

# **Skate Ontario**

Financial Statements  
**March 31, 2019**



## *Independent auditor's report*

To the Members of Skate Ontario

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### *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 March 31, 2019 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.

#### **What we have audited**

The Organization's financial statements comprise:

- the statement of financial position as at March 31, 2019;
- the statement of changes in net assets for the year then ended;
- the statement of operations for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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### *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.

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### *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.

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### *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  
May 28, 2019

**Skate Ontario**  
Statement of Financial Position  
March 31, 2019

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	2019 \$	2018 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash	418,175	2,113,120
Investments (note 3)	2,063,787	-
Accounts receivable	339,450	414,978
Inventory	13,160	18,442
Prepaid expenses	22,355	214,116
	<hr/>	<hr/>
	2,856,927	2,760,656
<b>Capital assets</b> (note 4)	<hr/>	<hr/>
	95,230	107,646
	<hr/>	<hr/>
	2,952,157	2,868,302
<b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 5)	64,892	80,162
Deferred revenue	11,470	262,740
	<hr/>	<hr/>
	76,362	342,902
<b>Net assets</b>		
Unrestricted	2,780,565	2,417,754
Invested in capital assets	95,230	107,646
	<hr/>	<hr/>
	2,875,795	2,525,400
	<hr/>	<hr/>
	2,952,157	2,868,302
<b>Commitments</b> (note 7)		

**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 year ended March 31, 2019

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	Balance – Beginning of year \$	Net revenue (expense) for the year \$	Other transfers from (to) \$	Balance – End of year \$
Unrestricted	2,417,754	407,160	(44,349)	2,780,565
Invested in capital assets	107,646	(56,765)	44,349	95,230
	<u>2,525,400</u>	<u>350,395</u>	<u>-</u>	<u>2,875,795</u>

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

**Skate Ontario**  
**Statement of Operations**  
**For the year ended March 31, 2019**

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	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Revenue</b>		
Grants (Ontario Government)		
Base funding	260,513	260,513
Ontario High Performance Sports Initiative Program (OHPSI)	9,047	27,514
	<hr/>	<hr/>
	269,560	288,027
Event	2,311,771	936,249
Registration fees	1,367,229	1,325,207
Sponsorship and fundraising	167,238	190,592
Education and training	247,996	71,356
Sport development	32,388	33,092
Miscellaneous	69,096	57,259
Investment income (note 3)	63,777	-
Hosting grant	19,985	-
Contributions from former Ontario sections	-	145,472
	<hr/>	<hr/>
	4,549,040	3,047,254
<b>Expense</b>		
Grant programs – OHPSI	5,856	27,514
Employee and contracted personnel	1,057,914	1,136,682
Other operational and program support	823,714	826,207
Events	2,037,077	822,708
Amalgamation	28,763	424,276
Sport development	240,764	238,442
Board and committee	4,557	8,826
	<hr/>	<hr/>
	4,198,646	3,484,655
<b>Net revenue (expense) for the year</b>	<hr/> <b>350,395</b>	<hr/> <b>(437,401)</b>

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

**Skate Ontario**  
Statement of Cash Flows  
For the year ended March 31, 2019

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	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net revenue (expense) for the year	350,395	(437,401)
Items not affecting cash		
Amortization of capital assets	56,765	26,912
Change in the fair value of investments	(30,642)	-
Net change in non-cash working capital items	6,031	(299,916)
	<hr/> 382,549	<hr/> (710,405)
<b>Investing activities</b>		
Purchase of capital assets	(44,349)	(132,231)
Purchase of investments	(2,033,145)	-
	<hr/> (2,077,494)	<hr/> (132,231)
<b>Cash transferred on amalgamation (note 6)</b>	<hr/> -	<hr/> 2,690,132
<b>Net change in cash and cash equivalents for the year</b>	(1,694,945)	1,847,496
<b>Cash – Beginning of year</b>	<hr/> 2,113,120	<hr/> 265,624
<b>Cash – End of year</b>	<hr/> <hr/> 418,175	<hr/> <hr/> 2,113,120

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



# Skate Ontario

## Notes to Financial Statements

March 31, 2019

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### 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 and is exempt from income taxes.

The Organization's purpose is to promote and develop figure skating in Ontario. On March 30, 2017, the Organization amalgamated with four additional sections to become the unified Ontario Section of Skate Canada (note 6).

### 2 Summary of significant accounting policies

#### 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 amount of revenue and expense during the year. 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 year.

#### 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 year in which the related expense occurs.

Revenue from events is recognized when the event takes place.

# Skate Ontario

## Notes to Financial Statements

March 31, 2019

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### 3 Investments

	2019 \$	2018 \$
Cash	3,162	-
Guaranteed investment certificates	294,235	-
Exchange traded funds	664,207	-
Mutual funds	1,102,183	-
	<u>2,063,787</u>	<u>-</u>

Guaranteed investment certificates bear interest at fixed rates ranging from 2.60% to 3.41%, and mature between 2019 and 2023.

Investment income is comprised of:

	2019 \$	2018 \$
Interest and net distributions	33,135	-
Change in the fair value of investments	30,642	-
	<u>63,777</u>	<u>-</u>

### 4 Capital assets

	<u>2019</u>		<u>2018</u>	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Office furniture and equipment	81,005	31,174	49,831	59,890
Event equipment	70,990	25,591	45,399	47,756
	<u>151,995</u>	<u>56,765</u>	<u>95,230</u>	<u>107,646</u>

### 5 Government remittances

Government remittances of \$nil (2018 – \$nil) are included in accounts payable and accrued liabilities.

# Skate Ontario

## Notes to Financial Statements

March 31, 2019

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### 6 Amalgamation

On March 30, 2017, the Organization amalgamated with four additional sections to become the unified Ontario Section of Skate Canada. Net assets transferred on amalgamation are as follows:

	Northern Ontario \$	Central Ontario \$	Eastern Ontario \$	Western Ontario \$	Total \$
Current assets					
Cash	125,219	1,105,980	805,795	653,138	2,690,132
Accounts receivable	18,236	127,243	51,081	82,538	279,098
Inventory	-	17,456	-	-	17,456
Prepaid expenses	2,637	35,207	4,674	3,967	46,485
	<u>146,092</u>	<u>1,285,886</u>	<u>861,550</u>	<u>739,643</u>	<u>3,033,171</u>
Liabilities					
Accounts payable	15,924	153,150	13,094	17,881	200,049
	<u>130,168</u>	<u>1,132,736</u>	<u>848,456</u>	<u>721,762</u>	<u>2,833,122</u>

### 7 Commitments

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

	\$
Year ending March 31, 2020	101,604
2021	101,604
2022	101,604
2023	25,401