

NATIONAL SKI ACADEMY
FINANCIAL STATEMENTS
JUNE 30, 2022

NATIONAL SKI ACADEMY
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AS AT JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of National Ski Academy:

Qualified Opinion

We have audited the financial statements of the National Ski Academy ("the Academy"), which comprise the balance sheet as at June 30, 2022, and the statements of operations, changes in net assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Academy as at June 30, 2022, and its results of operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

The Academy derives part of its income from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Academy and we were not able to determine whether any adjustments might be necessary to donation and fundraising revenues, excess of revenues over expenses for the year and net assets. Consequently, we were unable to determine whether any adjustments were necessary to revenues, excess of revenues over expenditures, and cash flows for the years ended June 30, 2022 and June 30, 2021 and assets and fund balances as at June 30, 2022 and June 30, 2021. Our audit opinion for both years was modified accordingly because of the possible effect of this scope limitation.

We conducted our audit in accordance with Canadian accounting standards for not-for-profit organizations. 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 Academy 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 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.

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

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

Auditor's 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 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 judgment 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 Academy'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 Academy'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 Academy 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.

Baker Tilly SGB LLP
Chartered Professional Accountants
Licensed Public Accountants
Collingwood, Ontario
November 22, 2022

NATIONAL SKI ACADEMY
BALANCE SHEET
AS AT JUNE 30

	2022	2021
	\$	\$
Assets		
Current		
Cash	376,003	303,605
Accounts receivable (net of allowance \$NIL; 2021 - \$NIL)	91,832	102,748
Inventories	41,099	47,797
Prepaid expenses	158,680	66,191
Investments (Note 10)	2,098	510,569
	669,712	1,030,910
Tangible capital assets (Note 5)	1,328,659	1,102,030
	1,998,371	2,132,940
Liabilities		
Current		
Accounts payable and accruals	31,171	72,614
Deferred revenue (Note 6)	479,122	444,760
Current portion of long-term (Note 8)	26,968	15,124
	537,261	532,498
Long-term (Note 8 and 9)	524,415	520,007
	1,061,676	1,052,505
Deferred capital contributions (Note 2)	18,390	19,086
	1,080,066	1,071,591
Net assets (Note 14)		
Unrestricted	822,732	958,649
Internally restricted - scholarship fund (Note 3)	95,072	102,700
Internally restricted - capital fund (Note 4)	501	-
	918,305	1,061,349
	1,998,371	2,132,940

Approved on behalf of the board

_____ Director
_____ Director

NATIONAL SKI ACADEMY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED JUNE 30

	2022	2021
	\$	\$
Revenue		
Tuition - Schedule 1 (Note 13)	1,912,559	1,120,136
Donations and fundraising (net of awards of \$41,950; 2021 - \$52,000) (Note 3)	94,033	264,632
Amortization of deferred capital contributions (Note 2)	696	696
Canada Emergency Wage Subsidy and Canada Emergency Business Account (Note 12)	72,085	177,072
	<u>2,079,373</u>	<u>1,562,536</u>
Expenses		
Ski program - Schedule 1	958,402	526,539
Fundraising	1,771	2,300
Premises - Schedule 1	1,200,763	754,386
Tutor and education	61,481	122,390
	<u>2,222,417</u>	<u>1,405,615</u>
(Deficiency) excess of revenue over expenses for the year before other items	(143,044)	156,921
Other expense		
Loss on disposal of tangible capital assets	-	(91)
(Deficiency) excess of revenue over expenses for the year	(143,044)	156,830

See accompanying notes to the financial statements

NATIONAL SKI ACADEMY
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30

	Unrestricted Fund \$	Internally Restricted Scholarship Fund \$ (Note 3)	Internally Restricted Capital Fund \$ (Note 4)	2022 \$	2021 \$
Balance at beginning of year	958,649	102,700	-	1,061,349	904,519
Excess of revenue over expenses	(119,949)	(23,112)	17	(143,044)	156,830
Interfund transfer	(15,968)	15,484	484	-	-
Balance at end of year	822,732	95,072	501	918,305	1,061,349

See accompanying notes to the financial statements

NATIONAL SKI ACADEMY
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30

	2022	2021
	\$	\$
Cash flows from (for):		
Operating activities		
(Deficiency) excess of revenue over expenses for the year	(143,044)	156,830
Items not involving cash		
Amortization	35,410	24,115
Canada Emergency Business Account loan forgiveness	(20,000)	-
Loss on sale of property and equipment	-	91
Amortization of deferred capital contributions	(696)	(696)
	<u>(128,330)</u>	180,340
Changes in		
Accounts receivable	10,916	(68,290)
Inventories	6,698	(12,998)
Prepaid expenses	(92,489)	(32,384)
Accounts payable and accruals	(41,443)	5,534
Deferred revenue	34,362	265,020
	<u>(210,286)</u>	337,222
Financing activities		
Repayment of long-term liabilities	(20,738)	(9,260)
Issuance of long-term liabilities	56,990	20,000
	<u>36,252</u>	10,740
Investing activities		
Purchase of tangible capital assets	(262,039)	(33,839)
Investments, net	508,471	(175,872)
	<u>246,432</u>	(209,711)
Change in cash	72,398	138,251
Balance at beginning of year	<u>303,605</u>	165,354
Balance at end of year	<u>376,003</u>	303,605

See accompanying notes to the financial statements

NATIONAL SKI ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
AS AT JUNE 30, 2022

Purpose of the organization

The Academy was incorporated in Ontario on March 7, 1986. The Academy operates a world class athletic and academic program for the training of alpine skiers to international, Olympic and post secondary education levels. The Academy is a fully accredited private school offering academics to their athletes as well as other members of the community requiring customized education. The mission of the Academy is to provide an environment for talented students/athletes to maximize individual potential through the pursuit of alpine ski racing excellence, academic achievement and personal growth. The Academy operates from its premises in Collingwood, Ontario. It is an exempt corporation under the Income Tax Act and is a registered charity.

1. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (referred to as "ASNFPO") and are in accordance with Canadian generally accepted accounting principles (GAAP).

The following is a summary of significant accounting policies followed in the preparation of the financial statements:

(a) Financial instruments

Initial recognition and measurement

A financial asset or a financial liability is recognized when the Academy becomes a party to the contractual provisions of the financial instrument.

Financial assets originated or acquired or financial liabilities issued or assumed in an arm's length transaction, are initially measured at their fair value.

Subsequent measurement

Changes in fair value of investments in equity instruments are recognized in excess of revenue over expenses in the period incurred. All other financial assets and financial liabilities are measured at amortized cost.

Impairment

At the end of each reporting period, the Academy assesses whether there are any indications that financial assets measured at cost or amortized cost may be impaired.

(b) Contributed services

Volunteers contribute a significant number of hours and materials to assist the Academy in its activities. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

NATIONAL SKI ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
AS AT JUNE 30, 2022

1. Summary of significant accounting policies (continued)

(c) Revenue recognition

The Academy follows the deferral method of accounting for donations. Restricted donations relating to expenses are recognized as revenue in the year in which the related expenses are incurred. Unrestricted donations are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Deferred capital contributions represent the contributed equipment and grants received which were restricted for the purpose of acquiring specific tangible capital assets. The contributions are amortized to revenue on the same basis as the related tangible capital assets are amortized.

Revenue from tuition, tutor fees, premises, training, race fees, donations, administrative fees and fundraising are recognized in the period which the services are offered.

Revenue from the Canadian Emergency Wage Subsidy is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Canada Emergency Business Account loan forgiveness is recognized in the year when it becomes evident that the forgiveness will be realized.

Investment income is recognized on investments when received or receivable.

(d) Inventories

Inventories consist mainly of program materials to be used in the delivery of education programs. Inventories are valued at the lower of cost or net realizable value. Cost is determined using the first in, first out method.

(e) 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 revenue and expenditures during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

Significant estimates have been made of the useful lives of tangible capital assets. Actual results could differ from those estimates.

(f) Tangible capital assets

Tangible capital assets are stated at cost, which includes the purchase price and other acquisition costs such as installation, legal fees, survey costs, freight charges, transportation insurance costs and duties. Donated property and equipment are recorded at fair market value at the time of receipt. Amortization is provided to allocate the cost of assets over their estimated useful lives. Provision is made for amortization as follows:

Buildings	40 years straight-line
Building improvements	20 and 40 years straight-line
Furnishings	20 years straight-line
Equipment	15% and 30% declining balance
Computer equipment	3 years straight-line
Vehicles	30% declining balance

NATIONAL SKI ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
AS AT JUNE 30, 2022

1. Summary of significant accounting policies (continued)

(g) Investments

Investments are initially measured at fair value and gains and losses are recognized when the investments are sold.

2. Deferred capital contributions related to property and equipment

The deferred capital contributions include a restricted contribution received from Trillium. Funds received in 2009 were used to finance the gymnasium floor. In 2013 flooring was donated by Georgian Design Centre. The changes during the year are as follows:

	2022	2021
	\$	\$
Balance at beginning of year	19,086	19,782
Less: amounts amortized to revenue	(696)	(696)
	<hr/>	<hr/>
Balance at end of year	18,390	19,086
	<hr/>	<hr/>

3. Internally restricted - scholarship fund

The Academy has segregated funds to assist with tuition for students. The changes during the year are as follows:

	2022	2021
	\$	\$
Donations and interest received	18,838	96,338
Awards	(41,950)	(52,000)
	<hr/>	<hr/>
Excess (deficiency) of revenue over expenses	(23,112)	44,338
	<hr/>	<hr/>

The net activity of this fund is reflected in donations revenue on the statement of operations. During the year the Board approved a motion to transfer 1% of tuition revenue, in the amount of \$15,484, to this fund from unrestricted net assets. This is reflected on the statement of changes in net assets as an interfund transfer.

4. Internally restricted - capital fund

The Academy has segregated funds to assist with capital improvements. The changes during the year are as follows:

	2022	2021
	\$	\$
Interest revenue	17	-
	<hr/>	<hr/>
Excess of revenue over expenses	17	-
	<hr/>	<hr/>

The net activity of this fund is reflected in miscellaneous expense on Schedule 1. During the year the Board approved a motion to transfer 1% of tuition revenue, in the amount of \$15,484, to this fund from unrestricted net assets. This is reflected on the statement of changes in net assets as an interfund transfer. In addition, the Board approved a motion to transfer \$15,000 from this fund to unrestricted net assets to help offset the cost of the new roof.

NATIONAL SKI ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
AS AT JUNE 30, 2022

5. Tangible capital assets

Tangible capital assets consist of the following:

	2022	2021
	\$	\$
Cost		
Land	475,000	475,000
Buildings	781,652	781,652
Building improvements	220,438	32,996
Furnishings	73,238	71,519
Equipment	146,159	142,060
Computer equipment	27,973	27,973
Vehicles	68,780	-
	1,793,240	1,531,200
Accumulated amortization		
Buildings	210,083	190,541
Building improvements	7,302	4,134
Furnishings	71,562	71,519
Equipment	137,344	135,565
Computer equipment	27,973	27,411
Vehicles	10,317	-
	464,581	429,170
	1,328,659	1,102,030

6. Deferred revenue

Deferred revenue for the year consists of the following:

	2022	2021
	\$	\$
Camps	64,023	-
Activity, grad and international fees	51,883	68,940
Tuition	353,702	375,820
Grants	9,514	-
	479,122	444,760

NATIONAL SKI ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
AS AT JUNE 30, 2022

7. Financial instruments

The Club's financial instruments consist of cash, investments, accounts receivable, accounts payable and long-term liabilities.

The Club is not exposed to significant market risk, currency risk nor other price risk.

Financial risks

(a) Liquidity risk

Liquidity risk is the risk that the Academy will not be able to meet its obligations associated with financial liabilities. Cash flow from operations provides a substantial portion of the Academy's cash requirements. The Academy has available to them a revolving line of credit in the amount of \$100,000 with an interest rate of prime plus 1.75% to help meet their short-term cash needs. \$NIL was outstanding at year end (2021 - \$NIL).

(b) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Academy.

The Academy has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The main source of credit risk to the Academy is considered to relate to the class of assets described as "accounts receivable". The Academy has estimated an allowance for doubtful accounts of \$NIL (2021 - \$NIL) in order to account for the credit risk related to this asset class.

(c) Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognized at the balance sheet date whereby a future change in interest rates will affect future cash flows or the fair value of fixed financial instruments.

NATIONAL SKI ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
AS AT JUNE 30, 2022

8. Long-term liabilities

Long-term liabilities consist of the following:

	2022	2021
	\$	\$
5.49% loan payable to Royal Bank of Canada with blended payments of \$3,370 paid monthly. The loan is secured by the land and building located at 200 Oak Street, Collingwood. The loan was created out of restructuring the mortgage held by the Academy in prior years. Due September 2024.	460,333	475,131
Canada Emergency Business Account (Note 12)	40,000	60,000
2.88% vehicle loan payable to Royal Bank of Canada with blended payments of \$1,021 paid monthly. Due September 2026. Secured by vehicle with net book value of \$48,442.	51,050	-
	551,383	535,131
Less: current portion	26,968	15,124
	524,415	520,007

The expected principal payments (for the loans only) due in the next five years are as follows:

	\$
2023	26,968
2024	28,108
2025	439,227
2026	11,982
2027 and thereafter	5,098

9. Subsequent events

On August 12, 2022 the Academy received a mortgage from Royal Bank of Canada totaling \$750,000 with payments of \$5,314 (including interest) beginning September 12, 2022. The mortgage bears an interest rate of 5.86% and matures on August 12, 2027.

In November 2022 the two Sprinter van leases were bought out and refinanced by a third party.

10. Investments

Investments consist of mutual funds invested through RBC Dominion Securities. The funds have a book cost of \$2,098 (2021 - \$510,569). The fair market value is equal to the book cost of the investments.

11. Commitments

The Academy entered into two operating lease agreements with 2635667 Ontario Inc. (operating as Mercedes-Benz Kitchener-Waterloo) for the lease of two Mercedes-Benz Sprinter vans. Both lease periods are for 36 months beginning November 2019. Monthly payments are \$865 each (HST inclusive). Combined lease payments for fiscal year 2022 is \$20,769 and fiscal year 2023 is \$3,460 (HST inclusive). See Note 9 for further details.

The Academy entered into one operating lease agreement with Orangeville Nissan for the lease of one Nissan Passenger van. The lease period is 60 months beginning November 2020. Monthly payments are \$800 each (HST inclusive). Combined lease payments for fiscal 2021 were \$5,603, fiscal years 2022 to 2025 are \$9,605 and fiscal year 2026 is \$4,002 (HST inclusive).

NATIONAL SKI ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
AS AT JUNE 30, 2022

12. Canada Emergency Business Account and Canada Emergency Wage Subsidy

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The measures introduced at various levels of government to curtail the spread of the virus, such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing, meant that the Academy's revenues and collections were reduced. Management is actively monitoring the situation and will adjust operations to comply with all government and health recommendations, guidelines and best practices.

The Academy received the Canada Emergency Wage Subsidy (CEWS), which was part of the emergency measures introduced by the federal government. The total amount included as income during the year is \$52,085 (2021 - \$177,072). Accounts receivable at year end included \$NIL (2021 - \$37,913) for CEWS.

As part of the emergency measures introduced by the federal government the Academy has accessed the Canada Emergency Business Account (CEBA) loan through the Royal Bank of Canada. As a qualifying small business customer the Academy obtained a \$60,000 loan. Details of the loan are as follows:

0% interest until December 31, 2023.

No principal payments due until December 31, 2023.

Principal repayments can be voluntarily made at any time without fees or penalties.

\$20,000 loan forgiveness is available, provided outstanding balance is \$60,000 at December 31, 2020 and \$40,000 is paid back by December 31, 2023. Given that the Academy is expected to repay \$40,000 by the end of December 31, 2023, the \$20,000 forgivable portion has been recognized as revenue in fiscal 2022.

If the balance is not paid by December 31, 2023, the remaining balance will be converted to a 2 year, interest only loan at 5% annual interest, paid monthly, effective January 1, 2024.

The full balance must be repaid by no later than December 31, 2025.

Principal payments expected to be paid, assuming the loan is not repaid early, are as follows:

	Principal \$	Interest \$	Total \$
2024	-	1,500	1,500
2025	-	3,000	3,000
2026	60,000	1,500	61,500
	<u>60,000</u>	<u>6,000</u>	<u>66,000</u>

13. Related party transactions

The Academy offers financial assistance to parties. During the year this amounted to \$24,000 (2021 - \$9,180) and was measured at fair value.

The Academy occasionally purchases services from related parties at not greater than fair market value with payment terms and conditions similar to other suppliers.

Various individuals volunteer services to the Academy for no compensation. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

14. Comparative figures

The comparative figures for net assets have been adjusted to reflect the correct balances at end of fiscal 2021.

NATIONAL SKI ACADEMY
SCHEDULE 1 - REVENUE AND EXPENSES
FOR THE YEAR ENDED JUNE 30

	2022	2021
	\$	\$
Tuition revenue		
Tuition and tutor fees	1,520,764	1,008,160
Premises	308,273	111,118
Additional training and race fees	83,522	858
	1,912,559	1,120,136
Ski program expenses		
Coaching	131,909	154,153
Racing	180,320	6,420
Training	560,970	313,152
Vehicle and insurance (Note 11)	85,203	52,814
	958,402	526,539
Premises expenses		
Amortization	35,410	24,115
Bad debts	17,539	35,490
Contract labour	31,100	29,165
Food and supplies	117,828	44,856
Global health and safety measures	2,541	16,930
Insurance	47,761	35,501
Interest and bank charges	7,053	2,406
Interest on long-term liabilities	25,642	26,589
Miscellaneous (net of revenue \$4,014; 2021 - \$2,694)	43,909	40,971
Office	27,393	22,632
Repairs and maintenance	49,699	37,127
Salaries and benefits	757,651	410,643
Telephone and postage	13,630	10,844
Utilities	23,607	17,117
	1,200,763	754,386