

ONTARIO SAILING ASSOCIATION

FINANCIAL STATEMENTS

MARCH 31, 2015

HILBORN_{LLP}

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, 2015, 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

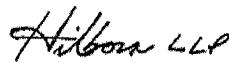
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable 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, 2015, 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 22, 2015

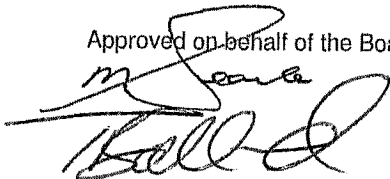
Chartered Professional Accountants
Licensed Public Accountants

ONTARIO SAILING ASSOCIATION

Statement of Financial Position

March 31	2015	2014
	\$	\$
ASSETS		
Current assets		
Cash and short term investments (note 3)	558,483	569,225
Accounts receivable	58,803	33,580
Inventory	7,094	6,150
Prepaid expenses	11,899	17,413
	<u>636,279</u>	<u>626,368</u>
Restricted investments (note 4)	69,397	63,297
Capital assets (note 5)	<u>111,866</u>	<u>94,059</u>
	<u>817,542</u>	<u>783,724</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	33,685	44,302
Deferred revenue (note 6)	<u>242,538</u>	<u>214,417</u>
	<u>276,223</u>	<u>258,719</u>
NET ASSETS		
Net assets invested in capital assets	111,866	94,059
Unrestricted net assets	<u>360,056</u>	<u>367,649</u>
Restricted funds (note 1(a))	<u>69,397</u>	<u>63,297</u>
	<u>541,319</u>	<u>525,005</u>
	<u>817,542</u>	<u>783,724</u>

Approved on behalf of the Board:



Director

Director

ONTARIO SAILING ASSOCIATION

Statement of Revenues and Expenses - Operating Fund

Year ended March 31	2015 \$	2014 \$
Revenues		
Ontario Ministry of Tourism, Culture and Sport	243,408	241,470
Administration - membership fees	182,322	184,630
Administration - other	44,290	93,617
Self-reliance - product sales	33,063	32,387
Self-reliance - advertising and other	41,911	63,474
Leadership development - participant fees	166,645	181,222
Participation development - BOOM program	129,906	105,000
Sport environment	68,055	17,639
Athlete development	246,862	216,164
Regattas	2,196	1,845
Able sail	42,480	40,710
	<u>1,201,138</u>	<u>1,178,158</u>
Expenses		
Administration (schedule 1)	188,464	171,133
Self-reliance (schedule 2)	104,982	139,217
Leadership development (schedule 3)	203,663	218,176
Participation development (schedule 4)	133,545	132,543
Sport environment	41,042	7,795
Athlete development (schedule 5)	444,089	409,435
Regattas	1,148	2,436
Able sail (schedule 6)	46,184	38,660
Access BOOM	3,841	4,423
CANSail project	23,966	10,599
	<u>1,190,924</u>	<u>1,134,417</u>
Excess of revenues over expenses for year	<u>10,214</u>	<u>43,741</u>

ONTARIO SAILING ASSOCIATION

Statement of Revenue and Expenses - Restricted Funds

Year ended March 31

	Hans Fogh Fund \$	Alice Boston Fund \$	2015 Total \$	2014 Total \$
Revenues				
Interest	219	33	252	702
Contributions	7,635	-	7,635	9,237
	7,854	33	7,887	9,939
Expenses				
Distributions	587	1,200	1,787	1,200
Excess of revenues over expenses for year	7,267	(1,167)	6,100	8,739
Net assets, beginning of year	44,047	19,250	63,297	54,558
Net assets, end of year (note 4)	51,314	18,083	69,397	63,297

ONTARIO SAILING ASSOCIATION

Statement of Changes in Net Assets

Year ended March 31

	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

	Invested in Capital Assets \$	Unrestricted for Operations \$	Restricted Funds \$	Total 2014 \$
Balance, beginning of year	90,976	326,991	54,558	472,525
Excess of revenues over expenses	-	43,741	8,739	52,480
Increase in capital assets	3,083	(3,083)	-	-
Balance, end of year	94,059	367,649	63,297	525,005

ONTARIO SAILING ASSOCIATION

Statement of Cash Flows

Year ended March 31	2015 \$	2014 \$
Cash flows from operating activities		
Excess of revenues over expenses for year	16,314	52,480
Adjustments to determine net cash provided by (used in) operating activities		
Amortization of capital assets	35,191	28,591
	<u>51,505</u>	<u>81,071</u>
Change in non-cash working capital items		
Decrease (increase) in accounts receivable	(25,223)	3,016
Decrease (increase) in inventory	(944)	472
Decrease in prepaid expenses	5,514	13,081
Decrease in accounts payable and accrued liabilities	(10,617)	(16,482)
Increase in deferred revenue	28,121	11,452
	<u>48,356</u>	<u>92,610</u>
Cash flows from investing activities		
Restricted investments	(6,100)	(8,739)
Additions to capital assets	(52,998)	(31,674)
	<u>(59,098)</u>	<u>(40,413)</u>
Net change in cash and short term investments during the year	(10,742)	52,197
Cash and short term investments, beginning of year	569,225	517,028
Cash and short term investments, end of year	<u>558,483</u>	<u>569,225</u>

ONTARIO SAILING ASSOCIATION

Schedules to Financial Statements

Year ended March 31

Schedule of administration expenses

Schedule 1

	2015	2014
	\$	\$
Salaries	130,247	134,003
Audit and bookkeeping	29,806	29,413
Communications	12,101	11,952
Insurance	2,684	2,599
Meetings	6,837	6,067
Facilities	18,844	5,987
Telephone	2,678	2,725
Other	31,161	26,850
Amortization	9,106	6,537
Administration expenses transferred to other program areas (note 8)	(55,000)	(55,000)
	<u>188,464</u>	<u>171,133</u>

Schedule of self-reliance expenses

Schedule 2

	2015	2014
	\$	\$
Salaries	23,557	21,140
Product cost of goods sold	35,599	37,477
Facilities	2,562	3,802
Fundraising	21,175	51,917
Security and other	22,089	24,881
	<u>104,982</u>	<u>139,217</u>

ONTARIO SAILING ASSOCIATION

Schedules to Financial Statements

Year ended March 31

Schedule of leadership development expenses

Schedule 3

	2015	2014
	\$	\$
Salaries	77,979	78,806
Instructor development program	73,997	87,384
Conferences and workshops	9,967	9,396
Insurance	2,607	2,909
Facilities	8,501	7,458
Other	612	2,223
Transfer of administration expenses (note 8)	30,000	30,000
	<u>203,663</u>	<u>218,176</u>

Schedule of participation development expenses

Schedule 4

	2015	2014
	\$	\$
Salaries	63,413	61,636
Camp program	4,587	5,169
Travel	9,485	12,647
Boats and equipment	2,404	6,792
Promotion	-	191
Cruising registration program	12,425	12,037
Conferences and workshops	2,133	1,392
Insurance	4,751	4,513
Facilities	8,368	8,470
Amortization	25,979	19,696
	<u>133,545</u>	<u>132,543</u>

ONTARIO SAILING ASSOCIATION

Schedules to Financial Statements

Year ended March 31

Schedule of athlete development expenses

Schedule 5

	2015	2014
	\$	\$
Salaries	187,993	184,943
Ontario team	9,000	6,613
Ontario Games	9,628	2,988
CORK - Youth Festival	1,151	292
Travel	84,432	85,722
Boats and equipment	2,388	11,100
Insurance	1,017	1,590
Facilities	8,842	6,838
Amortization	125	2,358
Training centres	104,383	74,646
Other	10,130	7,345
Transfer of administration expenses (note 8)	25,000	25,000
	<u>444,089</u>	<u>409,435</u>

Schedule of able sail expenses

Schedule 6

	2015	2014
	\$	\$
Salaries	40,102	32,898
Insurance	4,795	4,559
Facilities	1,287	1,203
	<u>46,184</u>	<u>38,660</u>

ONTARIO SAILING ASSOCIATION

Notes to Financial Statements

March 31, 2015

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.

(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. 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.

(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, 2015

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, 2015

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 instruments

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, 2015

2. Financial instruments (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:

	2015	2014
	\$	\$
Cash and short term investments	558,483	569,225
Accounts receivable	58,803	33,580
	<u>617,286</u>	<u>602,805</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 \$33,685 (2014-\$44,302).

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. In the opinion of management the liquidity risk exposure to the Association low.

(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, 2015

3. Cash and short term investments

	2015	2014
	\$	\$
Cash	372,457	417,530
Short-term investments - maturing within one year	117,845	50,750
Short-term investments - maturing after one year	68,181	100,945
	<u>558,483</u>	<u>569,225</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 1.85%.

4. Restricted investments

	2015	2014
	\$	\$
Restricted investments - Hans Fogh Fund	51,314	44,047
Restricted investments - Alice Boston Fund	18,083	19,250
	<u>69,397</u>	<u>63,297</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 1.85%.

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, 2015

5. Capital assets

	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>
	2014		
	Cost	Accumulated	Net
	\$	Amortization	\$
	\$	\$	\$
Leasehold improvements	2,605	2,605	-
Computer equipment	25,663	22,542	3,121
Safety boats, motors and trailers	123,328	92,052	31,276
Sailboats	137,178	101,758	35,420
Vehicles	112,388	90,146	22,242
Website	3,000	1,000	2,000
	<u>404,162</u>	<u>310,103</u>	<u>94,059</u>

6. Deferred revenue

Deferred revenue consists of program and membership fees in the amount of \$226,154 (2014-\$197,814) paid in advance, which will be realized in the following fiscal year and certain restricted contributions in the amount of \$16,384 (2014-\$16,603) 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, 2015

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 (2014-\$30,000) of these costs has been allocated to leadership development and \$25,000 (2014-\$25,000) has been allocated to athlete development based on usage and time spent.

9. Commitments

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

	\$
2016	24,150
2017	24,150
2018	24,150
2019	24,150
2020	10,063
	<u>106,663</u>