

Financial statements of

ALPINE ONTARIO ALPIN

May 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Alpine Ontario Alpin

We have audited the accompanying financial statements of Alpine Ontario Alpin, which comprise the statement of financial position as at May 31, 2018 and the statements of operations and changes in net assets, and cash flows for the year then ended, and 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 is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many non-profit organizations, Alpine Ontario Alpin derives part of its revenue from sponsorships and donations, fundraising and fees, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, assets or unrestricted net assets.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Alpine Ontario Alpin as at May 31, 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.

November 1, 2018
TORONTO, Ontario



Licensed Public Accountants

ALPINE ONTARIO ALPIN
Statement of Financial Position

As at May 31 2018 2017

Assets

Current

Cash	\$	99,434	\$	49,513
Investment (note 3)		56,000		-
Accounts receivable		111,882		329,340
Sponsorships and donations receivable		29,000		-
Inventory		10,574		14,721
Prepaid expenses		85,448		7,638

		392,338		401,212
Capital assets (note 4)		52,581		41,327

	\$	444,919	\$	442,539
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Liabilities

Current

Accounts payable and accrued liabilities (note 5)	\$	358,577	\$	321,120
Deferred revenue		80,233		12,510
Deferred sponsorships		-		6,632

		438,810		340,262
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Net assets (deficit)

Unrestricted net assets (deficit)		6,109		102,277
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	\$	444,919	\$	442,539
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Commitments (note 8)

ALPINE ONTARIO ALPIN

Statement of Operations and Changes in Net Assets (Deficit)

Year ended May 31	2018	2017
Revenues		
Alpine Ontario programs and events (schedule 1)	\$ 1,338,829	\$ 1,101,877
Advertising and sundry sales	75,945	94,631
Fundraising (schedule 1)	92,263	126,953
Ontario ski team	432,242	438,566
Provincial grants	211,919	189,919
Southern Ontario Division programs and events (schedule 1)	855,808	629,812
Sponsorships and donations	427,156	399,611
	3,434,162	2,981,369
Expenses		
Alpine Canada memberships	384,222	392,486
Alpine Ontario programs and events (schedule 2)	870,075	436,187
Fundraising	75,902	29,016
Ontario ski team (schedule 2)	854,545	905,526
Operations, general and administration (schedule 2)	644,587	738,819
Southern Ontario Division programs and events (schedule 2)	645,417	426,264
Sponsorship	55,582	37,816
	3,530,330	2,966,114
Excess of revenues over expenses (expenses over revenues) for the year	\$ (96,168)	\$ 15,255
Unrestricted net assets, beginning of year	102,277	87,022
Unrestricted net assets (deficit), end of period	\$ 6,109	\$ 102,277

ALPINE ONTARIO ALPIN
Statement of Cash Flows

Year ended May 31	2018	2017
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenses (expenses over revenues) for the year	\$ (96,168)	\$ 15,255
Charges not affecting cash		
Amortization	23,704	41,100
	(72,464)	56,355
Changes in non-cash working capital items:		
Accounts receivable	217,458	(110,357)
Sponsorships and donations receivable	(29,000)	-
Inventory	4,147	1,525
Prepaid expenses	(77,810)	2,019
Accounts payable and accrued liabilities	37,456	91,485
Deferred revenue and sponsorships	61,091	(41,739)
	213,342	(57,067)
Net cash provided (used) by operating activities	140,878	(712)
Financing and investing activities		
Purchase of investment	(56,000)	-
Purchase of capital assets	(34,957)	(9,273)
Net cash used by financing and investing activities	(90,957)	(9,273)
Increase (decrease) in cash during the year	49,921	(9,985)
Cash, beginning of year	49,513	59,498
Cash, end of year	\$ 99,434	\$ 49,513

1 Nature of Operations

Alpine Ontario Alpin ("AOA") is the Provincial Sport Organization for alpine ski racing in Ontario. AOA is a member of Alpine Canada Alpin ("ACA"), the National Sport Organization for alpine ski racing in Canada. AOA is a non-profit organization incorporated without share capital. Its activities include providing leadership and structure for training, coaching, and other programs for alpine competitive events for ski racers in Ontario. As a non-profit organization, Alpine Ontario Alpin is exempt from income taxes provided certain conditions are met.

2 Significant accounting policies

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

a) Cash

AOA's cash consists of cash on hand and on deposit with financial institutions.

b) Inventory

Inventory consists of clothing items which are primarily distributed to the Ontario Ski Team at no charge and others representing Alpine Ontario for a charge included in their event fee as well as goods for resale. The inventory is valued at the lower of cost and replacement cost, with the cost being determined on a first-in, first-out basis.

c) Capital assets

Capital assets are recorded at cost. Cost comprises the purchase price and any directly attributable cost of preparing the asset for its intended use.

A capital asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized in the statement of operations when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the capital asset exceeds its fair value. An impairment loss is not reversed if the fair value of the capital asset subsequently increases. As at May 31, 2018, no such impairment exists.

Capital assets are amortized over their estimated useful lives using the following rates and methods. All additions are amortized for 1/2 year.

Furniture and fixtures, equipment	20%, declining balance basis
Computers and software	3 years, straight line basis
Gates, panels and flags, bibs	3 years, straight line basis
Trailers	5 years, straight line basis

d) Revenue recognition

Program and event revenues are recognized in the year in which AOA delivers services or provides the program. AOA follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are recognized in the year to which they relate.

e) Contributed services

Volunteers contribute significant hours per year to AOA. Because of the difficulty in determining the fair market value of the contributed services, they are not recognized in the financial statements.

2 Significant accounting policies continued

f) Financial instruments

i) Measurement

AOA initially measures its financial assets and financial liabilities at fair value, adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. AOA subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost consists of cash, accounts receivable and sponsorships and donations receivable. Financial liabilities measured at amortized cost consist of accounts payable and accrued liabilities.

ii) Impairment

At the end of each reporting period, AOA assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. When there is an indication of impairment, management determines whether a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset and reduces the carrying amount of the asset. The amount of the reduction is recognized as an impairment loss in the statement of operations.

g) Use of estimates

The preparation of 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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The principal estimates used in the preparation of these financial statements are the determination of the allowance for doubtful accounts, collectibility of sponsorships and donations receivable and useful lives of capital assets. Actual results could differ from management's best estimates as additional information becomes available in the future. All estimates are reviewed periodically and adjustments are made in the statement of operations as appropriate in the year they become known.

3 Investment

The lottery license for the Rossiter Raffle fundraising event required AOA to obtain a standby letter of credit in favour of the Ministry of Finance in the amount of \$56,000. The letter of credit will be released upon approval by the Alcohol and Gaming Commission of Ontario (AGCO). The investment held at May 31, 2018 was required in connection with the letter of credit. The one year guaranteed investment certificate matures November 1, 2018 and earns interest at 0.50%.

4 Capital assets

As at May 31	2018		2017	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and fixtures	\$ 8,833	\$ 8,015	\$ 8,833	\$ 7,810
Computers and software	28,128	24,259	24,786	22,155
Equipment	53,329	28,971	45,874	23,814
Gates, panels and flags	60,414	51,231	50,721	46,870
Bibs	146,170	133,954	131,703	123,881
Trailers	6,750	4,613	10,160	6,220
	\$ 303,624	\$ 251,043	\$ 272,077	\$ 230,750
Net book value		\$ 52,581		\$ 41,327

5 Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities at May 31, 2018 is \$6,836 (2017 - \$17,159) of payroll withholdings owing to the Receiver General and \$24,853 (2017 - \$31,212) of GST/HST payable.

6 Line of credit

AOA has available a line of credit facility of \$68,000 with interest charged at the bank's prime rate plus 2.05%. The credit facility is secured by a General Security Agreement on all property of AOA.

7 Southern Ontario Division

There are currently four divisions in Ontario responsible for managing alpine ski racing at the regional level. National Capital Division, Northern Ontario Division, and Lake Superior Division are independently organized and therefore not included in the financial statements of AOA. The fourth, Southern Ontario Division is managed by, and consolidated with, the operations of AOA for financial reporting purposes pursuant to an agreement between SOD and AOA.

SOD has 27 member clubs in Southern Ontario who participate in recreational ski racing through leagues, training camps and various race series. The assets, liabilities, revenues and expenditures of SOD are consolidated in these financial statements.

8 Lease commitment

The organization has a lease for office space expiring October 31, 2020. Future minimum lease payments for the next three years is as follows: 2019 and 2020 - \$43,404 per year, 2021 - \$18,085.

9 Financial instruments

AOA is exposed to various risks through its financial instruments. The following analysis provides a measure of the risk exposure and concentrations.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. AOA is exposed to credit risk through its cash and accounts receivable.

Credit risk related to cash is minimal as funds are fully insured and held by credit-worthy parties. Accounts receivable are diversified, but unsecured.

Liquidity risk

Liquidity risk is the risk that AOA will not be able to meet a demand for cash or fund its obligations as they come due. AOA meets its liquidity requirements by monitoring forecasts of cash flows from operations, anticipating investing and financing activities.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

Currency risk

Currency risk reflects the risk that the AOA's earnings will decline due to fluctuations in foreign exchange rates. AOA regularly enters into transactions to purchase goods and services denominated in Euro's and US dollars relating to the Ontario Ski Team activities. These expenses are directly impacted by the exchange rates in effect on the dates the goods and services are paid for. There is \$6,576 in USD denominated accounts payable as at May 31, 2018 (2017 - \$Nil).

9 Financial instruments continued

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. AOA is not significantly exposed to interest rate risk as no amount is owing on the line of credit (note 6).

Other price risk

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency or interest rate risk). AOA is not exposed to other price risk.

Changes in risk

There have been no significant changes in AOA's risk exposures from the prior year.

ALPINE ONTARIO ALPIN

Schedule 1

Schedule of Selected Revenues

Year ended May 31	2018	2017
Alpine Ontario Programs and Events		
Alpine Canada and Alpine Ontario registration fees	\$ 691,865	\$ 701,738
Canadian Ski Coaches Federation course fees	119,900	123,790
Development camps	38,914	-
FIS event fees	33,599	8,590
Ontario Winter Games	4,397	-
Ski Cross	9,971	-
Tremblant development camp	-	36,725
U14 Can Ams	51,293	33,954
U16 Can Ams	42,736	50,840
U16 Nationals	202,693	82,415
U16 Program	143,461	22,610
Whistler Cup	-	41,215
	\$ 1,338,829	\$ 1,101,877
Fundraising		
Athlete events	24,075	-
Racer Chaser	39,097	126,953
Rossiter raffle	29,091	-
	\$ 92,263	\$ 126,953
Southern Ontario Division Programs and Events		
Camps	\$ 20,420	\$ 17,959
Events	8,123	9,100
Program registration fees	313,478	260,195
SOD ski team	513,787	342,558
	\$ 855,808	\$ 629,812

ALPINE ONTARIO ALPIN

Schedule 2

Schedule of Selected Expenses

Year ended May 31	2018	2017
Alpine Ontario Programs and Events		
Alpine Ontario program expenses	\$ 7,129	\$ 7,714
Athletic consulting	29,775	-
Canadian Ski Coaches Federation courses	93,547	89,865
Coach education development camp	11,485	-
Development camps	39,496	2,372
FIS events	57,550	24,458
Fitness testing	6,700	4,587
OCUP	3,506	6,429
Ontario Winter Games	1,044	-
Para events	18,817	-
Ski cross	8,755	-
Tremblant development camp	-	25,382
U14 Can Ams	47,929	35,603
U16 Can Ams	52,891	78,996
U16 Nationals	226,531	85,821
U16 Program	264,920	33,745
Whistler Cup	-	41,215
	\$ 870,075	\$ 436,187
Ontario Ski Team		
Airfare and ground transportation	\$ 168,327	\$ 162,021
Coaching salaries	280,355	317,732
Communication	6,933	1,580
Dryland/fitness	27,943	21,166
Equipment	4,731	2,058
Lodging	188,932	197,488
Meals	33,442	17,249
Regular season training and starts	141,125	149,780
Uniforms	2,757	36,452
	\$ 854,545	\$ 905,526
Operations, General and Administration		
Amortization	\$ 23,704	\$ 41,100
Audit and accounting	15,455	14,182
Bank charges and interest	72,625	64,176
Communications	13,752	10,515
Consulting	29,235	60,476
General office	49,778	45,088
Insurance	7,124	5,422
Meetings	2,209	4,544
Occupancy	48,315	47,096
Photocopying	2,998	2,790
Postage and courier	3,222	4,179
Salaries and benefits	351,476	349,412
Travel	16,635	22,982
Uncollectible receivables	8,059	66,857
	\$ 644,587	\$ 738,819

ALPINE ONTARIO ALPIN

Schedule 2 Continued

Schedule of Selected Expenses

Year ended May 31	2018	2017
Southern Ontario Division Programs and Events		
Camps	\$ 42,517	\$ 13,709
Direct program costs	80,538	101,786
Events	2,300	2,669
SOD ski team	520,062	301,700
U16 Provincial Championships	-	6,400
	\$ 645,417	\$ 426,264