

Skate Ontario

Financial Statements
June 30, 2020



Independent auditor's report

To the Members of Skate Ontario

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Skate Ontario (the Organization) as at June 30, 2020 and the results of its operations and its cash flows for the 15-month period then ended in accordance with Canadian accounting standards for not-for-profit organizations.

What we have audited

The Organization's financial statements comprise:

- the statement of financial position as at June 30, 2020;
- the statement of changes in net assets for the 15-month period then ended;
- the statement of operations for the 15-month period then ended;
- the statement of cash flows for the 15-month period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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

Independence

We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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.

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PwC refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



In preparing the financial statements, management is responsible for assessing the Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 Organization'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 Organization'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 Organization 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.

PricewaterhouseCoopers LLP

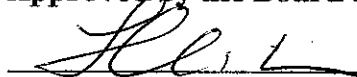
Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
August 25, 2020

Skate Ontario
Statement of Financial Position

	June 30, 2020 \$	March 31, 2019 \$ (restated – note 9)
Assets		
Current assets		
Cash	817,184	393,175
Investments (note 3)	1,991,848	2,088,787
Accounts receivable	12,168	339,450
Inventory	32,761	13,160
Prepaid expenses	25,959	22,355
	<u>2,879,920</u>	<u>2,856,927</u>
Capital assets (note 4)	<u>116,437</u>	<u>95,230</u>
	<u>2,996,357</u>	<u>2,952,157</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 5)	636,362	327,055
Deferred revenue	13,702	11,470
	<u>650,064</u>	<u>338,525</u>
Net Assets		
Unrestricted	2,229,856	2,518,402
Invested in capital assets	<u>116,437</u>	<u>95,230</u>
	<u>2,346,293</u>	<u>2,613,632</u>
	<u>2,996,357</u>	<u>2,952,157</u>
Commitments (note 6)		
Subsequent event (note 8)		

Approved by the Board of Directors



Director



Director

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

Skate Ontario

Statement of Changes in Net Assets

For the 15-month period ended June 30, 2020

	Balance – Beginning of period \$ (restated – note 9)	Net expenses for the period \$	Other transfers from (to) \$	Balance – End of period \$
Unrestricted	2,518,402	(216,268)	(72,278)	2,229,856
Invested in capital assets	95,230	(51,071)	72,278	116,437
	<u>2,613,632</u>	<u>(267,339)</u>	<u>-</u>	<u>2,346,293</u>

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

Skate Ontario
Statement of Operations

	15-month period ended June 30, 2020 \$	12-month period ended March 31, 2019 \$ (restated – note 9)
Revenue		
Grants (Ontario Government)		
Base funding	260,513	260,513
Ontario High Performance Sports Initiative Program (OHPSI)	23,460	9,047
	<hr/>	<hr/>
Event	283,973	269,560
Registration fees	1,874,873	2,016,419
Sponsorship and fundraising	1,608,008	1,367,229
Education and training	157,447	167,238
Sport development	187,635	247,996
Miscellaneous	31,155	32,388
Investment income (note 3)	85,505	69,096
Hosting grant	112,376	63,777
	32,650	19,985
	<hr/>	<hr/>
	4,373,622	4,253,688
Expenses		
Grant programs – OHPSI	-	5,856
Employee and contracted personnel	1,507,320	1,057,914
Other operational and program support	1,024,320	828,271
Events	1,791,837	1,895,236
Amalgamation	-	28,763
Sport development	317,484	240,764
	<hr/>	<hr/>
	4,640,961	4,056,804
Net (expenses) revenue for the period	<hr/>	<hr/>
	(267,339)	196,884

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

Skate Ontario
Statement of Cash Flows

	15-month period ended June 30, 2020 \$	12-month period ended March 31, 2019 \$ (restated – note 9)
Cash provided by (used in)		
Operating activities		
Net (expenses) revenue for the period	(267,339)	196,884
Items not affecting cash		
Reinvested investment income	(60,456)	-
Amortization of capital assets	51,071	56,765
Change in fair value of investments	(42,605)	(30,642)
Changes in non-cash working capital items		
Accounts receivable	327,282	75,528
Inventory	(19,601)	5,282
Prepaid expenses	(3,604)	191,761
Accounts payable and accrued liabilities	309,307	138,241
Deferred revenue	2,232	(251,270)
	<u>296,287</u>	<u>382,549</u>
Investing activities		
Purchase of capital assets	(72,278)	(44,349)
Purchase of investments	-	(2,058,145)
Proceeds on disposal of investments	200,000	-
	<u>127,722</u>	<u>(2,102,494)</u>
Change in cash during the period	424,009	(1,719,945)
Cash – Beginning of period	393,175	2,113,120
Cash – End of period	817,184	393,175

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

Skate Ontario

Notes to Financial Statements

June 30, 2020

1 Purpose of the Organization

Skate Ontario (the Organization) is incorporated without share capital. The Organization is a not-for-profit organization under subsection 149(1)(l) of the Income Tax Act (Canada) and is exempt from income taxes.

The Organization's purpose is to promote and develop figure skating in Ontario.

2 Summary of significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Use of estimates

The preparation of financial statements in accordance 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 the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Investments

Investments are recorded at fair value. Changes in fair value are included in net revenue (expense) for the period.

Capital assets

Capital assets are initially recorded at cost and are then amortized, on a straight-line basis, over their estimated useful lives as follows:

Office furniture and equipment	5 years
Event equipment	5 years

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted grants are deferred and recognized as revenue in the period in which the related expense occurs.

Revenue from events is recognized when the event takes place.

Skate Ontario

Notes to Financial Statements

June 30, 2020

3 Investments

	June 30, 2020 \$	March 31, 2019 \$
Cash	1,923	3,162
Guaranteed investment certificates	687,629	319,235
Exchange traded funds	567,155	664,207
Mutual funds	735,141	1,102,183
	<u>1,991,848</u>	<u>2,088,787</u>

Guaranteed investment certificates bear interest at fixed rates ranging from 2.36% to 3.41% (March 31, 2019 – 2.60% to 3.41%), and mature between 2020 and 2025 (March 31, 2019 – 2019 and 2023). The Organization's investments in exchange traded funds and mutual funds are subject to the terms and conditions of the respective fund's offering documentation and are susceptible to market price risk arising from uncertainties about future values of those funds.

Investment income is comprised of:

	June 30, 2020 \$	March 31, 2019 \$
Interest and net distributions	69,771	33,135
Change in fair value of investments	42,605	30,642
	<u>112,376</u>	<u>63,777</u>

4 Capital assets

	June 30, 2020 \$		March 31, 2019 \$	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Office furniture and equipment	90,684	52,704	37,980	49,831
Event equipment	133,589	55,132	78,457	45,399
	<u>224,273</u>	<u>107,836</u>	<u>116,437</u>	<u>95,230</u>

Cost and accumulated amortization amounted to \$151,995 and \$56,765, respectively, as at March 31, 2019.

5 Government remittances

Government remittances of \$412,000 (March 31, 2019 – \$327,000) are included in accounts payable and accrued liabilities.

Skate Ontario

Notes to Financial Statements

June 30, 2020

6 Commitments

Under the terms of operating leases for office space, the Organization is committed to the following minimum lease payments:

	\$
Year ending June 30, 2021	101,604
2022	101,604
2023	<u>8,467</u>
	<u>211,675</u>

7 Financial instruments

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure and concentrations. The Organization does not use derivative financial instruments to manage its risks.

Investment risk

Investments in financial instruments render the Organization subject to investment risks. Interest risk is the risk arising from fluctuations in interest rates and their degree of volatility. There is also the risk arising from the failure of a party to a financial instrument to discharge an obligation when it is due. Market risk is the risk to the value of a financial instrument due to fluctuations in market prices, whether these fluctuations are caused by factors specific to the investment itself or to its issuer, or by factors pertinent to all investments on the market.

Credit risk

Credit risk is the risk one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Concentration of risk

Concentration of risk exists when a significant proportion of the portfolio is invested in securities with similar characteristics or subject to similar economic, political and other conditions. The Organization's investments are detailed in note 3.

8 Subsequent event

Due to developments surrounding the outbreak and containment efforts of the COVID-19 pandemic, management is assessing the impact of the pandemic on operations. Given the unprecedented nature of this event, it is difficult to predict the length or breadth of any earnings disruption and market movements in general.

Skate Ontario

Notes to Financial Statements

June 30, 2020

9 Restatement of comparative figures

During the period, it was determined that the Organization identified a liability that was previously unrecorded. Consequently, the financial statements for fiscal 2019 have been restated as described below. The statement of cash flows for fiscal 2019 was also restated from the changes below.

	2019 (as previously reported) \$	Adjustment \$	2019 (as restated) \$
Cash	418,175	(25,000)	393,175
Investments	2,063,787	25,000	2,088,787
Accounts payable and accrued liabilities	64,892	262,163	327,055
Unrestricted net assets	2,780,565	(262,163)	2,518,402
Event revenue	2,311,771	(295,352)	2,016,419
Event expenses	2,037,077	(141,841)	1,895,236
Net revenue for the year	350,395	(153,511)	196,884