

Avalanche Canada Foundation / Fondation Avalanche Canada
Financial Statements
June 30, 2021

Independent Auditor's Report

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

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, 2021, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at June 30, 2021, 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 Opinion

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 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.

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 2, 2021

MNP LLP

Chartered Professional Accountants


Avalanche Canada Foundation / Fondation Avalanche Canada

Statement of Financial Position

As at June 30, 2021

	Operating Fund	Government of Canada Agreement Fund	Province of British Columbia Fund	2021	2020
Assets					
Current					
Cash and cash equivalents (Note 6)	300,550	-	-	300,550	184,196
Accounts receivable (Note 7)	8,348	-	-	8,348	11,427
Prepaid fundraising expenses	3,221	-	-	3,221	11,342
Short-term investments (Note 8)	675,356	-	-	675,356	675,466
	987,475	-	-	987,475	882,431
Long-term investments (Note 9)	5,425	24,198,269	10,000,000	34,203,694	24,621,324
	992,900	24,198,269	10,000,000	35,191,169	25,503,755
Liabilities					
Current					
Accounts payable and accrued liabilities	20,269	-	-	20,269	29,256
Deferred contributions (Note 10)	209,810	-	-	209,810	212,067
Deferred contributions related to funding agreements (Note 9)	-	24,198,269	10,000,000	34,198,269	24,594,840
Deferred fundraising revenue	750	-	-	750	37,475
	230,829	24,198,269	10,000,000	34,429,098	24,873,638
Significant event (Note 3)					
Net Assets					
Unrestricted net assets	762,071	-	-	762,071	630,117
	992,900	24,198,269	10,000,000	35,191,169	25,503,755

Approved on behalf of the Board



 Director

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, 2021

	<i>Operating Fund</i>	<i>Government of Canada Agreement Fund</i>	<i>Province of British Columbia Fund</i>	2021	<i>2020</i>
Revenue					
Interest and other income	2,840	907,913	-	910,753	910,692
Individual donations	109,363	-	-	109,363	55,678
Fundraising <i>(Note 11)</i>	85,998	-	-	85,998	68,754
Corporate donations	10,250	-	-	10,250	8,728
Deferred contributions recognized <i>(Note 10)</i>	9,835	-	-	9,835	9,524
Benefit Income	3,750	-	-	3,750	12,622
	222,036	907,913	-	1,129,949	1,065,998
Expenditures					
Program and grant funding <i>(Note 4)</i>	29,835	850,000	-	879,835	912,443
Bank charges and interest	3,675	47,913	-	51,588	29,130
Fundraising <i>(Note 11)</i>	28,171	-	-	28,171	23,943
Office	18,991	-	-	18,991	26,143
Professional fees	18,500	-	-	18,500	19,916
Insurance	910	-	-	910	3,292
Travel	-	-	-	-	3,674
	100,082	897,913	-	997,995	1,018,541
Excess of revenue over expenses	121,954	10,000	-	131,954	47,457
Net assets, beginning of year	630,117	-	-	630,117	582,660
Interfund transfer <i>(Note 9)</i>	10,000	(10,000)	-	-	-
Net assets, end of year	762,071	-	-	762,071	630,117

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, 2021

	Operating Fund	Government of Canada Agreement Fund	Province of British Columbia Fund	2021	2020
Cash provided by (used for) the following activities					
Operating					
Cash received from donations and fundraising	183,293	-	-	183,293	174,192
Cash paid for interest and bank charges	(3,675)	(47,913)	-	(51,588)	(8,071)
Cash receipts from investment income	2,840	65,601	-	68,441	145,595
Cash paid for program service expenses	(76,213)	(871,060)	-	(947,273)	(1,002,730)
Cost recovery transfer	10,000	(10,000)	-	-	-
	116,245	(863,372)	-	(747,127)	(691,014)
Financing					
Cash contributions received from Government of Canada	-	-	-	-	25,000,000
Cash contributions received from Province of British Columbia	-	-	10,000,000	10,000,000	-
	-	-	10,000,000	10,000,000	25,000,000
Investing					
Purchase of short-term investments	(665,734)	-	-	(665,734)	(2,001,128)
Redemption of short-term investments	665,843	-	-	665,843	1,839,000
Purchase of long-term investments	-	(6,248,530)	(10,000,000)	(16,248,530)	(24,255,963)
Redemption of long-term investments	-	7,111,902	-	7,111,902	-
	109	863,372	(10,000,000)	(9,136,519)	(24,418,091)
Increase (decrease) in cash resources	116,354	-	-	116,354	(109,105)
Cash resources, beginning of year	184,196	-	-	184,196	293,301
Cash resources, end of year	300,550	-	-	300,550	184,196

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, 2021

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 4.

The Province of British Columbia Fund reports the assets, liabilities, revenues, and expenses related to the Province of British Columbia funding agreement as disclosed in Note 5.

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 9.

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 ("the Act"). To maintain its status as a tax exempt entity under the Act, the Foundation must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

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, Note 5 and Note 6. 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, 2021

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. Significant event

In the previous fiscal year, and continuing subsequent to the current year-end, 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. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Foundation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada to fight the virus.

While the extent of the future impact is unknown, to date the Foundation has effectively transitioned to an online fundraising model (resulting in increased contributions through 2021) until in-person fundraising activities can safely resume. It is not expected that current restrictions will have a material future impact on the Foundation.

4. Government of Canada Funding Agreement

In 2020, 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 in the previous fiscal 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, \$850,000 (2020 - \$865,000) of funds were contributed to Avalanche Canada under the terms of the agreement.

Avalanche Canada Foundation / Fondation Avalanche Canada

Notes to the Financial Statements

For the year ended June 30, 2021

5. Province of British Columbia Funding Agreement

In March of 2021, the Foundation entered into an agreement with Her Majesty the Queen in right of British Columbia, as represented by the Minister of Public Safety and Solicitor General ("the Province") whereby the Province provided the Foundation with up-front multi-year funding for the purpose of enabling Avalanche Canada to coordinate and provide public avalanche safety programs in the Province of British Columbia. The maximum amount of the grant furnished to the Foundation is \$10,000,000 which was received in full in April of 2021. 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.

6. Cash and cash equivalents

	2021	2020
Cash	221,766	105,461
Money market fund	78,784	78,735
	300,550	184,196

\$209,810 (2020 - \$212,067) of cash, cash equivalents, and short-term investments are funds restricted to contribution obligations.

7. Accounts receivable

	2021	2020
Accounts receivable	4,918	10,039
Goods and services tax recoverable	851	1,273
Interest receivable	2,579	115
	8,348	11,427

8. Short-term investments

Short-term investments consist of discount instruments yielding 0.157% to 0.365% (2020 - 0.157% to 0.500%) per annum, maturing in August 2021.

Avalanche Canada Foundation / Fondation Avalanche Canada

Notes to the Financial Statements

For the year ended June 30, 2021

9. Long-term investments

	2021	2020
Measured at amortized cost:		
PH&N Institutional Portfolio (Schedule 1)	24,198,269	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	5,424
Guaranteed Investment Certificate bearing interest at 0.20%, maturing June 14, 2022 (Note 5)	10,000,000	-
	34,203,694	24,621,324

A portion of the \$25,000,000 proceeds received from the Government of Canada, in the amount of \$850,000 (2020 - \$405,160), was used to fund Avalanche Canada's operations. An amount of \$10,000 (2020 - \$10,000) was transferred to operating fund net assets as a cost recovery for a portion of administrative expenditures of the operating fund. Although the PH&N Institutional Portfolio amortized cost value is below the original proceeds, the portfolio has a fair market value of \$24,867,740 (2020 - \$25,945,862).

The above Guaranteed Investment Certificate of \$5,425 (2020 - \$5,424) is pledged as security for the Foundation's credit card.

10. 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.

	2021	2020
Balance, beginning of year	212,067	217,020
Deferred contributions received	7,578	4,570
	219,645	221,590
Deferred contributions recognized as revenue	9,835	9,524
	209,810	212,067

Deferred contributions consist of the following funds:

The International Snow Science Workshop Fund	142,548	152,383
The Craig Kelly Fund	4,310	3,717
The Hincks Fund	43,246	36,811
Cora Shea Memorial Fund	16,881	16,331
Al Hodgson Memorial Fund	2,825	2,825
	209,810	212,067

Avalanche Canada Foundation / Fondation Avalanche Canada

Notes to the Financial Statements

For the year ended June 30, 2021

11. Fundraising

	2021	2020
Revenue		
Online auction	73,436	-
Backyard backcountry challenge	12,562	-
Calgary fundraiser	-	68,754
Total fundraising revenue	85,998	68,754
Expenses		
Online auction	12,275	-
Whistler fundraiser (i)	10,742	-
Backyard backcountry challenge	5,154	-
Calgary fundraiser	-	23,943
Total fundraising expenses	28,171	23,943
Net fundraising revenue	57,797	44,811

(i) Following provincial and regional health guidelines, the global outbreak of COVID-19 (coronavirus) resulted in the cancellation of in-person events. As a result, certain cancellation costs were incurred by the Foundation.

12. 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 as 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 6, 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.

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, 2021

	<i>Book Cost</i>	<i>Amortization</i>	<i>Amortized Cost</i>
Province of BC Interest Strip Bond, maturing December 2028, discounted at .81321	2,663,263	112,688	2,775,951
Province of BC Interest Strip Bond, maturing June 2029, discounted at .80247	2,772,534	119,228	2,891,762
Province of BC Interest Strip Bond, maturing June 2030, discounted at .7806	1,366,050	60,785	1,426,835
Province of BC Principal Strip Bond, maturing June 2022, discounted at .95096	2,120,641	70,172	2,190,813
Province of Ontario Generic Coupon Strip Bond, maturing June 2023, discounted at .93137	2,193,376	75,539	2,268,915
Province of Ontario Generic Coupon Strip Bond, maturing June 2024, discounted at .90998	2,302,249	83,311	2,385,560
Province of Ontario Generic Coupon Strip Bond, maturing June 2025, discounted at .88886	2,457,698	92,386	2,550,084
Province of Ontario Generic Coupon Strip Bond, maturing June 2026, discounted at .86705	2,536,121	99,233	2,635,354
Province of Ontario Generic Strip Residual Bond, maturing June 2027, discounted at .85155	2,648,321	102,337	2,750,658
Canadian Government Short Term Note, bearing 0.2% interest, maturing September 2021	2,224,177	-	2,224,177
Cash	98,160	-	98,160
	23,382,590	815,679	24,198,269