

Alpine Canada Alpin

Financial Statements
April 30, 2018



August 30, 2018

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, 2018 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.

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Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Alpine Canada Alpin as at April 30, 2018 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

Alpine Canada Alpin

Balance Sheet

As at April 30, 2018

			2018	2017
	General Fund	CSCF Fund	Total	Total
	\$	\$	\$	\$
Assets				
Current assets				
Restricted cash (note 3)	-	361,309	361,309	453,519
Funds held in trust (note 4)	48,738	-	48,738	67,976
Short-term investments (note 6)	124,355	-	124,355	100,078
Accounts receivable, net of allowance for doubtful accounts of \$7,875 (2017 – \$7,875)	1,495,469	65,493	1,560,962	1,871,947
Prepaid expenses	188,924	-	188,924	216,424
Inventory	208,403	-	208,403	103,619
	2,065,889	426,802	2,492,691	2,813,563
Assets held in trust	869,553	-	869,553	1,789,400
Property and equipment (note 7)	440,090	116,090	556,180	562,322
	3,375,532	542,892	3,918,424	5,165,285
Liabilities				
Current liabilities				
Bank indebtedness	1,417,788	-	1,417,788	1,253,182
Accounts payable and accrued liabilities	1,435,185	86,966	1,522,151	1,888,378
Liability for funds held in trust (note 4)	48,738	-	48,738	67,976
Deferred contribution (note 9)	53,000	-	53,000	10,004
	2,954,711	86,966	3,041,677	3,219,540
Liability for assets held in trust	869,553	-	869,553	1,789,400
	3,824,264	86,966	3,911,230	5,008,940
Fund Balances				
Externally restricted	-	455,926	455,926	407,485
Unrestricted	(448,732)	-	(448,732)	(251,140)
	(448,732)	455,926	7,194	156,345
	3,375,532	542,892	3,918,424	5,165,285

Commitments (note 11)

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, 2018

	2018			2017
	General Fund \$	CSCF Fund \$	Total \$	Total \$
Revenue				
Fundraising	978,600	-	978,600	1,412,398
Sponsorship and Supplier Pool	5,040,325	-	5,040,325	4,560,858
Events (excluding federal and provincial grants)	392,371	-	392,371	111,255
Government of Canada	6,299,966	-	6,299,966	5,406,063
Provincial grants	273,510	-	273,510	315,834
Coach education	97,658	553,399	651,057	671,085
Domestic initiatives	673,922	-	673,922	607,639
Membership fees	702,070	-	702,070	727,135
Team fees	604,800	-	604,800	675,046
Other	451,893	-	451,893	271,080
	15,515,115	553,399	16,068,514	14,758,393
Expenses				
Events	1,004,022	-	1,004,022	371,730
Sponsorship	1,352,719	-	1,352,719	1,611,039
Canadian Alpine Ski Team	5,499,357	-	5,499,357	5,349,360
Canadian Para-Alpine Ski Team	1,716,888	-	1,716,888	1,554,435
Canadian Ski-Cross Team	1,913,049	-	1,913,049	1,668,259
Supplier Pool	1,481,183	-	1,481,183	1,283,184
Membership Programs	737,971	-	737,971	710,685
Fundraising (note 10)	332,220	-	332,220	387,586
Administration	1,357,058	-	1,357,058	1,108,269
Communications and marketing	250,322	-	250,322	272,619
Coach education	-	504,958	504,958	506,408
Amortization of property and equipment	67,918	-	67,918	66,334
	15,712,707	504,958	16,217,665	14,889,908
(Deficiency) excess of revenue over expenses	(197,592)	48,441	(149,151)	(131,515)
Fund balance – Beginning of year	(251,140)	407,485	156,345	287,860
Fund balance – End of year	(448,732)	455,926	7,194	156,345

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

Alpine Canada Alpin
Statement of Cash Flows
For the year ended April 30, 2018

	2018	2017
	\$	\$
Cash provided by (used in)		
Operating activities		
Deficiency of revenue over expenses	(149,151)	(131,515)
Items not affecting cash		
Amortization of property and equipment	67,918	66,334
Loss on disposal of assets	-	1,649
	<hr/>	<hr/>
	(81,233)	(63,532)
Change in non-cash working capital		
Accounts receivable	310,985	(24,446)
Prepaid expenses	27,500	36,313
Inventory	(104,784)	(103,619)
Accounts payable and accrued liabilities	(366,227)	707,709
Deferred contribution	42,996	(1,315,746)
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	(170,763)	(763,321)
Investing activities		
Purchase of property and equipment	(61,776)	(136,080)
Purchase of short-term investments	(24,277)	(45,868)
Proceeds from sale of restricted short-term investments	-	200,388
Decrease (increase) in restricted cash	92,210	(348,451)
	<hr/>	<hr/>
	6,157	(330,011)
Change in bank indebtedness	(164,606)	(1,093,332)
Bank indebtedness – Beginning of year	<hr/>	<hr/>
	(1,253,182)	(159,850)
Bank indebtedness – End of year	<hr/>	<hr/>
	(1,417,788)	(1,253,182)

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

Alpine Canada Alpin

Notes to Financial Statements

April 30, 2018

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 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) Fund accounting

The General Fund reports all transactions and balances related to the operations of the Association. The CSCF Fund (“Canadian Ski Coaches Federation” 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. After June 30, 2018, the restricted resources can be used for general purposes.

c) 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 restricted resources that are to be used, for a period of 3 years following June 30, 2015, 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.

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Notes to Financial Statements

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ii) Corporate advertising and sponsorships

All advertising and sponsorship revenues are recognized as earned in accordance with the terms of the contract, when such amounts are determinable and collection is reasonably assured.

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 and provincial 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.

v) Domestic initiatives and coach education

Revenue generated from domestic initiatives and coach education are recorded on an annual basis matching the fiscal period of the Association and are recorded in the period the activities relate to. These initiatives include targeted athletic programming, insurance and activities related to coach education including annual membership dues, courses, and other initiatives.

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. During fiscal 2018, \$1,392,229 of contributed services and materials were recorded in the financial statements (2017 – \$1,337,500). Contributed volunteer services are not recognized in the financial statements because of the difficulty in determining their value.

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.

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g) Cash and bank indebtedness

Cash consists of funds held at financial institutions. Bank indebtedness is cash overdraft at financial institutions and cheques issued at year-end.

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
Marketing website	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

Capital in progress items are not subject to amortization until they are put into use.

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.

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April 30, 2018

k) Financial instruments

The Association's financial instruments recognized in the balance sheet consist of cash (bank indebtedness), accounts receivable, short-term investments, funds held in trust, assets held in trust, accounts payable and accrued liabilities, liability for funds held in trust and liability for assets held in trust. The Association records these financial instruments initially at fair value and subsequently at amortized cost except funds held in trust and 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. The Association manages its liquidity risk through adherence to its annual budget in addition to stringent management of receivables. 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 2017.

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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.

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 2016 year. 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, 2018, \$455,926 of restricted resources remains unspent and are presented as restricted cash of \$361,309, accounts receivable \$65,493 and accounts payable and accrued liabilities of \$86,966 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, \$553,399 of revenue from coach membership fees and courses and the related expenses of \$504,958 have been recorded in the restricted fund for the year ended April 30, 2018. After the three year period, the restrictions on the funds will be lifted and the funds can be used for general purposes.

4 Funds held in trust and liability for funds held in trust

Mackenzie Investments is a sponsor of several of the Canadian snowsport organizations. To simplify the payment process, Mackenzie Investments proposed a more streamlined process whereby they would issue one payment to a select snowsport national sport organization (NSO) and that NSO would then be the administrator and remit payments to the other sponsored snowsport organizations. The Association agreed to be the administrator. As a result, funds held in trust of \$48,738 has been recorded for the year ended April 30, 2018.

5 Government remittances

Government remittances consist of amounts required to be paid to government authorities and are recognized when the amounts are due. In respect of government remittances, \$nil (2017 - \$nil) is included in accounts payable and accrued liabilities.

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6 Short-term investments and restricted short-term investments

Short-term investment balances are comprised of the following:

	2018 \$	2017 \$
Short-term investments		
Other short-term investments	124,355	100,078

7 Property and equipment

			2018	2017
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Computer equipment	44,641	42,935	1,706	8,566
Racing equipment	109,545	108,810	735	1,366
National alpine training centre	126,552	126,552	-	-
World cup equipment	226,218	217,009	9,209	14,362
Office equipment	17,973	17,973	-	-
Fitness testing equipment	62,016	51,163	10,853	20,155
Vehicles	48,187	48,187	-	-
Netting	149,021	43,420	105,601	120,503
Towers and structures	295,000	44,250	250,750	265,500
Marketing website	52,660	15,798	36,862	47,394
Ski equipment	36,039	11,665	24,374	15,967
Capital in progress	116,090	-	116,090	68,509
	1,283,942	727,762	556,180	562,322

Capital in progress as at April 30, 2018 consists of costs relating to the long term athlete development project (“LTAD”).

8 Available credit facility

The Association has an available \$1,100,000 (2017 – \$1,100,000) demand credit facility with a Canadian chartered bank, bearing interest at prime plus 0.5% (2017 – prime plus 0.5%). As at April 30, 2018, \$1,062,227 was outstanding under this facility (2017 – \$1,055,555). 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, 2018.

At year-end, the Association reported bank indebtedness of \$1,417,788 (2017 – \$1,253,182) on its balance sheet, which consists of cash overdraft at a financial institution and 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.

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Subsequent to year-end, the Association received \$1,385,500 in contributions relating to the 2018-2019 fiscal year.

9 Deferred contribution

Deferred contributions in the general fund result from externally restricted contributions that have not yet been spent. 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:

	2018	2017
	\$	\$
Balance – Beginning of year	10,004	1,325,750
Contributions in the year	53,000	10,004
Amounts recognized as revenue	<u>(10,004)</u>	<u>(1,325,750)</u>
Balance – End of year	<u>53,000</u>	<u>10,004</u>

Subsequent to year-end, the Association received \$1,385,500 in contributions relating to the 2018-2019 fiscal year.

10 Fundraising expenses

As required under Section 7(2) of the Charitable Fundraising Act of Alberta, the following amounts are disclosed:

	\$
Amounts paid as remuneration to employees whose principal duties involve fundraising	175,502

11 Commitments

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 expired April 30, 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. Commencing May 1, 2017, the Association is committed to pay 50% of the lease payments and operating costs for the remainder term of the lease under a new sponsorship agreement. Other commitments that the Association has committed to include a warehouse rental, an office space rental, a copier lease and an operating vehicle lease.

	\$
2019	136,651
2020	136,651
2021	132,824
2022	128,998
2023	128,998

