

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

**FINANCIAL STATEMENTS**

**MARCH 31, 2019**

July 31, 2019

## INDEPENDENT AUDITOR'S REPORT

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

#### *Qualified Opinion*

We have audited the financial statements of Cross Country Ski Association of Manitoba Inc. (the Association), which comprise the statement of financial position as at March 31, 2019, and the statement of operations and net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2019 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

#### *Basis for Qualified Opinion*

In common with many not-for-profit organizations, the Association derives revenue from membership fees and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these transactions was limited to the amount recorded in the records of the Association. Therefore, we are not able to determine whether any adjustments might be necessary to membership fees and fundraising revenue, difference between revenues and expenses, and cash flows from operations for the years ended March 31, 2019 and 2018, current assets as at March 31, 2019 and 2018 and net assets as at March 31, 2019 and 2018 and April 1, 2017. Our audit opinion on financial statements for the year ended March 31, 2018 was modified accordingly because of the possible effects of this limitation in scope.

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 Association 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified 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 Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

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

#### *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 Association'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 Association'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 Association 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.

*Scarrow & Donald LLP*

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.

CROSS COUNTRY SKI ASSOCIATION OF MANITOBA INC.

STATEMENT OF FINANCIAL POSITION

	March 31	
	2019	2018
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash	\$ 44,110	\$ 61,255
Cash - Windsor Park	198,170	142,790
Accounts receivable	21,734	22,811
Prepaid expenses	180	180
	<u>\$ 264,194</u>	<u>\$ 227,036</u>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 77,168	\$ 61,718
Government remittances payable	7,718	2,515
Deferred contributions for following year	27,752	47,893
	<u>112,638</u>	<u>112,126</u>
<b>MEMBERS' EQUITY</b>		
<b>Unrestricted net assets</b>	<u>151,556</u>	<u>114,910</u>
	<u>\$ 264,194</u>	<u>\$ 227,036</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>2019</b>	<b>2018</b>
<b>Revenue:</b>		
Sport Manitoba block funding	\$ 125,459	\$ 99,022
Sport Manitoba sport program funding	36,300	36,300
Facility, trail and tracking	30,615	26,285
Fundraising	74,695	64,887
High Performance program	42,516	37,092
Program/event	29,868	46,019
Miscellaneous	1,240	56
Windsor Park	149,027	113,752
	<u>489,720</u>	<u>423,413</u>
<b>Expenses:</b>		
Administration	21,932	16,586
Facility development	14,915	11,787
Fundraising	75,175	67,513
High Performance program	131,041	81,939
Program/event	38,215	60,455
Salaries	57,658	55,762
Windsor Park	114,138	96,527
	<u>453,074</u>	<u>390,569</u>
<b>Difference between revenue and expenses for the year</b>	36,646	32,844
<b>Unrestricted net assets, beginning of year</b>	<u>114,910</u>	<u>82,066</u>
<b>Unrestricted net assets, end of year</b>	<u>\$ 151,556</u>	<u>\$ 114,910</u>

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

**STATEMENT OF CASH FLOWS**

	<b>Year ended March 31</b>	
	<b>2019</b>	<b>2018</b>
<b>Cash flow from operating activities:</b>		
Cash received from grant contributors, fundraising and customers	\$ 470,656	\$ 441,126
Cash paid to suppliers and employees	<u>(432,421)</u>	<u>(382,209)</u>
<b>Change in cash</b>	38,235	58,917
<b>Cash, beginning of year</b>	<u>204,045</u>	<u>145,128</u>
<b>Cash, end of year</b>	<u><u>\$ 242,280</u></u>	<u><u>\$ 204,045</u></u>
<b>Cash is comprised of:</b>		
Cash	\$ 44,110	\$ 61,255
Cash - Windsor Park	<u>198,170</u>	<u>142,790</u>
	<u><u>\$ 242,280</u></u>	<u><u>\$ 204,045</u></u>

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2019**

**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, 2019**

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

c. Equipment-

The Association expenses equipment in the period acquired. Equipment purchases for the year were \$nil (2018 - \$nil) included in facility development, and \$nil (2018 - \$nil) 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, cash - Windsor Park, 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, 2024.



**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2019**

**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. An allowance for doubtful accounts has been recorded of \$1,788 at March 31, 2019 (2018 - \$1,788).

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

	<b>Year ended March 31</b>	
	<b>2019</b>	<b>2018</b>
<b>Revenue:</b>		
Concessions	\$ 5,784	\$ 4,767
Merchandise	449	496
Miscellaneous	2,269	3,039
Services	2,070	1,158
Rental equipment sale	-	1,530
Ski rentals	40,725	28,325
Ski school	15,586	15,577
Special events	-	30
Sponsorship	269	-
Trail fees	81,875	58,830
	<u>149,027</u>	<u>113,752</u>
<b>Expenses:</b>		
Administration	373	233
Bank charges	2,604	2,063
City of Winnipeg utility and snow clearing charges	4,000	6,000
Concessions	3,409	3,219
Development fee	227	-
Hydro	2,430	2,412
Marketing	3,494	2,703
Miscellaneous	3,609	861
Office supplies	969	1,914
Other services	5,047	4,624
Salaries	39,695	33,025
Shop supplies	3,686	5,957
Ski rentals	7,000	-
Ski school	10,935	10,310
Tracking fees - charges by CCSAM	26,660	23,206
	<u>114,138</u>	<u>96,527</u>
<b>Difference between revenue and expenses for the year</b>	<u>\$ 34,889</u>	<u>\$ 17,225</u>