

BIATHLON CANADA
FINANCIAL STATEMENTS
APRIL 30, 2017

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F: 403.762.8384**INDEPENDENT AUDITORS' REPORT**

To the Directors of Biathlon Canada:

We have audited the accompanying financial statements of Biathlon Canada, which comprise the statement of financial position as at April 30, 2017 and the statements of operations, changes in net assets, and cash flows for the thirteen months 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 judgement, 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 of our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Biathlon Canada as at April 30, 2017, and the results of its operations and its cash flows for the thirteen months then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Canmore, Alberta
October 2, 2017

CHARTERED PROFESSIONAL ACCOUNTANTS

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

STATEMENT OF FINANCIAL POSITION

APRIL 30, 2017

ASSETS

	April 30 2017	March 31 2016
Current assets		
Cash	\$ 41,488	\$ 114,526
Accounts receivable (note 2)	186,411	248,475
Prepaid expenses	44,665	-
Short-term investments (note 3)	683,312	862,958
	<u>955,876</u>	<u>1,225,959</u>
Property and equipment (note 4)	116,685	48,509
	<u>\$ 1,072,561</u>	<u>\$ 1,274,468</u>

LIABILITIES

Current liabilities		
Accounts payable and accrued liabilities (note 5)	\$ 200,775	\$ 394,446
Loan payable (note 6)	100,000	-
	<u>300,775</u>	<u>394,446</u>

NET ASSETS

Invested in property and equipment	116,685	48,509
Unrestricted equity in net assets	541,162	717,574
Internally restricted net assets (note 7)	113,939	113,939
	<u>771,786</u>	<u>880,022</u>
	<u>\$ 1,072,561</u>	<u>\$ 1,274,468</u>

Approved on behalf of the Board

Ken Darrow, Director

Maggie Shi, Director

BIATHLON CANADA

STATEMENT OF OPERATIONS

THIRTEEN MONTHS ENDED APRIL 30, 2017

	Thirteen Months Ended April 30 2017	Twelve Months Ended March 31 2016
Revenues		
Contributions		
Government of Canada	\$ 473,000	\$ 492,000
Own The Podium	283,700	288,824
In-kind contributions (note 8)	102,257	82,000
Canadian Olympic Committee	179,522	99,845
International Biathlon Union	128,561	1,521
Coaching Association of Canada	6,500	4,950
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	1,173,540	969,140
Training centre fees	-	26,388
Membership and program fees	118,472	174,193
International Biathlon Union competition subsidies	376,843	360,158
Donations, fundraising, sponsorship and other revenue	165,590	143,574
Investment income	16,685	18,381
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	1,851,130	1,691,834
Expenses		
Administration		
General	118,205	159,124
Meetings	7,573	12,105
Salaries and benefits	225,848	214,425
Amortization	29,151	12,979
Domestic program		
Coaching	40,082	60,659
Officiating and events	11,720	37,446
High performance		
National coach and technicians salaries	411,891	364,021
National team competitions	552,917	502,356
National team training and program expenses	386,254	316,584
In-kind contributions	102,257	82,000
Marketing and promotions	33,092	42,551
Program development	72,500	72,500
	<hr/>	<hr/>
	1,991,490	1,876,750
Deficiency of revenues over expenses before the following	(140,360)	(184,916)
Gain on sale of investments	25,293	10,650
Gain (loss) on adjustment of investments to fair market value	6,831	(39,064)
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Deficiency of revenues over expenses	\$ (108,236)	\$ (213,330)

BIATHLON CANADA

STATEMENT OF CHANGES IN NET ASSETS

THIRTEEN MONTHS ENDED APRIL 30, 2017

	Invested in Property and Equipment	Internally Restricted	Unrestricted	Thirteen Months Ended April 30 2017	Thirteen Months Ended March 31 2016
Balance, beginning of period	\$ 48,509	\$ 113,939	\$ 717,574	\$ 880,022	\$ 1,093,352
Deficiency of revenues over expenditures	(29,151)	-	(79,085)	(108,236)	(213,330)
Investment in property and equipment	97,327	-	(97,327)	-	-
Balance, end of period	<u>\$ 116,685</u>	<u>\$ 113,939</u>	<u>\$ 541,162</u>	<u>\$ 771,786</u>	<u>\$ 880,022</u>

BIATHLON CANADA

STATEMENT OF CASH FLOWS

THIRTEEN MONTHS ENDED APRIL 30, 2017

	Thirteen Months Ended April 30 2017	Twelve Months Ended March 31 2016
Cash provided for (used by)		
Operating activities		
Grants - Government of Canada	\$ 473,000	\$ 492,000
Fundraising, grants, sponsorship, and other	1,211,571	729,879
Fees	104,313	185,500
Operating expenditures	(2,093,051)	(1,466,773)
Investment income received	3,704	5,062
	<u>(300,463)</u>	<u>(54,332)</u>
Financing activities		
Proceeds on loan payable	100,000	-
Investing activities		
Purchase of investments	(1,053)	(35,514)
Proceeds on disposal of investments	225,805	129,982
Purchase of property and equipment	(97,327)	(35,514)
	<u>127,425</u>	<u>58,954</u>
Cash inflow (outflow)	<u>(73,038)</u>	<u>4,622</u>
Cash, beginning of period	114,526	109,904
Cash, end of period	<u>\$ 41,488</u>	<u>\$ 114,526</u>

Supplementary information

During the fiscal period investment additions of \$ 12,981 (2016 - \$ 28,619) 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, 2017

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. On September 27, 2016, the board approved a change in the fiscal reporting period to April 30, which has resulted in the accompanying financial statements reporting on a thirteen month period with comparatives for a twelve month period ending March 31, 2016.

The Organization is a not-for-profit organization under Section 149 of the Income Tax Act (Canada) and is exempt from income taxes.

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, 2017

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, accrued liabilities and loan payable.

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.

	April 30 2017	March 31 2016
2. Accounts receivable		
Trade and sponsorship receivables	\$ 177,597	\$ 228,033
G.S.T. recoverable	8,814	20,442
	<u>\$ 186,411</u>	<u>\$ 248,475</u>

Included in general administration expense is bad debt expense in the amount of \$ 1,808 (2016 - \$ nil).

BIATHLON CANADA
NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2017

3. Short-term investments	April 30, 2017		March 31, 2016	
	Fair Value	Cost	Fair Value	Cost
Mutual funds	\$ 683,312	\$ 615,892	\$ 719,728	\$ 674,402
Common shares in public companies	-	-	82,186	69,298
Real estate investment trusts	-	-	3,152	2,482
Various government and commercial bond holdings, bearing various interest rates between 2.40 percent and 4.50 percent per annum maturing between December, 2017 and June, 2026.	-	-	57,892	55,290
	<u>\$ 683,312</u>	<u>\$ 615,892</u>	<u>\$ 862,958</u>	<u>\$ 801,472</u>

4. Property and equipment			
	Cost	Accumulated Amortization	Net Carrying Amount
April 30, 2017			
Ski equipment	\$ 139,553	\$ 97,818	\$ 41,735
Automotive equipment	134,294	62,808	71,486
Computer equipment	28,395	24,931	3,464
	<u>\$ 302,242</u>	<u>\$ 185,557</u>	<u>\$ 116,685</u>
March 31, 2016			
Ski equipment	\$ 96,434	\$ 89,172	\$ 7,262
Automotive equipment	80,717	43,652	37,065
Computer equipment	27,764	23,582	4,182
	<u>\$ 204,915</u>	<u>\$ 156,406</u>	<u>\$ 48,509</u>

5. Accounts payable and accrued liabilities	April 30	March 31
	2017	2016
Trade payables and accrued liabilities	\$ 96,459	\$ 207,987
Alberta Event Hosting Society payable	91,512	186,182
Government remittances payable	12,804	277
	<u>\$ 200,775</u>	<u>\$ 394,446</u>

BIATHLON CANADA
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

6. Loan payable

Loan payable in the amount of \$ 100,000 (2016 - \$ nil) is unsecured, non-interest bearing and due on demand.

7. Internally restricted net assets

The Organization's Board of Directors restricted the use of funds received from the Canadian Olympic Committee Legacy Program, to be used for purposes, as approved by the Board. These funds are held as short-term investments until use is approved by the Board.

8. In-kind contributions

During the fiscal period, \$ 92,257 (2016 - \$ 72,000) of contributed supplies and \$ 10,000 (2016 - \$ 10,000) in range passes and team room access at the Canmore Nordic Centre was contributed to the Organization. These transactions were recorded at their fair market values.

9. Related party transaction

During the fiscal period, as described in note 6, \$ 100,000 (2016 - \$ nil) was loaned to Biathlon Canada by a company controlled by a board member. This amount was repaid shortly after the end of the fiscal period.

During the fiscal period, \$ 150 (2016 - \$ nil) was incurred for coaching fees provided by a relative of a Board member, of which \$ 150 is included in accounts payable at period end.

Sponsorship revenue of \$ 91,512 (2016 - \$ 85,000) was provided by the Alberta Event Hosting Society for Biathlon (AEHSB), a non-profit organization with a common director, of which \$ 91,512 (2016 - \$ 85,000) was included in accounts receivable at period end.

At period end, \$ 91,512 (2016 - \$ 186,182) was payable to AEHSB for funds collected, net of any expenditures, by Biathlon Canada on their behalf in connection with Biathlon World Cup Event Hosting.

In 2016, a relative of a board member participated in a program offered by Biathlon Canada. This athlete was charged \$ 2,500 for training centre fees. Biathlon Canada also paid the athlete \$ 2,000 for event appearance recorded under officiating and event expense, of which \$ 2,000 was included in accounts payable at period 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.

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NOTES TO FINANCIAL STATEMENTS

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10. 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, 2017.

i) 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.

Management's assessment of credit risk has not changed from the prior fiscal period.

ii) Market risk

Market risk is the risk that changes in market prices and interest rates will affect the Organization's net assets or value of its financial instruments. The Organization is exposed to market risk on its short-term investments. The objective of the Organization is to mitigate market risk exposure within acceptable limits, while maximizing returns.

The Organization mitigates its market risk by following its internal investment policies and seeking investment advice from a professional broker when deemed necessary. As market risk is generally outside the control of the Organization, management believes its exposure is moderate.

Management's assessment of market risk has not changed from the prior fiscal period.

11. Comparative figures

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