

**CALGARY ZONE, CANADIAN SKI PATROL SYSTEM**  
**Financial Statements**  
**Year Ended March 31, 2017**



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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Calgary Zone, Canadian Ski Patrol System

We have audited the accompanying financial statements of Calgary Zone, Canadian Ski Patrol System, which comprise the statement of financial position as at March 31, 2017 and the statements of operations, changes in net assets and cash flow 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.

*(continues)*

Independent Auditor's Report to the Members of Calgary Zone, Canadian Ski Patrol System *(continued)*

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Calgary Zone, Canadian Ski Patrol System as at March 31, 2017 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Calgary, Alberta  
June 27, 2017

LOCKHART LLP  
Chartered Professional Accountants

**CALGARY ZONE, CANADIAN SKI PATROL SYSTEM**

**Statement of Financial Position**

**March 31, 2017**

	2017	2016 <i>Revised</i>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash - unrestricted	\$ 292,992	\$ 96,609
Cash - restricted (Note 6)	1,574	436
Accounts receivable (Note 2)	12,436	17,931
Interest receivable	263	692
Goods and services tax recoverable	4,958	2,113
Inventory	2,416	2,501
Prepaid expenses	745	3,892
	<u>315,384</u>	124,174
INVESTMENT IN JOINT VENTURE (Note 3)	28,229	32,565
INVESTMENTS - UNRESTRICTED (Note 4)	-	78,579
INVESTMENTS - RESTRICTED (Note 4)	15,060	88,470
CAPITAL ASSETS (Note 5)	67,348	67,698
	<u>\$ 426,021</u>	<u>\$ 391,486</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable	\$ 20,429	\$ 11,210
Deferred casino revenue - restricted (Note 6)	1,574	436
Due to area patrols - funds held in trust	28,337	36,684
	<u>50,340</u>	48,330
DEFERRED CAPITAL CONTRIBUTIONS (Note 7)	49,512	30,108
	<u>99,852</u>	78,438
NET ASSETS	<u>326,169</u>	313,048
	<u>\$ 426,021</u>	<u>\$ 391,486</u>

**ON BEHALF OF THE BOARD**

\_\_\_\_\_ Director

\_\_\_\_\_ Director

**CALGARY ZONE, CANADIAN SKI PATROL SYSTEM**

**Statement of Operations**

**For the Year Ended March 31, 2017**

	2017	2016 <i>Revised</i>
<b>REVENUE</b>		
Casino revenue	\$ 21,803	\$ 59,520
Contributions related to capital assets	27,399	7,440
Donations	-	990
Investment income	3,134	3,852
Membership dues collected	26,990	12,350
Other income	-	50
Ski sale	83,664	61,480
Special event revenue	2,263	-
Store sales	1,274	8,663
	<u>166,527</u>	<u>154,345</u>
<b>DIRECT COSTS</b>		
Cost of goods sold	3,342	16,856
Membership dues paid to national and division	27,063	22,634
	<u>30,405</u>	<u>39,490</u>
<b>GROSS PROFIT (82%; 2016 - 74%)</b>	<u>136,122</u>	<u>114,855</u>
<b>EXPENSES</b>		
Administration and bank charges	1,147	1,034
Amortization	47,375	23,113
Communications and public affairs	6,563	16,544
Education	11,792	13,773
Executive matters	20,575	20,200
Finance	2,164	584
Insurance	2,843	3,874
Membership services	9,787	7,695
Operations	9,391	11,550
Professional fees	9,965	13,414
Repairs and maintenance	1,399	1,148
Uniform and pack subsidy	-	22,575
	<u>123,001</u>	<u>135,504</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FROM OPERATIONS</b>	13,121	(20,649)
<b>OTHER INCOME (EXPENSES)</b>		
Loss on disposal of capital assets	-	(3,868)
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>\$ 13,121</u>	<u>\$ (24,517)</u>

**CALGARY ZONE, CANADIAN SKI PATROL SYSTEM**  
**Statement of Changes in Net Assets**  
**Year Ended March 31, 2017**

	2016 Balance	Excess of revenue over expenses	Adjustments	Transfers <i>Note 9</i>	2017 Balance
Unrestricted	\$ 170,889	\$ (68,917)	\$ -	\$ 150,323	\$ 252,295
Internally restricted	73,410	1,377	-	(62,040)	12,747
Externally restricted	15,060	283	-	(283)	15,060
Invested in capital assets	21,124	(3,286)	-	-	17,838
Investment in Calgary New & Used Ski Sale	32,565	83,664	-	(88,000)	28,229
	<b>313,048</b>	<b>13,121</b>	<b>-</b>	<b>-</b>	<b>326,169</b>

	2015 Balance	Excess of revenue over expenses	Adjustments	Transfers	2016 Balance
Unrestricted	\$ 185,859	\$ (82,180)	\$ -	\$ 67,210	\$ 170,889
Internally restricted	66,379	1,353	5,678	-	73,410
Externally restricted	20,738	-	(5,678)	-	15,060
Invested in capital assets	33,504	(5,170)	-	(7,210)	21,124
Investment in Calgary New & Used Ski Sale	31,085	61,480	-	(60,000)	32,565
	<b>\$ 337,565</b>	<b>\$ (24,517)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 313,048</b>

**CALGARY ZONE, CANADIAN SKI PATROL SYSTEM**

**Statement of Cash Flow  
Year Ended March 31, 2017**

	2017	2016 <i>Revised</i>
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses	\$ 13,121	\$ (24,517)
Items not affecting cash:		
Amortization of capital assets	47,375	23,113
Contributions related to capital assets	19,404	(7,440)
Loss on disposal of capital assets	-	3,868
	<u>79,900</u>	<u>(4,976)</u>
Changes in non-cash working capital:		
Accounts receivable	5,495	6,545
Interest receivable	429	(692)
Inventory	85	32,364
Accounts payable	9,220	5,380
Deferred casino revenue - restricted	1,138	(64,066)
Prepaid expenses	3,147	(2,577)
Goods and services tax payable	(2,845)	(227)
Due to area patrols - funds held in trust	(8,347)	2,550
	<u>8,322</u>	<u>(20,723)</u>
Cash flow from (used by) operating activities	<u>88,222</u>	<u>(25,699)</u>
<b>INVESTING ACTIVITY</b>		
Purchase of capital assets	<u>(47,026)</u>	<u>(35,490)</u>
<b>FINANCING ACTIVITIES</b>		
Deferred capital contributions	-	11,543
Investment in Calgary New & Used Ski Sale	4,336	(1,480)
Cash flow from financing activities	<u>4,336</u>	<u>10,063</u>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>45,532</b>	<b>(51,126)</b>
Cash - beginning of year	<u>264,094</u>	<u>315,220</u>
<b>CASH - END OF YEAR</b>	<b><u>\$ 309,626</u></b>	<b><u>\$ 264,094</u></b>
<b>CASH CONSISTS OF:</b>		
Cash - unrestricted	\$ 292,992	\$ 96,609
Cash - restricted	1,574	436
Investments - unrestricted	-	78,579
Investments - restricted	15,060	88,470
	<u>\$ 309,626</u>	<u>\$ 264,094</u>

# CALGARY ZONE, CANADIAN SKI PATROL SYSTEM

## Notes to Financial Statements

Year Ended March 31, 2017

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### DESCRIPTION OF OPERATIONS

Calgary Zone, Canadian Ski Patrol System (the Organization) is a non-profit organization incorporated February 1, 1979 under the Societies Act of the Province of Alberta. The Organization is a volunteer first aid and rescue group of ski patrols that provides: assistance to injured skiers; and reduce the incidence of ski accidents through training, education and awareness. The Organization operates and promotes five (5) ski areas in the geographical region of southern Alberta. The volunteer membership of ski patrollers consists of 175 volunteers for 2017 (164 volunteers for 2016).

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

#### Cash and cash equivalents

Highly liquid investments with maturities of 90 days or less at March 31 are considered to be cash equivalents. Sufficient funds are maintained as cash equivalents to meet expected short term obligations.

#### Inventory

Inventory is valued at the lower of cost and net realizable value.

#### Investment in joint venture

Investment in joint venture is accounted for using the equity method.

#### Investments

Investments are valued at the lower of cost and market value and are held for the purpose of financing current and future operations. These investments are held at recognized Canadian financial institutions and as such are exposed to all of the risks associated with those institutions. The investments held are guaranteed investment certificates and as such are subject to variable fluctuating interest rates.

#### Capital assets

Capital assets are recorded at cost less accumulated amortization. Additions to capital assets are amortized at one-half their original rate in the year of acquisition. Amortization is recorded at the following rates:

Area equipment	10 years	straight-line method
Communication equipment	5 years	straight-line method
Computer equipment	20%	declining balance method
Computer softw/are	100%	declining balance method
Trailers	20%	declining balance method
Uniforms	100%	declining balance method

#### Revenue and expenses

The deferral method of accounting is used. Revenue, other than restricted contributions, is recognized as revenue when earned. Restricted contributions are recorded as revenue in the year in which the related expenses are incurred.

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# CALGARY ZONE, CANADIAN SKI PATROL SYSTEM

## Notes to Financial Statements

Year Ended March 31, 2017

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Contributed and Volunteer services

The operations of the Association depend on the contribution of time by volunteers (i.e. ski patrol volunteers and board of director positions). The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

#### Measurement uncertainty

Certain amounts in the financial statements are subject to measurement uncertainty and are based on the Organization's best information and judgment. Actual results could differ from these estimates.

Examples of significant estimates include:

- providing for amortization of capital assets;
- the estimated useful lives of assets;
- the allowance for inventory obsolescence;
- assumptions relating to contingent assets, liabilities, revenue and expenses;
- estimates and assumptions used to determine the reserve fund

#### Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

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### 2. ACCOUNTS RECEIVABLE

Accounts receivable balance of the Association consists of the following balances:

	<u>2017</u>	<u>2016</u>
Accounts receivable - Trade	\$ 855	\$ 350
Accounts receivable - Due from former related party	<u>11,581</u>	<u>17,581</u>
	<u>\$ 12,436</u>	<u>\$ 17,931</u>

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**CALGARY ZONE, CANADIAN SKI PATROL SYSTEM**

**Notes to Financial Statements**

**Year Ended March 31, 2017**

**3. INVESTMENTS IN JOINT VENTURES**

The following joint venture was accounted for by the equity method:

	Ownership %	2017	2016
Investment in Calgary New & Used Ski Sale	40.00	\$ 28,229	\$ 32,565

The following are aggregated amounts of the Organization's interest in the joint venture listed above. If the financial statements were prepared by proportional consolidation, the investment in joint venture and joint venture income would be redistributed as follows:

	2017	2016
Cash	\$ 35,056	\$ 32,565
GST Payable	6,827	-
	\$ 28,229	\$ 32,565
	2017	2016
Revenue	\$ 511,896	\$ 422,428
Expense	(428,232)	(360,948)
	\$ 83,664	\$ 61,480

**4. LONG TERM INVESTMENTS**

Investments consist of several Guaranteed Investment Certificates with interest rates ranging from 1.35 % to 2.09% per annum paid on scheduled anniversary dates and maturity dates ranging from April 2017 to August 2021.

Restricted investments include \$12,747 internally restricted and \$15,060 in externally restricted funds. Internally restricted funds are set aside as a rainy-day fund. Externally restricted funds consist of \$10,001 required by Mastercard as collateral for use of their credit card and \$5,059 for Brian Weightman Memorial Fund.

**5. CAPITAL ASSETS**

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Area equipment	\$ 34,345	\$ 15,028	\$ 19,317	\$ 31,417
Communication equipment	29,299	14,829	14,470	9,232
Computer equipment	3,768	1,771	1,997	556
Computer software	18,734	13,467	5,267	6,460
Trailers	7,598	4,745	2,853	3,566
Uniforms	79,612	56,168	23,444	16,467
	\$ 173,356	\$ 106,008	\$ 67,348	\$ 67,698

## CALGARY ZONE, CANADIAN SKI PATROL SYSTEM

### Notes to Financial Statements

Year Ended March 31, 2017

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#### 6. DEFERRED CASINO REVENUE

The Association receives funds from casino events under license from the Alberta Gaming and Liquor Commission (AGLC). Disbursements of those funds are restricted to expenditures approved by the AGLC. Deferred casino funds are recognized as revenue in the period in which the related expenditures are made, or they are recorded as deferred capital contributions in the period in which the related capital expenditures are made. Changes in the balance are as follows:

	2017	2016
Balance, beginning of year	\$ 436	\$ 64,502
Casino event proceeds	69,745	-
Approved expenditures	(21,803)	(59,413)
Transfer to deferred capital contributions	(46,804)	(4,653)
Balance, end of year	<u>\$ 1,574</u>	<u>\$ 436</u>

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#### 7. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions are funds received from casino events under license from the Alberta Gaming and Liquor Commission (AGLC) used for the purchase of capital assets. This will be recorded as income (amortized contributions) on the same basis as the related capital asset is expensed.

	2017	2016
Balance, beginning of year	\$ 30,108	\$ 32,895
Transfers from deferred revenue	46,804	4,653
Amortization of deferred capital contributions	(27,400)	(7,440)
Balance, end of year	<u>\$ 49,512</u>	<u>\$ 30,108</u>

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#### 8. MEMBERSHIP DUES COLLECTED

During the year membership fees were subsidized if members participated in fundraising events and if they met their prior year commitment. A total of 88 members received a \$50 discount for participating in fundraising events. A total of 103 members received a \$50 discount for meeting their prior year commitment.

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#### 9. INTER-FUND TRANSFERS

During the year \$150,323 was transferred from other funds to support general operations. Of this \$88,000 was transferred from Investment in Calgary New & Used Ski Sale, \$62,040 from internally restricted funds & \$283 from externally restricted funds.

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#### 10. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Organization's risk exposure and concentration as of March 31, 2017.

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**CALGARY ZONE, CANADIAN SKI PATROL SYSTEM**

**Notes to Financial Statements**

**Year Ended March 31, 2017**

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10. FINANCIAL INSTRUMENTS *(continued)*

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its receipt of funds from its members and other related sources, and accounts payable.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Organization manages exposure through its normal operating and financing activities. The Organization is exposed to interest rate risk primarily through its floating interest rate investments.

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11. COMPARATIVE FIGURES

The prior period figures were revised to reclassify ski jackets from inventory to capital assets. Inventory in 2015 was reduced by \$16,467, Capital Assets, net of amortization, was increased by \$16,467, Amortization expense was increased by \$14,370, and Uniform and pack subsidy expense was reduced by \$14,370.

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