

ONTARIO SAILING ASSOCIATION

FINANCIAL STATEMENTS

MARCH 31, 2019

HILBORN_{LLP}

Independent Auditor's Report

To the Members of the Ontario Sailing Association

Opinion

We have audited the financial statements of the Ontario Sailing Association (the "Association"), which comprise the statement of financial position as at March 31, 2019, 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 notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2019, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the ability of the Association to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the Association.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 internal control of the Association.

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Association to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Toronto, Ontario
June 18, 2019

Chartered Professional Accountants
Licensed Public Accountants

ONTARIO SAILING ASSOCIATION

Statement of Financial Position

March 31	2019 \$	2018 \$
ASSETS		
Current assets		
Cash and short term investments (note 3)	500,903	548,425
Accounts receivable	163,683	130,314
Inventory	5,524	8,063
Prepaid expenses	9,853	50,829
	679,963	737,631
Restricted investments (note 4)	113,258	109,051
Capital assets (note 5)	172,106	122,387
	965,327	969,069
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	61,600	64,009
Deferred revenue (note 6)	279,425	274,758
	341,025	338,767
NET ASSETS		
Net assets invested in capital assets	172,106	122,387
Unrestricted net assets	338,938	398,864
Restricted funds (note 1(a))	113,258	109,051
	624,302	630,302
	965,327	969,069

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	2019 \$	2018 \$
Revenues		
Ontario Ministry of Tourism, Culture and Sport	243,408	243,408
Administration - membership fees	245,656	233,272
Administration - other	52,354	51,288
Self-reliance - product sales	38,559	37,774
Self-reliance - advertising and other	8,207	23,249
Leadership development - participant fees	177,475	175,569
Participation development - BOOM program	126,336	136,685
Sport environment	30,351	32,830
Athlete development	228,964	176,329
Regattas	13,506	14,965
Able sail	39,576	36,068
Gain on sale of capital assets	5,000	17,802
	1,209,392	1,179,239
Expenses		
Administration (schedule 1)	256,587	217,774
Self-reliance (schedule 2)	88,685	98,344
Leadership development (schedule 3)	225,688	214,762
Participation development (schedule 4)	157,328	171,590
Sport environment	34,999	32,717
Athlete development (schedule 5)	380,675	370,833
Regattas	12,000	13,291
Able sail (schedule 6)	51,636	38,455
Access BOOM	12,001	4,707
	1,219,599	1,162,473
Excess of revenues over expenses (expenses over revenues) for year	(10,207)	16,766

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 \$	2019 Total \$	2018 Total \$
Revenues						
Interest	-	1,166	373	-	1,539	837
Contributions	-	1,000	-	11,606	12,606	11,800
	-	2,166	373	11,606	14,145	12,637
Expenses						
Distributions	2,750	-	1,500	5,688	9,938	8,027
Excess of revenues over expenses (expenses over revenues) for year	(2,750)	2,166	(1,127)	5,918	4,207	4,610
Net assets, beginning of year	2,800	61,450	19,266	25,535	109,051	104,441
Net assets, end of year (note 4)	50	63,616	18,139	31,453	113,258	109,051

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 2019 \$
Balance, beginning of year	122,387	398,864	109,051	630,302
Excess of revenues over expenses (expenses over revenues)	-	(10,207)	4,207	(6,000)
Increase in capital assets	49,719	(49,719)	-	-
Balance, end of year	172,106	338,938	113,258	624,302

	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	122,387	398,864	109,051	630,302

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

ONTARIO SAILING ASSOCIATION

Statement of Cash Flows

Year ended March 31	2019 \$	2018 \$
Cash flows from operating activities		
Excess of revenues over expenses (expenses over revenues) for year	(6,000)	21,376
Adjustments to determine net cash provided by operating activities		
Gain on sale of capital assets	(5,000)	(17,802)
Amortization of capital assets	53,742	56,354
	42,742	59,928
Change in non-cash working capital items		
Increase in accounts receivable	(33,369)	(31,538)
Decrease (increase) in inventory	2,539	(1,645)
Decrease (increase) in prepaid expenses	40,976	(43,615)
Decrease in accounts payable and accrued liabilities	(2,409)	(20,772)
Increase in deferred revenue	4,667	60,036
	55,146	22,394
Cash flows from investing activities		
Net purchase of restricted investments	(4,207)	(4,610)
Additions to capital assets	(103,461)	(71,591)
Proceeds on disposal of capital assets	5,000	20,713
	(102,668)	(55,488)
Net change in cash during the year	(47,522)	(33,094)
Cash and short term investments, beginning of year	548,425	581,519
Cash and short term investments, end of year	500,903	548,425

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

	2019	2018
	\$	\$
Salaries	183,345	159,446
Audit and bookkeeping	44,457	34,561
Communications	8,099	10,196
Insurance	3,013	2,882
Meetings	10,960	4,698
Facilities	18,462	19,007
Telephone	3,391	3,312
Other	36,042	36,357
Amortization	3,818	2,315
Administration expenses transferred to other program areas (note 8)	(55,000)	(55,000)
	<u>256,587</u>	<u>217,774</u>

Schedule of self-reliance expenses

Schedule 2

	2019	2018
	\$	\$
Salaries	23,949	24,655
Product cost of goods sold	37,429	34,850
Facilities	1,999	2,304
Fundraising	3,602	18,939
Security and other	21,706	17,596
	<u>88,685</u>	<u>98,344</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

	2019	2018
	\$	\$
Salaries	89,407	86,959
Instructor development program	77,944	78,402
Conferences and workshops	13,379	6,946
Insurance	3,326	3,187
Facilities	8,028	8,730
Other	3,604	538
Transfer of administration expenses (note 8)	30,000	30,000
	<u>225,688</u>	<u>214,762</u>

Schedule of participation development expenses

Schedule 4

	2019	2018
	\$	\$
Salaries	80,163	80,127
Camp program	5,065	6,915
Travel	9,573	10,263
Boats and equipment	6,926	6,407
Cruising registration program	22,903	21,875
Conferences and workshops	308	2,908
Insurance	5,312	5,767
Facilities	5,976	6,115
Amortization	21,102	31,213
	<u>157,328</u>	<u>171,590</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

	2019	2018
	\$	\$
Salaries	195,131	200,634
Ontario team	2,865	2,059
Canadian Youth Championships	24,027	832
Ontario Games	5,171	7,191
CORK - Youth Festival	-	871
Travel	85,739	106,065
Boats and equipment	18,834	10,118
Insurance	1,116	1,218
Facilities	6,328	7,706
Amortization	2,664	3,055
Training centres	2,533	3,362
Other	11,267	500
Regional training centres	-	2,222
Transfer of administration expenses (note 8)	25,000	25,000
	380,675	370,833

Schedule of able sail expenses

Schedule 6

	2019	2018
	\$	\$
Salaries	43,415	30,381
Insurance	5,287	5,296
Facilities	2,934	2,778
	51,636	38,455

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

ONTARIO SAILING ASSOCIATION

Notes to Financial Statements

March 31, 2019

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:

Trailer building	- 10 years
Furniture and fixtures	- 7 years
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, 2019

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, 2019

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, 2019

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:

	2019 \$	2018 \$
Cash and short term investments	500,903	548,425
Accounts receivable	163,683	130,314
	<u>664,586</u>	<u>678,739</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 \$61,600 (2018 - \$64,009).

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, 2019

3. Cash and short term investments

	2019 \$	2018 \$
Cash	145,465	389,541
Short-term investments - maturing within one year	234,293	86,283
Short-term investments - maturing after one year	121,145	72,601
	<u>500,903</u>	<u>548,425</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 1.80% through 3.15%.

4. Restricted investments

	2019 \$	2018 \$
Restricted investments - General Restricted Fund	50	2,800
Restricted investments - Hans Fogh Fund	63,616	61,450
Restricted investments - Alice Boston Fund	18,139	19,266
Restricted investments - Council of Commodores	31,453	25,535
	<u>113,258</u>	<u>109,051</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 2.2%.

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, 2019

5. Capital assets

	2019		
	Cost	Accumulated	Net
	\$	Amortization	\$
	\$	\$	\$
Leasehold improvements	40,240	18,520	21,720
Computer equipment	44,853	34,581	10,272
Furniture and fixtures	7,370	5,264	2,106
Safety boats, motors and trailers	216,421	145,876	70,545
Sailboats	108,213	84,922	23,291
Vehicles	170,011	125,839	44,172
Website	3,000	3,000	-
	<u>590,108</u>	<u>418,002</u>	<u>172,106</u>
			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>

6. Deferred revenue

Deferred revenue consists of the following:

- i) Program and membership fees in the amount of \$224,504 (2018 - \$213,954) paid in advance, which will be realized in the following fiscal year.
- ii) Restricted contributions in the amount of \$4,676 (2018 - \$4,976) to be recorded as revenue in the year in which the related expenses are incurred.
- iii) Capital contributions in the amount of \$50,245 (2018 - \$55,828) to be recorded as revenue over the same period and rate as the amortization on the capital assets the grants were used to purchase.

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, 2019

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 (2018 - \$30,000) of these costs has been allocated to leadership development and \$25,000 (2018 - \$25,000) has been allocated to athlete development based on usage and time spent.

9. Commitments

During 2019 the Association signed a lease renewal agreement to lease office premises effective September 1, 2019 to August 31, 2024. Minimum lease payments are as follows:

	<u>\$</u>
2020	25,492
2021	26,450
2022	27,037
2023	27,457
2024	27,457
Subsequent years	<u>11,440</u>
	<u><u>145,333</u></u>

HILBORN

LISTENERS. THINKERS. DOERS.