

Financial statements of

**Canadian Sport Institute
Pacific Society**

March 31, 2018

Canadian Sport Institute Pacific Society

March 31, 2018

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Independent Auditor's Report

To the Members of
Canadian Sport Institute Pacific Society

We have audited the accompanying financial statements of Canadian Sport Institute Pacific Society, which comprise the statement of financial position as at March 31, 2018, and the statements of operations and changes in fund balances 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Canadian Sport Institute Pacific Society as at March 31, 2018 and the results of its operations, changes in its fund balances and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, these financial statements are presented on a basis consistent with that of the previous year.

[REDACTED]
Chartered Professional Accountants

[REDACTED]
Vancouver, British Columbia

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Canadian Sport Institute Pacific Society

Statement of financial position
as at March 31, 2018

	Operating reserve	Invested in property and equipment	Restricted for specified fund use				Total 2018	Total 2017	
			National Game Plan	Coach Services	Donations (Note 5)	Specific Projects			
Assets									
Current assets									
Cash	156,675	500,000	3,972	469,988	110,287	24,289	194,734	1,458,955	1,174,829
Accounts receivable	166,531	-	-	-	38,983	-	4,498	413,052	520,167
Prepaid expenses	76,164	-	-	-	-	-	3,844	80,728	28,012
	699,220	500,000	3,972	469,988	160,280	24,289	205,006	1,952,746	1,724,008
Property and equipment (Note 3)			384,776					384,776	511,282
	699,220	500,000	388,747	469,988	160,280	24,289	205,006	2,337,520	2,235,290
Liabilities									
Current liabilities									
Accounts payable and accrued liabilities (Note 4)	143,133	-	3,972	65,780	258	-	1,205	204,369	362,774
Deferred revenue	46,362	-	-	-	-	-	-	46,362	30,374
	189,515	-	3,972	65,780	258	-	1,205	250,731	393,148
Commitments (Note 6)									
Economic dependence (Note 1)									
Fund balances									
Invested in property and equipment	-	-	384,776					384,776	511,282
Restricted for specified fund use	-	-	-	414,218	160,002	24,289	203,800	752,309	520,089
Internally restricted for operations	-	500,000	-	-	-	-	-	500,000	500,000
Unrestricted	409,705	-	-	-	-	-	-	409,705	302,771
	699,220	500,000	388,747	469,988	160,280	24,289	205,006	2,337,520	2,235,290

The accompanying notes to the financial statements are an integral part of this financial statement.

Canadian Sport Institute Pacific Society

Statement of operations and changes in fund balances

year ended March 31, 2018

	Operating	Operating reserve	Invested in property and equipment	Restricted for specified fund use				Total 2018	Total 2017
				National Game Plan	Coach Services	Donations (Note 5)	Specific Projects		
Revenue									
Sport Canada (Schedule)	3,333,346	-	-	100,000	-	-	-	3,433,346	3,677,570
viaSport	1,488,500	-	-	-	96,000	-	50,000	1,634,500	1,534,500
Canadian Olympic Committee / Foundation	314,916	-	-	250,000	-	-	-	564,916	1,080,892
Contributions	808,038	-	-	-	63,750	-	103,213	979,988	650,559
Fee for service	159,128	-	-	-	-	-	-	159,128	153,809
Other revenue	35,514	-	-	-	500	-	230	36,244	170,628
BC Gaming grants	32,000	-	-	-	28,600	-	-	61,600	61,600
Tuition	-	-	-	-	55,732	-	70,988	130,730	90,221
Coaching Association of Canada	-	-	-	-	28,000	-	-	25,000	25,000
Events and sponsorships	36,115	-	-	-	2,000	-	-	38,115	10,655
Interest income	16,039	-	-	-	-	-	-	16,935	10,326
Donations	-	-	-	-	-	14,288	-	14,288	6,072
	8,265,691	-	-	350,000	276,542	14,288	224,431	7,130,822	7,783,731
Expenditures (Notes 9 and 10)									
Performance services (Note 8)									
Performance preparation									
Human resources	2,260,730	-	-	-	-	-	-	2,250,700	2,170,344
Operations	766,788	-	-	146,134	-	-	-	1,023,820	993,463
Outsourced Integrated Support Team	79,438	-	-	-	-	-	-	79,438	54,709
Performance analysis									
Human resources	268,683	-	-	-	-	-	-	268,683	274,787
Operations	34,387	-	-	-	-	-	-	34,387	24,285
Performance readiness									
Human resources	801,156	-	-	-	-	-	-	801,156	573,405
Operations	55,048	-	-	247,163	-	-	-	392,811	433,095
	4,265,288	-	146,134	247,163	-	-	110,888	4,760,489	4,524,082
Talent development (Note 8)									
Talent development									
Human resources	393,019	-	-	-	194,844	-	87,765	855,408	519,642
Operations	84,131	-	-	-	126,793	11,514	40,328	262,732	302,616
NextGen programs									
Human resources	42,643	-	-	-	-	-	-	42,643	330,975
Operations	80,217	-	-	-	-	-	-	80,217	898,346
	600,010	-	-	-	321,403	11,514	108,073	1,041,000	2,151,481
Business operations and administration									
Communications									
Human resources	118,294	-	-	-	-	-	-	118,294	103,418
Operations	64,049	-	-	-	-	-	-	64,049	71,309
Finance and operations									
Human resources	432,741	-	-	7,500	-	-	-	440,241	521,442
Operations	405,418	-	26,783	-	-	-	-	432,206	463,992
	1,051,502	-	25,783	7,500	-	-	-	1,084,790	1,160,151
	5,907,200	-	171,922	254,683	321,403	11,514	216,971	6,086,279	7,635,704
Excess (Deficiency) of revenues over expenditures									
	357,891	-	(171,922)	85,935	(44,861)	2,744	5,480	244,647	(41,973)
Fund balances, beginning of year	302,771	600,000	611,282	318,883	114,863	21,646	72,798	1,842,142	1,894,116
Interfund transfers	(250,957)	-	45,415	-	80,000	-	128,542	-	-
Fund balances, end of year	409,705	600,000	384,775	414,216	150,002	24,289	203,800	2,086,759	1,842,142

The accompanying notes to the financial statements are an integral part of this financial statement.

Canadian Sport Institute Pacific Society

Statement of cash flows year ended March 31, 2018

	Operating	Operating reserve	Invested in property and equipment	Restricted for specified fund use				Total 2018	Total 2017
				National Game Plan	Coach Services	Donations	Specific Projects		
Operating activities									
Excess (Deficiency) of revenues over over expenditures	357,891	-	(171,322)	95,335	(44,881)	2,744	5,460	244,847	(41,973)
Amortization of property and equipment	-	-	171,322	-	-	-	-	171,322	178,300
Interfund transfers	(250,957)	-	45,415	-	80,000	-	125,542	-	-
	106,934	-	45,415	95,335	35,139	2,744	131,002	416,569	136,327
Changes in non-cash items									
Accounts receivable	107,631	-	-	-	5,912	-	(6,428)	107,115	(28,754)
Prepaid expenses	(57,639)	-	-	-	-	-	5,823	(51,716)	43,686
Accounts payable and accrued liabilities	(173,028)	-	98	23,729	(468)	-	(8,736)	(158,405)	(24,322)
Deferred revenue	21,988	-	-	-	-	-	(6,000)	15,988	8,574
	5,986	-	45,513	119,064	40,583	2,744	115,661	329,551	135,491
Investing activity									
Acquisition of property and equipment	-	-	(45,415)	-	-	-	-	(45,415)	(68,842)
Increase in cash	5,986	-	98	119,064	40,583	2,744	115,661	284,135	86,649
Cash, beginning of year	149,689	500,000	3,874	350,934	69,714	21,545	79,073	1,174,829	1,108,180
Cash, end of year	155,675	500,000	3,972	468,998	110,297	24,289	194,734	1,458,965	1,174,829

The accompanying notes to the financial statements are an integral part of this financial statement.

Canadian Sport Institute Pacific Society

Notes to the financial statements

March 31, 2018

1. Purpose of the organization and economic dependence

The Canadian Sport Institute Pacific Society (the "Society") was incorporated on September 12, 2000 and operates under authority of the Societies Act of British Columbia. The Society is a Registered Canadian Amateur Athletic Association under the Income Tax Act (Canada) and is exempt from income taxes. The Society is dedicated to providing programs and services to high performance Canadian athletes and coaches enabling them to compete at the international level.

During the current year, \$1,634,500 (\$1,634,500 in 2017) of the Society's revenues were derived from viaSport BC Society while \$3,433,546 (\$3,677,570 in 2017) were derived from Sport Canada. Without these funding sources, it is unlikely that the Society would remain a going concern.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and reflect the following significant accounting policies:

(a) Fund accounting

- The Society follows the restricted fund method of accounting for contributions.
- The Operating fund reports the assets, liabilities, revenues and expenditures related to the Society's operating activities, and any restricted funding for which a separate fund has not been established. Funding from all sources, including viaSport BC Society and Sport Canada, intended for general operations are included in this fund.
- The Operating Reserve is to be used to safeguard the Society from interruptions to its operations due to the irregularity of payment schedules associated with its funding partners.
- Invested in property and equipment reports the assets, liabilities, revenues and expenditures related to the Society's property and equipment activities.
- National Game Plan reports the assets, liabilities, revenues and expenditures related to funds received from third parties designated to support this program.
- Coach Services reports the assets, liabilities, revenues and expenditures related to funds received from third parties designated to support this program.
- Donations reports the assets, liabilities, revenues and expenditures relating to contributions received from individual donors for specified purposes.
- Specific Projects reports the assets, liabilities, revenues and expenditures related to funding received from third parties designated to be spent on specific projects. Specific projects include Canadian Sport School and research projects for which restricted funding is received.

(b) Financial instruments

The Society initially measures its financial assets and financial liabilities at fair value when the Society becomes a party to the contractual provisions of a financial instrument. Subsequently, investments in equity instruments quoted in an active market are measured at fair value and all other financial instruments are measured at amortized cost.

Canadian Sport Institute Pacific Society

Notes to the financial statements

March 31, 2018

2. Significant accounting policies (continued)

(b) Financial instruments (continued)

Transaction costs related to financial instruments measured at fair value are expensed as incurred. Transaction costs related to the other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in the statement of operations as interest income or expense.

With respect to financial assets measured at amortized cost, the Society recognizes in the statement of operations an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed in the statement of operations in the period the reversal occurs.

(c) Property and equipment

Property and equipment are valued at cost less accumulated amortization. Amortization is provided on a declining balance basis over their estimated useful lives with one-half of the rates taken in the year of acquisition on the following basis:

Sport equipment	15% and 30%
Computers	30%
Software	20%
Vehicles	30%
Furniture and equipment	20%

Amortization of leasehold improvements is provided on a straight-line basis over the term of the leases.

The Society reviews for the impairment of property and equipment whenever events or changes in circumstances indicate that the asset no longer has any long-term service potential to the Society or no longer contributes to the Society's ability to provide services. The amount of the impairment, if any, is determined as the excess of the carrying value of the asset over its estimated residual value. No impairment losses have been identified by the Society for the year ended March 31, 2018.

(d) Revenue recognition

Revenue is recognized when contributions or sponsorships are received or receivable. If the contributions or sponsorships received relate to operations of a future fiscal period, they are recorded as deferred revenue until the related expenses are incurred. Restricted contributions received for which a separate fund is not established are recognized in the period the related expenditures are incurred.

Funding received, and transferred to other organizations, for programs for which the Society does not have primary responsibility are not recognized in the statement of operations.

The Society makes use of volunteers in the delivery of certain programs and administration services. Because of the difficulty determining their fair value, contributed services of volunteers are not recognized in the financial statements.

Canadian Sport Institute Pacific Society

Notes to the financial statements

March 31, 2018

2. Significant accounting policies (continued)

(e) Allocation of expenses

Expenditures are recorded on an accrual basis and are charged to programs according to the activity that they benefit.

The Society also incurs general expenses that are common to the administration of the Society and its programs. The Society allocates its general expenses by identifying the appropriate basis of each component expense and applies that basis consistently each year.

General expenses relate to rent and certain management compensation and have been allocated based on actual usage and cost. The basis of allocation is reviewed annually during budget preparation and may be revised according to changing requirements.

Additional disclosures are included in Note 8.

(f) Foreign currency translation

Monetary assets and liabilities denominated in a foreign currency have been translated into Canadian dollars at the period end exchange rate. Revenues and expenses denominated in a foreign currency have been translated at the rate of exchange prevailing at the transaction date. Exchange gains or losses arising on these transactions are included in the statement of operations and changes in fund balances in the period incurred.

(g) Use of estimates

The preparation of financial statements in conformity 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 reported period. Actual results could differ from those estimates.

3. Property and equipment

	2018		
	Cost	Accumulated Amortization	Net book Value
	\$	\$	\$
Sport equipment	2,171,007	1,936,181	234,826
Computers	447,793	397,912	49,881
Software	215,177	181,725	33,452
Leasehold Improvements	111,234	92,540	18,694
Vehicles	129,032	118,831	10,201
Furniture and equipment	188,806	161,085	37,721
	3,263,049	2,878,274	384,775

Canadian Sport Institute Pacific Society

Notes to the financial statements

March 31, 2018

3. Property and equipment (continued)

	Cost	Accumulated amortization	2017 Net book value
	\$	\$	\$
Sport equipment	2,136,149	1,850,062	286,087
Computers	437,234	378,797	58,437
Software	215,177	173,362	41,815
Leasehold improvements	111,234	48,015	63,219
Vehicles	129,032	114,459	14,573
Furniture and equipment	188,807	141,656	47,151
	3,217,633	2,706,351	511,282

4. Ancillary facility

The Society has an authorized ancillary facility with [REDACTED] has made available [REDACTED] Business cards with an aggregate limit of \$136,000 of which \$50,564 is included in accounts payable at year end (2017 - \$16,837).

5. Donations

During the year, the Society received and disbursed the following externally restricted contributions:

Olympians Canada	Pacific Sport Rising Star	Home Team Advantage	Total
\$	\$	\$	\$
Balance, March 31, 2017	2,289	2,172	17,084
Additions	-	2,933	11,325
Disbursements	-	(2,000)	(9,514)
Balance, March 31, 2018	2,289	3,105	18,895
			24,289

6. Commitments

(a) The Society has a sublease for the premises of its facilities at the [REDACTED] in Whistler, B.C. until August 31, 2019. Estimated minimum lease obligations are as follows:

	\$
2019	172,762
2020	71,984
	244,746

(b) The Society has a lease for premises at the [REDACTED] in Richmond, B.C. until June 30, 2019. Estimated minimum lease obligations are as follows:

	\$
2019	84,874
2020	21,219
	106,093

Canadian Sport Institute Pacific Society

Notes to the financial statements

March 31, 2018

6. Commitments (continued)

(c) The Society has a lease for premises at the [REDACTED] in Victoria, B.C. until March 31, 2019. Estimated minimum lease obligations are as follows:

	\$
2019	<u>268,369</u>

7. Financial instruments

The Society's financial instruments are comprised of cash, accounts receivable, and accounts payable. Unless otherwise noted, it is management's opinion that the Society is not exposed to significant interest, currency, market, liquidity or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values due to their short-term maturity.

8. Allocation of expenses

Rent and human resources expenses of \$619,248 (\$611,245 in 2017) have been allocated to Performance Services and Talent Development.

9. Defined contribution plan

The Society provides a defined contribution plan in the form of an RRSP contribution of 3% of gross salary for eligible employees. During the year ended March 31, 2018, RRSP expenses related to this plan were \$102,685 (\$104,485 in 2017).

10. Remuneration to directors, employees and contractors

The directors of the Society provide their services on a volunteer basis and receive no remuneration.

The ten most highly remunerated employees and contractors of the Society who each received remuneration equal to or in excess of \$75,000 received remuneration in the aggregate amount of \$1,223,973 during the year ended March 31, 2018 (\$1,154,696 in 2017).

11. Other reporting requirements

The schedule to the financial statements relates to specific reporting requirements of Sport Canada. The Society is required to provide a schedule of Sport Canada revenues and total expenditures incurred based on the categories of the Sport Canada contribution agreement.

Canadian Sport Institute Pacific Society
 Schedule of Sport Canada revenue and total expenditures
 year ended March 31, 2018

	Core Contribution					Enhanced Excellence			Above Core		NextGen	
	Administration		Salaries fees and benefits	Official languages	Operations and programming	Salaries fees and benefits		Operations and programming	Operations and programming		Operations and programming	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	Total
Revenue												
Sport Canada	69,132	12,000	130,229	11,500	488,468	2,387,287	250,000	100,000	4,950	3,433,546		
Expenditures												
Performance services												
Performance preparation												
Human resources							2,245,840				4,950	2,250,790
Operations						773,820		250,000				1,023,820
Integrated Support Team operations							79,458					79,458
Performance analysis												
Human resources							268,583					268,583
Operations						34,387						34,387
Performance readiness												
Human resources							801,156					801,156
Operations						55,046			247,165			302,211
						863,253	3,395,117	250,000	247,165	4,950	4,760,485	
Talent development												
Talent development												
Human resources							655,408					655,408
Operations						10,735	251,997					252,732
NextGen programs												
Human resources										42,643	42,643	
Operations										80,217	80,217	
						10,735	251,997	655,408			122,860	1,041,000
Business operations and administration												
Communications												
Human resources						118,294						118,294
Operations							765	93,284				94,049
Finance and operations												
Human resources						432,741			7,500			440,241
Operations	415,191	17,015										(432,208)
	415,191	17,015	851,035	765		93,284			7,500			1,084,790
	415,191	17,015	551,035	11,500	1,208,634	4,050,525	250,000	254,655	127,810			6,886,275
Deficiency of revenue over expenditures	(346,059)	(5,015)	(420,605)		(740,066)	(1,663,258)		(154,665)	(122,860)			(3,452,729)