

ONTARIO SPEED SKATING ASSOCIATION
FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2014

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INDEPENDENT AUDITOR'S 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, 2014 and the statements of operations, 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 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.

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 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, 2014 and its financial performance and its cash flows for the year then ended, in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

In accordance with the Corporations Act (Ontario), we report that the Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Clarke Henning LLP

Toronto, Ontario
May 20, 2015

CHARTERED ACCOUNTANTS
Licensed Public Accountants

ONTARIO SPEED SKATING ASSOCIATION

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2014

| | 2014 | 2013 |
|--|-------------------|-----------------|
| | | <i>(note 8)</i> |
| ASSETS | | |
| Current assets | | |
| Cash and short term deposits | \$ 95,772 | \$ 51,977 |
| Accounts receivable | 91,684 | 28,463 |
| Inventory | 49,423 | 49,876 |
| Prepaid expenses | 4,023 | 5,808 |
| | 240,902 | 136,124 |
| LIABILITIES | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities <i>(note 2)</i> | 109,022 | 38,430 |
| NET ASSETS | | |
| Unrestricted | 8,659 | (24,947) |
| Board restricted <i>(notes 1 and 3)</i> | 123,221 | 122,641 |
| | 131,880 | 97,694 |
| | \$ 240,902 | \$ 136,124 |

Approved on behalf of the Board:

_____, Director _____, Director

ONTARIO SPEED SKATING ASSOCIATION

STATEMENTS OF OPERATIONS

YEAR ENDED MARCH 31, 2014

| | 2014 | 2013 |
|--|------------------|--------------------|
| | | <i>(note 8)</i> |
| Revenues | | |
| Government grants | \$ 60,313 | \$ 63,487 |
| Association revenue <i>(Schedule)</i> | 244,393 | 225,736 |
| | 304,706 | 289,223 |
| Expenses | | |
| Salaries, benefits and wages | 75,728 | 109,684 |
| Rent and parking | 9,570 | 8,773 |
| Annual general meeting and board expenses | 10,328 | 10,778 |
| SSC membership dues | 35,630 | 32,505 |
| Insurance | 10,431 | 10,893 |
| Professional fees | 8,970 | 13,275 |
| Telephone expense | 1,264 | 1,246 |
| Inventory write-down | - | 41,320 |
| Travel expense | 10,504 | 14,560 |
| Office expenses | 4,165 | 9,995 |
| Bank charges and interest | 2,412 | 6,515 |
| Winter games expense | 29,528 | 762 |
| Technical expenses | 24,477 | 15,803 |
| Training and development | 24,174 | 24,009 |
| Cost of merchandise sold | 4,378 | 12,949 |
| Coaching expenses | 10,126 | 9,037 |
| Fundraising and marketing | 8,835 | 12,155 |
| | 270,520 | 334,259 |
| Excess (deficiency) of revenues over expenses for the year | \$ 34,186 | \$ (45,036) |

ONTARIO SPEED SKATING ASSOCIATION

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2014

| | Board Restricted | Unrestricted | Total | |
|--|---------------------|--------------|------------|-------------------------|
| | | | 2014 | 2013 <i>(note 8)</i> |
| Balance - at beginning of year | 122,641 | (24,947) | 97,694 | 142,730 |
| Excess (deficiency) of revenues over expenses for the year | - | 34,186 | 34,186 | (45,036) |
| Interfund transfers representing: Winter games | 580 | (580) | - | - |
| Balance - at end of year | \$ 123,221 | \$ 8,659 | \$ 131,880 | \$ 97,694 |

ONTARIO SPEED SKATING ASSOCIATION

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2014

| | 2014 | 2013 |
|--|------------------|-----------------|
| | | <i>(note 8)</i> |
| Cash flows from operating activities | | |
| Cash receipts from members and others | \$ 241,485 | \$ 387,251 |
| Cash paid to suppliers and employees | (197,690) | (325,572) |
| Change in cash during the year | 43,795 | 61,679 |
| Cash and short term deposits- at beginning of year | 51,977 | (9,702) |
| Cash and short term deposits - at end of year | \$ 95,772 | \$ 51,977 |

ONTARIO SPEED SKATING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2014

The Ontario Speed Skating Association (the "Association") is a not-for-profit organization incorporated under the laws of Ontario without share capital and as such, it is generally exempt from corporate income taxes under Section 149(1)(1) of the Income Tax Act.

The Association maintains a leadership position in Canada by continued service to members and new skater development through 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared using Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Basis of Presentation

The unrestricted net assets account for the day-to-day activities of the Association.

The following are Board restricted net assets:

- 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 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.

Financial Assets and Liabilities

The Association initially measures its financial assets and liabilities at fair value. The Association subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets and liabilities measured at amortized cost include cash and short term deposits, accounts receivable and accounts payable and accrued liabilities.

Inventory

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

Equipment

The Association expenses the cost of equipment in the year of purchase.

ONTARIO SPEED SKATING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

The Association uses the deferral method of accounting for contributions. Accordingly, contributions subject to externally imposed restrictions are initially recorded as deferred contributions and are subsequently recognized as revenue in the period in which the related expenses are incurred. Contributions from governments, foundations and other funding agencies, that are not for specific purposes are recorded as revenue when received.

Revenue from merchandise sales is recognized when the goods are shipped.

Membership fees and club affiliation fees are recognized on a fiscal year basis. Membership fees received in advance are recorded as deferred revenue.

All other revenue is recognized when the event takes place or when the service is performed.

Use of 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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year.

Key areas where management has made difficult, complex or subjective judgments, often as a result of matters that are uncertain, include, among others, allowance for doubtful account and other assets and liabilities valuations. Actual results could differ from these and other estimates, the impact of which would be recorded in future periods.

2. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities include government remittances totaling \$5,927 (\$4,881 - 2013).

3. BOARD RESTRICTED NET ASSETS

The details of Board restricted net assets are as follows:

| | <i>2014</i> | <i>2013</i> |
|--------------------------|-------------------|-------------------|
| Reserve fund | \$ 95,000 | \$ 95,000 |
| Trust fund | 10,459 | 10,459 |
| Capital equipment fund | 6,820 | 6,820 |
| Canada winter games fund | 10,942 | 10,362 |
| | \$ 123,221 | \$ 122,641 |

4. CREDIT FACILITY

The Association has a credit facility with its bankers consisting of a revolving line of credit up to \$15,000. As security the Bank holds a general security agreement. Interest is charged at prime rate plus 2.5%. As at March 31, 2014 the Association has not utilized the credit facility.

ONTARIO SPEED SKATING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2014

5. COMMITMENTS

The Association leases its premises on a month to month basis at annual rent of \$9,570.

6. FINANCIAL INSTRUMENTS AND RISK EXPOSURE

The Association is exposed to various risks through its financial instruments. The following analysis provides a measure of the Association's risk exposure at the statement of financial position date.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association's main credit risks relate to accounts receivable. The Association is not exposed to significant credit risk.

Liquidity Risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and commitments. The Association expects to meet these obligations as they come due by generating sufficient cash flow from operations.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The association is not exposed to significant market risk.

7. GUARANTEES AND INDEMNITIES

The Association has indemnified its past, present and future directors, officers and volunteers against expenses (including legal expenses), judgments and any amount actually or reasonably incurred by them in connection with any action, suit or proceeding, subject to certain restrictions. The nature of the indemnity prevents the Association from reasonably estimating the maximum exposure. The Association has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits and actions.

In the normal course of business, the Association has entered into agreements that include indemnities in favour of third parties, either express or implied, such as in service contracts, leasing agreements or sales and purchase contracts. In these agreements, the Association agrees to indemnify the counterparties in certain circumstances against losses or liabilities arising from the acts or omissions of the Association. The maximum amount of any potential liability cannot be reasonably estimated.

8. COMPARATIVE FIGURES

The March 31, 2013 comparative figures were audited by another firm of Chartered Professional Accountants.

The prior year financial statement presentation has been changed to conform to the current year's presentation.

ONTARIO SPEED SKATING ASSOCIATION

SCHEDULE OF ASSOCIATION REVENUES

YEAR ENDED MARCH 31, 2014

| | 2014 | 2013 |
|--|-------------------|-------------------|
| Individual and family membership fees | \$ 130,097 | \$ 136,985 |
| Winter games | 30,108 | - |
| Merchandise sales | 14,513 | 18,173 |
| Club affiliation fees | 9,220 | 9,710 |
| Fund-raising and sponsors | 8,551 | 15,051 |
| Annual general meeting | 4,800 | 3,615 |
| Insurance fees | 10,724 | 10,764 |
| Sanction and check-in fees | 9,047 | 13,439 |
| Coaching clinic revenue | 6,820 | 8,150 |
| Other finance and administration revenue | 1,261 | 920 |
| Other technical revenue | 18,452 | 7,369 |
| Other income | 800 | 1,560 |
| | \$ 244,393 | \$ 225,736 |