

Kitchener-Waterloo Skating Club
Financial Statements
For the year ended March 31, 2024

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Independent Auditor's Report

To the Members of Kitchener-Waterloo Skating Club

Opinion

We have audited the accompanying financial statements of Kitchener-Waterloo Skating Club (the "Entity"), which comprise the statement of financial position as at March 31, 2024, and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2024, and its results of operations, changes in fund balances and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Emphasis of Matter

We draw attention to Note 2 to the financial statements, which explains that certain comparative information presented for the year ended March 31, 2024 has been restated. Our opinion is not modified in respect of this matter.

Basis for Opinion

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 Entity 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 audit opinion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Ontario
June 7, 2024

Kitchener-Waterloo Skating Club Statement of Financial Position

March 31

2024

2023

*(restated
- Note 2)*

	Bursary Fund	Operating Fund	KWSC Trust Fund	Total	Total
Assets					
Current					
Cash (Note 3)	\$ -	\$ 611,427	\$ 20,096	\$ 631,523	\$ 1,018,576
Short-term investments (Note 4)	24,373	789,627	25,000	839,000	300,649
Accounts receivable and accrued interest (Note 5)	370	41,782	3,340	45,492	33,977
Inventory	-	628	-	628	-
Prepaid expenses	-	2,963	-	2,963	14,778
Interfund balances (Note 2 & 6)	2,921	-	20,445	23,366	15,776
	27,664	1,446,427	68,881	1,542,972	1,383,756
Long-term investments (Note 7)	-	390,000	20,000	410,000	364,000
Tangible capital assets (Note 8)	-	83,647	-	83,647	55,173
	\$ 27,664	\$ 1,920,074	\$ 88,881	\$ 2,036,619	\$ 1,802,929
Liabilities and Fund Balances					
Current					
Accounts payable and accrued liabilities	\$ 3,700	\$ 95,660	\$ -	\$ 99,360	\$ 78,310
Due to eligible skaters (Note 9)	-	34,362	-	34,362	33,757
Interfund balances (Note 2 & 6)	-	23,366	-	23,366	15,776
Deferred revenue	-	450,794	-	450,794	446,862
	3,700	604,182	-	607,882	574,705
Fund balances					
Internally restricted - invested in tangible capital assets	-	83,647	-	83,647	55,173
Internally restricted - other	-	-	88,881	88,881	184,272
Externally restricted	23,964	-	-	23,964	23,397
Unrestricted	-	1,232,245	-	1,232,245	965,382
	23,964	1,315,892	88,881	1,428,737	1,228,224
	\$ 27,664	\$ 1,920,074	\$ 88,881	\$ 2,036,619	\$ 1,802,929

On behalf of the Board: _____ Director _____ Director

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

Kitchener-Waterloo Skating Club Statement of Changes in Fund Balances

For the year ended March 31				2024	2023
					<i>(restated - Note 2)</i>
	Bursary Fund	Operating Fund	KWSC Trust Fund	Total	Total
Fund balances, beginning of year - as previously stated	\$ 23,397	\$1,020,555	\$ 184,272	\$ 1,228,224	\$1,143,393
Prior period adjustment (Note 2)	-	45,000	(45,000)	-	-
Fund balances, beginning of year	23,397	1,065,555	139,272	1,228,224	1,143,393
Excess (deficiency) of revenue over expenses	567	200,337	(391)	200,513	84,831
Transfer from KWSC Trust Fund (Note 10)	-	50,000	(50,000)	-	-
Fund balances, end of year	\$ 23,964	\$1,315,892	\$ 88,881	\$ 1,428,737	\$1,228,224

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

Kitchener-Waterloo Skating Club Statement of Operations

For the year ended March 31

2024

2023

*(restated
- Note 2)*

	Bursary Fund	Operating Fund	KWSC Trust Fund	Total	Total
Revenue					
Programs	\$ -	\$1,708,298	\$ -	\$1,708,298	\$ 1,331,141
Athletic Centre	-	208,103	-	208,103	135,460
Fundraising	-	15,760	-	15,760	19,354
Grants and donations (Note 11)	800	28,722	-	29,522	96,142
Shows, competitions and events	-	70,067	-	70,067	22,059
Interest	867	25,008	1,761	27,636	15,384
Processing fees	-	75,655	-	75,655	61,047
	1,667	2,131,613	1,761	2,135,041	1,680,587
Expenses					
Programs	-	963,673	-	963,673	859,750
Administration (Schedule)	-	501,212	1,317	502,529	475,113
Fundraising	-	4,105	-	4,105	4,714
Shows, competitions and events	-	98,863	-	98,863	29,683
Bursaries	1,100	20,210	-	21,310	11,853
Athletic centre	-	277,821	-	277,821	163,145
Other	-	58,892	-	58,892	48,663
	1,100	1,924,776	1,317	1,927,193	1,592,921
Excess of revenue over expenses before income taxes	567	206,837	444	207,848	87,666
Income taxes (Note 14)	-	6,500	835	7,335	2,836
Excess (deficiency) of revenue over expenses	\$ 567	\$ 200,337	\$ (391)	\$ 200,513	\$ 84,830

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

Kitchener-Waterloo Skating Club Statement of Cash Flows

For the year ended March 31	2024	2023
		<i>(restated - Note 2)</i>
Cash flows from operating activities		
Excess of revenue over expenses	\$ 200,513	\$ 84,830
Item not involving cash		
Amortization of tangible capital assets	13,737	9,646
	214,250	94,476
Changes in non-cash working capital balances		
Accounts receivable and accrued interest	(11,515)	72,952
Inventory	(628)	-
Prepaid expenses	11,815	(7,101)
Accounts payable and accrued liabilities	21,050	9,939
Due to eligible skaters	605	5,187
Deferred revenue	3,932	124,133
	239,509	299,586
Cash flows from investing activities		
Purchase of tangible capital assets	(42,210)	(15,225)
Purchase of investments	(885,000)	(419,730)
Proceeds on sale of investments	300,649	429,632
	(626,561)	(5,323)
Increase (decrease) in cash during the year	(387,052)	294,263
Cash, beginning of year	1,018,575	724,312
Cash, end of year	\$ 631,523	\$ 1,018,575

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

Kitchener-Waterloo Skating Club

Notes to Financial Statements

March 31, 2024

1. Summary of Significant Accounting Policies

Nature of Operations	Kitchener-Waterloo Skating Club (KWSC) was incorporated without share capital on September 28, 1938 under the laws of Ontario. The Entity was established to encourage and increase interest in the art of figure skating and to provide facilities for the same.
Basis of Accounting	The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.
Fund Accounting	<p>KWSC follows the restricted fund method of accounting.</p> <p>The Operating Fund accounts for the Entity's program delivery and administrative activities.</p> <p>The Bursary Fund accounts for all amounts collected and disbursed for the Carolyn Fedy Skater Development bursary, the Margaret McNeice bursary, and the Treena Deakins bursary.</p> <p>The KWSC Trust Fund is governed under a separate Trust Agreement, which is administered by its own Trustees. The fund is designed to provide assets and services to members of the Club as may be necessary to teach and encourage skating within the community.</p>
Donated Materials and Services	Donated materials and services which would otherwise be paid for by the Entity are recorded at fair market value when determinable. Volunteers contribute a significant amount of time to the Entity's program and supporting services. Due to the difficulty of determining the fair value, contributed time is not recognized in the financial statements.

Kitchener-Waterloo Skating Club

Notes to Financial Statements

March 31, 2024

1. Summary of Significant Accounting Policies (continued)

Revenue Recognition

The Entity follows the restricted fund method of accounting for contributions. Restricted contributions are recognized as revenue in the appropriate fund in the year they are received. Restricted contributions, where no corresponding fund is set up, are recognized in the operating fund using the deferral method. Revenue is then recognized when the corresponding expenditure is 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. Amounts received in advance are recorded as deferred revenue.

Restricted investment income is recognized as revenue in the appropriate restricted fund when earned. Unrestricted investment income is recognized as revenue in the Operating Fund when earned.

Registration income is recognized as revenue in the Operating Fund in the period in which the program takes place.

Tangible Capital Assets

Tangible capital assets are stated at cost less accumulated amortization. Amortization based on the estimated useful life of the asset is calculated as follows:

	Method	Rate
Computer equipment and software	Declining balance	30%
Fitness equipment	Declining balance	20%
Office furniture and equipment	Declining balance	20%
Facility equipment	Straight-line	10 years
Leasehold improvements	Straight-line	10 years

Amortization is prorated in the year of acquisition and no amortization is provided in the year of disposal.

Tangible capital assets are reviewed for impairment when conditions indicate that the tangible capital asset no longer contributes to the Entity's ability to provide goods and services, or that the value of the future economic benefits associated with the tangible capital asset is less than its net book value.

Kitchener-Waterloo Skating Club Notes to Financial Statements

March 31, 2024

1. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in accordance with 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. Actual results could differ from management's best estimates as additional information becomes available in the future.

Financial Instruments

Arm's length financial instruments are recorded at fair value at initial recognition.

Related party financial instruments quoted in an active market or those with observable inputs significant to the determination of fair value or derivative contracts are recorded at fair value at initial recognition. All other related party financial instruments are recorded at cost at initial recognition.

In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

Kitchener-Waterloo Skating Club Notes to Financial Statements

March 31, 2024

2. Prior Period Adjustment

During the current year, the entity determined that a prior period transfer of cash from the Trust Fund to the Operating Fund was misstated at March 31, 2022. The error relates to a presentation error between the Statement of Financial Position and the Statement of Changes in Fund Balances. The error has been corrected.

The result of the corrections to the prior year was a decrease to the Trust Fund's opening equity of \$45,000, an increase to the Operating Fund's opening equity of \$45,000, a decrease to the Trust Fund's interfund receivable balance of \$45,000, and a decrease to the Operating Fund's interfund payable balance of \$45,000.

The net impact to each fund's Statement of Operations is \$NIL.

3. Cash

The Entity's bank accounts are held at two chartered banks and earn nominal interest.

4. Short-term Investments

	Maturity Date	Interest Rate	Face Value
<u>Bursary and Operating Funds</u>			
Guaranteed Investment Certificate	April 1, 2024	2.90%	\$ 95,000
Guaranteed Investment Certificate	April 1, 2024	2.87%	95,000
Guaranteed Investment Certificate	April 1, 2024	4.73%	75,000
Guaranteed Investment Certificate	June 10, 2024	4.11%	20,000
Guaranteed Investment Certificate	June 10, 2024	4.00%	79,000
Guaranteed Investment Certificate	December 16, 2024	5.00%	50,000
Guaranteed Investment Certificate	March 28, 2025	5.25%	<u>400,000</u>
			814,000
 <u>KWSC Trust Fund</u>			
Guaranteed Investment Certificate	April 18, 2024	4.73%	<u>25,000</u>
			\$ 839,000

Prior year short-term investments included Guaranteed Investment Certificates totaling \$245,649 in the Bursary and Operating Funds and \$55,000 in the KWSC Trust Fund.

Kitchener-Waterloo Skating Club Notes to Financial Statements

March 31, 2024

5. Accounts Receivable and Accrued Interest

	2024	2023
Accounts receivable, trade	\$ 12,151	\$ 9,252
Grant receivable from the City of Kitchener	16,422	16,422
Accrued interest on investments	16,919	8,303
	\$ 45,492	\$ 33,977

6. Interfund balances

Amounts due between the Funds are non-interest bearing and due on demand.

7. Long-term Investments

	Maturity Date	Interest Rate	Face Value
<u>Bursary and Operating Funds</u>			
Guaranteed Investment Certificate	June 16, 2025	5.30%	\$ 100,000
Guaranteed Investment Certificate	June 16, 2025	5.30%	100,000
Guaranteed Investment Certificate	March 28, 2026	4.84%	95,000
Guaranteed Investment Certificate	March 28, 2026	4.84%	95,000
			390,000
 <u>KWSC Trust Fund</u>			
Guaranteed Investment Certificate	June 2, 2025	4.94%	20,000
			\$ 410,000

Prior year long-term investments included Guaranteed Investment Certificates totaling \$364,000 in the Bursary and Operating Funds due between April 2024 and June 2024.

Kitchener-Waterloo Skating Club Notes to Financial Statements

March 31, 2024

8. Tangible Capital Assets

	2024		2023	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment and software	\$ 105,077	\$ 100,379	\$ 101,811	\$ 99,066
Fitness equipment	145,985	120,063	127,768	115,860
Office furniture and equipment	159,150	150,501	154,390	148,934
Leasehold improvements	72,139	53,106	57,554	51,581
Facility equipment	51,976	26,631	50,593	21,502
	\$ 534,327	\$ 450,680	\$ 492,116	\$ 436,943
Net book value		\$ 83,647		\$ 55,173

9. Due to Eligible Skaters

This amount relates to refunds payable to skaters for refunds that were issued due to program changes or withdrawals.

10. Interfund Transfers

During the year, the Board approved a transfer of \$50,000 from the KWSC Trust Fund to the Operating Fund.

11. Grants and Donations

During the year, the Entity received grants from the City of Kitchener in the amount of \$16,422 (2023 - \$16,422) and the City of Waterloo in the amount of \$9,000 (2023 - \$9,000).

In the prior year, the Entity received a grant from the Ontario Trillium Foundation in the amount of \$60,900. The grant from the Ontario Trillium Foundation was provided to help cover staffing, ice rental, licensing, and equipment costs.

Kitchener-Waterloo Skating Club Notes to Financial Statements

March 31, 2024

12. Commitments

The Entity has an operating lease for its premises under a lease expiring in December 2030. The lease requires 3,500 hours of annual ice rental at Carolyn Fedy Skating Centre and includes rent for the athletic centre.

The minimum annual lease payments for the next seven years are:

2025	\$	466,012
2026		475,687
2027		486,870
2028		499,662
Thereafter		<u>1,451,190</u>
	\$	<u>3,379,421</u>

13. Comparative Amounts

Certain comparative amounts have been reclassified to conform to the presentation adopted for the current year.

14. Income Taxes

The Entity is subject to income taxes on investment income in excess of \$2,000 and is required to file a T3 Trust Income Tax return for the fiscal period ending December 31. A provision for income taxes has been included in the statement of operations.

Kitchener-Waterloo Skating Club Notes to Financial Statements

March 31, 2024

15. Financial Instruments

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. Financial instruments which potentially subject the Entity to concentrations of credit risk consist of cash, accounts receivable and short and long-term investments. The short and long-term investments are described in Notes 4 and 7, respectively. The Entity has deposited the cash and investments with reputable financial institutions, from which management believes the risk of loss to be remote. The credit risk associated with accounts receivable is minimal as receivables mainly relate to grant funding received after the year end and accrued interest on investments. This risk is unchanged from the previous year.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Entity is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of fixed income denominated investments.

The interest rate risk related to the fixed income denominated investments has increased due to changes in prevailing market interest rates. The extent of any future impact on the market interest rates and the corresponding effect on the Entity's fixed income denominated investments is unknown. This risk is unchanged from the previous year.

Kitchener-Waterloo Skating Club Schedule of Administration Expenses

For the year ended March 31			2024	2023
	Operating Fund	KWSC Trust Fund	Total	Total
Advertising and promotion	\$ 6,788	\$ -	\$ 6,788	\$ 10,391
Amortization	13,737	-	13,737	9,646
Computer maintenance	10,358	-	10,358	11,479
Insurance	411	-	411	304
Online licensing fee	15,809	-	15,809	14,358
Office expenses	6,488	-	6,488	12,663
Professional fees	42,467	1,317	43,784	32,371
Salaries and benefits	399,117	-	399,117	369,300
Telephone	4,255	-	4,255	5,757
Volunteer expenses	1,782	-	1,782	8,844
	\$ 501,212	\$ 1,317	\$ 502,529	\$ 475,113

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