

**CANADIAN YACHTING ASSOCIATION**

**FINANCIAL STATEMENTS**

**YEAR ENDED MARCH 31, 2008**

Auditors' Report

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Membership Services

Racing

Canadian Sailing Team

Training

# SECKER, ROSS & PERRY

Chartered Accountants

## 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, 2008 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, 2008 and the results of its operations and cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.



Secker, Ross & Perry

Chartered Accountants

Licensed Public Accountants

Kingston, Ontario

June 19, 2008

**CANADIAN YACHTING ASSOCIATION**

**STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2008**

	General Fund	Financial Assistance Program	Olympic Fund	Endowment Funds	Total 2008	Total 2007
<b>Assets</b>						
Current Assets						
Cash	\$ 300		\$ 3,259	\$ 87,504	\$ 91,063	\$ 170,019
Short-term investments (note 4)	26,492		1,123,793	41,875	1,192,160	1,158,938
Accrued interest on investments			81,385		81,385	117,933
Accounts receivable	50,255				50,255	52,593
Inventory	152,044				152,044	128,381
Prepaid expense	96,931				96,931	85,079
Interfund balances	(259,122)	\$ 218,982	6,833	33,307		
Current portion of loans receivable				30,992	30,992	48,552
	<u>66,900</u>	<u>218,982</u>	<u>1,215,270</u>	<u>193,678</u>	<u>1,694,830</u>	<u>1,761,495</u>
Loans Receivable				6,250	6,250	6,042
Capital Assets (note 5)	464,232				464,232	447,644
Less accumulated amortization	<u>382,881</u>				<u>382,881</u>	<u>334,175</u>
	<u>81,351</u>				<u>81,351</u>	<u>113,469</u>
	<u>\$ 148,251</u>	<u>\$ 218,982</u>	<u>\$ 1,215,270</u>	<u>\$ 199,928</u>	<u>\$ 1,782,431</u>	<u>\$ 1,881,006</u>
<b>Liabilities and Fund Balances</b>						
Current Liabilities						
Line of credit	\$ 40,000				40,000	
Bank indebtedness	6,240				6,240	\$ 30,330
Accounts payable and accrued liabilities	115,514				115,514	25,440
Deferred revenue (note 6)	48,400			\$ 1,432	49,832	45,133
	<u>210,154</u>			<u>1,432</u>	<u>211,586</u>	<u>100,903</u>
<b>Fund Balances</b>						
Reserve for future contingencies (note 7)						205,537
Investment in capital assets (note 8)	81,351				81,351	113,469
Unrestricted (deficiency)	(143,254)				(143,254)	(329,553)
Internally restricted		\$ 218,982	\$ 1,215,270		1,434,252	1,600,311
Externally restricted (note 9)				198,496	198,496	190,339
	<u>(61,903)</u>	<u>218,982</u>	<u>1,215,270</u>	<u>198,496</u>	<u>1,570,845</u>	<u>1,780,103</u>
	<u>\$ 148,251</u>	<u>\$ 218,982</u>	<u>\$ 1,215,270</u>	<u>\$ 199,928</u>	<u>\$ 1,782,431</u>	<u>\$ 1,881,006</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, 2008

	General	Financial Assistance Program	Olympic Fund	Endowment Funds	2008 Total	2007 Total
<b>Revenue</b>						
Membership and registration fees	\$ 392,585				\$ 392,585	\$ 396,177
Sale of merchandise	248,561				248,561	256,005
Contributions and grants	184,109				184,109	127,017
Sport Canada	1,290,192				1,290,192	1,251,151
Donations	36,384	\$ 1,033,768		\$ 5,000	1,075,152	1,088,914
Investment	3,338		\$ 51,010	3,722	58,070	65,259
Sponsorship	9,250				9,250	27,037
Administration fees	26,340			1,952	28,292	35,912
Other	52,772				52,772	52,348
	<u>2,243,531</u>	<u>1,033,768</u>	<u>51,010</u>	<u>10,674</u>	<u>3,338,983</u>	<u>3,299,820</u>
<b>Expense</b>						
Awards				2,517	2,517	2,665
Cost of merchandise	102,009				102,009	110,277
Membership services	342,578				342,578	289,015
Racing	247,730	295,997			543,727	506,203
Canadian Sailing Team	1,436,762	711,758			2,148,520	1,882,316
Training	315,808	93,082			408,890	496,829
	<u>2,444,887</u>	<u>1,100,837</u>		<u>2,517</u>	<u>3,548,241</u>	<u>3,287,305</u>
<b>Excess of revenue over expense (expense over revenue)</b>	(201,356)	(67,069)	51,010	8,157	(209,258)	12,515
<b>Fund balances (deficiency), beginning of year</b>	(10,547)	286,051	1,314,260	190,339	1,780,103	1,767,588
Interfund transfers (note 11)	150,000		(150,000)			
<b>Fund Balances, End of Year</b>	<u>\$ (61,903)</u>	<u>\$ 218,982</u>	<u>\$ 1,215,270</u>	<u>\$ 198,496</u>	<u>\$ 1,570,845</u>	<u>\$ 1,780,103</u>

CANADIAN YACHTING ASSOCIATION

STATEMENT OF CASH FLOW

YEAR ENDED MARCH 31, 2008

	<u>2008</u>	<u>2007</u>
<b>Cash Flow from Operating Activities</b>		
Excess of revenue over expense (expense over revenue) for the year	\$(209,258)	\$ 12,515
Amortization which does not affect cash	<u>48,706</u>	<u>51,152</u>
	(160,552)	63,667
 Changes in non-cash working capital balances		
Accrued interest on investments	36,548	89,858
Accounts receivable	2,338	18,779
Inventory	( 23,663)	( 10,972)
Prepaid expense	( 11,852)	( 4,192)
Accounts payable	90,074	(182,486)
Deferred revenue	<u>4,699</u>	<u>( 7,949)</u>
 Net cash used in operating activities	<u>( 62,408)</u>	<u>( 33,295)</u>
 <b>Cash Flow from Investing Activities</b>		
Loans advanced	( 12,480)	( 33,904)
Loans repaid	29,832	42,750
Purchase of capital assets	( 16,588)	( 8,147)
Short-term investments	<u>( 33,222)</u>	<u>118,386</u>
 Net cash from (used in) investing activities	<u>( 32,458)</u>	<u>119,085</u>
 <b>Net increase (decrease) in cash</b>	<b>( 94,866)</b>	<b>85,790</b>
 <b>Cash at beginning of year</b>	<u>139,689</u>	<u>53,899</u>
 <b>Cash at End of Year</b>	<u>\$ 44,823</u>	<u>\$ 139,689</u>
 <b>Represented by:</b>		
Cash	\$ 91,063	\$ 170,019
Line of credit	( 40,000)	
Bank indebtedness	<u>( 6,240)</u>	<u>( 30,330)</u>
	<u>\$ 44,823</u>	<u>\$ 139,689</u>

# CANADIAN YACHTING ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2008

### 1. Purpose of the Association

The Canadian Yachting Association is a Registered Amateur Athletic Association with charitable status, designated by the Government of Canada as a National Sport Organization representing the sport of sailing. The association represents all participants including recreational sailors and high performance athletes at the club, provincial, national and international level. The association is exempt from income tax under subsection 149(1)(l) of the Canadian Income Tax Act.

### 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 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.

# CANADIAN YACHTING ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS (continued)

### YEAR ENDED MARCH 31, 2008

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

(b) Investments

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

(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, 2008**

**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 \$1,677 denominated in U.S. dollars translated to Canadian dollars at March 31, 2008.

**4. Short-term Investments**

Short-term investments consist of the following:

	2008			
	<u>General Fund</u>	<u>Olympic Fund</u>	<u>Endowment Funds</u>	<u>Total</u>
Fixed Income		\$ 800,084		\$ 800,084
Guaranteed Investment Certificates	\$ 26,492	323,709	\$41,875	392,076
	<u>\$ 26,492</u>	<u>\$1,123,793</u>	<u>\$41,875</u>	<u>\$1,192,160</u>

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

**5. Capital Assets**

	2008			2007
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>	<u>Net</u>
Furniture and equipment	\$305,894	\$266,325	\$ 39,569	\$ 56,969
Leasehold improvements	158,338	116,556	41,782	56,500
	<u>\$464,232</u>	<u>\$382,881</u>	<u>\$ 81,351</u>	<u>\$113,469</u>

**6. Deferred Revenue**

	2008	2007
Membership and registration fees	\$49,832	\$33,133
Donation		12,000
	<u>\$49,832</u>	<u>\$45,133</u>



# CANADIAN YACHTING ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS (continued)

### YEAR ENDED MARCH 31, 2008

#### 7. Reserve for Future Contingencies

The reserve was established by the board in 1987 as a reserve for future contingencies of the General Fund. During the year the board passed a motion that the reserve for future contingencies be dissolved and netted against the unrestricted fund balance.

#### 8. Fund Balances Invested in Capital Assets

Fund balances invested in capital assets consist of:

	<u>2008</u>	<u>2007</u>
Capital assets, beginning of year (net)	\$ 113,469	\$ 156,474
Additions	16,588	8,147
Disposals	Nil	Nil
Amortization	<u>( 48,706)</u>	<u>( 51,152)</u>
Capital assets, end of year (net)	<u>\$ 81,351</u>	<u>\$ 113,469</u>

#### 9. Endowment Funds

Endowment funds consist of:

	<u>2008</u>	<u>2007</u>
R. C. Stevenson Boat Loan Fund	\$116,862	\$114,341
Marvin McDill Endowment Fund	44,748	44,270
Bill Burk Youth Fund	23,015	17,968
Nathan Cowan Memorial Fund	<u>13,871</u>	<u>13,760</u>
	<u>\$198,496</u>	<u>\$190,339</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 and a Board resolution, the association transferred \$150,000 (\$54,086 in 2007) during the year to the operating fund to assist with the Canadian Sailing Team 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. Comparative Amounts

The comparative amounts presented in the financial statements have been restated to conform to the current year's presentation.

## CANADIAN YACHTING ASSOCIATION

## MEMBERSHIP SERVICES - GENERAL FUND

YEAR ENDED MARCH 31, 2008

	<u>2008</u>	<u>2007</u>
Athlete support		\$ 1,500
Bad debts		1,194
Dues and fees	\$ 3,531	1,500
Equipment	199	9,559
Event costs		7,582
Honorariums		5,500
Office	5,888	4,572
Overhead costs	73,931	53,490
Professional services	22,848	18,092
Resource materials	17,827	
Miscellaneous	5,415	1,611
Staff development and travel	2,029	3,911
Volunteer development and travel	10,389	25,082
Wages and benefits	<u>200,521</u>	<u>132,541</u>
	<u>\$342,578</u>	<u>\$266,134</u>

## RACING - GENERAL FUND

YEAR ENDED MARCH 31, 2008

	<u>2008</u>	<u>2007</u>
Athlete support	\$ 18,707	\$ 3,779
Coach development and travel	5,827	5,260
Dues and fees	15,970	249
Event costs		976
Honorariums	2,350	7,941
Miscellaneous	3,455	1,100
Official languages	1,227	7,975
Officials development and travel	18,026	11,953
Office	2,253	4,625
Overhead costs	24,644	71,307
Special initiatives	58,152	124,102
Staff development and travel	2,335	3,567
Volunteer development and travel	9,416	5,332
Wages and benefits	<u>85,368</u>	<u>132,735</u>
	<u>\$247,730</u>	<u>\$380,901</u>

## CANADIAN YACHTING ASSOCIATION

## CANADIAN SAILING TEAM - GENERAL FUND

## YEAR ENDED MARCH 31, 2008

	<u>2008</u>	<u>2007</u>
Amortization	\$ 15,635	\$ 18,465
Athlete support	484,265	353,870
Bad debts		300
Coach development and travel	189,413	172,536
Dues and fees	9,462	6,418
Equipment	17,671	19,251
Equipment rental	81,467	37,399
Event costs		4,218
Facility access fees		9,937
Insurance	7,423	13,057
Miscellaneous	2,995	5,446
Official languages	323	121
Office	15,016	16,092
Overhead costs	98,575	82,502
Professional fees	23,919	10,438
Staff development and travel		1,844
Volunteer development and travel	11,550	5,667
Wages and benefits	<u>479,048</u>	<u>477,572</u>
	<u>\$1,436,762</u>	<u>\$1,235,133</u>

## TRAINING - GENERAL FUND

## YEAR ENDED MARCH 31, 2008

	<u>2008</u>	<u>2007</u>
Bad debts		\$ 25
Dues and fees	\$ 1,608	929
Equipment	684	780
Event costs	4,614	124
Honorariums	7,417	10,900
Instructors insurance	91,073	89,161
Official languages	4,612	8,900
Office	2,433	7,315
Overhead costs	49,288	70,410
Miscellaneous	5,356	436
Staff development and travel	2,666	511
Volunteer development and travel	14,079	9,885
Wages and benefits	<u>131,978</u>	<u>126,494</u>
	<u>\$ 315,808</u>	<u>\$ 325,870</u>