

**Freestyle Skiing Ontario Inc.**  
**Financial Statements**  
For the year ended May 31, 2023

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**Financial Statements**  
For the year ended May 31, 2023

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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, 2023, and the statements of operations and 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, 2023, 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, 2023 and 2022, current assets as at May 31, 2023 and 2022, and net assets as at June 1 and May 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended May 31, 2022 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  
October 24, 2023

## Freestyle Skiing Ontario Inc. Statement of Financial Position

May 31	2023	2022
<b>Assets</b>		
<b>Current</b>		
Cash and bank	\$ 523,498	\$ 609,429
Accounts receivable (Note 2)	42,622	23,862
Prepaid expenses	4,324	-
	570,444	633,291
<b>Capital assets (Note 3)</b>	<b>507,224</b>	<b>191,227</b>
	<b>\$ 1,077,668</b>	<b>\$ 824,518</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 169,156	\$ 49,384
Deferred revenue (Note 4)	273,875	300,056
	443,031	349,440
<b>Deferred capital funding (Note 5)</b>	<b>238,677</b>	<b>129,214</b>
	<b>681,708</b>	<b>478,654</b>
<b>Net assets</b>	<b>395,960</b>	<b>345,864</b>
	<b>\$ 1,077,668</b>	<b>\$ 824,518</b>

Approved on behalf of the Board:

  
\_\_\_\_\_ Director

  
\_\_\_\_\_ Director

## Freestyle Skiing Ontario Inc. Statement of Operations and Changes in Net Assets

For the year ended May 31	2023	2022
<b>Revenue</b>		
Amortization of deferred capital funding	\$ 10,718	\$ 10,718
CAO - coach grant	11,500	11,500
CFSA registration	25,947	25,565
Competition fees	139,385	72,762
CSIO- OHPSI	80,263	88,670
Fundraising and sponsorship	10,757	12,905
MTSC base funding	202,453	295,693
MTCS sport hosting	42,057	-
Ontario Trillium Foundation	78,100	45,625
Other grant revenue	6,769	5,000
Other revenue	15,000	-
Payroll tax subsidy	-	1,220
Sport development	66,078	42,653
Student employment grant	3,689	3,723
Team fees	169,747	118,129
	<b>862,463</b>	<b>734,163</b>
<b>Expenses</b>		
Administration	21,751	21,797
Amortization	25,551	16,845
Audit and legal	27,834	14,257
Bank charges and interest	2,259	1,852
Bad debts (recovery)	-	(506)
Competition expenses	120,234	92,254
Fundraising	3,920	852
Insurance	3,356	-
Professional support	21,825	18,800
Rent	6,344	7,990
Sport development	71,450	158,379
Staff support	29,789	9,085
Team expenses	201,202	143,773
Wages and benefits	276,852	242,510
	<b>812,367</b>	<b>727,888</b>
<b>Excess of revenue over expenses for the year</b>	<b>50,096</b>	<b>6,275</b>
<b>Net assets, beginning of year</b>	<b>345,864</b>	<b>339,589</b>
<b>Net assets, end of year</b>	<b>\$ 395,960</b>	<b>\$ 345,864</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	2023	2022
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenue over expenses for the year	\$ 50,096	\$ 6,275
Items not involving cash		
Amortization	25,551	16,845
Amortization of deferred capital funding	(10,718)	(10,718)
	64,929	12,402
Changes in non-cash working capital balances		
Accounts receivable	(18,760)	44,136
Prepaid expenses	(4,324)	2,808
Accounts payable and accrued liabilities	119,772	(8,643)
Deferred revenue	(26,181)	187,791
	70,507	226,092
<b>Investing activities</b>		
Purchase of capital assets	(341,548)	-
<b>Financing activities</b>		
Deferred capital funding	120,181	-
Canadian Emergency Business Account loan	-	(30,000)
	120,181	(30,000)
<b>Increase (decrease) in cash during the year</b>	<b>(85,931)</b>	<b>208,494</b>
<b>Cash and bank, beginning of year</b>	<b>609,429</b>	<b>400,935</b>
<b>Cash and bank, end of year</b>	<b>\$ 523,498</b>	<b>\$ 609,429</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, 2023

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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, 2023

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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 hardware	- 25%	diminishing balance
Equipment	- 3	year straight line
Trampolines	- 10	year straight line
Vehicle	- 30%	diminishing balance
Water ramp	- 20	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, 2023**

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**2. Accounts Receivable**

	2023	2022
Accounts receivable	\$ 60,303	\$ 43,832
HST receivable	4,448	3,967
Allowance for doubtful accounts	(22,129)	(23,937)
	\$ 42,622	\$ 23,862

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**3. Capital Assets**

	2023		2022	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Airbag	\$ 283,508	\$ -	\$ -	\$ -
Computer hardware	2,948	2,948	2,948	2,948
Equipment	12,693	12,694	12,693	11,090
Trampolines	23,760	16,632	23,760	14,256
Vehicle	58,041	8,706	-	-
Water ramp	257,314	90,060	257,314	77,194
	\$ 638,264	\$ 131,040	\$ 296,715	\$ 105,488
Net book value		\$ 507,224		\$ 191,227

During the year, construction of a new airbag was undertaken. At year end, the asset was not completed and ready for usage therefore, no amortization was calculated.

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**4. Deferred Revenue**

	2023	2022
Deferred grant revenue	\$ 256,380	\$ 285,076
Prepaid team fees	17,495	14,980
	\$ 273,875	\$ 300,056

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## Freestyle Skiing Ontario Inc. Notes to Financial Statements

May 31, 2023

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### 5. Deferred Capital Funding

	<u>2023</u>	<u>2022</u>
Ontario Trillium Grant - water ramp	\$ 150,000	\$ 150,000
Ontario Trillium Grant - timing system	4,810	4,810
Contributed materials	32,300	32,300
Airbag project	120,181	-
	<u>307,291</u>	<u>187,110</u>
Less: accumulated amortization of deferred capital funding	<u>68,614</u>	<u>57,896</u>
	<u>\$ 238,677</u>	<u>\$ 129,214</u>

During the year, the organization received a total amount of \$120,181 in funding for construction of an airbag of which \$97,700 was received from the Ontario Trillium Foundation. Currently this asset is under construction and not yet in use. The associated funding has been deferred until the asset is in use.

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### 6. Related Party Transactions

The organization paid \$17,781 (2022 - \$-) of expenses to Horseshoe Valley Resort, a ski resort in which a director acts as the General Manager. These payments were made in the normal course of business and occurred at market rates.

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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### 7. Government Assistance

The organization received \$424,832 (2022 - \$451,431) in funding from government sources during the year, which represents 49% (2022 - 61%) 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, 2023

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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 43% (2022 - \$16,263; 37%) 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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### 9. Comparative figures

Certain comparative amounts presented in the financial statements have been restated to conform to the current year's presentation.

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