

**AVALANCHE CANADA FOUNDATION /
FONDATION AVALANCHE CANADA**

FINANCIAL STATEMENTS

JUNE 30, 2019

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INDEPENDENT AUDITORS' REPORT

To the Directors of Avalanche Canada Foundation / Fondation Avalanche Canada (the Foundation):

Qualified Opinion

We have audited the financial statements of the Foundation, which comprise the statement of financial position as at June 30, 2019 and the statements of revenue, expenditures and 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, 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 Foundation as at June 30, 2019, and results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit-organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Foundation derives revenue from donations and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to donation and fundraising revenue, excess of revenues over expenses, net assets and cash flows from operations for the year ended June 30, 2019 and June 30, 2018, current assets as at June 30, 2019 and 2018 and net assets as at July 1, 2018 and 2017 and June 30, 2019 and 2018.

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 Foundation 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 qualified 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 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.

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

Those charged with governance are responsible for overseeing the Foundation'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 judgement 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 Foundation'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 Foundation'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 Foundation 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.

Canmore, Alberta
October 17, 2019


Baker Tilly Roebuck LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

**AVALANCHE CANADA FOUNDATION /
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(Incorporated under the laws of Canada)

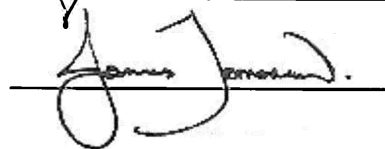
STATEMENT OF FINANCIAL POSITION

JUNE 30, 2019

	ASSETS	2019	2018
Current assets			
Cash, cash equivalents and short-term deposits (note 2)		\$ 806,773	\$ 956,162
Accounts receivable (note 3)		2,791	4,767
Prepaid fundraising expenses		540	17,501
		<u>810,104</u>	<u>978,430</u>
Long-term investments (note 4)		5,291	5,239
		<u>\$ 815,395</u>	<u>\$ 983,669</u>
	LIABILITIES		
Current liabilities			
Accounts payable and accrued liabilities		\$ 10,715	\$ 11,219
Deferred fundraising revenue		5,000	66,140
Deferred contributions (note 5)		217,020	267,834
		<u>232,735</u>	<u>345,193</u>
	NET ASSETS		
Unrestricted net assets		<u>582,660</u>	<u>638,476</u>
		<u>\$ 815,395</u>	<u>\$ 983,669</u>

Approved on behalf of the Board,


_____, Director


_____, Director

**AVALANCHE CANADA FOUNDATION /
FONDATION AVALANCHE CANADA**

STATEMENT OF REVENUE, EXPENDITURES AND NET ASSETS

YEAR ENDED JUNE 30, 2019

	2019	2018
Revenue		
Donations		
Corporate	\$ 4,313	\$ 7,773
Individual	47,669	49,735
	<u>51,982</u>	<u>57,508</u>
Deferred contributions recognized (note 5)	54,049	94,192
Fundraising (note 6)	212,900	275,120
Interest and other income	10,779	7,047
	<u>329,710</u>	<u>433,867</u>
 Expenditures		
Bank charges and interest	1,218	1,643
Fundraising (note 6)	150,734	154,336
Insurance	1,839	949
Office	16,306	5,326
Professional fees	25,050	33,991
Program funding	186,162	106,600
Travel	4,217	4,172
	<u>385,526</u>	<u>307,017</u>
Excess of revenue over expenditures (expenditures over revenue)	(55,816)	126,850
Net assets, beginning of year	638,476	511,626
Net assets, end of year	<u>\$ 582,660</u>	<u>\$ 638,476</u>

**AVALANCHE CANADA FOUNDATION /
FONDATION AVALANCHE CANADA**

STATEMENT OF CASH FLOW

YEAR ENDED JUNE 30, 2019

	2019	2018
Cash provided by (used for)		
Operating activities		
Receipts from donations and fundraising	\$ 208,953	\$ 402,334
Operating payments	(369,069)	(320,384)
Interest and other income	10,779	7,047
	<u>(149,337)</u>	<u>88,997</u>
Investing activities		
Purchase of investments	(1,423,681)	(1,410,431)
Redemption of investments	1,566,713	1,205,992
	<u>143,032</u>	<u>(204,439)</u>
Cash outflow	(6,305)	(115,442)
Cash and cash equivalents, beginning of year	299,606	415,048
Cash and cash equivalents, end of year	<u>\$ 293,301</u>	<u>\$ 299,606</u>
Cash and cash equivalents consists of:		
Cash	\$ 215,596	\$ 223,026
Money market fund	77,705	76,580
	<u>\$ 293,301</u>	<u>\$ 299,606</u>
Cash and cash equivalents subject to restriction consists of:		
Cash restricted to fund deferred contribution obligations (note 5)	\$ 217,020	\$ 267,834
Unrestricted cash	76,281	31,772
	<u>\$ 293,301</u>	<u>\$ 299,606</u>

**AVALANCHE CANADA FOUNDATION /
FONDATION AVALANCHE CANADA**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

The Foundation is a federally registered charity that raises funds and collects donations to support public avalanche safety initiatives.

1. Significant accounting policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

a) Revenue recognition

i) Deferred contributions

From time to time, the Foundation receives donations in memory of avalanche victims or for other designated purposes. The organization follows the deferral method of accounting for these restricted donations. Deferred contributions are recognized as revenue in the period in which the related expenditures are incurred, as detailed in note 5.

ii) Grants, general donations and fundraising revenue

Unrestricted grants, general donations and fundraising revenue are recognized as revenue when received. However, fundraising revenue received for an event to be held after the year end is deferred along with the related costs for the event.

b) Income taxes

The foundation is a charitable organization and as such is exempt from income tax pursuant to Section 149(1)(f) of the Income Tax Act of Canada.

c) Contributed goods and service

Contributed goods and services are recognized in the financial statements at the fair value of the items received. Volunteer time is not recorded due to the difficulty in determining the fair value.

d) Cash and cash equivalents

Cash and cash equivalents include restricted and unrestricted cash on deposit and highly liquid money market instruments with maturities of less than three months at acquisition. Restricted cash is held to fund donor directed projects as described in note 5. The Foundation maintains cash and cash equivalents at financial institutions which, periodically, may exceed federally insured amounts.

**AVALANCHE CANADA FOUNDATION /
FONDATION AVALANCHE CANADA**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

1. Accounting policies (cont'd)

e) Financial instruments

The Foundation's financial instruments consist of cash, cash equivalents and short-term deposits, accounts receivable, long-term investments and accounts payable and accrued liabilities. These financial instruments are measured at amortized cost and evaluated for impairment at each balance sheet date with the write-down recorded in excess of revenue over expenditures. Impairment reversals may occur and the asset can be written up to its original cost.

Unless otherwise noted it is the directors' opinion that the Foundation is not exposed to significant credit, currency, interest rate, liquidity or market risk arising from these financial instruments.

f) Measurement uncertainty

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires the directors 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 revenues and expenditures during the reporting period. Significant items subject to such estimates and assumptions include accrued liabilities and the fair value of items contributed by way of donation. Actual results could differ from those reported.

2. Cash, cash equivalents and short-term deposits

	2019	2018
Cash	\$ 215,596	\$ 223,026
Money market fund	77,705	76,580
Discount instruments yielding 1.0465 to 1.4769 percent per annum, maturing between July 2019 to November 2019	513,472	656,556
	\$ 806,773	\$ 956,162
	\$ 806,773	\$ 956,162

3. Accounts receivable

	2019	2018
Goods and services tax recoverable	\$ 1,801	\$ 2,157
Interest receivables	990	2,610
	\$ 2,791	\$ 4,767
	\$ 2,791	\$ 4,767

**AVALANCHE CANADA FOUNDATION /
FONDATION AVALANCHE CANADA**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

4. Long-term investments

	2019	2018
Guaranteed Investment Certificate bearing interest at 1 percent for Year 1, 1.2 percent for Year 2 and 1.3 percent for Year 3 maturing June 8, 2020	<u>\$ 5,291</u>	<u>\$ 5,239</u>

The above Guaranteed Investment Certificate is pledged as security for the Foundation's credit card.

5. Deferred contributions

Deferred contributions represent contributions that have been externally restricted as described below and are therefore not generally available to pay for operating expenses of the organization.

	2019	2018
Balance, beginning of year	\$ 267,834	\$ 355,205
Deferred contributions received	<u>3,235</u>	<u>6,821</u>
	271,069	362,026
Deferred contributions recognized as revenue	<u>54,049</u>	<u>94,192</u>
Balance, end of year	<u>\$ 217,020</u>	<u>\$ 267,834</u>

Deferred contributions consist of the following funds:

The International Snow Science Workshop Fund	\$ 156,076	\$ 173,237
The Craig Kelly Fund	3,791	3,561
The Hincks Fund	34,791	49,791
Miles for Mountains Fund	-	7,560
Cora Shea Memorial Fund	16,456	17,681
Avalanche Canada Program Fund	2,080	12,408
Al Hodgson Memorial Fund	<u>3,826</u>	<u>3,596</u>
	<u>\$ 217,020</u>	<u>\$ 267,834</u>

**AVALANCHE CANADA FOUNDATION /
FONDATION AVALANCHE CANADA**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

6. Fundraising

	2019	2018
Revenue		
Calgary fundraiser	\$ -	\$ 109,934
Whistler fundraiser	124,901	137,168
Vancouver spinathon	16,079	16,461
Fundraisers - other	71,920	11,557
	<u>212,900</u>	<u>275,120</u>
Total fundraising revenue		
Fundraising expenses		
Calgary fundraiser	-	57,489
Whistler fundraiser	80,674	88,826
Vancouver spinathon	2,254	3,065
Fundraisers - other	67,806	4,956
	<u>150,734</u>	<u>154,336</u>
Total fundraising expenses		
Net fundraising revenues	<u>\$ 62,166</u>	<u>\$ 120,784</u>

Fundraising revenue and fundraising expenses includes non-monetary transactions as described in note 7.

7. Non-monetary transactions

The Foundation receives donations of non-monetary assets and services for the purpose of auctioning them off at fundraising events. These donations are recorded at fair market value. When the donated items are sold at auction, the amount received is recorded as revenue and the fair market value of the item is recorded as fundraising expenses.

The fair market value of the donated items was \$ 50,762 (2018 - \$ 95,557).

8. Subsequent event

Subsequent to the year end, the Foundation was awarded a grant from the Government of Canada of \$ 25,000,000 to fund an endowment with income to be disbursed annually to Avalanche Canada for program delivery.

9. Financial instrument risk disclosure

The Foundation is exposed to various risks through its financial instruments. The following analysis provides a measure of the Foundation's risk exposure and concentration as at the statement of financial position date June 30, 2019.

a) 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 Foundation's short-term and long-term investments bear interest at a fixed rate, and are intended to be held to maturity. As such the interest rate risk the Foundation is exposed to is limited and is assessed as low.

**AVALANCHE CANADA FOUNDATION /
FONDATION AVALANCHE CANADA**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

9. Financial instrument risk disclosure (cont'd)

The Foundation is exposed to interest rate fair value risk to the extent that the money market mutual fund earns interest at a floating interest rate. Given the balance of money market mutual funds as described in note 2 the Foundation's risk exposure is limited and is assessed as low.

b) Market risk

Market risk is the risk that changes in market prices and interest rates will affect the Foundation's fair values or future cash flows. These risks are generally outside the control of the Foundation. The objective of the Foundation is to mitigate market risk exposures within acceptable limits, while maximizing returns. The directors believe the exposure to market risk is limited, as such the risk is assessed as low.

10. Comparative figures

Certain comparative figures have been reclassified to conform to the presentation adopted in the current year.