

**CALGARY ZONE, CANADIAN SKI PATROL SYSTEM**  
**Financial Statements**  
**Year Ended March 31, 2019**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Calgary Zone, Canadian Ski Patrol System

### *Opinion*

We have audited the financial statements of Calgary Zone, Canadian Ski Patrol System (the Organization), which comprise the statement of financial position as at March 31, 2019, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2019, 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.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

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*Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.


Calgary, Alberta  
June 13, 2019

  
LOCKHART LLP  
Chartered Professional Accountants

**CALGARY ZONE, CANADIAN SKI PATROL SYSTEM**  
**Statement of Financial Position**  
**March 31, 2019**

|   | 2019              | 2018              |
|---|-------------------|-------------------|
| <b>ASSETS</b>                                 |                   |                   |
| <b>CURRENT</b>                                |                   |                   |
| Cash - unrestricted                           | \$ 166,499        | \$ 122,082        |
| Cash - restricted (Note 2)                    | 35,335            | 73,821            |
| Accounts receivable (Note 3)                  | 6,933             | 12,670            |
| Goods and services tax recoverable            | 602               | 704               |
| Prepaid expenses                              | 1,212             | 791               |
| Current portion of investments - unrestricted | <u>10,266</u>     | <u>-</u>          |
|   | <b>220,847</b>    | <b>210,068</b>    |
| INVESTMENT IN JOINT VENTURE (Note 4)          | 31,670            | 26,473            |
| INVESTMENTS - UNRESTRICTED (Note 5)           | 157,083           | 166,759           |
| INVESTMENTS - RESTRICTED (Note 5)             | 5,059             | 5,059             |
| CAPITAL ASSETS (Note 6)                       | <u>62,959</u>     | <u>55,361</u>     |
|   | <b>\$ 477,618</b> | <b>\$ 463,720</b> |
| <b>LIABILITIES AND NET ASSETS</b>             |                   |                   |
| <b>CURRENT</b>                                |                   |                   |
| Accounts payable and accrued liabilities      | \$ 21,037         | \$ 9,032          |
| Deferred casino revenue - restricted (Note 7) | 1,834             | 40,573            |
| Due to area patrols - funds held in trust     | <u>33,501</u>     | <u>33,248</u>     |
|   | <b>56,372</b>     | <b>82,853</b>     |
| DEFERRED CAPITAL CONTRIBUTIONS (Note 8)       | <u>48,344</u>     | <u>47,981</u>     |
|   | <b>104,716</b>    | <b>130,834</b>    |
| <b>NET ASSETS</b>                             |                   |                   |
| Net assets                                    | <u>372,902</u>    | <u>332,886</u>    |
|   | <b>\$ 477,618</b> | <b>\$ 463,720</b> |

ON BEHALF OF THE BOARD

  
 \_\_\_\_\_ Director  
 Neil McKendrick  
 \_\_\_\_\_ Director

Chartered Professional Accountants

**CALGARY ZONE, CANADIAN SKI PATROL SYSTEM****Statement of Revenues and Expenditures****Year Ended March 31, 2019**

|   | 2019             | 2018            |
|---|------------------|-----------------|
| <b>REVENUE</b>                          |                  |                 |
| Casino revenue                          | \$ 26,510        | \$ 16,296       |
| Contributions related to capital assets | 11,866           | 13,117          |
| Course fees                             | -                | 1,500           |
| Donations                               | 500              | -               |
| Investment income                       | 1,216            | 1,359           |
| Membership dues collected               | 20,800           | 27,650          |
| Other income                            | 750              | 4,869           |
| Ski sale                                | 95,196           | 79,844          |
| Special event revenue                   | 960              | 1,705           |
| Store sales                             | 2,219            | 1,965           |
|   | <u>160,017</u>   | <u>148,305</u>  |
| <b>EXPENSES</b>                         |                  |                 |
| Administration and bank charges         | 1,644            | 1,378           |
| Amortization                            | 19,734           | 33,045          |
| Communications and public affairs       | 4,914            | 4,716           |
| Education                               | 23,447           | 9,144           |
| Executive matters                       | 10,085           | 20,168          |
| Finance                                 | 177              | 2,402           |
| Insurance                               | 2,066            | 2,202           |
| Membership dues                         | 25,892           | 32,048          |
| Membership services                     | 11,961           | 9,017           |
| Operations                              | 10,546           | 16,615          |
| Professional fees                       | 7,891            | 6,949           |
| Repairs and maintenance                 | 1,581            | 857             |
| Uniform and pack subsidy                | 63               | 3,047           |
|   | <u>120,001</u>   | <u>141,588</u>  |
| <b>EXCESS OF REVENUE OVER EXPENSES</b>  | <u>\$ 40,016</u> | <u>\$ 6,717</u> |

**CALGARY ZONE, CANADIAN SKI PATROL SYSTEM**

**Statement of Changes in Net Assets**

**Year Ended March 31, 2019**

|  | 2018<br>Balance   | Excess of<br>revenue over<br>expenses | Adjustment<br>Note 5 | Transfers<br>Note 10 | 2019<br>Balance   |
|--|-------------------|---------------------------------------|----------------------|----------------------|-------------------|
| Unrestricted                                 | \$ 293,975        | \$ (62,582)                           | \$ -                 | \$ 90,164            | \$ 321,557        |
| Externally restricted                        | 5,059             | 164                                   | -                    | (164)                | 5,059             |
| Invested in capital assets                   | 7,379             | 7,237                                 | -                    | -                    | 14,616            |
| Investment in Calgary<br>New & Used Ski Sale | 26,473            | 95,197                                | -                    | (90,000)             | 31,670            |
|  | <b>\$ 332,886</b> | <b>\$ 40,016</b>                      | <b>\$ -</b>          | <b>\$ -</b>          | <b>\$ 372,902</b> |

|  | 2017<br>Balance   | Excess of<br>revenue over<br>expenses | Adjustment<br>Note 5 | Transfers<br>Note 10 | 2018<br>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<br>New & Used Ski Sale | 28,229            | 79,844                                | -                    | (81,600)             | 26,473            |
|  | <b>\$ 326,169</b> | <b>\$ 6,717</b>                       | <b>\$ -</b>          | <b>\$ -</b>          | <b>\$ 332,886</b> |

**CALGARY ZONE, CANADIAN SKI PATROL SYSTEM**

**Statement of Cash Flows**

**Year Ended March 31, 2019**

|   | 2019              | 2018              |
|---|-------------------|-------------------|
| <b>OPERATING ACTIVITIES</b>                   |                   |                   |
| Excess of revenue over expenses               | \$ 40,016         | \$ 6,717          |
| Items not affecting cash:                     |                   |                   |
| Amortization of capital assets                | 19,734            | 33,045            |
| Contributions related to capital assets       | 363               | (1,531)           |
|   | <u>60,113</u>     | <u>38,231</u>     |
| Changes in non-cash working capital:          |                   |                   |
| Accounts receivable                           | 5,737             | (234)             |
| Goods and services tax payable                | 102               | 4,254             |
| Inventory                                     | -                 | 2,416             |
| Prepaid expenses                              | (421)             | (46)              |
| Current portion of investments - unrestricted | (10,266)          | -                 |
| Accounts payable and accrued liabilities      | 12,006            | (11,399)          |
| Deferred casino revenue - restricted          | (38,739)          | 38,999            |
| Due to area patrols - funds held in trust     | 253               | 4,911             |
|   | <u>(31,328)</u>   | <u>38,901</u>     |
| Cash flow from operating activities           | <u>28,785</u>     | <u>77,132</u>     |
| <b>INVESTING ACTIVITIES</b>                   |                   |                   |
| Purchase of capital assets                    | (27,332)          | (21,056)          |
| Investments                                   | 4,478             | (154,739)         |
| Cash flow used by investing activities        | <u>(22,854)</u>   | <u>(175,795)</u>  |
| <b>INCREASE (DECREASE) IN CASH FLOW</b>       | <b>5,931</b>      | <b>(98,663)</b>   |
| Cash - beginning of year                      | <u>195,903</u>    | <u>294,566</u>    |
| <b>CASH - END OF YEAR</b>                     | <b>\$ 201,834</b> | <b>\$ 195,903</b> |
| <b>CASH CONSISTS OF:</b>                      |                   |                   |
| Cash - unrestricted                           | \$ 166,499        | \$ 122,082        |
| Cash - restricted                             | 35,335            | 73,821            |
|   | <u>\$ 201,834</u> | <u>\$ 195,903</u> |

# CALGARY ZONE, CANADIAN SKI PATROL SYSTEM

## Notes to Financial Statements

Year Ended March 31, 2019

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### 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 seven (2018 - seven) ski areas in the geographical region of southern Alberta. The volunteer membership of ski patrollers consists of 195 (2018 - 218) volunteers.

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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.

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% |

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# CALGARY ZONE, CANADIAN SKI PATROL SYSTEM

## Notes to Financial Statements

Year Ended March 31, 2019

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### 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.

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### 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>2019</u>      | <u>2018</u>      |
|-------------------|------------------|------------------|
| Casino funds      | \$ 1,834         | \$ 40,573        |
| Area patrol funds | <b>33,501</b>    | <b>33,248</b>    |
|                   | <u>\$ 35,335</u> | <u>\$ 73,821</u> |

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**CALGARY ZONE, CANADIAN SKI PATROL SYSTEM**

**Notes to Financial Statements**

**Year Ended March 31, 2019**

**3. ACCOUNTS RECEIVABLE**

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

|                               | <u>2019</u>     |    | <u>2018</u>   |
|-------------------------------|-----------------|----|---------------|
| Trade receivables             | \$ 3,281        | \$ | 4,089         |
| Due from former related party | <u>3,652</u>    |    | <u>8,581</u>  |
|                               | \$ <b>6,933</b> | \$ | <b>12,670</b> |

**4. INVESTMENTS IN JOINT VENTURES**

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

|   | <u>2019</u> |    | <u>2018</u> |
|---|-------------|----|-------------|
| Investment in The Calgary New & Used Ski Sale 40.00 | \$ 31,670   | \$ | 26,473      |

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>2019</u>      |    | <u>2018</u>   |
|------------------|------------------|----|---------------|
| Cash             | \$ 4,111         | \$ | 5,534         |
| Investments      | 22,000           |    | 20,000        |
| Prepaid expenses | 2,784            |    | -             |
| Capital assets   | <u>2,785</u>     |    | <u>949</u>    |
|                  | <b>31,680</b>    |    | <b>26,483</b> |
| Accounts payable | <u>10</u>        |    | <u>10</u>     |
|                  | \$ <b>31,670</b> | \$ | <b>26,473</b> |

|               | <u>2019</u>      |    | <u>2018</u>   |
|---------------|------------------|----|---------------|
| Revenue       | \$ 660,202       | \$ | 582,684       |
| Cost of sales | (520,464)        |    | (460,588)     |
| Expenses      | (47,482)         |    | (44,130)      |
| Other income  | <u>2,940</u>     |    | <u>1,878</u>  |
|               | \$ <b>95,196</b> | \$ | <b>79,844</b> |

**CALGARY ZONE, CANADIAN SKI PATROL SYSTEM**

**Notes to Financial Statements**

**Year Ended March 31, 2019**

**5. INVESTMENTS**

Investments consist of four (2018 - four) guaranteed investment certificates with interest rates ranging from 0.55 % to 2.65% per annum paid on scheduled anniversary dates and with maturity dates ranging from October 2019 to May 2020.

Restricted investments consist of externally restricted funds, the Brian Weightman Memorial Fund, invested in one (2018 - one) guaranteed investment certificate with an interest rate of 1.95% per annum paid on the scheduled anniversary date and a maturity date of August 2022.

**6. CAPITAL ASSETS**

|                         | Cost              | Accumulated<br>amortization | 2019<br>Net book<br>value | 2018<br>Net book<br>value |
|-------------------------|-------------------|-----------------------------|---------------------------|---------------------------|
| Area equipment          | \$ 56,305         | \$ 20,282                   | \$ 36,023                 | \$ 22,245                 |
| Communication equipment | 37,793            | 22,416                      | 15,377                    | 19,221                    |
| Computer equipment      | 3,768             | 2,490                       | 1,278                     | 1,598                     |
| Trailers                | 7,598             | 5,772                       | 1,826                     | 2,282                     |
| Computer software       | 15,138            | 11,775                      | 3,363                     | 4,203                     |
| Uniforms                | 97,546            | 92,454                      | 5,092                     | 5,812                     |
|                         | <b>\$ 218,148</b> | <b>\$ 155,189</b>           | <b>\$ 62,959</b>          | <b>\$ 55,361</b>          |

**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:

|  | 2019            | 2018             |
|--|-----------------|------------------|
| Balance, beginning of year                 | \$ 40,573       | \$ 1,574         |
| Casino event proceeds                      | -               | 66,881           |
| Approved expenditures                      | (26,509)        | (16,296)         |
| Transfer to deferred capital contributions | (12,230)        | (11,586)         |
| Balance, end of year                       | <b>\$ 1,834</b> | <b>\$ 40,573</b> |

# CALGARY ZONE, CANADIAN SKI PATROL SYSTEM

## Notes to Financial Statements

Year Ended March 31, 2019

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### 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.

|  | <u>2019</u>      | <u>2018</u>      |
|--|------------------|------------------|
| Balance, beginning of year                     | \$ 47,981        | \$ 49,512        |
| Transfers from deferred revenue                | 12,230           | 11,586           |
| Amortization of deferred capital contributions | <u>(11,867)</u>  | <u>(13,117)</u>  |
| Balance, end of year                           | <u>\$ 48,344</u> | <u>\$ 47,981</u> |

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### 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, 2019, a total of 80 (2018 - 86) members received a \$100 discount for participating in both a fundraising event and completing patrol requirements and 50 (2018 - 45) members received a \$55 discount for completing one of the above.

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### 10. INTER-FUND TRANSFERS

For the year ended March 31, 2019 \$90,164 (2018 - \$95,706) was transferred from other funds to support general operations. Of this \$90,000 (2018 - \$81,600) was transferred from the Investment in Calgary New & Used Ski Sale, \$Nil (2018 - \$13,370) from internally restricted funds and \$164 (2018 - \$736) from externally restricted funds.

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### 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, 2019.

#### 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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