

ONTARIO SAILING ASSOCIATION

FINANCIAL STATEMENTS

MARCH 31, 2012

Hilborn Ellis Grant LLP

Chartered Accountants

Toronto, Ontario





Hilborn Ellis Grant LLP
Chartered Accountants

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, 2012, and the statements of revenues and expenses - operating fund, revenues and expenses - endowment 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 generally accepted accounting principles, 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 in our audit 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, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Hilborn Ellis Grant LLP

Chartered Accountants
Licensed Public Accountants

Toronto, Ontario
June 18, 2012



ONTARIO SAILING ASSOCIATION

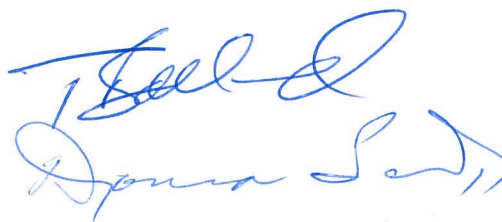
Statement of Financial Position

March 31	2012 \$	2011 \$
ASSETS		
Current assets		
Cash and short term investments (note 3)	536,721	515,922
Accounts receivable	26,674	13,853
Inventory	6,951	8,374
Prepaid expenses	16,358	28,133
	<u>586,704</u>	<u>566,282</u>
Restricted investments (note 4)	53,283	52,104
Capital assets (note 5)	51,953	63,347
	<u>691,940</u>	<u>681,733</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	44,603	36,052
Deferred revenue (note 6)	253,283	315,476
	<u>297,886</u>	<u>351,528</u>
NET ASSETS		
Net assets invested in capital assets	51,953	63,347
Unrestricted net assets	288,818	214,754
Net assets restricted for endowment funds (note 2(d))	53,283	52,104
	<u>394,054</u>	<u>330,205</u>
	<u>691,940</u>	<u>681,733</u>

Approved on behalf of the Board:

Director

Director



ONTARIO SAILING ASSOCIATION

Statement of Revenues and Expenses - Operating Fund

Year ended March 31	2012 \$	2011 \$
Revenues		
Government funding (note 7)	234,437	234,437
Administration - membership fees	138,393	129,978
Administration - other	112,226	102,024
Self-reliance - product sales	60,400	63,030
Self-reliance - advertising and other	90,472	50,751
Leadership development - participant fees	186,127	172,895
Participation development - BOOM program	135,279	139,420
Sport environment	7,661	8,446
Athlete development	76,364	46,649
Regattas	3,695	2,350
Able sail	38,244	31,537
	1,083,298	981,517
Expenses		
Administration (schedule 1)	139,641	121,640
Self-reliance (schedule 2)	155,198	121,212
Leadership development (schedule 3)	220,131	222,098
Participation development (schedule 4)	156,038	159,572
Sport environment	5,911	3,971
Athlete development (schedule 5)	292,265	261,561
Regattas	1,185	2,381
Able sail (schedule 6)	35,978	40,378
Access BOOM	7,629	6,141
CANSail project	6,652	-
	1,020,628	938,954
Excess of revenues over expenses for year	62,670	42,563



ONTARIO SAILING ASSOCIATION

Statement of Revenue and Expenses - Endowment Funds

Year ended March 31

	Hans Fogh Fund \$	Alice Boston Fund \$	2012 Total \$	2011 Total \$
Revenues				
Interest	-	-	-	160
Contributions	891	288	1,179	19,626
	891	288	1,179	19,786
Expenses	-	-	-	-
Excess of revenues over expenses for year	891	288	1,179	19,786



ONTARIO SAILING ASSOCIATION

Statement of Changes in Net Assets

Year ended March 31 2012

	2012			
	Invested in Capital Assets \$	Unrestricted for Operations \$	Endowment Funds \$	Total \$
Balance, beginning of year	63,347	214,754	52,104	330,205
Excess of revenues over expenses	-	62,670	1,179	63,849
Decrease in capital assets	(11,394)	11,394	-	-
Balance, end of year	<u>51,953</u>	<u>288,818</u>	<u>53,283</u>	<u>394,054</u>

	2011			
	Invested in Capital Assets \$	Unrestricted for Operations \$	Endowment Funds \$	Total \$
Balance, beginning of year	72,605	162,933	32,318	267,856
Excess of revenues over expenses	-	42,563	19,786	62,349
Decrease in capital assets	(9,258)	9,258	-	-
Balance, end of year	<u>63,347</u>	<u>214,754</u>	<u>52,104</u>	<u>330,205</u>



ONTARIO SAILING ASSOCIATION

Statement of Cash Flows

Year ended March 31	2012 \$	2011 \$
Cash flows from operating activities		
Excess of revenues over expenses for year	63,849	62,349
Item not affecting cash		
Amortization of capital assets	31,467	32,012
	95,316	94,361
Change in non-cash working capital items		
Decrease (increase) in accounts receivable	(12,821)	33,400
Decrease in inventory	1,423	699
Decrease (increase) in prepaid expenses	11,775	(14,763)
Increase (decrease) in accounts payable and accrued liabilities	8,550	(16,662)
Increase (decrease) in deferred revenue	(62,193)	37,060
	42,050	134,095
Cash flows from investing activities		
Restricted investments	(1,179)	(19,786)
Additions to capital assets	(20,072)	(22,754)
	(21,251)	(42,540)
Increase in cash and short term investments	20,799	91,555
Cash and short term investments, beginning of year	515,922	424,367
Cash and short term investments, end of year	536,721	515,922



ONTARIO SAILING ASSOCIATION

Schedules to Financial Statements

Year ended March 31

Schedule of administration expenses	Schedule 1	
	2012 \$	2011 \$
Salaries	105,143	100,762
Audit and bookkeeping	27,659	28,640
Communications	13,077	8,653
Insurance	2,469	2,977
Meetings	6,412	4,755
Facilities	5,945	4,939
Telephone	3,614	4,278
Other	27,109	18,528
Amortization	3,213	3,108
Administration expenses transferred to other program areas (note 9)	(55,000)	(55,000)
	139,641	121,640

Schedule of self-reliance expenses	Schedule 2	
	2012 \$	2011 \$
Salaries	22,153	19,118
Product cost of goods sold	56,577	56,533
Sail Ontario newsletter	-	765
Facilities	2,463	3,657
Fundraising	54,605	23,559
Security and other	19,400	17,580
	155,198	121,212



ONTARIO SAILING ASSOCIATION

Schedules to Financial Statements

Year ended March 31

Schedule of leadership development expenses

Schedule 3

	2012	2011
	\$	\$
Salaries	67,500	68,726
Instructor development program	97,696	91,713
Conferences and workshops	10,160	14,313
Insurance	3,843	3,600
Facilities	7,511	7,167
Other	3,421	6,579
Transfer of administration expenses (note 9)	30,000	30,000
	<u>220,131</u>	<u>222,098</u>

Schedule of participation development expenses

Schedule 4

	2012	2011
	\$	\$
Salaries	77,588	82,431
Camp program	4,320	3,859
Travel	20,478	22,156
Boats and equipment	11,047	7,908
Promotion	736	410
Cruising registration program	12,152	12,208
Conferences and workshops	3,990	3,321
Insurance	5,709	5,103
Facilities	7,712	10,360
Amortization	12,306	11,816
	<u>156,038</u>	<u>159,572</u>



ONTARIO SAILING ASSOCIATION

Schedules to Financial Statements

Year ended March 31

Schedule of athlete development expenses

Schedule 5

	2012	2011
	\$	\$
Salaries	131,876	110,852
Ontario team	3,430	3,901
Canadian Youth Championships	-	109
Ontario Games	900	4,806
CORK - Youth Festival	1,704	-
Travel	58,657	39,299
Boats and equipment	4,652	11,455
Insurance	765	1,125
Facilities	8,149	8,581
Amortization	8,789	8,240
Training centres	36,094	36,186
Other	12,249	12,007
Transfer of administration expenses (note 9)	25,000	25,000
	<u>292,265</u>	<u>261,561</u>

Schedule of able sail expenses

Schedule 6

	2012	2011
	\$	\$
Salaries	29,071	30,299
Boat repairs	81	3,391
Insurance	5,642	5,251
Facilities	1,184	1,437
	<u>35,978</u>	<u>40,378</u>



ONTARIO SAILING ASSOCIATION

Notes to Financial Statements

March 31, 2012

1. 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.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles. The significant policies are detailed as follows:

(a) 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.

(b) Inventory

Inventory is recorded at the lower of cost and net realizable value.

(c) 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



ONTARIO SAILING ASSOCIATION

Notes to Financial Statements (continued)

March 31, 2012

2. Significant accounting policies (continued)

(d) Endowment funds

In 2010, the Association established the Hans Fogh Fund and the Alice Boston Fund. Contributions received by these endowment funds are invested separately (note 3) and only the investment returns may be used to support the related programs. 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. Investment returns in the Alice Boston Fund are 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 the current year, there were no investment returns and no expenditures from the endowment funds.

(e) 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.

(f) Financial instruments

Financial instruments are classified based on the underlying purpose of the instrument when the financial instrument is initially recorded. The classification determines the accounting treatment of the instrument.

The financial assets and financial liabilities of the association are classified and measured as follows:

<u>Financial Asset/Liability</u>	<u>Category</u>	<u>Measurement</u>
Cash	Held for trading	Fair Value
Short-term investments	Held for trading	Fair Value
Restricted investments	Held for trading	Fair Value
Accounts receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost

Financial instruments measured at amortized cost are initially recognized at fair value and then subsequently at amortized cost with gains and losses recognized in the statement of operations in the period in which the gain or loss occurs.



ONTARIO SAILING ASSOCIATION

Notes to Financial Statements (continued)

March 31, 2012

2. Significant accounting policies (continued)

(f) Financial instruments (continued)

The fair value of a financial instrument is the estimated amount that the association would receive or pay to settle a financial asset or financial liability as at the reporting date.

The carrying amounts of the above financial instruments approximate fair value due to the short-term nature of these financial instruments.

It is management's opinion that, unless otherwise noted, the association is not exposed to significant interest rate, currency or credit risks arising from these financial instruments.

(g) Management estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Key areas where management has estimates include, among others, the useful lives of depreciable assets. Actual results could differ from those estimates.

3. Cash and short term investments

	2012 \$	2011 \$
Cash	391,136	374,691
Short-term investments - maturing within one year	46,991	95,843
Short-term investments - maturing after one year	98,594	45,388
	<u>536,721</u>	<u>515,922</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 two years. Interest on guaranteed investment certificates range from 1.85% through 4.84%.



ONTARIO SAILING ASSOCIATION

Notes to Financial Statements (continued)

March 31, 2012

4. Restricted investments

	2012 \$	2011 \$
Restricted investments - Hans Fogh Fund	33,137	32,245
Restricted investments - Alice Boston Fund	20,146	19,859
	<u>53,283</u>	<u>52,104</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 three months paying interest of 1.34% and 0.25%

Restricted investments are classified as held for trading and are recorded at fair value.

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 endowment fund and are not available to fund general operations as disclosed in note 2(d).

5. Capital assets

	Cost \$	Accumulated Amortization \$	2012 Net \$	2011 Net \$
Leasehold improvements	2,605	868	1,737	-
Computer equipment	59,227	51,172	8,055	2,217
Safety boats, motors and trailers	119,198	96,851	22,347	24,314
Sailboats	157,434	157,434	-	7,095
Vehicles	80,613	60,799	19,814	29,721
	<u>419,077</u>	<u>367,124</u>	<u>51,953</u>	<u>63,347</u>

6. Deferred revenue

Deferred revenue consists of program and membership fees paid in advance, which will be realized in the following fiscal year.



ONTARIO SAILING ASSOCIATION

Notes to Financial Statements (continued)

March 31, 2012

7. Government funding

Funding has been provided as follows:

	2012 \$	2011 \$
Ontario Ministry of Health Promotion	234,437	234,437

8. Income taxes

As the Association is a not-for-profit organization, it is not subject to income taxes.

9. 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 of these costs has been allocated to leadership development and \$25,000 has been allocated to athlete development based on usage and time spent.

10. Lease commitments

The Association is committed to a lease for its premises at 65 Guise Street, Hamilton expiring February 28, 2013. The minimum rental payments are as follows:

	\$
2013	16,775

11. Capital disclosure

The Association's objectives in managing its capital, which it defines as its net assets, are to maintain a sufficient level to provide for normal operating requirements on an ongoing basis and to continue its mission as disclosed in note 1. The Association monitors its capital in order to ensure it has sufficient revenue before committing to expenditures. Changes in capital during the year are set out in the Statement of Changes in Net Assets.



Notes to Financial Statements (continued)

March 31, 2012

12. **Future accounting changes**

In December 2010 the Accounting Standards Board (“AcSB”) issued Part III of the CICA Handbook - Accounting to provide Canadian private sector not-for-profit organizations with a new financial reporting framework for fiscal years beginning on or after January 1, 2012. Early adoption is permitted.

The Association has continued to follow the pre-changeover accounting standards in Part V of the Handbook for the year ended March 31, 2012.

The Association intends to comply with Part III of the Handbook commencing with the year ending March 31, 2013.

Management is currently evaluating the implications of Part III and is developing a plan to meet the timetable published by the AcSB for adoption.





We give your business a hand to succeed.

Hilborn Ellis Grant LLP
Chartered Accountants
Since 1930

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