

Freestyle Skiing Ontario Inc.
Financial Statements
For the year ended May 31, 2022

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For the year ended May 31, 2022

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Independent Auditor's Report

**To the Board of Directors of
Freestyle Skiing Ontario Inc.**

Qualified Opinion

We have audited the financial statements of Freestyle Skiing Ontario Inc. (the organization), which comprise the statement of financial position as at May 31, 2022, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at May 31, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the organization derives revenue from fundraising activities and cash receipts, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended May 31, 2022 and 2021, current assets as at May 31, 2022 and 2021, and net assets as at June 1 and May 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended May 31, 2021 was modified accordingly because of the possible effects of this limitation in scope.

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 organization in accordance with the 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 qualified audit opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the organization'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 organization or to cease operations, or has no realistic alternative but to do so.

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

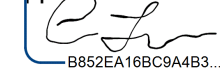
Chartered Professional Accountants, Licensed Public Accountants

Collingwood, Ontario
November 2, 2022

Freestyle Skiing Ontario Inc. Statement of Financial Position

May 31	2022	2021
Assets		
Current		
Cash and bank	\$ 609,429	\$ 400,935
Accounts receivable (Note 2)	19,895	64,031
Prepaid expenses	-	2,808
	629,324	467,774
Capital assets (Note 3)	191,227	208,072
	\$ 820,551	\$ 675,846
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 4)	\$ 45,417	\$ 54,060
Deferred revenue (Note 5)	300,056	112,265
	345,473	166,325
Canadian Emergency Business Account loan (Note 6)	-	30,000
Deferred capital funding (Note 7)	129,214	139,932
	474,687	336,257
Net assets	345,864	339,589
	\$ 820,551	\$ 675,846

Approved on behalf of the Board:


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Director



Director

Freestyle Skiing Ontario Inc.
Statement of Changes in Net Assets

<u>For the year ended May 31</u>	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 339,589	\$ 293,944
Excess of revenue over expenses	<u>6,275</u>	<u>45,645</u>
Balance, end of year	\$ 345,864	\$ 339,589

The accompanying notes are an integral part of these financial statements.

Freestyle Skiing Ontario Inc. Statement of Operations

For the year ended May 31	2022	2021
Revenue		
CAO - coach grant	\$ 11,500	\$ 5,000
CSIO- OHPSI	88,670	91,168
MTSC base funding	295,693	222,263
Ontario Trillium Foundation	45,625	39,275
Student employment grant	3,723	3,658
CFSA registration	25,565	15,735
Sport development	42,653	35,817
Competition fees	72,762	1,020
Fundraising and sponsorship	12,905	5,084
Other grant revenue	5,000	500
Team fees	118,129	25,698
Amortization of deferred capital funding	10,718	10,718
Payroll tax subsidy	1,220	15,266
Forgivable portion of Canadian Emergency Business Account loan (Note 6)	-	10,000
	734,163	481,202
Expenses		
Administration	21,797	16,719
Amortization	16,845	16,845
Audit and legal	14,257	19,301
Bank charges and interest	1,852	1,743
Bad debts (recovery)	(506)	7,112
Competition expenses	92,254	22,941
Fundraising	852	6,840
Professional support	18,800	18,720
Rent	7,990	3,214
Sport development	158,379	89,452
Staff support	9,085	3,293
Team expenses	143,773	10,967
Wages and benefits	242,510	218,410
	727,888	435,557
Excess of revenue over expenses for the year	\$ 6,275	\$ 45,645

The accompanying notes are an integral part of these financial statements.

Freestyle Skiing Ontario Inc. Statement of Cash Flows

For the year ended May 31	2022	2021
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses for the year	\$ 6,275	\$ 45,645
Items not involving cash		
Amortization	16,845	16,845
Amortization of deferred capital funding	(10,718)	(10,718)
Forgivable portion of Canadian Business Account loan	-	(10,000)
	12,402	41,772
Changes in non-cash working capital balances		
Accounts receivable	44,136	(5,265)
Prepaid expenses	2,808	-
Accounts payable and accrued liabilities	(8,643)	36,979
Deferred revenue	187,791	100,793
	226,092	132,507
Investing activities		
Purchase of capital assets	-	(4,810)
	-	(4,810)
Financing activities		
Deferred capital funding	-	4,810
Canadian Emergency Business Account loan	(30,000)	40,000
	(30,000)	44,810
Increase in cash during the year	208,494	214,279
Cash and bank, beginning of year	400,935	186,656
Cash and bank, end of year	\$ 609,429	\$ 400,935

The accompanying notes are an integral part of these financial statements.

Freestyle Skiing Ontario Inc. Notes to Financial Statements

May 31, 2022

1. Summary of Significant Accounting Policies

Purpose of Organization	<p>The organization is a not-for-profit organization incorporated without share capital under the laws of Ontario.</p> <p>The organization's mission is to aid in the growth and development of all aspects of the sport of Freestyle Skiing, with emphasis on safety, fair play and excellence at all levels, in a fun and healthy, athlete-centered environment, with no barriers to participation.</p> <p>The organization is exempt from income taxes under the income tax act of Canada.</p>
Basis of Accounting	<p>The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.</p>
Revenue Recognition	<p>The organization follows the deferral method of accounting for contributions.</p> <p>Contributions relating to depreciable capital asset are deferred and amortized over the useful life of the depreciable capital asset acquired.</p> <p>Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.</p> <p>Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. This can result in deferred revenue if the funding is received prior to the expenses being incurred.</p> <p>Fees received from participants are recognized as revenue when the related services have been provided by the organization.</p>

Continued...

Freestyle Skiing Ontario Inc. Notes to Financial Statements

May 31, 2022

1. Summary of Significant Accounting Policies (continued)

Contributed Materials and Services

Businesses and volunteers, including the Board of Directors, contribute materials and services to Freestyle Skiing Ontario each year to assist the organization in carrying out its operations. The organization recognizes contributions of materials and services when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the organization's operations and would otherwise have been purchased. If the organization is unable to determine fair market value, these materials and services are not recognized in the financial statements.

Capital Assets

Capital assets are stated at cost less accumulated amortization. Amortization based on the estimated useful life of the asset is calculated as follows:

Computer equipment	- 25 % diminishing balance
Water ramp	- 20 year straight line
Trampolines	- 10 year straight line
Equipment	- 3 year straight line

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are charged to the financial instrument.

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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The amounts recorded for estimated useful life of capital assets, allowance for doubtful accounts and accrued liabilities is based on management's best estimates. Actual results could differ from management's best estimates as additional information becomes available in the future.

Freestyle Skiing Ontario Inc.
Notes to Financial Statements

May 31, 2022

2. Accounts Receivable

	2022	2021
Accounts receivable	\$ 43,832	\$ 88,798
Allowance for doubtful accounts	(23,937)	(24,767)
	\$ 19,895	\$ 64,031

3. Capital Assets

	2022		2021	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer hardware	\$ 2,948	\$ 2,948	\$ 2,948	\$ 2,948
Equipment	12,693	11,090	12,693	9,487
Trampolines	23,760	14,256	23,760	11,880
Water ramp	257,314	77,194	257,314	64,328
	\$ 296,715	\$ 105,488	\$ 296,715	\$ 88,643
Net book value		\$ 191,227		\$ 208,072

During the year, capital assets were acquired in cash at an aggregate cost of \$nil (2021 - \$4,810).

4. Accounts Payable and Accrued Liabilities

	2022	2021
Trade accounts payable	\$ 48,087	\$ 47,952
Government remittances payable/(recoverable)	(2,670)	6,108
	\$ 45,417	\$ 54,060

Freestyle Skiing Ontario Inc.
Notes to Financial Statements

May 31, 2022

5. Deferred Revenue

	2022	2021
Deferred grant revenue	\$ 285,076	\$ 93,749
Prepaid team fees	14,980	18,516
	\$ 300,056	\$ 112,265

6. Canadian Emergency Business Account Loan

	2022	2021
Canadian Emergency Business Account loan	\$ -	\$ 40,000
Forgivable portion, included in revenue	-	(10,000)
	\$ -	\$ 30,000

The Canadian Emergency Business Account loan is non-interest bearing with no scheduled terms of repayments up to December 31, 2023. If \$30,000 is repaid prior to December 31, 2023 the remaining \$10,000 will be forgiven.

7. Deferred Capital Funding

	2022	2021
Ontario Trillium Grant - water ramp	\$ 150,000	\$ 150,000
Ontario Trillium Grant - timing system	4,810	4,810
Contributed materials	32,300	32,300
	187,110	187,110
Less: accumulated amortization of deferred capital funding	57,896	47,178
	\$ 129,214	\$ 139,932

Freestyle Skiing Ontario Inc. Notes to Financial Statements

May 31, 2022

8. Related Party Transactions

The organization paid \$4,396 (2021 - \$358) of expenses to Mount St. Louis Moonstone, a ski resort that an individual related to a director holds interest in. There was no remuneration paid to directors and officers during the year and they had no interest in any transactions of the organization. Management, in addition to wages and fees, are reimbursed for certain administrative costs.

9. Government Assistance

The organization received \$451,431 (2021 - \$387,130) in funding from government sources during the year, which represents 61% (2021 - 80%) of the organization's revenue. The organization is economically dependent on this funding.

10. Financial Instrument Risk

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization is exposed to credit risk arising from its accounts receivable. The organization minimizes this risk by maintaining frequent communication with members that have outstanding balances to ensure the organization receives payment in a timely manner. The risk relating to the receivable balances is \$16,263 being one customer owing 37% (2021 - \$16,263; 18%) of the total receivable balance. The organization is also exposed to credit risk arising from its cash balances. The Canada Deposit Insurance Corporation (CDIC) insures Canadian current bank accounts and investments at a single financial institution to a maximum of \$100,000. The organization's bank accounts are held with one chartered bank.

Liquidity Risk

Liquidity risk is the risk that the organization encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and accrued liabilities.

Freestyle Skiing Ontario Inc. Notes to Financial Statements

May 31, 2022

11. COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency due to a new strain of coronavirus (the "COVID-19 outbreak") and the risk to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. This resulted in worldwide emergency measures to combat the spread of the virus. As part of these measures, certain sports venues, including ski resorts, were temporarily closed leading the organization to cancel scheduled competitions in the prior year.

Management believes the necessary steps have been taken to protect the continuity of their business and are monitoring the crisis daily. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances and the duration of business disruption the related financial impact cannot be reasonably estimated at this time.
