

Ontario Speed Skating Association
Financial Statements

March 31, 2016

Ontario Speed Skating Association

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For the year ended March 31, 2016

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Independent Auditors' Report

To the Members of the 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, 2016, and the statements of operations and 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.

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 the auditors' 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, 2016 and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Oshawa, Ontario
June 3, 2016


Chartered Professional Accountants
Licensed Public Accountants

Ontario Speed Skating Association

Statement of Financial Position

As at March 31, 2016

	<i>Note</i>	2016	2015
Assets			
Current			
Cash		30,841	-
Accounts receivable		38,630	181,149
Harmonized sales taxes recoverable		7,859	1,567
Prepaid expenses		5,372	4,214
Inventory		9,408	10,885
		92,110	197,815
Liabilities			
Current Liabilities			
Bank indebtedness	3	-	27,914
Accounts payable and accrued liabilities	3, 4	31,661	102,377
		31,661	130,291
Commitments	5		
Net Assets			
Restricted	2 & 6	118,852	123,221
Unrestricted		(58,403)	(55,697)
		60,449	67,524
		92,110	197,815

Approved on behalf of the Board of Directors:

Director

Director

The accompanying notes are an integral part of these financial statements

Ontario Speed Skating Association

Statement of Operations and Changes in Net Assets

For the year ended March 31, 2016

	<i>Operating Fund</i>	<i>Restricted Funds</i>	2016	2015
Revenue				
Association revenue (<i>Schedule</i>)	178,411	1,660	180,071	212,091
Government grants	85,599	-	85,599	165,547
	264,010	1,660	265,670	377,638
Expenses				
Salaries and benefits	112,339	-	112,339	105,874
Ontario Trillium Foundation grant paid to clubs	22,200	-	22,200	105,800
Consulting	20,951	-	20,951	6,875
Travel	17,491	-	17,491	14,939
Membership fees	14,895	-	14,895	44,695
Coaching expense	14,708	-	14,708	6,462
Insurance	11,550	-	11,550	10,240
Bad debt	10,938	-	10,938	2,193
Professional fees	9,212	-	9,212	6,916
Annual general meeting and board expenses	7,458	-	7,458	8,988
Rent	7,170	-	7,170	9,453
Office expense	7,098	-	7,098	8,847
Winter games expense	-	6,029	6,029	32,925
Training and education	2,899	-	2,899	27,979
Cost of merchandise sold	2,418	-	2,418	17,296
Bank charges and interest	1,721	-	1,721	2,631
Fundraising and marketing	1,365	-	1,365	692
Telephone	787	-	787	1,026
Skate purchase expense	622	-	622	-
Entry fee expense	564	-	564	-
Technical expense	330	-	330	1,193
	266,716	6,029	272,745	415,024
Deficiency of revenue over expenses before the undernoted	(2,706)	(4,369)	(7,075)	(37,386)
Inventory write-down	-	-	-	(26,970)
Deficiency of revenue over expense	(2,706)	(4,369)	(7,075)	(64,356)
Opening fund balance	(55,697)	123,221	67,524	131,880
Interfund transfers (Note 7)	-	-	-	-
Closing fund balance	(58,403)	118,852	60,449	67,524

The accompanying notes are an integral part of these financial statements

Ontario Speed Skating Association

Statement of Cash Flows

For the year ended March 31, 2016

	2016	2015
Cash provided by (used for) the following activities:		
Operating activities		
Deficiency of revenue over expense	(7,075)	(64,356)
Inventory write-down	-	26,970
	(7,075)	(37,386)
Changes in working capital items		
Accounts receivable	142,519	(89,465)
Harmonized sales taxes recoverable	(6,292)	(1,567)
Prepaid expense	(1,158)	(191)
Inventory	1,477	11,568
Accounts payable and accrued liabilities	(70,716)	(6,645)
	58,755	(123,686)
Financing activities		
Bank indebtedness	(27,914)	27,914
Increase (decrease) in cash during the year	30,841	(95,772)
Cash - beginning of year	-	95,772
Cash - end of year	30,841	-

The accompanying notes are an integral part of these financial statements

Ontario Speed Skating Association

Notes to the Financial Statements

For the year ended March 31, 2016

1. Purpose of Ontario Speed Skating Association

Ontario Speed Skating Association (the "Association") is a not for profit organization comprised of skaters, their families, coaches and administration. 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 Association maintains a leadership position in Canada by providing member and new skater development through training, coaching, officiating programs and competitions in the province of Ontario.

The Association is a not-for-profit organization incorporated by letters patent under the laws of the Province of Ontario as a corporation without share capital and is exempt from income taxes under Section 149(1)(l) of the *Income Tax Act*.

2. Significant Accounting Policies

Basis of Preparation

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") set out in Part III of the CPA Canada Handbook – Accounting, as issued by the Accounting Standards Board in Canada, which are part of Canadian generally accepted accounting principles, and include the following significant accounting policies:

Fund Accounting

The Association follows the fund method of accounting.

The Operating Fund accounts for the organization's program delivery and administrative expenses.

The Association has four internally restricted funds which have been designated for a specific purpose by the Board of Directors.

The Capital Asset Fund is an internally restricted fund that reflects funds set aside for future capital asset purchases.

The Canada Winter Games Fund reflects funds and costs associated with the Winter Games which are held every four years.

The Trust Fund reflects funds accumulated to provide assistance to speed skaters in furthering their athletic and educational goals in the pursuit of excellence.

The Association has one reserve fund. The Reserve Fund is intended to provide financial stability due to the uneven nature of the Association revenues and unexpected financial contingencies.

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.

Capital Assets

The Association expenses the cost of capital assets in the year of purchase, which is recorded in the Capital Asset Fund. During the year there were \$nil (2015 – \$nil) of capital assets expensed.

Ontario Speed Skating Association

Notes to the Financial Statements

For the year ended March 31, 2016

2. 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.

Revenues of the Association related to general operations, or otherwise unrestricted amounts, are recognized as revenue of the Operating Fund when the funds are received or receivable and collection is reasonably assured.

Membership and club affiliation fees are charged on an annual basis and are recognized as revenue in the year to which they relate.

Revenue from merchandise sales is recognized when the goods are shipped and collection is reasonably assured.

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

Contributed services

Volunteers contribute numerous hours per year to assist the Association in carrying out its services. Due to the difficulty in determining their fair value, these contributed services are not recognized in the financial statements.

Financial instruments

The Association recognizes its financial instruments when the Association becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management.

At initial recognition, the Association may irrevocably elect to subsequently measure any financial instrument at fair value. The Association has not made such an election during the year

Financial assets are carried at amortized cost, other than cash which is carried at fair value. Financial liabilities are carried at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the deficiency of revenue over expense for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost or cost.

Ontario Speed Skating Association

Notes to the Financial Statements

For the year ended March 31, 2016

2. Significant Accounting Policies (continued)

Measurement Uncertainty

The preparation of the financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Estimates are used when accounting for certain items such as asset impairments and accrued liabilities, and disclosure of contingent assets and liabilities.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in deficiency of revenue over expense in the periods in which they become known.

3. Bank Indebtedness

The Association holds a line of credit facility with revolving line of credit up to \$15,000. As security, the bank holds a general security agreement. The line of credit bears a variable rate of interest at prime plus 1.5% per year. As at March 31, 2016, the Association has not utilized the line of credit.

The Association also has available a credit card for the executive director with a total credit limit of \$5,000. As at March 31, 2016, the balance of \$3,298 (2015 – \$3,374) was owed on the credit card and is included in accounts payable and accrued liabilities.

4. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities include government remittances totalling \$1,130 (2015 - \$2,466).

5. Commitments

The Association leases its premises on a month-to-month basis for \$6,360 (2015 - \$6,300) per annum.

6. Restricted Net Assets

The details of the restricted net assets are as follows:

	2016	2015
Reserve fund	95,000	95,000
Trust fund	10,459	10,459
Capital asset fund	6,820	6,820
Canada Winter Games fund	6,573	10,942
	118,852	123,221

Ontario Speed Skating Association

Notes to the Financial Statements

For the year ended March 31, 2016

7. Interfund Transfer

During the year, \$nil (2015 - \$2,449) was transferred from the operating fund to the Winter Games fund to cover the year's expenses.

8. Financial Instruments

The Association's financial instruments consist of cash, accounts receivable, Harmonized Sales Tax receivable, and accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying value due to the short-term maturity of these instruments.

It is management's opinion that the Association is not exposed to significant interest, currency or other price risks arising from these financial instruments.

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. Management monitors its accounts receivable to minimize the Association's exposure to credit risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Association is exposed to interest rate cash flow risk with respect to bank indebtedness which is subject to floating interest rates.

9. 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. No claims have been made during the year.

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.

Ontario Speed Skating Association Schedule - Association Revenue

For the years ended March 31, 2016

	<i>Operating Fund</i>	<i>Restricted Funds</i>	<i>2016</i>	<i>2015</i>
Association revenue				
Membership fees	122,330	-	122,330	128,118
Sanction and check-in fees	13,383	-	13,383	12,835
Coaching clinic revenue	12,753	-	12,753	6,893
Club affiliation fees	9,650	-	9,650	9,380
Insurance fees	9,486	-	9,486	10,010
Merchandise sales	5,074	-	5,074	7,194
Annual general meeting	4,060	-	4,060	4,015
Winter games		1,660	1,660	30,476
Other income	1,675	-	1,675	3,170
	178,411	1,660	180,070	212,091