

ONTARIO SPEED SKATING ASSOCIATION

**FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2013**

ONTARIO SPEED SKATING ASSOCIATION

MARCH 31, 2013
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 - 9
Schedules	
Revenue	
Ministry of Tourism, Culture and Sport Grants	10
Association Revenue	10
Merchandise Gross Profit	10
Expenditure	
Administration and Finance	11
Club and Membership Development	11
Technical	11
Marketing	11

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, 2013, 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 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.

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, 2013, 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.



Cambridge, Ontario
September 20, 2013

CHARTERED ACCOUNTANTS, authorized to practise public
accounting by the Chartered Professional Accountants of Ontario

ONTARIO SPEED SKATING ASSOCIATION

STATEMENT OF OPERATIONS YEAR ENDED MARCH 31, 2013

	2013 \$	2012 \$
Revenue		
Ministry of Tourism, Culture and Sport grants (page 10)	63,487	63,487
Association revenue (page 10)	207,563	196,491
Merchandise gross profit (page 10)	5,224	4,747
	276,274	264,725
Expenditure		
Administration and Finance (page 11)	206,366	178,870
Club and Membership Development (page 11)		3,006
Technical (page 11)	61,469	61,283
Marketing (page 11)	12,155	1,740
	279,990	244,899
Excess (deficiency) of revenue over expenditure before undernoted item	(3,716)	19,826
Inventory writedown (note 10)	(41,320)	
Excess (deficiency) of revenue over expenditure for year	(45,036)	19,826

STATEMENT OF OPERATING FUND NET ASSETS YEAR ENDED MARCH 31, 2013

	2013 \$	2012 \$
Balance at beginning of year	20,089	263
Excess (deficiency) of revenue over expenditure for year	(45,036)	19,826
Balance at end of year	(24,947)	20,089

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

ONTARIO SPEED SKATING ASSOCIATION

STATEMENT OF RESERVE FUND YEAR ENDED MARCH 31, 2013

	2013 \$	2012 \$
Balance at beginning and end of year	95,000	95,000

STATEMENT OF CAPITAL EQUIPMENT FUND YEAR ENDED MARCH 31, 2013

	2013 \$	2012 \$
Balance at beginning of year	9,533	15,077
Purchase of capital assets	(2,714)	(5,544)
Balance at end of year	6,819	9,533

STATEMENT OF CANADA WINTER GAMES FUND YEAR ENDED MARCH 31, 2013

	2013 \$	2012 \$
Balance at beginning of year	10,362	10,520
Canada Winter Games expenditure	NIL	(158)
Balance at end of year	10,362	10,362

STATEMENT OF ONTARIO SPEED SKATING TRUST FUND YEAR ENDED MARCH 31, 2013

	2013 \$	2012 \$
Balance at beginning and end of year	10,459	10,459

ONTARIO SPEED SKATING ASSOCIATION

STATEMENT OF FINANCIAL POSITION MARCH 31, 2013

	2013 \$	2012 \$
ASSETS		
Cash	46,977	
Investment	5,000	5,000
Accounts receivable	28,463	129,205
Inventory	49,876	88,614
Prepaid expenses	5,808	4,632
	136,124	227,451
LIABILITIES		
Bank advances (note 7)		14,702
Accounts payable and accrued liabilities (note 3)	38,431	67,306
	38,431	82,008
NET ASSETS		
Operating fund, unrestricted	(24,947)	20,089
Special purpose funds, internally restricted:		
Reserve	95,000	95,000
Capital equipment	6,819	9,533
Canada Winter Games	10,362	10,362
Ontario Speed Skating Trust Fund	10,459	10,459
	97,693	145,443
	136,124	227,451

APPROVED BY THE BOARD:



Director



Director

ONTARIO SPEED SKATING ASSOCIATION

STATEMENT OF CASH FLOWS YEAR ENDED MARCH 31, 2013

	2013 \$	2012 \$
Cash flows from operating activities		
Excess (deficiency) of revenue over expenditure for year	(45,036)	19,826
Revenue (expenditures), special funds, net	(2,714)	(5,702)
	(47,750)	14,124
Net change in non-cash working capital balances relating to operations:		
Accounts receivable	100,742	(99,973)
Inventory	38,738	(4,707)
Prepaid expenses	(1,176)	(1,210)
Accounts payable and accrued liabilities	(28,875)	12,566
	61,679	(79,200)
Net increase (decrease) in cash	61,679	(79,200)
Cash (bank advances), beginning of year	(14,702)	64,498
Cash (bank advances), end of year	46,977	(14,702)

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.

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.

The organization is a not-for-profit organization and, accordingly, is exempt from income taxes.

2. Significant Accounting Policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(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) Fund accounting

To ensure observation of restrictions placed on the use of resources available to Ontario Speed Skating Association, the accounts are maintained in accordance with the principles of fund accounting. The resources are classified for accounting and reporting purposes into the following funds which have been established according to their nature and purpose:

The **Reserve fund**, is intended to provide financial stability due to the uneven nature of Association revenues and unexpected financial contingencies.

The **Capital equipment fund**, reflects funds set aside for the future purchase of computer, office and technical equipment.

The **Canada Winter Games fund**, reflects amounts accumulated to provide funding for costs associated with these Games which are held every four years.

The **Trust fund**, reflects amounts accumulated to provide assistance to speed skaters in furthering their athletic and educational goals in the pursuit of excellence.

(c) Revenue recognition

Membership fees and other significant revenues are recognized as revenue at the time of invoicing. Donations are recognized when they are received by the Association. Government grants are recognized using the deferral method in which they are recognized as revenue in the year in which the related expenses are incurred.

(d) Capital assets

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

ONTARIO SPEED SKATING ASSOCIATION

EXPLANATORY FINANCIAL NOTES YEAR ENDED MARCH 31, 2013

2. Significant Accounting Policies (Continued)

(e) Contributed services and materials

Donations of materials and services are not reflected in these financial statements because of the impracticality of the record keeping and valuation of them.

(f) Financial instruments

All financial assets and liabilities are recorded at amortized cost less any discovered impairment.

(g) Use of estimates

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

	2013	2012
	\$	\$
3. Accounts Payable and Accrued Liabilities		
Accounts payable and accrued liabilities	33,549	51,450
Government remittances payable	4,882	15,856
	38,431	67,306

4. Interfund Transfers

There were no interfund transfers in fiscal 2013.

5. 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.

6. Significant Portion of Revenue

The Association received approximately 23% (24% in 2012) of its normal operating revenues from the Ontario Ministry of Tourism, Culture and Sport.

7. 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. As at March 31, 2013, the VISA had a balance owing of \$1,025.

ONTARIO SPEED SKATING ASSOCIATION

EXPLANATORY FINANCIAL NOTES YEAR ENDED MARCH 31, 2013

8. 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.

9. Financial Instruments

The entity is exposed to various risks through its financial instruments. The following analysis provides a measure of the entity's risk exposure and concentrations at the reporting date.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The entity is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.

Credit risk

The entity is exposed to credit risk with respect to accounts receivable. The Association regularly reviews the collectibility of its accounts receivable.

10. Inventory Write-Down

During the year, the Association liquidated much of its inventory at amounts that were significantly below cost.

11. Adoption of Accounting Standards for Not-for-Profit Organizations

These financial statements are the first financial statements for which the organization applied Canadian accounting standards for not-for-profit organizations. First-time adoption of this new basis of accounting had no impact on the organization's excess of revenue over expenditure for the year ended March 31, 2012 or on net assets at April 1, 2011, the date of transition.

Following is the entity's opening statement of financial position at April 1, 2011:

	As at April 1, 2011 \$
ASSETS	
Cash	64,498
Investment	5,000
Accounts receivable	29,548
Inventory	83,907
Prepaid expenses	3,422
	<hr/> 186,375 <hr/>

ONTARIO SPEED SKATING ASSOCIATION

EXPLANATORY FINANCIAL NOTES YEAR ENDED MARCH 31, 2013

11. Adoption of Accounting Standards for Not-for-Profit Organizations (Continued)

As at
April 1, 2011
\$

LIABILITIES

Accounts payable and accrued liabilities	55,056
--	--------

NET ASSETS

Operating fund, unrestricted	262
Special purpose funds, internally restricted:	
Reserve	95,000
Capital equipment	15,077
Canada Winter Games	10,521
Ontario Speed Skating Trust Fund	10,459
	<hr/>
	131,319
	<hr/>
	186,375

ONTARIO SPEED SKATING ASSOCIATION

SCHEDULES TO FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2013

	2013 \$	2012 \$
Revenue		
Ministry of Tourism, Culture and Sport Grants		
Base grants	63,487	63,487
Association Revenue		
Individual and family membership fees	136,985	131,243
Club and individual insurance fees	10,764	10,454
Club affiliation fees	9,710	9,250
Donations and sponsorships	15,051	5,154
Annual general meeting delegate fees	3,615	4,375
Other finance and administration revenue	920	2,010
Sanction and check-in fees	13,439	17,251
Coaching clinic revenue	8,150	1,882
Other technical revenue	7,369	7,082
Ontario Winter Games		5,390
Other income	1,560	2,400
	207,563	196,491
Merchandise Gross Profit		
Merchandise sales	18,173	11,182
Cost of merchandise sold	12,949	6,435
Gross profit	5,224	4,747

ONTARIO SPEED SKATING ASSOCIATION

SCHEDULES TO FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED MARCH 31, 2013

	2013 \$	2012 \$
Expenditure		
Administration and Finance		
Salaries, wages and benefits	109,684	99,394
Office staff travel and other expenses	2,702	821
Rent	8,773	9,570
Telephone	1,246	1,871
Office expenses	9,995	4,673
Insurance	10,893	9,253
Bank charges and interest	6,515	1,967
Board and executive meetings	904	1,181
SSC membership fees	32,505	18,501
Annual general meeting	5,507	4,691
SSC annual general meeting	4,367	6,404
Audit and legal	13,275	20,544
	206,366	178,870
Club and Membership Development		
Other expenditure relating to Ministry of Tourism, Culture and Sport Grants		
Salaries and honorarium		150
Other development expenses		2,856
	NIL	3,006
Technical		
Coaching clinics	8,283	2,153
Coach and manager championship travel	11,858	13,562
Other coaching expenses	754	1,136
Provincial and development training team	24,009	20,732
Other technical expenses	15,803	19,141
Ontario Winter Games	762	4,559
	61,469	61,283
Marketing		
Other marketing expenses	657	983
Raffles and donations	11,498	
Merchandising expenses		757
	12,155	1,740