

BIATHLON CANADA
FINANCIAL STATEMENTS
APRIL 30, 2019

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INDEPENDENT AUDITORS' REPORT

To the Directors of Biathlon Canada:

Opinion

We have audited the financial statements of Biathlon Canada (the Organization), which comprise the statement of financial position as at April 30, 2019 and the statements of operations, changes in net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at April 30, 2019, and results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair representation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Canmore, Alberta
September 5, 2019


CHARTERED PROFESSIONAL ACCOUNTANTS


BIATHLON CANADA
(Incorporated under the Canada Not-for-Profit Corporations Act)

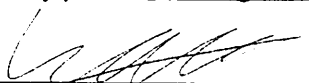
STATEMENT OF FINANCIAL POSITION

APRIL 30, 2019

ASSETS		2019	2018
Current assets			
Cash		\$ 630,928	\$ 79,402
Accounts receivable (note 2)		237,753	62,282
Prepaid expenses		6,913	61,740
Short-term investments (note 3)		-	570,596
		<u>875,594</u>	<u>774,020</u>
Property and equipment (note 4)		58,785	81,679
		<u>\$ 934,379</u>	<u>\$ 855,699</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities (note 5)		\$ 491,885	\$ 128,695
Deferred contributions (note 6)		-	83,700
		<u>491,885</u>	<u>212,395</u>
NET ASSETS			
Invested in property and equipment		58,785	81,679
Unrestricted equity in net assets		383,709	447,686
Internally restricted net assets (note 7)		-	113,939
		<u>442,494</u>	<u>643,304</u>
		<u>\$ 934,379</u>	<u>\$ 855,699</u>

Approved on behalf of the Board


_____, Director


_____, Director

BIATHLON CANADA

STATEMENT OF OPERATIONS

YEAR ENDED APRIL 30, 2019

	2019	2018
Revenues		
Contributions		
Government of Canada	\$ 473,000	\$ 473,000
Own The Podium - Sport Canada	70,000	70,250
Own The Podium - Canadian Olympic Foundation	70,000	70,250
Canadian Olympic Foundation (Olympic Legacy Coaching Fund)	50,000	50,155
International Biathlon Union	135,556	158,323
Coaching Association of Canada	7,980	5,500
	<hr/>	<hr/>
	806,536	827,478
Membership and program fees	121,052	107,888
International Biathlon Union competition subsidies	455,632	226,968
Donations, fundraising, sponsorship and other revenue	16,555	75,246
Investment income	16,924	8,571
	<hr/>	<hr/>
	1,416,699	1,246,151
Expenses		
Administration		
General	153,115	94,406
Meetings	7,807	5,356
Salaries and benefits	211,016	212,962
Amortization	24,787	35,006
Domestic program		
Coaching	28,402	12,338
Officiating and events	8,807	9,643
High performance		
National coach and technicians salaries	344,882	280,788
National team competitions	652,767	454,787
National team training and program expenses	182,904	182,338
Marketing and promotions	9,887	13,780
Program development	-	72,500
	<hr/>	<hr/>
	1,624,374	1,373,904
Deficiency of revenues over expenses before the following	(207,675)	(127,753)
Gain on sale of investments	6,865	13,689
Loss on adjustment of investments to fair market value	-	(14,418)
	<hr/>	<hr/>
Deficiency of revenues over expenses	\$ (200,810)	\$ (128,482)
	<hr/>	<hr/>

BIATHLON CANADA**STATEMENT OF CHANGES IN NET ASSETS****YEAR ENDED APRIL 30, 2019**

	Invested in Property and Equipment	Internally Restricted	Unrestricted	April 30 2019	April 30 2018
Balance, beginning of year	\$ 81,679	\$ 113,939	\$ 447,686	\$ 643,304	\$ 771,786
Deficiency of revenues over expenditures	(22,894)	-	(177,916)	(200,810)	(128,482)
Transfer to unrestricted equity in net assets (note 7)	-	(113,939)	113,939	-	-
Balance, end of year	<u>\$ 58,785</u>	<u>\$ -</u>	<u>\$ 383,709</u>	<u>\$ 442,494</u>	<u>\$ 643,304</u>

BIATHLON CANADA

STATEMENT OF CASH FLOWS

YEAR ENDED APRIL 30, 2019

	2019	2018
Cash provided for (used by)		
Operating activities		
Grants - Government of Canada	\$ 389,300	\$ 556,700
Fundraising, grants, sponsorship, and other	744,986	761,248
Fees	75,476	125,964
Operating expenditures	(1,250,728)	(1,426,556)
Investment income received	2,047	558
	<u>(38,919)</u>	<u>17,914</u>
Financing activities		
Proceeds on loan payable	100,000	50,000
Repayment of loan payable	(100,000)	(150,000)
	<u>-</u>	<u>(100,000)</u>
Investing activities		
Proceeds on disposal of investments	592,338	120,000
Purchase of property and equipment	(1,893)	-
	<u>590,445</u>	<u>120,000</u>
Cash inflow	551,526	37,914
Cash, beginning of year	79,402	41,488
Cash, end of year	<u><u>\$ 630,928</u></u>	<u><u>\$ 79,402</u></u>

Supplementary information

During the fiscal period investment additions of \$ 14,877 (2018 - \$ 8,013) were obtained by the Organization via non-cash transactions. These transactions have been excluded from investment income received and purchase of investments on the statement of cash flows.

BIATHLON CANADA
NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2019

Biathlon Canada ("the Organization") is a not-for-profit organization incorporated under Part II of the Canada Corporations Act and received its continuance under the Canada Not-for-profit Corporations Act. The Organization serves as the governing body of Biathlon in Canada, and represents Canadian interests in the International Biathlon Union.

The Organization is a not-for-profit organization under Section 149 of the Income Tax Act (Canada) and is exempt from income taxes. On April 1, 2019, Biathlon Canada acquired status as a Registered Canadian Amateur Athletic Association.

The accompanying financial statements reflect the assets, liabilities and operating results of Biathlon Canada. These statements do not reflect the assets, liabilities or operating results of any of the Provincial Divisions of Biathlon Canada.

1. Significant accounting policies

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

a) Revenue recognition

The Organization follows the deferral method of accounting for contributions. Under this method, contributions and sponsorship revenue restricted for future period expenses are deferred and are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions and sponsorship revenue are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Training centre fees, membership revenue and program fees are recognized as revenue when the service has been performed, the amount to be received can be reasonably estimated and collection is reasonably assured.

Competition subsidies, donations, fundraising and other revenue is recognized as revenue only when contributions are received due to uncertainty surrounding the amount and timing of receipt of these types of contributions.

Investment income is recognized as revenue when earned.

b) Property and equipment

Property and equipment is recorded at cost.

Amortization is provided over the estimated useful lives using the declining balance method at the following annual rates:

Ski equipment	30%
Automotive equipment	30%
Computer equipment	30%

BIATHLON CANADA

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2019

1. Significant accounting policies (cont'd)

c) In-kind contributions

In-kind contributed goods and services are recorded when the estimated fair value can be reasonably determined and would otherwise be purchased by the Organization.

Volunteers contribute a large number of hours every year to assist the Organization in carrying out its service delivery activities. Because of difficulty of determining their fair value, contributed services are not recorded in the statement of operations.

d) Financial instruments

The Organization's financial instruments consist of cash, accounts receivable, short-term investments, accounts payable and accrued liabilities.

The Organization initially measures its financial assets and liabilities at fair value. Subsequently it measures its financial instruments at amortized cost, with exception to short-term investments which are quoted in an active market, and measured at fair value.

Financial instruments measured at amortized cost are evaluated for impairment at each balance sheet date with the write-down recorded to the statement of operations. Impairment reversals may occur and the asset can be written up to its original cost. Changes in fair value are recognized in the statement of operations.

Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant interest, currency, credit, market, or liquidity risks arising from these financial instruments.

e) Measurement uncertainty

The preparation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statement and the reported amounts of revenue and expenses for the reporting period. Significant items subject to such estimates and assumptions include the carrying amount of accounts payable and accrued liabilities and the useful life of property and equipment. Actual results may differ from those estimates.

2. Accounts receivable	2019	2018
Trade and membership revenue receivables	\$ 219,801	\$ 52,333
G.S.T. recoverable	17,952	9,949
	<u>\$ 237,753</u>	<u>\$ 62,282</u>

Included in general administration expense is bad debt expense in the amount of \$ 707 (2018 - \$ 1,560).

Included in trade and membership revenue receivables is \$ 70,599 (2018 - \$ nil) in respect of the 2019 Biathlon World Cup where Biathlon Canada served solely as a facilitator, to receive funds and to payout same to the sub-contractor, for the event, The Alberta World Cup Event Hosting Society for Biathlon, or others as directed.

BIATHLON CANADA
NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2019

3. Short-term investments	2019		2018	
	Fair Value	Cost	Fair Value	Cost
Mutual funds	\$ -	\$ -	\$ 570,596	\$ 517,594

4. Property and equipment	2019		2018	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Ski equipment	\$ 139,553	\$ 119,102	\$ 139,553	\$ 110,339
Automotive equipment	134,294	99,267	134,294	84,254
Computer equipment	30,288	26,981	28,395	25,970
	<u>\$ 304,135</u>	<u>\$ 245,350</u>	<u>\$ 302,242</u>	<u>\$ 220,563</u>

4. Property and equipment	2019		2018	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Ski equipment	\$ 139,553	\$ 119,102	\$ 139,553	\$ 110,339
Automotive equipment	134,294	99,267	134,294	84,254
Computer equipment	30,288	26,981	28,395	25,970
	<u>\$ 304,135</u>	<u>\$ 245,350</u>	<u>\$ 302,242</u>	<u>\$ 220,563</u>

5. Accounts payable and accrued liabilities	2019		2018	
Trade payables and accrued liabilities	\$ 392,021	\$ 117,991	\$ 392,021	\$ 117,991
Alberta World Cup Event Hosting Society for Biathlon payable	70,000	-	70,000	-
Government remittances payable	29,864	10,704	29,864	10,704
	<u>\$ 491,885</u>	<u>\$ 128,695</u>	<u>\$ 491,885</u>	<u>\$ 128,695</u>

Included in trade payables and accrued liabilities is \$ 238,845 (2018 - \$ nil) of payables related to the 2019 Biathlon World Cup.

6. Deferred contributions

Deferred contributions of \$ nil (2018 - \$ 83,700) represent contributions that have been externally restricted as described below and are therefore not generally available to pay for operating expenses of the organization.

	2019	2018
Balance beginning of year	\$ 83,700	\$ 11,369
Deferred contributions received	-	83,700
	<u>83,700</u>	<u>95,069</u>
Deferred contributions recognized as revenue	83,700	11,369
Balance, end of year	<u>\$ -</u>	<u>\$ 83,700</u>

BIATHLON CANADA
NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2019

6. Deferred contributions (cont'd)

Deferred contributions consist of the following:

	2019	2018
2019 Sport Canada Grant	\$ -	\$ 83,700
	<u> </u>	<u> </u>

7. Internally restricted net assets

The Organization's Board of Directors previously restricted the use of funds received from the Canadian Olympic Committee Legacy Program, to be used for purposes, as approved by the Board. The Board removed all restrictions on these funds in the current year and consequently, an amount of \$ 113,939 was transferred to unrestricted net assets.

8. Related party transactions

During the fiscal period \$ 100,000 (2018 - \$ 50,000) was loaned on an interest free basis to Biathlon Canada by a company controlled by a committee member. The loan balance was repaid prior to the balance sheet date.

Biathlon Canada collected \$ 270,000 (2018 - \$ nil), net of any expenditures, on behalf of the Alberta World Cup Event Hosting Society for Biathlon, in connection with the 2019 Biathlon World Cup, of which \$ 200,000 was remitted to them and the remaining \$ 70,000 (2018 - \$ nil) was included in accounts payable at year end.

These transactions were completed in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed upon by the related parties.

9. Financial instrument risk disclosure

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure and concentration at April 30, 2019.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party in failing to discharge an obligation. The Organization's main credit risk relates to its cash and accounts receivable.

The Organization mitigates its exposure risk by placing its cash with major financial institutions. The Organization also routinely assesses the financial strength of its customers and as such believes its credit risk exposure is limited.

10. Comparative figures

Certain comparative figures have been reclassified to conform with the presentation adopted in the current fiscal period.