MANITOBA TRACK AND FIELD ASSOCIATION INC.

FINANCIAL STATEMENTS

MARCH 31, 2017

Scarrow & Donald LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

June 20, 2017

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Manitoba Track and Field Association Inc.:

We have audited the accompanying financial statements of the Manitoba Track and Field Association Inc., which comprise the statement of financial position as at March 31, 2017, and the statements of operations, 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.

Auditor's 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 auditor's 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 audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of the Manitoba Track and Field Association Inc. as at March 31, 2017, and its operations and its cash flows for the year then ended in accordance with Canadian standards for not-for-profit organizations.

Emphasis of Matter
Without modifying our opinion, we draw attention to Note 10 to the financial statements, which explains that certain comparative information for the year ended March 31, 2016 has been restated.

Scarrow & Donald LLP

Chartered Professional Accountants
Winnipeg, Canada

For this communication, together with the work done to prepare this communication and for opinions we have formed, if any, we accept and assume responsibility only to the addressee of this communication, as specified in our letter of engagement.

MANITOBA TRACK AND FIELD ASSOCIATION INC.

STATEMENT OF FINANCIAL POSITION

		March 31		
		2017		**2016** (as restated)
ASSETS				
Current assets:				
Cash	$	41,383	$	95,454
Short term investments (Note 3)		130,050		152,950
Accounts receivable		26,148		18,804
Goods and services tax recoverable		4,086		5,661
		201,667		272,869
Capital assets (Note 4)		99,084		39,950
	$	300,751	$	312,819
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable	$	11,121	$	25,707
Deferred contributions (Note 5)		40,362		44,426
		51,483		70,133
Deferred contributions - capital assets (Note 6)		40,000		-
		91,483		70,133
Net assets:				
Unrestricted		209,268		228,588
Internally restricted (Note 9)		-		14,098
		209,268		242,686
	$	300,751	$	312,819

APPROVED BY THE BOARD:

Grant Mitchell

______________________ **Director**

MANITOBA TRACK AND FIELD ASSOCIATION INC.

STATEMENT OF OPERATIONS

	Year ended March 31	
	2017	2016 (as restated)
Revenues:		
Sport Manitoba grants	$ 213,127	$ 216,957
Clinics	13,751	4,762
Equipment sales	513	2,215
Exclusive use	29,688	29,600
Exclusive use - external	15,260	11,130
Grey Cup Legacy	-	3,000
Interest	2,569	3,178
Manitoba Lotteries Corporation	45,600	39,300
Memberships	54,842	57,597
Provincial team	22,319	37,029
Summer student grants	20,448	24,880
Ticket sales, fundraising and other	2,191	2,119
Track and Field fees and sanctions	59,364	56,670
Winnipeg Foundation (Note 8)	1,400	3,490
	481,072	491,927
Expenses:		
Amortization	9,102	8,111
Athlete assistance	40,200	41,514
Awards	5,340	8,976
Bad debts	1,723	-
Bingo	28,245	20,685
Competition expenses	11,934	20,313
Donations	15,184	154
Equipment	3,873	2,538
Exclusive use rental	30,864	28,467
Facility rental	15,410	22,387
Honorarium	7,134	5,775
Insurance	13,857	14,795
Memberships	13,023	13,579
Office	15,781	16,861
Professional fees	2,763	2,700
Salaries and wages	204,123	201,695
Summer staff	26,654	24,310
Travel	59,038	34,550
Uniforms and clothing	10,242	18,442
	514,490	485,852
Difference between revenues and expenses	$ (33,418)	$ 6,075

MANITOBA TRACK AND FIELD ASSOCIATION INC.

STATEMENT OF CHANGES IN NET ASSETS

	Year ended March 31			
	2017			2016
	Unrestricted	Internally restricted	Total	Total (as restated)
Net assets, beginning of year	$ 228,588	$ 14,098	$ 242,686	$ 236,611
Transfer	14,098	(14,098)	-	-
Difference between revenues and expenses	(33,418)	-	(33,418)	6,075
Net assets, end of year	$ 209,268	$ -	$ 209,268	$ 242,686

MANITOBA TRACK AND FIELD ASSOCIATION INC.

STATEMENT OF CASH FLOWS

	Year ended March 31 2017	2016 (as restated)
Cash flow from operating activities:		
Difference between revenues and expenses	$ (33,418)	$ 6,075
Items not affecting cash:		
Amortization of capital assets	9,102	8,111
	(24,316)	14,186
Changes in non-cash working capital:		
Accounts receivable	(7,344)	16,961
Prepaid expenses	-	11,140
Accounts payable	(14,586)	(1,156)
Deferred contributions	(4,064)	19,015
Deferred contributions - capital assets	40,000	-
Goods and services tax recoverable	1,575	(1,257)
	15,581	44,703
Cash flow from operating activities	(8,735)	58,889
Cash flow from investing activities:		
Purchase of capital assets	(68,236)	(14,951)
Sale of short term investments	22,900	22,050
	(45,336)	7,099
Change in cash	(54,071)	65,988
Cash, beginning of year	95,454	29,466
Cash, end of year	$ 41,383	$ 95,454

1. Purpose of the Organization:

Manitoba Track and Field Association Inc. (the "Organization"), operating under the name Athletics Manitoba, is a provincial not-for-profit organization operating programs which promote sport for life, performance excellence, and long-term development of Athletics in Manitoba. The Organization is exempt from tax under Section 149(1)(l) of the Income Tax Act (Canada).

2. Significant accounting policies:

The financial statements have been compiled in accordance with Canadian accounting standards for not-for-profit organizations. An assumption underlying the preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations is that the Organization will continue for the foreseeable future and will be able to realize its assets and discharge liabilities in the normal course of operations.

The financial statements include the following significant accounting policies:

a) Accounting estimates-

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

Accounting estimates are included in financial statements to approximate the effect of past transactions or events, or to approximate the present status of an asset or liability. It is possible that changes in future economic conditions could require changes in the recognized amounts for accounting estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the period in which they became known. Significant areas of estimation by management include the impairment of non-financial assets, the useful lives of capital assets and the fair value of financial instruments. Management bases their judgments, estimates and assumptions on factors they believe to be reasonable in the circumstances, but which may be inherently uncertain and unpredictable

b) Revenue recognition and deferred revenues-

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.

The Organization provides a variety of services such as track and field and cross country meets and facility rentals. Revenue is recognized when the services have been provided and collectability is reasonably assured. Sale of merchandise and fundraising income is recognized when the goods are transferred and collectability is reasonably assured. Memberships are recognized in the year they are paid. Interest income is recognized on a time proportion basis.

2. **Significant accounting policies** (continued):

c) Financial instruments-

Except for certain related party transactions financial instruments are measured at fair value on initial recognition adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption. Transactions costs related to financial instruments that will be measured subsequently at fair value are recognized in net income for the period incurred.

In subsequent periods investments in equity instruments that are quoted in an active market and certain derivative contracts are measured at fair value without any adjustment for transaction costs that may incur on sale or other disposal. The Organization may elect to measure any financial instrument at fair value when the asset or liability is first recognized or for equity instruments previously measured at fair value when the equity instrument ceases to be quoted in an active market. Other investments in equity instruments are measured at cost less any reduction for impairments. All other financial instruments are measured at amortized cost. Amortized cost is the amount at which the financial instrument is measured at initial recognition less principal repayments, plus or minus the cumulative effect of any difference between that initial amount and the maturity amount, and minus any reduction for impairment.

The Organization measures its financial instruments at amortized cost.

The Organization assesses impairment of all its financial assets, except those measured at fair value. Management considers whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. Impairment is included in current earnings.

d) Capital assets-

Capital assets are recorded at cost and amortized over their estimated useful lives, except for donated assets which are recorded at fair market value at the time of the donation. This requires estimation of the useful life of the asset and residual value. When a capital asset no longer has any long-term service potential, the excess of its net carrying amount over any residual value is recognized as an expense. As is true for all accounting estimates, it is possible that changes in future conditions could require changes in the recognized amount for accounting estimates.

Equipment	5% - 20%	Declining balance method
Computer equipment	20%	Declining balance method
Computer software	33%	Declining balance method
Other machinery and equipment	20%	Declining balance method

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

2. **Significant accounting policies** (continued):

   e) Contributed services

   Volunteers contribute a significant amount of their time assisting the Organization in carrying out its activities each year. Due to the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

3. **Short term investments:**

   Short term investments consist of GIC's held with a credit union. The GIC's bear interest at rates ranging from 1.75% to 1.85% (2016 - 1.50% to 1.95%) and mature May to June 2017 (2016 - May to June 2016).

4. **Capital assets:**

	March 31			
	2017		2016	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Equipment	$ 175,477	$ 94,458	$ 114,855	$ 88,955
Computer equipment	77,977	60,493	70,363	57,074
Computer software	6,423	6,281	6,423	6,211
Other machinery and equipment	17,328	16,889	17,328	16,779
	277,205	178,121	208,969	169,019
Net book value	$ 99,084		$ 39,950	

5. Deferred contributions:

The following are amounts included in deferred contributions:

	Balance March 31 2016 (as restated)	Contributions received	Contributions recognized	Balance March 31 2017
Athlete assistance	$ 10,500	$ 8,250	$ (10,500)	$ 8,250
Canada Games funding	21,541	23,859	(21,541)	23,859
Dave Lyon Legacy Fund	1,780	2,099	(1,000)	2,879
Diana Stevens Fund	1,626	1,400	(400)	2,626
Manitoba Games funding	729	-	(729)	-
High performance coach funding	8,250	-	(8,250)	-
Officials funding	-	1,000	-	1,000
Provincial team funding	-	1,748	-	1,748
	$ 44,426	$ 38,356	$ (42,420)	$ 40,362

	Balance March 31 2015	Contributions received	Contributions recognized	Balance March 31 2016 (as restated)
Athlete assistance	$ 7,000	$ 10,500	$ (7,000)	$ 10,500
Canada Games funding	8,200	21,541	(8,200)	21,541
Dave Lyon Legacy Fund	1,411	3,459	(3,090)	1,780
Diana Stevens Fund	800	1,226	(400)	1,626
Grey Cup Legacy	3,000	-	(3,000)	-
Manitoba Games funding	5,000	729	(5,000)	729
High performance coach funding	-	8,250	-	8,250
	$ 25,411	$ 45,705	$ (26,690)	$ 44,426

6. Deferred contributions – capital assets:

Deferred contributions related to capital assets related to amounts restricted externally for the purchase of photo timing equipment.

	March 31 2017
Beginning of year	$ -
Contributions received	40,000
Amounts recognized as revenue	-
End of year	$ 40,000

7. Risk management and fair values:

Management's risk management policies are typically performed as a part of the overall management of the Organization's operations. Management is aware of risks related to these objectives through direct personal involvement with employees and outside parties. In the normal course of its operations, the Organization is exposed to a number of risks that can affect its operating performance. Management's close involvement in operations helps identify risks and variations from expectations. As a part of the overall operation of the Organization, management considers the avoidance of undue concentrations of risk. These risks and the actions taken to manage them include the following:

Liquidity risk-

Liquidity risk is the risk that the Organization cannot meet its financial obligations associated with financial liabilities in full. The Organization's main sources of liquidity are its operations and external borrowings. The funds are primarily used to finance working capital and capital expenditure requirements and are adequate to meet the Organization's financial obligations associated with financial liabilities.

Credit risk-

Credit risk arises from the possibility that debtors may be unable to fulfill their commitments. For a financial asset, this is typically the gross carrying amount, net of any amounts offset and any impairment losses. The Organization has credit policies to address credit risk on accounts receivable, which may include the analysis of the financial position of the debtor and review of credit limits. The Organization also may review credit history before establishing credit and review credit performance. An allowance for doubtful accounts or other impairment provisions are established based upon factors surrounding credit risk, historical trends and other information. An allowance for doubtful accounts of $1,723 (2016 - $nil) has been recorded for accounts receivable.

Interest rate price risk-

The Organization is exposed to interest rate price risk from its short term investments held at fixed rates. Changes in market interest rates would affect the value of these investments. The Organization addresses this risk by entering into short term investment contracts.

8. Winnipeg Foundation:

The Organization has entered into an agreement with The Winnipeg Foundation for establishment of The Athletics Manitoba Fund – In Memory of Dave Lyon and Athletics Manitoba Fund – In Memory of Diana Stevens. The Winnipeg Foundation will preserve the capital in its Consolidated Trust Fund and will distribute all income generated thereon to the Organization in perpetuity. The fair value of these funds as at March 31, 2017 is approximately $60,252 and $28,042 (2016 - $55,385 and $25,602) respectively.

9. Internally restricted net assets:

The internally restricted net assets were set aside to be used at the discretion of the board of Directors. During the year, the board approved the use of the internally restricted funds for the purchase of photo timing equipment.

10. Prior period restatement:

During the year ended March 31, 2017 it was determined that $8,250 was not correctly deferred from the prior year.

As a result of the above, the prior period was restated as follows:

As at March 31, 2016	As originally stated	Adjustment	Restated amount
Deferred contributions	$ 36,176	$ 8,250	$ 44,426
Net Assets: Unrestricted	236,838	(8,250)	228,588

For the year ended March 31, 2017			
Sport Manitoba grants	$ 225,807	$ (8,250)	$ 217,557
Difference between revenues and expenses	14,325	(8,250)	6,075