

# **Alpine Canada Alpin**

Financial Statements  
**April 30, 2019**



## *Independent auditor's report*

To the Members of Alpine Canada Alpin

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### *Our opinion*

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Alpine Canada Alpin (the Entity) as at April 30, 2019 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.

#### **What we have audited**

The Entity's financial statements comprise:

- the balance sheet as at April 30, 2019;
  - the statement of operations and changes in fund balances for the year then ended;
  - the statement of cash flows for the year then ended; and
  - the notes to the financial statements, which include a summary of significant accounting policies.
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### *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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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### *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.

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In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

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### *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 Entity'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 Entity'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 Entity 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.

*PricewaterhouseCoopers LLP*

Chartered Professional Accountants

Calgary, Alberta  
July 24, 2019

# Alpine Canada Alpin

## Balance Sheet

As at April 30, 2019

	2019	2018
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Restricted cash (note 3)	-	361,309
Funds held in trust (note 4)	64,800	48,738
Short-term investments (note 6)	2,786	124,355
Accounts receivable, net of allowance for doubtful accounts of \$150,562 (2018 – \$7,875)	998,210	1,560,962
Prepaid expenses	66,483	188,924
Inventory (note 7)	137,628	208,403
	1,269,907	2,492,691
<b>Assets held in trust</b>	735,155	869,553
<b>Property and equipment</b> (note 8)	505,481	556,180
	2,510,543	3,918,424
<b>Liabilities</b>		
<b>Current liabilities</b>		
Bank indebtedness	97,539	1,417,788
Accounts payable and accrued liabilities	2,499,179	1,522,151
Liability for funds held in trust (note 4)	64,800	48,738
Deferred contribution (note 10)	1,393,000	53,000
	4,054,518	3,041,677
<b>Liability for assets held in trust</b>	735,155	869,553
	4,789,673	3,911,230
<b>Fund Balances</b>		
Externally restricted	-	455,926
Unrestricted	(2,279,130)	(448,732)
	(2,279,130)	7,194
	2,510,543	3,918,424

**Commitments** (note 12)

**Approved by the Board of Directors**

\_\_\_\_\_  
Director

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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, 2019

	<u>2019</u>	<u>2018</u>
	\$	\$
<b>Revenue</b>		
Fundraising	921,678	978,600
Sponsorship and Supplier Pool	3,099,580	5,040,325
Events (excluding federal and provincial grants)	66,202	392,371
Government of Canada	5,975,988	6,299,966
Provincial grants	100,000	273,510
Coach education	503,323	651,057
Domestic initiatives	599,448	673,922
Membership fees	737,175	702,070
Team fees	634,000	604,800
Other	250,970	451,893
	<u>12,888,364</u>	<u>16,068,514</u>
<b>Expenses</b>		
Events	621,626	1,004,022
Sponsorship	841,647	1,352,719
Canadian Alpine Ski Team	5,279,360	5,499,357
Canadian Para-Alpine Ski Team	1,604,029	1,716,888
Canadian Ski-Cross Team	2,231,205	1,913,049
Supplier Pool (note 7)	1,149,759	1,481,183
Membership Programs	755,056	737,971
Fundraising (note 11)	244,095	332,220
Administration	1,655,537	1,357,058
Communications and marketing	251,373	250,322
Coach education	477,875	504,958
Amortization of property and equipment	63,126	67,918
	<u>15,174,688</u>	<u>16,217,665</u>
<b>(Deficiency) excess of revenue over expenses</b>	(2,286,324)	(149,151)
<b>Fund balance – Beginning of year</b>	<u>7,194</u>	<u>156,345</u>
<b>Fund balance – End of year</b>	<u>(2,279,130)</u>	<u>7,194</u>

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

**Alpine Canada Alpin**  
**Statement of Cash Flows**  
**For the year ended April 30, 2019**

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	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Deficiency of revenue over expenses	(2,286,324)	(149,151)
Items not affecting cash		
Amortization of property and equipment	63,126	67,918
	<u>(2,223,198)</u>	<u>(81,233)</u>
Change in non-cash working capital		
Accounts receivable	562,752	310,985
Prepaid expenses	122,441	27,500
Inventory	70,775	(104,784)
Accounts payable and accrued liabilities	977,028	(366,227)
Deferred contribution	1,340,000	42,996
	<u>849,798</u>	<u>(170,763)</u>
<b>Investing activities</b>		
Purchase of property and equipment	(12,427)	(61,776)
Purchase of short-term investments	-	(24,277)
Proceeds from sale of restricted short-term investments	121,569	-
Decrease in restricted cash	361,309	92,210
	<u>470,451</u>	<u>6,157</u>
<b>Change in bank indebtedness</b>	1,320,249	(164,606)
<b>Bank indebtedness – Beginning of year</b>	<u>(1,417,788)</u>	<u>(1,253,182)</u>
<b>Bank indebtedness – End of year</b>	<u>(97,539)</u>	<u>(1,417,788)</u>

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

# Alpine Canada Alpin

## Notes to Financial Statements

April 30, 2019

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### 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 also registered under the Charitable Fundraising Act of Alberta and has considered all required disclosures under Section 7(2) of the Act in preparing these financial statements.

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, as a result, any remaining funds were transferred from the CSCF fund to General Fund. 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. All other restricted contributions are deferred and recognized into revenue in the general fund in the year in which the related expenses are incurred.



# Alpine Canada Alpin

## Notes to Financial Statements

April 30, 2019

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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 2019, \$1,062,347 of contributed services and materials were recorded in the financial statements (2018 – \$1,392,229). 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.

# Alpine Canada Alpin

## Notes to Financial Statements

April 30, 2019

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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 became available for current purposes on June 30, 2018.

### 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:

<b>Asset</b>	<b>Rate</b>	<b>Basis</b>
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.

# Alpine Canada Alpin

## Notes to Financial Statements

April 30, 2019

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### **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.

# Alpine Canada Alpin

## Notes to Financial Statements

April 30, 2019

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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. 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. After the three year period, the restrictions on the funds will be lifted and the funds can be used for general purposes.

The operating costs and balance sheet items of CSCF were integrated with the Association as of June 30, 2018. At April 30, 2019, \$nil amount of restricted cash remains (2018 - \$361,309).

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

The association is the administrator of funds received from the Canadian Ski Council for the promotion of National Ski and Snowsport Day. The association sends a portion of the funds received to the selected snowsport national sport organizations (NSO). As a result, funds held in trust of \$64,800 has been recorded for the year ended April 30, 2019.

### **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, \$53,722 (2018 - \$140,335) is included in accounts payable and accrued liabilities.

# Alpine Canada Alpin

## Notes to Financial Statements

April 30, 2019

### 6 Short-term investments and restricted short-term investments

Short-term investment balances are comprised of the following:

	2019 \$	2018 \$
<b>Short-term investments</b>		
Other short-term investments	2,786	124,355

### 7 Inventory

Included in Supplier Pool expense is a cost of goods sold of \$132,443 (2018 - \$174,499).

### 8 Property and equipment

			2019	2018
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Computer equipment	44,641	43,866	775	1,706
Racing equipment	119,545	110,940	8,605	735
National alpine training centre	126,552	126,552	-	-
World cup equipment	226,217	220,380	5,837	9,209
Office equipment	17,973	17,973	-	-
Fitness testing equipment	62,016	60,466	1,550	10,853
Vehicles	48,187	48,187	-	-
Netting	149,021	58,322	90,699	105,601
Towers and structures	295,000	59,000	236,000	250,750
Marketing website	52,660	26,330	26,330	36,862
Ski equipment	36,039	18,870	17,169	24,374
Capital in progress	118,516	-	118,516	116,090
	1,296,367	790,886	505,481	556,180

Capital in progress as at April 30, 2019 consists of costs relating to the long term athlete development project ("LTAD").

### 9 Available credit facility

The Association has an available \$1,100,000 (2018 – \$1,100,000) demand credit facility with a Canadian chartered bank, bearing interest at prime plus 0.5% (2018 – prime plus 0.5%). As at April 30, 2019, \$29,695 was outstanding under this facility (2018 – \$1,062,227). The Association increased the credit facility from \$1,100,000 to \$1,750,000 from April 30, 2019 until August 31, 2019 to offset operating costs incurred in this period.

**Alpine Canada Alpin**  
Notes to Financial Statements  
April 30, 2019

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At year-end, the Association reported bank indebtedness of \$97,539 (2018 – \$1,417,788) 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.

**10 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:

	<b>2019</b>	<b>2018</b>
	\$	\$
<b>Balance – Beginning of year</b>	53,000	1,317,133
Contributions in the year	6,831,367	4,159,096
Amounts recognized as revenue	(5,491,367)	(5,423,229)
	<hr/>	<hr/>
<b>Balance – End of year</b>	<b>1,393,000</b>	<b>53,000</b>
	<hr/>	<hr/>

**11 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	244,500

## 12 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.

	\$
2020	135,930
2021	132,103
2022	121,736
2023	29,750
2024	29,750

## 13 Comparative Figures

Certain of the prior year figures have been reclassified to conform to the current year presentation. The government remittance in note 5 has been updated to reflect \$140,335 in the prior year to be consistent with the disclosure in 2019. Deferred contributions schedule in note 10 has been updated in the prior year to reflect the movement in deferred contributions to be consistent with the 2019 presentation.

## 14 Subsequent Events

Subsequent to year end, the Association was named as a defendant in a proposed class-action lawsuit. At this time the Association has not been able to determine the magnitude of this action nor had engaged counsel to assess our position.