

Financial statements of

**Canadian Sport Institute
Pacific Society**

March 31, 2015

Canadian Sport Institute Pacific Society

March 31, 2015

Table of contents

Independent Auditor's Report 1-2

Statement of financial position 3

Statement of operations and changes in fund balances 4

Statement of cash flows 5

Notes to the financial statements 6-10

Schedule of Sport Canada revenue and total expenditures - Schedule 1 11



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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, 2015, 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, 2015 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 26, 2015
Vancouver, British Columbia

Canadian Sport Institute Pacific Society

Statement of financial position
as at March 31, 2015

	Operating	Operating reserve	Invested in property and equipment	Restricted for specified fund use				Total 2015	Total 2014
				Canadian Sport for Life	Coach Services	Donations (Note 5)	Specific Projects		
	\$	\$	\$	\$	\$	\$	\$	\$	
Assets									
Current assets									
Cash and cash equivalents	442,407	500,000	-	(17,004)	162,039	13,007	331,999	1,432,448	920,772
Accounts receivable	362,518	-	-	42,718	1,000	-	62,632	468,868	755,251
Tuitions receivable (Private Career Training Institute)	-	-	-	-	1,125	-	-	1,125	-
Prepaid expenses	10,507	-	-	-	-	-	48,333	58,840	29,406
	815,432	500,000	-	25,714	164,164	13,007	442,964	1,961,281	1,705,429
Property and equipment (Note 3)	-	-	677,112	-	-	-	-	677,112	705,822
	815,432	500,000	677,112	25,714	164,164	13,007	442,964	2,638,393	2,411,251
Liabilities									
Current liabilities									
Accounts payable and accrued liabilities (Note 4)	253,212	-	-	23,757	2,467	-	5,061	284,497	310,938
Unearned tuition (Private Career Training Institute)	-	-	-	-	750	-	-	750	3,000
	253,212	-	-	23,757	3,217	-	5,061	285,247	313,938
Commitments (Note 6)									
Economic dependence (Note 1)									
Fund balances									
Invested in property and equipment	-	-	677,112	-	-	-	-	677,112	705,822
Restricted for specified fund use	-	-	-	1,957	160,947	13,007	437,903	613,814	527,366
Internally restricted for operations	-	500,000	-	-	-	-	-	500,000	500,000
Unrestricted	562,220	-	-	-	-	-	-	562,220	364,125
	562,220	500,000	677,112	1,957	160,947	13,007	437,903	2,353,146	2,097,313
	815,432	500,000	677,112	25,714	164,164	13,007	442,964	2,638,393	2,411,251

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, 2015

	Operating	Operating Reserve	Invested in property and equipment	Restricted for specified fund use				Total 2015	Total 2014
				Canadian Sport for Life	Coach Services	Donations (Note 6)	Specific Projects		
	\$	\$	\$	\$	\$	\$	\$	\$	
Revenue									
Sport Canada (Schedule)	3,840,209	-	-	573,800	-	-	165,000	4,579,009	4,353,160
viaSport	2,000,000	-	-	-	-	-	-	2,000,000	2,000,000
Contributions	521,660	-	-	58,938	-	-	290,500	871,098	807,152
Events and sponsorships	252,083	-	-	116,168	-	-	-	368,251	72,625
Fee for service	79,754	-	-	6,000	-	-	-	85,754	93,788
Coaching Association of Canada	-	-	-	-	80,000	-	-	80,000	80,000
BC Gaming grants	50,000	-	-	-	15,000	-	-	65,000	124,570
Tuitions (Other)	-	-	-	-	5,015	-	44,150	49,165	50,821
Other revenue	18,465	-	-	16,442	1,000	-	-	35,907	30,725
Tuitions (Private Career Training Institute)	-	-	-	-	25,567	-	-	25,567	25,110
Interest income	16,615	-	-	-	-	-	-	16,615	13,209
Donations	-	-	-	12,000	-	3,325	-	15,325	9,723
	6,778,786	-	-	783,348	126,582	3,325	499,650	8,191,691	7,660,883
Expenditures									
Performance services									
Performance preparation									
Human resources	1,525,061	-	-	-	-	-	30,500	1,555,561	1,409,792
Operations	711,719	-	176,712	-	-	-	174,146	1,062,577	1,041,341
Integrated Support Team operations	68,700	-	-	-	-	-	-	68,700	89,924
Performance analysis									
Human resources	252,109	-	-	-	-	-	-	252,109	375,734
Operations	52,005	-	-	-	-	-	-	52,005	50,150
Performance readiness									
Human resources	518,469	-	-	-	-	-	93,867	612,336	449,387
Operations	79,965	-	-	-	-	-	103,116	183,081	127,983
	3,208,028	-	176,712	-	-	-	401,629	3,786,369	3,544,311
Talent development									
Talent development									
Human resources	554,595	-	-	-	148,147	-	7,406	710,148	772,238
Operations	130,499	-	-	-	149,887	3,598	84,329	368,313	336,464
NextGen programs									
Human resources	360,860	-	-	-	-	-	-	360,860	502,110
Operations	633,204	-	-	-	-	-	-	633,204	278,961
	1,679,158	-	-	-	298,034	3,598	91,735	2,072,525	1,889,773
Business operations and administration									
Communications									
Human resources	137,920	-	-	-	-	-	-	137,920	307,911
Operations	41,474	-	-	-	-	-	-	41,474	77,874
Finance and operations									
Human resources	593,685	-	-	15,000	-	-	-	608,685	484,101
Operations	470,985	-	34,089	-	-	-	-	505,074	458,819
	1,244,064	-	34,089	15,000	-	-	-	1,293,153	1,328,705
System development									
Canadian Sport for Life									
Human resources	-	-	-	69,461	-	-	-	69,461	162,328
Operations	-	-	-	660,810	-	-	-	660,810	681,137
Team BC Initiatives	-	-	-	-	-	-	53,540	53,540	15,828
	-	-	-	730,271	-	-	53,540	783,811	859,293
	6,131,250	-	210,801	745,271	298,034	3,598	546,904	7,935,858	7,622,082
Excess (deficiency) of revenues over expenditures	647,536	-	(210,801)	38,077	(171,452)	(273)	(47,254)	255,833	38,801
Fund balances, beginning of year	364,125	500,000	705,822	-	157,399	13,280	356,687	2,097,313	2,058,512
Interfund transfers	(449,441)	-	182,091	(36,120)	175,000	-	128,470	-	-
Fund balances, end of year	562,220	500,000	677,112	1,957	160,947	13,007	437,903	2,353,146	2,097,313

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, 2015

	Operating	Operating Reserve	Invested in property and equipment	Restricted for specified fund use				Total 2015	Total 2014
				Canadian Sport for Life	Coach Services	Donations	Specific Projects		
	\$	\$	\$	\$	\$	\$	\$	\$	
Operating activities									
Excess (deficiency) of revenue over expenditures	647,536	-	(210,801)	38,077	(171,452)	(273)	(47,254)	255,833	38,801
Amortization of property and equipment	-	-	210,801	-	-	-	-	210,801	226,735
Interfund transfers	(449,441)	-	182,091	(36,120)	175,000	-	128,470	-	-
	198,095	-	182,091	1,957	3,548	(273)	81,216	466,634	265,536
Changes in non-cash items									
Accounts and tuitions receivable	277,716	-	-	42,289	23,858	70	(58,675)	285,258	(189,963)
Prepaid expenses	17,766	-	-	-	877	-	(48,077)	(29,434)	(15,355)
Accounts payable and accrued liabilities	125,667	-	(76,506)	(3,878)	909	-	(72,633)	(26,441)	(266,751)
Deferred revenue	-	-	-	-	(2,250)	-	-	(2,250)	(2,250)
	619,244	-	105,585	40,368	26,942	(203)	(98,169)	693,767	(208,783)
Investing activity									
Acquisition of property and equipment	-	-	(182,091)	-	-	-	-	(182,091)	(174,706)
Increase (decrease) in cash and cash equivalents	619,244	-	(76,506)	40,368	26,942	(203)	(98,169)	511,676	(383,489)
Cash and cash equivalents, beginning of year	(176,837)	500,000	76,506	(57,372)	135,097	13,210	430,168	920,772	1,304,261
Cash and cash equivalents, end of year	442,407	500,000	-	(17,004)	162,039	13,007	331,999	1,432,448	920,772

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, 2015

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 (2014 - \$2,000,000) of the Society's revenues were derived from viaSport BC Society while \$4,579,009 (2014 - \$4,353,160) 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 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 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, 2015

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:

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

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, 2015.

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

Canadian Sport Institute Pacific Society

Notes to the financial statements

March 31, 2015

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 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.

(g) 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.

(h) 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

		2015	
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Sport equipment	1,957,412	1,599,641	357,771
Computers	406,625	326,547	80,078
Software	215,177	149,841	65,336
Leasehold improvements	189,966	112,506	77,460
Vehicle	129,032	99,290	29,742
Furniture and equipment	182,020	115,295	66,725
	3,080,232	2,403,120	677,112

Canadian Sport Institute Pacific Society

Notes to the financial statements

March 31, 2015

3. Property and equipment (continued)

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

Prior to March 31, 2015, the Society sent purchase orders to suppliers for property and equipment in the amount of \$112,561. Subsequent to year-end, this property and equipment was received by the Society and recorded as an asset.

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 \$113,183 is included in accounts payable at year end (2014 - \$52,119).

5. Donations

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

	Pacific Sport Rising Star	Home Team Advantage	Total
	\$	\$	\$
Balance, March 31, 2014	3,558	9,722	13,280
Additions	3,132	193	3,325
Disbursements	(3,598)	-	(3,598)
Balance, March 31, 2015	3,092	9,915	13,007

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:

	\$
2016	170,363
2017	170,363
2018	170,363
2019	170,363
2020	70,985
	752,437

Canadian Sport Institute Pacific Society

Notes to the financial statements

March 31, 2015

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:

	\$
2016	84,874
2017	84,874
2018	84,874
2019	84,874
2020	21,219
	<hr/> 360,715

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 values due to their short-term maturity.

8. Allocation of expenses

Rent and human resources expenses of \$510,545 (2014 - \$467,304) 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, 2015, RRSP expenses related to this plan were \$93,065 (2014 - \$95,443).

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, 2015

	Administration	Staff salaries	Operations and programming	Long-term athlete development	Official languages	Total
	\$	\$	\$	\$	\$	\$
Revenue						
Sport Canada	422,066	2,757,763	813,380	573,800	12,000	4,579,009
Expenditures						
Performance services						
Performance preparation						
Human resources	-	1,555,561	-	-	-	1,555,561
Operations	-	-	1,062,577	-	-	1,062,577
Integrated Support Team operations	-	-	68,700	-	-	68,700
Performance analysis						
Human resources	-	252,109	-	-	-	252,109
Operations	-	-	52,005	-	-	52,005
Performance readiness						
Human resources	-	612,336	-	-	-	612,336
Operations	-	-	183,081	-	-	183,081
	-	2,420,006	1,366,363	-	-	3,786,369
Talent development						
Talent development						
Human resources	-	710,148	-	-	-	710,148
Operations	-	-	362,633	-	5,680	368,313
NextGen programs						
Human resources	-	360,860	-	-	-	360,860
Operations	-	-	633,204	-	-	633,204
	-	1,071,008	995,837	-	5,680	2,072,525
Business operations and administration						
Communications						
Human resources	-	137,920	-	-	-	137,920
Operations	30,786	-	-	-	10,688	41,474
Finance and operations						
Human resources	-	593,685	-	15,000	-	608,685
Operations	505,074	-	-	-	-	505,074
	535,860	731,605	-	15,000	10,688	1,293,153
System development						
Canadian Sport for Life						
Human resources	-	-	-	69,461	-	69,461
Operations	-	-	-	660,810	-	660,810
Team BC Initiatives	-	-	53,540	-	-	53,540
	-	-	53,540	730,271	-	783,811
	535,860	4,222,619	2,415,740	745,271	16,368	7,935,858
Deficiency of revenue over expenditures	(535,860)	(4,222,619)	(2,415,740)	(745,271)	(16,368)	(3,356,849)