

**Ontario Speed Skating Association**  
**Financial Statements**

*August 31, 2016*

*(Unaudited)*

# Ontario Speed Skating Association

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*For the five month period ended August 31, 2016*

*(Unaudited)*

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## Review Engagement Report

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To the Members of the Ontario Speed Skating Association:

We have reviewed the statement of financial position of Ontario Speed Skating Association as at August 31, 2016 and the statements of operations and changes in fund balances and cash flows for the period then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the organization.

A review does not constitute an audit and, consequently, we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

Oshawa, Ontario  
December 22, 2016

*MNP LLP*  
Chartered Professional Accountants  
Licensed Public Accountants

# Ontario Speed Skating Association

## Statement of Financial Position

*As at August 31, 2016*

*(Unaudited)*

|  | <i>Note</i> | <b>August 31,<br/>2016</b> | <i>March 31,<br/>2016</i><br><br><i>(Restated -<br/>Note 9)</i> |
|--|-------------|----------------------------|---|
| <b>Assets</b>                            |             |                            |   |
| Current                                  |             |                            |   |
| Cash                                     |             | 15,528                     | 30,841  |
| Accounts receivable                      |             | 11,640                     | 38,630  |
| Harmonized Sales Taxes recoverable       |             | -                          | 7,859   |
| Prepaid expenses                         |             | 10,461                     | 5,372   |
| Inventory                                |             | 7,670                      | 9,408   |
|  |             | <b>45,299</b>              | 92,110  |
| <b>Liabilities</b>                       |             |                            |   |
| Current Liabilities                      |             |                            |   |
| Accounts payable and accrued liabilities | 3, 4 & 9    | 21,107                     | 55,246  |
| Harmonized Sales Taxes payable           |             | 6,371                      | -   |
| Deferred Revenue                         | 9           | 104,748                    | 95,573  |
|  |             | <b>132,226</b>             | 150,819   |
| Commitments                              | 5           |                            |   |
| <b>Fund Balances</b>                     |             |                            |   |
| Restricted                               | 2 & 6       | 118,852                    | 118,852   |
| Unrestricted                             |             | (205,779)                  | (177,561)   |
|  |             | <b>(86,927)</b>            | (58,709)  |
|  |             | <b>45,299</b>              | 92,110  |

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 Fund Balances

*For the five month period ended August 31, 2016*

*(Unaudited)*

|  | <i>Operating Fund</i> | <i>Restricted Funds</i> | <i>Five month period ended August 31, 2016</i> | <i>Year ended March 31, 2016</i> |
|--|-----------------------|-------------------------|--|----------------------------------|
| <i>Note</i>  |                       |                         |  | <i>(Restated - Note 9)</i>       |
| <b>Revenue</b>   |                       |                         |  |                                  |
| Association revenue ( <i>Schedule</i> )                          | 76,695                | -                       | 76,695   | 180,071                          |
| Government grants  | 29,298                | -                       | 29,298   | 85,599                           |
|  | <b>105,993</b>        | <b>-</b>                | <b>105,993</b>                                 | <b>265,670</b>                   |
| <b>Expenses</b>  |                       |                         |  |                                  |
| Salaries and benefits  | 38,014                | -                       | 38,014   | 112,339                          |
| Sport Excellence Training Program expense                        | 33,965                | -                       | 33,965   | -                                |
| Professional fees  | 8,580                 | -                       | 8,580  | 9,212                            |
| Consulting   | 8,318                 | -                       | 8,318  | 20,951                           |
| Insurance  | 4,772                 | -                       | 4,772  | 11,550                           |
| Cost of merchandise sold   | 4,613                 | -                       | 4,613  | 2,418                            |
| AGM Board Expenses   | 4,506                 | -                       | 4,506  | 7,458                            |
| Training and education   | 4,253                 | -                       | 4,253  | 2,899                            |
| Rent   | 3,608                 | -                       | 3,608  | 7,170                            |
| Travel   | 2,257                 | -                       | 2,257  | 17,491                           |
| Coaching expense   | 1,756                 | -                       | 1,756  | 14,708                           |
| Telephone  | 720                   | -                       | 720  | 787                              |
| Bank charges and interest  | 370                   | -                       | 370  | 1,721                            |
| Membership fees  | 15                    | -                       | 15   | 38,480                           |
| Ontario Trillium Foundation grant paid to clubs                  | -                     | -                       | -  | 22,200                           |
| Winter games expense   | -                     | -                       | -  | 6,029                            |
| Skate purchase expense   | -                     | -                       | -  | 622                              |
| Technical expense  | (21)                  | -                       | (21)   | 330                              |
| Bad debt   | (129)                 | -                       | (129)  | 10,938                           |
| Entry fee expense  | (600)                 | -                       | (600)  | 564                              |
| Office expense   | (867)                 | -                       | (867)  | 7,098                            |
| Fundraising and marketing  | (1,545)               | -                       | (1,545)  | 1,365                            |
|  | <b>112,585</b>        | <b>-</b>                | <b>112,585</b>                                 | <b>296,330</b>                   |
| <b>Deficiency of revenue over expenses before the undernoted</b> | <b>(6,592)</b>        | <b>-</b>                | <b>(6,592)</b>                                 | <b>(30,660)</b>                  |
| <b>Harmonized Sales Tax reassessment</b>                         | <b>(21,626)</b>       | <b>-</b>                | <b>(21,626)</b>                                | <b>-</b>                         |
| <b>Deficiency of revenue over expenses</b>                       | <b>(28,218)</b>       | <b>-</b>                | <b>(28,218)</b>                                | <b>(30,660)</b>                  |
| <b>Opening fund balance</b>                                      | <b>(177,561)</b>      | <b>118,852</b>          | <b>(58,709)</b>                                | <b>(28,049)</b>                  |
| <b>Closing fund balance</b>                                      | <b>(205,779)</b>      | <b>118,852</b>          | <b>(86,927)</b>                                | <b>(58,709)</b>                  |

*The accompanying notes are an integral part of these financial statements*

# Ontario Speed Skating Association

## Statement of Cash Flows

*For the five month period ended August 31, 2016*

*(Unaudited)*

|  | <b><i>Five month<br/>period ended<br/>August 31,<br/>2016</i></b> | <i>Year ended<br/>March 31, 2016<br/>(Restated -<br/>Note 9)</i> |
|--|---|--|
| <hr/>  |   |  |
| <b>Cash provided by (used for) the following activities:</b> |   |  |
| <b>Operating activities</b>                                  |   |  |
| (Deficiency) of revenue over expense                         | (28,218)  | (30,660)   |
| Changes in working capital items                             |   |  |
| Accounts receivable  | 26,990  | 142,519  |
| Harmonized Sales Taxes recoverable                           | 14,230  | (6,292)  |
| Prepaid expense  | (5,089)   | (1,158)  |
| Inventory  | 1,738   | 1,477  |
| Accounts payable and accrued liabilities                     | (34,139)  | (47,131)   |
| Deferred Revenue   | 9,175   | (30,660)   |
|  | <b>12,905</b>   | <b>58,755</b>  |
| <b>Financing activities</b>                                  |   |  |
| Bank indebtedness  | -   | (27,914)   |
|  |   |  |
| <b>(Decrease) Increase in cash during the period</b>         | <b>(15,313)</b>   | <b>30,841</b>  |
| <b>Cash - beginning of period</b>                            | <b>30,841</b>   | <b>-</b>   |
| <b>Cash - end of period</b>                                  | <b>15,528</b>   | <b>30,841</b>  |

*The accompanying notes are an integral part of these financial statements*

# Ontario Speed Skating Association

## Notes to the Financial Statements

For the five month period ended August 31, 2016  
(Unaudited)

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### 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 (March 31, 2016 – \$nil) of capital assets expensed.

**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.

***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.



# Ontario Speed Skating Association

## Notes to the Financial Statements

For the five month period ended August 31, 2016  
(Unaudited)

### 3. Credit facilities

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 August 31, 2016, the Association has not utilized the line of credit (March 31, 2016 – not utilized).

The Association also has available a credit card for the executive director with a total credit limit of \$5,000. As at August 31, 2016, the balance of \$873 (March 31, 2016 – \$3,298) 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 due totalling \$540 (March 31, 2016 - \$1,130).

### 5. Commitments

The Association leases its premises on a month-to-month basis for \$6,360 (March 31, 2016 - \$6,360) per annum.

### 6. Restricted Net Assets

The details of the restricted net assets are as follows:

|                          | <b>August 31,<br/>2016</b> | <i>March 31,<br/>2016</i> |
|--------------------------|----------------------------|---------------------------|
| Reserve fund             | <b>95,000</b>              | 95,000                    |
| Trust fund               | <b>10,459</b>              | 10,459                    |
| Capital assets fund      | <b>6,820</b>               | 6,820                     |
| Canada Winter Games fund | <b>6,573</b>               | 6,573                     |
|                          | <b>118,852</b>             | 118,852                   |

### 7. Financial Instruments

The Association's financial instruments consist of cash, accounts receivable, Harmonized Sales Tax recoverable, 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 credit facilities which is subject to floating interest rates.

# Ontario Speed Skating Association

## Notes to the Financial Statements

For the five month period ended August 31, 2016  
(Unaudited)

### 8. 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.

### 9. Restatement of a prior period

During the period the Association determined that prior period accounts payable to another association was understated by \$23,585 and that prior period deferred revenue from membership fees was understated by \$95,573

The impact of the restatements on the balance sheet and income statement are as follows:

#### As at March 31, 2016

|  | <i>As previously reported</i> | <i>Adjustment</i> | <i>As restated</i> |
|--|-------------------------------|-------------------|--------------------|
| <b>Liabilities</b>                       |                               |                   |                    |
| Accounts payable and accrued liabilities | 31,661                        | 23,585            | 55,246             |
| Deferred revenue                         | -                             | 95,573            | 95,573             |
| <b>Total Liabilities</b>                 | <b>31,661</b>                 | <b>119,158</b>    | <b>150,819</b>     |
| <b>Fund Balances</b>                     |                               |                   |                    |
| Unrestricted                             | (58,403)                      | (119,158)         | (177,561)          |
| <b>Total fund balances</b>               | <b>60,449</b>                 | <b>(119,158)</b>  | <b>(58,709)</b>    |

#### For the year ended March 31, 2016

|  | <i>As previously reported</i> | <i>Adjustment</i> | <i>As restated</i> |
|--|-------------------------------|-------------------|--------------------|
| <b>Expenses</b>                            |                               |                   |                    |
| Membership fees                            | 14,895                        | 23,585            | 38,480             |
| <b>Total expenses</b>                      | <b>272,745</b>                | <b>23,585</b>     | <b>296,330</b>     |
| <b>Deficiency of revenue over expenses</b> | <b>(7,075)</b>                | <b>(23,585)</b>   | <b>(30,660)</b>    |
| <b>Opening fund balance</b>                | <b>67,524</b>                 | <b>(95,573)</b>   | <b>(28,049)</b>    |
| <b>Closing fund balance</b>                | <b>60,449</b>                 | <b>(119,158)</b>  | <b>(58,709)</b>    |

## Ontario Speed Skating Association Schedule - Association Revenue

*For the five month period ended August 31, 2016*

*(Unaudited)*

|  |   | <i>Operating Fund</i> | <i>Restricted Funds</i> | <i>Five month period ended August 31, 2016</i> | <i>Year ended March 31, 2016<br/>(Restated - Note 9)</i> |
|--|---|-----------------------|-------------------------|--|--|
| <i>Note</i>                            |   |                       |                         |  |  |
| <b>Association revenue</b>             |   |                       |                         |  |  |
| Membership fees                        | 9 | 58,197                | -                       | 58,197   | 122,330  |
| Sport Excellence Training Program fees |   | 4,667                 | -                       | 4,667  | -  |
| Insurance fees                         |   | 4,284                 | -                       | 4,284  | 9,486  |
| Club affiliation fees                  |   | 4,020                 | -                       | 4,020  | 9,650  |
| Annual general meeting                 |   | 3,330                 | -                       | 3,330  | 4,060  |
| Coaching clinic revenue                |   | 2,191                 | -                       | 2,191  | 12,753   |
| Merchandise sales                      |   | 6                     | -                       | 6  | 5,074  |
| Sanction and check-in fees             |   | -                     | -                       | -  | 13,383   |
| Winter games                           |   | -                     | -                       | -  | 1,660  |
| Other income                           |   | -                     | -                       | -  | 1,675  |
|  |   | <b>76,695</b>         | <b>-</b>                | <b>76,695</b>                                  | <b>180,071</b>   |