

Freestyle Skiing Ontario Inc.
Financial Statements
For the year ended May 31, 2019

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For the year ended May 31, 2019

Contents

Independent Auditor's Report	2
Financial Statements	
Statement of Financial Position	5
Statement of Changes in Net Assets	6
Statement of Operations	7
Statement of Cash Flows	8
Notes to Financial Statements	9



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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, 2019, 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, 2019, 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, 2019 and 2018, current assets as at May 31, 2019 and 2018, and net assets as at June 1 and May 31 for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended May 31, 2019 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 26, 2019

**Freestyle Skiing Ontario Inc.
Statement of Financial Position**

May 31	2019	2018
Assets		
Current		
Cash and bank	\$ 106,947	\$ 164,706
Accounts receivable (Note 2)	108,358	182,644
Prepaid expenses	3,354	4,497
	218,659	351,847
Capital assets (Note 3)	235,348	251,589
	\$ 454,007	\$ 603,436

Liabilities

Current		
Accounts payable and accrued liabilities (Note 4)	\$ 41,880	\$ 93,339
Deferred revenue (Note 5)	-	115,911
	41,880	209,250
Deferred capital funding (Note 6)	154,955	164,070
	196,835	373,320
Net assets	257,172	230,116
	\$ 454,007	\$ 603,436

Approved on behalf of the Board:


 _____ Director


 _____ Director

Freestyle Skiing Ontario Inc.
Statement of Changes in Net Assets

For the year ended May 31	2019	2018
Balance, beginning of year	\$ 230,116	\$ 176,240
Excess of revenue over expenses	<u>27,056</u>	<u>53,876</u>
Balance, end of year	\$ 257,172	\$ 230,116

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

Freestyle Skiing Ontario Inc. Statement of Operations

For the year ended May 31	2019	2018
Revenue		
CAO - coach grant	\$ 12,000	\$ 10,761
CSIO- OHPSI	51,238	48,631
MTSC base funding	128,151	128,151
MTCS sport hosting	19,890	5,140
MTCS OSRCF grant	72,952	-
Ontario Trillium Foundation	189,550	197,250
CFSA registration	26,807	20,426
Sport development	59,701	28,527
Competition fees	72,432	87,303
Fundraising and sponsorship	46,000	46,633
Other grant revenue	32,049	25,326
Team fees	55,699	221,605
Amortization of deferred capital funding	9,115	9,115
	775,584	828,868
Expenses		
Administration	35,170	28,464
Amortization	15,811	16,333
Audit and legal	14,436	15,585
Bank charges and interest	7,028	6,872
Bad debts	30,333	-
Competition expenses	77,203	90,304
Fundraising	29,927	29,703
Loss on disposal of capital assets	430	-
Professional support	12,700	12,045
Rent	17,622	16,599
Sport development	114,779	87,192
Staff support	15,521	8,983
Team expenses	21,577	108,440
Wages and benefits	355,991	384,894
Water ramp	-	6,750
	748,528	812,164
Operating surplus	27,056	16,704
Forgiveness of obligation (Note 10)	-	37,172
Excess of revenue over expenses for the year	\$ 27,056	\$ 53,876

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	2019	2018
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses for the year	\$ 27,056	\$ 53,876
Items not involving cash		
Amortization	15,811	16,333
Amortization of deferred capital funding	(9,115)	(9,115)
Loss on disposal of capital assets	430	-
	34,182	61,094
Changes in non-cash working capital balances		
Accounts receivable	74,286	56,749
Prepaid expenses	1,143	15,796
Accounts payable and accrued liabilities	(51,459)	(71,226)
Deferred revenue	(115,911)	43,511
	(91,941)	44,830
Increase (decrease) in cash during the year	(57,759)	105,924
Cash and bank, beginning of year	164,706	58,782
Cash and bank, end of year	\$ 106,947	\$ 164,706

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

Freestyle Skiing Ontario Inc. Notes to Financial Statements

May 31, 2019

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>Freestyle Skiing Ontario'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>
Contributed Materials and Services	<p>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.</p>

Continued...

Freestyle Skiing Ontario Inc. Notes to Financial Statements

May 31, 2019

1. Summary of Significant Accounting Policies (continued)

Capital Assets	<p>Capital assets are stated at cost less accumulated amortization. Amortization based on the estimated useful life of the asset is calculated as follows:</p> <table style="margin-left: 40px;"> <tr> <td>Computer equipment</td> <td>- 25 % diminishing balance</td> </tr> <tr> <td>Water ramp</td> <td>- 20 year straight line</td> </tr> <tr> <td>Trampolines</td> <td>- 10 year straight line</td> </tr> <tr> <td>Equipment</td> <td>- 3 year straight line</td> </tr> </table>	Computer equipment	- 25 % diminishing balance	Water ramp	- 20 year straight line	Trampolines	- 10 year straight line	Equipment	- 3 year straight line
Computer equipment	- 25 % diminishing balance								
Water ramp	- 20 year straight line								
Trampolines	- 10 year straight line								
Equipment	- 3 year straight line								
Financial Instruments	<p>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.</p>								
Use of Estimates	<p>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.</p>								

2. Accounts receivable

	2019	2018
Accounts receivable	\$ 82,677	\$ 159,356
HST receivable	52,453	23,288
Allowance for doubtful accounts	(26,772)	-
	\$ 108,358	\$ 182,644

Freestyle Skiing Ontario Inc.
Notes to Financial Statements

May 31, 2019

3. Capital Assets

	2019		2018	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer hardware	\$ 2,948	\$ 2,948	\$ 3,967	\$ 3,727
Equipment	7,883	7,883	7,883	7,125
Trampolines	23,760	7,128	23,760	4,752
Water ramp	257,314	38,598	257,314	25,731
	\$ 291,905	\$ 56,557	\$ 292,924	\$ 41,335
Net book value		\$ 235,348		\$ 251,589

4. Accounts payable and accrued liabilities

	2019		2018	
Trade accounts payable	\$ 37,099		\$ 79,190	
Government remittances payable	4,781		14,149	
	\$ 41,880		\$ 93,339	

5. Deferred revenue

	2019		2018	
Change The World Grant	\$ -		\$ 5,961	
Count Me In Workshop Grant	-		26,250	
Ontario Trillium Grant	-		72,400	
Ontario Trillium Grant - water ramp	-		11,300	
	\$ -		\$ 115,911	

Freestyle Skiing Ontario Inc. Notes to Financial Statements

May 31, 2019

6. Deferred capital funding

	2019	2018
Ontario Trillium Grant - water ramp	\$ 150,000	\$ 150,000
Contributed materials	32,300	32,300
	182,300	182,300
Less: accumulated amortization of deferred capital funding	27,345	18,230
	<u>\$ 154,955</u>	<u>\$ 164,070</u>

7. Related Party Transactions

No remuneration was 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.

8. 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 20% (2018 - \$66,656; 42%) 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, 2019

9. Government Assistance

The organization received \$505,830 (2018 - \$462,770) in funding from government sources during the year, which represents 65% (2018 - 56%) of the organization's revenue. The organization is economically dependent on this funding.

10. Forgiveness of obligation

In the previous year, an amount of \$37,172 (plus HST of \$4,833), accrued in 2017 owing to Mount St. Louis Moonstone, was forgiven. The amount was forgiven by Mount St. Louis Moonstone in appreciation of the valuable business opportunities generated from their ongoing association with Freestyle Skiing Ontario Inc.
