

**Freestyle Skiing Ontario Inc.**  
**Financial Statements**  
For the year ended May 31, 2020

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**Financial Statements**  
For the year ended May 31, 2020

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Tel: 705 445 4421  
Fax: 705 445 6691  
www.bdo.ca

BDO Canada LLP  
40 Huron Street, Suite100  
Collingwood, Ontario L9Y 4R3

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## Independent Auditor's Report

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**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, 2020, 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, 2020, 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, 2020 and 2019, current assets as at May 31, 2020 and 2019, and net assets as at June 1 and May 31 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended May 31, 2020 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.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Collingwood, Ontario  
November 4, 2020

## Freestyle Skiing Ontario Inc. Statement of Financial Position

May 31	2020	2019
<b>Assets</b>		
<b>Current</b>		
Cash and bank	\$ 186,656	\$ 106,947
Accounts receivable (Note 2)	58,766	108,358
Prepaid expenses	2,808	3,354
	248,230	218,659
<b>Capital assets (Note 3)</b>	<b>220,107</b>	<b>235,348</b>
	<b>\$ 468,337</b>	<b>\$ 454,007</b>

### Liabilities

<b>Current</b>		
Accounts payable and accrued liabilities (Note 4)	\$ 17,081	\$ 41,880
Deferred revenue (Note 5)	11,472	-
	28,553	41,880
<b>Deferred capital funding (Note 6)</b>	<b>145,840</b>	<b>154,955</b>
	174,393	196,835
<b>Net assets</b>	<b>293,944</b>	<b>257,172</b>
	<b>\$ 468,337</b>	<b>\$ 454,007</b>

Approved on behalf of the Board:

DocuSigned by:



Director

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Director

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**Freestyle Skiing Ontario Inc.**  
**Statement of Changes in Net Assets**

<b>For the year ended May 31</b>	<b>2020</b>	<b>2019</b>
Balance, beginning of year	\$ 257,172	\$ 230,116
Excess of revenue over expenses	<u>36,772</u>	<u>27,056</u>
<b>Balance, end of year</b>	<b>\$ 293,944</b>	<b>\$ 257,172</b>

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

## Freestyle Skiing Ontario Inc. Statement of Operations

<b>For the year ended May 31</b>	<b>2020</b>	<b>2019</b>
<b>Revenue</b>		
CAO - coach grant	\$ 11,500	\$ 12,000
CSIO- OHPSI	55,870	51,238
MTSC base funding	128,151	128,151
MTCS sport hosting	17,500	19,890
MTCS OSRCF grant	73,975	72,952
Ontario Trillium Foundation	-	189,550
CFSA registration	23,818	26,807
Sport development	37,571	59,701
Competition fees	123,426	72,432
Fundraising and sponsorship	26,640	46,000
Other grant revenue	10,500	32,049
Team fees	15,556	55,699
Amortization of deferred capital funding	9,115	9,115
Payroll tax subsidy	17,007	-
	<b>550,629</b>	<b>775,584</b>
<b>Expenses</b>		
Administration	14,476	35,170
Amortization	15,242	15,811
Audit and legal	18,735	14,436
Bank charges and interest	2,860	7,028
Bad debts	27,851	30,333
Competition expenses	100,617	77,203
Fundraising	12,123	29,927
Loss on disposal of capital assets	-	430
Professional support	17,520	12,700
Rent	17,122	17,622
Sport development	47,623	114,779
Staff support	6,732	15,521
Team expenses	16,539	21,577
Wages and benefits	216,417	355,991
	<b>513,857</b>	<b>748,528</b>
<b>Excess of revenue over expenses for the year</b>	<b>\$ 36,772</b>	<b>\$ 27,056</b>

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	2020	2019
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenue over expenses for the year	\$ 36,772	\$ 27,056
Items not involving cash		
Amortization	15,242	15,811
Amortization of deferred capital funding	(9,115)	(9,115)
Loss on disposal of capital assets	-	430
	42,899	34,182
Changes in non-cash working capital balances		
Accounts receivable	49,592	74,286
Prepaid expenses	546	1,143
Accounts payable and accrued liabilities	(24,800)	(51,459)
Deferred revenue	11,472	(115,911)
	36,810	(91,941)
<b>Increase (decrease) in cash during the year</b>	<b>79,709</b>	<b>(57,759)</b>
<b>Cash and bank, beginning of year</b>	<b>106,947</b>	<b>164,706</b>
<b>Cash and bank, end of year</b>	<b>\$ 186,656</b>	<b>\$ 106,947</b>

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

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## Freestyle Skiing Ontario Inc. Notes to Financial Statements

May 31, 2020

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### 1. Summary of Significant Accounting Policies

<b>Purpose of Organization</b>	<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>
<b>Basis of Accounting</b>	<p>The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.</p>
<b>Revenue Recognition</b>	<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>
<b>Contributed Materials and Services</b>	<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>

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## Freestyle Skiing Ontario Inc. Notes to Financial Statements

**May 31, 2020**

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### 1. Summary of Significant Accounting Policies (continued)

<b>Capital Assets</b>	<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> <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								
<b>Financial Instruments</b>	<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>								
<b>Use of Estimates</b>	<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>								

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### 2. Accounts receivable

	2020	2019
Accounts receivable	\$ 56,650	\$ 82,677
HST receivable	31,168	52,453
Allowance for doubtful accounts	(29,052)	(26,772)
	\$ 58,766	\$ 108,358

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**Freestyle Skiing Ontario Inc.**  
**Notes to Financial Statements**

**May 31, 2020**

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**3. Capital Assets**

	2020		2019	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer hardware	\$ 2,948	\$ 2,948	\$ 2,948	\$ 2,948
Equipment	7,883	7,883	7,883	7,883
Trampolines	23,760	9,504	23,760	7,128
Water ramp	257,314	51,463	257,314	38,598
	<b>\$ 291,905</b>	<b>\$ 71,798</b>	<b>\$ 291,905</b>	<b>\$ 56,557</b>
Net book value		<b>\$ 220,107</b>		<b>\$ 235,348</b>

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**4. Accounts payable and accrued liabilities**

	2020		2019	
Trade accounts payable	\$ 13,689		\$ 37,099	
Government remittances payable	3,392		4,781	
	<b>\$ 17,081</b>		<b>\$ 41,880</b>	

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**5. Deferred revenue**

	2020		2019	
Prepaid team fees	\$ 11,472		\$ -	

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## Freestyle Skiing Ontario Inc. Notes to Financial Statements

**May 31, 2020**

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### 6. Deferred capital funding

	2020	2019
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	36,460	27,345
	\$ 145,840	\$ 154,955

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### 7. Related Party Transactions

The organization paid \$10,099 (\$9,833 - 2019) of expenses to Mount St. Louis Moonstone, a ski resort that an individual related to a director holds interest in. Accounts receivable includes \$791 (\$NIL - 2019) from a director. 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.

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### 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 29% (2019 - \$16,263; 20%) 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.

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## Freestyle Skiing Ontario Inc. Notes to Financial Statements

May 31, 2020

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### 8. Financial Instrument Risk (continued)

#### 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.

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### 9. Government Assistance

The organization received \$297,496 (2019 - \$505,830) in funding from government sources during the year, which represents 54% (2019 - 65%) of the organization's revenue. The organization is economically dependent on this funding.

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### 10. COVID 19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus (the "COVID-19 outbreak") and the risks to the international community as the virus spreads 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. The global pandemic has disrupted economic activities and supply chains and the full impact of the COVID-19 outbreak continues to evolve as of the date of this report.

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, the duration of business disruption and the related financial impact cannot be reasonably estimated at this time.

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