

ONTARIO SAILING ASSOCIATION

FINANCIAL STATEMENTS

MARCH 31, 2016

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, 2016, 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, 2016, 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 14, 2016

Chartered Professional Accountants
Licensed Public Accountants



ONTARIO SAILING ASSOCIATION

Statement of Financial Position

| March 31 | 2016 | 2015 |
|--|----------------|----------------|
| | \$ | \$ |
| ASSETS | | |
| Current assets | | |
| Cash and short term investments (note 3) | 497,796 | 558,483 |
| Accounts receivable | 53,125 | 58,803 |
| Inventory | 9,204 | 7,094 |
| Prepaid expenses | 10,018 | 11,899 |
| | <u>570,143</u> | <u>636,279</u> |
| Restricted investments (note 4) | 74,929 | 69,397 |
| Capital assets (note 5) | <u>110,967</u> | <u>111,866</u> |
| | <u>756,039</u> | <u>817,542</u> |
| LIABILITIES | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | 46,492 | 33,685 |
| Deferred revenue (note 6) | <u>166,943</u> | <u>242,538</u> |
| | <u>213,435</u> | <u>276,223</u> |
| NET ASSETS | | |
| Net assets invested in capital assets | 110,967 | 111,866 |
| Unrestricted net assets | 356,708 | 360,056 |
| Restricted funds (note 1(a)) | <u>74,929</u> | <u>69,397</u> |
| | <u>542,604</u> | <u>541,319</u> |
| | <u>756,039</u> | <u>817,542</u> |

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 | 2016 \$ | 2015 \$ |
|--|------------------|------------------|
| Revenues | | |
| Ontario Ministry of Tourism, Culture and Sport | 243,408 | 243,408 |
| Administration - membership fees | 203,608 | 182,322 |
| Administration - other | 36,002 | 44,290 |
| Self-reliance - product sales | 42,609 | 33,063 |
| Self-reliance - advertising and other | 39,974 | 41,911 |
| Leadership development - participant fees | 179,541 | 166,645 |
| Participation development - BOOM program | 84,684 | 129,906 |
| Sport environment | 69,146 | 68,055 |
| Athlete development | 251,063 | 246,862 |
| Regattas | 14,625 | 2,196 |
| Able sail | 39,899 | 42,480 |
| | <u>1,204,559</u> | <u>1,201,138</u> |
| Expenses | | |
| Administration (schedule 1) | 220,492 | 188,464 |
| Self-reliance (schedule 2) | 104,707 | 104,982 |
| Leadership development (schedule 3) | 218,066 | 203,663 |
| Participation development (schedule 4) | 145,639 | 133,545 |
| Sport environment | 61,624 | 41,042 |
| Athlete development (schedule 5) | 400,930 | 444,089 |
| Regattas | 13,241 | 1,148 |
| Able sail (schedule 6) | 37,492 | 46,184 |
| Access BOOM | 6,615 | 3,841 |
| CANSail project | - | 23,966 |
| | <u>1,208,806</u> | <u>1,190,924</u> |
| Excess of revenues over expenses (expenses over revenues) for year | <u>(4,247)</u> | <u>10,214</u> |

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 | 2016 Total | 2015 Total |
|---|--|-------------------------------|----------------------------------|-----------------------|-----------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Revenues | | | | | |
| Interest | - | 167 | 365 | 532 | 252 |
| Contributions | 7,000 | - | - | 7,000 | 7,635 |
| | 7,000 | 167 | 365 | 7,532 | 7,887 |
| Expenses | | | | | |
| Distributions | 2,000 | - | - | 2,000 | 1,787 |
| Excess of revenues over expenses for year | 5,000 | 167 | 365 | 5,532 | 6,100 |
| Net assets, beginning of year | - | 51,314 | 18,083 | 69,397 | 63,297 |
| Net assets, end of year (note 4) | 5,000 | 51,481 | 18,448 | 74,929 | 69,397 |

ONTARIO SAILING ASSOCIATION

Statement of Changes in Net Assets

Year ended March 31

| | 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 |
| Decrease in capital assets | (899) | 899 | - | - |
| Balance, end of year | 110,967 | 356,708 | 74,929 | 542,604 |

| | Invested in Capital Assets | Unrestricted for Operations | Restricted Funds | Total 2015 |
|----------------------------------|---------------------------------------|--|-----------------------------|-----------------------|
| | \$ | \$ | \$ | \$ |
| Balance, beginning of year | 94,059 | 367,649 | 63,297 | 525,005 |
| Excess of revenues over expenses | - | 10,214 | 6,100 | 16,314 |
| Increase in capital assets | 17,807 | (17,807) | - | - |
| Balance, end of year | 111,866 | 360,056 | 69,397 | 541,319 |

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

ONTARIO SAILING ASSOCIATION

Statement of Cash Flows

| Year ended March 31 | 2016 \$ | 2015 \$ |
|--|-----------------|------------|
| Cash flows from operating activities | | |
| Excess of revenues over expenses for year | 1,285 | 16,314 |
| Adjustments to determine net cash provided by operating activities | | |
| Amortization of capital assets | 49,514 | 35,191 |
| | 50,799 | 51,505 |
| Change in non-cash working capital items | | |
| Decrease (increase) in accounts receivable | 5,678 | (25,223) |
| Increase in inventory | (2,110) | (944) |
| Decrease in prepaid expenses | 1,881 | 5,514 |
| Increase (decrease) in accounts payable and accrued liabilities | 12,807 | (10,617) |
| Increase (decrease) in deferred revenue | (75,595) | 28,121 |
| | (6,540) | 48,356 |
| Cash flows from investing activities | | |
| Restricted investments | (5,532) | (6,100) |
| Additions to capital assets | (48,615) | (52,998) |
| | (54,147) | (59,098) |
| Net change in cash and short term investments during the year | (60,687) | (10,742) |
| Cash and short term investments, beginning of year | 558,483 | 569,225 |
| Cash and short term investments, end of year | 497,796 | 558,483 |

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

| | 2016 | 2015 |
|---|----------------|----------------|
| | \$ | \$ |
| Salaries | 156,152 | 130,247 |
| Audit and bookkeeping | 29,802 | 29,806 |
| Communications | 13,464 | 12,101 |
| Insurance | 3,102 | 2,684 |
| Meetings | 8,409 | 6,837 |
| Facilities | 18,869 | 18,844 |
| Telephone | 2,905 | 2,678 |
| Other | 38,256 | 31,161 |
| Amortization | 4,533 | 9,106 |
| Administration expenses transferred to other program areas (note 8) | (55,000) | (55,000) |
| | <u>220,492</u> | <u>188,464</u> |

Schedule of self-reliance expenses

Schedule 2

| | 2016 | 2015 |
|----------------------------|----------------|----------------|
| | \$ | \$ |
| Salaries | 26,073 | 23,557 |
| Product cost of goods sold | 39,563 | 35,599 |
| Facilities | 2,850 | 2,562 |
| Fundraising | 17,360 | 21,175 |
| Security and other | 18,861 | 22,089 |
| | <u>104,707</u> | <u>104,982</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 leadership development expenses

Schedule 3

| | 2016 | 2015 |
|--|----------------|----------------|
| | \$ | \$ |
| Salaries | 81,298 | 77,979 |
| Instructor development program | 87,034 | 73,997 |
| Conferences and workshops | 7,509 | 9,967 |
| Insurance | 3,489 | 2,607 |
| Facilities | 8,686 | 8,501 |
| Other | 50 | 612 |
| Transfer of administration expenses (note 8) | 30,000 | 30,000 |
| | <u>218,066</u> | <u>203,663</u> |

Schedule of participation development expenses

Schedule 4

| | 2016 | 2015 |
|-------------------------------|----------------|----------------|
| | \$ | \$ |
| Salaries | 66,030 | 63,413 |
| Camp program | 3,640 | 4,587 |
| Travel | 8,927 | 9,485 |
| Boats and equipment | 4,395 | 2,404 |
| Cruising registration program | 18,009 | 12,425 |
| Conferences and workshops | 2,941 | 2,133 |
| Insurance | 5,488 | 4,751 |
| Facilities | 6,596 | 8,368 |
| Amortization | 29,613 | 25,979 |
| | <u>145,639</u> | <u>133,545</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

| | 2016 | 2015 |
|--|----------------|----------------|
| | \$ | \$ |
| Salaries | 181,470 | 187,993 |
| Ontario team | 7,534 | 9,000 |
| Canadian Youth Championships | 1,000 | - |
| Ontario Games | 7,484 | 9,628 |
| CORK - Youth Festival | 276 | 1,151 |
| Travel | 102,641 | 84,432 |
| Boats and equipment | 12,555 | 2,388 |
| Insurance | 2,332 | 1,017 |
| Facilities | 10,353 | 8,842 |
| Amortization | 2,925 | 125 |
| Training centres | 31,199 | 104,383 |
| Other | 16,161 | 10,130 |
| Transfer of administration expenses (note 8) | 25,000 | 25,000 |
| | <u>400,930</u> | <u>444,089</u> |

Schedule of able sail expenses

Schedule 6

| | 2016 | 2015 |
|------------|---------------|---------------|
| | \$ | \$ |
| Salaries | 30,389 | 40,102 |
| Insurance | 5,543 | 4,795 |
| Facilities | 1,560 | 1,287 |
| | <u>37,492</u> | <u>46,184</u> |

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

ONTARIO SAILING ASSOCIATION

Notes to Financial Statements

March 31, 2016

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 current 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.

(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

Notes to Financial Statements (continued)

March 31, 2016

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

Notes to Financial Statements (continued)

March 31, 2016

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 it may be subject are as follows:

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

ONTARIO SAILING ASSOCIATION

Notes to Financial Statements (continued)

March 31, 2016

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:

| | 2016 \$ | 2015 \$ |
|---------------------------------|----------------|----------------|
| Cash and short term investments | 497,796 | 558,483 |
| Accounts receivable | 53,125 | 58,803 |
| | <u>550,921</u> | <u>617,286</u> |

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 \$46,492 (2015-\$33,685).

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, 2016

3. Cash and short term investments

| | 2016 \$ | 2015 \$ |
|---|----------------|----------------|
| Cash | 286,278 | 372,457 |
| Short-term investments - maturing within one year | 35,440 | 117,845 |
| Short-term investments - maturing after one year | 176,078 | 68,181 |
| | <u>497,796</u> | <u>558,483</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

| | 2016 \$ | 2015 \$ |
|--|---------------|---------------|
| Restricted investments - Hans Fogh Fund | 51,481 | 51,314 |
| Restricted investments - Alice Boston Fund | 18,448 | 18,083 |
| Restricted investments - General Restricted Fund | 5,000 | - |
| | <u>74,929</u> | <u>69,397</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, 2016

5. Capital assets

| | 2016 | | |
|-----------------------------------|----------------|---------------------|----------------|
| | Cost | Accumulated | Net |
| | \$ | Amortization | \$ |
| | \$ | \$ | \$ |
| 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 | - |
| | <u>429,058</u> | <u>318,091</u> | <u>110,967</u> |
| | | | 2015 |
| | Cost | Accumulated | Net |
| | \$ | Amortization | \$ |
| | \$ | \$ | \$ |
| Leasehold improvements | 16,605 | 7,272 | 9,333 |
| Computer equipment | 30,996 | 25,958 | 5,038 |
| Furniture and fixtures | 7,370 | 1,053 | 6,317 |
| Safety boats, motors and trailers | 125,837 | 104,436 | 21,401 |
| Sailboats | 170,878 | 117,988 | 52,890 |
| Vehicles | 112,388 | 96,501 | 15,887 |
| Website | 3,000 | 2,000 | 1,000 |
| | <u>467,074</u> | <u>355,208</u> | <u>111,866</u> |

6. Deferred revenue

Deferred revenue consists of program and membership fees in the amount of \$162,284 (2015 - 226,154) paid in advance, which will be realized in the following fiscal year and certain restricted contributions in the amount of \$4,659 (2015 - \$16,384) 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

Notes to Financial Statements (continued)

March 31, 2016

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 (2015-\$30,000) of these costs has been allocated to leadership development and \$25,000 (2015-\$25,000) has been allocated to athlete development based on usage and time spent.

9. Commitments

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

| | <u>\$</u> |
|------|----------------------|
| 2017 | 24,150 |
| 2018 | 24,150 |
| 2019 | 24,150 |
| 2020 | <u>10,063</u> |
| | <u><u>82,513</u></u> |

HILBORN

LISTENERS. THINKERS. DOERS.