

Financial statements of

**Canadian Sport Institute
Pacific Society**

March 31, 2017

Canadian Sport Institute Pacific Society

March 31, 2017

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Independent Auditor's Report

To the Members 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, 2017, 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, 2017 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 Societies 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 Professional Accountants
June 20, 2017
Vancouver, British Columbia

Canadian Sport Institute Pacific Society

Statement of financial position
as at March 31, 2017

	Operating \$	Operating reserve \$	Invested in property and equipment \$	Restricted for specified fund use			Total 2017	Total 2016
				Coach Services \$	Donations (Note 5) \$	Specific Projects \$		
Assets								
Current assets								
Cash	149,689	500,000	3,874	69,714	21,545	430,007	1,174,829	1,108,180
Accounts receivable	474,292	-	-	45,875	-	-	520,167	490,913
Tuitions receivable	-	-	-	-	-	-	-	500
Prepaid expenses	19,345	-	-	-	-	9,667	29,012	72,678
	643,326	500,000	3,874	115,589	21,545	439,674	1,724,008	1,672,271
Property and equipment (Note 3)	-	-	511,282	-	-	-	511,282	620,740
	643,326	500,000	515,156	115,589	21,545	439,674	2,235,290	2,293,011
Liabilities								
Current liabilities								
Accounts payable and accrued liabilities (Note 4)	316,181	-	3,874	726	-	41,993	362,774	387,096
Deferred revenue	24,374	-	-	-	-	6,000	30,374	21,800
	340,555	-	3,874	726	-	47,993	393,148	408,896
Commitments (Note 6)								
Economic dependence (Note 1)								
Fund balances								
Invested in property and equipment	-	-	511,282	-	-	-	511,282	620,740
Restricted for specified fund use	-	-	-	114,863	21,545	391,681	528,089	477,402
Internally restricted for operations	-	500,000	-	-	-	-	500,000	500,000
Unrestricted	302,771	-	-	-	-	-	302,771	285,973
	302,771	500,000	511,282	114,863	21,545	391,681	1,842,142	1,884,115
	643,326	500,000	515,156	115,589	21,545	439,674	2,235,290	2,293,011

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, 2017

	Operating	Operating Reserve	Invested in property and equipment	Restricted for specified fund use			Total 2017	Total 2016
				Coach Services	Donations (Note 5)	Specific Projects		
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue								
Sport Canada (Schedule)	3,565,070	-	-	-	-	112,500	3,677,570	4,104,970
via Sport	1,564,500	-	-	70,000	-	-	1,634,500	1,910,000
Canadian Olympic Committee / Foundation	661,850	-	-	-	-	399,042	1,060,892	410,000
Contributions	648,039	-	-	60,686	-	141,833	850,558	886,309
Fee for service	176,109	-	-	-	-	19,700	195,809	130,416
Other revenue	164,340	-	-	3,575	-	2,713	170,628	52,679
BC Gaming grants	32,000	-	-	29,500	-	-	61,500	65,000
Tuitions	-	-	-	31,449	-	58,772	90,221	80,768
Coaching Association of Canada	-	-	-	25,000	-	-	25,000	25,000
Events and sponsorships	10,655	-	-	-	-	-	10,655	20,317
Interest income	10,326	-	-	-	-	-	10,326	13,201
Donations	-	-	-	-	6,072	-	6,072	8,526
	6,832,889	-	-	220,210	6,072	734,560	7,793,731	7,707,186
Expenditures (Notes 9 and 10)								
Performance services (Note 8)								
Performance preparation								
Human resources	2,122,214	-	-	-	-	48,130	2,170,344	1,860,727
Operations	742,939	-	151,555	-	-	98,959	993,453	1,321,645
Outsourced Integrated Support Team	54,709	-	-	-	-	-	54,709	59,177
Performance analysis								
Human resources	274,767	-	-	-	-	-	274,767	230,983
Operations	24,285	-	-	-	-	-	24,285	37,351
Performance readiness								
Human resources	573,405	-	-	-	-	-	573,405	673,300
Operations	47,442	-	-	-	-	385,657	433,099	249,386
	3,839,761	-	151,555	-	-	532,746	4,524,062	4,432,569
Talent development (Note 8)								
Talent development								
Human resources	380,120	-	-	174,729	-	64,693	619,542	799,930
Operations	178,003	-	-	45,881	2,530	76,202	302,616	400,918
NextGen programs								
Human resources	330,975	-	-	-	-	-	330,975	289,848
Operations	898,348	-	-	-	-	-	898,348	905,609
	1,787,446	-	-	220,610	2,530	140,895	2,151,481	2,396,305
Business operations and administration								
Communications								
Human resources	103,418	-	-	-	-	-	103,418	154,937
Operations	71,309	-	-	-	-	-	71,309	79,992
Finance and operations								
Human resources	513,942	-	-	-	-	7,500	521,442	584,727
Operations	437,247	-	26,745	-	-	-	463,992	508,303
	1,125,916	-	26,745	-	-	7,500	1,160,161	1,327,959
System development								
Canadian Sport for Life								
Operations	-	-	-	-	-	-	-	19,384
	-	-	-	-	-	-	-	19,384
	6,753,123	-	178,300	220,610	2,530	681,141	7,835,704	8,176,217
(Deficiency) excess of revenues over expenditures	79,766	-	(178,300)	(400)	3,542	53,419	(41,973)	(469,031)
Fund balances, beginning of year	285,973	500,000	620,740	115,263	18,003	344,136	1,884,115	2,353,146
Interfund transfers	(62,968)	-	68,842	-	-	(5,874)	-	-
Fund balances, end of year	302,771	500,000	511,282	114,863	21,545	391,681	1,842,142	1,884,115

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, 2017

	Operating	Operating Reserve	Invested in property and equipment	Restricted for specified fund use						Total 2016
	\$	\$	\$	Canadian Sport for Life	Coach Services	Donations	Specific Projects	Total 2017	\$	\$
Operating activities										
(Deficiency) excess of revenue over expenditures	79,766	-	(178,300)	-	(400)	3,542	53,419	(41,973)	(469,031)	
Amortization of property and equipment	-	-	178,300	-	-	-	-	178,300	251,134	
Interfund transfers	(62,968)	-	68,842	-	-	-	(5,874)	-	-	
	16,798	-	68,842	-	(400)	3,542	47,545	136,327	(217,897)	
Changes in non-cash items										
Accounts and tuitions receivable	(85,478)	-	-	5,000	(6,347)	-	58,071	(28,754)	(21,420)	
Prepaid expenses	24,333	-	-	-	-	-	19,333	43,666	(13,836)	
Accounts payable and accrued liabilities	15,304	-	801	(35,640)	(33)	-	(4,754)	(24,322)	102,599	
Deferred revenue	24,374	-	-	-	(1,000)	-	(14,800)	8,574	21,050	
	(4,669)	-	69,643	(30,640)	(7,780)	3,542	105,395	135,491	(129,506)	
Investing activity										
Acquisition of property and equipment	-	-	(68,842)	-	-	-	-	(68,842)	(194,762)	
Increase (decrease) in cash	(4,669)	-	801	(30,640)	(7,780)	3,542	105,395	66,649	(324,268)	
Cash, beginning of year	154,358	500,000	3,073	30,640	77,494	18,003	324,612	1,108,180	1,432,448	
Cash, end of year	149,689	500,000	3,874	-	69,714	21,545	430,007	1,174,829	1,108,180	

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, 2017

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 Societies 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, \$1,634,500 (2016 - \$1,910,000) of the Society's revenues were derived from viaSport BC Society while \$3,677,570 (2016 - \$4,104,970) 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, and restricted funding for which a separate fund is not been established. Funding from all sources, including viaSport BC Society 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.
- Coach Services reports the assets, liabilities, revenues and expenditures related to funds received from third parties, and contributions derived from viaSport BC Society 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, and research projects for which restricted funding is received.

Canadian Sport Institute Pacific Society

Notes to the financial statements

March 31, 2017

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 is reversed in the statement of operations in the period the reversal occurs.

(c) 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:

Sport equipment	15% and 30%
Computers	30%
Software	20%
Vehicles	30%
Furniture and equipment	20%

Amortization of leasehold improvements is provided on a straight-line basis over the term of the leases with one-half of the amount taken in the year of acquisition.

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, 2017.

(d) 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. Restricted contributions received for which a separate fund is not established are recognized in the period the related expenditures are incurred.

Funding received, and transferred to other organizations, for programs for which the Society does not have primary responsibility are not recognized in the statement of operations.

Canadian Sport Institute Pacific Society

Notes to the financial statements

March 31, 2017

2. Significant accounting policies (continued)

(d) 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.

(e) 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 certain management compensation 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.

(f) Foreign currency translation

Monetary assets and liabilities denominated in a foreign currency have been translated into Canadian dollars at the period end exchange rate. Revenues and expenses denominated in a foreign currency have been translated at the rate of exchange prevailing at the transaction date. Exchange gains or losses arising on these transactions are included in the statement of operations and changes in fund balances in the period incurred.

(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.

3. Property and equipment

			2017
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Sport equipment	2,136,149	1,850,062	286,087
Computers	437,234	378,797	58,437
Software	215,177	173,362	41,815
Leasehold improvements	111,234	48,015	63,219
Vehicles	129,032	114,459	14,573
Furniture and equipment	188,807	141,656	47,151
	3,217,633	2,706,351	511,282

Canadian Sport Institute Pacific Society

Notes to the financial statements

March 31, 2017

3. Property and equipment (continued)

			2016
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Sport equipment	2,087,470	1,746,184	341,286
Computers	433,366	354,581	78,785
Software	215,177	162,908	52,269
Leasehold improvements	94,940	26,297	68,643
Vehicles	129,032	108,213	20,819
Furniture and equipment	188,806	129,868	58,938
	3,148,791	2,528,051	620,740

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 \$136,000 of which \$16,837 is included in accounts payable at year end (2016 - \$31,572).

5. Donations

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

	Olympians Canada	Pacific Sport Rising Star	Home Team Advantage	Total
	\$	\$	\$	\$
Balance, March 31, 2016	2,289	1,930	13,784	18,003
Additions	-	2,772	3,300	6,072
Disbursements	-	(2,530)	-	(2,530)
Balance, March 31, 2017	2,289	2,172	17,084	21,545

6. Commitments

(a) The Society has a sublease for the premises of its facilities at the Whistler Athlete Centre in Whistler, B.C. until August 31, 2019. Estimated minimum lease obligations are as follows:

	\$
2018	172,762
2019	172,762
2020	71,984
	417,508

Canadian Sport Institute Pacific Society

Notes to the financial statements

March 31, 2017

6. Commitments (continued)

- (b) The Society has a lease for premises at the Richmond Olympic Oval in Richmond, B.C. until June 30, 2019. Estimated minimum lease obligations are as follows:

	\$
2018	84,874
2019	84,874
2020	21,219
	<u>190,967</u>

- (c) The Society has a lease for premises at the Pacific Institute for Sport Excellence in Victoria, B.C. until March 31, 2019. Estimated minimum lease obligations are as follows:

	\$
2018	261,446
2019	268,369
	<u>529,815</u>

7. Financial instruments

The Society's financial instruments are comprised of cash, 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 values due to their short-term maturity.

8. Allocation of expenses

Rent and human resources expenses of \$611,245 (2016 - \$598,176) have been allocated to Performance Services and Talent Development.

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. During the ended March 31, 2017, RRSP expenses related to this plan were \$104,485 (2016 - \$97,562).

10. Remuneration to directors, employees and contractors

The directors of the Society provide their services on a volunteer basis and receive no remuneration.

The ten most highly remunerated employees and contractors of the Society who each received remuneration equal to or in excess of \$75,000 received remuneration in the aggregate amount of \$1,154,696 during the year ended March 31, 2017.

11. Other reporting requirements

The schedule 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
year ended March 31, 2017

	Core Contribution					Enhanced Excellence		Total
	Administration	Governance	Salaries fees and benefits	Official languages	Operations and programming	Salaries fees and benefits	Operations and programming	
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue								
Sport Canada	69,132	12,000	130,229	11,500	568,468	2,636,241	250,000	3,677,570
Expenditures								
Performance services								
Performance preparation								
Human resources	-	-	-	-	-	2,170,344	-	2,170,344
Operations	-	-	-	-	843,453	-	150,000	993,453
Integrated Support Team operations	-	-	-	-	54,709	-	-	54,709
Performance analysis								
Human resources	-	-	-	-	-	274,767	-	274,767
Operations	-	-	-	-	24,285	-	-	24,285
Performance readiness								
Human resources	-	-	-	-	-	573,405	-	573,405
Operations	-	-	-	-	47,442	-	385,657	433,099
	-	-	-	-	969,889	3,018,516	535,657	4,524,062
Talent development								
Talent development								
Human resources	-	-	-	-	-	619,542	-	619,542
Operations	-	-	-	10,735	291,881	-	-	302,616
NextGen programs								
Human resources	-	-	-	-	-	330,975	-	330,975
Operations	-	-	-	-	898,348	-	-	898,348
	-	-	-	10,735	1,190,229	950,517	-	2,151,481
Business operations and administration								
Communications								
Human resources	-	-	-	-	-	103,418	-	103,418
Operations	-	-	-	765	70,544	-	-	71,309
Finance and operations								
Human resources	-	-	521,442	-	-	-	-	521,442
Operations	445,733	18,259	-	-	-	-	-	463,992
	445,733	18,259	521,442	765	70,544	103,418	-	1,160,161
	445,733	18,259	521,442	11,500	2,230,662	4,072,451	535,657	7,835,704
Deficiency of revenue over expenditures	(376,601)	(6,259)	(391,213)	-	(1,662,194)	(1,436,210)	(285,657)	(4,158,134)