

SKATE CANADA - BRITISH COLUMBIA/YUKON SECTION
Financial Statements
March 31, 2020

SKATE CANADA - BRITISH COLUMBIA/YUKON SECTION
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Year Ended March 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Members of Skate Canada - British Columbia/Yukon Section

Report on the Financial Statements

Opinion

We have audited the financial statements of Skate Canada - British Columbia/Yukon Section (the "Section"), which comprise the statement of financial position as at March 31, 2020, and the statements of changes in net assets, operations 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 Section as at March 31, 2020, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

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 Section in accordance with 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 "ASNPO", 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 Section'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 Section or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Section'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 Section'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 Section'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 Section 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.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act of British Columbia, we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Burnaby, British Columbia
April 29, 2020



Chartered Professional Accountants

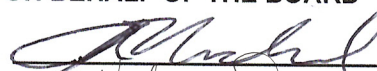
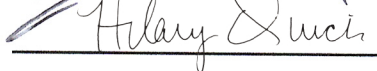
SKATE CANADA - BRITISH COLUMBIA/YUKON SECTION
Statement of Financial Position
March 31, 2020

	2020	2019 (Note 2)
ASSETS		
CURRENT		
Cash	\$ 242,996	\$ 299,811
Accounts receivable	15,005	11,420
Accrued interest receivable	10,686	10,199
Prepaid expenses	21,308	36,370
	<u>289,995</u>	<u>357,800</u>
INVESTMENTS	1,072,850	1,095,000
CAPITAL ASSETS (Note 4)	60,436	35,695
INTANGIBLE ASSETS (Note 5)	35,179	36,472
	<u>\$ 1,458,460</u>	<u>\$ 1,524,967</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 98,846	\$ 12,280
Accrued vacation payable	20,454	14,666
Unearned revenue (Note 6)	8,250	154,309
	<u>127,550</u>	<u>181,255</u>
DEFERRED CONTRIBUTIONS FOR CAPITAL ASSETS (Note 7)	26,000	-
	<u>153,550</u>	<u>181,255</u>
NET ASSETS - page 4		
Unrestricted	548,554	596,618
Internally restricted (Note 9)	756,356	747,094
	<u>1,304,910</u>	<u>1,343,712</u>
	<u>\$ 1,458,460</u>	<u>\$ 1,524,967</u>

LEASE COMMITMENTS (Note 10)

SUBSEQUENT EVENT (Note 14)

ON BEHALF OF THE BOARD

 Director
 Director

See notes to financial statements

SKATE CANADA - BRITISH COLUMBIA/YUKON SECTION**Statement of Changes in Net Assets****Year Ended March 31, 2020**

	Unrestricted	Internally restricted	2020	2019
NET ASSETS - BEGINNING OF YEAR	\$ 596,618	\$ 747,094	\$ 1,343,712	\$ 1,143,878
Excess (deficiency) of revenue over expenses - page 5	(38,802)	-	(38,802)	199,834
Internal transfer - net excess of Athlete Support Fund activity (<i>Note 9</i>)	(9,262)	9,262	-	-
NET ASSETS - END OF YEAR - page 3	<u>\$ 548,554</u>	<u>\$ 756,356</u>	<u>\$ 1,304,910</u>	<u>\$ 1,343,712</u>

SKATE CANADA - BRITISH COLUMBIA/YUKON SECTION
Statement of Operations
Year Ended March 31, 2020

	2020	2019
REVENUE		
Grants (<i>Note 11</i>)	\$ 788,191	\$ 855,514
Programs and activities (<i>Schedule 1</i>)	785,628	870,124
Interest income	25,901	21,763
Donations	12,372	13,902
Fundraising	7,053	34,099
	<u>1,619,145</u>	<u>1,795,402</u>
EXPENSES		
Programs and activities (<i>Schedule 1</i>)	993,113	953,448
Salaries and wages	411,523	382,780
Professional fees	56,098	61,804
Local organizing committee payments	48,748	54,824
Office	47,001	58,071
Rental	28,723	25,492
Telephone	24,040	23,228
Interest and bank charges	20,388	22,682
Amortization of capital assets	15,888	4,625
Amortization of intangible assets	8,795	-
Insurance	3,630	5,620
Merchandise for fundraising	-	2,994
	<u>1,657,947</u>	<u>1,595,568</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - page 4	<u>\$ (38,802)</u>	<u>\$ 199,834</u>

SKATE CANADA - BRITISH COLUMBIA/YUKON SECTION**Statement of Cash Flows****Year Ended March 31, 2020**

	2020	2019
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses - page 5	\$ (38,802)	\$ 199,834
Items not affecting cash:		
Amortization of capital assets	15,888	4,625
Amortization of intangible assets	8,795	-
	(14,119)	204,459
Changes in non-cash working capital:		
Accounts receivable	(3,585)	27,025
Accrued interest receivable	(487)	496
Prepaid expenses	15,062	4,115
Accounts payable and accrued liabilities	86,565	(64,024)
Accrued vacation payable	5,788	(1,140)
Unearned revenue	(146,059)	25,412
Deferred contributions for capital assets	26,000	-
	(16,716)	(8,116)
Cash flow from (used by) operating activities	(30,835)	196,343
INVESTING ACTIVITIES		
Purchase of capital assets	(40,628)	(27,163)
Purchase of intangible assets	(7,502)	-
Redemption (purchase) of investments	22,150	(199,496)
Cash flow used by investing activities	(25,980)	(226,659)
DECREASE IN CASH FLOW	(56,815)	(30,316)
Cash - beginning of year	299,811	330,127
CASH - END OF YEAR	\$ 242,996	\$ 299,811
CASH CONSISTS OF:		
Cash - unrestricted	\$ 213,650	\$ 254,386
Cash - internally restricted	29,346	45,425
	\$ 242,996	\$ 299,811

See notes to financial statements

SKATE CANADA - BRITISH COLUMBIA/YUKON SECTION

Notes to Financial Statements

Year Ended March 31, 2020

1. PURPOSE OF THE SECTION

The purpose of the Skate Canada - British Columbia/Yukon Section (the "Section") is to encourage and foster the ideals of sportsmanship and good citizenship, to improve, promote, and regulate amateur figure skating throughout British Columbia and the Yukon, and to raise funds to support the activities of the Section.

The Section is incorporated under the Societies Act of British Columbia and is a not-for-profit organization under the Income Tax Act and as such is exempt from income taxes.

2. CHANGE IN ACCOUNTING POLICIES

The Section has changed its accounting policies as follows:

Intangible assets

Previously the Section reported its website as a tangible capital asset. Management has determined that a more appropriate classification of the website is as an intangible capital asset with the same amortization policy rate as previous. To account for this change in policy in the current year, opening capital assets decreased by \$36,472 and opening intangible capital assets increased by \$36,472. To account for this change in the prior year capital assets decreased by \$36,472 and intangible capital assets increased by \$36,472.

Capital assets and amortization

In accordance with Handbook Section 4433 Tangible Capital Assets Held by Not-for-Profit Organizations, the Section has changed its accounting policy with respect to capital assets, specifically adopting componentization whereby significant, separable component parts are allocated when practicable. Due to the nature and composition of the Section's capital assets, no adjustments were required to the current or prior years' figures.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(continues)

SKATE CANADA - BRITISH COLUMBIA/YUKON SECTION

Notes to Financial Statements

Year Ended March 31, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

The Section follows the deferral method of accounting for contributions.

Externally restricted contributions, including grants, are recognized as revenue in the year in which the related expenses are incurred. Externally restricted amounts can only be used for purposes designated by the contributor. Contributions externally restricted for the purchase of capital assets are deferred and amortized into revenue on the same basis as the related capital assets' amortization.

Unrestricted contributions, including grants and fundraising, are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Programs and activities revenue, including registration fees and sponsorships, are recognized as revenue when the related events are held.

Unrestricted investment revenue is recognized as revenue when earned on an accrual basis.

Cash and cash equivalents

The Section classifies its investment instruments as cash equivalents if the investment is cashable, has a maturity term of three months or less, and the Section intends to use the amount for operations within the maturity period rather than reinvesting.

Investments

Investments consist of guaranteed investment certificates that are cashable and have a maturity term of more than three months. These investments have been classified as a long term assets as it is management's intention that they will be held and reinvested upon maturity. The guaranteed investment certificates have varying interest rates from 1.70% to 3.27% per annum (2019 - 1.76% to 3.27% per annum) and various maturity dates up to January 14, 2025.

Capital assets and amortization

Capital assets purchased are stated at cost less accumulated amortization. Capital assets contributed / Gifts-in-kind are recorded at the fair value as of the date of receipt. Amortization is provided at various rates on a straight line basis designed to amortize the assets over the estimated useful lives. The amortization rates are as follows:

Computer and production equipment	5 years
Office furniture and equipment	10 years
Judging equipment	5 years

The Section regularly reviews its capital assets and removes fully amortized capital assets.

Intangible assets

Intangible assets are stated at cost less accumulated amortization, with any impairment in the long-term service potential to the Section recognized immediately in excess of revenue over expenses. The website is being amortized on a straight-line basis over its estimated useful life of five years.

(continues)

SKATE CANADA - BRITISH COLUMBIA/YUKON SECTION

Notes to Financial Statements

Year Ended March 31, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Unearned revenue

Registration fees received in advance and sponsorship amounts for upcoming programs and activities are deferred until the related events are held.

Contributed services and materials

Volunteers assist the Section in carrying out its programs. Due to the difficulty in determining their fair value, contributed services are not recognized in the financial statements, unless the services are used in the normal course of the Section's operations and would otherwise have been purchased. During the year the Section received \$3,200 in contributed website services (2019 - \$4,000 for audit services).

Contributed materials or gifts-in-kind are only recognized when their fair value is reasonably determinable and significant, with such items recorded at fair value on the date of the contribution. No gifts-in-kind were received for the current or previous years.

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value (Note 2)
Computer and production equipment	\$ 49,112	\$ 28,424	\$ 20,688	\$ 30,510
Office furniture and equipment	6,481	1,944	4,537	5,185
Judging equipment	40,628	5,417	35,211	-
	<u>\$ 96,221</u>	<u>\$ 35,785</u>	<u>\$ 60,436</u>	<u>\$ 35,695</u>

5. INTANGIBLE ASSETS

	2020	2019 (Note 2)
Website	\$ 43,974	\$ 36,472
Accumulated amortization	(8,795)	-
	<u>\$ 35,179</u>	<u>\$ 36,472</u>

SKATE CANADA - BRITISH COLUMBIA/YUKON SECTION

Notes to Financial Statements

Year Ended March 31, 2020

6. UNEARNED REVENUE

	2020	2019
Sponsorships - events not yet held	\$ 8,250	\$ 13,250
Registrations - received in advance	-	141,059
	<u>\$ 8,250</u>	<u>\$ 154,309</u>

7. DEFERRED CONTRIBUTIONS FOR CAPITAL ASSETS

Externally restricted contributions designated for the purchase of capital assets are recognized at the same rate as the assets are amortized. Current year activity consists of:

	Opening balance	Contributions	Recognized as revenue	Ending balance
BC Gaming Capital Project grant	\$ -	\$ 30,000	\$ 4,000	<u>\$ 26,000</u>

The terms of the grant specify that the \$30,000 of proceeds cannot exceed 50% of the total cost of the purchased capital assets. As at year-end, the submission of cost information had not yet been forwarded for review to the BC Gaming Commission. No repayable balance is expected as the total purchase cost of the judging equipment was \$62,711.

8. CREDIT FACILITIES

The Section has credit facilities available related to its credit cards. The Section's American Express credit card has no limit and bears interest at 30.00% per annum. The Section's BMO Financial Group Mastercard credit cards have a limit of \$20,000 (\$10,000 per card) and bear interest at 18.40% per annum.

SKATE CANADA - BRITISH COLUMBIA/YUKON SECTION**Notes to Financial Statements****Year Ended March 31, 2020****9. INTERNALLY RESTRICTED NET ASSETS**

Internally restricted net assets consist of:

	2020	2019
Athlete Support Fund	\$ 756,356	\$ 747,094

The internally restricted Athlete Support Fund was established in an agreement, whereas trustees have agreed to administer the internally restricted net assets for the Section. The purposes of the internal restriction include, but are not limited to, the assistance of needy skaters and the development of competitive skaters at the Pre-Novice level and above.

The financial position of the Athlete Support Fund is comprised as follows:

	2020	2019
Cash	\$ 29,346	\$ 45,425
Investments	720,000	695,000
Accrued interest receivable	7,010	6,669
Total assets	\$ 756,356	\$ 747,094

The activities of the internally restricted Athlete Support Fund are reported as unrestricted operations with an annual, director approved internal transfer of the net excess of the related revenue over expenses to the internally restricted net assets of the Athlete Support Fund.

The activities of the Athlete Support Fund for the year are as follows:

	2020	2019
Revenue		
Interest	\$ 18,261	\$ 18,996
Donations and fundraising	8,638	12,000
Auction	3,863	10,584
	30,762	41,580
Expenses		
Athlete assistance	(14,430)	(9,990)
Student bursaries	(4,750)	(5,000)
Fundraising	(2,320)	(4,317)
Professional fees	-	(3,192)
	(21,500)	(22,499)
Excess of revenue over expenses - internal transfer amount	\$ 9,262	\$ 19,081

SKATE CANADA - BRITISH COLUMBIA/YUKON SECTION

Notes to Financial Statements

Year Ended March 31, 2020

10. LEASE COMMITMENTS

The Section has leases with respect to its premises and office equipment. These operating leases have various expiry dates up to March 2025. Future minimum lease payments for all these leases are as follows:

2021	\$	41,949
2022		25,768
2023		14,046
2024		12,029
2025		10,588
		<u>104,380</u>
	\$	<u>104,380</u>

11. GRANTS REVENUE

	2020	2019
Skate Canada	\$ 465,324	\$ 447,486
Province of British Columbia - ViaSport	264,117	285,485
Province of British Columbia - Community Gaming	46,750	57,000
Province of British Columbia - SCI Kelowna	10,000	-
Municipal governments	2,000	34,000
Other private grants	-	31,543
	<u>\$ 788,191</u>	<u>\$ 855,514</u>

12. ECONOMIC DEPENDENCE

The Section is dependent on Skate Canada and ViaSport to fund a significant portion of its operations. During the year the Section received grants from both of these entities equal to 45% (2019 – 41%) of its revenue.

13. NON-MONETARY TRANSACTIONS

The Section incurred non-monetary transactions for sponsorship revenue and accommodation expense during the year. These transactions were measured at the fair value of the services given up and the fair value of the services received.

	2020	2019
Sponsorships revenue	\$ 38,315	\$ 29,850
Accommodation expenses	38,315	29,850

SKATE CANADA - BRITISH COLUMBIA/YUKON SECTION

Notes to Financial Statements

Year Ended March 31, 2020

14. SUBSEQUENT EVENT

Subsequent to year-end, the Section's operations were significantly affected by the COVID-19 pandemic. Specifically, all events and competitions were cancelled, while coaching and athlete training activities were discontinued. This cancellation of its primary activities covers up to the end of July 2020, but additional adjustments to scheduling could occur beyond that term depending on the effective lifespan of the pandemic. The Section's grant revenues used to cover its administrative expenses are not expected to be impacted.

15. REMUNERATION DISCLOSURE

In accordance with the Societies Act of British Columbia, the Section is required to disclose that one individual under a contract for services exceeded \$75,000 of annual remuneration, having been paid a total of \$109,432.

16. FINANCIAL INSTRUMENTS

All financial instruments are initially recorded at their fair market value. Publicly traded equity instruments quoted in an active market are subsequently measured at fair value with any unrealized gains or losses and transaction costs recognized in net excess of revenue over expenses. All other financial instruments are adjusted for any transaction costs incurred on acquisition and are subsequently measured at their amortized cost. Financial instrument impairments and impairment reversals are recognized when incurred in net excess of revenue over expenses.

SKATE CANADA - BRITISH COLUMBIA/YUKON SECTION**Schedule of Programs and Activities Operations****(Schedule 1)****Year Ended March 31, 2020**

	2020	2019
REVENUE		
Registration	\$ 641,198	\$ 716,186
Sponsorships	71,040	60,283
Practice ice	17,924	29,925
Coaching and assistance	17,410	18,003
Ticket and gate admission	15,174	18,014
Product sales	15,040	19,075
Other programs	5,047	5,148
Accreditation	1,880	1,735
Professional income	915	1,755
	785,628	870,124
EXPENSES		
Travel and accommodation	476,423	443,331
Equipment and facility rental	189,112	192,503
Coaching and athlete assistance	171,074	174,488
Honorariums and gifts	45,186	40,031
Registration and entry fees	36,149	31,049
Athlete expenses	32,852	32,306
Membership	23,466	24,663
Website	17,430	13,639
Accreditation costs	1,421	1,438
	993,113	953,448
DEFICIENCY OF REVENUE OVER EXPENSES	\$ (207,485)	\$ (83,324)