

ONTARIO SPEED SKATING ASSOCIATION

**FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2012**

ONTARIO SPEED SKATING ASSOCIATION

MARCH 31, 2012
CONTENTS

| | Page |
|---|-------------|
| Independent Auditors' Report | 1 |
| Financial Statements | |
| Statement of Operations | 2 |
| Statement of Operating Fund Net Assets | 2 |
| Special Purpose Funds | 3 |
| Statement of Financial Position | 4 |
| Statement of Cash Flows | 5 |
| Explanatory Financial Notes | 6 - 8 |
| Schedules | |
| Revenue | |
| Ministry of Tourism, Culture and Sport Grants | 9 |
| Association Revenue | 9 |
| Merchandise Gross Profit | 9 |
| Expenditure | |
| Administration and Finance | 10 |
| Club and Membership Development | 10 |
| Technical | 10 |
| Marketing | 10 |

INDEPENDENT AUDITORS' REPORT

To the Members of
Ontario Speed Skating Association

We have audited the accompanying financial statements of **Ontario Speed Skating Association**, which comprise the statement of financial position as at March 31, 2012, and the statements of operations, operating fund net assets, special purpose funds 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.

Auditors' 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 our 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, we consider internal control relevant to the entity'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 entity'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 Speed Skating 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.



Cambridge, Ontario
February 14, 2013

CHARTERED ACCOUNTANTS, authorized to practice public
accounting by The Institute of Chartered Accountants of Ontario

ONTARIO SPEED SKATING ASSOCIATION

STATEMENT OF OPERATIONS YEAR ENDED MARCH 31, 2012

| | 2012 | 2011 |
|--|---------|---------|
| | \$ | \$ |
| Revenue | | |
| Ministry of Tourism, Culture and Sport grants (page 9) | 63,487 | 137,561 |
| Association revenue (page 9) | 196,491 | 219,994 |
| Merchandise gross profit (page 9) | 4,747 | 25,842 |
| | 264,725 | 383,397 |
| Expenditure | | |
| Administration and Finance (page 10) | 178,870 | 235,495 |
| Club and Membership Development (page 10) | 3,006 | 45,016 |
| Technical (page 10) | 61,283 | 57,532 |
| Marketing (page 10) | 1,740 | 4,783 |
| | 244,899 | 342,826 |
| Excess of revenue over expenditure for year | 19,826 | 40,571 |

STATEMENT OF OPERATING FUND NET ASSETS YEAR ENDED MARCH 31, 2012

| | 2012 | 2011 |
|---|--------|-----------|
| | \$ | \$ |
| Balance at beginning of year | 263 | 192 |
| Excess of revenue over expenditure for year | 19,826 | 40,571 |
| | 20,089 | 40,763 |
| Transfers to special purpose funds: | | |
| Reserve (page 3) | | (30,000) |
| Capital Equipment (page 3) | | (10,000) |
| Ontario Speed Skating Trust Fund (page 3) | | (500) |
| | NIL | (40,500) |
| Balance at end of year | 20,089 | 263 |

The explanatory financial notes form an integral part of these financial statements.

ONTARIO SPEED SKATING ASSOCIATION

STATEMENT OF RESERVE FUND YEAR ENDED MARCH 31, 2012

| | 2012 \$ | 2011 \$ |
|---------------------------------------|---------------|---------------|
| Balance at beginning of year | 95,000 | 65,000 |
| Transfer from Operating Fund (page 2) | | 30,000 |
| Balance at end of year | 95,000 | 95,000 |

STATEMENT OF CAPITAL EQUIPMENT FUND YEAR ENDED MARCH 31, 2012

| | 2012 \$ | 2011 \$ |
|---|--------------|---------------|
| Balance at beginning of year | 15,077 | 5,077 |
| Purchase of office equipment and upgrades to timing equipment | (5,544) | |
| Transfer from Operating Fund (page 2) | | 10,000 |
| Balance at end of year | 9,533 | 15,077 |

STATEMENT OF CANADA WINTER GAMES FUND YEAR ENDED MARCH 31, 2012

| | 2012 \$ | 2011 \$ |
|---------------------------------|---------------|---------------|
| Balance at beginning of year | 10,520 | 32,096 |
| Canada Winter Games revenue | | 3,631 |
| | 10,520 | 35,727 |
| Canada Winter Games expenditure | 158 | 25,207 |
| Balance at end of year | 10,362 | 10,520 |

STATEMENT OF ONTARIO SPEED SKATING TRUST FUND YEAR ENDED MARCH 31, 2012

| | 2012 \$ | 2011 \$ |
|--|---------------|---------------|
| Balance at beginning of year | 10,459 | 3,316 |
| Transfer from Operating Fund (page 2) | | 500 |
| Funds transferred from discontinued club (note 12) | | 6,643 |
| | | 7,143 |
| Balance at end of year | 10,459 | 10,459 |

The explanatory financial notes form an integral part of these financial statements.

ONTARIO SPEED SKATING ASSOCIATION

STATEMENT OF FINANCIAL POSITION MARCH 31, 2012

| | 2012 \$ | 2011 \$ |
|---|----------------|----------------|
| ASSETS | | |
| Cash | | 64,498 |
| Investment | 5,000 | 5,000 |
| Accounts receivable | 129,521 | 29,548 |
| Inventory | 88,614 | 83,907 |
| Prepaid expenses | 4,632 | 3,422 |
| | 227,767 | 186,375 |
| LIABILITIES | | |
| Bank advances (note 9) | 14,702 | |
| Accounts payable and accrued liabilities | 67,622 | 55,056 |
| | 82,324 | 55,056 |
| NET ASSETS | | |
| Operating fund, unrestricted | 20,089 | 263 |
| Special purpose funds, internally restricted: | | |
| Reserve (note 3) | 95,000 | 95,000 |
| Capital equipment (note 4) | 9,533 | 15,077 |
| Canada Winter Games (note 5) | 10,362 | 10,520 |
| Ontario Speed Skating Trust Fund (note 6) | 10,459 | 10,459 |
| | 145,443 | 131,319 |
| | 227,767 | 186,375 |

APPROVED BY THE BOARD:



Director



Director

ONTARIO SPEED SKATING ASSOCIATION

STATEMENT OF CASH FLOWS YEAR ENDED MARCH 31, 2012

| | 2012 \$ | 2011 \$ |
|--|------------------|------------|
| Cash flows from operating activities | | |
| Excess of revenue over expenditure for year | 19,826 | 40,571 |
| Funds transferred from discontinued club, special funds | | 6,643 |
| Revenue (expenditures), special funds, net | (5,702) | (21,576) |
| | 14,124 | 25,638 |
| Net change in non-cash working capital balances relating to operations: | | |
| Accounts receivable | (99,973) | (10,335) |
| Inventory | (4,707) | 13,585 |
| Prepaid expenses | (1,210) | (9) |
| Accounts payable and accrued liabilities | 12,566 | (23,078) |
| | | |
| Net increase (decrease) in cash | (79,200) | 5,801 |
| Cash, beginning of year | 64,498 | 58,697 |
| Cash (bank advances), end of year | (14,702) | 64,498 |

The explanatory financial notes form an integral part of these financial statements.

1. Organization and Mission Statement

The Association was formed as an incorporated not-for-profit organization without share capital and operates from leased office facilities at 2 Queen Street, Lakefield, Ontario. Since the Association qualifies as a not-for-profit entity, it is therefore, exempt from income taxes.

The Ontario Speed Skating Association maintains a leadership position in Canada by continued service to members, athletes and new skater development through its training, coaching, officiating programs and competitions in the province of Ontario.

The Association is committed to the development of speed skating at the recreational and competitive level and promoting the sport as a lifetime activity.

2. Significant Accounting Policies

The Association utilizes the following Canadian accounting principles, methods and procedures in the preparation of these financial statements.

(a) Inventory

Inventory of resale equipment and merchandise is valued at the lower of cost and net realizable value, with cost being determined substantially on a first-in, first-out basis.

(b) Investment

Investment, which consists of a guaranteed investment certificate, is recorded at cost.

(c) Recognition of revenue and expenditure

Revenue and expenditure are recognized and recorded utilizing the accrual method whereby revenue is recorded when earned and expenditure is recorded when incurred.

(d) Capital assets

Computer, office and technical equipment are expensed in the year of purchase or paid directly from the capital equipment fund.

(e) Donated services

The work of the Association is dependent on the voluntary services of its members. Since these services are not normally purchased and because of the difficulty of determining their fair value, donated services are not recognized in these statements.

(f) Financial instruments

The fair values reflected in the statement of financial position for cash, accounts receivable, and accounts payable and accrued liabilities approximate their carrying values.

Unless otherwise noted, it is management's opinion that the Association is not subject to significant credit, liquidity or market risks.

3. Reserve Fund

The purpose of the "reserve fund" is to provide financial resources due to the uneven nature of Association revenues and unexpected financial contingencies.

4. Capital Equipment Fund

The purpose of the "capital equipment fund" is to set aside funds for the future purchase of computer, office and technical equipment.

5. Canada Winter Games Fund

The purpose of the "Canada Winter Games Fund" is to provide funding for costs associated with these Games which are held every four years.

6. Ontario Speed Skating Trust Fund

The Association has created a trust fund, the purpose for which is to provide assistance to speed skaters in furthering their athletic and educational goals in the pursuit of excellence.

7. Rental Arrangement

The Association is obligated to lease their facilities at 2 Queen Street, Lakefield, Ontario on a month-to-month basis at a monthly cost of \$798. A portion of the office facilities are sub-leased to an affiliated organization, "Ontario Speed Skating Oval", at a monthly cost of \$200.

8. Significant Portion of Revenue

The Association received approximately 24% (36% in 2011) of its normal operating revenues from the Ontario Ministry of Tourism, Culture and Sport. In fiscal 2011, these grants were received from the Ministry of Health Promotion and Sport.

9. Bank Advances

Bank advances, when necessary, consist of a revolving demand line of credit to a maximum of \$15,000, bearing interest at prime plus 2 1/2% and are secured by a general security agreement. The Association also has a corporate VISA credit limit of \$5,000 secured by a guaranteed investment certificate. Although none of these advances were utilized on March 31, 2012, outstanding cheques issued resulted in a bank advance balance of \$14,702 in the statement of financial position.

10. The Ontario Trillium Foundation and Pass-through Grant Fund

During fiscal 2011, the Association received funding from The Ontario Trillium Foundation in the amount of \$24,800 (\$117,000 in 2011) that was earmarked for the Niagara Speed Skating Club (Lakefield Speed Skating Club in 2011). Upon receipt, these funds were in turn, forwarded directly to this club in its entirety. These transactions simply "pass-through" the Association and are not reflected in the Statement of Operations nor the accompanying schedules.

11. Sport for More Program

In prior years the Sport for More program was provided to the Association from the Ontario Ministry of Tourism, Culture and Sport, the purpose of which was to support the development of a student skating program that assisted clubs in recruiting new members and retaining current members without taxing the current ice time and volunteer base of the clubs.

12. Funds from Discontinued Club

During fiscal 2011 the Association received \$6,643 of surplus cash from the Windsor Speed Skating Club, which discontinued operations. These funds are being set aside in the Ontario Speed Skating Trust Fund in the event that a new club is formed in Windsor, in which case these funds may be returned to that club at the discretion of the Association's Board of Directors.

13. Capital Management

Capital is comprised of the Association's net assets in the Operating Fund, Reserve Fund, Capital Equipment Fund, Canada Winter Games Fund and Ontario Speed Skating Trust Fund. At March 31, 2012 the Association's fund balances totalled \$145,443 (\$131,319 in 2011).

The Association's objectives with respect to capital management are to protect its ability to provide continued service to members, athletes and new skater development through its training, coaching, officiating programs and competitions in the province of Ontario. The Board of Directors develops the capital strategy and oversees the capital management of the Association.

14. Future Changes in Accounting Standards

In November 2010, the Accounting Standards Board of the CICA issued Part III of the CICA Handbook that sets out the accounting standards for not-for-profit organizations that are effective for fiscal years beginning on or after January 1, 2012, with an option to early-adopt. **Ontario Speed Skating Association** does not expect the new standards to have a significant impact on the financial statements.

ONTARIO SPEED SKATING ASSOCIATION

SCHEDULES TO FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2012

| | 2012 \$ | 2011 \$ |
|--|----------------|----------------|
| Revenue | | |
| Ministry of Tourism, Culture and Sport Grants | | |
| Base grants | 63,487 | 63,487 |
| Other grants (note 11) | | 74,074 |
| | 63,487 | 137,561 |
| Association Revenue | | |
| Individual and family membership fees | 131,243 | 138,181 |
| Club and individual insurance fees | 10,454 | 11,036 |
| Club affiliation fees | 9,250 | 8,850 |
| Donations and sponsorships | 5,154 | 4,998 |
| Annual general meeting delegate fees | 4,375 | 8,806 |
| Other finance and administration revenue | 2,010 | 2,132 |
| Other development revenue | | 680 |
| Sanction and check-in fees | 17,251 | 17,497 |
| Coaching clinic revenue | 1,882 | 9,970 |
| Other technical revenue | 7,082 | 14,554 |
| Ontario Winter Games | 5,390 | |
| Other income | 2,400 | 3,290 |
| | 196,491 | 219,994 |
| Merchandise Gross Profit | | |
| Merchandise sales | 11,182 | 79,316 |
| Cost of merchandise sold | 6,435 | 53,474 |
| | 4,747 | 25,842 |

ONTARIO SPEED SKATING ASSOCIATION

SCHEDULES TO FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED MARCH 31, 2012

| | 2012 \$ | 2011 \$ |
|--|----------------|----------------|
| Expenditure | | |
| Administration and Finance | | |
| Salaries, wages and benefits | 99,394 | 105,793 |
| Office staff travel and other expenses | 821 | 685 |
| Rent | 9,570 | 9,570 |
| Telephone | 1,871 | 1,712 |
| Office expenses | 4,673 | 7,449 |
| Insurance | 9,253 | 8,400 |
| Bank charges and interest | 1,967 | 2,344 |
| Board and executive meetings | 1,181 | 2,286 |
| SSC membership fees | 18,501 | 29,344 |
| Annual general meeting | 4,691 | 7,874 |
| SSC annual general meeting | 6,404 | 5,280 |
| Audit and legal | 20,544 | 53,488 |
| Allowance for doubtful accounts | | 1,270 |
| | 178,870 | 235,495 |
| Club and Membership Development | | |
| Other expenditure relating to Ministry of Tourism, Culture and Sport Grants | | |
| High school program | | 6,477 |
| Salaries and honorarium | 150 | 10,968 |
| Equipment | | 20,058 |
| Marketing and advertising | | 269 |
| Other development expenses | 2,856 | 7,244 |
| | 3,006 | 45,016 |
| Technical | | |
| Coaching clinics | 2,153 | 6,889 |
| Coach and manager championship travel | 13,562 | 5,366 |
| Other coaching expenses | 1,136 | 58 |
| Provincial and development training team | 20,732 | 20,949 |
| Other technical expenses | 19,141 | 24,270 |
| Ontario Winter Games | 4,559 | |
| | 61,283 | 57,532 |
| Marketing | | |
| Merchandising expenses | 757 | 3,050 |
| Other marketing expenses | 983 | 695 |
| Raffles and donations | | 1,038 |
| | 1,740 | 4,783 |