SKATE ONTARIO

FINANCIAL STATEMENTS

JUNE 30, 2024

HILBORN LLP

Independent Auditor's Report

To the Members of Skate Ontario

Opinion

We have audited the financial statements of Skate Ontario (the "Organization"), which comprise the statement of financial position as at June 30, 2024, and the statement of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at June 30, 2024, 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.

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 are independent of the Organization 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.

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.

In preparing the financial statements, management is responsible for assessing the ability of the Organization 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 financial reporting process of the Organization.

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 the financial statements.

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Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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 internal control of the Organization.
- 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 ability of the Organization 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.

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.

Hilborn LLP

Toronto, Ontario
August 28, 2024

Chartered Professional Accountants
Licensed Public Accountants

SKATE ONTARIO

Statement of Financial Position

June 30	2024 $	2023 (note 10) $
ASSETS		
Current assets		
Cash	**565,939**	895,463
Investments (note 3)	**4,153,257**	3,435,404
Accounts receivable (note 7)	**322,564**	268,773
Prepaid expenses	**135,070**	126,397
	5,176,830	4,726,037
Capital assets (note 4)	**171,509**	152,867
	5,348,339	4,878,904
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	**179,253**	104,541
HST payable (note 5)	**231,625**	523,843
Deferred revenue (note 6)	**204,792**	196,142
CEBA loan payable (note 8)	**-**	60,000
	615,670	884,526
NET ASSETS		
Unrestricted	**4,561,160**	3,841,511
Invested in capital assets	**171,509**	152,867
	4,732,669	3,994,378
	5,348,339	4,878,904

The accompanying notes are an integral part of these financial statements

Approved on behalf of the Board:

Director

Director

SKATE ONTARIO

Statement of Operations

Year ended June 30	2024 $	2023 $
Revenue		
Government grants		
Ontario Government base funding	**260,513**	260,513
Ontario Trillium Foundation	**-**	39,652
	260,513	300,165
Events	**2,663,833**	2,104,351
Registration fees	**2,217,449**	1,816,331
Sponsorship and fundraising	**137,104**	148,972
Education and training	**438,730**	454,275
Sport development	**130,884**	126,740
Miscellaneous	**90,385**	104,560
Investment income (note 3)	**217,854**	129,691
Skate Canada hosting grant	**27,500**	40,000
	6,184,252	5,225,085
Expenses		
Employee and contracted personnel	**1,697,159**	1,450,606
Other operational and program support (note 4)	**931,323**	684,586
Events	**2,169,305**	1,827,867
Sports development	**668,174**	460,072
Ontario Trillium Foundation	**-**	36,167
	5,465,961	4,459,298
Excess of revenue over expenses before other income	**718,291**	765,787
Other income		
CEBA loan forgiveness (note 8)	**20,000**	-
Excess of revenues over expenses for year	**738,291**	765,787

The accompanying notes are an integral part of these financial statements

SKATE ONTARIO

Statement of Changes in Net Assets

Year ended June 30

				2024
	Balance - Beginning of year $	**Excess of revenues over expenses (expenses over revenues) for year** $	**Inter-fund transfer** *(note 9)* $	**Balance - End of year** $
Unrestricted	3,841,511	800,719	(81,070)	4,561,160
Invested in capital assets	152,867	(62,428)	81,070	171,509
	3,994,378	738,291	-	4,732,669

				2023
	Balance - Beginning of year $	**Excess of revenues over expenses (expenses over revenues) for year** $	**Inter-fund transfer** *(note 9)* $	**Balance - End of year** $
Unrestricted	3,107,663	810,056	(76,208)	3,841,511
Invested in capital assets	120,928	(44,269)	76,208	152,867
	3,228,591	765,787	-	3,994,378

The accompanying notes are an integral part of these financial statements

SKATE ONTARIO

Statement of Cash Flows

Year ended June 30	2024 $	2023 $
Cash flows from operating activities		
Excess of revenues over expenses for year	**738,291**	765,787
Adjustments for non-cash items		
Amortization of capital assets	**62,428**	44,269
Reinvested investment income, net of broker fees	**(76,688)**	(56,036)
Realized and unrealized capital gains	**(141,165)**	(73,655)
	582,866	680,365
Change in non-cash working capital items		
Decrease (increase) in accounts receivable	**(53,791)**	20,990
Increase in prepaid expenses	**(8,673)**	(72,334)
Increase (decrease) in accounts payable and accrued liabilities	**74,711**	(96,896)
Increase (decrease) in HST payable	**(292,217)**	81,517
Increase (decrease) in deferred revenue	**8,650**	(51,750)
Decrease in CEBA loan payable	**(60,000)**	-
	251,546	561,892
Cash flows from investing activities		
Purchase of capital assets	**(81,070)**	(76,208)
Transfer to broker account	**(500,000)**	(700,000)
Transfer from broker account	**-**	250,000
	(581,070)	(526,208)
Net change in cash	**(329,524)**	35,684
Cash, beginning of year	**895,463**	859,779
Cash, end of year	**565,939**	895,463

The accompanying notes are an integral part of these financial statements

Notes to the Financial Statements

June 30, 2024

Nature of operations

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.

1. **Significant accounting policies**

These financial statements have been prepared using Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles. These financial statements have been prepared within the framework of the significant accounting policies summarized below:

(a) **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.

Contributions from governments, foundations and other funding agencies that are not for a specific purpose are recognized as revenue when received or receivable.

Revenue from events is recognized when the event takes place.

Investment income is recognized when earned.

Other income is recorded when collection is reasonably assured.

(b) **Government assistance**

Government assistance is recognized in income when the related expenses are incurred or when there is reasonable assurance that the Organization has complied or will comply with the conditions of the assistance, and collection is reasonably assured.

(c) **Investments**

Investments are recorded at fair value. Investment income, including unrealized changes in fair value, are recognized in the statement of operations in the year they occur.

1. **Significant accounting policies (continued)**

(d) **Capital assets**

The costs of capital assets are capitalized upon meeting the criteria for recognition as an asset; otherwise, costs are expensed as incurred. The cost of a capital asset comprises its purchase price and any directly attributable cost of preparing the asset for its intended use.

Capital assets are measured at cost less accumulated amortization and accumulated impairment losses.

The Organization provides for amortization using the straight-line method at rates designed to amortize the cost of the capital assets over their estimated useful lives. The estimated useful lives are as follows:

Office furniture and equipment	5 years
Event equipment	5 years

Amortization of leasehold improvements is recorded over the remaining term of the lease plus the first renewal option on a straight-line basis.

Capital assets are tested for impairment when events or changes in circumstance indicate that the carrying amount may not be recoverable. If potential impairment is identified, then the amount of the impairment is quantified by comparing the carrying value of the asset to its fair value. Any impairment of capital assets is charged to income in the period in which the impairment occurs.

An impairment loss is not reversed if the fair value of the capital asset subsequently increases.

(e) **Financial instruments**

(i) **Measurement of financial instruments**

The Organization initially measures its financial assets and financial liabilities, except for related party financial instruments (note 1(e)(ii)), at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Organization subsequently measures its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Financial assets measured at fair value include investments.

1. **Significant accounting policies (continued)**

(e) **Financial instruments (continued)**

(ii) **Related Party Financial Instruments**

The Organization initially measures its related party financial instruments as follows:

- at fair value if a derivative contract or quoted in an active market;
- at cost, determined using undiscounted cash flows excluding interest and dividend payments, less any impairment losses previously recognized by the transferor, if the financial instrument has repayment terms;
- at cost, determined using the amount of consideration transferred or received, if the financial instrument does not have repayment terms.

Subsequently, all related party financial instruments are measured at cost less impairment.

Related party financial assets and liabilities that are forgiven are recognized in net income if the original transaction was in the normal course of operations, and within equity if the original transaction was not in the normal course of operations.

The Organization initially measures non-financial items transferred in a related party transaction at the carrying amount, unless the transaction meets all of the following criteria, as defined in Section 3840, Related Party Transactions;

- the transaction has commercial substance,
- the change in ownership interests is substantive, and
- the amount of consideration is supported by independent evidence.

The Organization does not have any related party financial instruments.

(iii) **Impairment**

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in net income. The write- down reflects the difference between the carrying amount and the higher of:

- the present value of the cash flows expected to be generated by the asset or group of assets;
- the amount that could be realized by selling the assets or group of assets;

When events occurring after the impairment date confirm that a reversal is necessary, the reversal is recognized in the statement of income up to the amount of the previously recognized impairment. The amount of the reversal is recognized in income in the period that the reversal occurs.

1. **Significant accounting policies (continued)**

(f) **Net assets invested in capital assets**

Net assets invested in capital assets comprise the net book value of capital assets.

(g) **Contributed Goods and Services**

The value of goods and services contributed to the Organization is not reflected in these financial statements.

(h) **Employee future benefits**

The cost of post-employment benefits are included in employee and contracted personnel expense in the statement of operations.

(i) **Management 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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. These estimates are based on information available as of the date of issuance of the financial statements.

Actual results could differ from these and other estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

2. **Financial instrument risk management**

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The following disclosures provide information to assist users of the financial statements in assessing the extent of risk related to the Organization's financial instruments. The financial instruments of the Organization and the nature of the risks to which it may be subject are as follows:

	Risks				
			Market risk		
Financial instrument	Credit	Liquidity	Currency	Interest rate	Other price
Cash	X				
Investments - Guaranteed investment certificates	X			X	
Investments - Exchange traded funds and mutual funds	X				X
Accounts receivable	X				
Accounts payable and accrued liabilities		X			

2. Financial instrument risk management (continued)

Credit risk

The Organization is exposed to credit risk resulting from the possibility that parties may default on their financial obligations, or if there is a concentration of transactions carried out with the same party, or if there is a concentration of financial obligations which have similar economic characteristics that could be similarly affected by changes in economic conditions, such that the Organization could incur a financial loss. The Organization does not hold directly any collateral as security for financial obligations of counterparties.

The maximum exposure of the Organization to credit risk is as follows:

	2024 $	2023 $
Cash	565,939	895,463
Investments	4,153,257	3,435,404
Accounts receivable	322,564	268,773
	5,041,760	4,599,640

The Organization reduces its exposure to credit risk with respect to cash and investments by maintaining their respective balances with Canadian financial institutions.

Credit risk associated with accounts receivable is reduced by closely monitoring outstanding balances.

Liquidity risk

Liquidity risk is the risk that the Organization cannot repay its obligations when they become due to its creditors. The Organization's maximum liquidity risk is as follows:

	2024 $	2023 $
Accounts payable and accrued liabilities	179,253	104,541
CEBA loan payable	-	60,000
	179,253	164,541

The Organization reduces its exposure to liquidity risk by preparing and monitoring detailed forecasts of cash flows from operations, anticipating investing and financing activities and holding assets that can be readily converted into cash.

2. **Financial instrument risk management (continued)**

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

i) **Currency risk -** Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates, The Organization has no exposure to currency risk because it undertakes no significant foreign denominated transactions and has no foreign denominated financial instruments.

ii) **Interest rate risk -** Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Organization is exposed to interest rate risk on the maturity of its guaranteed investment certificates (note 3). Fluctuations in market rates of interest do not have a significant impact on the results of the Organization's operations, and as a result, the Organization does not use derivative financial instruments to manage its exposure to interest rate risk.

iii) **Other price risk -** Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer, or factors affecting all similar instruments traded in the market. The Organization is exposed to other price risk on its exchange traded funds and mutual funds (note 3).

Changes in risk

The Organization's exposure to liquidity risk has decreased as a result of the repayment of the CEBA loan payable (note 8).

3. Investments

	2024 $	2023 $
Cash	11,700	1,775
Guaranteed investment certificates	2,229,794	1,778,033
Exchange traded funds	929,661	830,067
Mutual funds	982,102	825,529
	4,153,257	3,435,404

Guaranteed investment certificates bear interest at fixed rates ranging from 1.67% to 5.89% (2023 – 1.37% to 5.35%), and mature between 2025 and 2029 (2023 – maturing between 2024 and 2028). 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:

	2024 $	2023 $
Interest and dividends received, net of broker fees	76,688	56,036
Realized and unrealized gains	141,166	73,655
	217,854	129,691

4. Capital assets

			2024
	Cost $	Accumulated Amortization $	Net Book Value $
Office furniture and equipment	136,597	115,885	20,712
Event equipment	282,184	183,140	99,044
Leasehold improvements	59,663	7,910	51,753
	478,444	306,935	171,509

			2023
	Cost $	Accumulated Amortization $	Net Book Value $
Office furniture and equipment	136,597	106,190	30,407
Event equipment	201,115	134,362	66,753
Leasehold improvements	59,663	3,956	55,707
	397,375	244,508	152,867

Amortization expense of $62,428 (2023 - $44,269) is included in other operational and program support in the Statement of Operations.

5. **HST Voluntary Disclosure**

During the year, the Organization filed an application under the Canada Revenue Agency's ("CRA") Voluntary Disclosure Program with respect to HST that had been collected but not remitted by the Organization. The Organization made a payment to CRA in satisfaction of the period covered under the Voluntary Disclosure from April 1, 2020 through September 30, 2023. Additionally, the Organization has filed quarterly HST returns covering the period from October 1, 2023 through June 30, 2024 and remitted any HST owing on these filings.

As part of the Voluntary Disclosure filed, the Organization requested relief from its HST obligation for the period from April 1, 2017 through March 31, 2020 as it did not bill or collect HST on any of its services during this period from its member clubs or the registered skaters individually. Additionally, the Organization requested relief from penalties and interest on the HST collected but not remitted from April 1, 2020 onwards. The Organization's Voluntary Disclosure Program Application is subject to a review by CRA. Should CRA disagree with the Organization's request to omit the period from April 1, 2017 to March 31, 2020, an additional assessment of HST payable could be issued and the resulting payable could be material. As at the date of these financial statements, the CRA has not completed their review of the Voluntary Disclosure made by the Organization, and the Organization continues to include an accrual for the estimated taxes payable for the period from April 1, 2017 to March 31, 2020 in the event that CRA disagrees with the position taken by the Organization with respect to HST for this period.

6. **Deferred revenue**

	2024 $	**2023** $
Event revenue	184,102	196,142
Education and training revenue	20,690	-
	204,792	196,142

7. **Commitments**

The Organization is committed to lease its premises until July 31, 2032. Minimum lease payments including operating costs and property taxes are as follows:

	$
2025	109,339
2026	109,339
2027	109,339
2028	113,296
2029	113,656
Subsequent years	350,440
	905,409

In fiscal 2022, the Organization renewed its head office lease. As part of the lease renewal, the Organization's landlord agreed to reimburse the Organization for leasehold improvements expenditures made, to a maximum of $95,500 plus HST. Included in accounts receivable is $107,915 (2023 - $107,915) recoverable from the landlord under the terms of the lease agreement.

June 30, 2024

8. **CEBA loan payable**

During the year, the Organization repaid $40,000 (2023 - $nil) of the CEBA loan outstanding with the forgivable portion of $20,000 being forgiven. The CEBA loan forgiveness is recognized as a component of other income in the Statement of Operations

9. **Inter-fund transfers**

During the year, the Organization transferred $81,070 (2023 - $76,208) from the Unrestricted Fund to the Invested in Capital Assets Fund for the purchase of capital assets.

10. **Comparative figures**

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year net assets.

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