

**Freestyle Skiing Ontario Inc.**  
**Financial Statements**  
**For the year ended May 31, 2018**

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**Financial Statements**  
**For the year ended May 31, 2018**

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## Independent Auditor's Report

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To the Board of Directors of  
Freestyle Skiing Ontario Inc.

We have audited the accompanying financial statements of Freestyle Skiing Ontario Inc., which comprise the statement of financial position as at May 31, 2018 and the statements of changes in net assets, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.



#### **Basis for Qualified Opinion**

In common with many non-profit organizations, the organization derives revenue from fundraising and cash receipts, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization. We were unable to determine whether any adjustments might be necessary to fundraising and other cash revenues, excess of revenue over expenses and net assets balance.

#### **Opinion**

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Freestyle Skiing Ontario Inc. as at May 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Collingwood, Ontario  
January 28, 2019

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

May 31	2018	Restated (Note 9) 2017
<b>Assets</b>		
<b>Current</b>		
Cash and bank	\$ 164,706	\$ 58,782
Accounts receivable	182,645	239,394
Prepaid expenses	4,496	20,292
	351,847	318,468
Capital (Note 2)	251,589	267,922
	\$ 603,436	\$ 586,390
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 3)	\$ 93,339	\$ 164,565
Deferred revenue (Note 4)	115,911	72,400
	209,250	236,965
Deferred capital funding (Note 5)	164,070	173,185
	373,320	410,150
Net assets	230,116	176,240
	\$ 603,436	\$ 586,390

Approved on behalf of the Board:

EL. BULL Director

J. H. H. Director

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

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

		Restated (Note 9)
<u>For the year ended May 31</u>	<u>2018</u>	<u>2017</u>
Balance, beginning of year as previously stated	\$ 248,640	\$ 224,187
Restatement of prior period (Note 9)	<u>(72,400)</u>	<u>72,400</u>
Balance, beginning of year as restated	176,240	296,587
Excess (deficiency) of revenue over expenses	<u>53,876</u>	<u>(47,947)</u>
<b>Balance, end of year</b>	<b>\$ 230,116</b>	<b>\$ 176,240</b>

## Freestyle Skiing Ontario Inc. Statement of Operations

	Restated (Note 9)	
For the year ended May 31	2018	2017
<b>Revenue</b>		
CAO - coach grant	\$ 10,761	\$ 12,500
CSIO- OHPSI	48,631	70,078
MTSC base funding	128,151	42,717
MTSC sport priority funding	-	108,200
MTCS sport hosting	5,140	73,800
Ontario Trillium Foundation	197,250	178,800
CFSA registration	20,426	20,443
Sport development	28,527	45,600
Competition fees	87,303	134,559
Fundraising and sponsorship	46,633	26,070
Other revenue	25,326	30,480
Team fees	221,605	325,826
Amortization of deferred capital funding	9,115	9,115
	<b>828,868</b>	<b>1,078,188</b>
<b>Expenses</b>		
Administration	28,464	44,720
Amortization	16,333	17,316
Audit and legal	15,585	10,000
Bank charges and interest	6,872	5,813
Competition expenses	90,304	225,645
Fundraising	29,703	20,335
Professional support	12,045	10,905
Rent	16,599	14,087
Sport development	87,192	103,639
Staff support	8,983	14,981
Team expenses	108,440	211,085
Wages and benefits	384,894	422,899
Water ramp	6,750	24,710
	<b>812,164</b>	<b>1,126,135</b>
Operating surplus (deficiency)	16,704	(47,947)
Forgiveness of obligation (Note 10)	37,172	-
<b>Excess (deficiency) of revenue over expenses for the year</b>	<b>\$ 53,876</b>	<b>\$ (47,947)</b>

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

**Freestyle Skiing Ontario Inc.**  
**Statement of Cash Flows**

		Restated (Note 9)
For the year ended May 31	2018	2017
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenses for the year	\$ 53,876	\$ (47,947)
Items not involving cash		
Amortization	16,333	17,316
Amortization of deferred capital funding	(9,115)	(9,115)
	<b>61,094</b>	<b>(39,746)</b>
<b>Changes in non-cash working capital balances</b>		
Accounts receivable	56,749	(100,309)
Prepaid expenses	15,796	(16,138)
Accounts payable and accrued liabilities	(71,226)	45,099
Deferred revenue	43,511	(112,100)
	<b>44,830</b>	<b>(183,448)</b>
	<b>105,924</b>	<b>(223,194)</b>
<b>Investing activities</b>		
Purchase of capital assets	-	(46,546)
Proceeds from sale of short-term investments	-	60,000
	<b>-</b>	<b>13,454</b>
<b>Increase (decrease) in cash during the year</b>	<b>105,924</b>	<b>(209,740)</b>
<b>Cash and bank, beginning of year</b>	<b>58,782</b>	<b>268,522</b>
<b>Cash and bank, end of year</b>	<b>\$ 164,706</b>	<b>\$ 58,782</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, 2018

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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>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>
<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>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, 2018

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

<b>Capital Assets</b>	Capital assets are stated at cost less accumulated amortization. Amortization based on the estimated useful life of the asset is calculated as follows: <ul style="list-style-type: none"><li>Computer equipment - 25 % diminishing balance</li><li>Water ramp - 20 year straight line</li><li>Trampolines - 10 year straight line</li><li>Equipment - 3 year straight line</li></ul>
<b>Financial Instruments</b>	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.
<b>Use of Estimates</b>	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. These estimates are subject to measurement uncertainty, and the effect on the financial statements in future periods could be significant.

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

**May 31, 2018**

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**2. Capital Assets**

	2018		2017	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer hardware	\$ 3,967	\$ 3,727	\$ 3,967	\$ 3,394
Equipment	7,883	7,125	7,883	6,366
Trampolines	23,760	4,752	23,760	2,376
Water ramp	257,314	25,731	257,314	12,866
	<b>\$ 292,924</b>	<b>\$ 41,335</b>	<b>\$ 292,924</b>	<b>\$ 25,002</b>
Net book value		<b>\$ 251,589</b>		<b>\$ 267,922</b>

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**3. Accounts payable and accrued liabilities**

	2018		2017	
Trade accounts payable	\$ 79,190	\$ 155,008		
Government remittances payable	14,149	9,557		
	<b>\$ 93,339</b>	<b>\$ 164,565</b>		

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**4. Deferred revenue**

	2018		2017	
			Restated (Note 9)	
Change The World Grant	\$ 5,961	\$ -		
Count Me In Workshop Grant	26,250	-		
Ontario Trillium Grant	72,400	72,400		
Ontario Trillium Grant - water ramp	11,300	-		
	<b>\$ 115,911</b>	<b>\$ 72,400</b>		

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## Freestyle Skiing Ontario Inc. Notes to Financial Statements

**May 31, 2018**

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### 5. Deferred capital funding

	<u>2018</u>	<u>2017</u>
Ontario Trillium Grant - water ramp	\$ 150,000	\$ 150,000
Contributed materials	<u>32,300</u>	<u>32,300</u>
	182,300	182,300
Less: accumulated amortization of deferred capital funding	<u>18,230</u>	<u>9,115</u>
	<u>\$ 164,070</u>	<u>\$ 173,185</u>

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### 6. 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.

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### 7. 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 \$66,656 being three customers owing 42% (2017 - \$52,249; 26%) 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 and investment 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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## Freestyle Skiing Ontario Inc. Notes to Financial Statements

May 31, 2018

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### 8. Government Assistance

The organization received \$462,770 (2017 - \$365,795) in funding from government sources during the year, which represents 56% (2017 - 34%) of the organization's revenue. The organization is economically dependent on this funding.

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### 9. Restatement of Prior Periods

The comparative numbers in the financial statements have been restated to reflect the correction of a prior period. During 2017 an amount of \$72,400, recorded as revenue, should have been deferred to the 2018 fiscal year. The prior period amounts have been restated as follows: a decrease in 2017 revenue of \$72,400, an increase in deferred revenue of \$72,400 and a decrease in 2018 opening net assets of \$72,400.

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### 10. Forgiveness of obligation

During the 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.

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