

**SPEED SKATING CANADA - PATINAGE DE  
VITESSE CANADA**

**MARCH 31, 2014**

**McCAY DUFF LLP, CHARTERED ACCOUNTANTS**

## INDEPENDENT AUDITORS' REPORT

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 not-for-profit organizations, the Organization derives revenue from the general public in the form of donations, 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. Therefore, we were not able to determine whether any adjustments might be necessary to revenue from donations, net revenue (expenses) and cash flows for the years ended March 31, 2014 and March 31, 2013, assets and surplus as at March 31, 2014 and March 31, 2013. Our audit opinion on the financial statements for the year ended March 31, 2013 was modified accordingly because of the possible effects of this limitation in scope.

### Qualified Opinion

In our opinion, except for the possible 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 Speed Skating Canada - Patinage de vitesse Canada as at March 31, 2014, 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.

### Report on Other Legal and Regulatory Requirements

As required by the Canada Corporations Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

*McCay Duff LLP*

McCay Duff LLP,  
Licensed Public Accountants.

Ottawa, Ontario,  
June 20, 2014.

## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of Speed Skating Canada - Patinage de vitesse Canada, which comprise the statement of financial position as at March 31, 2014 and the statements of surplus, 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.

### 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 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.

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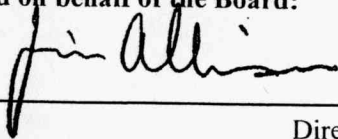
**SPEED SKATING CANADA - PATINAGE DE VITESSE CANADA**

**STATEMENT OF FINANCIAL POSITION**

**AS AT MARCH 31, 2014**

	<b>ASSETS</b>	<b>2014</b>	<b>2013</b>
<b>GENERAL FUND</b>			
<b>CURRENT</b>			
Cash		\$ 261,076	\$ 441,310
Short-term deposits		809,148	400,444
Accounts receivable (note 4)		1,320,632	1,160,135
Inventory		20,885	20,930
Prepaid expenses		<u>18,925</u>	<u>112,612</u>
		2,430,666	2,135,431
<b>CAPITAL (note 5)</b>		<u>43,121</u>	<u>95,604</u>
		2,473,787	2,231,035
<b>PETER WILLIAMSON MEMORIAL TRUST FUND</b>			
Cash		30,000	30,000
<b>GAGNÉ FAMILY TROPHY FUND</b>			
Cash		<u>1,483</u>	<u>1,558</u>
		<u>\$ 2,505,270</u>	<u>\$ 2,262,593</u>
	<b>LIABILITIES</b>		
<b>GENERAL FUND</b>			
<b>CURRENT</b>			
Accounts payable and accrued liabilities		\$ 934,506	\$ 489,399
	<b>SURPLUS</b>		
<b>GENERAL FUND</b>		1,539,281	1,741,636
<b>PETER WILLIAMSON MEMORIAL TRUST FUND</b>		30,000	30,000
<b>GAGNÉ FAMILY TROPHY FUND</b>		<u>1,483</u>	<u>1,558</u>
		<u>1,570,764</u>	<u>1,773,194</u>
		<u>\$ 2,505,270</u>	<u>\$ 2,262,593</u>
Commitment (note 6)			
Contingent liability (note 10)			
Subsequent event (note 12)			

Approved on behalf of the Board:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

# SPEED SKATING CANADA - PATINAGE DE VITESSE CANADA

## STATEMENT OF SURPLUS

FOR THE YEAR ENDED MARCH 31, 2014

	<u>2014</u>	<u>2013</u>
<b>GENERAL FUND</b>		
<b>BALANCE - BEGINNING OF YEAR</b>	\$ 1,741,636	\$ 1,927,221
Appropriation to Peter Williamson Memorial Trust Fund	( 3,000)	( 3,000)
Net revenue (expenses) for the year	<u>( 199,355)</u>	<u>( 182,585)</u>
<b>BALANCE - END OF YEAR</b>	<u>\$ 1,539,281</u>	<u>\$ 1,741,636</u>
 <b>PETER WILLIAMSON MEMORIAL TRUST FUND</b>		
<b>BALANCE - BEGINNING OF YEAR</b>	\$ 30,000	\$ 30,000
Appropriation from General Fund	<u>3,000</u>	<u>3,000</u>
	33,000	33,000
Disbursements	<u>3,000</u>	<u>3,000</u>
Prizes	<u>3,000</u>	<u>3,000</u>
<b>BALANCE - END OF YEAR</b>	<u>\$ 30,000</u>	<u>\$ 30,000</u>
 <b>GAGNÉ FAMILY TROPHY FUND</b>		
<b>BALANCE - BEGINNING OF YEAR</b>	\$ 1,558	\$ 1,633
Disbursements	<u>75</u>	<u>75</u>
Engraving costs	<u>75</u>	<u>75</u>
<b>BALANCE - END OF YEAR</b>	<u>\$ 1,483</u>	<u>\$ 1,558</u>

McCAY DUFF LLP, CHARTERED ACCOUNTANTS

# SPEED SKATING CANADA - PATINAGE DE VITESSE CANADA

## STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 2014

	<u>2014</u>	<u>2013</u>
<b>REVENUE</b>		
Federal government grant		
- Sport Canada and Own the Podium	\$ 2,925,285	\$ 4,225,350
- Contribution agreement	1,218,079	107,520
- Canadian Olympic Committee	275,000	314,500
- Hosting	<u>85,000</u>	<u>85,000</u>
- Development	4,503,364	4,732,370
		97,027
Public Health Agency of Canada	637,827	167,466
International Skating Union - Hosting	632,204	604,561
Sponsorships	<u>508,339</u>	<u>252,092</u>
Association generated revenue - net (Schedule)	6,281,734	5,853,516
<b>EXPENSES</b>		
Project costs	5,149,983	5,339,635
Amortization	17,123	17,123
Provision for bad debts	57,680	-
Furniture and equipment	1,841	4,894
Professional fees	86,735	41,485
Reproduction, graphics and translation	27,447	37,639
Telephone and fax	31,821	39,714
Postage, office supplies and computer services	75,381	51,540
Rent and parking	74,639	76,864
Insurance	16,853	20,018
Promotion	9,206	15,963
Hosting	<u>932,380</u>	<u>391,226</u>
	<u>6,481,089</u>	<u>6,036,101</u>
<b>NET REVENUE (EXPENSES) FOR THE YEAR</b>	<u><u>\$ ( 199,355)</u></u>	<u><u>\$ ( 182,585)</u></u>

# SPEED SKATING CANADA - PATINAGE DE VITESSE CANADA

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2014

	<u>2014</u>	<u>2013</u>
<b>CASH PROVIDED BY (USED FOR)</b>		
<b>OPERATING ACTIVITIES</b>		
Cash from operations		
Net revenue (expenses) for the year		
- General Fund	\$( 199,355)	\$( 182,585)
- Peter Williamson Memorial Trust Fund	( 3,000)	( 3,000)
- Gagné Family Trophy Fund	( 75)	( 75)
	( 202,430)	( 185,660)
Item not involving cash		
- amortization	<u>17,123</u>	<u>17,123</u>
	( 185,307)	( 168,537)
Net change in non-cash working capital balances related to operations	<u>413,777</u>	<u>( 928,018)</u>
	228,470	(1,096,555)
<b>INVESTING ACTIVITIES</b>		
Change in investments	-	1,639,427
Purchase of capital assets	<u>-</u>	<u>( 44,383)</u>
	<u>-</u>	<u>1,595,044</u>
<b>INCREASE IN CASH POSITION DURING THE YEAR</b>	228,470	498,489
Cash position - beginning of year	<u>841,754</u>	<u>343,265</u>
<b>CASH POSITION - END OF YEAR</b>	<u>\$ 1,070,224</u>	<u>\$ 841,754</u>
<b>CASH POSITION</b>		
Cash	\$ 261,076	\$ 441,310
Short-term deposits	<u>809,148</u>	<u>400,444</u>
	<u>\$ 1,070,224</u>	<u>\$ 841,754</u>

# **SPEED SKATING CANADA - PATINAGE DE VITESSE CANADA**

## **NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2014**

### **1. ORGANIZATION**

Speed Skating Canada - Patinage de vitesse Canada 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.

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. Speed Skating Canada - Patinage de vitesse Canada is incorporated under the Canada Corporations Act as a not-for-profit organization and is a Registered Canadian Amateur Athletic Association under the Income Tax Act.

### **2. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The Organization's significant accounting policies are as follows:

#### **(a) Revenue Recognition**

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which related restrictions are met. Restricted contributions for the purchase of capital assets are deferred and recognized as revenue at the same rate as the related capital asset is amortized. Unrestricted contributions are recognized as revenue when received or receivable, if the amount 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.

#### **(b) Financial Instruments**

The Organization's financial instruments consist of cash, short-term deposits, accounts receivable and accounts payable and accrued liabilities.

##### *Measurement*

Financial instruments are recorded at fair value on initial recognition.

The Organization subsequently measures all of its financial assets and financial liabilities at amortized cost.

##### *Impairment*

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any write-down or subsequent recovery is recognized in net revenue.



**SPEED SKATING CANADA - PATINAGE DE VITESSE CANADA**

**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2014**

**2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)**

**(c) Capital Assets**

The Organization expenses capital assets that are considered nominal in value in the year of acquisition. Capital assets that are other than a nominal value are capitalized and amortized over the estimated useful life of the asset. The website is recorded at cost and is amortized on a straight-line basis over five years. The database has been fully amortized in the current fiscal year based on management's estimate of its useful life.

**(d) Volunteer Services**

The Organization receives the services of volunteers, the cost of which cannot be reasonably estimated. Therefore, no representation of this expense has been included in these financial statements.

**(e) 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.

**(f) 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.

**(g) Foreign Currency Translation**

Monetary assets and liabilities denominated in foreign currencies have been translated into Canadian dollars at the rate of exchange prevailing at year end. Revenue and expense items, other than net investment income, are translated at the rate of exchange prevailing at the time of each transaction. Net investment income is translated at the average rate of exchange for the year.

**(h) Use of Estimates**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities. These estimates are reviewed periodically and adjustments are made to net revenue as appropriate in the year they become known.

# SPEED SKATING CANADA - PATINAGE DE VITESSE CANADA

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2014

### 3. FINANCIAL RISKS AND CONCENTRATION OF RISKS

It is management's opinion that the Organization is not exposed to significant interest rate, liquidity or currency risks arising from its financial instruments. There has been no change to the risk exposure from 2013.

#### Credit Risk

Credit risk arises from the potential that funders, sponsors or customers may default on their contractual obligations resulting in a financial loss. The Organization is exposed to credit risk through accounts receivable. There has been no change to the risk exposure from 2013.

#### Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. The Organization is exposed to market risk on its investments. There has been no change to the risk exposure from 2013.

#### 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. There has been no change to the risk exposure from 2013.

### 4. ACCOUNTS RECEIVABLE

Accounts receivable are presented net of allowance for doubtful accounts of \$61,408 (2013 - \$3,727).

### 5. CAPITAL ASSETS

	2014			2013
	Cost	Accumulated Amortization	Net	Net
Membership database	\$ 44,200	\$ 44,200	\$ -	\$ 35,360
Website	<u>85,613</u>	<u>42,492</u>	<u>43,121</u>	<u>60,244</u>
	<u>\$ 129,813</u>	<u>\$ 86,692</u>	<u>\$ 43,121</u>	<u>\$ 95,604</u>

### 6. COMMITMENT

The Organization entered into a lease agreement for office premises which expires January 31, 2016. Payments required under the lease are \$31,421 per annum, for fiscal year 2015, with estimated operating costs for the 2015 fiscal year of \$44,000 for a total cost for 2015 of \$75,421.

# **SPEED SKATING CANADA - PATINAGE DE VITESSE CANADA**

## **NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2014**

### **7. 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 as at 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.

### **8. ATHLETES' TRUST FUNDS**

Speed Skating Canada administers funds on behalf of various athletes. The total market value of the balances in these accounts is \$5,061,298 as at March 31, 2014. This amount does not include accrued interest on investments in each fund. The athletes' trust funds are not included in these financial statements.

### **9. 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.

### **10. CONTINGENT LIABILITY**

Subsequent to the fiscal year ending March 31, 2014, 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 has filed a counter claim in the amount of \$38,000. The litigation is in its very early 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.

Neither the outcome nor the estimated potential loss for this litigation can be determined, therefore, no loss provision has been recognized in these financial statements for the fiscal year ending March 31, 2014.

### **11. COMPARATIVE FIGURES**

The operating expenses for the year ending March 31, 2014 include \$82,500 of hosting expenses relating to the year ending March 31, 2013, which had not been accrued as of March 31, 2013. The fiscal year ending March 31, 2013 has not been restated as the amount is not considered to be material.

### **12. SUBSEQUENT EVENT**

Subsequent to the year end, the Organization eliminated positions within the Organization. Severance related to the elimination of the positions is estimated to be \$105,000 and will be included in the Organization's operating expenses for the fiscal year ending March 31, 2015.

McCAY DUFF LLP, CHARTERED ACCOUNTANTS

**SPEED SKATING CANADA - PATINAGE DE VITESSE CANADA**

**SCHEDULE OF ASSOCIATION GENERATED REVENUE**

**FOR THE YEAR ENDED MARCH 31, 2014**

	<u>2014</u>	<u>2013</u>
Membership and affiliation fees	\$ 179,595	\$ 142,840
Sales	5,375	2,373
Cost of sales	<u>-</u>	<u>22,672</u>
Gross profit (loss) on sales	5,375	( 20,299)
<b>OTHER REVENUE</b>		
Net investment income	10,352	27,229
Coaching Association of Canada	15,333	11,075
Donations	7,020	4,190
Event Marketing	272,228	-
Miscellaneous	<u>18,436</u>	<u>87,057</u>
	<u>323,369</u>	<u>129,551</u>
	\$ <u><u>508,339</u></u>	\$ <u><u>252,092</u></u>