



FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2019
AND
AUDITOR'S REPORT TO THE MEMBERS





**FINANCIAL STATEMENTS
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Independent auditor's report

To the Members of Skate Canada

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Skate Canada (the Association) 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 Association'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.

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 Association 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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 Association'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 Association'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 Association 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 23, 2019

Skate Canada
Statement of Financial Position
As at March 31, 2019

		2019	2018
		\$	\$
ASSETS			
Current assets			
Cash		1,208,699	948,623
Accounts receivable		1,225,389	1,179,641
Unbilled contract revenue		480,119	646,911
Prepaid expenses		857,350	426,429
Skate Canada Skater Trust Fund	Note 3	152,060	179,905
		<u>3,923,617</u>	<u>3,381,509</u>
Investments	Note 4	21,536,556	20,489,799
Capital assets	Note 5	613,565	529,376
		<u>26,073,738</u>	<u>24,400,684</u>
LIABILITIES AND NET ASSETS			
Current liabilities			
Accounts payable and accrued liabilities	Note 6	1,149,959	1,193,564
Deferred revenue		333,586	391,073
Skate Canada Skater Trust Fund	Note 3	152,060	179,905
		<u>1,635,605</u>	<u>1,764,542</u>
Net assets			
Unrestricted		24,143,443	12,413,908
Internally Restricted		-	9,927,544
Externally restricted		115,829	115,829
Endowment		178,861	178,861
		<u>24,438,133</u>	<u>22,636,142</u>
		<u>26,073,738</u>	<u>24,400,684</u>
Commitments	Note 10		

Skate Canada

Statement of Changes in Net Assets

For the year ended March 31, 2019

	Balance - Beginning of the year \$	Net revenue (expense) for the year \$	Transfers to (from)	Balance - End of the year \$
Unrestricted	12,413,908	1,801,991	9,927,544	24,143,443
Internally restricted	9,927,544	-	(9,927,544)	-
Externally restricted	115,829	-	-	115,829
Endowment	178,861	-	-	178,861
Total	22,636,142	1,801,991	-	24,438,133

The accompanying notes are an integral part of these financial statements

Skate Canada
Statement of Operations
For the Year Ended March 31, 2019

	2019	2018
	\$	\$
Revenue		
Membership	6,763,016	6,610,971
Test fees	1,203,936	1,170,802
Events	7,052,458	3,751,460
Merchandising	120,597	130,293
Government and other grants	2,937,437	2,878,623
Sponsorship	1,628,272	1,349,247
Investment income (note 4)	1,200,037	631,346
Safe Sport	581,469	566,814
Other	716,283	651,391
Strategic planning (note 8)	-	79,308
	22,203,505	17,820,255
Expense		
Section grants	3,611,034	3,528,230
Athlete grants	702,005	1,046,914
Events	6,732,013	3,508,505
Agent fees and advertising	247,938	267,245
Investment fees and bank charges	195,087	182,496
Salaries, benefits and professional development	4,359,644	4,084,797
Professional fees and contracted services	941,883	979,524
Facilities	775,817	791,026
Travel and living	2,047,374	1,944,809
Technology and subscriptions	373,148	302,930
Office	59,595	52,270
General	226,836	306,607
Amortization	129,140	150,400
Strategic planning (note 8)	-	79,308
	20,401,514	17,225,061
Net revenue for the year	1,801,991	595,194

The accompanying notes are an integral part of these financial statements

Skate Canada
Statement of Cash Flows
For the Year Ended March 31, 2019

	2019	2018
	\$	\$
Cash flows provided by (used in)		
Operating activities		
Net revenue for the year	1,801,991	595,194
Items not affecting cash -		
Amortization	129,140	150,400
Loss on disposal of capital assets	-	17,101
Changes in fair value of investments	(584,225)	(29,656)
Net change in non-cash working capital items	(410,969)	961,230
	935,937	1,694,268
Investing activities		
Proceeds on sale of investments	20,983,162	4,011,512
Purchase of investments	(21,445,694)	(4,414,275)
Purchase of capital assets	(213,329)	(27,358)
	(675,861)	(430,121)
Net change in cash for the year	260,076	1,264,148
Cash (Bank indebtedness) - Beginning of year	948,623	(315,525)
Cash - End of year	1,208,699	948,623

The accompanying notes are an integral part of these financial statements

SKATE CANADA
Notes to the Financial Statements
For the Year Ended March 31, 2019

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 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 according to the activity specified.

Externally restricted - Elvis Stojko

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.

SKATE CANADA
Notes to the Financial Statements
For the Year Ended March 31, 2019

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

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.

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 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, 2019

4 Investments

	2019	2018
Fixed income	\$ 8,323,504	\$ 7,658,590
Equity	13,213,052	12,831,209
	\$ 21,536,556	\$ 20,489,799

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 1.78% to 6.35% (2018 - 1.97% to 7.05%), and have maturities ranging from 2019 to 2045 (2018- 2019 to 2045).

Equities are primarily large capitalization stocks across industry sectors and markets such as Canada (68%; 2018 - 64%), the United States (14%; 2018 - 14%) and Europe and the Far East (18%; 2018 - 22%).

Investment income consists of:

	2019	2018
Interest and dividends	\$ 615,812	\$ 601,690
Changes in fair value of investments	584,225	29,656
	\$ 1,200,037	\$ 631,346

5 Capital Assets

			2019			2018
	Cost	Accumulated Amortization	Net	Net	Net	Net
Computer equipment and software	\$ 108,649	\$ 17,969	\$ 90,680	\$	5,164	
Competition equipment	225,388	64,927	160,461	\$	53,437	
Database system	466,925	202,918	264,007	\$	313,596	
Office equipment	142,327	87,781	54,546	\$	83,011	
Tenant improvements	62,674	18,802	43,872	\$	50,139	
Work in process - finance system	-	-	-	\$	24,029	
	\$ 1,005,963	\$ 392,398	\$ 613,565	\$	529,376	

Cost and accumulated amortization for the year ended March 31, 2018, amounted to \$825,654 and \$296,278 respectively.

6 Government Remittances

Government remittances of \$nil (2018 - \$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.

SKATE CANADA
Notes to the Financial Statements
For the Year Ended March 31, 2019

8 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.

9 Contributed Goods and Services

During the year, the Association received contributed goods and services with a fair value of \$367,687 (2018 – \$217,405). 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. Contributed Goods and Services is included in the Sponsorship line on the Statement of Operations.

10 Commitments

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

For the year ending	March 31, 2020	\$	542,016
	2021		493,582
	2022		493,582
	2023		510,602
	2024		510,602
	Thereafter		1,021,204

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.