

INDEPENDENT AUDITOR'S REPORT

To the Members of Sail Canada/Voile Canada

We have audited the accompanying financial statements of Sail Canada/Voile Canada which comprise the statement of financial position as at April 30, 2017, and the statements of operations – general fund and restricted funds, changes in fund balances and cash flow 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 to fraud or error.

Auditor's 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 auditor's judgement, including the assessment of 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.

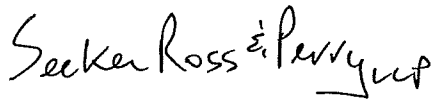
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, Sail Canada/Voile Canada derives revenue from fundraising activities run by external parties, 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 corporation. Therefore, we were not able to determine whether any adjustments might be necessary to revenues, the deficiency of revenues over expenses and cash flow from operations for the year then ended April 30, 2017, and the fund balances as at May 1, 2016 and April 30, 2017.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects the financial position of the Sail Canada/Voile Canada as at April 30, 2017 and the results of its operations and cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Chartered Professional Accountants
Licensed Public Accountants
Kingston, Ontario
September 16, 2017

SAIL CANADA/VOILE CANADA

STATEMENT OF FINANCIAL POSITION AS AT APRIL 30, 2017

| | General Fund | Financial Assistance Program | Sail Canada Fund | Endowment Funds | Total 2017 | Total 2016 |
|---|-------------------|------------------------------------|---------------------|--------------------|---------------------|---------------------|
| Assets | | | | | | |
| Current Assets | | | | | | |
| Cash (note 3) | \$ 3,144. | | \$ 297 | \$ 17,402 | \$ 20,843 | \$ 475,207 |
| Short term investments (note 4) | | \$ 35,122 | 1,177,693 | 237,294 | 1,450,109 | 1,460,575 |
| Accounts receivable | 171,868 | | | | 171,868 | 98,134 |
| Inventory | 86,834 | | | | 86,834 | 85,151 |
| Prepaid expenses | 73,913 | | | | 73,913 | 74,046 |
| Interfund balances | 6,060 | 21,387 | (15,328) | (12,119) | | |
| Current portion of loans receivable (note 5) | | | | | | 5,200 |
| | <u>341,819</u> | <u>56,509</u> | <u>1,162,662</u> | <u>242,577</u> | <u>1,803,567</u> | <u>2,198,313</u> |
| | | | | | | |
| Capital Assets (note 6) | 551,844 | | | | 551,844 | 551,844 |
| Less accumulated amortization | 542,773 | | | | 542,773 | 535,193 |
| | <u>9,071</u> | | | | <u>9,071</u> | <u>16,651</u> |
| | <u>\$ 350,890</u> | <u>\$ 56,509</u> | <u>\$ 1,162,662</u> | <u>\$ 242,577</u> | <u>\$ 1,812,638</u> | <u>\$ 2,214,964</u> |
| | | | | | | |
| Liabilities and Fund Balances | | | | | | |
| Current Liabilities | | | | | | |
| Bank overdraft created by outstanding cheques | | \$ 10,551 | | | \$ 10,551 | |
| Accounts payable and accrued liabilities | \$ 92,134 | 1,170 | | | 93,304 | \$ 189,576 |
| Deferred revenue (note 7) | 103,042 | | | | 103,042 | 343,488 |
| | <u>195,176</u> | <u>11,721</u> | | | <u>206,897</u> | <u>533,064</u> |
| | | | | | | |
| Fund Balances | | | | | | |
| Invested in capital assets (note 8) | 9,071 | | | | 9,071 | 16,651 |
| Unrestricted surplus | 146,643 | | | | 146,643 | 127,979 |
| Internally restricted | | 44,788 | \$ 1,162,662 | | 1,207,450 | 1,309,871 |
| Externally restricted | | | | \$ 242,577 | 242,577 | 227,399 |
| | <u>155,714</u> | <u>44,788</u> | <u>1,162,662</u> | <u>242,577</u> | <u>1,605,741</u> | <u>1,681,900</u> |
| | <u>\$ 350,890</u> | <u>\$ 56,509</u> | <u>\$ 1,162,662</u> | <u>\$ 242,577</u> | <u>\$ 1,812,638</u> | <u>\$ 2,214,964</u> |

Commitments (note 12)

Approved on behalf of the Board:

Member

Member

See accompanying notes to financial statements

SAIL CANADA/VOILE CANADA
STATEMENT OF OPERATIONS - GENERAL FUND
YEAR ENDED APRIL 30, 2017

| | General | Flow- Through | Total 2017 | Total 2016 |
|---|--------------------|--------------------------|-----------------------|-----------------------|
| Revenues | | | | |
| Membership and registration fees | \$ 437,156 | | \$ 437,156 | \$ 430,226 |
| Sport Canada | 854,805 | \$ 50,000 | 904,805 | 1,209,027 |
| Sport Centre Ontario | 10,000 | | 10,000 | 37,000 |
| Grants - other | 95,723 | | 95,723 | 91,878 |
| Sale of merchandise (note 9) | 133,930 | | 133,930 | 130,883 |
| Administration fees | 5,691 | | 5,691 | 10,224 |
| Sponsorship and advertising | 185,337 | | 185,337 | 183,652 |
| Donations (note 11) | 136,262 | | 136,262 | 100,052 |
| Athlete fees | 61,782 | | 61,782 | 60,680 |
| National competitions | 64,766 | | 64,766 | 67,362 |
| Cansail | 122,728 | | 122,728 | 117,616 |
| Investment income | 315 | | 315 | 501 |
| Other | 17,565 | | 17,565 | 26,388 |
| Gain realized on foreign exchange | 183 | | 183 | 29 |
| | <u>2,126,243</u> | <u>50,000</u> | <u>2,176,243</u> | <u>2,465,518</u> |
| Expenses | | | | |
| General | | | | |
| Salaries and benefits - personnel | 507,517 | | 507,517 | 681,673 |
| Travel | 79,452 | | 79,452 | 49,927 |
| Cost of merchandise (note 9) | 78,309 | | 78,309 | 74,553 |
| Insurance | 96,262 | | 96,262 | 96,430 |
| Rent and cleaning (note 12) | 42,633 | | 42,633 | 40,710 |
| Dues and affiliation fees | 29,857 | | 29,857 | 30,020 |
| Office equipment | 4,656 | | 4,656 | 4,195 |
| Telephone | 15,072 | | 15,072 | 19,733 |
| Official languages | 18,667 | | 18,667 | 39,214 |
| Resource materials and supplies (note 11) | 160,912 | | 160,912 | 134,916 |
| Postage and courier | 10,512 | | 10,512 | 5,109 |
| Meetings - AGM | 47,127 | | 47,127 | 57,126 |
| High Performance | | | | |
| Athlete support | 92,868 | | 92,868 | 102,430 |
| Salaries and benefits - coaches | 284,247 | | 284,247 | 460,802 |
| Contract coaches | 92,787 | | 92,787 | 79,173 |
| Sports Science | 4,637 | | 4,637 | 34,297 |
| Equipment, repairs and maintenance | 144,000 | | 144,000 | 132,069 |
| Travel | 103,064 | | 103,064 | 161,344 |
| Programmes | | | | |
| Event costs | 70,722 | 50,000 | 120,722 | 211,006 |
| Volunteer and delegate travel | 38,002 | | 38,002 | 56,495 |
| Special initiatives (recovery) | - | | - | (3,068) |
| Training | 65,906 | | 65,906 | 58,395 |
| Other | | | | |
| Consulting fees | 22,277 | | 22,277 | 27,002 |
| Professional services | 151,724 | | 151,724 | 128,644 |
| Miscellaneous | 10,735 | | 10,735 | 20,991 |
| Amortization | 7,580 | | 7,580 | 17,774 |
| Bank charges and interest | 15,011 | | 15,011 | 15,731 |
| | <u>2,194,536</u> | <u>50,000</u> | <u>2,244,536</u> | <u>2,736,691</u> |
| Deficiency of revenues over expenses | <u>\$ (68,293)</u> | <u>\$ -</u> | <u>\$ (68,293)</u> | <u>\$ (271,173)</u> |

See accompanying notes to financial statements

SAIL CANADA/VOILE CANADA
STATEMENT OF OPERATIONS - RESTRICTED FUNDS
YEAR ENDED APRIL 30, 2017

| | Endowment Funds | | | | | Total 2017 | Total 2016 |
|--|------------------------------|------------------|--------------------------|--------------------|----------------------|-------------------|-------------------|
| | Financial Assistance Program | Sail Canada Fund | R.C. Stevenson Boat Fund | Marvin McDill Fund | Bill Burk Youth Fund | | |
| Revenues | | | | | | | |
| Donations | \$ 113,850 | | | | | \$ 123,850 | \$ 311,887 |
| Net investment income | | \$ 75,475 | \$ 1,684 | \$ 571 | \$ 342 | \$ 78,341 | 27,026 |
| Interest income (net) | 833 | - | 941 | 319 | 191 | 2,435 | 1,365 |
| | <u>114,683</u> | <u>75,475</u> | <u>2,625</u> | <u>890</u> | <u>533</u> | <u>204,626</u> | <u>340,278</u> |
| Expenses | | | | | | | |
| Awards | | | | | | | |
| Canadian Sailing Team | 7,288 | | | 1,100 | 700 | 3,300 | 3,460 |
| Racing | 16,240 | | | | | 7,288 | 70,029 |
| Training | 188,002 | | | | | 16,240 | 2,850 |
| | <u>211,530</u> | | | <u>1,100</u> | <u>700</u> | <u>188,002</u> | <u>141,985</u> |
| | | | | | | <u>214,830</u> | <u>218,324</u> |
| Excess (deficiency) of revenues over expenses before undernoted items | <u>(96,847)</u> | <u>75,475</u> | <u>2,625</u> | <u>(210)</u> | <u>(167)</u> | <u>(10,204)</u> | <u>121,954</u> |
| Gain (loss) on sale of investments | | | | | | | 126,252 |
| Unrealized gain (loss) on investments | | (1,672) | 2,356 | 799 | 478 | 2,338 | (109,046) |
| | | <u>(1,672)</u> | <u>2,356</u> | <u>799</u> | <u>478</u> | <u>2,338</u> | <u>17,206</u> |
| Excess (deficiency) of revenues over expenses | <u>\$ (96,847)</u> | <u>\$ 73,803</u> | <u>\$ 4,981</u> | <u>\$ 589</u> | <u>\$ 311</u> | <u>\$ (7,866)</u> | <u>\$ 139,160</u> |

See accompanying notes to financial statements

SAIL CANADA/VOILE CANADA

STATEMENT OF CHANGES IN FUND BALANCES

YEAR ENDED APRIL 30, 2017

| | General Fund | | Restricted Funds | | | | | Total 2017 | Total 2016 | |
|--|---------------|---------------|------------------------------------|------------------------|--|------------------------------------|-------------------------|---------------|---------------|--|
| | Total 2017 | Total 2016 | Financial Assistance Program | Sail Canada Fund | R.C. Stevenson Boat Endowment Fund | Marvin McDill Endowment Fund | Youth Endowment Fund | | | Bill Burk Memorial Endowment Fund |
| Balance at beginning of period | \$ 144,630 | \$ 325,803 | \$ 171,012 | \$ 1,138,859 | \$ 133,606 | \$ 45,286 | \$ 27,112 | \$ 21,395 | \$ 1,537,270 | \$ 1,488,110 |
| Excess (deficiency) of revenues over expenses | (68,293) | (271,173) | (96,847) | 73,803 | 4,981 | 589 | 311 | 9,297 | (7,866) | 139,160 |
| Interfund transfer (note 10) | 76,337 | 54,630 | 74,165 | 1,212,662 | 138,587 | 45,875 | 27,423 | 30,692 | 1,529,404 | 1,627,270 |
| Balance at end of period | \$ 155,714 | \$ 144,630 | \$ 44,788 | \$ 1,162,662 | \$ 138,587 | \$ 45,875 | \$ 27,423 | \$ 30,692 | \$ 1,450,027 | \$ 1,537,270 |

See accompanying notes to financial statements

SAIL CANADA/VOILE CANADA

STATEMENT OF CASH FLOW

YEAR ENDED APRIL 30, 2017

| | General Fund | Restricted Funds | Total 2017 | Total 2016 |
|--|-------------------------|-----------------------------|-----------------------|-----------------------|
| Cash flow from (used in) operating activities | | | | |
| Deficiency of revenues over expense | \$ (68,293) | \$ (7,866) | \$ (76,159) | \$ (132,013) |
| Items which do not affect cash | | | | |
| Amortization | 7,580 | | 7,580 | 17,774 |
| Unrealized (gain) loss on investments | | (2,338) | (2,338) | 109,046 |
| Gain on disposal of investments | | | | (126,252) |
| | <u>(60,713)</u> | <u>(10,204)</u> | <u>(70,917)</u> | <u>(131,445)</u> |
| Changes in non-cash working capital balances | | | | |
| Accrued interest on investments | | | | 5,176 |
| Accounts receivable | (73,734) | | (73,734) | 8,831 |
| Inventory | (1,683) | | (1,683) | (4,011) |
| Prepaid expense | 133 | | 133 | (364) |
| Interfund balances | 147,569 | (147,569) | | |
| Accounts payable and accrued liabilities | (93,982) | (2,289) | (96,271) | 104,570 |
| Deferred revenue | (240,446) | | (240,446) | (10,021) |
| | <u>(322,856)</u> | <u>(160,062)</u> | <u>(482,918)</u> | <u>(27,264)</u> |
| Cash flow from (used in) investing activities | | | | |
| Net loans advanced | | 5,200 | 5,200 | 10,118 |
| Proceeds from sale of investments | | 126,494 | 126,494 | 1,435,936 |
| Purchase of short-term investments | | (113,691) | (113,691) | (1,383,617) |
| | | <u>18,003</u> | <u>18,003</u> | <u>62,437</u> |
| Net increase (decrease) in cash | <u>(322,856)</u> | <u>(142,059)</u> | <u>(464,915)</u> | <u>35,173</u> |
| Cash at beginning of year | <u>326,000</u> | <u>149,207</u> | <u>475,207</u> | <u>440,034</u> |
| Cash at end of year | <u>\$ 3,144</u> | <u>\$ 7,148</u> | <u>\$ 10,292</u> | <u>\$ 475,207</u> |
| Cash comprised of: | | | | |
| Cash - General Fund | \$ 3,144 | | 3,144 | \$ 326,669 |
| Cash (overdraft) - financial assistance program | | \$(10,551) | (10,551) | 140,654 |
| Cash - Sail Canada Fund | | 297 | 297 | 297 |
| Cash - Endowment Funds | | 17,402 | 17,402 | 7,587 |
| | <u>\$ 3,144</u> | <u>\$ 7,148</u> | <u>\$ 10,292</u> | <u>\$ 475,207</u> |

See accompanying notes to financial statements

SAIL CANADA/VOILE CANADA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED APRIL 30, 2017

1. Purpose of the Corporation

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

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Part III of the CPA Handbook – Accounting Standards for Not-for-Profit Organizations. Significant accounting policies include the following:

(a) Fund Accounting

Sail Canada/Voile Canada follows the restricted fund method of accounting for contributions.

The General Fund accounts for the Corporation’s program delivery and administrative activities.

The Financial Assistance Program Fund reports mainly revenues and expenses of the Canadian Sailing Team and its development as well as local club development projects including junior sailing initiatives. Revenue is received in the form of donations and expenses are paid out in the form of reimbursement of approved training and competition expenses of high performance athletes.

The Sail Canada Fund is made up of resources originally from the 1988 Olympic Games legacy and subsequent contributions from the Corporation operations and earnings on investments. Expenditures of the Sail Canada Fund are approved by the Board of Directors and are used to support competitive sailing at the highest level.

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 Fund was established in 1982 to provide loans to local 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. R.C. Stevenson was a long-time member of the Canadian Yachting Association (now Sail Canada) who helped to establish this fund.

SAIL CANADA/VOILE CANADA

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED APRIL 30, 2017

2. Significant Accounting Policies (continued)

(a) Fund Accounting (continued)

(ii) Marvin McDill Memorial Award Fund

The Marvin McDill Fund was established in memory of Marvin McDill, who returned Canada to the America's Cup in 1983. 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 Memorial Youth Elite Award Fund

The Bill Burk Youth Fund was established in 1997 in memory of William Burk, who was an active promoter of youth sailing in Montreal's West Island region. 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 R. Cowan Memorial Award for Developing Sailors Fund

The Nathan Cowan Memorial Fund was established in 2002 in memory of Nathan Cowan, a Canadian Sailing Team member who died tragically in a car accident in 2002. The Nathan R. Cowan Memorial Award for Developing Sailors is awarded to a young sailor (19 and over as of December 31st 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 fundraising through sponsorship and private contributions and brought recognition to Canadian competitive sailing.

(b) Investments

Investments are recorded at market value. Realized and unrealized gains and losses are included directly in the statement of operations.

(c) Inventory

Inventory consists of clothing and related items, insignia, and educational materials held for resale. Inventory is valued at the lower of cost and net realizable value with cost determined on a first-in first-out basis.

(d) Capital Assets

Capital assets consist of office furniture and equipment and leasehold improvements owned by the Corporation. 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.

SAIL CANADA/VOILE CANADA

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED APRIL 30, 2017

2. Significant Accounting Policies (continued)

(e) Revenue Recognition

Restricted contributions used for 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 appropriate 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.

Donated assets are recorded at fair market value when the fair market value can be reasonably estimated and when the Corporation would otherwise have purchased these items.

Membership and registration fees are recognized as revenue when the services are provided as per the terms of the related agreements.

Sponsorship and advertising revenue is recognized over the term of the related contract and when collection is reasonably assured.

Revenues related to the sale of merchandise are recognized when the goods are delivered to customers, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and the sales price is fixed or determinable.

Investment income earned on the Financial Assistance Program, Sail Canada 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 Corporation is dependent on the voluntary service of its members. Since these services are not normally purchased by the Corporation 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 accounting standards for not-for-profit organizations 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. These estimates are reviewed periodically and as adjustments become necessary, they are reported in earnings in the period in which they become known. Significant estimates in these financial statements include collectability of accounts receivable and inventory obsolescence.

SAIL CANADA/VOILE CANADA

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED APRIL 30, 2017

2. Significant Accounting Policies (continued)

(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.

3. Cash

The Corporation's bank accounts are held at one chartered bank. The bank accounts earn interest from 0% to 0.5%. Bank balances include \$1,661 denominated in U.S. dollars translated to Canadian dollars at April 30, 2017.

4. Short-term Investments

Short-term investments consist of the following:

| | 2017 | | | |
|------------------------------------|---|-------------------------------|---------------------------|--------------------|
| | Financial Assistance <u>Program</u> | Sail Canada <u>Fund</u> | Endowment <u>Funds</u> | <u>Total</u> |
| Mutual funds and other securities | | \$1,177,693 | \$182,432 | \$1,360,125 |
| Fixed income | | | 11,317 | 11,317 |
| Guaranteed investment certificates | \$ 35,122 | | 43,545 | 78,667 |
| | <u>\$ 35,122</u> | <u>\$1,177,693</u> | <u>\$237,294</u> | <u>\$1,450,109</u> |
| | 2016 | | | |
| | Financial Assistance <u>Program</u> | Sail Canada <u>Fund</u> | Endowment <u>Funds</u> | <u>Total</u> |
| Mutual funds and other securities | | \$ 1,196,604 | \$175,196 | \$1,371,800 |
| Fixed income | | | 11,449 | 11,449 |
| Guaranteed investment certificates | \$ 33,781 | | 43,545 | 77,326 |
| | <u>\$ 33,781</u> | <u>\$1,196,604</u> | <u>\$230,190</u> | <u>\$1,460,575</u> |

The investments in the Sail Canada Fund are externally managed by the Canadian Olympic Committee – Canadian Olympic Foundation.

SAIL CANADA/VOILE CANADA

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED APRIL 30, 2017

5. Loan Receivable

| | <u>2017</u> | <u>2016</u> |
|--|-------------|--------------|
| Promissory note, due April 2, 2017, repayable in two instalments of \$5,200 | \$ - | \$5,200 |
| Less amount due within one year included in current assets | <u>-</u> | <u>5,200</u> |
| | <u>\$ -</u> | <u>\$ -</u> |

6. Capital Assets

| | <u>2017</u> | | | <u>2016</u> |
|-------------------------|------------------|-------------------------------------|-----------------|-----------------|
| | <u>Cost</u> | <u>Accumulated Amortization</u> | <u>Net</u> | <u>Net</u> |
| Furniture and equipment | \$393,506 | \$384,435 | \$ 9,071 | \$16,651 |
| Leasehold improvements | <u>158,338</u> | <u>158,338</u> | <u>-</u> | <u>-</u> |
| | <u>\$551,844</u> | <u>\$542,773</u> | <u>\$ 9,071</u> | <u>\$16,651</u> |

7. Deferred Revenue

| | <u>2017</u> | <u>2016</u> |
|----------------------------------|------------------|------------------|
| Membership and registration fees | \$ 89,459 | \$80,307 |
| Sport Canada | - | 246,098 |
| Sponsorship | 4,583 | 17,083 |
| Projects | <u>9,000</u> | <u>-</u> |
| | <u>\$103,042</u> | <u>\$343,488</u> |

SAIL CANADA/VOILE CANADA

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED APRIL 30, 2017

8. Fund Balances Invested in Capital Assets

Fund balances invested in capital assets consist of:

| | <u>2017</u> | <u>2016</u> |
|---|-----------------|------------------|
| Capital assets at beginning of year (net) | \$ 16,651 | \$ 34,425 |
| Capital assets acquired during the year | - | - |
| Amortization of capital assets | <u>(7,580)</u> | <u>(17,774)</u> |
| Capital assets at end of year (net) | <u>\$ 9,071</u> | <u>\$ 16,651</u> |

9. Merchandise/Pleasure Craft Operator Card (PCOC)

| | <u>2017</u> | <u>2016</u> |
|---|------------------|------------------|
| Revenues | | |
| Merchandise sales | \$ 90,788 | \$ 93,274 |
| PCOC | 39,246 | 37,451 |
| Postage and shipping recovery | <u>3,896</u> | <u>159</u> |
| | <u>133,930</u> | <u>130,883</u> |
| Expenses | | |
| Purchases | 59,901 | 55,656 |
| Provincial Sailing Association share of PCOC and instructors | 9,573 | 10,537 |
| PCOC costs | <u>8,835</u> | <u>8,360</u> |
| | <u>78,309</u> | <u>74,553</u> |
| Net contribution | <u>\$ 55,621</u> | <u>\$ 56,330</u> |

10. Interfund Transfer

During the year, the Board of Directors approved the transfer of \$50,000 from the Sail Canada Fund to the General Fund for support of High Performance programs and athletes. It also approved the transfer of \$29,377 from dormant Financial Assistance Program accounts, as per the historical practice for accounts which have been dormant for more than two years, to the General Fund for support of High Performance programs and athletes.

11. In-Kind Donations

During the year the Corporation recorded \$96,860 (2016 - \$47,080) of in-kind donations. These contributions are reflected in donations and resource materials and supplies expense.

SAIL CANADA/VOILE CANADA

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED APRIL 30, 2017

12. Commitments

- (a) The Corporation is committed to a lease for office space under an operating lease without a set expiry date. Effective January 1, 2017, rent is charged monthly at \$3,149 plus HST, and will increase annually in accordance with the Consumer Price Index (CPI).
- (b) The Corporation is committed to two equipment operating leases expiring on April 12, 2020 and August 30, 2021. The total annual lease payments over the next year are \$2,545.

13. Financial Risks

The Corporation's objectives with respect to capital management are to maintain a minimum capital base that allows it to continue with and execute its overall purpose. The Corporation's board performs periodic reviews of its capital needs to ensure they remain consistent with the risk tolerance that is acceptable to the Corporation. The Corporation is not subject to any externally-imposed capital requirements.

It is management's opinion that the Corporation is not exposed to significant interest rate, currency or liquidity risks arising from its financial instruments. There have been no changes to the risk exposure from 2016 and there is expected to be no substantive change in the next fiscal period.

The Corporation is, however, exposed to market risk. Market risk is the risk of financial loss arising from fluctuations in the market price of the Corporation's investments. To manage these risks the Corporation has established a target mix of investments designed to achieve reasonable returns within acceptable and manageable risk tolerances.

14. Comparative Figures

Certain comparative figures have been restated to conform to the financial statement presentation adopted for the current year.