

NATIONAL SKI ACADEMY
FINANCIAL STATEMENTS
JUNE 30, 2023

NATIONAL SKI ACADEMY
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AS AT JUNE 30, 2023

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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, 2023, 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, 2023, 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, 2023 and June 30, 2022 and assets and fund balances as at June 30, 2023 and June 30, 2022. 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

Baker Tilly SGB LLP
Chartered Professional Accountants
Licensed Public Accountants
Collingwood, Ontario
November 1, 2023

NATIONAL SKI ACADEMY
BALANCE SHEET
AS AT JUNE 30

	2023 \$	2022 \$
Assets		
Current		
Cash	401,150	376,003
Accounts receivable (net of allowance \$NIL; 2022 - \$NIL)	33,356	91,832
Inventories	52,610	41,099
Prepaid expenses	100,369	158,680
Investments (Note 10)	773,365	2,098
	<u>1,360,850</u>	669,712
Tangible capital assets (Note 5)	<u>1,324,294</u>	1,328,659
	<u>2,685,144</u>	<u>1,998,371</u>
Liabilities		
Current		
Accounts payable and accruals	38,503	31,171
Deferred revenue (Note 6)	586,675	479,122
Current portion of long-term (Note 8)	98,383	26,968
	<u>723,561</u>	537,261
Long-term (Note 8 and 12)	<u>1,207,117</u>	524,415
	<u>1,930,678</u>	1,061,676
Deferred capital contributions (Note 2)	<u>17,694</u>	18,390
	<u>1,948,372</u>	<u>1,080,066</u>
Net assets		
Unrestricted	636,673	822,732
Internally restricted - scholarship fund (Note 3)	85,618	95,072
Internally restricted - capital fund (Note 4)	14,481	501
	<u>736,772</u>	918,305
	<u>2,685,144</u>	<u>1,998,371</u>

Approved on behalf of the board

Director

Director

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

	2023	2022
	\$	\$
Revenue		
Tuition - Schedule 1 (Note 13)	1,811,708	1,912,559
Donations and fundraising (net of awards of \$38,821; 2022 - \$41,950) (Note 3)	126,676	94,033
Amortization of deferred capital contributions (Note 2)	696	696
Canada Emergency Wage Subsidy and Canada Emergency Business Account (Note 12)	-	72,085
	1,939,080	2,079,373
Expenses		
Ski program - Schedule 1	979,434	1,148,951
Fundraising	4,669	1,771
Premises - Schedule 1	830,595	774,963
Tutor and education	305,915	296,732
	2,120,613	2,222,417
Deficiency of revenue over expenses for the year	(181,533)	(143,044)

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)	2023 \$	2022 \$
Balance at beginning of year	822,732	95,072	501	918,305	1,061,349
Deficiency of revenue over expenses	(168,189)	(13,344)	-	(181,533)	(143,044)
Interfund transfers	(17,870)	3,890	13,980	-	-
Balance at end of year	636,673	85,618	14,481	736,772	918,305

See accompanying notes to the financial statements

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

	2023 \$	2022 \$
Cash flows from (for):		
Operating activities		
Deficiency of revenue over expenses for the year	(181,533)	(143,044)
Items not involving cash		
Amortization	54,258	35,410
Canada Emergency Business Account loan forgiveness	-	(20,000)
Amortization of deferred capital contributions	(696)	(696)
	(127,971)	(128,330)
Changes in		
Accounts receivable	58,476	10,916
Inventories	(11,511)	6,698
Prepaid expenses	58,311	(92,489)
Accounts payable and accruals	7,332	(41,443)
Deferred revenue	107,553	34,362
	92,190	(210,286)
Financing activities		
Repayment of long-term liabilities	(45,776)	(20,738)
Issuance of long-term liabilities	750,000	-
	704,224	(20,738)
Investing activities		
Purchase of tangible capital assets (Note 5)	-	(205,049)
Investments, net	(771,267)	508,471
	(771,267)	303,422
Change in cash	25,147	72,398
Balance at beginning of year	376,003	303,605
Balance at end of year	401,150	376,003

See accompanying notes to the financial statements

NATIONAL SKI ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
AS AT JUNE 30, 2023

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) Cash and cash equivalents

Cash and cash equivalents include all cash balances and short-term, highly liquid financial instruments with a maturity of three months or less at acquisition.

(c) 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, 2023

1. Summary of significant accounting policies (continued)

(d) 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 and fundraising are recognized in the period which the services are offered.

Revenue from the Canadian Emergency Wage Subsidy was 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 was recognized in the year when it becomes evident that the forgiveness will be realized.

Investment income is recognized on investments when received or receivable.

(e) 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.

(f) 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.

(g) 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	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, 2023

1. Summary of significant accounting policies (continued)

(h) 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:

	2023	2022
	\$	\$
Balance at beginning of year	18,390	19,086
Less: amounts amortized to revenue	(696)	(696)
Balance at end of year	17,694	18,390

3. Internally restricted - scholarship fund

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

	2023	2022
	\$	\$
Donations and interest received	25,477	18,838
Awards	(38,821)	(41,950)
Deficiency of revenue over expenses	(13,344)	(23,112)

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 \$13,980 (2022 - \$15,484), to this fund from unrestricted net assets. In addition, the Board approved a motion to transfer \$10,000 (2022 - \$NIL) from the scholarship fund to the unrestricted fund to cover international coach expenses. 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:

	2023	2022
	\$	\$
Interest revenue	-	17
Excess of revenue over expenses	-	17

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 \$13,980 (2022 - \$15,484), to this fund from unrestricted net assets. This is reflected on the statement of changes in net assets as an interfund transfer.

NATIONAL SKI ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
AS AT JUNE 30, 2023

5. Tangible capital assets

Tangible capital assets consist of the following:

	2023	2022
	\$	\$
Cost		
Land	475,000	475,000
Buildings	781,652	781,652
Building improvements	220,438	220,438
Furnishings	73,238	73,238
Equipment	146,159	146,159
Computer equipment	27,973	27,973
Vehicles	118,673	68,780
	1,843,133	1,793,240
Accumulated amortization		
Buildings	229,624	210,083
Building improvements	14,981	7,302
Furnishings	71,562	71,562
Equipment	139,359	137,344
Computer equipment	27,973	27,973
Vehicles	35,340	10,317
	518,839	464,581
	1,324,294	1,328,659

During the year, property and equipment were acquired at an aggregate cost of \$49,893 (2022 - \$262,039) of which \$49,893 (2022 - \$56,990) was acquired by long-term debt. Cash payments of \$NIL (2022 - \$205,049) were made to purchase property and equipment.

6. Deferred revenue

Deferred revenue for the year consists of the following:

	2023	2022
	\$	\$
Camps	81,200	64,023
Activity, grad and international fees	7,001	51,883
Tuition	339,599	353,702
Grants	-	9,514
Room and board	158,875	-
	586,675	479,122

NATIONAL SKI ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
AS AT JUNE 30, 2023

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 (2022 - \$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 (2022 - \$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, 2023

8. Long-term liabilities

Long-term liabilities consist of the following:

	2023 \$	2022 \$
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 with net book value of \$1,232,485. The loan was created out of restructuring the mortgage held by the Academy in prior years. Due September 2024.	444,709	460,333
5.86% loan payable to Royal Bank of Canada with blended payments of \$5,314 paid monthly. The loan is secured by the land and building located at 200 Oak Street, Collingwood with net book value of \$1,232,485. Due August 2027.	733,105	-
Canada Emergency Business Account (Note 12)	40,000	40,000
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 \$33,909.	40,062	51,050
8.99% vehicle loan payable to Royal Bank of Canada with blended payments of \$526 paid monthly. Due November 2027. Secured by vehicle with net book value of \$21,536.	22,904	-
8.99% vehicle loan payable to Royal Bank of Canada with blended payments of \$566 paid monthly. Due November 2027. Secured by vehicle with net book value of \$23,190.	24,720	-
	1,305,500	551,383
Less: current portion	98,383	26,968
	1,207,117	524,415

Payment requirements for subsequent years are:

	Principal \$	Interest \$	Total \$
2024	98,383	72,677	171,060
2025	472,551	260,514	733,065
2026	46,997	45,123	92,120
2027	42,639	40,885	83,524
2028	644,930	292,072	937,002
	1,305,500	711,271	2,016,771

9. Subsequent events

In July 2023, the Academy sold a 2017 Sprinter van for \$34,465, with net proceeds of \$11,884 for the Academy, after auction fees.

Subsequent to year end, a legal matter was settled, with total legal costs incurred by the Academy of \$13,172.

NATIONAL SKI ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
AS AT JUNE 30, 2023

10. Investments

Investments consist of mutual funds invested through RBC Dominion Securities. The funds have a book cost of \$773,365 (2022 - \$2,098). The fair market value is equal to the book cost of the investments. Interest revenue of \$20,203 (2022 - \$NIL) is netted with miscellaneous expense on Schedule 1.

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 were for 36 months beginning November 2019. Monthly payments were \$865 each (HST inclusive). In November 2022, the Academy bought out these two leases through the addition of two loans with RBC Royal Bank for \$52,618. Total lease payments for fiscal year 2023 prior to the purchase of the vehicles was \$7,643 including interest.

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).

12. Canada Emergency Business Account and Canada Emergency Wage Subsidy

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 \$NIL (2022 - \$52,085).

As part of the emergency measures introduced by the federal government the Academy 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 January 18, 2024.

No principal payments due until January 18, 2024.

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 January 18, 2024. Given the Academy intends to repay \$40,000 by January 18, 2024, the \$20,000 forgivable portion was recognized as revenue in fiscal 2022.

If the balance is not paid by January 18, 2024, the remaining balance will be converted to a 3 year, interest only loan at 5% annual interest, paid monthly, effective January 19, 2024.

The full balance must be repaid by no later than December 31, 2026.

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	-	3,000	3,000
2027	60,000	1,500	61,500
	<u>60,000</u>	<u>9,000</u>	<u>69,000</u>

NATIONAL SKI ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
AS AT JUNE 30, 2023

13. Related party transactions

The Academy offers financial assistance to parties. During the year this amounted to \$25,578 (2022 - \$24,000) 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

Certain comparative figures have been reclassified to conform with the current year's presentation.

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

	2023 \$	2022 \$
Tuition revenue		
Tuition and tutor fees	1,321,107	1,520,764
Premises	330,453	308,273
Additional training and race fees	160,148	83,522
	1,811,708	1,912,559
Ski program expenses		
Coaching	260,569	322,458
Racing	155,052	180,320
Training	487,990	560,970
Vehicle and insurance (Note 11)	75,823	85,203
	979,434	1,148,951
Premises expenses		
Amortization	54,258	35,410
Bad debts	3,972	17,539
Contract labour	27,235	31,100
Food and supplies	99,147	117,828
Global health and safety measures	6,157	2,541
Insurance	57,246	47,761
Interest and bank charges	6,710	7,053
Interest on long-term liabilities	61,059	25,642
Miscellaneous (net of revenue \$35,342; 2022 - \$4,014) (Note 10)	45,601	43,909
Office	32,222	27,393
Repairs and maintenance	23,978	49,699
Salaries and benefits	370,871	331,851
Telephone and postage	13,862	13,630
Utilities	28,277	23,607
	830,595	774,963