

Speed Skating Canada – Patinage de vitesse Canada



Financial Statements
For the year ended March 31, 2020



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Contents

Independent Auditor's Report	1
Financial Statements	
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Operations	5
Statement of Cash Flows	6
Summary of Significant Accounting Policies	7
Notes to Financial Statements	10
Schedule of Association Generated Revenue	14
Schedule of Sports Canada Funding and Related Expenditures	15

Independent Auditor's Report

To the Members of Speed Skating Canada - Patinage de vitesse Canada

Qualified Opinion

We have audited the financial statements of Speed Skating Canada - Patinage de vitesse Canada (the "Organization") which comprise the statement of financial position as at March 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 effect of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Organization as at March 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 charitable organizations, the Organization derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the Organization. Our audit opinion on the financial statements for the year ended March 31, 2019 was also qualified because of the possible effects of this limitation in scope. Therefore we were not able to determine whether any adjustments may be necessary to the Organization's donation revenue, excess of revenue over expenses and cash flows for the years ended March 31, 2020 and 2019, assets as at March 31, 2020 and 2019, and *net assets at both the beginning and end of the March 31, 2020 and 2019 years.

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 opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

Baker Tilly Ottawa LLP

Chartered Professional Accountants, Licensed Public Accountants
June 4, 2020
Ottawa, Ontario

Speed Skating Canada - Patinage de vitesse Canada Statement of Financial Position

March 31	2020	2019
Assets		
Current		
Cash (Note 1)	\$ 1,164,826	\$ 645,770
Accounts receivable (Note 2)	836,432	1,161,585
Prepaid expenses	92,298	56,535
Inventory	11,633	2,332
Government remittances receivable	36,652	33,417
	2,141,841	1,899,639
Tangible capital assets (Note 3)	45,462	12,003
Long-term investments (Note 4)	876,204	918,414
Peter Williamson Memorial Trust Fund (Note 10)		
Cash	30,000	30,000
Gagné Family Trophy Fund (Note 11)		
Cash	1,408	1,408
	\$ 3,094,915	\$ 2,861,464

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities (Note 5)	\$ 888,263	\$ 981,457
Youth Development Fund (Note 6)	11,208	10,958
Deferred revenue (Note 7)	48,453	55,978
Deferred contributions - Sport Canada (Note 8)	175,000	-
	1,122,924	1,048,393
Contingent liability (Note 9)		
Net assets		
Unrestricted net assets	1,940,583	1,781,663
Peter Williamson Memorial Trust Fund (Note 10)	30,000	30,000
Gagné Family Trophy Fund (Note 11)	1,408	1,408
	1,971,991	1,813,071
	\$ 3,094,915	\$ 2,861,464

On behalf of the Board:




Director

Director

Speed Skating Canada - Patinage de vitesse Canada Statement of Changes in Net Assets

For the year ended March 31

2020

	Unrestricted	Peter Williamson Memorial Trust	Gagné Family Trophy Fund	Total
Balance , beginning of year, restated	\$ 1,781,663	\$ 30,000	\$ 1,408	\$ 1,813,071
Excess of revenue over expenses for the year	158,920	-	-	158,920
Prizes	3,000	(3,000)	-	-
Interfund transfers	(3,000)	3,000	-	-
Balance , end of year	\$ 1,940,583	\$ 30,000	\$ 1,408	\$ 1,971,991

For the year ended March 31

2019

	Unrestricted	Peter Williamson Memorial Trust Fund	Gagné Family Trophy Fund	Total
Balance, beginning of year, restated	\$ 1,252,714	\$ 30,000	\$ 1,408	\$ 1,284,122
Excess of revenue over expenses for the year	528,949	-	-	528,949
Prizes	3,000	(3,000)	-	-
Interfund transfers	(3,000)	3,000	-	-
Balance, end of year	\$ 1,781,663	\$ 30,000	\$ 1,408	\$ 1,813,071

Speed Skating Canada - Patinage de vitesse Canada Statement of Operations

For the year ended March 31	2020	2019
Revenue		
Enhanced Excellence and Next Generation Funding		
Sport Canada (Schedule 2)	\$ 1,865,375	\$ 2,006,000
Canadian Olympic Committee	565,625	450,000
	<u>2,431,000</u>	<u>2,456,000</u>
Sport Canada - Sport Support Program (Schedule 2)	<u>1,550,000</u>	<u>1,423,000</u>
International Hosting		
Sport Canada Hosting	525,000	620,000
International Skating Union - Hosting	376,165	785,940
Other - Hosting	250,786	-
	<u>1,151,951</u>	<u>1,405,940</u>
Canadian Olympic Committee – NSF Enhancement Grant	51,975	78,867
International Skating Union	101,357	104,152
Association generated revenue - net (Schedule 1)	655,887	1,460,125
	<u>5,942,170</u>	<u>6,928,084</u>
Expenses		
Administration and governance	1,089,159	1,123,380
Amortization	19,072	10,018
Bad debts expense	(372)	8,420
Insurance	5,631	5,737
Marketing, Communications and Partnership	157,674	91,811
Postage, office supplies and equipment	19,764	13,025
Professional fees	34,948	47,650
Rent	54,001	55,451
Translation	9,884	19,743
Telephone and IT	61,057	59,462
Hosting	1,120,237	1,430,076
Long track program	1,515,574	1,631,914
Short track program	1,403,598	1,561,221
Sport development	219,511	204,204
Special projects	73,512	137,023
	<u>5,783,250</u>	<u>6,399,135</u>
Excess of revenue over expenses for the year	<u>\$ 158,920</u>	<u>\$ 528,949</u>

Speed Skating Canada - Patinage de vitesse Canada Statement of Cash Flows

For the year ended March 31	2020	2019
Operating activities		
Excess of revenue over expenses for the year	\$ 158,920	\$ 528,949
Items not involving cash		
Amortization of tangible capital assets	19,072	10,018
Unrealized (gain)/loss on investment	136,859	(60,288)
Impairment of capital assets	-	-
	<u>314,851</u>	478,679
Changes in non-cash working capital balances		
Accounts receivable	325,153	(455,997)
Prepaid expenses	(35,763)	(18,427)
Inventory	(9,301)	1,598
Accounts payable and accrued liabilities	(93,194)	(105,835)
Government remittances receivable	(3,235)	21,407
Youth Development Fund	250	374
Deferred contributions	(7,525)	(67,809)
Deferred contributions - Sports Canada	175,000	-
	<u>666,236</u>	(146,010)
Cash flows from investing activities		
Additions to tangible capital assets	(52,531)	(12,844)
Net investment income distribution (addition)	(94,649)	65,286
	<u>(147,180)</u>	52,442
Increase (decrease) in cash during the year	519,056	(93,568)
Cash, beginning of year	645,770	739,338
Cash, end of year	\$ 1,164,826	\$ 645,770

Speed Skating Canada - Patinage de vitesse Canada Summary of Significant Accounting Policies

March 31, 2020

Nature of Organization	<p>Speed Skating Canada - Patinage de vitesse Canada (the "Organization") is dedicated to the development and promotion of speed skating activities in Canada. The Organization prepares athletes, coaches, officials and volunteers to make a significant contribution to speed skating and to Canada's image abroad through development and international programs.</p> <p>Speed Skating Canada - Patinage de vitesse Canada is a model organization that provides opportunities for all Canadians to experience the pleasures, challenges and achievements of speed skating. The Organization is continued under the Canada Not-for-Profit Corporations Act effective June 6, 2014 as a not-for-profit organization and is a Registered Canadian Amateur Athletic Association under the Income Tax Act.</p>
Basis of Presentation	<p>These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations which are part of Canadian generally accepted accounting principles and include the following significant accounting policies.</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 periods. Actual results could differ from management's best estimates as additional information becomes available in the future. Significant estimates include assumptions used in estimating the useful life and related amortization of tangible capital assets, accounts receivable and related revenues and provisions for accounts payable and accrued liabilities and related expenses.</p>
Financial Instruments	<p><u>Measurement of financial instruments</u></p> <p>Financial instruments are financial assets or liabilities of the Organization where, in general, the Organization has the right to receive cash or another financial asset from another party or the Organization has the obligation to pay another party cash or other financial assets.</p> <p>The Organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions, that are measured at the exchange amount.</p> <p>The Organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value of unrestricted investments are recognized in excess of revenue over expenses.</p> <p>Financial assets measured at amortized cost include cash and accounts receivable and government remittances receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.</p>

Speed Skating Canada - Patinage de vitesse Canada Summary of Significant Accounting Policies

March 31, 2020

Financial Instruments
(continued)

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in operations.

Transaction costs

The Organization recognizes its transaction costs in operations in the period incurred. However, the financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

Tangible Capital Assets

The Organization expenses tangible capital assets that are considered nominal in value in the year of acquisition. Tangible capital assets that are other than nominal value are recorded at cost and amortized over the estimated useful life of the asset, as follows:

Website	5 year straight-line basis
Membership management system	10 year straight-line basis
Computers	3 year straight-line basis
Equipment	10 year straight-line basis

Contributed Services

These financial statements do not reflect the value associated with the numerous hours contributed by volunteers to assist the Organization in carrying out its service delivery activities, the cost of which cannot be reasonably estimated.

Donated Goods and Materials

The Organization receives donated goods and services, the cost of which cannot be reasonably estimated. Therefore, no representation of this revenue has been included in the financial statements.

Revenue Recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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.

Revenue from membership fees is recognized in the period to which it pertains.

Donations, sponsorship and other revenues are recognized as revenue when received or receivable if the amounts can be reasonably estimated and collection is reasonably assured.

Speed Skating Canada - Patinage de vitesse Canada Summary of Significant Accounting Policies

March 31, 2020

**Sport Canada
Contributions**

Contributions received from Sport Canada are subject to specific terms and conditions regarding the expenditure of the funds. The Organization's accounting records are subject to audit by Sport Canada to identify instances, if any, in which amounts charged against contributions have not complied with the agreed terms and conditions and which therefore would be refundable to Sport Canada. Adjustments to prior years' contributions are recorded in the year in which Sport Canada requests the adjustment.

Foreign Currency

Monetary assets and liabilities denominated in a foreign currency have been translated at the rate of exchange in effect at the year end. Revenue and expenses denominated in a foreign currency have been translated at the prevailing rate of exchange at the transaction date. Gains and losses resulting therefrom are included in the determination of excess of revenue over expenses for the year.

Speed Skating Canada - Patinage de vitesse Canada

Notes to Financial Statements

March 31, 2020

1. Cash

The Organization's cash is held at one chartered bank. Cash includes \$123,807 (2019 \$148,063) denominated in U.S. dollars.

2. Accounts Receivable

Accounts receivable are presented net of allowance for doubtful accounts of \$10,452 (2019 - \$10,991).

3. Tangible Capital Assets

	2020			2019		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Website	\$ 46,204	\$ 9,241	\$ 36,963	\$ 85,613	\$ 85,613	\$ -
Furniture and computers	39,263	30,764	8,499	32,936	20,933	12,003
	\$ 85,467	\$ 40,005	\$ 45,462	\$ 118,549	\$ 106,546	\$ 12,003

4. Investments

In 2016, Speed Skating Canada established an endowment fund to be administered by the Canadian Olympic Foundation (the Foundation) with an original capital contribution of \$815,000. Income earned on the fund will be for the unrestricted support of Speed Skating Canada.

	2020	2019
Balance, beginning of the year	\$ 918,414	\$ 923,412
Net investment income earned	129,127	(2,195)
Unrealized gain (loss)	(136,859)	60,288
Less income distribution to Speed Skating Canada	(34,478)	(63,091)
Balance, end of year	\$ 876,204	\$ 918,414

The fair value of the original capital contribution can be withdrawn once it has been invested for 2 years. The maximum amount of annual income distribution is determined by the Foundation's Endowment and Granting policies.

Speed Skating Canada - Patinage de vitesse Canada

Notes to Financial Statements

March 31, 2020

5. Accounts Payable and Accrued Liabilities

	2020	2019
Trade payable and accrued liabilities	\$ 737,681	\$ 857,255
Prize money payable	150,582	124,202
	\$ 888,263	\$ 981,457

6. Youth Development Fund

Youth development fund represents externally restricted contributions for youth development projects in future years. During the year, the Organization received contributions of \$250 (2019 - \$374) and incurred no disbursements.

7. Deferred Revenue

Deferred revenues represent sponsorship related to the subsequent year.

	2020	2019
Balance, beginning of year	\$ 55,978	\$ 123,787
Less amounts recognized as revenue for the year	(35,978)	(123,787)
Add: additions for the year	28,453	55,978
Balance, end of year	\$ 48,453	\$ 55,978

8. Deferred Contributions - Sport Canada

Deferred contributions represent Sport Canada contributions received that are to be spent by September 30, 2020. The balance consists of the following:

Sport Canada Excellence ST	\$ 148,000
Sport Canada Excellence LT	11,000
HP Core Funding	16,000
	\$ 175,000

Speed Skating Canada - Patinage de vitesse Canada

Notes to Financial Statements

March 31, 2020

9. Contingent Liability

In 2011, Speed Skating Canada received a Statement of Claim from a supplier demanding payment of \$250,000 in commissions and \$50,000 in punitive and exemplary damages, interest and legal costs. Speed Skating Canada filed a counter claim in the amount of \$38,000. The litigation has never moved beyond this stages; therefore, management and management's legal counsel are not able to determine the outcome of the litigation or the amount of any possible settlement. Management has indicated that they intend to vigorously defend the claim. Should any losses result from the resolution of this claim, such loss will be charged to operations in the year of resolution.

There is a lawsuit filed against the Organization as one of several defendants for an incident which arose in the ordinary course of business. In the opinion of management, the outcome of the lawsuit is not determinable. Should any losses result from the resolution of this claims, management expects that it will be covered by the Organization's business insurance.

10. Peter Williamson Memorial Trust Fund

The Fund was established in memory of the late Technical Director of Speed Skating Canada. The trust offers two annual bursaries for short track and long track speed skating. The Board of Directors approved a transfer to the fund to reach a balance of \$30,000 on March 31, 2006, and has also approved an annual transfer equal to the disbursements of the fund, to a maximum of \$3,000. This transfer will be considered in lieu of investment revenue to the fund, such that the fund will be maintained at \$30,000.

11. Gagné Family Trophy Fund

The Fund was established to provide for the cost of engraving the main trophy which is presented to the family who has demonstrated an outstanding commitment to the promotion and development of speed skating in Canada. The fund may also subsidize the cost of the Awards Dinner tickets to the winners. The amount of the disbursements shall not exceed the amount of interest available from the fund.

12. Lease Commitment

The Organization rents office accommodation under two operating leases which expire in June 2019 and August 2020 respectively. The Organization also has a sublease for rent received on one of the operating leases. The Organization also rents equipment under an operating lease which expires in August 2019. Future minimum lease payments under the leases (inclusive of estimated operating costs and net of rent received) are as follows:

March 31, 2020	\$	36,154
March 31, 2021	\$	13,171

Speed Skating Canada - Patinage de vitesse Canada

Notes to Financial Statements

March 31, 2020

13. Subsequent Event

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Organization's environment and in the global markets, such as the potential deferral or abandonment of contributions revenue could have a material impact on the Organization's operations. The extent of the impact of this outbreak and related containment measures on the Organization's operations cannot be reliably estimated at this time.

14. Financial Instruments Risks and Concentrations

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure and concentrations as at March 31, 2020.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and government remittances payable.

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's main credit risks relate to its accounts receivable.

Currency Risk

Currency risk is the exposure of the Organization earnings that arises from fluctuations in exchange rates. The Organization is exposed to currency risk through accounts receivable and accounts payable. The Organization holds foreign currency to minimize the loss exposure on accounts payable.

Changes in Risk

There have been no significant changes in the Organization's risk exposures from the 2019 fiscal year.

Speed Skating Canada - Patinage de vitesse Canada
Schedule 1 - Association Generated Revenue

For the year ended March 31	2020	2019
Sales	\$ 11,615	\$ 4,686
Cost of sales	<u>(8,488)</u>	<u>(6,025)</u>
Gross profit on sales	3,127	(1,339)
Membership and affiliation dues	287,677	301,479
Sponsorships	202,986	352,185
Net investment income	5,911	60,927
Coaching Association of Canada	-	4,067
Hosting	109,125	735,124
Miscellaneous	<u>47,061</u>	<u>7,682</u>
	\$ 655,887	\$ 1,460,125

Speed Skating Canada - Patinage de vitesse Canada
Schedule 2 - Sport Canada Funding and
Related Expenditures

For the year ended March 31, 2020

	Sport Canada Funding				Related Expenditures			
	Sport Support Program	Enhanced Excellence	Next Generation	Total	Sport Support Program	Enhanced Excellence	Next Generation	Total
Administration	\$ 140,000	\$ 62,731	\$ -	\$ 202,731	\$ 396,089	\$ 129,654	\$ -	\$ 525,743
Governance	115,000	-	-	115,000	118,392	-	-	118,392
Staff salaries	700,000	107,600	-	807,600	875,908	85,341	-	961,249
Coaching salaries and professional development	-	842,669	26,000	868,669	-	1,001,842	73,135	1,074,977
National team program	400,000	750,750	75,625	1,226,375	478,808	750,750	395,729	1,625,287
Official languages	13,000	-	-	13,000	22,576	-	-	22,576
Operations and programming	182,000	-	-	182,000	245,205	-	-	245,205
	\$ 1,550,000	\$ 1,763,750	\$ 101,625	\$ 3,415,375	\$ 2,136,978	\$ 1,967,587	\$ 468,864	\$ 4,573,429