

**Cross Country Alberta Society
o/a Nordiq Alberta
Financial Statements
April 30, 2021**

**Cross Country Alberta Society
o/a Nordiq Alberta**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Cross Country Alberta Society:

Qualified Opinion

We have audited the financial statements of the **Cross Country Alberta Society** (the "Society"), which comprise the statement of financial position as at April 30, 2021, and the statements of change in net assets, operations, and cash flow 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 paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Cross Country Alberta Society as at April 30, 2021, and the results of its operations, change in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified 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 Society 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.

The statement of financial position as at April 30, 2020, and the statements of change in net assets, operations and cash flows for the year ended April 30, 2020, were prepared on a Review engagement basis and were not audited. Therefore, we were not able to determine whether any adjustments might be necessary to results of its operations, change in its net financial assets and its cash flows from operations for the year ended April 30, 2020.

In common with many not-for-profit organizations, Cross Country Alberta Society derives revenue from donations and fundraiser's, the completeness of which is not susceptible to satisfactory verification. Accordingly, our verification of these revenue was limited to the amounts recorded in the records of the Society and we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenues over expenses, current assets and net assets.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters relating to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

Auditor's Responsibility 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.

INDEPENDENT AUDITOR'S REPORT - continued

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.

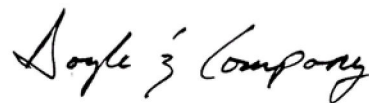
We also:

- 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 from one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- 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 Society'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 Society'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 Society 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Edmonton, Alberta
June 24, 2021



Chartered Professional Accountants

**Cross Country Alberta Society
o/a Nordiq Alberta**

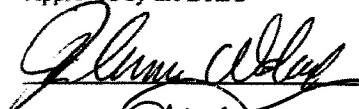

Statement of Financial Position

As at April 30, 2021

	2021	2020 (Unaudited)
	\$	\$
ASSETS		
Current		
Cash	316,119	119,954
Restricted cash (Note 3)	41,289	41,374
Accounts receivable	20,241	20,745
GST receivable	3,383	1,717
Prepaid expenses	10,667	-
Inventory	23,447	20,739
	415,146	204,529
Tangible Capital assets (Note 4)	14,434	18,248
	429,580	222,777
LIABILITIES		
Current		
Accounts payable	19,717	27,832
Source deductions payable	4,912	2,604
Deferred contributions (Schedule 1)	205,311	75,856
	229,940	106,292
Long-Term Debt (Note 5)	60,000	-
	289,940	106,292
NET ASSETS		
Invested in Capital Assets	14,434	18,248
Unrestricted	125,206	98,237
	139,640	116,485
	429,580	222,777

Significant Event - Note 8

Approved by the Board

 Director
 Director

The accompanying notes form part of these financial statements.

**Cross Country Alberta Society
o/a Nordiq Alberta**

Statement of Change in Net Assets

For the year ended April 30, 2021

	2021	2020
	\$	(Unaudited) \$
<u>Unrestricted</u>		
Balance, beginning of year	98,237	35,301
Excess of revenue over expenditures	23,155	58,245
Transfer (to) from invested in capital assets	3,814	4,691
Balance, end of year	125,206	98,237
<u>Invested in Capital Assets</u>		
Balance, beginning of year	18,248	22,939
Current amortization	(3,814)	(4,691)
Balance, end of year	14,434	18,248

The accompanying notes form part of these financial statements.

Cross Country Alberta Society o/a Nordiq Alberta

Statement of Operations

For the year ended April 30, 2021

	2021	2020 (Unaudited)
	\$	\$
Revenue		
Events and races	7,177	13,617
Frozen Thunder	60,050	-
Kananaskis Parking Pass Program	253,149	-
Merchandise Sales	591	3,773
Other	44,027	20,658
Registration and fees	92,104	86,024
Source funding (Note 6)	154,424	254,939
	611,522	379,011
Expenditures		
Amortization	3,814	4,691
Donations	24,000	45,400
Event expenses	4,355	3,707
Facility rental	-	880
Frozen Thunder	60,050	-
Grants	2,250	275
Interest and bank charges	1,510	1,758
Kananaskis Parking Pass Program	253,149	-
Merchandise	6,427	13,335
Office	9,361	13,474
Professional fees	21,789	16,953
Promotion	20,843	9,621
Registration fees	903	3,030
Repairs and maintenance	268	-
Subcontractors	18,915	7,094
Supplies	14,388	22,834
Travel	2,938	44,148
Utilities	4,196	4,576
Wages and benefits	139,211	128,990
	588,367	320,766
Excess of Revenue over Expenditures	23,155	58,245

The accompanying notes form part of these financial statements.

**Cross Country Alberta Society
o/a Nordiq Alberta**

Statement of Cash Flow

For the year ended April 30, 2021

	2021	2020
	\$	(Unaudited) \$
Operating Activities		
Cash received from funding agencies and other income	737,107	389,847
Cash paid to suppliers and employees	(601,027)	(302,315)
	136,080	87,532
Financing Activities		
Increase in long-term debt	60,000	-
Increase in Cash During the Year	196,080	87,532
CASH, beginning of year	161,328	73,796
CASH, end of year	357,408	161,328
Cash is comprised of:		
Cash	316,119	119,954
Restricted cash (Note 3)	41,289	41,374
	357,408	161,328

The accompanying notes form part of these financial statements.

Cross Country Alberta Society o/a Nordiq Alberta

Notes to the Financial Statements

April 30, 2021

Incorporation and Nature of Operations

The Cross Country Alberta Society (the "Society") was incorporated under the Societies Act in the Province of Alberta as a non-profit organization on March 26, 1991. Under the provisions of the Income Tax Act (Canada), Cross Country Alberta Society is not subject to income taxes.

Cross Country Alberta Society was established to promote recreational and competitive cross country skiing through the development of a support structure for all cross country ski programs in the Province of Alberta.

1. Significant Accounting Policies

These financial statements have been prepared in accordance with Part III of the CPA Canada Handbook, Canadian Accounting Standards for Not-for-Profit Organizations ("Part III"). The significant accounting policies are described below:

(a) Cash

Cash consist of cash deposited in a Canadian financial institution.

(b) Inventories

Inventories are valued at the lower of cost and net realizable value. Costs are determined on an average cost basis and is determined on a first-in, first-out basis.

(c) Tangible Capital Assets

Tangible capital assets are initially recorded at cost. Amortization is calculated using the methods below over their estimated useful life at the following rates except in the year of acquisition when one-half the normal rate is applied. No amortization is recorded in the year of disposal. The annual amortization reduces the corresponding balance of the invested in tangible capital assets balance.

Computer Equipment	30% declining balance
Marketing Equipment	20% declining balance
Office Equipment	20% declining balance
Ski Equipment	20% declining balance

The Society adopted the new accounting standards Handbook Section 4433 - Tangible capital assets held by not-for-profit organizations. These standards are effective for years beginning on or after January 1, 2019 and are applied on a prospective basis. The adoption of these new standards did not have an impact on the Society's financial statements.

The Society has updated their policy as it relates to the impairment of capital assets as follows:

When conditions indicate a capital asset is impaired, the carrying value of the capital asset is written down to the asset's fair value or replacement cost. The write down of the capital assets is recorded as an expense in the statement of operations. A write down shall not be reversed.

(d) Revenue Recognition

The Society follows the deferral method of accounting for revenue.

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.

Donations, fundraising, registration fees, events and races, merchandise sales, interest and other revenue is recognized when earned.

Cross Country Alberta Society o/a Nordiq Alberta

Notes to the Financial Statements

April 30, 2021

1. Significant Accounting Policies - continued

(e) Financial Instruments

(i) Measurement of financial instruments

The Society initially measures all of its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The Society subsequently measures all of its financial assets and liabilities at amortized cost, except equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash, restricted cash, accounts receivables, and GST receivable.

Financial liabilities measured at amortized cost include accounts payable, and source deductions payable.

(ii) Impairment

Financial assets measured at cost or amortized cost are tested for impairment, at the end of each year, to determine whether there are indicators that the asset may be impaired. The amount of the write-down, if any, is recognized in income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account. The reversal may be recorded provided it is no greater than the amount that had been previously reported as a reduction in the asset and it does not exceed the original cost. The amount of the reversal is recognized in income.

(f) Contributed Materials and Services

Contributed materials and services are recorded at fair value when the amount can reasonably be determined and would have been purchased by the Society if not contributed. Due to the difficulty of determining their fair value, volunteer services are not recognized in the financial statements. There were no contributed materials during the years ended April 30, 2021 and April 30, 2020.

2. Measurement Uncertainty

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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of the tangible capital assets. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the revenue or expenses in the period in which they become known. Actual results could differ from those estimates.

3. Restricted Cash

Restricted cash consist of proceeds from a casino that can only be spent in accordance with the licensing agreement with the Alberta Gaming, Liquor and Cannabis Commission.

Cross Country Alberta Society o/a Nordiq Alberta

Notes to the Financial Statements

April 30, 2021

4. Capital Assets

	2021			2020
	Cost	Accumulated Amortization	Net Book Value	Net Book Value (Unaudited)
	\$	\$	\$	\$
Computer equipment	11,969	10,823	1,146	1,638
Ski equipment	69,099	56,034	13,065	16,331
Office equipment	3,797	3,681	116	145
Marketing equipment	8,024	7,917	107	134
	92,889	78,455	14,434	18,248

Amortization amounted to \$3,814 for the year ended April 30, 2021 (2020 - \$4,691), and is included in the statement of operations.

5. Long-Term Debt

The Society applied for a Canada Emergency Business Account (CEBA) loan with Royal Bank of Canada and received \$60,000 in the year. The term loan has an initial term and an extended term.

Initial term - the initial term is from the date the money was advanced to December 31, 2022. No repayment of any portion of the loan principal is required and interest does not accrue during this initial term. The interest rate during this initial term is 0% per annum. If the loan is paid back in full on or before December 31, 2022 then \$20,000 of the loan will be forgiven.

Extended term - the extended term is from January 1, 2023 to December 31, 2025 and interest on the loan is payable on a monthly basis commencing on the first interest payment date January 31, 2023 (or such other date as agreed by the Bank). On the Extended Term Date December 31, 2025, the balance, if any, of the loan is payable in full. The interest rate during the extended term is 5% per annum.

Cross Country Alberta Society o/a Nordiq Alberta

Notes to the Financial Statements

April 30, 2021

6. Source Funding

	2021 \$	2020 \$
Alberta Sport Connection (ASC) Funding		
Primary grant	92,328	109,852
Arctic Winter Games	-	6,000
Alberta Winter Games	-	4,000
Canada Winter Games	6,229	-
Donation Funding	24,000	48,450
Sport Participation Initiatives	6,125	7,500
Total Alberta Sport Connection (ASC) Funding	128,682	175,802
Alberta Gaming and Liquor Commission	85	47,531
Sponsorship (Spirit North)	1,550	6,009
Sponsorship (Other)	23,357	17,834
CCC PWAD Grant	750	2,500
Canadian Paralympic Grant	-	5,263
Total Source Funding	154,424	254,939

7. Financial Instruments

Market Risk

Market risk is the risk that the fair value or future cash flows of the Society's financial instruments will fluctuate because of changes in market prices. Market risk is comprised of three types of risk: currency risk, interest rate risk, and other price risk. The Society is mainly exposed to interest rate risk.

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 interest rate. The Society is exposed to interest rate risk on bank account balances and any of its fixed and/or floating interest rate financial instruments.

Credit Risk

Credit risk is the risk that one party to a financial asset will cause a financial loss to the other party by failing to discharge an obligation. The Society's main credit risk relates to its accounts receivable.

The Society's management reviews the receivables and any amounts that may not be collectable they record an amount in the allowance for doubtful accounts. The balance of the allowance for doubtful accounts as of April 30, 2020 is \$0 (2020 - \$0).

Liquidity Risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting its obligations associated with financial liabilities. The Society is exposed to this risk mainly through its accounts payable and accrued liabilities. The Society manages its liquidity risk by monitoring its operating cash flow requirements to ensure it has sufficient funds to meet its financial obligations.

Cross Country Alberta Society o/a Nordiq Alberta

Notes to the Financial Statements

April 30, 2021

8. Significant Event

As of the date of the financial statements, there is a global outbreak of COVID-19 (coronavirus), which has had a 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 Society 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 virus, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and isolation/quarantine measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

The Society is closely monitoring the recommendations by Alberta health services and the government authorities while implementing changes to reduce any adverse financial impact and continued operations. The measures implemented to combat the spread of the coronavirus have had an impact on the Society's programs, however an estimate of the financial effect is not feasible at this time.

9. Comparative Figures

The comparative figures were prepared on a review engagement basis and were not audited. Certain comparative figures have been reclassified to conform to the presentations adopted during the current year.

**Cross Country Alberta Society
o/a Nordiq Alberta**

Schedule 1 - Deferred Contributions

For the year ended April 30, 2021

	Balance Beginning of Year \$	Funds Received or Receivable \$	Recognized as Revenue \$	Balance End of Year \$
Deferred Contributions				
Alberta Sport Connection (ASC) Funding				
Primary grant	-	92,328	92,328	-
Arctic Winter Games	-	9,100	-	9,100
Canada Winter Games	-	27,050	6,229	20,821
Donation Funding	2,000	22,500	24,000	500
Coaches & Officials	4,000	-	-	4,000
Total Alberta Sport Connection Funding	6,000	150,978	122,557	34,421
Other Funding				
Sponsorships	6,858	18,049	24,907	-
Casino	41,373	-	85	41,288
Kananaskis Parking Pass	-	309,392	201,415	107,977
Capital Asset Funding	21,625	-	-	21,625
Total Other Funding	69,856	327,441	226,407	170,890
Total Funding	75,856	478,419	348,964	205,311