



SKATECANADA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

AND

AUDITORS' REPORT TO THE MEMBERS



FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014 AND AUDITORS' REPORT TO THE MEMBERS

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INDEPENDENT AUDITORS' REPORT

To the Members of SKATE CANADA:

Report on the Financial Statements

We have audited the accompanying financial statements of SKATE CANADA (the "Association"), which comprise the statements of financial position as at March 31, 2014, and the statements of operations, changes in fund balances 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 ("ASNFP"), 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.

Auditors' 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 auditors' 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 auditors consider internal control relevant to the Association'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 Association'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

The Association, in common with many Registered Canadian Amateur Athletics Associations, derives some of its revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues were limited to the amounts recorded in the records of the Association and we were unable to determine whether any adjustments might be necessary to donation revenue, excess (deficiency) of revenue over expenditures, assets, and fund balances.

Qualified 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 the Association as at March 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with ASNFP.

Logan Katz LLP

Chartered Accountants
Licensed Public Accountants

Ottawa, Canada
May 21, 2014

SKATE CANADA
Statement of Financial Position
as at March 31, 2014

		Externally						
		Athlete	Hall of Fame	Invested In	Restricted	Endowment	March 31, 2014	
ASSETS		General Fund	Fund	Fund	Capital Assets	Funds	Funds	Total
CURRENT ASSETS								
Cash		\$ 2,972,783	\$ 22,866	\$ 35,942	\$ -	\$ -	\$ -	\$ 3,031,591
Accounts receivable	Note 4,10	1,700,286	128	-	-	-	-	1,700,414
Unbilled contract revenue	Note 3	852,000	-	-	-	-	-	852,000
Merchandise inventory	Note 5	525,552	-	-	-	-	-	525,552
Prepaid expenses		107,009	-	-	-	-	-	107,009
Due from Skate Canada Skater Trust Fund		-	-	-	-	-	-	-
Due from funds	Note 6	550,527	-	-	-	-	-	550,527
Skate Canada Skater Trust Fund	Note 7	842,455	-	-	-	-	-	842,455
		7,550,612	22,994	35,942	-	-	-	7,609,548
INVESTMENTS								
	Note 8	10,122,268	7,592,019	1,416,971	-	209,998	186,567	19,527,823
CAPITAL ASSETS								
	Note 9	-	-	-	1,923,709	-	-	1,923,709
TOTAL ASSETS		\$ 17,672,880	\$ 7,615,013	\$ 1,452,913	\$ 1,923,709	\$ 209,998	\$ 186,567	\$ 29,061,080
LIABILITIES								
LIABILITIES								
Accounts payable and accrued liabilities	Note 10	\$ 1,652,107	\$ 74,460	\$ -	\$ -	\$ -	\$ -	\$ 1,726,567
Due to funds	Note 6	-	412,279	138,248	-	-	-	550,527
Deferred revenue		316,270	-	-	-	-	-	316,270
Skate Canada Skater Trust Fund	Note 7	842,455	-	-	-	-	-	842,455
		2,810,832	486,739	138,248	-	-	-	3,435,819
DEFERRED CONTRIBUTIONS		Note 11	3,986,859	-	-	-	-	3,986,859
TOTAL LIABILITIES			6,797,691	486,739	138,248	-	-	7,422,678
FUND BALANCES								
Unrestricted		\$ 10,875,189	\$ -	\$ -	\$ -	\$ -	\$ -	-
Internally restricted		-	7,128,274	1,314,665	-	-	-	10,875,189
Invested in Capital Assets		-	-	-	1,923,709	-	-	8,442,939
Externally restricted		-	-	-	-	209,998	-	1,923,709
Endowment		-	-	-	-	-	186,567	209,998
TOTAL FUND BALANCES			10,875,189	7,128,274	1,314,665	209,998	186,567	186,567
			21,638,402					
TOTAL LIABILITIES AND FUND BALANCES		\$ 17,672,880	\$ 7,615,013	\$ 1,452,913	\$ 1,923,709	\$ 209,998	\$ 186,567	\$ 29,061,080
COMMITMENTS								
	Note 16							

Approved on behalf of the Board of Directors



Leanna Caron - President



Bill Boland - Director of Finance

SKATE CANADA
Statement of Financial Position
as at March 31, 2013

								(Restated)
		General Fund	Athlete Fund	Hall of Fame Fund	Invested in Capital Assets	Externally Restricted Funds	Endowment Funds	March 31, 2013 Total
ASSETS								
CURRENT ASSETS								
Cash		\$ 3,669,134	\$ 12,426	\$ 52,138	\$ -	\$ -	\$ -	\$ 3,733,698
Accounts receivable	Note 4,10	5,390,561	1,328	-	-	-	-	5,391,889
Unbilled contract revenue	Note 3	770,000	-	-	-	-	-	770,000
Merchandise inventory	Note 5	486,895	-	-	-	-	-	486,895
Prepaid expenses		202,809	-	-	-	-	-	202,809
Due from Skate Canada Skater Trust Fund		86,245	-	-	-	-	-	86,245
Due from funds	Note 6		172,651	-	-	-	-	172,651
Skate Canada Skater Trust Fund	Note 7	768,197	-	-	-	-	-	768,197
		<u>11,373,841</u>	<u>186,405</u>	<u>52,138</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,612,384</u>
INVESTMENTS	Note 8	9,715,224	7,151,855	1,319,351	-	227,447	191,146	18,605,023
CAPITAL ASSETS	Note 9	-	-	-	2,117,628	-	-	2,117,628
TOTAL ASSETS		<u>\$ 21,089,065</u>	<u>\$ 7,338,260</u>	<u>\$ 1,371,489</u>	<u>\$ 2,117,628</u>	<u>\$ 227,447</u>	<u>\$ 191,146</u>	<u>\$ 32,335,035</u>
LIABILITIES								
LIABILITIES								
Accounts payable and accrued liabilities	Note 10	\$ 4,160,274	\$ 75,867	\$ -	\$ -	\$ -	\$ -	\$ 4,236,141
Due to funds	Note 6	129,255	-	43,396	-	-	-	172,651
Deferred revenue		121,877	-	-	-	-	-	121,877
Skate Canada Skater Trust Fund	Note 7	768,197	-	-	-	-	-	768,197
		<u>5,179,603</u>	<u>75,867</u>	<u>43,396</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,298,866</u>
DEFERRED CONTRIBUTIONS	Note 11	4,010,000	-	-	-	-	-	4,010,000
TOTAL LIABILITIES		<u>9,189,603</u>	<u>75,867</u>	<u>43,396</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,308,866</u>
FUND BALANCES								
Unrestricted		\$ 11,899,462	\$ -	\$ -	\$ -	\$ -	\$ -	11,899,462
Internally restricted		-	7,262,393	1,328,093	-	-	-	8,590,486
Invested in Capital Assets		-	-	-	2,117,628	-	-	2,117,628
Externally restricted		-	-	-	-	227,447	-	227,447
Endowment		-	-	-	-	-	191,146	191,146
TOTAL FUND BALANCES		<u>11,899,462</u>	<u>7,262,393</u>	<u>1,328,093</u>	<u>2,117,628</u>	<u>227,447</u>	<u>191,146</u>	<u>23,026,170</u>
TOTAL LIABILITIES AND FUND BALANCES		<u>\$ 21,089,065</u>	<u>\$ 7,338,260</u>	<u>\$ 1,371,489</u>	<u>\$ 2,117,628</u>	<u>\$ 227,447</u>	<u>\$ 191,146</u>	<u>\$ 32,335,035</u>
COMMITMENTS	Note 16							

SKATE CANADA
Statement of Operations
For the Year Ended March 31, 2014

		General Fund	Athlete Fund	Hall of Fame Fund	Restricted Funds	Endowment Funds	(Restated) Total
							2013
REVENUES							
Membership		\$ 6,509,281	\$ -	\$ -	\$ -	\$ -	\$ 6,451,981
Test		913,537	-	-	-	-	923,345
Sponsorship, television and marketing	Note 3,14	1,723,435	-	-	-	-	1,283,760
Events	Note 14	2,403,063	-	-	-	-	1,832,013
Worlds		-	-	-	-	-	9,091,034
Merchandising	Note 5	597,513	-	-	-	-	668,304
Government and other grants	Note 12	2,184,394	-	-	-	-	2,026,941
Investment income	Note 15	1,094,377	64,305	12,465	(628)	(107)	1,170,412
Development competitions	Note 14	221,221	-	-	-	-	213,762
Donations		-	45,883	-	-	-	24,267
Other		666,909	-	-	-	-	1,505,205
		16,313,730	110,188	12,465	(628)	(107)	24,663,142
							288,292
							63,143
							16,802
							18,155
							25,049,534
EXPENSES							
Section membership and test grants		3,402,308	-	-	-	-	3,380,212
Sponsorship, television and marketing	Note 14	255,082	-	-	-	-	238,673
Events	Note 14	3,079,268	-	-	-	-	2,310,199
ISU Events		-	-	-	-	-	12,896
Worlds		-	-	-	-	-	8,894,310
Corporate affairs		632,675	24,246	25,893	-	-	570,161
Annual convention and general meeting		272,887	-	-	-	-	382,861
Finance and administration		689,399	-	-	-	-	627,353
Merchandising		293,503	-	-	-	-	379,771
Information technology		115,459	-	-	-	-	64,092
Coaching		47,216	-	-	-	-	48,995
Member services		12,968	-	-	-	-	40,196
National teams and athlete support		1,885,092	223,454	-	11,500	6,400	1,591,039
Communications		43,103	-	-	-	-	31,798
Translation		128,626	-	-	-	-	111,520
Skating programs		69,051	-	-	-	-	112,196
Human resources		4,593,193	-	-	-	-	3,717,221
Development competitions	Note 14	445,376	-	-	-	-	408,496
Amortization		411,794	-	-	-	-	401,581
Strategic initiatives		196,472	-	-	-	-	310,048
Reorganization costs	Note 17	958,450	-	-	-	-	-
		17,531,922	247,700	25,893	11,500	6,400	23,633,618
							391,526
							28,862
							11,000
							5,870
							24,070,876
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES							
		(1,218,192)	(137,512)	(13,428)	(12,128)	(6,507)	1,029,524
							(103,234)
							34,281
							5,802
							12,285
							978,658

SKATE CANADA
Statement of Changes in Fund Balances
For the year ended March 31, 2014

Balances, March 31, 2013
Excess (deficiency) of revenues over expenses
Interfund transfers
Distribution of capital
Amortization
Additions to capital assets
Additions (reductions) to investments
Balances, March 31, 2014

	General Fund	Athlete Fund	Hall of Fame Fund	Invested in Capital Assets	Externally Restricted Funds	Endowment Funds	2014 Total
	\$ 11,899,462	\$ 7,262,393	\$ 1,328,093	\$ 2,117,628	\$ 227,447	\$ 191,146	\$ 23,026,169
	(1,218,192)	(137,512)	(13,428)	-	(12,128)	(6,507)	(1,387,767)
	679,783	(593,037)	(94,853)	-	6,179	1,928	-
	-	11,500	-	-	(11,500)	-	-
	411,794	-	-	(411,794)	-	-	-
	(217,875)	-	-	217,875	-	-	-
	(679,783)	584,930	94,853	-	-	-	-
	\$ 10,875,189	\$ 7,128,274	\$ 1,314,665	\$ 1,923,709	\$ 209,998	\$ 186,567	\$ 21,638,402

SKATE CANADA
Statement of Changes in Fund Balances
For the year ended March 31, 2013

Balances, March 31, 2012
Prior Period Adjustment
Balances April 1, 2012 Restated
Excess (deficiency) of revenues over expenses
Interfund transfers
Distribution of capital
Amortization
Additions to capital assets
Additions (reductions) to investments
Balances, March 31, 2013

	General Fund	Athlete Fund	Hall of Fame Fund	Invested in Capital Assets	Externally Restricted Funds	Endowment Funds	(Restated) 2013 Total
	\$10,544,587	\$7,363,443	\$1,293,812	\$2,332,979	\$223,829	\$178,861	\$21,937,511
	110,000	-	-	-	-	-	110,000
	\$10,654,587	\$7,363,443	\$1,293,812	\$2,332,979	\$223,829	\$178,861	\$22,047,511
	1,029,524	(103,234)	34,281	-	5,802	12,285	978,658
	(285,629)	279,912	(3,099)	-	8,816	-	-
	-	11,000	-	-	(11,000)	-	-
	401,581	-	-	(401,581)	-	-	-
	(186,230)	-	-	186,230	-	-	-
	285,629	(288,728)	3,099	-	-	-	-
	\$ 11,899,462	\$ 7,262,393	\$ 1,328,093	\$ 2,117,628	\$ 227,447	\$ 191,146	\$ 23,026,169

Note 3

SKATE CANADA
Statement of Cash Flows
For the Year Ended March 31, 2014

	2014	(Restated) 2013
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses for the year	\$ (1,387,767)	\$ 978,658
Items not involving cash:		
Amortization	411,794	401,581
Unrealized gain on investments	(123,197)	(315,868)
	<u>(1,099,170)</u>	<u>1,064,371</u>
Net change in working capital balances	1,414,541	1,875,457
CASH GENERATED (USED) IN OPERATING ACTIVITIES	315,371	2,939,828
INVESTING		
Capital asset additions	(217,875)	(186,230)
Proceeds of disposition of investments	9,827,395	2,888,567
Purchase of investments	(10,626,998)	(2,580,856)
CASH GENERATED FROM INVESTING ACTIVITIES	(1,017,478)	121,481
INCREASE (DECREASE) IN CASH	(702,107)	3,061,309
CASH, BEGINNING OF YEAR	3,733,698	672,389
CASH, END OF YEAR	\$ 3,031,591	\$ 3,733,698
REPRESENTED BY:		
General Fund	2,972,783	3,669,134
Athlete Fund	22,866	12,426
Hall of Fame and Museum Fund	35,942	52,138
CASH, END OF YEAR	\$ 3,031,591	\$ 3,733,698
NET CHANGE IN WORKING CAPITAL BALANCES		
Accounts receivable	\$ 3,691,475	\$ (3,313,537)
Unbilled contract revenue	(82,000)	(770,000)
Merchandise inventory	(38,657)	(176,994)
Prepaid expenses	95,800	(10,015)
Accounts payable and accrued liabilities	(2,509,574)	2,344,638
Due from Skate Canada Skater Trust Funds	86,245	(250)
Deferred revenues	194,393	(208,385)
Deferred contributions	(23,141)	4,010,000
	<u>\$ 1,414,541</u>	<u>\$ 1,875,457</u>

SKATE CANADA

Notes to the Financial Statements For the Year Ended March 31, 2014

1 PURPOSE OF THE ORGANIZATION

Skate Canada ("the Association") is the national skating governing body whose purpose is to develop, regulate and promote skating in Canada. Its membership consists of thirteen sections which are further divided into club members, individual members, affiliated members, and supporting members.

All sections are autonomous, separately incorporated organizations.

The Association was incorporated under the provisions of Part II of the Canada Corporations Act in 1962 without share capital as a not-for-profit organization. The Association is a Registered Canadian Amateur Athletic Association ("RCAAA") within the meaning of the Canada Income Tax Act and is, therefore, not subject to income taxes. As a RCAAA, the Association has the authority to issue donation receipts.

The Association is currently working to complete the required transition process for continuation under the new Canadian Not-for-Profit Corporation Act which comes into effect October 17, 2014.

2 SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the Accounting Standards for Not-For-Profit Organizations (ASNFPPO) and include the following significant accounting policies:

a) Fund Accounting

The Association maintains its accounts in accordance with the principles of fund accounting. Resources are classified for accounting and reporting purposes into funds according to the activity specified.

General fund

The **General Fund** accounts for the Association's operating programs and administrative activities.

Internally restricted funds

The **Skate Canada Athlete Fund** reports on revenues and expenditures of activities designed to encourage the development of figure skating in Canada by providing financial assistance to athletes.

The **Skate Canada Hall of Fame and Museum Fund** reports on revenues and expenditures of activities designed to preserve records, and honour individuals who have made a noteworthy contribution to figure skating in Canada.

Externally restricted funds

The Association obtains funds from various sources that are designated for specific purposes or programs and are therefore not available for general purposes. Descriptions of these funds follow:

The **Elvis Stojko Fund** reports on revenues and expenditures with the intent of providing awards to selected skaters who display talent and have an ability to expand the horizons of the sport of figure skating.

The **Barbara Graham Fund** reports on revenues and expenditures associated with providing an annual bursary of \$500 to each male and female Pre-Novice champion in each of the 13 sections. The bursaries commenced in March 2005 and are to continue for ten years.

Endowment Funds

The Association obtains funds from various sources that are designated for specific purposes or programs and are therefore not available for general purposes. As endowment funds, only the interest earned on the capital may be distributed and the capital must be preserved. Descriptions of these funds follow:

The **Stewart G. Esdaile Fund** reports on revenues and expenditures associated with providing annual awards to selected skaters from the Ottawa-Gatineau area skating clubs who skated in the previous Canadian Championships or the Canada Junior Nationals in the Novice or Junior categories.

The **Paul Giesinger Estate Fund** reports on revenues and expenditures associated with providing an annual award to the Novice Ladies and Novice Men's Championship at the Canada Junior Nationals.

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

b) Revenue Recognition:

Unrestricted contributions will be recognized in the general fund in the current period.

Restricted contributions are recognized directly in the related fund. If there is a designated restricted fund, the revenue will be recognized in the year it is received using the restricted fund method. If there is no designated restricted fund, the revenue will be recognized using the deferral method. Under the deferral method, restricted contributions that are related to expenses of future periods are deferred and recognized as revenue in the period in which the related expenses are incurred.

Endowment contributions are recognized as income in an endowment fund when received.

The following are the primary revenue streams for the Association and how they are recognized:

- i) Membership revenue and test revenues are recognized when applications are received.
- ii) Sponsorship, marketing and television revenues are recognized on a straight-line basis over the term of the related agreements.
- iii) Event revenues are recognized in the year that the event occurs and event deliverables are completed.
- iv) Merchandising revenue is recognized at point of sale which is typically when product is shipped and invoiced.
- v) Government grants are recognized based upon the completion of deliverables as identified in contractual agreements.
- vi) Investment income of the unrestricted funds comprises interest from cash, interest from fixed income and equity investments, realized gains and losses on the sale of fixed income and equity investments, and unrealized appreciation or depreciation of fixed income and equity investments. Revenue is recognized on an accrual basis.
- vii) Contributed goods and services are recorded at the fair value at the time of receipt if the value can be reasonably estimated and the related goods and services would otherwise have been purchased.
- viii) Investment income earned on restricted funds is recognized as revenue of the applicable restricted fund according to the terms of the restricted contribution.
- ix) Endowment income is recognized as revenue in the endowment funds on an accrual basis.

c) Merchandise Inventory

Inventory is valued at the lower of cost and estimated net realizable value. The cost is determined on a first in, first out basis.

d) Capital Assets

Capital assets are stated at cost less accumulated amortization. Amortization of capital assets is provided on a straight-line basis method over the following terms:

Computer equipment & software	3 years
Competition equipment	5 years
Website	5 years
Office equipment	5 years
Building	25 years

The Association collects artifacts and archival materials which are historically significant to figure skating in Canada. Contributed collection assets are not recognized in the financial statements.

e) Contributed Goods and Services

These financial statements do not reflect the value associated with numerous hours contributed by volunteers to assist the Association in carrying out its service delivery activities.

f) Deferred Contributions

Deferred contributions represent the balance of contributions received from the governments of Canada and Ontario for expenditures which have not yet been incurred. The Association has committed to using these contributions to create new initiatives and programs to be focused on figure skating development and excellence in Canada. Retention of these government funds is contingent upon the Association complying with this mandate.

g) Defined Contribution Plan

The Association sponsors a defined contribution pension plan for most of its employees. The association matches contributions made by eligible employees, and the matched contributions are made to the plan trustee on behalf of each employee. The cost of providing the benefits under the defined contribution pension plan is charged as an expense in the period the contribution becomes payable.

SKATE CANADA**Notes to the Financial Statements
For the Year Ended March 31, 2014****2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)****h) Allocation of Expenditures**

The Association allocates its expenditures to the applicable departments on the following basis:

Travel, professional fees, and administrative expenditures are allocated specifically to the department to which they relate.

i) Foreign Currency Translation

The Association uses the temporal method to translate its foreign currency transactions.

Monetary assets and liabilities are translated at the exchange rate in effect at the statement of financial position date. Others assets and liabilities are translated at the exchange rate in effect at the transaction date. Items appearing in the current years statement of operations, are translated at the exchange rate in effect at the transaction date. Exchange gains and losses are included in statement of operations.

j) Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the year. Actual results could differ from those estimates. The significant estimates in the financial statements include allowance for doubtful accounts, inventory obsolescence, the estimated useful life of property and equipment, deferred revenues, deferred contributions, and the amount of certain accrued liabilities.

k) Financial Instruments*Measurement of financial instruments*

The Association initially measures its financial assets and liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost except investments within actively traded markets which are measured at fair value. Changes in fair value are recognized on the statement of operations. Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized costs include accounts payable and accrued liabilities, deferred revenue, and deferred contributions. Financial assets measured at fair value include investments.

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 the statement of operations and changes in fund balances. 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 would have been reported at the date of the reversal had the impairment not been recognized. The amount of the reversal is recognized in the statement operations.

Transaction costs

Transaction costs are comprised primarily of legal, accounting, underwriters' fees and other costs directly attributable to the acquisition, issuance or disposal of a financial asset or financial liabilities. Transaction costs related to other liabilities are netted against the carrying value of the asset or liability and are then recognized over the expected life of the instrument using the effective interest method.

3 PRIOR PERIOD ADJUSTMENT

The prior period adjustment relates to the revenue recognition of a television contract for the Canadian broadcast and digital rights for some of the Association's national and international skating events and competitions beginning in the 2012 season. The contract is for a term of ten years with a total contract value of \$6,600,000. Revenue will be recognized on a straight-line basis over the term of the contract. Unbilled contract revenue and sponsorship, television and marketing revenue was understated by \$220,000 as at March 31, 2013 and by \$110,000 as at March 31, 2012. The opening net assets as at April 1, 2013 were increased by \$110,000. The comparative figures were restated accordingly.

4 ACCOUNTS RECEIVABLE

	2014	2013
Trade receivables	\$ 1,217,414	\$ 746,699
Government (Note 10)	329,146	1,506,277
Events	16,469	315,000
2013 World Figure Skating Championships	-	2,640,434
Other	137,385	183,479
	<u>\$ 1,700,414</u>	<u>\$ 5,391,889</u>

SKATE CANADA
**Notes to the Financial Statements
For the Year Ended March 31, 2014**
5 MERCHANDISE INVENTORY

	2014	2013
Programming - badges & ribbons	\$ 291,366	\$ 207,878
Clothing	101,081	139,885
Novelties & other	133,105	139,132
	<u>\$ 525,552</u>	<u>\$ 486,895</u>

The amount of merchandise inventory expensed during the year which is included in the balance of merchandising is \$293,503 (2013 - \$379,771).

6 DUE TO FUNDS

The following table summarizes the due to/from interfund balances of the Association at year end. During the year the General Fund advanced funds to(from) the Athlete Fund and the Hall of Fame Fund for investing purposes. These advances have no terms of repayment and are non-interest bearing.

	2014			2013		
	Athlete Fund	Hall of Fame	Total	Athlete Fund	Hall of Fame	Total
Beginning balance	\$ (172,651)	\$ 43,396	\$ (129,255)	\$ 116,077	\$ 40,298	\$ 156,375
Temporary advances	584,930	94,852	679,782	(288,728)	3,098	(285,630)
Ending Balance	<u>\$ 412,279</u>	<u>\$ 138,248</u>	<u>\$ 550,527</u>	<u>\$ (172,651)</u>	<u>\$ 43,396</u>	<u>\$ (129,255)</u>

7 SKATE CANADA SKATER TRUST FUND

The Association administers trust funds on behalf of certain skaters who have earned money from sponsorship contracts, equipment endorsements, advertising, participation in competitions and other activities. An administrative fee of \$2,845 (March 31, 2013 - \$9,152), was charged for this service. These funds are reported as trust assets and trust liabilities as the Association has no title to these assets, but solely administers them on behalf of the skaters. The invested assets are recorded at market value, as follows:

	2014	2013
Canadian Funds held in Canadian Chartered Bank	\$ 405,990	\$ 365,802
Foreign Funds held in Canadian Chartered Bank	257,635	227,723
Guaranteed Investment Certificate - at market	178,830	174,672
	<u>\$ 842,455</u>	<u>\$ 768,197</u>

8 INVESTMENTS

	2014		2013	
	Cost	Market Value	Cost	Market Value
Skate Canada General Fund				
Equity	\$ 4,614,786	\$ 6,422,451	\$ 4,753,480	\$ 6,016,589
Fixed	3,560,713	3,699,817	3,481,195	3,698,635
	<u>8,175,499</u>	<u>10,122,268</u>	<u>8,234,675</u>	<u>9,715,224</u>
Athlete Fund				
Equity	4,351,064	4,393,267	-	-
Fixed	3,082,401	3,198,752	6,717,367	7,151,855
	<u>7,433,465</u>	<u>7,592,019</u>	<u>6,717,367</u>	<u>7,151,855</u>
Hall of Fame and Museum Fund				
Equity	774,164	779,695	-	-
Fixed	611,779	637,276	1,238,849	1,319,351
	<u>1,385,943</u>	<u>1,416,971</u>	<u>1,238,849</u>	<u>1,319,351</u>
Externally restricted funds				
Fixed	201,329	209,998	212,829	227,447
Endowment funds				
Fixed	178,861	186,567	178,861	191,146
	<u>\$ 17,375,097</u>	<u>\$ 19,527,823</u>	<u>\$ 16,582,581</u>	<u>\$ 18,605,023</u>

SKATE CANADA**Notes to the Financial Statements
For the Year Ended March 31, 2014****8 INVESTMENTS (cont'd)**

The investment portfolios are managed by BMO Nesbitt Burns (Fixed Income) and BMO Harris Private Banking (Equity) in accordance with written investment policy statements.

The key investment objectives of the fixed income investments are the generation of interest income and the preservation of capital. The fixed income investments consist predominantly of Federal and Provincial government bonds, and high quality corporate bonds. The credit quality of the bonds are "A" rated or higher. The government and corporate bonds bear coupon interest rates ranging from 2.36% to 7.05%, and have maturities ranging from 8 months to 279 months.

The key investment objectives of the equity investments are long term capital growth and the ability to maintain purchasing power against inflation. The equities are primarily large capitalization stocks with a strong record of dividend payment. Equity risk is reduced by diversifying across industry sectors as well as investing in different markets such as Canada, United States, Europe and the Far East.

The investment strategy is achieved by investing in individual securities.

9 CAPITAL ASSETS

			2014		2013
	Cost	Accumulated Amortization	Net Book Value		Net Book Value
Computer equipment & software	\$ 333,295	\$ 244,032	\$ 89,263	\$	94,820
Competition equipment	1,440,255	1,236,567	203,688		252,902
Website	660,155	510,191	149,964		215,828
Office equipment	325,303	188,928	136,375		113,741
Building	2,380,197	1,141,565	1,238,632		1,334,551
Land	105,787	-	105,787		105,787
	\$ 5,244,992	\$ 3,321,283	\$ 1,923,709	\$	2,117,628

Cost and accumulated amortization for the year ended March 31, 2013 were \$6,736,752 and \$4,619,124 respectively.

10 GOVERNMENT REMITTANCES

Government remittance balances are as follows: March 31, 2014- \$115,268 - due from; and March 31, 2013- \$105,633 - due to.

11 DEFERRED CONTRIBUTIONS

The governments of Canada and Ontario contributed \$2,200,000 and \$1,500,000 respectively in the fiscal year 2013 to support the planning, delivery and execution of the 2013 World Figure Skating Championships with the Association allocating \$59,443 (March 31, 2013 - \$310,000) of the excess revenue over expenditures from the event. The Association has developed a long term Strategic Plan which will incorporate these deferred contributions to invest in new initiatives and programs to create greater capacity, outcomes and capacity for skating in Canada.

	2014	2013
Balance at beginning of year	\$ 4,010,000	-
Contributions received	-	3,700,000
Excess revenue over expenditures from 2013 World Figure Skating Championships	59,443	310,000
Recognized revenue	(82,584)	-
Balance at end of year	\$ 3,986,859	\$ 4,010,000

12 GOVERNMENT ASSISTANCE*Ministry of Tourism, Culture and Sport*

The Association received a \$100,000 grant from the Ministry of Tourism, Culture and Sport, of which \$90,000 was received and \$10,000 was receivable at year end. The purpose of this grant revenue was to provide support for a series of Ottawa-based activities for the 100th anniversary celebration of the Canadian Tire National Skating Championships.

Canadian Olympic Committee

The Association received a \$434,000 grant from the Canadian Olympic Committee, of which \$347,200 was received during the year and \$86,800 was receivable at year end. The purpose of this grant is to provide support for targeted athlete training under the Own the Podium program.

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(D) 1/2 1/2
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SKATE CANADA
Notes to the Financial Statements
For the Year Ended March 31, 2014

12 GOVERNMENT ASSISTANCE (cont'd)

Government of Canada – Sport Canada

The Association received \$1,646,500 in grants from the Government of Canada – Sport Canada, of which \$1,641,500 was received during the year and \$5,000 was receivable at year end. The purpose of these grants was to provide support for the general capacity of the Association (salaries and administration) as well as the ongoing programming (training, domestic and/or international competitions, sport development and volunteer development) and to provide hosting assistance for the 2013 Skate Canada International Skating Competition.

The Funding Agencies described above have the ability to demand repayment of any portion of the grants if the Association does not spend all of the advanced funds or purchases disallowed expenditures. The Association is required to meet certain performance milestones as stipulated by the agreements.

13 FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments. The following analysis provides a measure of the Association's risk exposure and concentrations at March 31, 2014, and March 31, 2013. The financial instruments of the Association and the nature of the risks to which they may be subject are as follows:

Financial Instruments	Risks			
	Credit	Liquidity	Market Risk	
			Currency	Interest Rate
Cash	x			x
Accounts receivable	x		x	
Unbilled contract revenue	x		x	
Investments	x			x
Accounts payable and accrued liabilities		x	x	

The Association manages its exposure to the risks associated with financial instruments that have the potential to affect its operating and financial performance in accordance with its Risk Management Policy. The objective of the policy is to reduce volatility in cash flow and earnings. The Board of Directors monitors compliance with risk management policies and reviews risk management policies and procedures on an annual basis.

The Association also has specific investment policies that detail the asset quality and proportion of fixed income and equity securities in which investments are made.

The Association does not use derivative financial instruments to manage its risks.

Credit Risk

The Association is exposed to credit risk resulting from the possibility that parties may default on their financial obligations, or if there is a concentration of financial obligations which have similar economic characteristics that could be similarly affected by changes in economic conditions, such that the Association could incur a financial loss. The Association does not hold any collateral as security for financial obligations of counterparties.

The maximum exposures of the Association's credit risk at March 31, 2014, and March 31, 2013 are as follows:

	2014	2013
Cash	\$ 3,031,591	\$ 3,733,698
Accounts receivable	1,700,414	5,391,889
Unbilled contract revenue	852,000	770,000
Investments	19,527,823	18,605,023
	<u>\$ 25,111,828</u>	<u>\$ 28,500,610</u>

Cash and investments: Credit risk associated with cash and Canadian fixed income investments is minimized substantially by ensuring these assets are invested in financial obligations of: governments; major financial institutions that have been accorded investment grade ratings by a primary rating agency and/or credit worthy parties. An ongoing review is performed to evaluate changes in the status of the issuers of securities authorized for investment under the investment policies of the Association.

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SKATE CANADA
Notes to the Financial Statements
For the Year Ended March 31, 2014

13 FINANCIAL INSTRUMENTS (cont'd)

Accounts Receivable and unbilled contract revenue: Credit risk associated with accounts receivable and unbilled contract revenue is minimized by the Association's large and diverse customer base. The Association follows a program of credit evaluations of customers and limits the amount of credit when deemed necessary. The Association maintains allowances for potential credit losses, and any such losses to date have been within management's expectations.

Liquidity Risk

Liquidity risk is the risk that the Association will not be able to meet a demand for cash or fund its obligations as they become due.

The Association meets its liquidity requirements by preparing and monitoring forecasts and cash flows from operations, anticipating investing and financing activities and holding assets that can readily be turned into cash.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

Credit Facility

The Association has an authorized, unsecured line of credit of \$500,000 that bears interest at its financial institution's prime rate plus 1.5% per annum, which remained unused as at March 31, 2014.

The Association has access to \$225,000, unsecured credit on a credit cards, bearing interest at 18.4% per annum, for which the balance is required to be fully paid on a monthly basis. There was \$13,633 credit used as at March 31, 2014 (\$29,902 – March 31, 2013).

Currency Risk, Interest Rate Risk and Other Price Risk

The Association infrequently transacts in a foreign currency, however certain event related revenues and operating costs are typically denominated in US dollars, as are sourcing certain support services and capital asset acquisitions. The Association does not use foreign exchange forward contracts to manage foreign exchange transaction exposures.

The exposure of the Association to interest rate risk arises from its interest bearing assets. The primary objective of the Association with respect to its fixed income investments is to ensure the security of principal amounts invested, provide for a high degree of liquidity, and achieve a satisfactory investment return. The Association manages the interest rate risk exposure of its fixed income investments by investing in high quality bonds having varying terms to maturity.

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with those instruments will fluctuate because of changes in market prices other than those arising from currency risk or interest rate risk. The Association is exposed to other price risk because of its investment in equity stocks. Risk and volatility of investment returns are mitigated by investing in large capitalization stocks and through diversification of investments in different countries, business sectors and corporation sizes.

Changes in Risk

There have been no changes in the Association's risk exposures from the prior year.

14 CONTRIBUTED GOODS AND SERVICES

During the year ended March 31, 2014, the Association received contributed goods and services having a fair market value of \$407,732 (2013-\$1,868,021). These contributed goods and services were provided primarily to sponsor a wide range of activities for the Association's competition events.

15 INVESTMENT INCOME

	2014	2013
Account interest	\$ 29,637	\$ 15,522
Fixed investment income	492,137	472,099
Equity investment income	129,958	195,859
Realized gains on sale of fixed income investments	70,791	59,769
Realized gain (loss) on sale of equity investments	324,691	(30,195)
Unrealized gain (loss) of fixed income investments	(450,864)	318,871
Unrealized gain (loss) of equity investments	574,061	(3,003)
	<u>\$ 1,170,411</u>	<u>\$ 1,028,922</u>

SKATE CANADA**Notes to the Financial Statements
For the Year Ended March 31, 2014****16 COMMITMENTS**

The Association is committed under a property lease agreement to make monthly payments in the amount of:

April 1, 2014 onwards	\$	16,773
	<u>\$</u>	<u>16,773</u>

17 REORGANIZATION COST

The Association undertook a reorganization that was determined to strengthen the organizational structure and reduce costs over time. The costs that related to Association staff included the payment of severance, vacation pay, employee benefits and outplacement transition assistance. The reorganization costs also included a onetime payment to an organization in exchange for the forfeiture of the right to commissions on the renewal of sponsorship and broadcast agreements, a one month retainer fee as well as a capped amount of legal fees.

18 COMPARATIVE AMOUNTS

Certain prior year's comparative amounts have been reclassified to conform to the current year's presentation.

