

Financial Statements of

**CANADIAN SPORT
INSTITUTE CALGARY**

And Independent Auditors' Report thereon

Year ended March 31, 2023



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INDEPENDENT AUDITORS' REPORT

To the Directors of Canadian Sport Institute Calgary

Opinion

We have audited the financial statements Canadian Sport Institute Calgary, which comprise:

- the statement of financial position as at March 31, 2023;
- the statement of operations and changes in net assets for the year then ended;
- the statement of cash flows for the year then ended;
- and notes to the financial statements, including a summary of significant accounting policies.

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.



We are independent of the Entity 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.

Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditors' report thereon, included in Annual Report document.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditors' report thereon, included in Annual Report document as at the date of this auditors' report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

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

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

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion

KPMG LLP

Chartered Professional Accountants

Calgary, Canada
June 16, 2023

CANADIAN SPORT INSTITUTE CALGARY

Statement of Financial Position

March 31, 2023, with comparative information for 2022

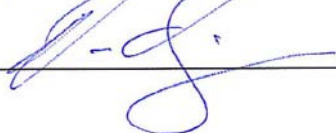
	2023	2022
Assets		
Current assets:		
Cash	\$ 976,941	\$ 2,074,496
Accounts receivable	363,403	384,412
Prepaid expenses	50,730	48,610
Investments (note 2)	1,462,215	1,163,947
	2,853,289	3,671,465
Due from related party (note 3)	14,949	17,427
Property and equipment (note 4)	854,807	579,070
	\$ 3,723,045	\$ 4,267,962

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 331,936	\$ 365,928
Deferred contributions (note 6)	276,052	1,100,235
	607,988	1,466,163
Deferred capital contributions (note 7)	632,673	455,443
Net assets	2,482,384	2,346,356
	\$ 3,723,045	\$ 4,267,962

See accompanying notes to financial statements.

Approved by the Board of Directors

Director

Director

CANADIAN SPORT INSTITUTE CALGARY

Statement of Operations and Changes in Net Assets

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Revenues:		
Contributions by partners (note 8)	\$ 5,051,647	\$ 4,044,525
Fundraising activities	273,949	1,884,322
Sport user fees	248,984	187,089
Special projects – OTP Innovation for Gold	40,100	36,500
Canada emergency wage subsidy (note 10)	–	277,298
Canada summer jobs program	32,996	35,187
Alberta SME grant	–	2,000
Ancillary program	1,348,894	1,766,568
Tuition	49,559	42,503
Interest	23,103	517
Amortization of deferred capital asset contributions (note 7)	97,770	19,404
	7,167,002	8,295,913
Expenses:		
Performance services (note 9)	3,904,224	2,902,806
Wages, benefits and consulting fees	1,060,233	1,113,860
Ancillary program fees	1,049,061	1,321,931
Office and administration	375,540	471,835
Special projects – OTP Innovation for Gold	40,100	36,500
Office rent and other services	71,672	70,980
Lectures and educational fees	108,321	89,292
Marketing and promotion	181,885	1,749,637
Athlete life services	23,923	15,400
Professional fees	49,664	36,265
Insurance	46,117	63,240
Amortization of property and equipment	110,566	39,130
Scholarships	1,000	5,000
Coaching program development	6,936	9,777
Unrealized loss on investments	1,732	50,784
	7,030,974	7,976,437
Excess of revenues over expenses	136,028	319,476
Net assets, beginning of year	2,346,356	2,026,880
Net assets, end of year	\$ 2,482,384	\$ 2,346,356

See accompanying notes to financial statements.

CANADIAN SPORT INSTITUTE CALGARY

Statement of Cash Flows

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenues over expenses	\$ 136,028	\$ 319,476
Item not affecting cash:		
Amortization of property and equipment	110,566	39,130
Amortization of deferred capital asset contributions	(97,770)	(19,404)
Unrealized loss on investments	1,732	50,784
Advances to related party written off (note 3)	2,478	44,828
	153,034	434,814
Changes in non-cash working capital items:		
Accounts receivable	21,009	276,295
Prepaid expenses	(2,120)	(12,167)
Deferred contributions	(824,183)	1,063,373
Accounts payable and accrued liabilities	(33,992)	(115,016)
	(686,252)	1,647,299
Investing:		
Purchase of property and equipment	(386,303)	(485,341)
Redemption of investments	—	21,734
Purchase of investments	(300,000)	—
Advances to related party	—	(35,000)
	(686,303)	(498,607)
Financing:		
Deferred capital contributions received (note 7)	275,000	427,450
(Decrease) increase in cash	(1,097,555)	1,576,142
Cash, beginning of year	2,074,496	498,354
Cash, end of year	\$ 976,941	\$ 2,074,496

See accompanying notes to financial statements.

CANADIAN SPORT INSTITUTE CALGARY

Notes to Financial Statements

March 31, 2023, with comparative information for 2022

Nature of organization:

The Canadian Sport Institute Calgary (the "Institute") commenced operations on April 1, 1994 and was incorporated on October 24, 1994 under the Societies Act of the Province of Alberta as a not-for-profit organization. The Institute is a tax exempt registered Canadian amateur athletic association within the meaning of Section 248(1) of the Income Tax Act.

The mission of the Institute is to provide a world-leading multisport daily training environment for podium pathway athletes and coaches through expert leadership, services and programs. The primary objective of the Institute is to enhance the existing well-established training environment in the Calgary area with new and upgraded programs and services for athletes, coaches and other sport leaders.

1. Significant accounting policies:

(a) Presentation and disclosure of controlled profit-oriented enterprises:

On April 1, 2014, the Institute divested its Fuel for Gold operations into a separate company. Fuel for Gold Inc. (the "Company") operates a food court restaurant at the University of Calgary for use by athletes, through a subsidized meal program, and by the general public. The Institute is the sole shareholder of the Company. Also, a majority of the directors of the Company are officers or directors of the Institute. The controlled Company has not been consolidated with the Institute in these financial statements. Instead, the Institute accounts for the controlled Company using the equity method and discloses financial information about the controlled Company as specified in Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook – Accounting.

The financial statements include the Institute's share of the profit and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Institute, from the date that significant influence or control commences until the date that significant influence or control ceases. When the Institute's share of losses exceeds the carrying amount of the investment in an equity accounted investee, the carrying amount of that investment is reduced to \$nil and the recognition of future losses is discontinued except to the extent that the Institute has guaranteed an obligation of the investee or is otherwise committed to provide further financial support to the investee or the investee seems assured of imminently returning to profitability.

CANADIAN SPORT INSTITUTE CALGARY

Notes to Financial Statements, page 2

Year ended March 31, 2023, with comparative information for 2022

1. Significant accounting policies (continued):

(b) Revenue recognition:

The Institute follows the deferral method of recognizing contributions. Restricted contributions and sponsorships are recognized as revenue in the fiscal period in which the related expenses are incurred. Contributions restricted for the purchase of property and equipment are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related property and equipment.

Unrestricted contributions and sponsorships are recognized as revenue when received except when the contribution or sponsorship received relates to operations of a future fiscal period in which case the contribution or sponsorship received is recorded as deferred revenue.

The Institute recognizes revenues from sport users fees, programs and other services when the service has been provided, revenue amounts are fixed or reasonably determinable and the ability to collect such amounts is reasonably assured.

(c) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Significant estimates include the valuation of accounts receivable and the useful lives of property and equipment for amortization purposes. Actual results could differ from those estimates.

(d) Property and equipment:

Purchased property and equipment are recorded at historical cost. Donated property and equipment are recorded at estimated fair value at the date of donation where such value can be reasonably estimated; otherwise the assets are recorded at a nominal value.

Amortization is recorded on a straight-line basis at the following annual rates prorated in the year of acquisition:

Office and high performance equipment	20%
Computer hardware and software	30%
Leasehold improvements	20%
Kitchen equipment	20%

CANADIAN SPORT INSTITUTE CALGARY

Notes to Financial Statements, page 3

Year ended March 31, 2023, with comparative information for 2022

1. Significant accounting policies (continued):

(e) Donated goods and services:

A portion of the Institute's work is dependent on voluntary services and donated goods from many members and supporters. Donated goods and services are recorded as both revenue and expense when the fair market value is reasonably determinable and when they would normally be purchased and paid for by the Institute, if not donated.

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the effective interest rate method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Institute determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Institute expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(g) Government assistance:

The Institute applies for financial assistance under available government incentive programs. Government assistance relating to expenses of the period is recorded as revenue on the statement of operations.

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Notes to Financial Statements, page 4

Year ended March 31, 2023, with comparative information for 2022

1. Significant accounting policies (continued):

(h) Related party transactions:

Monetary related party transactions and non-monetary related party transactions that have commercial substance are measured at the exchange amount when they are in the normal course of business, except when the transaction is an exchange of a product or property held for sale in the normal course of operations. Where the transaction is not in the normal course of operations, it is measured at the exchange amount when there is a substantive change in the ownership of the item transferred and there is independent evidence of the exchange amount.

All other related party transactions are measured at the carrying amount.

2. Investments:

Investments consist of the following portfolio at fair value:

	2023	2022
Money market funds	\$ 1,462,215	\$ 1,163,947

3. Investment in Fuel for Gold Inc.:

As at and for the year ended	2023	2022
Revenues	\$ —	\$ 56,901
Expenses	2,478	101,729
Net loss	(2,478)	(44,828)
Total assets	14,949	17,427
Total liabilities	284,003	284,003
Shareholder's deficiency	269,054	266,576
Cash flows from operating activities	8,976	(68,616)

The Institute has recorded its share of the net loss of the Company to the extent of the Institute's investment in the Company. As at March 31, 2023, the Company is in a shareholder's deficiency position; accordingly, the Institute has reported an investment in the Company of \$nil (2022 – \$nil).

CANADIAN SPORT INSTITUTE CALGARY

Notes to Financial Statements, page 5

Year ended March 31, 2023, with comparative information for 2022

3. Investment in Fuel for Gold Inc. (continued):

During the year ended March 31, 2023, the Institute recognized \$nil (2022 – \$nil) in equipment rental fees revenue charged to the Company. These transactions were in the normal course of operations and were measured at the exchange amount, being the amount established and agreed to by the related parties.

As at March 31, 2023, \$14,949 (2022 – \$17,427) is due from the Company to the Institute. The amount is unsecured, non-interest bearing and has no specified terms of repayment.

4. Property and equipment:

			2023	2022
	Cost	Accumulated amortization	Net book value	Net book value
Computer hardware and software	\$ 440,611	\$ 336,198	\$ 104,413	\$ 105,014
High performance equipment	2,968,886	2,218,492	750,394	474,056
	\$ 3,409,497	\$ 2,554,690	\$ 854,807	\$ 579,070

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$7,202 (2022 – \$4,750) which includes amounts payable for payroll related taxes.

6. Deferred contributions:

Deferred contributions of \$276,052 (2022 – \$1,100,235) relates to externally restricted funding received in the current year for subsequent years' expenses that must be used for specific purposes as designated by the funders.

CANADIAN SPORT INSTITUTE CALGARY

Notes to Financial Statements, page 6

Year ended March 31, 2023, with comparative information for 2022

7. Deferred capital contributions:

Deferred capital contributions represent the unspent amount, or spent and unamortized amount, of donations and grants received for the purchase of property and equipment. Deferred capital contributions are amortized into revenue at a rate corresponding with the amortization rate for the asset purchased.

	2023	2022
Balance, beginning of year	\$ 455,443	\$ 47,397
Additional contributions received	275,000	427,450
Less: amounts amortized to revenue	(97,770)	(19,404)
	\$ 632,673	\$ 455,443

8. Contributions by partners:

	2023	2022
Sport Canada- Canadian Sport Centre (note 12)	\$ 657,919	\$ 581,931
Canadian Olympic Committee	413,177	437,000
WinSport	24,000	24,000
Government of Alberta – Culture	1,026,633	288,443
Coaching Association of Canada	97,600	95,000
University of Calgary	55,902	55,902
Canadian Paralympic Committee	3,500	6,750
The Funding Partners of Own the Podium:		
Sport Canada – CSI Enhanced Support (note 12)	1,035,050	1,029,259
Sport Canada – SSSM Enhanced Excellence Next Gen (note 12)	38,525	133,650
Sport Canada – Gender Equity and Safe Sport (note 12)	5,000	22,000
Sport Canada – Above Reference Funding (note 12)	302,000	75,000
Sport Canada – SSSM Enhanced Excellence (note 12)	1,223,899	1,032,590
Sport Canada – Emergency Support Funds (note 12)	168,442	263,000
	\$ 5,051,647	\$ 4,044,525

CANADIAN SPORT INSTITUTE CALGARY

Notes to Financial Statements, page 7

Year ended March 31, 2023, with comparative information for 2022

8. Contributions by partners (continued):

During the year, the Institute received \$79,902 (2022 – \$79,902) of donated goods and services from the Institute's partners.

Included in contributions by partners and expenses are the following donations-in-kind:

	2023	2022
University of Calgary – office rent and other services	\$ 55,902	\$ 55,902
WinSport – accounting services and office/facility rent (Canmore)	24,000	24,000
	\$ 79,902	\$ 79,902

9. Performance services:

This balance consists of purchased services for athletes provided by several professionals including sport medicine specialists, physiologists, nutritionists, mental performance consultants, massage therapists, strength consultants and biomechanists.

10. Government assistance:

The Government of Canada created emergency programs called the Canada Emergency Wage Subsidy ("CEWS") and Tourism and Hospitality Recovery Program ("THRP") to provide wage assistance to companies who experienced a drop in revenues resulting from the COVID-19 outbreak. During the year, the Institute met the eligibility requirements and received \$nil (2022 – \$229,600) for the CEWS program and \$nil (2022 – \$34,852) for the THRP program. The Institute accrued an additional \$nil (2022 – \$44,240) for CEWS and THRP applications relating to fiscal 2023. While eligibility and subsidy amounts may be subject to audit by the Canada Revenue Agency, the Institute is confident in respect to its entitlement to the subsidy payments received throughout the year.

11. Financial instruments and related risks:

The Institute's financial instruments consist of cash, accounts receivable, investments, due from related party, accounts payable and accrued liabilities.

The Institute is exposed to the following risks as a result of holding financial instruments:

(a) 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 an obligation.

CANADIAN SPORT INSTITUTE CALGARY

Notes to Financial Statements, page 8

Year ended March 31, 2023, with comparative information for 2022

11. Financial instruments and related risks (continued):

(a) Credit risk (continued):

The Institute is exposed to credit risk on its accounts receivable from its clients and cash, due from related party and investments in money market funds. Concentration of credit risk arises as a result of exposures to a single debtor or to a group of debtors having similar characteristics such that their ability to meet contractual obligations would be similarly affected by changes in economic, political, or other conditions. The Institute monitors credit risk by assessing the collectability of its accounts receivable. Of the accounts receivable at March 31, 2023, \$17,726 (2022 – \$15,000) relates to partner funding and donations and \$273,646 (2022 – \$302,761) relates to trade accounts receivable. \$269,054 (2022 – \$266,576) has been provided for doubtful accounts as at year end related to amounts due from related party. The Institute mitigates credit risk through the review of the credit worthiness of the counter parties, and by holding its cash and investments with large Canadian commercial banks.

(b) 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. Change in market prices, interest rate levels, indices and other market factors will result in losses. The Institute is not exposed to significant market risk.

(c) Liquidity risk:

Liquidity risk is the risk that the Institute will encounter difficulties in meeting obligations associated with financial liabilities. The Institute is not exposed to significant liquidity risk and manages its liquidity risk by monitoring its operating and capital and requirements. The Institute prepares budgets and cash forecasts to ensure it has sufficient funds to fulfill its obligations as they come due.

There have been no changes to the risk exposure from 2022.

CANADIAN SPORT INSTITUTE CALGARY

Notes to Financial Statements, page 9

Year ended March 31, 2023, with comparative information for 2022

12. Revenues and expenditures relating to the Sport Support Program of Sport Canada- Canadian Sport Centre:

	2023	2022
Revenue (note 8)	\$ 3,430,835	\$ 3,137,430
Deferred capital contribution received (note 7)	–	427,450
	3,430,835	3,564,880
Expenditures:		
General administration	57,000	57,000
Governance	1,500	1,500
Gender Equity and Safe Sport	5,000	22,000
Salaries, fees and benefits	587,919	1,156,000
Official languages	11,500	11,500
Operations and programming	2,258,949	1,417,780
Expenditures related to PCH Funding- Above Reference	302,000	75,000
Operations and programming – Next Gen	38,525	133,650
COVID-19 Emergency Support – Operations	168,442	263,000
COVID-19 Emergency Support – Capital purchase	–	427,450
	3,430,835	3,564,880
Excess of revenue over expenditures	\$ –	\$ –

Expenditures are eligible under the Sport Support Program of Sport Canada - Canadian Sport Centre (the "Program") if they were incurred in the period of the Program and are directly related to the completion of the Program. The expenditures are consistent with the approved budget for the Program and signed contribution agreement with Sport Canada- Canadian Sport Centre. Additional expenditures spent in excess of the approved budget for the Program are not included above.