

Financial statements of

**Canadian Sport Institute
Pacific Society**

March 31, 2014

Canadian Sport Institute Pacific Society

March 31, 2014

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Independent Auditor's Report

To the Directors of
Canadian Sport Institute Pacific Society

We have audited the accompanying financial statements of Canadian Sport Institute Pacific Society, which comprise the statement of financial position as at March 31, 2014, and the statements of operations and changes in fund balances and cash flows 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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Canadian Sport Institute Pacific Society as at March 31, 2014 and the results of its operations, changes in its fund balances and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

As required by the Society Act (British Columbia), we report that, in our opinion, these financial statements are presented on a basis consistent with that of the previous year.

Deloitte LLP


Chartered Accountants
June 9, 2014
Vancouver, British Columbia

Canadian Sport Institute Pacific Society

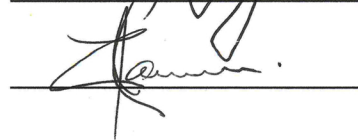
Statement of financial position
as at March 31, 2014

	Operating	Operating reserve	Invested in property and equipment	Restricted for specified fund use				Total 2014	Total 2013
	\$	\$	\$	Canadian Sport for Life	Coach Services	Donations (Note 5)	Specific Projects	\$	\$
Assets									
Current assets									
Cash and cash equivalents	(176,837)	500,000	76,506	(57,372)	135,097	13,210	430,168	920,772	1,304,261
Accounts receivable	640,234	-	-	85,007	25,983	70	3,957	755,251	565,288
Prepaid expenses	28,273	-	-	-	877	-	256	29,406	14,051
	491,670	500,000	76,506	27,635	161,957	13,280	434,381	1,705,429	1,883,600
Property and equipment (Note 3)	-	-	705,822	-	-	-	-	705,822	757,851
	491,670	500,000	782,328	27,635	161,957	13,280	434,381	2,411,251	2,641,451
Liabilities and fund balances									
Current liabilities									
Accounts payable and accrued liabilities (Note 4)	127,545	-	76,506	27,635	1,558	-	77,694	310,938	577,689
Unearned tuition	-	-	-	-	3,000	-	-	3,000	5,250
	127,545	-	76,506	27,635	4,558	-	77,694	313,938	582,939
Commitments and subsequent event (Note 6)									
Economic dependence (Note 1)									
Fund balances									
Invested in property and equipment	-	-	705,822	-	-	-	-	705,822	757,851
Restricted for specified fund use	-	-	-	-	157,399	13,280	356,687	527,366	442,925
Internally restricted for operations	-	500,000	-	-	-	-	-	500,000	500,000
Unrestricted	364,125	-	-	-	-	-	-	364,125	357,736
	364,125	500,000	705,822	-	157,399	13,280	356,687	2,097,313	2,058,512
	491,670	500,000	782,328	27,635	161,957	13,280	434,381	2,411,251	2,641,451

Approved by the Board



Director



Director

The accompanying notes to the financial statements are an integral part of this financial statement.

Canadian Sport Institute Pacific Society

Statement of operations and changes in fund balances
year ended March 31, 2014

	Operating	Operating Reserve	Invested in property and equipment	Restricted for specified fund use				Total 2014	Total 2013
				Canadian Sport for Life	Coach Services	Donations (Note 6)	Specific Projects		
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue									
Sport Canada (Note 1 and Schedule)	3,479,160	-	-	649,000	60,000	-	165,000	4,353,160	3,815,815
viaSport (formerly BC Sport Agency) (Note 1)	1,890,000	-	-	-	60,000	-	50,000	2,000,000	2,000,000
Contributions	523,657	-	-	76,929	-	-	206,566	807,152	1,051,411
Fee for service	90,088	-	-	3,200	500	-	-	93,788	64,510
Coaching Association of Canada	-	-	-	-	80,000	-	-	80,000	80,000
Events and sponsorships	2,081	-	-	70,544	-	-	-	72,625	110,895
BC Gaming grants	50,000	-	-	-	17,000	-	57,570	124,570	-
Tuitions (Other)	-	-	-	-	7,321	-	43,500	50,821	43,461
Other revenue	9,158	-	-	17,769	3,550	-	248	30,725	19,464
Tuitions (Private Career Training Institute)	-	-	-	-	25,110	-	-	25,110	27,050
Interest income	13,209	-	-	-	-	-	-	13,209	15,577
Donations	-	-	-	-	-	9,723	-	9,723	2,195
Total revenue	6,057,353	-	-	817,442	253,481	9,723	522,884	7,660,883	7,230,378
Expenditures									
Performance services									
Performance preparation									
Human resources	1,380,292	-	-	-	-	-	29,500	1,409,792	1,193,107
Operations	671,960	-	192,725	-	-	25,000	151,656	1,041,341	997,201
Integrated Support Team operations	89,924	-	-	-	-	-	-	89,924	59,233
Performance analysis									
Human resources	375,734	-	-	-	-	-	-	375,734	314,740
Operations	50,150	-	-	-	-	-	-	50,150	86,472
Performance readiness									
Human resources	371,156	-	-	-	-	-	78,231	449,387	331,734
Operations	76,971	-	-	-	-	-	51,012	127,983	145,464
	3,016,187	-	192,725	-	-	25,000	310,399	3,544,311	3,127,951
Talent development									
Talent development									
Human resources	614,837	-	-	-	132,636	-	24,765	772,238	755,480
Operations	134,253	-	-	-	118,139	17,950	66,122	336,464	329,103
Talent development programs									
Human resources	502,110	-	-	-	-	-	-	502,110	544,749
Operations	278,961	-	-	-	-	-	-	278,961	375,019
	1,530,161	-	-	-	250,775	17,950	90,887	1,889,773	2,004,351
Business operations and administration									
Communications									
Human resources	307,911	-	-	-	-	-	-	307,911	304,748
Operations	77,874	-	-	-	-	-	-	77,874	55,225
Finance and operations									
Human resources	469,101	-	-	15,000	-	-	-	484,101	446,536
Operations	412,809	-	34,010	-	-	-	12,000	458,819	414,070
	1,267,695	-	34,010	15,000	-	-	12,000	1,328,705	1,220,579
System development									
Canadian Sport for Life									
Human resources	-	-	-	162,328	-	-	-	162,328	196,623
Operations	-	-	-	681,137	-	-	-	681,137	630,184
Team BC Initiatives	-	-	-	-	-	-	15,828	15,828	-
	-	-	-	843,465	-	-	15,828	859,293	826,807
Total expenditures	5,814,043	-	226,735	858,465	250,775	42,950	429,114	7,622,082	7,179,688
Excess (deficiency) of revenues over expenditures	243,310	-	(226,735)	(41,023)	2,706	(33,227)	93,770	38,801	50,690
Fund balances, beginning of year	357,736	500,000	757,851	4,903	154,693	46,507	236,822	2,058,512	2,007,822
Interfund transfers	(236,921)	-	174,706	36,120	-	-	26,095	-	-
Fund balances, end of year	364,125	500,000	705,822	-	157,399	13,280	356,687	2,097,313	2,058,512

The accompanying notes to the financial statements are an integral part of this financial statement.

Canadian Sport Institute Pacific Society

Statement of cash flows year ended March 31, 2014

				Restricted for specified fund use					
	Operating	Operating Reserve	Invested in property and equipment	Canadian Sport for Life	Coach Services	Donations	Specific Projects	Total 2014	Total 2013
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Operating activities									
Excess (deficiency) of revenues over expenditures	243,310	-	(226,735)	(41,023)	2,706	(33,227)	93,770	38,801	50,690
Amortization of property and equipment	-	-	226,735	-	-	-	-	226,735	212,582
Interfund transfers	(236,921)	-	174,706	36,120	-	-	26,095	-	-
	6,389	-	174,706	(4,903)	2,706	(33,227)	119,865	265,536	263,272
Changes in non-cash items									
Accounts receivable	(216,082)	-	-	31,368	(1,921)	(70)	(3,258)	(189,963)	15,322
Prepaid expenses	(19,722)	-	-	5,500	(877)	-	(256)	(15,355)	(13,067)
Accounts payable and accrued liabilities	(123,300)	-	(112,305)	(58,737)	(10,236)	-	37,827	(266,751)	(47,592)
Deferred revenue	-	-	-	-	(2,250)	-	-	(2,250)	5,250
	(352,715)	-	62,401	(26,772)	(12,578)	(33,297)	154,178	(208,783)	223,185
Investing activity									
Acquisition of property and equipment	-	-	(174,706)	-	-	-	-	(174,706)	(128,841)
(Decrease) increase in cash and cash equivalents	(352,715)	-	(112,305)	(26,772)	(12,578)	(33,297)	154,178	(383,489)	94,344
Cash and cash equivalents, beginning of year	175,878	500,000	188,811	(30,600)	147,675	46,507	275,990	1,304,261	1,209,917
Cash and cash equivalents, end of year	(176,837)	500,000	76,506	(57,372)	135,097	13,210	430,168	920,772	1,304,261

The accompanying notes to the financial statements are an integral part of this financial statement.

Canadian Sport Institute Pacific Society

Notes to the financial statements

March 31, 2014

1. Purpose of the organization and economic dependence

The Canadian Sport Institute Pacific Society (the "Society") was incorporated on September 12, 2000 and operates under authority of the Society Act of British Columbia. The Society is a Registered Canadian Amateur Athletic Association under the Income Tax Act (Canada) and is exempt from income taxes. The Society began operations as the Canadian Sport Centre Pacific Society and legally changed its name to Canadian Sport Institute Pacific Society on March 4, 2013. The Society is dedicated to providing programs and services to high performance Canadian athletes and coaches enabling them to compete at the international level.

During the current year, \$2,000,000 (2013 - \$2,000,000) of the Society's revenues were derived from viaSport BC Society (formerly BC Sport Agency) while \$4,353,160 (2013 - \$3,815,815) were derived from Sport Canada. Without these funding sources, it is unlikely that the Society would remain a going concern.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and reflect the following significant accounting policies:

(a) Fund accounting

- The Society follows the restricted fund method of accounting for contributions.
- The Operating fund reports the assets, liabilities, revenues and expenditures related to the Society's operating activities. Funding from all sources, including viaSport BC Society (formerly BC Sport Agency) and Sport Canada, intended for general operations are included in this fund.
- The Operating Reserve is to be used to safeguard the Society from interruptions to its operations due to the irregularity of payment schedules associated with its funding partners.
- Invested in property and equipment reports the assets, liabilities, revenues and expenditures related to the Society's property and equipment activities.
- Canadian Sport for Life reports the assets, liabilities, revenues and expenditures related to contributions derived from Sport Canada and other third parties designated to support this program.
- Coach Services reports the assets, liabilities, revenues and expenditures related to funds received from third parties, and contributions derived from viaSport BC Society (formerly BC Sport Agency) and Sport Canada designated to support this program.
- Donations reports the assets, liabilities, revenues and expenditures relating to contributions received from individual donors for specified purposes.
- Specific Projects reports the assets, liabilities, revenues and expenditures related to funding received from third parties designated to be spent on specific projects. Specific projects include Canadian Sport School, Game Plan, Podium Fuel, and other projects for which restricted funding is received.

Canadian Sport Institute Pacific Society

Notes to the financial statements

March 31, 2014

2. Significant accounting policies (continued)

(b) Financial instruments

The Society initially measures its financial assets and financial liabilities at fair value when the Society becomes a party to the contractual provisions of a financial instrument. Subsequently, investments in equity instruments quoted in an active market are measured at fair value and all other financial instruments are measured at amortized cost.

Transaction costs related to financial instruments measured at fair value are expensed as incurred. Transaction costs related to the other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in the statement of operations as interest income or expense.

With respect to financial assets measured at amortized cost, the Society recognizes in the statement of operations an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed in the statement of operations in the period the reversal occurs.

(c) Cash and cash equivalents

Cash and cash equivalents include cash on hand and GICs which are highly liquid with original maturities of less than three months.

(d) Property and equipment

Property and equipment are valued at cost less accumulated amortization. Amortization is provided on a declining balance basis over their estimated useful lives with one-half of the rates taken in the year of acquisition on the following basis:

Furniture and equipment	20%
Leasehold improvements	20%
Computers	30%
Sport equipment	15% and 30%
Software	20%
Vehicle	30%

The Society reviews for the impairment of property and equipment whenever events or changes in circumstances indicate that the asset no longer has any long-term service potential to the Society or no longer contributes to the Society's ability to provide services. The amount of the impairment, if any, is determined as the excess of the carrying value of the asset over its estimated residual value. No impairment losses have been identified by the Society for the year ended March 31, 2014.

(e) Revenue recognition

Revenue is recognized when contributions or sponsorships are received or receivable. If the contributions or sponsorships received relate to operations of a future fiscal period, they are recorded as deferred revenue until the related expenses are incurred.

Canadian Sport Institute Pacific Society

Notes to the financial statements

March 31, 2014

2. Significant accounting policies (continued)

(e) Revenue recognition (continued)

The Society makes use of volunteers in the delivery of certain programs and administration services. Because of the difficulty determining their fair value, contributed services of volunteers are not recognized in the financial statements.

(f) Allocation of expenses

Expenditures are recorded on an accrual basis and are charged to programs according to the activity that they benefit.

The Society also incurs general expenses that are common to the administration of the Society and its programs. The Society allocates its general expenses by identifying the appropriate basis of each component expense and applies that basis consistently each year.

General expenses relate to rent and have been allocated based on actual usage and cost. The basis of allocation is reviewed annually during budget preparation and may be revised according to changing requirements.

Additional disclosures are included in Note 8.

(g) Use of estimates

The preparation of financial statements in conformity 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 reported period. Actual results could differ from those estimates.

Significant estimates include recoverability of accounts receivable, recoverability and useful lives of property and equipment, and accrued liabilities.

3. Property and equipment

			2014
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Furniture and equipment	134,229	104,588	29,641
Leasehold improvements	142,244	99,106	43,138
Computers	388,231	296,169	92,062
Sport equipment	1,889,230	1,472,406	416,824
Software	215,174	133,505	81,669
Vehicle	129,032	86,544	42,488
	2,898,140	2,192,318	705,822

Canadian Sport Institute Pacific Society

Notes to the financial statements

March 31, 2014

3. Property and equipment (continued)

			2013
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Furniture and equipment	122,347	98,663	23,684
Leasehold improvements	131,917	89,612	42,305
Computers	344,888	266,001	78,887
Sport equipment	1,788,865	1,328,783	460,082
Development	206,386	114,189	92,197
Vehicle	129,031	68,335	60,696
	<u>2,723,434</u>	<u>1,965,583</u>	<u>757,851</u>

4. Ancillary facility

The Society has an authorized ancillary facility with TD Canada Trust ("TD"). TD has made available TD Visa Business cards with an aggregate limit of \$135,000, of which \$52,119 is included in accounts payable at year end (March 31, 2013 - \$43,228).

5. Donations

During the year, the Society received and disbursed the following externally restricted contributions:

	First Fund for Gold	Seawood Fund for Gold	Pacific Sport Rising Star	Home Team Advantage	Total
	\$	\$	\$	\$	\$
Beginning balance, March 31, 2013	12,950	5,144	7,032	21,381	46,507
Additions	-	-	1,526	8,197	9,723
Disbursements	(12,950)	(5,144)	(5,000)	(19,856)	(42,950)
Ending balance, March 31, 2014	<u>-</u>	<u>-</u>	<u>3,558</u>	<u>9,722</u>	<u>13,280</u>

6. Commitments and subsequent event

(a) The Society had a sublease for the premises of its facilities at the Pacific Institute for Sport Excellence in Victoria, B.C. until August 14, 2013. This lease is currently in the process of renewal and estimated minimum lease obligations are as follows:

	\$
2015	<u>222,896</u>

Canadian Sport Institute Pacific Society

Notes to the financial statements

March 31, 2014

6. Commitments and subsequent event (continued)

- (b) The Society has a sublease for the premises of its facilities at the Creekside Community Recreation Centre in Vancouver, B.C. until July 31, 2015. Estimated minimum lease obligations are as follows:

	\$
2015	9,000
2016	3,000
	<u>12,000</u>

- (c) The Society has a sublease for the premises of its facilities at the Whistler Athlete Centre in Whistler, B.C. until August 31, 2014. This lease is currently in the process of renewal and estimated minimum lease obligations are as follows:

	\$
2015	150,000

- (d) Subsequent to March 31, 2014, the Society entered into a lease for premises at the Richmond Olympic Oval in Richmond, B.C. until June 30, 2019. Estimated minimum lease obligations are as follows:

	\$
2015	39,437
2016	78,874
2017	78,874
2018	78,874
2019	78,874
2020	19,718
	<u>374,651</u>

7. Financial instruments

The Society's financial instruments are comprised of cash and cash equivalents, accounts receivable, and accounts payable. Unless otherwise noted, it is management's opinion that the Society is not exposed to significant interest, currency, market, liquidity or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying value due to their short-term maturity.

8. Allocation of expenses

Rent expense of \$381,698 (2013 - \$379,408) has been allocated to Performance Services.

9. Defined contribution plan

The Society provides a defined contribution plan in the form of an RRSP contribution of 3% of gross salary for eligible employees. In the year ended March 31, 2014, RRSP expenses related to this plan were \$95,443 (2013 - \$84,266).

Canadian Sport Institute Pacific Society

Notes to the financial statements

March 31, 2014

10. Other reporting requirements

Schedule 1 to the financial statements relates to specific reporting requirements of Sport Canada. The Society is required to provide a schedule of Sport Canada revenues and total expenditures incurred based on the categories of the Sport Canada contribution agreement.

Canadian Sport Institute Pacific Society

Schedule of Sport Canada revenue and total expenditures - Schedule 1 year ended March 31, 2014

	Administration	Staff salaries	Operations and programming	Long-term athlete development	Official languages	Total
	\$	\$	\$	\$	\$	\$
Revenue						
Sport Canada	466,150	2,394,207	830,803	649,000	13,000	4,353,160
Total revenue	466,150	2,394,207	830,803	649,000	13,000	4,353,160
Expenditures						
Performance services						
Performance preparation						
Human resources	-	1,409,792	-	-	-	1,409,792
Operations	-	-	1,041,341	-	-	1,041,341
Integrated Support Team operations	-	-	89,924	-	-	89,924
Performance analysis						
Human resources	-	375,734	-	-	-	375,734
Operations	-	-	50,150	-	-	50,150
Performance readiness						
Human resources	-	371,156	78,231	-	-	449,387
Operations	-	-	127,983	-	-	127,983
	-	2,156,682	1,387,629	-	-	3,544,311
Talent development						
Talent development						
Human resources	-	772,238	-	-	-	772,238
Operations	-	-	336,464	-	-	336,464
Talent development programs						
Human resources	-	502,110	-	-	-	502,110
Operations	-	-	278,961	-	-	278,961
	-	1,274,348	615,425	-	-	1,889,773
Business operations and administration						
Communications						
Human resources	-	307,911	-	-	-	307,911
Operations	92,974	-	-	-	18,910	111,884
Finance and operations						
Human resources	-	484,101	-	-	-	484,101
Operations	424,809	-	-	-	-	424,809
	517,783	792,012	-	-	18,910	1,328,705
System development						
Canadian Sport for Life						
Human resources	-	-	-	162,328	-	162,328
Operations	-	-	-	681,137	-	681,137
Team BC Initiatives	-	-	15,828	-	-	15,828
	-	-	15,828	843,465	-	859,293
Total expenditures	517,783	4,223,042	2,018,882	843,465	18,910	7,622,082
Deficiency of revenues over expenditures	(51,633)	(1,828,835)	(1,188,079)	(194,465)	(5,910)	(3,268,922)