

ONTARIO SAILING ASSOCIATION

FINANCIAL STATEMENTS

MARCH 31, 2021

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, 2021, 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, 2021, 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.

Independent Auditor's Report (continued)

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

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.
- 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
August 13, 2021

Chartered Professional Accountants
Licensed Public Accountants

ONTARIO SAILING ASSOCIATION

Statement of Financial Position

March 31	2021 \$	2020 \$
ASSETS		
Current assets		
Cash and short term investments (note 3)	663,019	478,517
Accounts receivable	83,672	126,146
Inventory	11,776	11,211
Prepaid expenses	12,667	10,663
	771,134	626,536
Restricted investments (note 4)	130,144	120,299
Capital assets (note 5)	160,081	217,310
	1,061,359	964,145
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	31,383	127,570
Deferred revenue (note 6)	198,781	196,595
	230,164	324,168
Loan payable (note 10)	40,000	-
	270,164	324,165
NET ASSETS		
Net assets invested in capital assets	160,081	217,310
Unrestricted net assets	500,970	302,371
Restricted funds (note 1(a))	130,144	120,299
	791,195	639,980
	1,061,359	964,145

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	2021 \$	2020 \$
Revenues		
Administration (note 8)	208,663	60,651
Membership	196,249	329,426
Leadership development	191,613	254,233
Participation development	50,026	202,457
Athlete development	232,595	294,664
Government assistance (note 10)	164,803	-
Gain (loss) on disposal of capital assets	(13,434)	9,630
	1,030,515	1,151,061
Expenses		
Administration (schedule 1)	360,020	320,268
Membership (schedule 2)	117,009	189,345
Leadership development (schedule 3)	176,022	176,527
Participation development (schedule 4)	72,236	158,743
Athlete development (schedule 5)	163,858	297,541
	889,145	1,142,424
Excess of revenues over expenses for year	141,370	8,637

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 \$	2021 Total \$	2020 Total \$
Revenues						
Interest	-	402	233	-	635	841
Contributions	-	-	-	10,725	10,725	13,025
	-	402	233	11,000	11,635	13,866
Expenses						
Distributions	-	-	-	1,515	1,515	6,825
Excess of revenues over expenses for year	-	402	233	9,210	9,845	7,041
Net assets, beginning of year	50	66,351	18,270	35,628	120,299	113,258
Net assets, end of year (note 4)	50	66,753	18,503	44,838	130,144	120,299

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 2021 \$
Balance, beginning of year	217,310	302,371	120,299	639,980
Excess of revenues over expenses	-	141,370	9,845	151,215
Decrease in capital assets	(57,230)	57,230	-	-
Balance, end of year	<u>160,081</u>	<u>500,970</u>	<u>130,144</u>	<u>791,195</u>

	Invested in Capital Assets \$	Unrestricted for Operations \$	Restricted Funds \$	Total 2020 \$
Balance, beginning of year	172,106	338,938	113,258	624,302
Excess of revenues over expenses (expenses over revenues)	-	8,637	7,041	15,678
Increase in capital assets	45,204	(45,204)	-	-
Balance, end of year	<u>217,310</u>	<u>302,371</u>	<u>120,299</u>	<u>639,980</u>

The accompanying notes are an integral part of these financial statements

ONTARIO SAILING ASSOCIATION

Statement of Cash Flows

Year ended March 31	2021 \$	2020 \$
Cash flows from operating activities		
Excess of revenues over expenses for year	151,215	15,678
Adjustments to determine net cash provided by operating activities		
Gain (loss) on disposal of capital assets	13,434	(9,630)
Amortization of capital assets	66,696	68,879
	231,345	74,927
Change in non-cash working capital items		
Decrease in accounts receivable	42,474	37,538
Increase in inventory	(565)	(5,687)
Increase in prepaid expenses	(2,004)	(811)
Increase (decrease) in accounts payable and accrued liabilities	(96,189)	65,969
Increase (decrease) in deferred revenue	2,186	(82,830)
	177,247	89,106
Cash flows from investing activities		
Net purchase of restricted investments	(9,845)	(7,041)
Additions to capital assets	(22,900)	(114,451)
Proceeds on disposal of capital assets	-	10,000
	(32,745)	(111,492)
Cash flows from financing activities		
Increase in loan payable (note 10)	40,000	-
Net change in cash during the year	184,502	(22,386)
Cash and short term investments, beginning of year	478,517	500,903
Cash and short term investments, end of year	663,019	478,517

ONTARIO SAILING ASSOCIATION

Schedules to Financial Statements

Year ended March 31

Schedule of administration

Schedule 1

	2021	2020
	\$	\$
Salaries	133,372	146,789
Professional fees	28,737	16,844
Communications	11,403	11,634
Insurance	34,991	34,123
Meetings	4,302	5,008
Facilities	28,386	33,832
Telephone	6,863	7,559
Other	35,055	57,851
Amortization	7,673	6,628
COVID-19 relief grants	69,238	-
	<u>360,020</u>	<u>320,268</u>

Schedule of membership

Schedule 2

	2021	2020
	\$	\$
Salaries	77,594	70,327
Product cost of goods sold	12,211	21,160
Participation Fees	20,119	71,631
Fundraising	6,904	8,976
Trade shows and conferences	181	17,251
	<u>117,009</u>	<u>189,345</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

	2021	2020
	\$	\$
Salaries	116,444	93,473
Instructor development program	51,285	73,005
Conferences and workshops	4,059	6,852
Facilities	4,234	3,197
	<u>176,022</u>	<u>176,527</u>

Schedule of participation development expenses

Schedule 4

	2021	2020
	\$	\$
Salaries	62,491	111,840
Travel	1,175	10,209
Boats and equipment	-	8,368
Promotion	500	-
Cruising registration program	747	11,414
Facilities	500	2,125
Amortization	6,823	14,787
	<u>72,236</u>	<u>158,743</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

	2021	2020
	\$	\$
Salaries	105,104	162,468
Travel	9,299	51,967
Boats and equipment	9,073	10,293
Facilities	2,208	2,297
Amortization	31,194	29,098
Paralympic training	6,980	26,415
Georgian Bay Regatta	-	15,003
	163,858	297,541

The accompanying notes are an integral part of these financial statements

ONTARIO SAILING ASSOCIATION

Notes to Financial Statements

March 31, 2021

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, 2021

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 and loan payable.

(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, 2021

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			
Loan payable		X		X	

ONTARIO SAILING ASSOCIATION

Notes to Financial Statements (continued)

March 31, 2021

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:

	2021 \$	2020 \$
Cash and short term investments	663,019	478,517
Accounts receivable	83,672	126,146
	<u>746,691</u>	<u>604,663</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 \$31,383 (2020 - \$127,570) and loan payable of \$40,000 (2020 - \$nil).

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

The Association's liquidity and interest rate risk exposure increased from that of the prior year due to the new loan payable.

ONTARIO SAILING ASSOCIATION

Notes to Financial Statements (continued)

March 31, 2021

3. Cash and short term investments

	2021	2020
	\$	\$
Cash	309,679	25,718
Short-term investments - maturing within one year	353,340	347,834
Short-term investments - maturing after one year	-	104,965
	<u>663,019</u>	<u>478,517</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 year. Interest on the guaranteed investment certificates is 1.25%.

4. Restricted investments

	2021	2020
	\$	\$
Restricted investments - General Restricted Fund	50	50
Restricted investments - Hans Fogh Fund	66,753	66,351
Restricted investments - Alice Boston Fund	18,503	18,270
Restricted investments - Council of Commodores	44,838	35,628
	<u>130,144</u>	<u>120,299</u>

The restricted investments are being held through Scotia Securities Inc. in separate accounts and consist of cash.

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).

5. Capital assets

	<u>2021</u>		
	Cost	Accumulated Amortization	Net
	\$	\$	\$
Leasehold improvements	37,635	22,289	15,346
Computer equipment	45,921	38,719	7,202
Furniture and fixtures	8,652	7,461	1,191
Safety boats, motors and trailers	255,216	190,102	65,114
Sailboats	111,213	97,378	13,835
Vehicles	144,656	93,230	51,426
Website	13,000	7,033	5,967
	<u>616,293</u>	<u>456,212</u>	<u>160,081</u>

ONTARIO SAILING ASSOCIATION

Notes to Financial Statements (continued)

March 31, 2021

5. Capital assets (continued)

	2020		
	Cost	Accumulated Amortization	Net
	\$	\$	\$
Leasehold improvements	37,635	19,174	18,461
Computer equipment	39,254	34,317	4,937
Furniture and fixtures	7,370	6,317	1,053
Safety boats, motors and trailers	263,670	174,627	89,042
Sailboats	111,213	91,000	20,213
Vehicles	144,656	66,969	77,687
Website	10,100	4,183	5,917
	613,898	396,588	217,310

6. Deferred revenue

Deferred revenue consists of the following:

- i) Program and membership fees in the amount of \$145,191 (2020- \$125,839) paid in advance, which will be realized in the following fiscal year.
- ii) Restricted contributions in the amount of \$4,676 (2020 - \$4,676) to be recorded as revenue in the year in which the related expenses are incurred.
- iii) Capital contributions in the amount of \$48,914 (2020 - \$66,080) 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.

8. Ministry of Tourism, Culture and Sport

The Association receives funding under the Ontario Amateur Sport Fund from the Ministry of Tourism, Culture and Sport to aid in the delivery of programs that support athletes, coaches, officials and volunteers. In 2020, the Association received and recognized revenues of \$243,408 (2020 - \$243,408) across various programs.

The Association also received \$103,898 (2020 - \$nil) in COVID-19 emergency support funding from the Ministry to help maintain ongoing operations and to support the return of sport once it is safe to do so. This amount is included in revenue under Administration.

ONTARIO SAILING ASSOCIATION

Notes to Financial Statements (continued)

March 31, 2021

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>Year ending March 31</u>	<u>\$</u>
2022	26,786
2023	27,025
2024	27,025
2025	11,260
	<u>92,096</u>

10. Impact of global pandemic and government assistance

The global pandemic of the virus known as COVID-19 has led the Canadian Federal government, as well as provincial and local governments, to impose measures, such as restricting foreign travel, mandating self-isolations and physical distancing and closing non-essential businesses. Because of the high level of uncertainty related to the outcome of this pandemic, it is difficult to estimate the financial effect on the Association. As such, no adjustments have been made in the financial statements as a result of these events.

During the year, the Association received the following government assistance as a result of COVID-19:

Canada Emergency Wage Subsidy ("CEWS")

The CEWS provides a subsidy of up to 75% of eligible remuneration, paid by the Company, to each eligible employee – up to a pre-determined maximum per period. Included in government assistance is \$164,803 (2020 - \$nil) of CEWS funding recognized during the year. The assistance received under the CEWS program is not subject to any specific future terms or conditions; however, the Canadian Revenue Agency may require additional reporting in a future period to verify the Association's eligibility and compliance with terms and conditions.

Canada Emergency Benefit Account ("CEBA")

The Association received loans under the Canadian Emergency Benefit Account program, totalling \$40,000 for the payment of non-deferrable expenses. During the initial term ending December 31, 2022, the Association is not required to repay any portion of the loan and no interest shall accrue. If the Association repays 75% of the loan by December 31, 2022, the remainder of the loan is eligible to be forgiven if certain terms and conditions are met. If the Association does not repay the loan by December 31, 2022, the loan will bear interest at a rate of 5% per annum and be subject to negotiated repayment terms at that time.

HILBORN

LISTENERS. THINKERS. DOERS.