

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

FINANCIAL STATEMENTS

MARCH 31, 2020



CHARTERED PROFESSIONAL ACCOUNTANTS

July 31, 2020

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, 2020, 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, 2020 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, 2020 and 2019, current assets as at March 31, 2020 and 2019 and net assets as at March 31, 2020 and 2019 and April 1, 2018. Our audit opinion on financial statements for the year ended March 31, 2019 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	
	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets:		
Cash	\$ 31,030	\$ 44,110
Cash - Windsor Park	209,051	198,170
Accounts receivable	14,430	21,734
Prepaid expenses	<u>454</u>	<u>180</u>
	<u>\$ 254,965</u>	<u>\$ 264,194</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 29,022	\$ 77,168
Government remittances payable	2,244	7,718
Deferred contributions for following year	<u>19,415</u>	<u>27,752</u>
	50,681	112,638
MEMBERS' EQUITY		
Unrestricted net assets	<u>204,284</u>	<u>151,556</u>
	<u>\$ 254,965</u>	<u>\$ 264,194</u>

APPROVED BY THE BOARD:



Director



Director

CROSS COUNTRY SKI ASSOCIATION OF MANITOBA INC.

STATEMENT OF OPERATIONS AND NET ASSETS

	Year ended March 31	
	2020	2019
Revenue:		
Sport Manitoba block funding	\$ 92,750	\$ 125,459
Sport Manitoba sport program funding	36,300	36,300
Facility, trail and tracking	24,844	30,615
Fundraising	87,778	74,695
High Performance program	23,311	42,516
Program/event	57,008	29,868
Miscellaneous	62	1,240
Windsor Park	155,701	149,027
	<u>477,754</u>	<u>489,720</u>
Expenses:		
Administration	28,850	21,932
Facility development	12,961	14,915
Fundraising	77,640	75,175
High Performance program	71,985	131,041
Program/event	77,022	38,215
Salaries	55,474	57,658
Windsor Park	101,094	114,138
	<u>425,026</u>	<u>453,074</u>
Difference between revenue and expenses for the year	52,728	36,646
Unrestricted net assets, beginning of year	<u>151,556</u>	<u>114,910</u>
Unrestricted net assets, end of year	<u>\$ 204,284</u>	<u>\$ 151,556</u>

CROSS COUNTRY SKI ASSOCIATION OF MANITOBA INC.

STATEMENT OF CASH FLOWS

	Year ended March 31	
	2020	2019
Cash flow from operating activities:		
Cash received from grant contributors, fundraising and customers	\$ 476,721	\$ 470,656
Cash paid to suppliers and employees	<u>(478,920)</u>	<u>(432,421)</u>
Change in cash	(2,199)	38,235
Cash, beginning of year	<u>242,280</u>	<u>204,045</u>
Cash, end of year	<u>\$ 240,081</u>	<u>\$ 242,280</u>
Cash is comprised of:		
Cash	\$ 31,030	\$ 44,110
Cash - Windsor Park	<u>209,051</u>	<u>198,170</u>
	<u>\$ 240,081</u>	<u>\$ 242,280</u>

CROSS COUNTRY SKI ASSOCIATION OF MANITOBA INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

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.

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, 2020**

2. Significant accounting policies (continued):

c. Equipment-

The Association expenses equipment in the period acquired. Equipment purchases for the year were \$nil (2019 - \$nil) included in facility development, and \$nil (2019 - \$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, 2020**

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 \$nil at March 31, 2020 (2019 - \$1,788).

5. Subsequent event:

The outbreak of the novel strain of coronavirus ("COVID-19"), has resulted in governments enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused an economic slowdown and material disruption to business. Subsequent to March 31, 2020, governments have continued to react with interventions intended to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial performance and financial position of the Organization in future periods.

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

	Year ended March 31	
	2020	2019
Revenue:		
Concessions	\$ 6,936	\$ 5,784
Merchandise	1,700	449
Miscellaneous	4,929	2,269
Services	786	2,070
Ski rentals	41,481	40,725
Ski school	17,315	15,586
Sponsorship	688	269
Trail fees	81,866	81,875
	<u>155,701</u>	<u>149,027</u>
Expenses:		
Administration	340	373
Bank charges	2,910	2,604
City of Winnipeg utility and snow clearing charges	-	4,000
Concessions	2,798	3,409
Development fee	-	227
Hydro	1,875	2,430
Marketing	1,923	3,494
Merchandise	905	-
Miscellaneous	5,437	3,609
Office supplies	478	969
Other services	4,603	5,047
Salaries	36,753	39,695
Shop supplies	1,292	3,686
Ski rentals	7,822	7,000
Ski school	11,468	10,935
Tracking fees - charges by CCSAM	22,490	26,660
	<u>101,094</u>	<u>114,138</u>
Difference between revenue and expenses for the year	<u>\$ 54,607</u>	<u>\$ 34,889</u>