



FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

DRAFT





**FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020**

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Skate Canada
Statement of Financial Position
As at March 31, 2020

		2020	2019
		\$	\$
ASSETS		2020	Restated
		\$	(note 2)
Current assets			
Cash		2,020,867	1,208,699
Accounts receivable		1,946,912	1,225,389
Unbilled contract revenue		240,000	480,119
Prepaid expenses		1,687,351	857,350
Skate Canada Skater Trust Fund	Note 3	149,203	152,060
		<u>6,044,333</u>	<u>3,923,617</u>
Investments	Note 4	23,541,971	21,536,556
Collections	Note 5	1,223,050	1,009,300
Capital assets	Note 6	478,063	613,565
		<u>31,287,417</u>	<u>27,083,038</u>
LIABILITIES AND NET ASSETS			
Current liabilities			
Accounts payable and accrued liabilities	Note 7	5,217,618	1,149,959
Deferred revenue		1,930,491	333,586
Skate Canada Skater Trust Fund	Note 3	149,203	152,060
		<u>7,297,312</u>	<u>1,635,605</u>
Net assets			
Unrestricted		23,695,415	25,152,743
Externally restricted		115,829	115,829
Endowment		178,861	178,861
		<u>23,990,105</u>	<u>25,447,433</u>
		<u>31,287,417</u>	<u>27,083,038</u>
Commitments	Note 11		

Skate Canada
Statement of Changes in Net Assets
For the year ended March 31, 2020

	Balance - Beginning of the year \$ (restated - note 2)	Net expense for the year \$	Balance - End of the year \$
Unrestricted	25,152,743	(1,457,328)	23,695,415
Externally restricted	115,829	-	115,829
Endowment	178,861	-	178,861
	25,447,433	(1,457,328)	23,990,105

The accompanying notes are an integral part of these financial statements

Skate Canada
Statement of Operations
For the year ended March 31, 2020

	2020	2019
	\$	\$
Revenue		
Membership	8,029,882	6,763,016
Test fees	1,125,804	1,203,936
Events	3,795,341	6,467,309
ISU World Figure Skating Championships (schedule A)	2,618,741	585,149
Merchandising	121,794	120,597
Government and other grants (note 9)	3,116,460	2,937,437
Sponsorship (note 10)	1,168,401	1,628,272
Investment income (note 4)	(782,700)	1,200,037
Safe Sport	568,983	581,469
Contributions (note 5)	213,750	-
Other	728,782	716,283
	20,705,238	22,203,505
Expense		
Section grants	4,213,683	3,611,034
Athlete grants	759,427	702,005
Events	3,638,456	6,146,864
ISU World Figure Skating Championships (schedule A)	3,653,870	585,149
Agent fees and advertising	202,760	247,938
Investment fees and bank charges	226,981	195,087
Salaries, benefits and professional development	4,578,593	4,359,644
Professional fees and contracted services	1,147,050	941,883
Facilities	749,374	775,817
Travel and living	2,387,502	2,047,374
Technology and subscriptions	204,024	373,148
Office	68,188	59,595
General	165,304	226,836
Amortization	167,354	129,140
	22,162,566	20,401,514
Net revenue (expense) for the year	(1,457,328)	1,801,991

Skate Canada
Statement of Cash Flows
For the year ended March 31, 2020

	2020 \$	2019 \$
Cash flows provided by (used in)		
Operating activities		
Net revenue (expense) for the year	(1,457,328)	1,801,991
Items not affecting cash -		
Amortization	167,354	129,140
Contributions	(213,750)	-
Changes in fair value of investments	1,265,024	(584,225)
Net change in non-cash working capital items *	4,353,159	(410,969)
	4,114,459	935,937
Investing activities		
Proceeds on sale of investments	-	20,983,162
Purchase of investments	(3,270,439)	(21,445,694)
Purchase of capital assets	(31,852)	(213,329)
	(3,302,291)	(675,861)
Net change in cash for the year	812,168	260,076
Cash - Beginning of year	1,208,699	948,623
Cash - End of year	2,020,867	1,208,699
* Net change in non-cash working capital items	<u>2020</u>	<u>2019</u>
Change in Accounts Receivable	(721,523)	(45,748)
Change in Unbilled Revenue	240,119	166,792
Change in Prepaid Expenses	(830,002)	(430,922)
Change in Accounts Payable	4,067,660	(43,600)
Change in Deferred Revenue	1,596,904	(57,491)
	4,353,159	(410,969)

The accompanying notes are an integral part of these financial statements

SKATE CANADA
Notes to the Financial Statements
For the year ended March 31, 2020

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

Basis of Presentation

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are as follows:

Changes in Accounting Standards

Starting April 1 2019, Skate Canada applied Section 4441 - Collections held by not-for-profit organizations of the CPA Accounting Handbook ("Section 4441") consistently and retrospectively as if these policies had always been in effect, subject to certain transition elections. The following adjustments were made:

Collections as at April 1, 2018, as previously reported

Cost of collections at date of acquisition (a)

1,009,300

Collections as at March 31, 2019, as presented

\$ 1,009,300

(a) Under Section 4441, Skate Canada has chosen to record its collection at cost. Prior to the transition, collections were never recognized on the statement of financial position. Under Section 4441, the carrying value of the collection has been increased by \$1,009,300 as at April 1, 2018. At March 31, 2019, the carrying amount increased by \$0 and net revenue for the year decreased by \$0.

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.

Collections

Collections are carried at cost, being the purchase price of acquired items or the fair value of contributed items. The Collection is not subject to amortization. The collection is comprised of works of art and other similar assets that are of historical significance to figure skating in Canada. The collection is held for public exhibition and education.

When an Item is purchased for the collections where the purchase price is substantially below fair value the difference between consideration paid and fair value is recognized as a contribution.

SKATE CANADA
Notes to the Financial Statements
For the year ended March 31, 2020

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

Impairment

At the end of each reporting period, the Association assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. If there are indicators of impairment, and the Company determines there has been a significant adverse change in the expected amount or timing of future cash flows, the carrying amount of the asset is reduced to the higher of the expected cash flows expected to be generated by holding the asset, discounted using a current market rate of interest, and the amount that could be realized by selling the asset at the statement of financial position date.

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.

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.

SKATE CANADA
Notes to the Financial Statements
For the year ended March 31, 2020

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 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.

4 Investments

	2020	2019
Fixed income	\$ 9,987,104	\$ 8,323,504
Equity	13,554,867	13,213,052
	\$ 23,541,971	\$ 21,536,556

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 6.35% (2019 - 1.78% to 6.35%), and have maturities ranging from 2020 to 2050 (2019- 2019 to 2045).

Equities are primarily large capitalization stocks across industry sectors and markets such as Canada (74%; 2019 - 68%), the United States (13%; 2019 - 14%) and International (13%; 2019 - 18%).

Investment income consists of:

Interest and dividends
Changes in fair value of investments

	2020	2019
Interest and dividends	\$ 482,324	\$ 615,812
Changes in fair value of investments	(1,265,024)	584,225
	\$ (782,700)	\$ 1,200,037

5 Collections

Works of art and other similar assets

	2020	2019
Works of art and other similar assets	\$ 1,223,050	\$ 1,009,300

6 Capital Assets

	2020		2019	
	Cost	Accumulated Amortization	Net	Net
Computer equipment and software	\$ 122,475	\$ 55,546	\$ 66,929	\$ 90,680
Competition equipment	230,379	99,977	130,402	160,461
Database system	466,925	252,507	214,418	264,007
Office equipment	145,248	116,538	28,710	54,545
Tenant improvements	62,674	25,070	37,604	43,872
	\$ 1,027,701	\$ 549,638	\$ 478,063	\$ 613,565

Cost and accumulated amortization for the year ended March 31, 2019, amounted to \$1,005,963 and \$392,398 respectively.

SKATE CANADA
Notes to the Financial Statements
For the year ended March 31, 2020

7 Government Remittances

Government remittances of \$nil (2019 - \$nil) are included in accounts payable and accrued liabilities.

8 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. As at March 31, 2020, the line of credit was not used (not used as at March 31, 2019)

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 \$170,937 (2019 – \$367,687). 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.

11 Commitments

The Association is committed under lease agreements to make annual payments as follows:

For the year ending	March 31, 2021	\$	493,582
	2022		493,582
	2023		510,602
	2024		510,602
	2025		510,602
	2026		510,602

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

12 Financial Instruments

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

Investment Risk

Investments in financial instruments renders the Association 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.

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 Association's investments are detailed in note 4.

Currency risk

The Association is exposed to currency risk as the value of financial instruments denominated in US dollars will fluctuate due to changes in the exchange rate. Cash includes \$1,068,965 (2019 – \$94,814) denominated in US dollars. Investments include \$3,074,650 (2019-\$3,067,185) denominated in US dollars.

SCHEDULE A

Skate Canada ISU World Figure Skating Championships

Statement of Operations

For the year ended March 31, 2020

(Unaudited)

	Worlds 2020	Worlds 2019
	\$	\$
Revenue		
Government Grants - Sport Canada	898,508	585,149
Government Grants - Provincial	1,700,000	-
Other	20,233	-
	2,618,741	585,149
Expense		
General	488,390	9,526
Venue Operations	912,418	184,965
Travel and living	126,221	100,510
Salaries and wages	99,325	-
Volunteer Program	72,990	-
Event Marketing	1,508,807	85,026
Broadcasting	157,762	-
Festival / Ancillary Events	287,956	-
Other	-	205,123
	3,653,870	585,149
Net revenue (expenses)	(1,035,129)	-

Skate Canada

Schedule of Revenue and Expenses

For the Year Ended March 31, 2020

(Unaudited)

	Total Core Mainstream	Above Core Mainstream	Total
REVENUE:			
PCH Funding - Reference Level	1,197,000	-	1,197,000
PCH Funding - Enhanced Excellence	1,267,000	-	1,267,000
PCH Funding - Next Generation	75,000	-	75,000
PCH Funding - Gender Equity & Safety in Sport	-	143,000	143,000
Other Cash Revenues	15,904,544	-	15,904,544
Total Revenues	18,443,544	143,000	18,586,544
EXPENSES:			
General Administration	275,700	-	275,700
Governance	124,908	-	124,908
Salaries, Fees and Benefits	4,658,143	-	4,658,143
Coaching, Salaries & Prof Development	90,000	-	90,000
National Team Programs	274,000	-	274,000
Official Languages	148,597	-	148,597
Operations and Programming	2,630,510	-	2,630,510
Enhanced Excellence	1,578,828	-	1,578,828
Next Generation Initiatives	783,232	-	783,232
Gender Equity and Safety in Sport	-	143,000	143,000
Total Mainstream Eligible Expenses	10,563,919	143,000	10,706,919
Ineligible Expenditures	7,801,777	-	7,801,777
Reserve Funds for Future Projects	77,848	-	77,848
Total Expenditures	18,443,544	143,000	18,586,544

Debra Armstrong, CEO

Leanna Caron, President