

Avalanche Canada Foundation / Fondation Avalanche Canada
Financial Statements
June 30, 2020

Independent Auditor's Report

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

Qualified Opinion

We have audited the financial statements of Avalanche Canada Foundation / Fondation Avalanche Canada (the "Foundation"), which comprise the statement of financial position as at June 30, 2020, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, 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, 2020, and the 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 the prior year, a qualified opinion was issued due to the inability to obtain sufficient and appropriate audit evidence regarding the completeness of revenue from donations and fundraising activities. In the current year, sufficient and appropriate audit evidence was obtained for these revenues, however, we were unable to obtain assurance in regards to the opening balances of the elements compromising the statement of operations, statement of changes in net assets and statement of cash flows.

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.

Other Matter

The financial statements of the Foundation for the year ended June 30, 2019 were audited by another firm of public accountants who expressed a qualified opinion on those statements on October 17, 2019 for the reasons described in the Basis for Qualified opinion paragraph.

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 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 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 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.

Calgary, Alberta

October 19, 2020

MNP LLP

Chartered Professional Accountants

Avalanche Canada Foundation / Fondation Avalanche Canada

Statement of Financial Position

As at June 30, 2020

	Operating Fund	Government of Canada Agreement Fund	2020	2019
Assets				
Current				
Cash and cash equivalents (Note 4)	184,196	-	184,196	293,301
Accounts receivable (Note 5)	11,427	-	11,427	2,791
Prepaid fundraising expenses	11,342	-	11,342	540
Short-term investments (Note 6)	675,466	-	675,466	513,472
	882,431	-	882,431	810,104
Long-term investments (Note 7)	5,425	24,615,900	24,621,324	5,291
	887,856	24,615,900	25,503,755	815,395
Liabilities				
Current				
Accounts payable and accrued liabilities	8,197	21,060	29,256	10,715
Deferred contributions (Note 8)	212,067	-	212,067	217,020
Deferred contributions related to agreement fund (Note 7)	-	24,594,840	24,594,840	-
Deferred fundraising revenue	37,475	-	37,475	5,000
	257,739	24,615,900	24,873,638	232,735
Net Assets				
Unrestricted net assets	630,117	-	630,117	582,660
	630,117	-	630,117	582,660
	887,856	24,615,900	25,503,755	815,395

Approved on behalf of the Board

E-SIGNED by James Titterton

The accompanying notes are an integral part of these financial statements

Avalanche Canada Foundation / Fondation Avalanche Canada

Statement of Operations and Changes in Net Assets

For the year ended June 30, 2020

	<i>Operating Fund</i>	<i>Government of Canada Agreement Fund</i>	2020	2019
Revenue				
Fundraising <i>(Note 9)</i>	68,754	-	68,754	212,900
Individual donations	55,678	-	55,678	47,669
Benefit Income	12,622	-	12,622	-
Deferred contributions recognized <i>(Note 8)</i>	9,524	-	9,524	54,049
Corporate donations	8,728	-	8,728	4,313
Interest and other income	18,393	892,299	910,692	10,779
	173,699	892,299	1,065,998	329,710
Expenditures				
Program funding <i>(Note 3)</i>	47,443	865,000	912,443	186,162
Office	26,143	-	26,143	16,306
Fundraising <i>(Note 9)</i>	23,943	-	23,943	150,734
Professional fees	19,916	-	19,916	25,050
Travel	3,674	-	3,674	4,217
Insurance	3,292	-	3,292	1,839
Bank charges and interest	1,831	27,299	29,130	1,218
	126,242	892,299	1,018,541	385,526
Excess (deficiency) of revenue over expenses	47,457	-	47,457	(55,816)
Net assets, beginning of year	582,660	-	582,660	638,476
Net assets, end of year	630,117	-	630,117	582,660

The accompanying notes are an integral part of these financial statements

Avalanche Canada Foundation / Fondation Avalanche Canada
Statement of Cash Flows
For the year ended June 30, 2020

	<i>Operating Fund</i>	<i>Government of Canada Agreement Fund</i>	2020	2019
Cash provided by (used for) the following activities				
Operating				
Cash received from donations and fundraising	174,192	-	174,192	208,953
Cash receipts from investment income	18,393	487,139	505,532	10,779
Cash paid for program service expenses	(137,730)	(865,000)	(1,002,730)	(369,069)
Cash paid for interest	(1,832)	(6,239)	(8,071)	-
	53,023	(384,100)	(331,077)	(149,337)
Financing				
Cash contributions received from Government of Canada	-	25,000,000	25,000,000	-
Investing				
Purchase of short-term investments	(2,001,128)	-	(2,001,128)	(1,423,681)
Redemption of short-term investments	1,839,000	-	1,839,000	1,566,713
Purchase of long-term investments	-	(24,615,900)	(24,615,900)	-
	(162,128)	(24,615,900)	(24,778,028)	143,032
Decrease in cash resources	(109,105)	-	(109,105)	(6,305)
Cash resources, beginning of year	293,301	-	293,301	299,606
Cash resources, end of year	184,196	-	184,196	293,301

The accompanying notes are an integral part of these financial statements

Avalanche Canada Foundation / Fondation Avalanche Canada

Notes to the Financial Statements

For the year ended June 30, 2020

1. Incorporation and nature of the organization

Avalanche Canada Foundation / Fondation Avalanche Canada (the "Foundation") was incorporated federally on May 28, 1999 and registered in British Columbia as Canadian Avalanche Foundation. It is a federally registered charity and is exempt from income taxes under Section p.149(1)(f) of the Income Tax Act of Canada ("the Act"). The Foundation changed its name to Avalanche Canada Foundation / Fondation Avalanche Canada on July 2, 2014.

The Foundation's purpose is to support Avalanche Canada financially in its ability to coordinate public avalanche safety programs, deliver public avalanche awareness and education programs, provide curriculum and support to instructors of recreational avalanche courses, promote avalanche research, and act as a central point of contact for avalanche information such as providing avalanche bulletins and special warnings for many of the mountainous regions of western Canada.

2. 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:

Fund accounting

The Foundation follows the restricted fund method of accounting for contributions:

The Operating Fund reports the assets, liabilities, revenues, and expenses to the ongoing fundraising and operating activities of the Foundation.

The Government of Canada Agreement Fund reports the assets, liabilities, revenues, and expenses related to the Government of Canada funding agreement as disclosed in Note 3.

Revenue recognition

i) Deferred contributions

From time to time, the Foundation receives donations in memory of avalanche victims or for other designated purposes. The Foundation 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 8.

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.

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.

Contributed goods and services

Contributions of 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.

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 4. 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 the Financial Statements

For the year ended June 30, 2020

2. Significant accounting policies (Continued from previous page)

Financial instruments

The Foundation's financial instruments consist of cash, cash equivalents and short-term deposits, long-term investments, accounts receivable and accounts payable and accrued liabilities. These financial instruments are measured at amortized costs 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 the financial instruments.

Investments

Short-term investments consist of discount instruments and are measured at amortized cost. Long-term investments are held in zero coupon bonds and are measured at amortized cost.

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 expenses 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.

Restrictions on net assets

The externally restricted net assets are subject to externally imposed conditions as per the grant agreement.

3. Government of Canada Funding Agreement

The Foundation entered into a tripartite agreement with Her Majesty the Queen in Right of Canada, as represented by the Minister of Public Safety and Emergency Preparedness ("the Minister") and Avalanche Canada, whereby the Minister provided the Foundation with up-front multi-year funding for the purpose of enabling Avalanche Canada to meet the objectives of its business plan. The maximum amount of the grant furnished to the Foundation is \$25,000,000 which was received in full during the year. The Foundation is responsible for managing the funds that are granted and ensuring funds under the grant are used in accordance with the agreement. Earnings on investments related to the grant are to be made available to Avalanche Canada for the purposes of achieving the objectives and activities set out in its business plan.

During the year, \$865,000 of funds was contributed to Avalanche Canada under the terms of the agreement.

4. Cash and cash equivalents

	2020	2019
Cash	105,461	215,596
Money market fund	78,735	77,705
	184,196	293,301

\$212,067 (2019 - \$217,020) of cash, cash equivalents, and short-term investments are funds restricted to contribution obligations.

Avalanche Canada Foundation / Fondation Avalanche Canada

Notes to the Financial Statements

For the year ended June 30, 2020

5. Accounts receivable

	2020	2019
Accounts receivable	10,039	-
Goods and services tax recoverable	1,273	1,801
Interest receivable	115	990
	11,427	2,791

6. Short-term investments

Short-term investments consist of discount instruments yielding 0.157% to 0.500% (2019 - 1.047% to 1.477%) per annum, maturing between July 2020 to August 2020.

7. Long-term investments

	2020	2019
Measured at amortized cost:		
PH&N Institutional Portfolio (Schedule 1)	24,615,900	-
Guaranteed Investment Certificate bearing interest at 0.50% for Year 1, 1.00% for Year 2, 1.65% for Year 3 and 1.65% for Year 4 maturing June 12, 2023	5,425	5,291
	24,621,325	5,291

A portion of the \$25,000,000 proceeds received from the Government of Canada, in the amount of \$405,160, was used to fund Avalanche Canada's operations. Although the PH&N Institutional Portfolio amortized cost value is below the original proceeds, the portfolio has a fair market value of \$25,945,862.

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

Avalanche Canada Foundation / Fondation Avalanche Canada

Notes to the Financial Statements

For the year ended June 30, 2020

8. 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 Foundation.

	2020	2019
Balance, beginning of year	217,020	267,834
Deferred contributions received	4,570	3,235
	221,590	271,069
Deferred contributions recognized as revenue	9,524	54,049
	212,067	217,020

Deferred contributions consist of the following funds:

The International Snow Science Workshop Fund	152,383	156,076
The Craig Kelly Fund	3,717	3,791
The Hincks Fund	36,811	34,791
Cora Shea Memorial Fund	16,331	16,456
Avalanche Canada Program Fund	-	2,080
Al Hodgson Memorial Fund	2,825	3,826
	212,067	217,020

9. Fundraising

	2020	2019
Revenue		
Calgary fundraiser	68,754	-
Whistler fundraiser	-	124,901
Vancouver spinathon	-	16,079
Fundraisers - other	-	71,920
Total fundraising revenue	68,754	212,900
Expenses		
Calgary fundraiser	23,943	-
Whistler fundraiser	-	80,674
Vancouver spinathon	-	2,254
Fundraisers - other	-	67,806
Total fundraising expenses	23,943	150,734
Net fundraising revenue	44,811	62,166

Prior year fundraising revenue and fundraising expenses included non-monetary transactions as described in Note 10.

Current year fundraising revenue was reduced due to COVID-19 as noted in Note 12.

Avalanche Canada Foundation / Fondation Avalanche Canada

Notes to the Financial Statements

For the year ended June 30, 2020

10. 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 in the statement of operation and net assets.

The fair market value of the donated items was \$nil (2019 - \$50,762).

11. Financial instrument risk disclosure

The Foundation, as part of its operations, carries a number of financial instruments. It is management's opinion that the Foundation is not exposed to significant interest rate, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

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 at low.

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 4 the Foundation's risk exposure is limited and is assessed at low.

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.

12. Impact of COVID-19 on operations

During the year, there was a global outbreak of COVID-19 (coronavirus), which had significant impact on businesses through restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. Although there are still many unknowns and the full effects on the Avalanche Canada Foundation are still not quantifiable, the COVID-19 pandemic has already negatively impacted the organization's finances and operations and will continue to do so for the foreseeable future. Fundraising events have been cancelled and donations from individuals and corporations are anticipated to be down. Although fundraising alternatives are planned there is still a significant amount of uncertainty on the severity of duration of this downturn and therefore the impact it will have.

13. Comparative figures

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

Avalanche Canada Foundation / Fondation Avalanche Canda
Schedule 1 – Marketable Securities
For the year ended June 30, 2020

	Book Cost	Amortization	Amortized Cost
Province of BC Interest Strip Bond, maturing December 2028, discounted at .81321	2,663,263	45,917	2,709,180
Province of BC Interest Strip Bond, maturing June 2029, discounted at .80247	2,772,534	48,582	2,821,116
Province of BC Interest Strip Bond, maturing June 2030, discounted at .7806	1,366,050	24,768	1,390,818
Province of BC Principal Strip Bond, maturing June 2022, discounted at .95096	2,120,641	28,593	2,149,234
Province of Ontario Generic Coupon Strip Bond, maturing June 2021, discounted at .97129	2,185,403	27,574	2,212,977
Province of Ontario Generic Coupon Strip Bond, maturing June 2023, discounted at .93137	2,193,376	30,780	2,224,156
Province of Ontario Generic Coupon Strip Bond, maturing June 2024, discounted at .90998	2,302,249	33,946	2,336,195
Province of Ontario Generic Coupon Strip Bond, maturing June 2025, discounted at .88886	2,457,698	37,644	2,495,342
Province of Ontario Generic Coupon Strip Bond, maturing June 2026, discounted at .86705	2,536,121	40,434	2,576,555
Province of Ontario Generic Strip Residual Bond, maturing June 2027, discounted at .85155	2,648,321	41,699	2,690,020
Canadian Government Short Term Note, bearing .2% interest, maturing July 2020	999,580	-	999,580
Cash	10,727	-	10,727
	24,255,963	359,937	24,615,900