
CANADIAN SNOWBOARD FEDERATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

INDEPENDENT AUDITORS' REPORT

To the Members of Canadian Snowboard Federation

Opinion

We have audited the financial statements of Canadian Snowboard Federation (the "Federation"), which comprise the statement of financial position as at June 30, 2020, and the statements of revenues and expenses, 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 Federation as at June 30, 2020, and the results of its operations and 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Federation in accordance with 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 ASNPO, 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 Federation'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 Federation or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities 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 auditors' 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 judgment and maintain professional skepticism throughout the audit. We also:

INDEPENDENT AUDITORS' REPORT

- 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 Federation'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 Federation'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 Federation 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 presentation.

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.

Manning Elliott LLP

Chartered Professional Accountants
Vancouver, British Columbia
November 22, 2020

CANADIAN SNOWBOARD FEDERATION
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
REVENUES		
Contributions (<i>Note 3</i>)	\$ 4,310,522	\$ 3,637,406
Sponsorships	1,224,928	421,192
Program revenue	267,514	289,696
Other revenue	93,171	40,596
Donations	10,840	52,705
	5,906,975	4,441,595
EXPENSES		
High performance program	2,517,983	2,383,371
Events program	1,837,736	837,098
Sport development program	554,852	289,264
Business development program	551,945	483,599
Administrative program	406,884	424,793
Amortization	33,114	35,887
	5,902,514	4,454,012
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES		
FOR THE YEAR	\$ 4,461	\$ (12,417)

CANADIAN SNOWBOARD FEDERATION
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	2020	2019
ASSETS		
CURRENT		
Cash	\$ 1,191,822	\$ 220,650
Accounts receivable	260,591	634,670
Goods and services tax receivable	30,843	29,187
Prepaid expenses and deposits	9,428	32,234
	1,492,684	916,741
CAPITAL ASSETS (Note 4)	40,173	44,073
	\$ 1,532,857	\$ 960,814
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 220,583	\$ 737,679
Deferred revenue (Note 6)	1,085,756	-
Athlete deposits	18,624	19,702
	1,324,963	757,381
NET ASSETS		
INVESTED IN CAPITAL ASSETS	40,173	44,073
UNRESTRICTED	167,721	159,360
	207,894	203,433
	\$ 1,532,857	\$ 960,814

COMMITMENTS (Note 7)

Approved by the Board

Melodie Theriault

Melodie Theriault (Dec 4, 2020 08:45 PST)

Director

TYLER KING

TYLER KING (Dec 5, 2020 09:43 EST)

Director

See notes to financial statements

CANADIAN SNOWBOARD FEDERATION
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2020

					2020	2019
	Invested in capital assets	Unrestricted			Total	Total
BALANCE, BEGINNING OF YEAR	\$ 44,073	\$ 159,360	\$	203,433	\$	215,850
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(33,114)	37,575		4,461		(12,417)
CAPITAL ASSET ADDITIONS	29,214	(29,214)		-		-
BALANCE, END OF YEAR	\$ 40,173	\$ 167,721	\$	207,894	\$	203,433

CANADIAN SNOWBOARD FEDERATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ 4,461	\$ (12,417)
Item not affecting cash:		
Amortization	33,114	35,887
	37,575	23,470
Changes in non-cash working capital:		
Accounts receivable	374,079	(296,085)
Goods and services tax receivable	(1,656)	(13,938)
Prepaid expenses and deposits	22,806	6,676
Accounts payable and accrued liabilities	(517,096)	507,759
Deferred revenue	1,085,756	(225,390)
Athlete deposits	(1,078)	(2,105)
	1,000,386	387
INVESTING ACTIVITY		
Purchase of capital assets	(29,214)	(20,114)
INCREASE (DECREASE) IN CASH DURING THE YEAR	971,172	(19,727)
CASH, BEGINNING OF YEAR	220,650	240,377
CASH, END OF YEAR	\$ 1,191,822	\$ 220,650

CANADIAN SNOWBOARD FEDERATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NATURE OF OPERATIONS

The Canadian Snowboard Federation (the "Federation") promotes the development of snowboarding in Canada and local, national and international competitions and any other snowboarding events in Canada.

The Federation is incorporated under the Canada Not-for-Profit Corporations Act and accordingly, is exempt from income taxes. The Federation is also a registered amateur athletic association with the Canada Revenue Agency, which allows it to issue donation receipts for tax purposes.

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for Not-for-Profit Organizations ("ASNPO") under Part III of the CPA Canada Handbook - Accounting. Financial statements prepared in accordance with ASNPO are also in accordance with Canadian generally accepted accounting principles ("GAAP").

These financial statements have, in management's opinion, been prepared within reasonable limits of materiality using the significant accounting policies noted below:

(a) Financial instruments

i) Measurement

The Federation's financial instruments consist of cash, accounts receivable and accounts payable.

The Federation initially measures all of its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The Federation subsequently measures all of its financial assets and liabilities at amortized cost.

ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any write-down that is determined is recognized in the statement of revenues and expenses. A previously recognized impairment loss may be reversed to the extent of any improvement, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of revenues and expenses in the period in which it is determined.

iii) Transaction costs

Transaction costs that are directly attributable to the origination, issuance or assumption of a financial instrument that is subsequently measured at amortized cost are assigned to those financial instruments. All other transaction costs are recognized in the statement of revenues and expenses in the period incurred.

(b) Cash

Cash consists of cash on hand and cash on deposit.

CANADIAN SNOWBOARD FEDERATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(c) Capital assets

Capital assets are amortized over their estimated useful life according to the following rates and methods:

Electronic equipment	30%	declining balance method
Furniture and equipment	30%	declining balance method
Leasehold improvements	Lease term	straight-line method
Vehicles	3 years	straight-line method

Effective July 1, 2019, the Federation adopted Section 4433 "Tangible capital assets held by not-for-profit organizations", which replaces Section 4431 of the same name. The new section clarifies that not-for-profit organizations apply the requirements for componentization in Section 3061 "Property, Plant and Equipment", refines the guidance regarding the write-down of tangible capital assets and provides additional guidance on accounting for the cost of a contributed capital asset.

Adoption of the new section did not have any impact on the reported amounts of the Federation's capital assets.

The Federation's policy is to record a write-down to a capital asset's fair value or replacement cost when conditions indicate that a capital asset is impaired. Such conditions include when the Federation's value of future economic benefits or service potential associated with the capital asset is less than its net carrying amount. Write-downs are recognized as an expense in the statement of revenues and expenses and are not reversed.

(d) Revenue recognition

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

Deferred contributions related to capital assets are amortized to revenue on the same basis as the related capital asset.

(e) Contributions-in-kind

Certain equipment and supplies provided to athletes by the Federation are donated free of charge by manufacturers. As it is not practical to estimate fair value, no value has been recorded for such donated equipment and supplies.

(f) Use of estimates

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions about future events that affect the reported amounts of assets, liabilities, revenues and expenses as at the end of or during the reporting period. Management believes that the estimates used are reasonable and prudent, however, actual results could differ from those estimates. Significant areas requiring the use of management estimates relate to the determination of the useful lives of assets for calculating amortization, recognition of deferred revenue and the amounts recorded as accounts receivable and accrued liabilities.

CANADIAN SNOWBOARD FEDERATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

2. FINANCIAL INSTRUMENTS RISKS

The Federation's financial instruments are described in Note 1(a). In management's opinion the Federation is not exposed to significant interest rate, currency, liquidity, or other market risks. In addition, the Federation is not exposed to any material concentrations of risk and there has been no significant change in risk exposures from the prior year.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge its responsibilities. The Federation's top two receivable balances account for \$67,500 (2019 - \$402,091) of the total receivable balance. However, these amounts are all considered collectible and the organizations are in good standing. No specific measures have been taken by the Federation to mitigate credit risk.

The COVID-19 health pandemic has caused significant economic uncertainty as explained in Note 8 which increased the risk associated with collectibility of accounts receivable. Management has taken the necessary steps to mitigate any potential credit losses, and does not foresee significant issues with collections.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Federation's exposure to liquidity risk is dependent upon receiving funding from sponsorships and contributions and its access to financing. The Federation mitigates liquidity risk by maintaining an adequate cash balance in the bank, as well as through the usage of a credit facility.

As noted above and explained in Note 8, the COVID-19 health pandemic increases the credit risk associated with collections of accounts receivable. However, the Federation anticipates that its cash reserves and credit facility will adequately minimize liquidity risk.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and other price risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of exchange rate fluctuations. The Federation is not exposed to significant currency risk as the majority of its transactions take place in Canadian funds.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Federation has floating rate credit facility which is subject to interest rate cash flow risk, as the required cash flows to service the debt will fluctuate as a result of changes in market rates. The Federation mitigates interest rate risk by maintaining a nil or low balance on the credit facility. The interest rate on the credit facility is disclosed in Note 5.

CANADIAN SNOWBOARD FEDERATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

2. FINANCIAL INSTRUMENTS RISKS (*continued*)

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Federation is not exposed to other price risk.

3. ECONOMIC DEPENDENCE

The continued operations of the Federation is dependent upon the support of government funding agencies, sponsors, members and creditors.

For the year ended June 30, 2020, of the Federation's total revenue reported on the statement of revenue and expenses, approximately 61% (2019 - 82%) is derived from Sport Canada and the Canadian Olympic Committee, which is included within contributions revenue as follows:

	2020	2019
Sport Canada	\$ 2,316,652	\$ 2,533,287
Sport Canada hosting grants (major events)	631,000	525,000
Sport Canada hosting grants (domestic events)	145,000	90,000
Provincial and Regional Contributions	664,870	-
Canadian Olympic Committee	553,000	489,119
	\$ 4,310,522	\$ 3,637,406

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Electronic equipment	\$ 121,122	\$ 111,638	\$ 9,484	\$ 10,274
Furniture and equipment	5,787	4,606	1,181	1,687
Leasehold improvements	40,044	40,044	-	1,053
Vehicles	82,472	52,964	29,508	31,059
	\$ 249,425	\$ 209,252	\$ 40,173	\$ 44,073

5. CREDIT FACILITY

The Federation has a credit facility with the Royal Bank of Canada which is secured by a general security agreement covering all property of the Federation. The facility includes a revolving demand loan of up to \$225,000 that bears interest at the bank's prime lending rate plus 2.5%. The demand loan was not in use as of June 30, 2020 (2019 - \$Nil). The facility also includes credit cards with a combined limit of \$125,000, of which \$5,115 (2019 - \$32,018) had been utilized as at June 30, 2020 and is included in accounts payable and accrued liabilities.

In addition to the above, the Federation has an American Express credit card with a limit of \$100,000, of which \$288 (2019 - \$32,144) had been utilized as at June 30, 2020 and is included in accounts payable and accrued liabilities.

CANADIAN SNOWBOARD FEDERATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

6. DEFERRED REVENUE

Deferred revenue represents unspent funding received from Sport Canada.

7. COMMITMENTS

The Federation leases its Whistler townhouse and Vancouver office space under long-term leases which expire May and June 2021, respectively.

Lease payments during the next fiscal year are anticipated as follows:

2021	\$ <u>86,288</u>
------	------------------

8. COVID-19 RISK

During March 2020, a global health pandemic was declared due to the COVID-19 virus, which has had a significant impact on businesses and not-for-profit organizations through the restrictions put in place by the Canadian and U.S. governments regarding travel, business operations and isolation/quarantine orders. At this time, the extent of the impact that the COVID-19 health pandemic may have on the Federation is unknown as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put in place by Canada, U.S. and other countries to fight the virus. The Federation continues to monitor its operations and assess the impact COVID-19 will have on its operating activities. At this time, the extent of the effect of the COVID-19 pandemic on the Federation is indeterminable.

The Federation continues to monitor its operations and assess the impact COVID-19 will have on its business activities. A large portion of the Federation's operating revenues are earned from contracts with Sport Canada, a government agency, and the Canadian Olympic Committee, as explained in Note 3. Although upcoming events for fiscal 2021 have been put on hold due to the pandemic, funding has been secured from Sport Canada for these events should they receive confirmation that attendees will be able to participate. Furthermore, the Federation has over \$1M of liquid assets which can be used to sustain operations as needed.