

**Freestyle Skiing Ontario Inc.**  
**Financial Statements**  
For the year ended May 31, 2021

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**Financial Statements**  
For the year ended May 31, 2021

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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, 2021, 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, 2021, 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, 2021 and 2020, current assets as at May 31, 2021 and 2020, and net assets as at June 1 and May 31 for both the 2021 and 2020 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 5, 2021

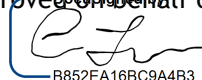
## Freestyle Skiing Ontario Inc. Statement of Financial Position

May 31	2021	2020
<b>Assets</b>		
<b>Current</b>		
Cash and bank	\$ 400,935	\$ 186,656
Accounts receivable (Note 2)	64,031	58,766
Prepaid expenses	2,808	2,808
	467,774	248,230
Capital assets (Note 3)	208,072	220,107
	\$ 675,846	\$ 468,337

### Liabilities

<b>Current</b>		
Accounts payable and accrued liabilities (Note 4)	\$ 54,060	\$ 17,081
Deferred revenue (Note 5)	112,265	11,472
	166,325	28,553
Canadian Emergency Business Account loan (Note 6)	30,000	-
Deferred capital funding (Note 7)	139,932	145,840
	336,257	174,393
Net assets	339,589	293,944
	\$ 675,846	\$ 468,337

Approved on behalf of the Board:



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Director



Director

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

<u>For the year ended May 31</u>	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 293,944	\$ 257,172
Excess of revenue over expenses	<u>45,645</u>	<u>36,772</u>
<b>Balance, end of year</b>	<b>\$ 339,589</b>	<b>\$ 293,944</b>

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

## Freestyle Skiing Ontario Inc. Statement of Operations

For the year ended May 31	2021	2020
<b>Revenue</b>		
CAO - coach grant	\$ 5,000	\$ 11,500
CSIO- OHPSI	91,168	55,870
MTSC base funding	222,263	128,151
MTCS sport hosting	-	17,500
MTCS OSRCF grant	-	73,975
Ontario Trillium Foundation	39,275	-
Student employment grant	3,658	-
CFSA registration	15,735	23,818
Sport development	35,817	37,571
Competition fees	1,020	123,426
Fundraising and sponsorship	5,084	26,640
Other grant revenue	500	10,500
Team fees	25,698	15,556
Amortization of deferred capital funding	10,718	9,115
Payroll tax subsidy	15,266	17,007
Forgivable portion of Canadian Emergency Business Account loan (Note 6)	10,000	-
	<u>481,202</u>	<u>550,629</u>
<b>Expenses</b>		
Administration	16,719	14,476
Amortization	16,845	15,242
Audit and legal	19,301	18,735
Bank charges and interest	1,743	2,860
Bad debts	7,112	27,851
Competition expenses	22,941	100,617
Fundraising	6,840	12,123
Professional support	18,720	17,520
Rent	3,214	17,122
Sport development	89,452	47,623
Staff support	3,293	6,732
Team expenses	10,967	16,539
Wages and benefits	218,410	216,417
	<u>435,557</u>	<u>513,857</u>
<b>Excess of revenue over expenses for the year</b>	<b>\$ 45,645</b>	<b>\$ 36,772</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	2021	2020
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenue over expenses for the year	\$ 45,645	\$ 36,772
Items not involving cash		
Amortization	16,845	15,242
Amortization of deferred capital funding	(10,718)	(9,115)
Forgivable portion of Canadian Business Account loan	(10,000)	-
	41,772	42,899
Changes in non-cash working capital balances		
Accounts receivable	(5,265)	49,592
Prepaid expenses	-	546
Accounts payable and accrued liabilities	36,979	(24,800)
Deferred revenue	100,793	11,472
	132,507	36,810
<b>Investing activities</b>		
Purchase of capital assets	(4,810)	-
	-	-
<b>Financing activities</b>		
Deferred capital funding	4,810	-
Canadian Emergency Business Account loan	40,000	-
	44,810	-
<b>Increase in cash during the year</b>	<b>214,279</b>	<b>79,709</b>
<b>Cash and bank, beginning of year</b>	<b>186,656</b>	<b>106,947</b>
<b>Cash and bank, end of year</b>	<b>\$ 400,935</b>	<b>\$ 186,656</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, 2021

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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> <p>Fees received from participants are recognized as revenue when the related services have been provided by the organization.</p>

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## Freestyle Skiing Ontario Inc. Notes to Financial Statements

May 31, 2021

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### 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.

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

**May 31, 2021**

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**2. Accounts receivable**

	2021	2020
Accounts receivable	\$ 88,798	\$ 56,650
HST receivable	-	31,168
Allowance for doubtful accounts	(24,767)	(29,052)
	\$ 64,031	\$ 58,766

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**3. Capital Assets**

	2021		2020	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer hardware	\$ 2,948	\$ 2,948	\$ 2,948	\$ 2,948
Equipment	12,693	9,487	7,883	7,883
Trampolines	23,760	11,880	23,760	9,504
Water ramp	257,314	64,328	257,314	51,463
	\$ 296,715	\$ 88,643	\$ 291,905	\$ 71,798
Net book value		\$ 208,072		\$ 220,107

During the year, capital assets were acquired in cash at an aggregate cost of \$4,810 (2020 - \$NIL).

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**4. Accounts payable and accrued liabilities**

	2021	2020
Trade accounts payable	\$ 47,952	\$ 13,689
Government remittances payable	6,108	3,392
	\$ 54,060	\$ 17,081

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

**May 31, 2021**

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**5. Deferred revenue**

	<u>2021</u>	<u>2020</u>
Deferred grant revenue	\$ 93,749	\$ -
Prepaid team fees	18,516	11,472
	<u>\$ 112,265</u>	<u>\$ 11,472</u>

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**6. Canadian Emergency Business Account loan**

	<u>2021</u>	<u>2020</u>
Canadian Emergency Business Account loan	\$ 40,000	\$ -
Forgivable portion, included in revenue	(10,000)	-
	<u>\$ 30,000</u>	<u>\$ -</u>

The Canadian Emergency Business Account loan is non-interest bearing with no scheduled terms of repayments up to December 31, 2022. If \$30,000 is repaid prior to December 31, 2022 the remaining \$10,000 will be forgiven. If the balance remains outstanding subsequent to December 31, 2022 the loan will convert to a 5% interest bearing loan, repayable in monthly installments, maturing on December 31, 2025.

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## Freestyle Skiing Ontario Inc. Notes to Financial Statements

May 31, 2021

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### 7. Deferred capital funding

	<u>2021</u>	<u>2020</u>
Ontario Trillium Grant - water ramp	\$ 150,000	\$ 150,000
Ontario Trillium Grant - timing system	4,810	-
Contributed materials	<u>32,300</u>	<u>32,300</u>
	187,110	182,300
Less: accumulated amortization of deferred capital funding	<u>47,178</u>	<u>36,460</u>
	<u>\$ 139,932</u>	<u>\$ 145,840</u>

During the year, the organization received funding from the Ontario Trillium Foundation with \$4,810 of this funding being used to purchase a timing system for the organization's events.

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### 8. Related Party Transactions

The organization paid \$358 (\$10,099 - 2020) of expenses to Mount St. Louis Moonstone, a ski resort that an individual related to a director holds interest in. Accounts receivable includes \$NIL (\$791 - 2020) 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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### 9. Government Assistance

The organization received \$387,130 (2020 - \$297,496) in funding from government sources during the year, which represents 80% (2020 - 54%) of the organization's revenue. The organization is economically dependent on this funding.

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## Freestyle Skiing Ontario Inc. Notes to Financial Statements

May 31, 2021

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### 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 18% (2020 - \$16,263; 29%) 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.

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### 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 locations, including ski resorts, were temporarily closed at various times in the year leading the organization to cancel scheduled competitions.

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.

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