

**CANADIAN YACHTING ASSOCIATION**

**FINANCIAL STATEMENTS**

**YEAR ENDED MARCH 31, 2007**

**CANADIAN YACHTING ASSOCIATION**

**FINANCIAL STATEMENTS**

**YEAR ENDED MARCH 31, 2007**

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Training

**AUDITORS' REPORT**


To the Members of Canadian Yachting Association

We have audited the statement of financial position of Canadian Yachting Association as at March 31, 2007 and the statements of operations and changes in fund balances and cash flow for the year then ended. These financial statements are the responsibility of the association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many not-for-profit organizations, the association derives revenue from donations, memberships and fund raising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the association and we were not able to determine whether any adjustments might be necessary to revenue and fund balances.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the association as at March 31, 2007 and the results of its operations and cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

  
Chartered Accountants  
Licenced Public Accountants  
Kingston, Ontario  
June 5, 2007

**CANADIAN YACHTING ASSOCIATION**


**STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2007**

	General Fund	Financial Assistance Program	Olympic Fund	Endowment Funds	Total 2007	Total 2006 <small>(note 13)</small>
<b>Assets</b>						
<b>Current Assets</b>						
Cash	\$ 300		\$ 87,219	\$ 82,500	\$ 170,019	\$ 105,257
Short-term investments (note 4)			1,109,108	49,830	1,158,938	1,277,324
Accrued interest on investments			117,933		117,933	207,791
Accounts receivable	52,593				52,593	71,372
Inventory	128,381				128,381	117,409
Prepaid expense	85,079				85,079	80,887
Interfund balances	(280,092)	\$ 275,293		4,799		
Current portion of loans receivable				48,552	48,552	31,720
	<u>( 13,739)</u>	<u>275,293</u>	<u>1,314,260</u>	<u>185,681</u>	<u>1,761,495</u>	<u>1,891,760</u>
Loans Receivable				6,042	6,042	31,720
Capital Assets (note 5)	447,644				447,644	439,497
Less accumulated amortization	334,175				334,175	283,023
	<u>113,469</u>				<u>113,469</u>	<u>156,474</u>
	<u>\$ 99,730</u>	<u>\$ 275,293</u>	<u>\$ 1,314,260</u>	<u>\$ 191,723</u>	<u>\$ 1,881,006</u>	<u>\$ 2,079,954</u>
<b>Liabilities and Fund Balances</b>						
<b>Current Liabilities</b>						
Bank indebtedness	\$ 30,330				\$ 30,330	\$ 51,358
Accounts payable and accrued liabilities	25,440				25,440	207,926
Deferred revenue (note 6)	43,749			\$ 1,384	45,133	53,082
	<u>99,519</u>			<u>1,384</u>	<u>100,903</u>	<u>312,366</u>
<b>Fund Balances</b>						
Reserve for future contingencies (note 7)	205,537				205,537	205,537
Investment in capital assets (note 8)	113,469				113,469	156,474
Unrestricted (deficiency)	(318,795)				( 318,795)	( 336,488)
Internally restricted		\$ 275,293	\$ 1,314,260		1,589,553	1,553,270
Externally restricted (note 9)				190,339	190,339	188,795
	<u>211</u>	<u>275,293</u>	<u>1,314,260</u>	<u>190,339</u>	<u>1,780,103</u>	<u>1,767,588</u>
	<u>\$ 99,730</u>	<u>\$ 275,293</u>	<u>\$ 1,314,260</u>	<u>\$ 191,723</u>	<u>\$ 1,881,006</u>	<u>\$ 2,079,954</u>

**Commitments (note 10)**

Approved on behalf of the Board

Member



Member



**CANADIAN YACHTING ASSOCIATION**

**STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES**

**YEAR ENDED MARCH 31, 2007**

	General	Financial Assistance Program	Olympic Fund	Endowment Funds	2007 Total	2006 Total (note 13)
<b>Revenue</b>						
Membership and registration fees	\$ 396,177				\$ 396,177	\$ 378,456
Sale of merchandise	256,005				256,005	267,524
Contributions and grants	127,017				127,017	170,009
Sport Canada	1,251,151				1,251,151	1,135,000
Donations	77,681	\$ 2,100,454			2,178,135	1,136,894
Investment	6,351		\$ 56,219	\$ 2,689	65,259	74,586
Sponsorship	27,037				27,037	37,100
Administration fees	45,150			1,520	46,670	48,191
Other	52,348				52,348	10,072
	<u>2,238,917</u>	<u>2,100,454</u>	<u>56,219</u>	<u>4,209</u>	<u>4,399,799</u>	<u>3,257,832</u>
<b>Expense</b>						
Awards				2,665	2,665	
Cost of merchandise	110,277				110,277	152,887
Membership services	289,015				289,015	254,974
Racing	377,632	826,746			1,204,378	1,156,989
Canadian Sailing Team	1,222,058	1,001,727			2,223,785	1,538,160
Training	319,333	237,831			557,164	384,727
	<u>2,318,315</u>	<u>2,066,304</u>		<u>2,665</u>	<u>4,387,284</u>	<u>3,487,737</u>
<b>Excess of revenue over expense (expense over revenue)</b>	( 79,398)	34,150	56,219	1,544	12,515	( 229,905)
<b>Fund balances, beginning of year as restated (note 13)</b>	25,523	241,143	1,312,127	188,795	1,767,588	1,997,493
Interfund transfers (note 11)	54,086		( 54,086)			
<b>Fund Balances, End of Year</b>	<u>\$ 211</u>	<u>\$ 275,293</u>	<u>\$ 1,314,260</u>	<u>\$ 190,339</u>	<u>\$ 1,780,103</u>	<u>\$ 1,767,588</u>

**CANADIAN YACHTING ASSOCIATION**

**STATEMENT OF CASH FLOW**

**YEAR ENDED MARCH 31, 2007**

	<u>2007</u>	<u>2006</u> (note 13)
<b>Cash Flow from Operating Activities</b>		
Excess of revenue over expense (expense over revenue) for the year	\$ 12,515	\$(229,905)
Amortization which does not affect cash	<u>51,152</u>	<u>60,862</u>
	63,667	(169,043)
 Changes in non-cash working capital balances		
Accrued interest on investments	89,858	( 1,224)
Accounts receivable	18,779	24,728
Inventory	( 10,972)	18,024
Prepaid expense	( 4,192)	44,324
Accounts payable	(182,486)	169,532
Deferred revenue	<u>( 7,949)</u>	<u>( 8,673)</u>
 Net cash from (used in) operating activities	<u>( 33,295)</u>	<u>77,668</u>
 <b>Cash Flow from Investing Activities</b>		
Loans advanced	( 33,904)	( 41,600)
Loans repaid	42,750	20,216
Purchase of capital assets	( 8,147)	( 44,285)
Short-term investments	<u>118,386</u>	<u>( 11,975)</u>
 Net cash from (used in) investing activities	<u>119,085</u>	<u>( 77,644)</u>
 <b>Net increase in cash</b>	85,790	24
 <b>Cash at beginning of year</b>	<u>53,899</u>	<u>53,875</u>
 <b>Cash at End of Year</b>	<u>\$ 139,689</u>	<u>\$ 53,899</u>
 <b>Represented by:</b>		
Cash	\$ 170,019	\$ 105,257
Bank indebtedness	<u>( 30,330)</u>	<u>( 51,358)</u>
	<u>\$ 139,689</u>	<u>\$ 53,899</u>

# CANADIAN YACHTING ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2007

### 1. Purpose of the Association

The Canadian Yachting Association is a not-for-profit corporation, incorporated without share capital under the laws of Canada and is exempt from income tax under subsection 149(1)(l) of the Canadian Income Tax Act. The purpose of the association is to develop and promote training programs and standards for the sport of sailing, in partnership with the provincial sailing associations.

### 2. Significant Accounting Policies

- (a) The Canadian Yachting Association follows the restricted fund method of accounting for contributions.

The General Fund accounts for the organization's program delivery and administrative activities.

The Financial Assistance Program reports mainly the revenue and expenses of the Canadian Sailing Team and its development. Revenue is received in the form of donations and expenses are paid out in the form of reimbursement of training and racing expenses of sailors.

The Olympic Fund is made up of resources originally from the 1988 Olympic Games legacy and subsequent contributions from Canadian Yachting Association operations and interest on investments.

The Endowment Funds were established by the donors to be used for the following specific purposes:

- (i) R. C. Stevenson Boat Loan Fund

The R. C. Stevenson Boat Loan Fund was established in 1982 to provide loans to member clubs for the purchase of junior training boats. The loans are repayable over a two year period and are subject to a 4% annual administration fee.

- (ii) Marvin McDill Endowment Fund

The Marvin McDill Endowment Fund was established in memory of M. V. McDill. The income from the fund is given to worthy Canadian sailors who compete internationally to help with travel and/or boat expenses.

- (iii) Bill Burk Youth Fund

The Bill Burk Youth Fund was established in 1997 in memory of W. Burk. The purpose of the fund is to provide top Canadian youth sailors with a unique training opportunity that will accelerate their development and motivation to pursue the sport at an international level.

- (iv) Nathan Cowan Memorial Fund

The Nathan Cowan Memorial Fund was established in 2002 in memory of N. Cowan. The Nathan R. Cowan Memorial Award for Developing Sailors is awarded to a young sailor (19 and over as of December 31<sup>st</sup> in the year of nomination) with a record of outstanding achievement in national and international competition. The sailor must have followed a committed training program, demonstrated an effort in fund raising through sponsorship and private contributions and brought recognition to Canadian competitive sailing.

- (b) Investments

Short-term investments are recorded at cost. Cost plus accrued interest approximates market value.

# CANADIAN YACHTING ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS (continued)

### YEAR ENDED MARCH 31, 2007

#### 2. Significant Accounting Policies (continued)

(c) Inventory

Inventory consists of books, clothing and association insignia held for resale. Inventory is valued at the lower of cost and net realizable value.

(d) Capital Assets

Capital assets consist of office furniture and equipment and leasehold improvements owned by the association. Furniture and equipment are capitalized in the year of purchase and amortized over a five year period on a straight-line basis. Leasehold improvements are capitalized in the year of purchase and amortized over a ten year period on a straight-line basis.

(e) Revenue Recognition

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriated restricted fund.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions for endowments are recognized as revenue of the Endowment Funds.

Investment income earned on the Olympic Fund and on Endowment Funds is recognized as revenue of the respective fund. All other investment income is recognized as revenue in the General Fund.

(f) Donated Services

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

(g) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the period. Actual results could differ from those estimates.

(h) Foreign Currency Translation

Foreign currency accounts are translated into Canadian dollars as follows:

(i) At the transaction date, each asset, liability and expense is translated into Canadian dollars by the use of the exchange rate in effect at that date;

(ii) at the period end date, monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at that date. The resulting foreign exchange gains and losses are included in income in the current period.



# CANADIAN YACHTING ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS (continued)

### YEAR ENDED MARCH 31, 2007

#### 3. Cash and Bank

The association's bank accounts are held at one chartered bank. The bank accounts earn interest from 0% to ½%. Bank balances include \$2,663 denominated in U.S. dollars translated to Canadian dollars at March 31, 2007.

#### 4. Short-term Investments

Short-term investments consist of the following:

	<u>2007</u>			<u>Total</u>
	<u>General Fund</u>	<u>Olympic Fund</u>	<u>Endowment Funds</u>	
Bonds		\$ 785,399		\$ 785,399
Guaranteed Investment Certificates		<u>323,709</u>	<u>\$49,830</u>	<u>373,539</u>
	<u>\$ Nil</u>	<u>\$1,109,108</u>	<u>\$49,830</u>	<u>\$1,158,938</u>

	<u>2006</u>			<u>Total</u>
	<u>General Fund</u>	<u>Olympic Fund</u>	<u>Endowment Funds</u>	
Cash	\$ 15	\$ 73		\$ 88
Bonds	120,658	760,973		881,631
Guaranteed Investment Certificates	<u>74,939</u>	<u>248,770</u>	<u>\$71,896</u>	<u>395,605</u>
	<u>\$195,612</u>	<u>\$1,009,816</u>	<u>\$71,896</u>	<u>\$1,277,324</u>

#### 5. Capital Assets

	<u>2007</u>			<u>2006</u>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>	<u>Net</u>
Furniture and equipment	\$289,306	\$232,337	\$ 56,969	\$ 86,808
Leasehold improvements	<u>158,338</u>	<u>101,838</u>	<u>56,500</u>	<u>69,666</u>
	<u>\$447,644</u>	<u>\$334,175</u>	<u>\$113,469</u>	<u>\$156,474</u>

#### 6. Deferred Revenue

	<u>2007</u>	<u>2006</u>
Membership and registration fees	\$33,133	\$53,082
Donation	<u>12,000</u>	
	<u>\$45,133</u>	<u>\$53,082</u>

# CANADIAN YACHTING ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED MARCH 31, 2007

### 7. Reserve for Future Contingencies

The reserve was established by the board in 1987 as a reserve for future contingencies of the General Fund.

### 8. Fund Balances Invested in Capital Assets

Fund balances invested in capital assets consist of:

	<u>2007</u>	<u>2006</u>
Capital assets, beginning of year (net)	\$ 156,474	\$ 173,051
Additions	8,147	44,285
Disposals	Nil	Nil
Amortization	( 51,152)	( 60,862)
Capital assets, end of year (net)	<u>\$ 113,469</u>	<u>\$ 156,474</u>

### 9. Endowment Funds

Endowment funds consist of:

	<u>2007</u>	<u>2006</u>
R. C. Stevenson Boat Loan Fund	\$114,341	\$112,627
Marvin McDill Endowment Fund	44,270	44,650
Bill Burk Youth Fund	17,968	17,985
Nathan Cowan Memorial Fund	13,760	13,533
	<u>\$190,339</u>	<u>\$188,795</u>

### 10. Commitments

The association rents office accommodation under an operating lease which expires July 31, 2010. The annual commitment is \$33,677 plus operating costs and taxes.

### 11. Interfund Transfers

In accordance with the terms of the internally restricted funds, the association transferred \$54,086 (\$41,853 in 2006) during the year to the operating fund to assist with the general fund operations.

### 12. Fair Value of Financial Assets and Financial Liabilities

The carrying values of cash, short-term investments, accounts receivable, bank indebtedness and accounts payable approximate their fair value due to the relatively short periods to maturity of these instruments.

The carrying value of the loans receivable - R. C. Stevenson Fund approximates the fair value as the associated administration fee is considered to be a market rate of interest.

### 13. Restatement of Comparative Figures

As a result of a discrepancy in revenue tracking during accounting system software upgrades, \$20,000 of 2007 income was incorrectly recorded as 2006 income. Accordingly, the 2006 figures have been restated to reflect a reduction in accounts receivable, income and fund balances in the amount of \$20,000.

## CANADIAN YACHTING ASSOCIATION

## MEMBERSHIP SERVICES - GENERAL FUND

YEAR ENDED MARCH 31, 2007

	<u>2007</u>	<u>2006</u>
Amortization	\$ 32,687	\$ 39,235
Athlete support	1,500	
Bad debts	1,194	1,382
Dues and fees	1,500	259
Equipment	9,559	723
Event costs	7,582	5,673
Honorariums	5,500	
Office	4,572	5,753
Overhead costs	43,684	71,640
Professional services	18,092	
Miscellaneous	1,611	1,865
Staff development and travel	3,911	6,410
Volunteer development and travel	25,082	19,831
Wages and benefits	<u>132,541</u>	<u>102,203</u>
	<u>\$289,015</u>	<u>\$254,974</u>

## RACING - GENERAL FUND

YEAR ENDED MARCH 31, 2007

	<u>2007</u>	<u>2006</u>
Athlete support	\$ 3,779	\$ 3,250
Coach development and travel	5,260	3,817
Dues and fees	249	317
Event costs	976	17,207
Honorariums	7,941	12,278
Miscellaneous	1,100	746
Official languages	7,975	18,153
Officials development and travel	11,953	6,263
Office	4,625	6,203
Overhead costs	68,038	128,983
Special initiatives	124,102	23,435
Staff development and travel	3,567	11,330
Volunteer development and travel	5,332	37,345
Wages and benefits	<u>132,735</u>	<u>189,487</u>
	<u>\$377,632</u>	<u>\$458,814</u>

## CANADIAN YACHTING ASSOCIATION

## CANADIAN SAILING TEAM - GENERAL FUND

YEAR ENDED MARCH 31, 2007

	<u>2007</u>	<u>2006</u>
Amortization	\$ 18,465	\$ 21,627
Athlete support	353,870	503,575
Bad debts (recovered)	300	( 3,443)
Coach development and travel	172,536	90,434
Dues and fees	6,418	6,922
Equipment	19,251	18,275
Equipment rental	37,399	12,114
Event costs	4,218	28,589
Facility access fees	9,937	1,035
Insurance	13,057	21,942
Miscellaneous	5,446	322
Official languages	121	
Office	16,092	15,777
Overhead costs	69,427	55,110
Professional fees	10,438	12,225
Staff development and travel	1,844	4,634
Volunteer development and travel	5,667	7,099
Wages and benefits	<u>477,572</u>	<u>400,454</u>
	<u>\$1,222,058</u>	<u>\$1,196,691</u>

## TRAINING - GENERAL FUND

YEAR ENDED MARCH 31, 2007

	<u>2007</u>	<u>2006</u>
Bad debts	\$ 25	\$ 661
Dues and fees	929	2,658
Equipment	780	
Event costs	124	
Honorariums	10,900	1,400
Instructors insurance	89,161	104,249
Official languages	8,900	991
Office	7,315	815
Overhead costs	63,873	107,458
Miscellaneous	436	132
Staff development and travel	511	77
Volunteer development and travel	9,885	3,288
Wages and benefits	<u>126,494</u>	<u>102,663</u>
	<u>\$ 319,333</u>	<u>\$ 324,392</u>