Financial statements of

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

<table>
<thead>
<tr>
<th>Operating reserve</th>
<th>Operating</th>
<th>Invested in property and equipment</th>
<th>Restricted for specified fund use</th>
<th>Total 2014</th>
<th>Total 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Canadian Sport for Life</td>
<td>Coach Services</td>
<td>Donations (Note 5)</td>
</tr>
<tr>
<td></td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>(176,837)</td>
<td>500,000</td>
<td>76,506</td>
<td>(57,372)</td>
<td>135,097</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>640,234</td>
<td>150,000</td>
<td>85,007</td>
<td>25,983</td>
<td>70</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>28,273</td>
<td>500,000</td>
<td>877</td>
<td>256</td>
<td>29,406</td>
</tr>
<tr>
<td><strong>P</strong></td>
<td><strong>491,870</strong></td>
<td><strong>500,000</strong></td>
<td><strong>76,506</strong></td>
<td><strong>27,635</strong></td>
<td><strong>161,957</strong></td>
</tr>
<tr>
<td>Property and equipment (Note 3)</td>
<td></td>
<td></td>
<td>705,822</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>P</strong></td>
<td><strong>491,870</strong></td>
<td><strong>500,000</strong></td>
<td><strong>782,328</strong></td>
<td><strong>27,635</strong></td>
<td><strong>161,957</strong></td>
</tr>
</tbody>
</table>

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 | 577,889 |

Unearned tuition | - | - | 3,000 | - | - | 3,000 | 5,250 |

**P** | 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 | - | - | - | - | - | 357,736 |

Unrestricted | 364,125 | 500,000 | 705,822 | 157,399 | 13,280 | 356,687 | 2,097,313 | 2,059,512 |

**P** | 364,125 | 500,000 | 705,822 | 157,399 | 13,280 | 356,687 | 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.
## Restricted for specified fund use

<table>
<thead>
<tr>
<th>Operating</th>
<th>Operating Reserve</th>
<th>Invested in property and equipment</th>
<th>Canadian Sport for Life</th>
<th>Coach Services</th>
<th>Donations (Note 6)</th>
<th>Specific Projects</th>
<th>Total 2014</th>
<th>Total 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

### Revenue
- **Sport Canada (Note 1 and Schedule)**
  - 3,479,160
- **viaSport (formerly BC Sport Agency) (Note 1)**
  - 1,890,000
- **Contributions**
  - 523,657
- **Fee for service**
  - 90,088
- **Coaching Association of Canada**
  - 0
- **Events and sponsorships**
  - 2,081
- **BC Gaming grants**
  - 50,000
- **Tutions (Other)**
  - 0
- **Other revenue**
  - 9,158
- **Tutions (Private Career Training Institute)**
  - 0
- **Interest income**
  - 13,209
- **Donations**
  - 0

### Total revenue
- 6,057,363

### Expenditures

#### Performance services
- **Performance preparation**
  - Human resources
    - 1,380,292
  - **Operations**
    - 671,960
  - **Integrated Support Team operations**
    - 89,924
  - **Performance analysis**
    - Human resources
    - 375,734
  - **Operations**
    - 50,150
  - **Performance readiness**
    - Human resources
    - 371,156
  - **Operations**
    - 76,971

### Total operating expenses
- 3,016,167

#### Talent development
- **Talent development**
  - Human resources
    - 614,837
  - **Operations**
    - 134,253
  - **Talent development programs**
    - Human resources
    - 502,110
  - **Operations**
    - 278,961

### Total operating expenses
- 1,530,161

#### Business operations and administration
- **Communications**
  - Human resources
    - 307,911
  - **Operations**
    - 77,874

### Total operating expenses
- 705,822

#### System development
- **Canadian Sport for Life**
  - Human resources
    - 3,479,160
  - **Operations**
    - 1,890,000
  - **Team BC Initiatives**
    - 0

### Total operating expenses
- 5,168,465

#### Total operating expenses
- 6,057,363

### Interfund transfers
- 384,125

#### Total operating expenses
- 6,441,488

## 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

<table>
<thead>
<tr>
<th>Operating activities</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excess (deficiency) of revenues over expenditures</td>
<td>243,310</td>
<td>-</td>
</tr>
<tr>
<td>Amortization of property and equipment</td>
<td>-</td>
<td>226,735</td>
</tr>
<tr>
<td>Interfund transfers</td>
<td>(236,921)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>6,389</td>
<td>174,706</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Changes in non-cash items</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts receivable</td>
<td>(216,082)</td>
<td>-</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>(19,722)</td>
<td>-</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>(123,300)</td>
<td>-</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>(352,715)</td>
<td>62,401</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Investing activity</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition of property and equipment</td>
<td>-</td>
<td>(174,706)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>(352,715)</td>
<td>-</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and equipment</td>
<td>20%</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>20%</td>
</tr>
<tr>
<td>Computers</td>
<td>30%</td>
</tr>
<tr>
<td>Sport equipment</td>
<td>15% and 30%</td>
</tr>
<tr>
<td>Software</td>
<td>20%</td>
</tr>
<tr>
<td>Vehicle</td>
<td>30%</td>
</tr>
</tbody>
</table>

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.
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

<table>
<thead>
<tr>
<th></th>
<th>Cost</th>
<th>Accumulated amortization</th>
<th>Net book value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and equipment</td>
<td>134,229</td>
<td>104,588</td>
<td>29,641</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>142,244</td>
<td>99,106</td>
<td>43,138</td>
</tr>
<tr>
<td>Computers</td>
<td>388,231</td>
<td>296,169</td>
<td>92,062</td>
</tr>
<tr>
<td>Sport equipment</td>
<td>1,889,230</td>
<td>1,472,406</td>
<td>416,824</td>
</tr>
<tr>
<td>Software</td>
<td>215,174</td>
<td>133,505</td>
<td>81,669</td>
</tr>
<tr>
<td>Vehicle</td>
<td>129,032</td>
<td>86,544</td>
<td>42,488</td>
</tr>
<tr>
<td></td>
<td>2,898,140</td>
<td>2,192,318</td>
<td>705,822</td>
</tr>
</tbody>
</table>
3. Property and equipment (continued)

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>---------------</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>122,347</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>131,917</td>
</tr>
<tr>
<td>Computers</td>
<td>344,888</td>
</tr>
<tr>
<td>Sport equipment</td>
<td>1,788,865</td>
</tr>
<tr>
<td>Vehicle</td>
<td>129,031</td>
</tr>
<tr>
<td></td>
<td>2,723,434</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th></th>
<th>First Seawood Fund for Gold</th>
<th>Seawood Fund for Gold</th>
<th>Pacific Sport Team Rising Star</th>
<th>Home Team Advantage</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning balance, March 31, 2013</td>
<td>12,950</td>
<td>5,144</td>
<td>7,032</td>
<td>21,381</td>
<td>46,507</td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Disbursements</td>
<td>(12,950)</td>
<td>(5,144)</td>
<td>(5,000)</td>
<td>(19,856)</td>
<td>(42,950)</td>
</tr>
<tr>
<td>Ending balance, March 31, 2014</td>
<td>-</td>
<td>-</td>
<td>3,558</td>
<td>9,722</td>
<td>13,280</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>222,896</td>
</tr>
</tbody>
</table>
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:

<table>
<thead>
<tr>
<th>Year</th>
<th>Lease Obligation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>9,000</td>
</tr>
<tr>
<td>2016</td>
<td>3,000</td>
</tr>
<tr>
<td></td>
<td><strong>12,000</strong></td>
</tr>
</tbody>
</table>

(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:

<table>
<thead>
<tr>
<th>Year</th>
<th>Lease Obligation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>150,000</td>
</tr>
</tbody>
</table>

(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:

<table>
<thead>
<tr>
<th>Year</th>
<th>Lease Obligation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>39,437</td>
</tr>
<tr>
<td>2016</td>
<td>78,874</td>
</tr>
<tr>
<td>2017</td>
<td>78,874</td>
</tr>
<tr>
<td>2018</td>
<td>78,874</td>
</tr>
<tr>
<td>2019</td>
<td>78,874</td>
</tr>
<tr>
<td>2020</td>
<td>19,718</td>
</tr>
<tr>
<td></td>
<td><strong>374,651</strong></td>
</tr>
</tbody>
</table>

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

### Revenue

<table>
<thead>
<tr>
<th></th>
<th>Administration</th>
<th>Staff salaries</th>
<th>Operations and programming</th>
<th>Long-term athlete development</th>
<th>Official languages</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sport Canada</td>
<td>466,150</td>
<td>2,394,207</td>
<td>830,803</td>
<td>649,000</td>
<td>13,000</td>
<td>4,353,160</td>
</tr>
<tr>
<td>Total</td>
<td>466,150</td>
<td>2,394,207</td>
<td>830,803</td>
<td>649,000</td>
<td>13,000</td>
<td>4,353,160</td>
</tr>
</tbody>
</table>

### 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
- Total: - 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: - 502,110 - - - 502,110
- Operations: - - 278,961 - - 278,961
- Total: - 1,274,348 615,425 - - 1,889,773

#### Business operations and administration

**Communications**
- Human resources: - 307,911 - - - 307,911
- Operations: 92,974 - - - 111,884

**Finance and operations**
- Human resources: - 484,101 - - - 484,101
- Operations: 424,809 - - - 424,809
- Total: 517,783 792,012 - - 1,329,705

#### System development

**Canadian Sport for Life**
- Human resources: - - - 162,328 - 162,328
- Operations: - - - 681,137 - 681,137
- Team BC Initiatives: - - 15,828 - - 15,828
- Total: - - 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)