

SKATE CANADA - BRITISH COLUMBIA/YUKON SECTION
Financial Statements
March 31, 2023

SKATE CANADA - BRITISH COLUMBIA/YUKON SECTION
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Year Ended March 31, 2023

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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, 2023, 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, 2023, 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.

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.

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Independent Auditor's Report to the Members of Skate Canada - British Columbia/Yukon Section
(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 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
May 2, 2023



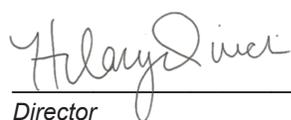
Chartered Professional Accountants

SKATE CANADA - BRITISH COLUMBIA/YUKON SECTION
Statement of Financial Position
March 31, 2023

	2023	2022
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 521,608	\$ 1,080,944
Accounts receivable	53,704	41,793
Accrued interest receivable	18,101	9,752
Prepaid expenses	29,116	27,741
	<u>622,529</u>	1,160,230
PREPAID EXPENSES	3,500	-
INVESTMENTS (Note 3)	1,129,824	866,741
CAPITAL ASSETS (Note 4)	89,852	65,077
INTANGIBLE ASSETS (Note 5)	8,795	17,590
	<u>\$ 1,854,500</u>	<u>\$ 2,109,638</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 2,813	\$ 20,583
Accrued vacation payable	30,280	27,278
Unearned revenue (Note 6)	74,718	85,809
Deferred contributions (Note 7)	37,221	173,401
	<u>145,032</u>	307,071
DEFERRED CONTRIBUTIONS FOR CAPITAL ASSETS (Note 8)	28,060	27,573
	<u>173,092</u>	334,644
NET ASSETS		
Unrestricted	928,569	1,015,044
Internally restricted (Note 9)	752,839	759,950
	<u>1,681,408</u>	1,774,994
	<u>\$ 1,854,500</u>	<u>\$ 2,109,638</u>

LEASE COMMITMENTS (Note 10)

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, 2023**

	Unrestricted	Internally restricted	2023	2022
NET ASSETS - BEGINNING OF YEAR	\$ 1,015,044	\$ 759,950	\$ 1,774,994	\$ 1,575,046
Excess (deficiency) of revenue over expenses	(93,586)	-	(93,586)	199,948
Internal transfer - net deficiency of Athlete Support Fund activity (<i>Note 9</i>)	7,111	(7,111)	-	-
NET ASSETS - END OF YEAR	<u>\$ 928,569</u>	<u>\$ 752,839</u>	<u>\$ 1,681,408</u>	<u>\$ 1,774,994</u>

See notes to financial statements

SKATE CANADA - BRITISH COLUMBIA/YUKON SECTION**Statement of Operations****Year Ended March 31, 2023**

	2023	2022
REVENUE		
Grants and subsidies <i>(Note 12)</i>	\$ 951,679	\$ 890,842
Programs and activities <i>(Schedule)</i>	739,729	499,012
Investment income <i>(Note 3)</i>	28,495	10,414
Fundraising	16,846	3,092
Donations	6,941	18,702
	1,743,690	1,422,062
EXPENSES		
Programs and activities <i>(Schedule)</i>	1,044,307	560,575
Salaries and wages	514,685	429,466
Office	72,425	67,250
Professional fees	52,897	35,687
Rental	43,377	37,749
Telephone	26,141	27,675
Amortization of capital assets	25,510	16,031
Local organizing committee payments	21,524	19,183
Interest and bank charges	20,669	15,667
Amortization of intangible assets	8,795	8,795
Insurance	5,635	3,961
Merchandise for fundraising	1,236	-
Licenses and permits	75	75
	1,837,276	1,222,114
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ (93,586)	\$ 199,948

See notes to financial statements

SKATE CANADA - BRITISH COLUMBIA/YUKON SECTION

Statement of Cash Flows

Year Ended March 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ (93,586)	\$ 199,948
Items not affecting cash:		
Amortization of capital assets	25,510	16,031
Amortization of intangible assets	8,795	8,795
Recognition of deferred contributions for capital assets	(10,605)	(6,211)
Unrealized loss on investments	9,783	12,686
	<u>(60,103)</u>	<u>231,249</u>
Changes in non-cash working capital:		
Accounts receivable	(11,908)	(36,667)
Government subsidies receivable	-	23,595
Accrued interest receivable	(8,349)	555
Prepaid expenses	(4,875)	17,980
Accounts payable and accrued liabilities	(17,773)	20,583
Accrued vacation payable	3,002	4,754
Unearned revenue	(11,091)	43,973
Deferred contributions	(125,088)	97,185
	<u>(176,082)</u>	<u>171,958</u>
Cash flow from (used by) operating activities	<u>(236,185)</u>	<u>403,207</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(50,285)	(34,440)
Purchase of investments	(272,866)	(53,290)
Cash flow used by investing activities	<u>(323,151)</u>	<u>(87,730)</u>
INCREASE (DECREASE) IN CASH FLOW	(559,336)	315,477
Cash and cash equivalents - beginning of year	<u>1,080,944</u>	<u>765,467</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 521,608	\$ 1,080,944
CASH AND CASH EQUIVALENTS CONSIST OF:		
Cash - unrestricted	\$ 92,760	\$ 158,977
Cash - internally restricted	50,255	47,224
Cash - externally restricted	37,221	173,401
High interest savings units - unrestricted	310,950	701,342
High interest savings units - internally restricted	30,422	-
	<u>\$ 521,608</u>	<u>\$ 1,080,944</u>

See notes to financial statements

SKATE CANADA - BRITISH COLUMBIA/YUKON SECTION

Notes to Financial Statements

Year Ended March 31, 2023

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

Revenue recognition

The Section follows the deferral method of accounting for contributions.

Externally restricted contributions, including grants and subsidies, 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 asset's amortization.

Unrestricted contributions, including grants and subsidies, 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.

Investment revenue is recognized as revenue when earned on an accrual basis.

Financial instruments

All financial instruments are initially recorded at their fair market value. Publicly traded financial 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.

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.

(continues)

SKATE CANADA - BRITISH COLUMBIA/YUKON SECTION
Notes to Financial Statements
Year Ended March 31, 2023

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

Investments

Investments consist of guaranteed investment certificates that are cashable and have a maturity term of more than three months, and publicly traded equities. 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 2.20% to 4.76% per annum (2022 - 2.20% to 3.27% per annum) and various maturity dates up to October 18, 2027.

Investments for which there are quoted prices in an active market are carried at fair value. Unrealized gains or losses are reported as part of net excess of revenue over expenses.

Capital assets and amortization

Capital assets purchased are stated at cost less accumulated amortization. Capital assets contributed 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
Leasehold improvements	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.

Unearned revenue

Registration fees received in advance and sponsorship amounts for upcoming programs and activities are deferred until the related events are held, or recognized on a straight line basis over the term of sponsorship.

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 \$NIL in contributed services (2022 - \$NIL).

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. During the year the Section received \$NIL in contributed material and gifts-in-kind (2022 - \$NIL).

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SKATE CANADA - BRITISH COLUMBIA/YUKON SECTION

Notes to Financial Statements

Year Ended March 31, 2023

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

Defined contributions plan

The Section participates in a defined contributions plan related to future employee pension benefits and is only responsible for payments as specified under the plan agreement. The contribution amounts are determined based on employee services rendered during the year. During the year, the Section paid \$15,876 (2022 - \$8,703) for employer contributions to the plan.

3. INVESTMENTS

	2023	2022
Guaranteed investment certificates	\$ 1,003,961	\$ 729,884
Equities	148,332	149,543
	<u>1,152,293</u>	879,427
Cumulative unrealized loss in market value	<u>(22,469)</u>	(12,686)
	<u>\$ 1,129,824</u>	\$ 866,741
<u>Investment income is comprised of the following:</u>		
Interest	\$ 38,489	\$ 22,307
Dividends	-	799
Realized loss on investments	(211)	(6)
Unrealized loss on investments	<u>(9,783)</u>	(12,686)
	<u>\$ 28,495</u>	\$ 10,414

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Computer and production equipment	\$ 114,641	\$ 60,124	\$ 54,517	\$ 35,160
Office furniture and equipment	15,928	5,107	10,821	10,957
Judging equipment	40,628	29,794	10,834	18,960
Leasehold improvements	15,785	2,105	13,680	-
	<u>\$ 186,982</u>	<u>\$ 97,130</u>	<u>\$ 89,852</u>	<u>\$ 65,077</u>

5. INTANGIBLE ASSETS

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Website	\$ 43,974	\$ 35,179	\$ 8,795	\$ 17,590

SKATE CANADA - BRITISH COLUMBIA/YUKON SECTION

Notes to Financial Statements

Year Ended March 31, 2023

6. UNEARNED REVENUE

	<u>2023</u>	<u>2022</u>
Registrations - received in advance	\$ 69,093	\$ 80,184
Sponsorships - events not yet held	5,625	5,625
	<u>\$ 74,718</u>	<u>\$ 85,809</u>

7. DEFERRED CONTRIBUTIONS

	Opening balance	Contributions	Expenses and transfers	Ending Balance
BC Gaming capital project grant				
- COVID-19 pandemic project (i)	\$ 48,313	\$ -	\$ 11,092	\$ 37,221
viaSport grant				
- Amateur Sport League Fund (ii)	125,088	-	125,088	-
	<u>\$ 173,401</u>	<u>\$ -</u>	<u>\$ 136,180</u>	<u>\$ 37,221</u>

(i) The COVID-19 pandemic project grant proceeds must be fully spent within 36 months of the grant receipt date, which was December 2020, to avoid possible repayment of the funding. Proceeds used for the purchases of capital equipment and other supplies sent to the regional societies are expensed while capital purchases for the Section's use result in a transfer to the balance of deferred contributions for capital assets as detailed in *Note 8*.

(ii) The Amateur Sport League Fund grant agreement includes restrictions over the eligible expenditures. The grant provisions include possible repayment for any ineligible expenditures upon submission of the final spending report, which will be sent in fiscal 2024.

8. 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.

	Opening balance	Contributions and transfers	Recognized as revenue	Ending balance
BC Gaming capital project grant				
- COVID-19 pandemic project (i)	\$ 13,573	\$ 11,092	\$ 4,605	\$ 20,060
BC Gaming capital project grant				
- judging equipment	14,000	-	6,000	8,000
	<u>\$ 27,573</u>	<u>\$ 11,092</u>	<u>\$ 10,605</u>	<u>\$ 28,060</u>

(i) During the year, \$11,092 of capital assets were purchased for the Section's operations using proceeds from the COVID-19 pandemic project grant in *Note 7* and as such the amount expended has been reflected as a transfer.

SKATE CANADA - BRITISH COLUMBIA/YUKON SECTION
Notes to Financial Statements
Year Ended March 31, 2023

9. INTERNALLY RESTRICTED NET ASSETS

Internally restricted net assets consist of:

	<u>2023</u>	<u>2022</u>
Athlete Support Fund	\$ 752,839	\$ 759,950

The internally restricted Athlete Support Fund was established in an agreement, whereas committee members 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 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:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 80,677	\$ 47,224
Investments	665,863	706,857
Accrued interest receivable	6,299	5,869
Total assets	\$ 752,839	\$ 759,950

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 (deficiency) of the related revenue over expenses to (from) the internally restricted net assets of the Athlete Support Fund.

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

	<u>2023</u>	<u>2022</u>
Revenue		
Investment income	\$ 23,924	\$ 5,007
Donations and fundraising	13,825	13,775
Auction	-	3,092
	37,749	21,874
Expenses		
Athlete assistance	(27,010)	(14,400)
Fundraising	(11,850)	(2,436)
Athlete bursaries	(6,000)	(5,775)
	(44,860)	(22,611)
Excess (deficiency) of revenue over expenses - internal transfer amount	\$ (7,111)	\$ (737)

SKATE CANADA - BRITISH COLUMBIA/YUKON SECTION

Notes to Financial Statements

Year Ended March 31, 2023

10. LEASE COMMITMENTS

The Section has various operating leases with respect to its premises and office equipment. The premises lease expires August 31, 2026 and has aggregate future minimum lease payments of \$112,827. The office printer equipment lease expires March 31, 2025 and has aggregate future minimum lease payments of \$21,176. The office mailing machine equipment lease expires August 31, 2023 and has aggregate future minimum lease payments of \$1,441. The office equipment leases are secured by the leased equipment per the lease agreements.

Future minimum lease payments for all these leases are as follows:

2024	\$	43,916
2025		43,431
2026		33,829
2027		14,268
	\$	<u>135,444</u>

11. 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 on overdue balances. 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 on overdue balances.

The outstanding balance of the credit cards as at March 31, 2023 was \$2,813 (2022 - \$20,583) and is included in accounts payable and accrued liabilities on the Statement of Financial Position.

12. GRANTS AND SUBSIDIES REVENUE

	<u>2023</u>	<u>2022</u>
Skate Canada	\$ 499,889	\$ 427,184
Province of British Columbia - viaSport	389,205	261,117
Province of British Columbia - Community Gaming	62,585	76,864
Federal government wage and rent subsidies	-	90,677
Province of British Columbia - SCI event support	-	35,000
	<u>\$ 951,679</u>	<u>\$ 890,842</u>

13. 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 51% (2022 – 48%) of its revenue.

SKATE CANADA - BRITISH COLUMBIA/YUKON SECTION

Notes to Financial Statements

Year Ended March 31, 2023

14. REMUNERATION DISCLOSURE

In accordance with the Societies Act of British Columbia, the Section is required to disclose that two individuals under a contract for services exceeded \$75,000 of annual remuneration, having been paid a total of \$257,770.

15. FINANCIAL INSTRUMENT RISKS

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Section is exposed to credit risk for its cash and cash equivalents and investments. Exposures to credit risk are as follows:

- Cash and cash equivalents and investments held at year-end exceed the amounts covered by the Canadian Deposit Insurance Corporation and Canadian Investor Protection Fund, serving to increase credit risk. The Section mitigates this risk by depositing their cash and equivalents and investments with large, high quality financial institutions.

Concentrations of credit risk include:

- All the cash and cash equivalents and investment amounts are held through one financial institution. Therefore any financial difficulties encountered by that financial institution could adversely affect the collectability and valuation of the deposits.
-

SKATE CANADA - BRITISH COLUMBIA/YUKON SECTION**Schedule of Programs and Activities Operations****(Schedule)****Year Ended March 31, 2023**

	2023	2022
REVENUE		
Registration	\$ 615,217	\$ 445,715
Sponsorships	44,750	19,322
Practice ice	22,551	15,381
Ticket and gate admission	17,550	-
Coaching and assistance	16,470	3,564
Product sales	14,770	8,440
Other programs	5,595	5,000
Accreditation	2,341	1,590
Professional income	485	-
	739,729	499,012
EXPENSES		
Travel and accommodation	438,624	159,588
Equipment and facility rental	214,273	163,969
Coaching and athlete assistance	208,252	121,557
Athlete expenses	54,082	15,409
Honorariums and gifts	45,470	36,833
Registration and entry fees	33,827	22,336
Website	25,033	20,759
Membership	24,746	19,826
Accreditation costs	-	298
	1,044,307	560,575
DEFICIENCY OF REVENUE OVER EXPENSES	\$ (304,578)	\$ (61,563)