



FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018
AND
AUDITOR'S REPORT TO THE MEMBERS





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May 11, 2018

Independent Auditor's Report

To the Members of Skate Canada

We have audited the accompanying financial statements of Skate Canada, which comprise the statement of financial position as at March 31, 2018 and the statements of changes in fund balances, operations and cash flows for the year then ended, and the related notes, which comprise 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 unqualified audit opinion.

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



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Skate Canada as at March 31, 2018 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Skate Canada
Statement of Financial Position
As at March 31, 2018

		2018	2017
		\$	\$
ASSETS			
Current assets			
Cash		948,623	645,515
Accounts receivable		1,179,641	2,046,323
Unbilled contract revenue		646,911	808,905
Prepaid expenses		426,429	258,842
Skate Canada Skater Trust Fund	Note 3	179,905	88,331
		<u>3,381,509</u>	<u>3,847,916</u>
Investments	Note 4	20,489,799	20,057,380
Capital assets	Note 5	529,376	669,519
		<u>24,400,684</u>	<u>24,574,815</u>
LIABILITIES AND FUND BALANCES			
Current liabilities			
Bank indebtedness	Note 7	-	961,040
Accounts payable and accrued liabilities	Note 6	1,193,564	1,174,015
Deferred revenue		391,073	231,173
Deferred contributions	Note 8	-	79,308
Skate Canada Skater Trust Fund	Note 3	179,905	88,331
		<u>1,764,542</u>	<u>2,533,867</u>
Fund balances			
General			
Unrestricted		11,884,532	11,237,287
Invested in Capital Assets		529,376	669,519
Internally restricted - Athlete Fund		7,823,507	7,879,284
Internally restricted - Hall of Fame Fund		1,567,196	1,550,806
Internally restricted - Safe Sport		536,841	311,781
Externally restricted		115,829	210,664
Endowment		178,861	181,607
		<u>22,636,142</u>	<u>22,040,948</u>
		<u>24,400,684</u>	<u>24,574,815</u>
Commitments	Note 11		

Skate Canada

Statement of Changes in Fund Balances

For the year ended March 31, 2018

	Balance - Beginning of the year \$	Net revenue (expense) for the year \$	Transfers to (from)	Balance - End of the year \$
General				
Unrestricted	11,237,287	812,082	(164,837)	11,884,532
Internally restricted - Invested in Capital Assets	669,519	(167,501)	27,358	529,376
	11,906,806	644,581	(137,479)	12,413,908
Internally restricted - Athlete Fund	7,879,284	(55,777)	-	7,823,507
Internally restricted - Hall of Fame Fund	1,550,806	16,389	-	1,567,196
Internally restricted - Safe Sport	311,781	-	225,060	536,841
	21,648,677	605,194	87,581	22,341,452
Externally restricted	210,664	(10,000)	(84,835)	115,829
Endowment	181,607	-	(2,746)	178,861
Total	22,040,948	595,194	-	22,636,142

The accompanying notes are an integral part of these financial statements

Skate Canada
Statement of Operations
For the Year Ended March 31, 2018

	Unrestricted	Athlete Fund	Hall of Fame Fund	General Fund	Externally Restricted	2018	2017
	\$	\$	\$	\$	\$	\$	\$
Revenue							
Membership	6,610,971	-	-	6,610,971	-	6,610,971	6,488,353
Test fees	1,170,802	-	-	1,170,802	-	1,170,802	981,742
Events	3,751,460	-	-	3,751,460	-	3,751,460	3,765,641
Merchandising	130,293	-	-	130,293	-	130,293	115,635
Government and other grants	2,878,623	-	-	2,878,623	-	2,878,623	2,587,628
Sponsorship	1,349,247	-	-	1,349,247	-	1,349,247	1,548,410
Investment income (note 4)	293,741	286,508	51,097	631,346	-	631,346	1,960,784
Safe Sport	566,814	-	-	566,814	-	566,814	530,922
Other	651,391	-	-	651,391	-	651,391	482,739
Gain on sale - building/land	-	-	-	-	-	-	1,447,118
Strategic planning (note 8)	79,308	-	-	79,308	-	79,308	478,950
	17,482,650	286,508	51,097	17,820,255	-	17,820,255	20,387,922
Expense							
Section grants	3,528,230	-	-	3,528,230	-	3,528,230	3,405,771
Athlete grants	742,514	294,400	-	1,036,914	10,000	1,046,914	996,068
Events	3,508,505	-	-	3,508,505	-	3,508,505	3,617,151
Agent fees and advertising	266,945	-	300	267,245	-	267,245	202,952
Investment fees and bank charges	125,699	47,885	8,912	182,496	-	182,496	195,454
Salaries, benefits and professional development	4,084,797	-	-	4,084,797	-	4,084,797	4,442,054
Professional fees and contracted services	978,024	-	1,500	979,524	-	979,524	812,659
Facilities	787,037	-	3,989	791,026	-	791,026	814,659
Travel and living	1,932,128	-	12,681	1,944,809	-	1,944,809	1,633,521
Technology and subscriptions	302,930	-	-	302,930	-	302,930	561,462
Office	51,269	-	1,001	52,270	-	52,270	55,184
General	300,282	-	6,325	306,607	-	306,607	119,465
Amortization	150,400	-	-	150,400	-	150,400	191,679
Restructuring	-	-	-	-	-	-	756,684
Strategic planning (note 8)	79,308	-	-	79,308	-	79,308	478,950
	16,838,068	342,285	34,708	17,215,061	10,000	17,225,061	18,283,713
Net revenue (expense) for the year	644,582	(55,777)	16,389	605,194	(10,000)	595,194	2,104,209

Skate Canada
Statement of Cash Flows
For the Year Ended March 31, 2018

	2018 \$	2017 \$
Cash flows provided by (used in)		
Operating Activities		
Net revenue (expense) for the year	595,194	2,104,209
Items not affecting cash -		
Gain on sale of building/land	-	(1,447,118)
Amortization	150,400	191,679
Loss on disposal of capital assets	17,101	-
Changes in fair value of investments	(29,656)	(1,396,211)
Net change in non-cash working capital items	961,230	(1,168,559)
	1,694,269	(1,716,000)
Investing activities		
Proceeds on sale of investments	4,011,512	3,131,840
Purchase of investments	(4,414,275)	(3,506,008)
Purchase of capital assets	(27,358)	(111,451)
Proceeds on sale of building/land	-	2,689,624
	(430,121)	2,204,005
Net change in cash for the year	1,264,148	488,005
Cash (Bank Indebtedness) - Beginning of year	(315,525)	(803,530)
Cash (Bank Indebtedness) - End of year	948,623	(315,525)
Cash is comprised of		
Cash	948,623	645,515
Bank Indebtedness	-	(961,040)
	948,623	(315,525)

The accompanying notes are an integral part of these financial statements

1 PURPOSE OF THE ORGANIZATION

Skate Canada (the Association) is the national skating governing body whose purpose is to develop, regulate and promote skating in Canada. For the purposes of management and control, Skate Canada is divided into ten geographic jurisdictions known as Sections. Sanctioned skating clubs, skating schools and certified professional coaches are members of Skate Canada.

All Sections are autonomous, separately incorporated organizations.

The Association is incorporated under the Canada Not-for-profit Corporations Act. The Association is a Registered Canadian Amateur Athletic Association (RCAAA) within the meaning of the Income Tax Act and is, therefore, not subject to income taxes. As a RCAAA, the Association has the authority to issue donation receipts.

2 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 carried at fair value based on quoted market prices. 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 anticipated useful lives as follows:

Computer equipment and software	3 years
Competition equipment	5 years
Database system	10 years
Office equipment	5 years
Tenant improvements	10 years

The Association collects artifacts and archival materials, which are historically significant to figure skating in Canada. Contributed collection assets are not recognized in the financial statements.

Fund Accounting

Resources are classified for accounting and reporting purposes into funds according to the activity specified.

Internally restricted

The Athlete Fund reports activities designed to encourage the development of figure skating in Canada by providing financial assistance to athletes.

The Hall of Fame Fund reports activities designed to preserve records, and honour individuals who have made a noteworthy contribution to figure skating in Canada.

The Safe Sport Fund is used to fund Safe Sport program initiatives each year.

Externally restricted

The Elvis Stojko Fund reports activities with the intent of providing awards to selected skaters who display talent and have an ability to expand the horizons of the sport of figure skating.

The Barbara Graham Fund reports activities associated with providing an annual bursary of \$500 to each male and female Pre-Novice champion in each of the Sections. The fund has been fully expended.

SKATE CANADA
Notes to the Financial Statements
For the Year Ended March 31, 2018

Endowment Funds

As endowments, only the interest earned on the capital may be distributed and the capital must be preserved.

The Stewart G. Esdaile Fund reports on activities associated with providing annual awards to selected skaters from the Ottawa-Gatineau area skating clubs who skated in the previous Canadian Championships or the Canada Junior Nationals in the Novice or Junior categories.

The Paul Giesinger Estate Fund reports on activities associated with providing an annual award to the Novice Ladies and Novice Men's Championship at the Canadian National Figure Skating Championships.

Revenue Recognition

The Association follows the restricted fund method of accounting for contributions.

Externally restricted contributions are recognized as revenue of the appropriate externally restricted fund in the year it is received. If there is no designated externally restricted fund, externally restricted contributions are deferred and recognized as revenue in the period in which the related expenses are incurred.

Endowment contributions are recognized as revenue in the Endowment Fund when received.

Unrestricted contributions are recognized as revenue of the General Fund in the current period.

Membership and test fees revenues are recognized when applications are received.

Sponsorship revenue is recognized on a straight-line basis over the term of the related agreement.

Event revenue is recognized in the year the event occurs and event deliverables are completed.

Government and other grants revenue including strategic planning revenue is recognized based on the completion of deliverables as identified in contractual agreements.

Contributed goods and services are recorded at the fair value at the time of receipt if the value can be reasonably estimated and the related goods and services would otherwise have been purchased. These financial statements do not reflect the value associated with numerous hours contributed by volunteers to assist the Association in carrying out its service delivery activities.

Investment income earned on externally restricted amounts is recognized as revenue of the externally restricted fund according to the terms of the restricted contribution.

Foreign Currency Translation

Monetary assets and liabilities are translated at the exchange rate in effect at the statement of financial position date. Others assets and liabilities are translated at the exchange rate in effect at the transaction date. Items appearing in the current year's statement of operations are translated at the exchange rate in effect at the transaction date. Exchange gains and losses are included in the statement of operations.

3 Skate Canada Skater Trust Fund

The Association administers trust funds on behalf of certain skaters who have earned money from sponsorship contracts, equipment endorsements, advertising, participation in competitions and other activities. An administrative fee was not charged for this service. These funds are reported as trust assets and trust liabilities as the Association has no title to these assets, but solely administers them on behalf of the skaters.

SKATE CANADA
Notes to the Financial Statements
For the Year Ended March 31, 2018

4 Investments

	2018	2017
Fixed income	\$ 7,658,590	\$ 7,581,102
Equity	12,831,209	12,476,278
	\$ 20,489,799	\$ 20,057,380

The investment portfolios are managed in accordance with written investment policy statements.

Fixed income investments consist of federal and provincial government bonds, high quality corporate bonds rated "A" or higher, and guaranteed investment certificates. Bonds bear interest at fixed rates ranging from 1.97% to 7.05% (2017 - 2.25% to 7.05%), and have maturities ranging from 2019 to 2045 (2017 - 2017 to 2045).

Equities are primarily large capitalization stocks across industry sectors and markets such as Canada (64%; 2017 - 69%), the United States (14%; 2017 - 17%) and Europe and the Far East (22%; 2017 - 14%).

Investment income consists of:

	2018	2017
Interest and dividends	\$ 601,690	\$ 564,573
Changes in fair value of investments	29,656	1,396,211
	\$ 631,346	\$ 1,960,784

5 Capital Assets

			2018	2017
	Cost	Accumulated Amortization	Net	Net
Computer equipment and software	\$ 15,358	\$ 10,194	\$ 5,164	\$ 24,402
Competition equipment	114,341	60,904	53,437	96,154
Database system	466,925	153,329	313,596	363,184
Office equipment	142,327	59,316	83,011	129,372
Tenant improvements	62,674	12,535	50,139	56,407
Work in process - finance system	24,029	-	24,029	-
	\$ 825,654	\$ 296,278	\$ 529,376	\$ 669,519

Cost and accumulated amortization for the year ended March 31, 2017, amounted to \$1,022,129 and \$352,610 respectively.

6 Government Remittances

Government remittances of \$nil (2017 - \$nil) are included in accounts payable and accrued liabilities.

7 Bank Indebtedness

The Association has an available operating loan of \$4,000,000 with variable interest at prime plus 0.5%. Investments are pledged as security for this facility with a minimum balance to be maintained at \$8,000,000.

8 Deferred Contributions

The Governments of Canada and Ontario contributed \$2,200,000 and \$1,500,000, respectively, in fiscal 2013 to support the planning, delivery and execution of the 2013 World Figure Skating Championships. The deferred contributions represent the profits of that event. The Association has developed a long-term Strategic Plan, which will incorporate these deferred contributions to invest in new initiatives and programs to create greater capacity and enhanced opportunities for skating in Canada.

	Balance - Beginning of year	Contributions received during the year	Revenue recognized during the year	Balance - End of year
Deferred strategic planning	\$ 79,308	\$ -	\$ 79,308	\$ -

SKATE CANADA
Notes to the Financial Statements
For the Year Ended March 31, 2018

9 Government Assistance

Funding agencies have the ability to demand repayment of any portion of the grants if the Association does not spend all of the advanced funds or purchases disallowed expenditures. The Association is required to meet certain performance milestones as stipulated by the agreements.

10 Contributed Goods and Services

During the year, the Association received contributed goods and services with a fair value of \$217,405 (2017 – \$383,764). These contributed goods and services were provided primarily to sponsor a wide range of activities for the Association's competition events and are included in the statement of operations - general.

11 Commitments

The Association is committed under lease agreements (Ottawa and Toronto) to make annual payments as follows:

For the year ending	March 31, 2019	\$	541,141
	2020		542,016
	2021		493,582
	2022		493,582
	2023		510,602
	Thereafter		1,531,805

The Toronto office has been subleased to a third party until the end of the Association's original sublease (December 2019).

The Ottawa office has subleased 2,900 square feet to a third party effective August 1, 2017, ending on July 31, 2022.