

**Climbing Escalade Canada**  
**Financial Statements**  
*September 30, 2018*

## Independent Auditors' Report

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To the Members of Climbing Escalade Canada:

We have audited the accompanying financial statements of Climbing Escalade Canada, which comprise the statement of financial position as at September 30, 2018, and the statements of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### *Basis for Qualified Opinion*

Due to a data loss experienced by Climbing Escalade Canada, adequate supporting documentation was not available for certain components of revenue, including climbers' fees, youth national team, and other revenue. The accuracy, cut-off, and occurrence of these revenue streams was not susceptible to satisfactory audit verification. Therefore, we were not able to determine whether any adjustments might be necessary to climbers' fees, youth national team, and other revenue, excess of revenues over expenses, and cash flows from operations for the year ended September 30, 2018, and current assets and net assets as at September 30, 2018.

### *Qualified Opinion*

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Climbing Escalade Canada as at September 30, 2018 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.

### *Other Matter*

The financial statements of Climbing Escalade Canada for the year ended September 30, 2017 were not subject to an audit engagement and accordingly the comparative figures are marked as unaudited.

Edmonton, Alberta

May 10, 2019

*MNP LLP*

Chartered Professional Accountants

# Climbing Escalade Canada Statement of Financial Position

As at September 30, 2018

	2018	2017 (Unaudited)
<b>Assets</b>		
<b>Current</b>		
Cash	60,340	42,271
Accounts receivable	93,171	-
	153,511	42,271
<b>Capital assets (Note 3)</b>	<b>2,154</b>	<b>-</b>
	<b>155,665</b>	<b>42,271</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accruals	13,080	19,000
Advances from related parties (Note 4)	12,272	854
	25,352	19,854
<b>Net Assets</b>	<b>130,313</b>	<b>22,417</b>
	<b>155,665</b>	<b>42,271</b>

Approved on behalf of the Board

signed "Steve Franqos"  
Director

signed "Jeff Taylor"  
Director

The accompanying notes are an integral part of these financial statements

# Climbing Escalade Canada

## Statement of Operations and Changes in Net Assets

*For the year ended September 30, 2018*

	<b>2018</b>	<i>2017</i> <i>(Unaudited)</i>
<b>Revenue</b>		
Sponsorship	125,000	-
Climbers' fees	82,275	32,021
Sport Canada funding	78,518	-
Youth national team	57,409	40,888
Grants and donations	4,725	45,000
Other	854	-
	<b>348,781</b>	117,909
<b>Expenses</b>		
General administration	75,157	26,168
Operations and programming	68,470	12,080
Salaries and benefits	33,044	-
Governance	25,670	18,000
National team programs	16,799	31,895
Uniforms and other expenses	15,472	5,467
Official languages	3,640	-
Amortization	2,633	-
	<b>240,885</b>	93,610
<b>Excess of revenue over expenses</b>	<b>107,896</b>	24,299
<b>Net assets (deficiency), beginning of year</b>	<b>22,417</b>	(1,882)
<b>Net assets, end of year</b>	<b>130,313</b>	22,417

*The accompanying notes are an integral part of these financial statements*

## Climbing Escalade Canada Statement of Cash Flows

*For the year ended September 30, 2018*

	<b>2018</b>	2017 <i>(Unaudited)</i>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Cash receipts from sponsorships	125,000	-
Cash receipts from Sport Canada	25,000	-
Cash receipts from grants, donations, and other	5,579	45,000
Cash receipts from membership fees	100,031	72,909
Cash paid for program service expenses	(207,392)	(74,611)
Cash paid for salaries and benefits	(36,780)	-
	<b>11,438</b>	43,298
<b>Financing</b>		
Advances from related parties	12,702	50
Repayment of advances from related parties	(1,284)	(4,556)
	<b>11,418</b>	(4,506)
<b>Investing</b>		
Purchase of capital assets	(4,787)	-
<b>Increase in cash resources</b>	<b>18,069</b>	38,792
<b>Cash resources, beginning of year</b>	<b>42,271</b>	3,479
<b>Cash resources, end of year</b>	<b>60,340</b>	42,271

*The accompanying notes are an integral part of these financial statements*

**1. Incorporation and nature of the organization**

Climbing Escalade Canada (the "Organization") is federally incorporated as a National Sport Organization with a mandate to regulate and promote the development of competition climbing in Canada. In addition, the Organization provides assistance to athletes, coaches, and event organizers at the national level. The Organization is exempt from income tax due to its not-for-profit status.

**2. Significant accounting policies**

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

***Revenue recognition***

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from events, programs and fees are recognized when the service is provided, the amount can be reasonably estimated and collection is reasonably assured.

***Contributed materials***

Contributions of materials are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials are used in the normal course of the Organization's operations and would otherwise have been purchased.

No contributions of materials and services have been recognized in these financial statements.

***Cash and cash equivalents***

Cash and cash equivalents include balances with banks. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

***Capital assets***

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the declining balance method at rates intended to amortize the cost of assets over their estimated useful lives.

	<b>Method</b>	<b>Rate</b>
Website	declining balance	55 %

***Financial instruments***

All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with Section 3840 *Related Party Transactions*. At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value. The Organization has not made such an election during the year.

The Organization subsequently measures investments in equity instruments quoted in an active market at fair value. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to financial instruments subsequently measured at fair value are immediately recognized in the excess of revenues over expenses for the current period. Transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

The Organization assesses impairment of all of its financial assets measured at cost or amortized cost when there is an indication of impairment. Any impairment which is not considered temporary is included in current year excess of revenue over expenses.

**2. Significant accounting policies** *(Continued from previous page)*

***Measurement uncertainty (use of estimates)***

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluations as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful life of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

**3. Capital assets**

	<b>Cost</b>	<b>Accumulated amortization</b>	<b>2018 Net book value</b>	<b>2017 (Unaudited) Net book value</b>
Website	<b>4,787</b>	<b>2,633</b>	<b>2,154</b>	-

**4. Advances from related parties**

Advances from related parties consist of amounts owing from directors and employees of the Organization. The advances are unsecured, bear no interest and have no fixed terms of repayment.

**5. Financial instruments**

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

***Credit risk***

The Organization is exposed to credit risk through its accounts receivable. The maximum amount of credit risk exposure is limited to the carrying value of the balance as disclosed in these financial statements.