

**ONTARIO SAILING ASSOCIATION**

**FINANCIAL STATEMENTS**

MARCH 31, 2017

**HILBORN** LLP

## Independent Auditor's Report

To the Members of  
**Ontario Sailing Association**

We have audited the accompanying financial statements of Ontario Sailing Association, which comprise the statement of financial position as at March 31, 2017, and the statements of revenues and expenses - operating fund, revenues and expenses - restricted funds, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 audit opinion.

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ontario Sailing Association as at March 31, 2017, 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.



Toronto, Ontario  
June 13, 2017

Chartered Professional Accountants  
Licensed Public Accountants

# ONTARIO SAILING ASSOCIATION

## Statement of Financial Position

March 31	2017	2016
	\$	\$
<b>ASSETS</b>		
Current assets		
Cash and short term investments (note 3)	581,519	497,796
Accounts receivable	98,776	53,125
Inventory	6,418	9,204
Prepaid expenses	7,214	10,018
	<hr/>	<hr/>
	693,927	570,143
Restricted investments (note 4)	104,441	74,929
Capital assets (note 5)	110,061	110,967
	<hr/>	<hr/>
	908,429	756,039
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities	84,781	46,492
Deferred revenue (note 6)	214,722	166,943
	<hr/>	<hr/>
	299,503	213,435
<b>NET ASSETS</b>		
Net assets invested in capital assets	110,061	110,967
Unrestricted net assets	394,424	356,708
Restricted funds (note 1(a))	104,441	74,929
	<hr/>	<hr/>
	608,926	542,604
	<hr/>	<hr/>
	908,429	756,039

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

Approved on behalf of the Board:



Director

Director

# ONTARIO SAILING ASSOCIATION

## Statement of Revenues and Expenses - Operating Fund

Year ended March 31	2017	2016
	\$	\$
<b>Revenues</b>		
Ontario Ministry of Tourism, Culture and Sport	<b>243,408</b>	243,408
Administration - membership fees	<b>203,160</b>	203,608
Administration - other	<b>58,966</b>	36,002
Self-reliance - product sales	<b>43,463</b>	42,609
Self-reliance - advertising and other	<b>36,099</b>	39,974
Leadership development - participant fees	<b>185,282</b>	179,541
Participation development - BOOM program	<b>110,536</b>	84,684
Sport environment	<b>38,174</b>	69,146
Athlete development	<b>271,574</b>	251,063
Regattas	<b>16,093</b>	14,625
Able sail	<b>35,369</b>	39,899
	<b>1,242,124</b>	1,204,559
<b>Expenses</b>		
Administration (schedule 1)	<b>221,906</b>	220,492
Self-reliance (schedule 2)	<b>110,113</b>	104,707
Leadership development (schedule 3)	<b>217,871</b>	218,066
Participation development (schedule 4)	<b>162,932</b>	145,639
Sport environment	<b>37,518</b>	61,624
Athlete development (schedule 5)	<b>398,510</b>	400,930
Regattas	<b>12,923</b>	13,241
Able sail (schedule 6)	<b>37,372</b>	37,492
Access BOOM	<b>6,169</b>	6,615
	<b>1,205,314</b>	1,208,806
Excess of revenues over expenses (expenses over revenues) for year	<b>36,810</b>	(4,247)

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

# ONTARIO SAILING ASSOCIATION

## Statement of Revenue and Expenses - Restricted Funds

Year ended March 31

	General Restricted Fund \$	Hans Fogh Fund \$	Alice Boston Fund \$	Council of Commodores \$	2017 Total \$	2016 Total \$
Revenues						
Interest Contributions	-	168	409	-	577	532
	-	<u>29,292</u>	-	<u>23,029</u>	<u>52,321</u>	<u>7,000</u>
	-	29,460	409	23,029	52,898	7,532
Expenses						
Distributions	-	20,169	-	3,217	23,386	2,000
Excess of revenues over expenses for year	-	9,291	409	19,812	29,512	5,532
Net assets, beginning of year	<u>5,000</u>	<u>51,481</u>	<u>18,448</u>	-	<u>74,929</u>	<u>69,397</u>
Net assets, end of year (note 4)	<u>5,000</u>	<u>60,772</u>	<u>18,857</u>	<u>19,812</u>	<u>104,441</u>	<u>74,929</u>

# ONTARIO SAILING ASSOCIATION

## Statement of Changes in Net Assets

Year ended March 31

	Invested in Capital Assets \$	Unrestricted for Operations \$	Restricted Funds \$	Total 2017 \$
Balance, beginning of year	110,967	356,708	74,929	<b>542,604</b>
Excess of revenues over expenses	-	36,810	29,512	<b>66,322</b>
Decrease in capital assets	(906)	906	-	-
<b>Balance, end of year</b>	<b>110,061</b>	<b>394,424</b>	<b>104,441</b>	<b>608,926</b>
	Invested in Capital Assets \$	Unrestricted for Operations \$	Restricted Funds \$	Total 2016 \$
Balance, beginning of year	111,866	360,056	69,397	541,319
Excess of revenues over expenses (expenses over revenues)	-	(4,247)	5,532	1,285
Increase in capital assets	(899)	899	-	-
<b>Balance, end of year</b>	<b>110,967</b>	<b>356,708</b>	<b>74,929</b>	<b>542,604</b>

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

# ONTARIO SAILING ASSOCIATION

## Statement of Cash Flows

Year ended March 31	2017	2016
	\$	\$
Cash flows from operating activities		
Excess of revenues over expenses for year	<b>66,322</b>	1,285
Adjustments to determine net cash provided by operating activities		
Amortization of capital assets	<b>59,481</b>	49,514
	<b>125,803</b>	50,799
Change in non-cash working capital items		
Decrease (increase) in accounts receivable	(45,651)	5,678
Decrease (increase) in inventory	<b>2,786</b>	(2,110)
Decrease in prepaid expenses	<b>2,804</b>	1,881
Increase in accounts payable and accrued liabilities	<b>38,289</b>	12,807
Increase (decrease) in deferred revenue	<b>47,779</b>	(75,595)
	<b>171,810</b>	(6,540)
Cash flows from investing activities		
Net purchase of restricted investments	(29,512)	(5,532)
Additions to capital assets	<b>(58,575)</b>	(48,615)
	<b>(88,087)</b>	(54,147)
Net change in cash and short term investments during the year	<b>83,723</b>	(60,687)
Cash and short term investments, beginning of year	<b>497,796</b>	558,483
Cash and short term investments, end of year	<b>581,519</b>	497,796

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

# ONTARIO SAILING ASSOCIATION

## Schedules to Financial Statements

Year ended March 31

### Schedule of administration expenses

### Schedule 1

	2017	2016
	\$	\$
Salaries	151,260	156,152
Audit and bookkeeping	34,736	29,802
Communications	9,638	13,464
Insurance	3,014	3,102
Meetings	8,240	8,409
Facilities	19,106	18,869
Telephone	3,516	2,905
Other	44,964	38,256
Amortization	2,432	4,533
Administration expenses transferred to other program areas (note 8)	(55,000)	(55,000)
	<b>221,906</b>	<b>220,492</b>

### Schedule of self-reliance expenses

### Schedule 2

	2017	2016
	\$	\$
Salaries	25,312	26,073
Product cost of goods sold	40,791	39,563
Facilities	2,027	2,850
Fundraising	20,195	17,360
Security and other	21,788	18,861
	<b>110,113</b>	<b>104,707</b>

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

# ONTARIO SAILING ASSOCIATION

## Schedules to Financial Statements

Year ended March 31

### Schedule of leadership development expenses

### Schedule 3

	2017 \$	2016 \$
Salaries	83,807	81,298
Instructor development program	82,880	87,034
Conferences and workshops	9,748	7,509
Insurance	3,390	3,489
Facilities	7,809	8,686
Other	237	50
Transfer of administration expenses (note 8)	<u>30,000</u>	<u>30,000</u>
	<u>217,871</u>	<u>218,066</u>

### Schedule of participation development expenses

### Schedule 4

	2017 \$	2016 \$
Salaries	79,217	66,030
Camp program	4,968	3,640
Travel	10,572	8,927
Boats and equipment	3,627	4,395
Cruising registration program	19,049	18,009
Conferences and workshops	2,506	2,941
Insurance	6,250	5,488
Facilities	5,630	6,596
Amortization	<u>31,113</u>	<u>29,613</u>
	<u>162,932</u>	<u>145,639</u>

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

# ONTARIO SAILING ASSOCIATION

## Schedules to Financial Statements

Year ended March 31

### Schedule of athlete development expenses

### Schedule 5

	2017 \$	2016 \$
Salaries	140,791	181,470
Ontario team	1,426	7,534
Canadian Youth Championships	-	1,000
Ontario Games	8,784	7,484
CORK - Youth Festival	2,034	276
Travel	83,560	102,641
Boats and equipment	6,120	12,555
Insurance	1,377	2,332
Facilities	8,285	10,353
Amortization	2,664	2,925
Training centres	14,270	31,199
Other	6,410	16,161
Regional training centres	97,789	-
Transfer of administration expenses (note 8)	25,000	25,000
	<b>398,510</b>	<b>400,930</b>

### Schedule of able sail expenses

### Schedule 6

	2017 \$	2016 \$
Salaries	30,276	30,389
Insurance	5,380	5,543
Facilities	1,716	1,560
	<b>37,372</b>	<b>37,492</b>

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

# ONTARIO SAILING ASSOCIATION

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## Notes to Financial Statements

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March 31, 2017

### **Nature of operations**

The Ontario Sailing Association ("Association") was incorporated without share capital under the laws of Ontario.

The objectives of the Association are to generate interest in sailing particularly among young people in the Province of Ontario, promote sailboat racing events and encourage boating skill development.

### **1. Significant accounting policies**

#### **(a) Restricted funds**

In 2010, the Association established the Hans Fogh Fund and the Alice Boston Fund. Contributions received by these restricted funds are invested separately as disclosed in note 4. Investment returns in the Hans Fogh Fund are to be used to support development of high performance athletes, coaches and officials in Ontario, as recommended by the Board of Directors and approved by the Fogh family. The Alice Boston Fund is to be used to support competitive sailing in the Sarnia area, as recommended by the Board of Directors and approved by the trustees as named by the Boston family. During the prior year, the Association established the General Restricted Fund which includes \$7,000 received from the Huntsville Sailing Club to be paid out in annual bursaries of \$2,000 upon application and approval by a committee of the Association. During the current year, the Association established the Council of Commodores Fund which was transferred from the Royal Canadian Yacht Club.

#### **(b) Revenue recognition**

The Association follows the restricted fund method of accounting for contributions. Restricted contributions for which there is an appropriate restricted fund are recognized as revenue in the year. Unrestricted contributions are recognized as revenue of the operating fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

#### **(c) Inventory**

Inventory is recorded at the lower of cost and net realizable value.

#### **(d) Capital assets**

Capital assets are recorded at cost. Contributed capital assets are recorded at fair market value at the date of contribution. The Association provides for amortization using the straight-line method at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates are as follows:

Leasehold improvements	- 5 years
Computer equipment	- 3 years
Safety boats, motors and trailers	- 5 years
Sailboats	- 5 years
Vehicles	- 5 years
Website	- 3 years

# ONTARIO SAILING ASSOCIATION

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## Notes to Financial Statements (continued)

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March 31, 2017

### 1. Significant accounting policies (continued)

#### (e) Financial instruments

##### (i) Measurement of financial instruments

The Association initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Association subsequently measures its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, short-term investments and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

##### (ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in the statements of revenues and expenses. The write down reflects the difference between the carrying amount and the higher of:

- the present value of the cash flows expected to be generated by the asset or group of assets;
- the amount that could be realized by selling the assets or group of assets;
- the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in statements of revenues and expenses up to the amount of the previously recognized impairment.

#### (f) Contributed services

Volunteer time is contributed during the year to assist the Association in carrying out its sailing events and activities. Because of the difficulty of determining their fair market value, contributed services are not recognized in the financial statements.

# ONTARIO SAILING ASSOCIATION

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## Notes to Financial Statements (continued)

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March 31, 2017

### 1. Significant accounting policies (continued)

#### (g) Management 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 and liabilities and disclosures of contingent liabilities (if any) at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Such estimates are periodically reviewed and any adjustments necessary are reported in operations in the period in which they become known. Actual results could differ from these estimates.

### 2. Financial instrument risk management

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to the Organization's financial instruments.

The financial instruments of the Association and the nature of the risks to which these instruments may be subject are as follows:

Financial instrument	Risks				
	Credit	Liquidity	Currency	Interest rate	Other price
Cash and short term investments	X				
Accounts receivable	X				
Accounts payable and accrued liabilities			X		

# ONTARIO SAILING ASSOCIATION

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## Notes to Financial Statements (continued)

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March 31, 2017

### 2. Financial instrument risk management (continued)

#### (a) 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 transactions carried out with the same party, 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 directly any collateral as security for financial obligations of counterparties.

The maximum exposures of the Association to credit risk are as follows:

	2017 \$	2016 \$
Cash and short term investments	581,519	497,796
Accounts receivable	98,776	53,125
	<hr/> 680,295	<hr/> 550,921

Credit risk associated with cash and short term investments is minimized substantially by ensuring that these assets are invested in financial obligations of major financial institutions that have been accorded investment grade ratings by a primary rating agency. An ongoing review is performed to evaluate changes in the status of the issuers of securities authorized for investment under the investment policy of the Association.

Credit risk associated with accounts receivable is reduced by monitoring member accounts receivable.

#### (b) Liquidity risk

Liquidity risk is the risk that the Association cannot repay its obligations when they become due to its creditors. The Association has liquidity risk in accounts payable and accrued liabilities of \$84,781 (2016-\$46,492).

The Association reduces its exposure to liquidity risk by preparing and monitoring detailed forecasts of cash flows from operations, anticipating investing and financing activities and holding assets that can be readily converted into cash.

#### (c) Changes in risk

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

# ONTARIO SAILING ASSOCIATION

## Notes to Financial Statements (continued)

March 31, 2017

### 3. Cash and short term investments

	2017 \$	2016 \$
Cash	419,303	286,278
Short-term investments - maturing within one year	133,992	35,440
Short-term investments - maturing after one year	<u>28,224</u>	<u>176,078</u>
	<u>581,519</u>	<u>497,796</u>

Short-term investments are being held through Scotia Securities Inc. in separate accounts and consist of cash and guaranteed investment certificates maturing within the next three years. Interest on guaranteed investment certificates range from 0.5% through 2.0%.

### 4. Restricted investments

	2017 \$	2016 \$
Restricted investments - Hans Fogh Fund	60,772	51,481
Restricted investments - Alice Boston Fund	18,857	18,448
Restricted investments - General Restricted Fund	5,000	5,000
Restricted investments - Council of Commodores	<u>19,812</u>	-
	<u>104,441</u>	<u>74,929</u>

The restricted investments are being held through Scotia Securities Inc. in separate accounts and consist of cash and guaranteed investment certificates maturing within the next two years paying interest of 1.7% and 2.0%.

The investments are recorded as non-current assets given the underlying contributions are to be used solely in accordance with restrictions stipulated by the related funds and are not available to fund general operations as disclosed in note 1(a).

# ONTARIO SAILING ASSOCIATION

## Notes to Financial Statements (continued)

March 31, 2017

### 5. Capital assets

	2017		
	Cost \$	Accumulated Amortization \$	Net \$
Leasehold improvements	16,605	16,605	-
Computer equipment	28,852	28,578	274
Furniture and fixtures	7,370	3,158	4,212
Safety boats, motors and trailers	162,716	126,023	36,693
Sailboats	103,336	76,904	26,432
Vehicles	163,609	121,159	42,450
Website	3,000	3,000	-
	<b>485,488</b>	<b>375,427</b>	<b>110,061</b>
	2016		
	Cost \$	Accumulated Amortization \$	Net \$
Leasehold improvements	16,605	11,938	4,667
Computer equipment	28,852	26,528	2,324
Furniture and fixtures	7,370	2,106	5,264
Safety boats, motors and trailers	161,016	109,975	51,041
Sailboats	97,980	61,319	36,661
Vehicles	114,235	103,225	11,010
Website	3,000	3,000	-
	<b>429,058</b>	<b>318,091</b>	<b>110,967</b>

### 6. Deferred revenue

Deferred revenue consists of program and membership fees in the amount of \$209,746 (2016 - \$162,284) paid in advance, which will be realized in the following fiscal year and certain restricted contributions in the amount of \$4,976 (2016 - \$4,659) to be recorded as revenue in the year in which the related expenses are incurred.

### 7. Income taxes

As the Association is a not-for-profit organization, it is not subject to income taxes.

# ONTARIO SAILING ASSOCIATION

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## Notes to Financial Statements (continued)

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March 31, 2017

### 8. Allocated expenses

Expenses such as computer costs, telephone, printing, postage, insurance and some staff costs are all charged to Administration. In order to more accurately reflect the cost of program services, \$30,000 (2016-\$30,000) of these costs has been allocated to leadership development and \$25,000 (2016-\$25,000) has been allocated to athlete development based on usage and time spent.

### 9. Commitments

During 2014 the Association signed a lease agreement to lease office premises effective September 1, 2014 to August 31, 2019. Minimum lease payments are as follows:

	\$
2018	24,150
2019	24,150
2020	<u>10,063</u>
	<u>58,363</u>

# HILBORN

LISTENERS. THINKERS. DOERS.