes other than furthering the sport of Alpine skiing in Canada. These externally restricted contributions are then recognized into revenue in the general fund in the year in which the related expenses are incurred.

Changes to the deferred contributions balance during the year are as follows:

	2016 \$	2015 \$
Balance – Beginning of year	1,458,250	1,466,625
Contributions in the year	1,325,750	1,458,250
Amounts recognized as revenue	<u>(1,458,250)</u>	<u>(1,466,625)</u>
Balance – End of year	<u>1,325,750</u>	<u>1,458,250</u>

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8 Fundraising expenses

As required under The Charitable Fundraising Act of Alberta, the Association reports that approximately \$176,566 (2015 – \$174,513) was paid as remuneration to employees primarily responsible for fundraising in fiscal 2016.

9 Revenue

The Association derives its revenues from the following sources:

	2016 \$	2015 \$
Fundraising	1,092,508	744,497
Sponsorship and supplier pool	4,118,138	4,271,888
Events (excluding federal and provincial grants)	397,747	627,273
Government of Canada	5,489,990	5,935,033
Provincial grants	475,000	630,500
Memberships and fees	1,860,950	1,078,313
Other	761,965	1,057,016
	<u>14,196,298</u>	<u>14,344,520</u>

Current year coaching education revenues have been included as revenue from memberships and fees.

10 Commitment

The Association is jointly liable with a third party for a commitment to rent office space in Calgary, Alberta. Both parties are committed to pay minimum annual lease payments \$138,000 per annum until 2022. Under the terms of a separate sponsorship agreement expiring in 2017, the third party directly pays the cost of the rental amount. The Association recognizes the cost of rent and the corresponding contribution from the third party as sponsorship revenue.