

**CANADIAN YACHTING ASSOCIATION**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2009**

Auditors' Report

Statement of Financial Position

Statements of Operations and Changes in Fund Balances

Statement of Cash Flow

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A Membership Services

B Racing

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D 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, 2009 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, 2009 and the results of its operations and cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The current year's supplementary information included in Schedules A, B, C and D is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Chartered Accountants  
Licenced Public Accountants  
Kingston, Ontario  
June 8, 2009

CANADIAN YACHTING ASSOCIATION

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2009

	General Fund	Financial Assistance Program	Olympic Fund	Endowment Funds	Total 2009	Total 2008
<b>Assets</b>						
Current Assets						
Cash	\$ 164,553		\$ 243,120	\$ 90,866	\$ 498,539	\$ 91,063
Short-term investments (note 4)	27,779		825,302	42,445	895,526	1,192,160
Accrued interest on short-term investments			49,660		49,660	81,385
Accounts receivable	35,430				35,430	50,255
Inventory	181,833				181,833	152,044
Prepaid expense	105,576				105,576	96,931
Interfund balances	(215,744)	\$ 266,239	(87,802)	37,307		
Interfund loan (note 10(b))	(161,000)		161,000			
Current portion of loans receivable				19,032	19,032	30,992
	<u>138,427</u>	<u>266,239</u>	<u>1,191,280</u>	<u>189,650</u>	<u>1,785,596</u>	<u>1,694,830</u>
Loans Receivable				14,130	14,130	6,250
Capital Assets (note 5)	476,428				476,428	464,232
Less accumulated amortization	<u>421,301</u>				<u>421,301</u>	<u>382,881</u>
	<u>55,127</u>				<u>55,127</u>	<u>81,351</u>
	<u>\$ 193,554</u>	<u>\$ 266,239</u>	<u>\$ 1,191,280</u>	<u>\$ 203,780</u>	<u>\$ 1,854,853</u>	<u>\$ 1,782,431</u>
<b>Liabilities and Fund Balances</b>						
Current Liabilities						
Line of credit						\$ 40,000
Bank indebtedness						6,240
Accounts payable and accrued liabilities	\$ 43,116				43,116	115,514
Deferred revenue (note 6)	<u>52,329</u>			\$ 1,277	<u>53,606</u>	<u>49,832</u>
	<u>95,445</u>			<u>1,277</u>	<u>96,722</u>	<u>211,586</u>
<b>Fund Balances</b>						
Investment in capital assets (note 7)	55,127				55,127	81,351
Unrestricted (deficiency)	42,982				42,982	(143,254)
Internally restricted						
Cumulative excess of revenue over expense		\$ 266,239	\$ 1,198,066		1,464,305	1,434,252
Cumulative net unrealized gains (losses) on available-for-sale internally restricted financial assets			(6,786)		(6,786)	
Externally restricted (note 8)				202,503	202,503	198,496
	<u>98,109</u>	<u>266,239</u>	<u>1,191,280</u>	<u>202,503</u>	<u>1,758,131</u>	<u>1,570,845</u>
	<u>\$ 193,554</u>	<u>\$ 266,239</u>	<u>\$ 1,191,280</u>	<u>\$ 203,780</u>	<u>\$ 1,854,853</u>	<u>\$ 1,782,431</u>

Commitments (note 9)

Approved on behalf of the Board

Member

Member

CANADIAN YACHTING ASSOCIATION

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

YEAR ENDED MARCH 31, 2009

	General	Financial Assistance Program	Olympic Fund	Endowment Funds	2009 Total	2008 Total
<b>Revenue</b>						
Membership and registration fees	\$ 384,287				\$ 384,287	\$ 392,585
Sale of merchandise	318,419				318,419	248,561
Contributions and grants	47,179				47,179	184,109
Sport Canada	1,480,199				1,480,199	1,290,192
Donations	56,998	\$ 541,091		\$ 2,000	600,089	1,075,152
Investment	6,629		\$ 32,796	3,524	42,949	58,070
Sponsorship	11,500				11,500	9,250
Administration fees	18,560			555	19,115	28,292
Other	38,629				38,629	52,772
	<u>2,362,400</u>	<u>541,091</u>	<u>32,796</u>	<u>6,079</u>	<u>2,942,366</u>	<u>3,338,983</u>
<b>Expense</b>						
Awards				2,072	2,072	2,517
Cost of merchandise	114,306				114,306	102,009
Severance costs	52,679				52,679	
Membership services	258,403				258,403	342,578
Racing	218,054	76,606			294,660	543,727
Canadian Sailing Team	1,281,937	317,463			1,599,400	2,148,520
Training	327,009	99,765			426,774	408,890
	<u>2,252,388</u>	<u>493,834</u>		<u>2,072</u>	<u>2,748,294</u>	<u>3,548,241</u>
<b>Excess of revenue over expense (expense over revenue)</b>	110,012	47,257	32,796	4,007	194,072	(209,258)
<b>Fund balances (deficiency), beginning of year</b>	(61,903)	218,982	1,215,270	198,496	1,570,845	1,780,103
Unrealized gain (losses) on available-for-sale internally restricted financial assets arising during the year			(6,786)		(6,786)	
Interfund transfers (note 10(a))	50,000		(50,000)			
<b>Fund Balances, End of Year</b>	<u>\$ 98,109</u>	<u>\$ 266,239</u>	<u>\$ 1,191,280</u>	<u>\$ 202,503</u>	<u>\$ 1,758,131</u>	<u>\$ 1,570,845</u>

# CANADIAN YACHTING ASSOCIATION

## STATEMENT OF CASH FLOW

YEAR ENDED MARCH 31, 2009

	<u>2009</u>	<u>2008</u>
<b>Cash Flow from Operating Activities</b>		
Excess (deficiency) of revenue over expense for the year	\$ 194,072	\$(209,258)
Amortization which does not affect cash	<u>38,420</u>	<u>48,706</u>
	232,492	(160,552)
Changes in non-cash working capital balances		
Accrued interest on investments	31,725	36,548
Accounts receivable	14,825	2,338
Inventory	( 29,789)	( 23,663)
Prepaid expense	( 8,645)	( 11,852)
Accounts payable	( 72,398)	90,074
Deferred revenue	<u>3,774</u>	<u>4,699</u>
Net cash from (used in) operating activities	<u>171,984</u>	<u>( 62,408)</u>
<b>Cash Flow from Investing Activities</b>		
Loans advanced	( 10,400)	( 12,480)
Loans repaid	14,480	29,832
Purchase of capital assets	( 12,196)	( 16,588)
Short-term investments	296,634	( 33,222)
Cumulative net unrealized gains (losses) on available-for-sale internally restricted financial assets	<u>( 6,786)</u>	_____
Net cash from (used in) investing activities	<u>281,732</u>	<u>( 32,458)</u>
<b>Net increase (decrease) in cash</b>	453,716	( 94,866)
<b>Cash at beginning of year</b>	<u>44,823</u>	<u>139,689</u>
<b>Cash at End of Year</b>	<u>\$ 498,539</u>	<u>\$ 44,823</u>
<b>Represented by:</b>		
Cash	\$ 498,539	\$ 91,063
Line of credit		( 40,000)
Bank indebtedness	_____	( 6,240)
	<u>\$ 498,539</u>	<u>\$ 44,823</u>

# CANADIAN YACHTING ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2009

### 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)(I) 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, 2009

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

(b) Investments

Short-term investments are comprised of both held to maturity assets and available for sale assets. Held to maturity assets are recorded at amortized cost. Available for sale assets are recorded at fair 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, 2009

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

##### (i) Financial Instruments

The association's financial instruments consist of cash, short-term investments, accounts receivable, loans receivable and accounts payable and accrued liabilities. All financial instruments are initially recorded at fair market value.

Held to maturity short-term investments are subsequently accounted for at amortized cost using the effective interest rate. Cost plus accrued interest approximates fair market value. Available for sale short-term investments are subsequently accounted for at fair market value. Any unrealized gains and losses are recorded through the cumulative net surplus account in net assets.

Loans receivable charge an administration fee that is considered to be an equivalent market rate of interest.

The carrying amounts for cash, accounts receivable and accounts payable and accrued liabilities approximate their fair market values because of the short-term nature of these instruments.

When there is a decline in value of a financial asset that is other than a temporary decline, the asset is written down and the loss is recognized in income. The write-down is not reversed if there is a subsequent increase in value.

It is management's opinion that the association is not exposed to significant interest, currency, or credit risks arising from its financial instruments.

#### 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 \$2,107 denominated in U.S. dollars translated to Canadian dollars at March 31, 2009.

#### 4. Short-term Investments

Short-term investments consist of the following:

	2009			
	<u>General Fund</u>	<u>Olympic Fund</u>	<u>Endowment Funds</u>	<u>Total</u>
Mutual Funds		\$285,667		\$285,667
Fixed Income		215,926		215,926
Guaranteed Investment Certificates	<u>\$ 27,779</u>	<u>323,709</u>	<u>\$42,445</u>	<u>393,933</u>
	<u>\$ 27,779</u>	<u>\$825,302</u>	<u>\$42,445</u>	<u>\$895,526</u>

	2008			
	<u>General Fund</u>	<u>Olympic Fund</u>	<u>Endowment Funds</u>	<u>Total</u>
Mutual Funds		\$ 280,221		\$ 280,221
Fixed Income		519,863		519,863
Guaranteed Investment Certificates	<u>\$ 26,492</u>	<u>323,709</u>	<u>\$41,875</u>	<u>392,076</u>
	<u>\$ 26,492</u>	<u>\$1,123,793</u>	<u>\$41,875</u>	<u>\$1,192,160</u>



CANADIAN YACHTING ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED MARCH 31, 2009

4. Short-term Investments (continued)

At March 31, 2009, the fair market value of the mutual fund investments held by the association are less than the related cost. The association has recorded the \$6,786 cumulative net unrealized loss as a separate charge against the net assets of the association. There has been no charge to income because of the fair market value decrease. The write-down is not considered to be other than temporary because the association has no plans to sell the mutual fund assets at a loss and is not in a financial position that would require the mutual funds to be sold at a loss.

5. Capital Assets

	2009			2008
	Cost	Accumulated Depreciation	Net	Net
Furniture and equipment	\$318,090	\$290,028	\$ 28,062	\$39,569
Leasehold improvements	<u>158,338</u>	<u>131,273</u>	<u>27,065</u>	<u>41,782</u>
	<u>\$476,428</u>	<u>\$421,301</u>	<u>\$ 55,127</u>	<u>\$81,351</u>

6. Deferred Revenue

	2009	2008
Membership and registration fees	<u>\$53,606</u>	<u>\$49,832</u>

7. Fund Balances Invested in Capital Assets

Fund balances invested in capital assets consist of:

	2009	2008
Capital assets, beginning of year (net)	\$ 81,351	\$ 113,469
Additions	12,196	16,588
Disposals	Nil	Nil
Amortization	<u>( 38,420)</u>	<u>( 48,706)</u>
Capital assets, end of year (net)	<u>\$ 55,127</u>	<u>\$ 81,351</u>

8. Endowment Funds

Endowment funds consist of:

	2009	2008
R. C. Stevenson Boat Loan Fund	\$117,743	\$116,862
Marvin McDill Endowment Fund	45,120	44,748
Bill Burk Youth Fund	25,461	23,015
Nathan Cowan Memorial Fund	<u>14,179</u>	<u>13,871</u>
	<u>\$202,503</u>	<u>\$198,496</u>

# CANADIAN YACHTING ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS (continued)

### YEAR ENDED MARCH 31, 2009

#### 9. Commitments

- (a) The association is committed to a lease for office space under an operating lease expiring July 31, 2020. Annual lease payments over the next five years are as follows:

2010	\$47,325
2011	\$50,522
2012	\$50,522
2013	\$50,522
2014	\$50,522

- (b) The association is committed to three equipment leases expiring between April 2010 and August 2014. The total annual lease payments over the next five years are as follows:

2010	\$5,443
2011	\$4,758
2012	\$4,758
2013	\$4,352
2014	\$1,757

#### 10. Interfund Transfers and Loans

In accordance with the terms of the internally restricted funds and the appropriate Board resolutions, the association made the following transfers:

- (a) \$50,000 (\$150,000 in 2008) transferred from the Olympic Fund to the General fund to assist with the Canadian Sailing Team operations;
- (b) \$161,000 (net of repayments) loaned from the Olympic Fund to the General Fund to assist the General Fund with regular operations. Simple interest of 0.25% per month is charged by the Olympic Fund to the General Fund related to the loan. There are no fixed terms of repayment. The General Fund is able to borrow up to a maximum of \$300,000 from the Olympic Fund.

#### 11. Comparative Figures

Certain 2008 comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

## CANADIAN YACHTING ASSOCIATION

## MEMBERSHIP SERVICES - GENERAL FUND

YEAR ENDED MARCH 31, 2009

	<u>2009</u>	<u>2008</u>
Dues and fees	\$ 9,534	\$ 3,531
Equipment		199
Event costs	14,148	
Office	9,587	5,888
Overhead costs	80,224	73,931
Professional services	33,729	22,848
Resource materials	18,033	17,827
Miscellaneous	1,479	5,415
Staff development and travel	2,969	2,029
Volunteer development and travel	25,137	10,389
Wages and benefits	<u>63,563</u>	<u>200,521</u>
	<u>\$258,403</u>	<u>\$342,578</u>

## RACING - GENERAL FUND

Schedule B

YEAR ENDED MARCH 31, 2009

	<u>2009</u>	<u>2008</u>
Athlete support	\$ 4,967	\$ 18,707
Coach development and travel	10,786	5,827
Dues and fees		15,970
Event costs	29,065	
Honorariums	5,375	2,350
Miscellaneous	3,550	3,455
Official languages	5,852	1,227
Officials development and travel	14,726	18,026
Office	3,359	2,253
Overhead costs	5,993	24,644
Professional services	27,337	
Special initiatives		58,152
Staff development and travel	3,156	2,335
Volunteer development and travel	13,362	9,416
Wages and benefits	<u>90,526</u>	<u>85,368</u>
	<u>\$218,054</u>	<u>\$247,730</u>

## CANADIAN YACHTING ASSOCIATION

## CANADIAN SAILING TEAM - GENERAL FUND

YEAR ENDED MARCH 31, 2009

	<u>2009</u>	<u>2008</u>
Amortization	\$ 15,076	\$ 15,635
Athlete support	381,530	484,265
Coach development and travel	220,658	189,413
Dues and fees	5,831	9,462
Equipment		17,671
Equipment rental	19,367	81,467
Event costs	29,395	
Insurance	9,568	7,423
Miscellaneous	2,228	2,995
Official languages	7,902	323
Office	20,351	15,016
Overhead costs	68,786	98,575
Professional fees	72,587	23,919
Resource material	2,445	
Staff development and travel	4,662	
Volunteer development and travel	3,825	11,550
Wages and benefits	<u>417,726</u>	<u>479,048</u>
	<u>\$1,281,937</u>	<u>\$1,436,762</u>

## TRAINING - GENERAL FUND

Schedule D

YEAR ENDED MARCH 31, 2009

	<u>2009</u>	<u>2008</u>
Dues and fees	\$ 735	\$ 1,608
Equipment	1,170	684
Event costs		4,614
Honorariums		7,417
Instructors insurance	105,932	91,073
Miscellaneous	1,410	5,356
Office	2,000	2,433
Official languages	23,250	4,612
Overhead costs	25,302	49,288
Professional services	23,422	
Staff development and travel	500	2,666
Volunteer development and travel	7,823	14,079
Wages and benefits	<u>135,465</u>	<u>131,978</u>
	<u>\$ 327,009</u>	<u>\$ 315,808</u>