

# **Alpine Canada Alpin**

Financial Statements

**April 30, 2015**

August 31, 2015

## **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, 2015 and the statements of operations and changes in fund balance 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, 2015 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.

**Chartered Professional Accountants**

# Alpine Canada Alpin

## Balance Sheet

As at April 30, 2015

	2015 \$	2014 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash	418,617	503,414
Accounts receivable, net of allowance for doubtful accounts of \$89,195 (2014 – \$207,339)	2,310,191	1,969,419
Prepaid expenses	125,803	95,635
	<hr/> 2,854,611	<hr/> 2,568,468
<b>Assets held in trust</b>	3,530,943	3,357,678
<b>Property and equipment</b> (note 3)	540,553	205,698
	<hr/> 6,926,107	<hr/> 6,131,844
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	1,648,430	1,058,643
Deferred contribution (note 5)	1,458,250	1,466,625
	<hr/> 3,106,680	<hr/> 2,525,268
<b>Liability for assets held in trust</b>	3,530,943	3,357,678
	<hr/> 6,637,623	<hr/> 5,882,946
<b>Fund balance</b>	288,484	248,898
	<hr/> 6,926,107	<hr/> 6,131,844
<b>Subsequent event</b> (note 11)		
<b>Commitment</b> (note 12)		

### 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, 2015

	2015 \$	2014 \$
<b>Revenue</b> (note 7)		
Events	1,307,363	763,716
Sponsorships	3,049,724	2,642,794
Grants	285,000	300,000
Canadian Alpine Ski Team	2,913,024	3,393,961
Canadian Para-Alpine Ski Team	1,696,280	1,603,463
Canadian Ski – Cross Team	1,675,691	1,839,597
Athlete Services	80,137	101,848
Supplier Pool	1,227,537	1,163,381
Membership Programs	1,093,125	910,884
Fundraising	790,013	1,129,041
Administration	226,626	137,890
Amortization of deferred capital contribution	-	6,500
	<u>14,344,520</u>	<u>13,993,075</u>
<b>Expenses</b>		
Events	1,871,285	1,028,105
Sponsorship (note 8)	1,184,472	663,332
Canadian Alpine Ski Team	4,903,160	5,488,587
Canadian Para-Alpine Ski Team	1,654,105	1,633,653
Canadian Ski Cross Team	1,625,099	1,693,014
Supplier Pool	672,952	810,215
Membership Programs	654,124	997,426
Fundraising	84,513	50,861
Administration (note 9)	1,016,246	1,571,772
Communications and marketing (note 10)	527,070	246,239
Amortization of property and equipment	111,908	117,214
	<u>14,304,934</u>	<u>14,300,418</u>
<b>Excess (deficiency) of revenue over expenses</b>	39,586	(307,343)
<b>Fund balance – Beginning of year</b>	<u>248,898</u>	<u>556,241</u>
<b>Fund balance – End of year</b>	<u>288,484</u>	<u>248,898</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, 2015

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	2015 \$	2014 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenses	39,586	(307,343)
Items not affecting cash		
Recovery of bad debt expense	(435,000)	-
Amortization of property and equipment	111,908	117,214
Amortization of deferred capital contribution	-	(6,500)
	<hr/>	<hr/>
	(283,506)	(196,629)
Cash increases (reductions) through working capital changes		
Accounts receivable	(340,772)	103,245
Prepaid expenses	(30,168)	(18,747)
Accounts payable and accrued liabilities	589,787	227,233
Deferred contribution	(8,375)	155,291
	<hr/>	<hr/>
	(73,034)	270,393
<b>Investing activity</b>		
Purchase of property and equipment	<hr/>	<hr/>
	(11,763)	(34,692)
<b>(Decrease) increase in cash</b>	(84,797)	235,701
<b>Cash – Beginning of year</b>	<hr/>	<hr/>
	503,414	267,713
<b>Cash – End of year</b>	<hr/>	<hr/>
	418,617	503,414

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

## **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.

## **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. Contributions restricted for property and equipment are recorded as deferred capital contributions in the operating fund and recognized as revenue as the related asset is amortized. Restricted contributions related to furthering the sport of Alpine skiing in Canada are recorded as revenue in the restricted fund in the year received. All other restricted contributions are deferred and recognized into revenue in the operating 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.

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 Operating 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 to further the sport of alpine skiing in Canada. There is no balance in the restricted fund as at April 30, 2015.

**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) 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
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

**h) 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

**i) Financial instruments**

The Association's financial instruments recognized in the balance sheet consist of cash, accounts receivable, 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.

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.

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

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.

**Alpine Canada Alpin**  
Notes to Financial Statements  
April 30, 2015

**3 Property and equipment**

			<u>2015</u>	<u>2014</u>
	Cost	Accumulated	Net	Net
	\$	amortization	\$	\$
		\$		
Computer equipment	41,539	19,722	21,817	19,423
Racing equipment	121,545	112,092	9,454	45,857
National alpine training centre	126,552	123,401	3,151	9,634
World cup equipment	234,198	191,262	42,935	78,171
Office equipment	17,973	13,480	4,493	9,885
Fitness testing equipment	62,016	38,760	23,256	38,760
Vehicles	48,187	48,187	-	3,968
Netting	140,447	-	140,447	-
Towers and structures	295,000	-	295,000	-
	<u>1,087,457</u>	<u>546,904</u>	<u>540,553</u>	<u>205,698</u>

**4 Available credit facility**

The Association has an available \$1,100,000 (2014 – \$1,100,000) demand credit facility with a Canadian chartered bank, bearing interest at prime plus 1% (2014 – prime plus 1%). As at April 30, 2015, \$nil was outstanding under this facility (2014 – \$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, 2015.

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.

**5 Deferred contribution**

Deferred contributions in the operating 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 operating fund in the year in which the related expenses are incurred.

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

	<u>2015</u>	<u>2014</u>
	\$	\$
Balance – Beginning of year	1,466,625	1,311,334
Contributions in the year	1,458,250	1,466,625
Amounts recognized as revenue	<u>(1,466,625)</u>	<u>(1,311,334)</u>
Balance – End of year	<u>1,458,250</u>	<u>1,466,625</u>

**Alpine Canada Alpin**  
Notes to Financial Statements  
April 30, 2015

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**6 Fundraising expenses**

As required under The Charitable Fundraising Act of Alberta, the Association reports that approximately \$174,513 (2014 – \$164,505) was paid as remuneration to employees primarily responsible for fundraising in fiscal 2015.

**7 Revenue**

The Association derives its revenues from the following sources:

	<b>2015</b>	<b>2014</b>
	\$	\$
Corporate and personal donations	790,013	1,129,042
Corporate advertising and sponsorships	4,639,203	3,892,475
Government of Canada	5,935,033	5,974,784
Province of Alberta	630,500	559,645
Memberships and fees	1,573,504	1,504,508
Other	776,267	932,621
	<hr/>	<hr/>
	14,344,520	13,993,075
	<hr/>	<hr/>

**8 Sponsorship expenses**

Sponsorship expenses are comprised of the following:

	<b>2015</b>	<b>2014</b>
	\$	\$
Value-in-kind	421,321	278,994
Sponsorship overhead	296,183	130,820
Partnership activation	276,854	253,518
New projects		
Media activation	143,684	-
Enhanced hosting	46,430	-
	<hr/>	<hr/>
	1,184,472	663,332
	<hr/>	<hr/>

The Association recorded \$235,000 and \$51,813 from new media activation and enhanced hosting projects, respectively which was recorded as sponsorship revenue.

**9 Non-cash transaction**

During the year, the Association acquired \$435,000 of ski equipment in settlement of an outstanding account receivable which was previously written-off. The bad debt recovery was recorded as a reduction of administration expenses.

**10 Communications and marketing expenses**

Included in communications and marketing expenses is \$315,870 related to the Digital Media Project (“DMP”). \$300,000 was contributed by the Canadian Olympic Committee and was expended on the DMP and was recorded as sponsorship revenue.

**11 Subsequent event**

On June 25, 2015 the Board of Directors of Alpine Canada Alpin agreed to acquire the assets of the Canadian Ski Coaches Federation and agreed to integrate their operations effective July 1, 2015. The new organization will continue to operate as Alpine Canada Alpin and to act as the national governing body for alpine ski racing in Canada as well as alpine ski coach training and accreditation programs. Ski coach training will continue to be provided in the name of the Canadian Ski Coach Federation.

**12 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.

