

CALGARY ZONE, CANADIAN SKI PATROL SYSTEM
Financial Statements
Year Ended March 31, 2018



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INDEPENDENT AUDITOR'S REPORT

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, 2018 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.

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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, 2018 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 25, 2018

LOCKHART LLP
Chartered Professional Accountants

CALGARY ZONE, CANADIAN SKI PATROL SYSTEM
Statement of Financial Position
March 31, 2018

	2018	2017
ASSETS		
CURRENT		
Cash - unrestricted	\$ 122,082	\$ 284,655
Cash - restricted (Note 2)	73,821	28,911
Accounts receivable (Note 3)	12,670	12,436
Goods and services tax recoverable	704	4,858
Inventory	-	2,416
Prepaid expenses	791	745
	<u>210,068</u>	<u>315,121</u>
INVESTMENT IN JOINT VENTURE (Note 4)	26,473	28,229
INVESTMENTS - UNRESTRICTED (Note 5)	166,759	263
INVESTMENTS - RESTRICTED (Note 5)	5,059	15,060
CAPITAL ASSETS (Note 6)	<u>55,360</u>	<u>67,348</u>
	<u>\$ 463,719</u>	<u>\$ 426,021</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 9,031	\$ 20,429
Deferred casino revenue - restricted (Note 7)	40,573	1,574
Due to area patrols - funds held in trust	<u>33,248</u>	<u>28,337</u>
	82,852	50,340
DEFERRED CAPITAL CONTRIBUTIONS (Note 8)	<u>47,981</u>	<u>49,512</u>
	130,833	99,852
NET ASSETS		
Net assets	<u>332,886</u>	<u>326,169</u>
	<u>\$ 463,719</u>	<u>\$ 426,021</u>

ON BEHALF OF THE BOARD

 Director
 Director

See Notes to Financial Statements
Lockhart LLP

CALGARY ZONE, CANADIAN SKI PATROL SYSTEM**Statement of Operations****For the Year Ended March 31, 2018**

	2018	2017
REVENUE		
Casino revenue	\$ 16,296	\$ 21,803
Contributions related to capital assets	13,117	27,399
Course fees	1,500	-
Investment income	1,359	3,134
Membership dues collected	27,650	26,990
Other revenue	4,869	-
Ski sale	79,844	83,664
Special event revenue	1,705	2,263
Store sales	1,965	1,274
	<u>148,305</u>	<u>166,527</u>
EXPENSES		
Administration and bank charges	1,378	1,146
Amortization	33,045	47,375
Communications and public affairs	4,716	6,563
Education	9,144	11,792
Executive matters	20,168	20,575
Finance	2,402	2,164
Insurance	2,202	2,843
Membership dues	32,048	27,063
Membership services	9,017	9,787
Operations	16,615	12,734
Professional fees	6,949	9,965
Repairs and maintenance	857	1,399
Uniform and pack subsidy	3,047	-
	<u>141,588</u>	<u>153,406</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 6,717</u>	<u>\$ 13,121</u>

CALGARY ZONE, CANADIAN SKI PATROL SYSTEM

Statement of Changes in Net Assets

For the Year Ended March 31, 2018

	2017 Balance	Excess of revenue over expenses	Adjustments Note 5	Transfers Note 10	2018 Balance
Unrestricted	\$ 252,295	\$ (64,027)	\$ 10,001	\$ 95,706	\$ 293,975
Internally restricted	12,747	623	-	(13,370)	-
Externally restricted	15,060	736	(10,001)	(736)	5,059
Invested in capital assets	17,838	(10,459)	-	-	7,379
Investment in Calgary New & Used Ski Sale	28,229	79,844	-	(81,600)	26,473
	\$ 326,169	\$ 6,717	\$ -	\$ -	\$ 332,886

	2016 Balance	Excess of revenue over expenses	Adjustments Note 3	Transfers	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
	\$ 313,048	\$ 13,121	\$ -	\$ -	\$ 326,169

CALGARY ZONE, CANADIAN SKI PATROL SYSTEM

Statement of Cash Flow

For the Year Ended March 31, 2018

	2018	2017
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 6,717	\$ 13,121
Items not affecting cash:		
Amortization of capital assets	33,045	47,375
Contributions related to capital assets	<u>(1,531)</u>	<u>19,404</u>
	<u>38,231</u>	<u>79,900</u>
Changes in non-cash working capital:		
Accounts receivable	(234)	5,495
Goods and services tax recoverable	4,254	(2,845)
Inventory	2,416	85
Prepaid expenses	(46)	3,147
Accounts payable	(11,399)	9,220
Deferred casino revenue - restricted	38,999	1,138
Due to area patrols - funds held in trust	<u>4,911</u>	<u>(8,347)</u>
	<u>38,901</u>	<u>7,893</u>
Cash flow from operating activities	<u>77,132</u>	<u>87,793</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(21,056)	(47,026)
Investments	<u>(154,739)</u>	<u>156,754</u>
Cash flow from (used by) investing activities	<u>(175,795)</u>	<u>109,728</u>
INCREASE (DECREASE) IN CASH FLOW	(98,663)	197,521
Cash - beginning of year	<u>294,566</u>	<u>97,045</u>
CASH - END OF YEAR	\$ 195,903	\$ 294,566
CASH CONSISTS OF:		
Cash - unrestricted	\$ 122,082	\$ 264,655
Cash - restricted	<u>73,821</u>	<u>29,911</u>
	<u>\$ 195,903</u>	<u>\$ 294,566</u>

CALGARY ZONE, CANADIAN SKI PATROL SYSTEM

Notes to Financial Statements

For the Year Ended March 31, 2018

DESCRIPTION OF OPERATIONS

Calgary Zone, Canadian Ski Patrol System ("the Organization") is a not-for-profit organization incorporated on February 1, 1979 under the Societies Act of the Province of Alberta and thus, exempt from income taxes under the Income Tax Act ("the Act").

The Organization is a volunteer group of ski patrols that provides first aid and rescue assistance to injured skiers, with a mandate to reduce the incidence of ski accidents through training, education and awareness.

The Organization operates and promotes 7 (2017 - 6) ski areas in the geographical region of southern Alberta. The volunteer membership of ski patrollers consists of 218 (2017 - 186) volunteers.

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.

Cash subject to restrictions is included in restricted cash.

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 using the declining balance method at the following rates:

Area equipment	10%
Communication equipment	20%
Computer equipment	20%
Trailers	20%
Computer software	100%
Uniforms	100%

(continues)

CALGARY ZONE, CANADIAN SKI PATROL SYSTEM

Notes to Financial Statements

For the Year Ended March 31, 2018

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

Revenue recognition

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.

Contributed and Volunteer services

The operations of the Organization 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;
- 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.

2. RESTRICTED CASH

Restricted cash is comprised of cash subject to restrictions imposed by Alberta Gaming and Liquor Commission and cash held in trust for area patrols.

	<u>2018</u>	<u>2017</u>
Casino funds	\$ 40,573	\$ 1,574
Area patrol funds	33,248	28,337
	<u>\$ 73,821</u>	<u>\$ 29,911</u>

CALGARY ZONE, CANADIAN SKI PATROL SYSTEM

Notes to Financial Statements

For the Year Ended March 31, 2018

3. ACCOUNTS RECEIVABLE

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

	<u>2018</u>	<u>2017</u>
Trade receivables	\$ 4,089	\$ 855
Due from former related party	<u>8,581</u>	<u>11,581</u>
	<u>\$ 12,670</u>	<u>\$ 12,436</u>

During the year it was discovered the receivable from former related party was incorrect due to an error in prior periods. As a result, \$3,843 was adjusted directly to opening unrestricted net assets.

4. INVESTMENTS IN JOINT VENTURES

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

	<u>2018</u>	<u>2017</u>
Investment in The Calgary New & Used Ski Sale 40.00	<u>\$ 26,473</u>	<u>\$ 28,229</u>

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:

	<u>2018</u>	<u>2017</u>
Cash	<u>\$ 28,229</u>	<u>\$ 35,056</u>
GST Payable	<u>1,756</u>	<u>6,827</u>
	<u>\$ 26,473</u>	<u>\$ 28,229</u>

	<u>2018</u>	<u>2017</u>
Revenue	<u>\$ 584,561</u>	<u>\$ 511,896</u>
Expenses	<u>(504,717)</u>	<u>(428,232)</u>
	<u>\$ 79,844</u>	<u>\$ 83,664</u>

5. LONG TERM INVESTMENTS

Investments consist of several Guaranteed Investment Certificates with interest rates ranging from 0.55 % to 2.30% per annum paid on scheduled anniversary dates and maturity dates ranging from October 2019 to August 2022.

Restricted investments include \$nil (2017 - \$nil) internally restricted and \$5,059 (2017 - \$15,060) externally restricted funds. Internally restricted funds are set aside as a rainy-day fund. Externally restricted funds consist of \$5,059 for Brian Weightman Memorial Fund.

In 2017, an additional \$10,001 was shown as externally restricted but was determined to be incorrect in the current year and was, therefore, adjusted to unrestricted.

CALGARY ZONE, CANADIAN SKI PATROL SYSTEM

Notes to Financial Statements

For the Year Ended March 31, 2018

6. CAPITAL ASSETS

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Area equipment	\$ 39,460	\$ 17,216	\$ 22,244	\$ 19,315
Communication equipment	37,793	18,572	19,221	14,470
Computer equipment	3,768	2,170	1,598	1,998
Trailers	7,598	5,316	2,282	2,853
Computer software	18,734	14,531	4,203	5,268
Uniforms	87,059	81,247	5,812	23,444
	\$ 194,412	\$ 139,052	\$ 55,360	\$ 67,348

7. DEFERRED CASINO REVENUE

The Organization 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:

	2018	2017
Balance, beginning of year	\$ 1,574	\$ 436
Casino event proceeds	55,295	69,745
Approved expenditures	(16,296)	(21,803)
Transfer to deferred capital contributions	-	(46,804)
Balance, end of year	\$ 40,573	\$ 1,574

8. 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.

Deferred capital contributions are recognized as revenue consistent with the amortization of the related capital asset.

	2018	2017
Balance, beginning of year	\$ 49,512	\$ 30,108
Transfers from deferred revenue	11,586	46,804
Amortization of deferred capital contributions	(13,117)	(27,400)
Balance, end of year	\$ 47,981	\$ 49,512

CALGARY ZONE, CANADIAN SKI PATROL SYSTEM

Notes to Financial Statements

For the Year Ended March 31, 2018

9. MEMBERSHIP DUES COLLECTED

Membership fees are subsidized for members participation in fundraising events and completion of patrol requirements, as determined by each patrol leader.

For the year ended March 31, 2018, a total of 86 (2017 - 88) members received a \$100 discount for participating in both a fundraising event and completing patrol requirements and 45 (2017 - 15) members received a \$50 discount for completing one of the above.

10. INTER-FUND TRANSFERS

For the year ended March 31, 2018 \$95,706 (2017 - \$150,323) was transferred from other funds to support general operations. Of this \$81,600 (2017 - \$88,000) was transferred from Investment in Calgary New & Used Ski Sale, \$13,370 (2017 - \$62,040) from internally restricted funds and \$736 (2017 - \$283) from externally restricted funds.

11. 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, 2018.

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.

12. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.
