

CROSS COUNTRY SKI ASSOCIATION OF  
MANITOBA INC.

FINANCIAL STATEMENTS

MARCH 31, 2017

*Scarrow & Donald* LLP

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CHARTERED PROFESSIONAL ACCOUNTANTS

# Scarrow & Donald LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

July 27, 2017

## INDEPENDENT AUDITOR'S REPORT

**To the Members of the  
Cross Country Ski Association of Manitoba Inc.:**

We have audited the accompanying financial statements of Cross Country Ski Association of Manitoba Inc., which comprise the statement of financial position as at March 31, 2017, and the statements of operations and 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, Cross Country Ski Association of Manitoba Inc. derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Cross Country Ski Association of Manitoba Inc. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, difference between revenue and expenses and cash flow from operations, for the years ended March 31, 2017 and 2016, current assets as at March 31, 2017 and 2016 and unrestricted net assets as at April 1, 2015 and March 31, 2017 and 2016. Our audit opinion on the financial statements for the year ended March 31, 2016 was modified accordingly because of the possible effects of this limitation in scope.

### *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 Cross Country Ski Association of Manitoba Inc. as at March 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Chartered Professional Accountants  
Winnipeg, Canada

For this communication, together with the work done to prepare this communication and for the opinions we have formed, if any, we accept and assume responsibility only to the addressee of this communication, as specified in our letter of engagement.

SCARROW & DONALD, CHARTERED PROFESSIONAL ACCOUNTANTS, LLP



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CROSS COUNTRY SKI ASSOCIATION OF MANITOBA INC.

STATEMENT OF FINANCIAL POSITION

		March 31	
		2017	2016
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash	\$	16,788	\$ 68,102
Cash - Windsor Park		128,340	40,222
Accounts receivable		32,195	44,129
Prepaid expenses		193	877
	\$	<u>177,516</u>	<u>\$ 153,330</u>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable	\$	52,012	\$ 69,128
Government remittances payable		3,874	4,055
Deferred contributions for following year		39,564	16,158
		95,450	89,341
<b>MEMBERS' EQUITY</b>			
Unrestricted net assets		<u>82,066</u>	<u>63,989</u>
	\$	<u>177,516</u>	<u>\$ 153,330</u>

APPROVED BY THE BOARD:

 Director  
 Director

**CROSS COUNTRY SKI ASSOCIATION OF MANITOBA INC.**

**STATEMENT OF OPERATIONS AND NET ASSETS**

	<b>Year ended March 31</b>	
	<b>2017</b>	<b>2016</b>
<b>Revenue:</b>		
Sport Manitoba block funding	\$ 92,633	\$ 86,742
Facility, trail and tracking	31,557	-
Facility, trail and tracking - Windsor Park	-	27,105
Fundraising	101,684	108,402
High Performance program	38,256	37,991
Program/event	51,966	28,138
Miscellaneous	6,906	28,203
Windsor Park	<u>133,518</u>	<u>131,374</u>
	456,520	447,955
<b>Expenses:</b>		
Administration	13,833	12,821
Facility development	36,730	28,283
Fundraising	71,934	73,744
High Performance program	98,320	80,884
Program/event	61,336	46,811
Salaries	54,215	51,390
Windsor Park	102,075	87,484
Windsor Park interest expense	<u>-</u>	<u>1,102</u>
	<u>438,443</u>	<u>382,519</u>
<b>Difference between revenue and expenses for the year</b>	18,077	65,436
<b>Unrestricted net assets, beginning of year</b>	<u>63,989</u>	<u>(1,447)</u>
<b>Unrestricted net assets, end of year</b>	\$ <u><u>82,066</u></u>	\$ <u><u>63,989</u></u>

**CROSS COUNTRY SKI ASSOCIATION OF MANITOBA INC.**

**STATEMENT OF CASH FLOWS**

	<b>Year ended March 31</b>	
	<b>2017</b>	<b>2016</b>
<b>Cash flow from operating activities:</b>		
Cash received from grant contributors, fundraising and customers	\$ 491,860	\$ 444,772
Cash paid to suppliers and employees	(455,056)	(366,089)
	36,804	78,683
<b>Cash flow from financing activities:</b>		
Repayment on bank loan	-	(31,545)
<b>Change in cash</b>	36,804	47,138
<b>Cash, beginning of year</b>	108,324	61,186
<b>Cash, end of year</b>	<u>\$ 145,128</u>	<u>\$ 108,324</u>
<b>Cash is comprised of:</b>		
Cash	\$ 16,788	\$ 68,102
Cash - Windsor Park	128,340	40,222
	<u>\$ 145,128</u>	<u>\$ 108,324</u>

# **CROSS COUNTRY SKI ASSOCIATION OF MANITOBA INC.**

## **NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2017**

### **1. Purpose of the Association**

The Association is dedicated to promoting and developing the sport of cross country skiing in the province of Manitoba. The Association is incorporated under The Corporations Act of Manitoba as a not-for-profit organization and is exempt from tax under the Income Tax Act.

### **2. Significant accounting policies:**

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. An assumption underlying the preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations is that the entity will continue for the foreseeable future and will be able to realize its assets and discharge liabilities in the normal course of operations.

The financial statements include the following significant accounting policies:

#### **a. Critical accounting estimates and judgements -**

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 periods. Significant areas requiring the use of estimates include the allowance for doubtful accounts. Actual results could differ from management's best estimates and may have an impact on future periods.

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and judgments that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period.

Accounting estimates are included in financial statements to approximate the effect of past business transactions or events, or to approximate the present status of an asset or liability. It is possible that changes in future economic conditions could require changes in the recognized amounts for accounting estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the period in which they became known.

Significant areas of estimation by management include the impairment of non-financial assets and the fair value of financial instruments.

Management bases their judgments, estimates and assumptions on factors they believe to be reasonable in the circumstances, but which may be inherently uncertain and unpredictable.

#### **b. Revenue recognition-**

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenues from funding, grants, fees and fundraising are recognized when payments are received.

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2017**

**2. Significant accounting policies (continued):**

**c. Equipment-**

The Association expenses equipment in the period acquired. Equipment purchases for the year were \$nil (2016 - \$nil) included in facility development, and \$nil (2016 - \$1,102) included in Windsor Park capital expenses.

**d. Contributed services-**

No amount has been reflected in the financial statements for services contributed voluntarily to the Association since the fair value of such services cannot be reasonably estimated.

**e. Financial instruments-**

Except for certain related party transactions, financial instruments are measured at fair value on initial recognition adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption. Transaction costs related to financial instruments that will be measured subsequently at fair value are recognized in net income for the period incurred.

In subsequent periods, investments in equity instruments that are quoted in an active market and certain derivative contracts are measured at fair value without any adjustment for transaction costs that may incur on sale or other disposal. The Association may elect to measure any financial instrument at fair value when the asset or liability is first recognized or for equity instruments that previously measured at fair value when the equity instrument ceases to be quoted in an active market. Other investments in equity instruments are measured at cost less any reduction for impairments. All other financial instruments are measured at amortized cost. Amortized cost is the amount at which the financial instrument is measured at initial recognition less principal repayments, plus or minus the cumulative of any difference between that initial amount and the maturity amount, and minus any reduction for impairment.

The Association measures cash, accounts receivable and accounts payable at amortized cost.

**3. Windsor Park:**

The Association operates the Windsor Park Nordic Centre, a facility available to the public during the winter months, under an agreement with the City of Winnipeg, which expires October, 2019.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

**4. Risk management:**

Management's risk management policies are typically performed as a part of the overall management of the Association's operations. Management is aware of risks related to these objectives through direct personal involvement with employees and outside parties. In the normal course of its business, the Association is exposed to a number of risks that can affect its operating performance. Management's close involvement in operations helps identify risks and variations from expectations. The Association has not designated transactions as hedging transactions to manage risk. As a part of the overall operation of the Association, management considers the avoidance of undue concentrations of risk. These risks include, and the actions taken to manage them are as follows:

**Liquidity Risk-**

Liquidity risk is the risk that the Association cannot meet its financial obligations associated with financial liabilities in full. The Association's main sources of liquidity are its operations. The funds are primarily used to finance working capital and are adequate to meet the Association's financial obligations associated with financial liabilities.

**Credit risk-**

Credit risk arises from the possibility that debtors may be unable to fulfill their commitments. For a financial asset, this is typically the gross carrying amount, net of any amounts offset and any impairment losses. The Association has credit policies to address credit risk, which may include the analysis of the financial position of the debtor and review of credit limits. The Association also may review credit history before establishing credit and reviews credit performance. An allowance for doubtful accounts or other impairment provisions are established based upon factors surrounding credit risk, historical trends and other information. No allowance for doubtful accounts has been recorded as at March 31, 2017 (2016 - \$nil).



**CROSS COUNTRY SKI ASSOCIATION OF MANITOBA INC.**  
**SCHEDULE OF OPERATIONS - WINDSOR PARK NORDIC CENTRE**

	<b>Year ended March 31</b>	
	<b>2017</b>	<b>2016</b>
<b>Revenue:</b>		
Concessions	\$ 2,774	\$ 2,391
Merchandise	15	196
Miscellaneous	297	260
Services	1,684	1,281
Ski rentals	32,138	35,168
Ski school	17,242	14,595
Sponsorship	2,020	-
Trail fees	77,348	77,483
	<u>133,518</u>	<u>131,374</u>
<b>Expenses:</b>		
Bank charges	2,537	2,397
City of Winnipeg utility and snow clearing charges	7,400	5,039
Concessions	1,600	2,394
Hydro	2,037	1,909
Marketing	3,882	3,276
Merchandise	-	43
Miscellaneous	864	385
Office supplies	1,460	1,233
Other services	5,290	4,015
Salaries	32,253	30,748
Shop supplies	2,531	1,372
Ski rentals	4,208	2,321
Ski school	8,730	7,619
Tracking fees - charges by CCSAM	29,283	24,733
	<u>102,075</u>	<u>87,484</u>
<b>Difference between revenue and expenses for the year</b>	<u>\$ 31,443</u>	<u>\$ 43,890</u>