

ONTARIO SAILING ASSOCIATION

FINANCIAL STATEMENTS

MARCH 31, 2018

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, 2018, 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, 2018, 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 19, 2018

Chartered Professional Accountants
Licensed Public Accountants

ONTARIO SAILING ASSOCIATION

Statement of Financial Position

March 31	2018 \$	2017 \$
ASSETS		
Current assets		
Cash and short term investments (note 3)	548,425	581,519
Accounts receivable	130,314	98,776
Inventory	8,063	6,418
Prepaid expenses	50,829	7,214
	<u>737,631</u>	<u>693,927</u>
Restricted investments (note 4)	109,051	104,441
Capital assets (note 5)	122,387	110,061
	<u>969,069</u>	<u>908,429</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	64,009	84,781
Deferred revenue (note 6)	274,758	214,722
	<u>338,767</u>	<u>299,503</u>
NET ASSETS		
Net assets invested in capital assets	122,387	110,061
Unrestricted net assets	398,864	394,424
Restricted funds (note 1(a))	109,051	104,441
	<u>630,302</u>	<u>608,926</u>
	<u>969,069</u>	<u>908,429</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	2018 \$	2017 \$
Revenues		
Ontario Ministry of Tourism, Culture and Sport	243,408	243,408
Administration - membership fees	233,272	203,160
Administration - other	51,288	58,966
Self-reliance - product sales	37,774	43,463
Self-reliance - advertising and other	23,249	36,099
Leadership development - participant fees	175,569	185,282
Participation development - BOOM program	136,685	110,536
Sport environment	32,830	38,174
Athlete development	176,329	271,574
Regattas	14,965	16,093
Able sail	36,068	35,369
Gain on sale of capital assets	17,802	-
	1,179,239	1,242,124
Expenses		
Administration (schedule 1)	217,774	221,906
Self-reliance (schedule 2)	98,344	110,113
Leadership development (schedule 3)	214,762	217,871
Participation development (schedule 4)	171,590	162,932
Sport environment	32,717	37,518
Athlete development (schedule 5)	370,833	398,510
Regattas	13,291	12,923
Able sail (schedule 6)	38,455	37,372
Access BOOM	4,707	6,169
	1,162,473	1,205,314
Excess of revenues over expenses for year	16,766	36,810

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 \$	2018 Total \$	2017 Total \$
Revenues						
Interest	-	428	409	-	837	575
Contributions	-	250	-	11,550	11,800	53,322
	-	678	409	11,550	12,637	52,898
Expenses						
Distributions	2,200	-	-	5,827	8,027	23,386
Excess of revenues over expenses (expenses over revenues) for year	(2,200)	678	409	5,723	4,610	29,512
Net assets, beginning of year	5,000	60,772	18,857	19,812	104,441	74,929
Net assets, end of year (note 4)	2,800	61,450	19,266	25,535	109,051	104,441

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

ONTARIO SAILING ASSOCIATION

Statement of Changes in Net Assets

Year ended March 31

	Invested in Capital Assets \$	Unrestricted for Operations \$	Restricted Funds \$	Total 2018 \$
Balance, beginning of year	110,061	394,424	104,441	608,926
Excess of revenues over expenses	-	16,766	4,610	21,376
Increase in capital assets	12,326	(12,326)	-	-
Balance, end of year	<u>122,387</u>	<u>398,864</u>	<u>109,051</u>	<u>630,302</u>

	Invested in Capital Assets \$	Unrestricted for Operations \$	Restricted Funds \$	Total 2017 \$
Balance, beginning of year	110,967	356,708	74,929	542,604
Excess of revenues over expenses	-	36,810	29,512	66,322
Decrease in capital assets	(906)	906	-	-
Balance, end of year	<u>110,061</u>	<u>394,424</u>	<u>104,441</u>	<u>608,926</u>

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

ONTARIO SAILING ASSOCIATION

Statement of Cash Flows

Year ended March 31	2018 \$	2017 \$
Cash flows from operating activities		
Excess of revenues over expenses for year	21,376	66,322
Adjustments to determine net cash provided by operating activities		
Gain on sale of capital assets	(17,802)	-
Amortization of capital assets	56,354	59,481
	59,928	125,803
Change in non-cash working capital items		
Increase in accounts receivable	(31,538)	(45,651)
Decrease (increase) in inventory	(1,645)	2,786
Decrease (increase) in prepaid expenses	(43,615)	2,804
Increase (decrease) in accounts payable and accrued liabilities	(20,772)	38,289
Increase in deferred revenue	60,036	47,779
	22,394	171,810
Cash flows from investing activities		
Net purchase of restricted investments	(4,610)	(29,512)
Additions to capital assets	(71,591)	(58,575)
Proceeds on disposal of capital assets	20,713	-
	(55,488)	(88,087)
Net change in cash during the year	(33,094)	83,723
Cash and short term investments, beginning of year	581,519	497,796
Cash and short term investments, end of year	548,425	581,519

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

	2018	2017
	\$	\$
Salaries	159,446	151,260
Audit and bookkeeping	34,561	34,736
Communications	10,196	9,638
Insurance	2,882	3,014
Meetings	4,698	8,240
Facilities	19,007	19,106
Telephone	3,312	3,516
Other	36,357	44,964
Amortization	2,315	2,432
Administration expenses transferred to other program areas (note 8)	(55,000)	(55,000)
	217,774	221,906

Schedule of self-reliance expenses

Schedule 2

	2018	2017
	\$	\$
Salaries	24,655	25,312
Product cost of goods sold	34,850	40,791
Facilities	2,304	2,027
Fundraising	18,939	20,195
Security and other	17,596	21,788
	98,344	110,113

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

	2018	2017
	\$	\$
Salaries	86,959	83,807
Instructor development program	78,402	82,880
Conferences and workshops	6,946	9,748
Insurance	3,187	3,390
Facilities	8,730	7,809
Other	538	237
Transfer of administration expenses (note 8)	30,000	30,000
	<u>214,762</u>	<u>217,871</u>

Schedule of participation development expenses

Schedule 4

	2018	2017
	\$	\$
Salaries	80,127	79,217
Camp program	6,915	4,968
Travel	10,263	10,572
Boats and equipment	6,407	3,627
Cruising registration program	21,875	19,049
Conferences and workshops	2,908	2,506
Insurance	5,767	6,250
Facilities	6,115	5,630
Amortization	31,213	31,113
	<u>171,590</u>	<u>162,932</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

	2018	2017
	\$	\$
Salaries	200,634	140,791
Ontario team	2,059	1,426
Canadian Youth Championships	832	-
Ontario Games	7,191	8,784
CORK - Youth Festival	871	2,034
Travel	106,065	83,560
Boats and equipment	10,118	6,120
Insurance	1,218	1,377
Facilities	7,706	8,285
Amortization	3,055	2,664
Training centres	3,362	14,270
Other	500	6,410
Regional training centres	2,222	97,789
Transfer of administration expenses (note 8)	25,000	25,000
	370,833	398,510

Schedule of able sail expenses

Schedule 6

	2018	2017
	\$	\$
Salaries	30,381	30,276
Insurance	5,296	5,380
Facilities	2,778	1,716
	38,455	37,372

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

ONTARIO SAILING ASSOCIATION

Notes to Financial Statements

March 31, 2018

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. In 2016, the Association established the Council of Commodores Fund which is to be used to support the Council as approved by the Council.

(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, 2018

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, 2018

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	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, 2018

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:

	2018	2017
	\$	\$
Cash and short term investments	548,425	581,519
Accounts receivable	130,314	98,776
	<u>678,739</u>	<u>680,295</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 \$64,009 (2017 - \$84,781).

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, 2018

3. Cash and short term investments

	2018 \$	2017 \$
Cash	389,541	419,303
Short-term investments - maturing within one year	86,283	133,992
Short-term investments - maturing after one year	72,601	28,224
	<u>548,425</u>	<u>581,519</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

	2018 \$	2017 \$
Restricted investments - General Restricted Fund	2,800	5,000
Restricted investments - Hans Fogh Fund	61,450	60,772
Restricted investments - Alice Boston Fund	19,266	18,857
Restricted investments - Council of Commodores	25,535	19,812
	<u>109,051</u>	<u>104,441</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, 2018

5. Capital assets

	2018		
	Cost	Accumulated	Net
	\$	Amortization	\$
	\$	\$	\$
Leasehold improvements	17,465	16,748	717
Computer equipment	34,979	30,894	4,085
Furniture and fixtures	7,370	4,211	3,159
Safety boats, motors and trailers	168,999	126,707	42,292
Sailboats	97,036	86,954	10,082
Vehicles	172,651	110,599	62,052
Website	3,000	3,000	-
	<u>501,500</u>	<u>379,113</u>	<u>122,387</u>
			2017
	Cost	Accumulated	Net
	\$	Amortization	\$
	\$	\$	\$
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	-
	<u>485,488</u>	<u>375,427</u>	<u>110,061</u>

6. Deferred revenue

Deferred revenue consists of program and membership fees in the amount of \$269,782 (2017 - \$209,746) paid in advance, which will be realized in the following fiscal year and certain restricted contributions in the amount of \$4,976 (2017 - \$4,976) 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, 2018

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 (2017-\$30,000) of these costs has been allocated to leadership development and \$25,000 (2017-\$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:

	<u> </u> \$
2019	24,150
2020	<u>10,063</u>
	<u><u>34,213</u></u>

HILBORN

LISTENERS. THINKERS. DOERS.