

ONTARIO SAILING ASSOCIATION

FINANCIAL STATEMENTS

MARCH 31, 2011

**Hilborn Ellis Grant** LLP  
Chartered Accountants  
Toronto, Ontario





Hilborn Ellis Grant LLP  
Chartered Accountants

## 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, 2011, and the statement of revenues and expenses - operating fund, statement of revenues and expenses - endowment funds, statement of changes in net assets and statement of 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 generally accepted accounting principles, 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 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.

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, 2011 and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Hilborn Ellis Grant LLP

Toronto, Ontario  
June 15, 2011

Chartered Accountants  
Licensed Public Accountants

# ONTARIO SAILING ASSOCIATION

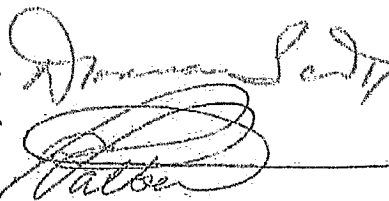
## Statement of Financial Position

March 31	2011 \$	2010 \$
<b>ASSETS</b>		
Current assets		
Cash and short term investments	515,922	424,367
Accounts receivable	13,853	47,253
Inventory	8,374	9,073
Prepaid expenses	28,133	13,370
	<u>566,282</u>	<u>494,063</u>
Restricted investments (note 3)	52,104	32,318
Capital assets (note 4)	63,347	72,605
	<u>681,733</u>	<u>598,986</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities	36,052	52,714
Deferred revenue (note 5)	315,476	278,416
	<u>351,528</u>	<u>331,130</u>
<b>NET ASSETS</b>		
Net assets invested in capital assets	63,347	72,605
Unrestricted net assets	214,754	162,933
Net assets restricted for endowment funds (note 2(d))	52,104	32,318
	<u>330,205</u>	<u>267,856</u>
	<u>681,733</u>	<u>598,986</u>

Approved on behalf of the Board:

Director

Director



# ONTARIO SAILING ASSOCIATION

## Statement of Revenues and Expenses - Operating Fund

Year ended March 31	2011	2010
	\$	\$
<b>Revenues</b>		
Government funding (note 6)	234,437	280,807
Administration - membership fees	129,978	123,438
Administration - other	102,024	44,924
Self-reliance - product sales	63,030	48,433
Self-reliance - advertising and other	50,751	102,491
Leadership development - participant fees	172,895	164,608
Participation development - BOOM program	139,420	145,745
Sport environment	8,446	11,278
Athlete development	46,649	76,533
Regattas	2,350	22,105
Able sail	31,537	41,025
	<u>981,517</u>	<u>1,061,387</u>
<b>Expenses</b>		
Administration (schedule 1)	121,640	122,190
Self-reliance (schedule 2)	121,212	124,493
Leadership development (schedule 3)	222,098	204,542
Participation development (schedule 4)	159,572	168,851
Sport environment	3,971	5,785
Athlete development (schedule 5)	261,561	269,738
Regattas	2,381	20,364
Able sail (schedule 6)	40,378	36,654
Access BOOM	6,141	9,856
	<u>938,954</u>	<u>962,473</u>
Excess of revenues over expenses, for year	<u>42,563</u>	<u>98,914</u>

ONTARIO SAILING ASSOCIATION

Statement of Revenue and Expenses - Endowment Funds

Year ended March 31

	Hans Fogh Fund \$	Alice Boston Fund \$	2011 Total \$	2010 Total \$
Revenues				
Interest	100	60	160	-
Contributions	11,397	8,229	19,626	32,318
	11,497	8,289	19,786	32,318
Expenses	-	-	-	-
Excess of revenues over expenses	11,497	8,289	19,786	32,318

# ONTARIO SAILING ASSOCIATION

## Statement of Changes in Net Assets

Year ended March 31

	2011			
	Total \$	Invested in Capital Assets \$	Unrestricted for Operations \$	Endowment Funds \$
Balance, beginning of year	267,856	72,605	162,933	32,318
Excess of revenues over expenses	62,349	-	42,563	19,786
Decrease in capital assets	-	(9,258)	9,258	-
Balance, end of year	<u>330,205</u>	<u>63,347</u>	<u>214,754</u>	<u>52,104</u>

	2010			
	Total \$	Invested in Capital Assets \$	Unrestricted for Operations \$	Endowment Funds \$
Balance, beginning of year	136,624	44,066	92,558	-
Excess of revenues over expenses	131,232	-	98,914	32,318
Investment in capital assets	-	28,539	(28,539)	-
Balance, end of year	<u>267,856</u>	<u>72,605</u>	<u>162,933</u>	<u>32,318</u>

## ONTARIO SAILING ASSOCIATION

### Statement of Cash Flows

Year ended March 31	2011 \$	2010 \$
Cash flows from operating activities		
Excess of revenues over expenses for year	62,349	131,232
Item not affecting cash		
Amortization of capital assets	32,012	26,004
	94,361	157,236
Change in non-cash working capital items		
Decrease in accounts receivable	33,400	5,967
Decrease in inventory	699	622
Increase in prepaid expenses	(14,763)	(7,831)
Increase (decrease) in accounts payable and accrued liabilities	(16,662)	3,054
Increase in deferred revenue	37,060	64,020
	134,095	223,068
Cash flows from investing activities		
Restricted investments	(19,786)	(32,318)
Additions to capital assets	(22,754)	(54,543)
	(42,540)	(86,861)
Increase in cash and short term investments	91,555	136,207
Cash and short term investments, beginning of year	424,367	288,160
Cash and short term investments, end of year	515,922	424,367

# ONTARIO SAILING ASSOCIATION

## Schedules to Financial Statements

Year ended March 31

Schedule of administration expenses	Schedule 1	
	2011 \$	2010 \$
Salaries	100,762	89,902
Audit and bookkeeping	28,640	22,817
Communications	8,653	12,414
Insurance	2,977	2,084
Meetings	4,755	14,097
Facilities	4,939	4,990
Telephone	4,278	6,595
Other	18,528	22,136
Amortization	3,108	2,155
Administration expenses transferred to other program areas (note 8)	(55,000)	(55,000)
	<u>121,640</u>	<u>122,190</u>

Schedule of self-reliance expenses	Schedule 2	
	2011 \$	2010 \$
Salaries	19,118	19,439
Product cost of goods sold	56,533	42,860
Sail Ontario newsletter	765	1,200
Facilities	3,657	2,700
Fundraising	23,559	38,694
Security and other	17,580	19,600
	<u>121,212</u>	<u>124,493</u>



# ONTARIO SAILING ASSOCIATION

## Schedules to Financial Statements

Year ended March 31

Schedule of leadership development expenses	Schedule 3	
	2011 \$	2010 \$
Salaries	68,726	63,913
Instructor development program	91,713	88,566
Conferences and workshops	14,313	9,127
Insurance	3,600	2,184
Facilities	7,167	8,068
Other	6,579	2,684
Transfer of administration expenses (note 7)	30,000	30,000
	<u>222,098</u>	<u>204,542</u>

Schedule of participation development expenses	Schedule 4	
	2011 \$	2010 \$
Salaries	82,431	88,687
Camp program	3,859	3,512
Travel	22,156	26,275
Boats and equipment	7,908	7,891
Promotion	410	1,346
Cruising registration program	12,208	11,787
Conferences and workshops	3,321	3,291
Insurance	5,103	4,284
Facilities	10,360	10,939
Amortization	11,816	10,839
	<u>159,572</u>	<u>168,851</u>

# ONTARIO SAILING ASSOCIATION

## Schedules to Financial Statements

Year ended March 31

### Schedule of athlete development expenses

Schedule 5

	2011	2010
	\$	\$
Salaries	110,852	79,073
Ontario team	3,901	14,702
Canadian Youth Championships	109	250
Ontario Games	4,806	867
Travel	39,299	42,387
Boats and Equipment	11,455	11,735
Insurance	1,125	1,000
Facilities	8,581	12,267
Amortization	8,240	7,199
Training centres	36,186	63,049
Other	12,007	12,209
Transfer of administration expenses (note 8)	25,000	25,000
	<u>261,561</u>	<u>269,738</u>

### Schedule of able sail expenses

Schedule 6

	2011	2010
	\$	\$
Salaries	30,299	30,617
RCYC Spring Thaw	-	150
Boat repairs	3,391	213
Insurance	5,251	4,284
Facilities	1,437	1,390
	<u>40,378</u>	<u>36,654</u>

# ONTARIO SAILING ASSOCIATION

## Notes to Financial Statements

March 31, 2011

1. 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.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles. The significant policies are detailed as follows:

(a) 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. Restricted contributions for which there is not an appropriate restricted fund are recognized as revenue in the operating fund in the year in which the related expenses are incurred. 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.

(b) Inventory

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

(c) 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:

Sailboats	- 5 years
Safety boats and motors	- 5 years
Computer equipment	- 3 years
Website	- 3 years
Vans	- 5 years

# ONTARIO SAILING ASSOCIATION

## Notes to Financial Statements (continued)

March 31, 2011

### 2. Significant accounting policies (continued)

#### (d) Endowment funds

During the year, the Association established the Hans Fogh Fund and the Alice Boston Fund. Contributions received by these endowment funds are invested separately (note 3) and only the investment returns may be used to support the related programs. 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. Investment returns in the Alice Boston Fund are 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. In the current year, there were no investment returns and no expenditures from the endowment funds.

#### (e) 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.

#### (f) Financial instruments

Financial instruments are classified based on the underlying purpose of the instrument when the financial instrument is initially recorded. The classification determines the accounting treatment of the instrument.

The financial assets and financial liabilities of the association are classified and measured as follows:

Financial Asset/Liability	Category	Measurement
Cash	Held for trading	Fair value
Short-term investments	Held for trading	Fair Value
Restricted investments	Held for trading	Fair Value
Accounts receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost

Financial instruments measured at amortized cost are initially recognized at fair value and then subsequently at amortized cost with gains and losses recognized in the statement of operations in the period in which the gain or loss occurs.

# ONTARIO SAILING ASSOCIATION

## Notes to Financial Statements (continued)

March 31, 2011

### 2. Significant accounting policies (continued)

#### (f) Financial instruments (continued)

The fair value of a financial instrument is the estimated amount that the association would receive or pay to settle a financial asset or financial liability as at the reporting date.

The carrying amounts of the above financial instruments approximate fair value due to the short-term nature of these financial instruments.

It is management's opinion that, unless otherwise noted, the association is not exposed to significant interest rate, currency or credit risks arising from these financial instruments.

#### (g) Management estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Key areas where management has estimates include, among others, the useful lives of depreciable assets. Actual results could differ from those estimates.

### 3. Restricted investments

	2011	2010
	\$	\$
Restricted investments - Hans Fogh Fund	32,245	20,748
Restricted investments - Alice Boston Fund	19,859	11,570
	<u>52,104</u>	<u>32,318</u>

Restricted investments are classified as held for trading and are recorded at fair value.

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 endowment fund and are not available to fund general operations as disclosed in note 2(d).

# ONTARIO SAILING ASSOCIATION

## Notes to Financial Statements (continued)

March 31, 2011

### 4. Capital assets

	Cost \$	Accumulated Amortization \$	2011 Net \$	2010 Net \$
Sailboats	157,434	150,339	7,095	15,115
Safety boats and motors	110,898	86,584	24,314	14,092
Computer equipment	50,060	47,843	2,217	3,770
Vans	80,613	50,892	29,721	39,628
	<u>399,005</u>	<u>335,658</u>	<u>63,347</u>	<u>72,605</u>

### 5. Deferred revenue

Deferred revenue consists of program and membership fees paid in advance, which will be realized in the following fiscal year.

### 6. Government funding

Funding has been provided as follows:

	2011 \$	2010 \$
Ontario Ministry of Health Promotion	<u>234,437</u>	<u>280,807</u>

### 7. Income taxes

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

### 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 of these costs has been allocated to leadership development and \$25,000 has been allocated to athlete development based on usage and time spent.

# ONTARIO SAILING ASSOCIATION

## Notes to Financial Statements (continued)

March 31, 2011

9. Lease commitments

The Association is committed to a lease for its premises at 65 Guise Street, Hamilton expiring February 28, 2013. The minimum rental payments are as follows:

	<u>\$</u>
2012	18,053
2013	<u>16,775</u>
	<u>34,828</u>

10. Capital disclosure

The Association's objectives in managing its capital, which it defines as its net assets, are to maintain a sufficient level to provide for normal operating requirements on an ongoing basis and to continue its mission as disclosed in note 1. The Association monitors its capital in order to ensure it has sufficient revenue before committing to expenditures. Changes in capital during the year are set out in the Statement of Changes in Net Assets.



*We give your business a hand to succeed.*

Hilborn Ellis Grant LLP  
Chartered Accountants  
*Since 1930*

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