

SAIL CANADA/VOILE CANADA
FINANCIAL STATEMENTS
YEAR ENDED APRIL 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Members of Sail Canada/Voile Canada

Opinion

We have audited the accompanying financial statements of Sail Canada/Voile Canada (the "Entity"), which comprise the statement of financial position as at April 30, 2023 and the statements of operations and changes in fund balances - general fund and restricted funds and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at April 30, 2023, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the financial overview included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Secker Ross & Perry LLP

Chartered Professional Accountants
Licensed Public Accountants
Kingston, Ontario
September 18, 2023

SAIL CANADA/VOILE CANADA

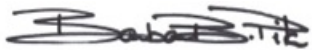
STATEMENT OF FINANCIAL POSITION AS AT APRIL 30, 2023

	<u>General Fund</u>	<u>Financial Assistance Program</u>	<u>Sail Canada Fund</u>	<u>Sail Canada Reserve Fund</u>	<u>Endowment Funds</u>	<u>Total 2023</u>	<u>Total 2022</u>
Assets							
Current Assets							
Cash (note 3)	\$ 62,615	\$ 97,183	\$ 317	\$ -	\$ 82,424	\$ 242,539	\$ 321,894
Investments (note 4)	-	35,851	1,182,166	-	230,725	1,448,742	1,602,640
Accounts receivable	533,460	-	-	-	-	533,460	528,070
Inventory	100,236	-	-	-	-	100,236	41,587
Prepaid expenses (note 5)	137,266	-	-	-	-	137,266	184,021
Interfund balances	<u>15,051</u>	<u>12,418</u>	<u>(215,329)</u>	<u>200,000</u>	<u>(12,140)</u>	<u>-</u>	<u>-</u>
	<u>848,628</u>	<u>145,452</u>	<u>967,154</u>	<u>200,000</u>	<u>301,009</u>	<u>2,462,243</u>	<u>2,678,212</u>
Capital Assets (note 6)	769,685	-	-	-	-	769,685	622,395
Less accumulated depreciation	<u>618,192</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>618,192</u>	<u>574,560</u>
	<u>151,493</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>151,493</u>	<u>47,835</u>
	<u>\$ 1,000,121</u>	<u>\$ 145,452</u>	<u>\$ 967,154</u>	<u>\$ 200,000</u>	<u>\$ 301,009</u>	<u>\$ 2,613,736</u>	<u>\$ 2,726,047</u>
Liabilities and Fund Balances							
Current Liabilities							
Accounts payable and accrued liabilities	\$ 301,907	\$ 910	\$ -	\$ -	\$ 13,351	\$ 316,168	\$ 226,828
Deferred revenue (note 7)	<u>584,929</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>584,929</u>	<u>699,356</u>
	<u>886,836</u>	<u>910</u>	<u>-</u>	<u>-</u>	<u>13,351</u>	<u>901,097</u>	<u>926,184</u>
Fund balances							
Invested in capital assets (note 8)	151,493	-	-	-	-	151,493	47,835
Unrestricted surplus (deficit)	(38,208)	-	-	-	-	(38,208)	41,398
Internally restricted	-	144,542	967,154	200,000	-	1,311,696	1,459,259
Externally restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>287,658</u>	<u>287,658</u>	<u>251,371</u>
	<u>113,285</u>	<u>144,542</u>	<u>967,154</u>	<u>200,000</u>	<u>287,658</u>	<u>1,712,639</u>	<u>1,799,863</u>
	<u>\$ 1,000,121</u>	<u>\$ 145,452</u>	<u>\$ 967,154</u>	<u>\$ 200,000</u>	<u>\$ 301,009</u>	<u>\$ 2,613,736</u>	<u>\$ 2,726,047</u>

**Commitments and Contractual Obligations (note 14)
Contingency (note 16)**

Approved on behalf of the Board:

Member



Member



See accompanying notes to financial statements.

SAIL CANADA/VOILE CANADA

STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE - GENERAL FUND

YEAR ENDED APRIL 30, 2023

	<u>2023</u>	<u>2022</u>
Revenues		
High Performance		
Sport Canada (note 12)	\$ 705,475	\$ 687,015
94 Forward	434,475	65,350
Athlete fees	222,253	148,607
Own the Podium (note 13)	607,441	420,195
Grants - other	<u>-</u>	<u>15,000</u>
	<u>1,969,644</u>	<u>1,336,167</u>
Programming		
Sport Canada (note 12)	229,340	227,340
Sport Canada (flow through)	192,500	300,000
Registration fees	198,595	178,799
Cansail (program participation)	166,823	125,126
National competitions	<u>55,920</u>	<u>34,095</u>
	<u>843,178</u>	<u>865,360</u>
General		
Sport Canada (note 12)	179,185	149,721
Donations (note 11)	253,909	112,247
Sponsorship, advertising and other fundraising	97,144	75,644
Sale of merchandise (note 9)	189,292	174,648
Grants - other	4,512	4,512
Membership fees	232,252	234,187
Other	<u>113,498</u>	<u>82,834</u>
	<u>1,069,792</u>	<u>833,793</u>
	<u>3,882,614</u>	<u>3,035,320</u>
Expenses		
High Performance (note 17)		
Training hubs	496,279	200,256
Salaries and benefits	502,000	350,054
Athlete support	417,462	143,918
Contract coaches	290,082	237,573
Equipment, repairs and maintenance	237,937	217,422
Amortization	43,631	14,174
Travel and meetings	155,688	151,954
Sports Science	<u>27,685</u>	<u>30,348</u>
	<u>2,170,764</u>	<u>1,345,699</u>
Programming		
Event costs (flow through)	137,650	281,250
Program costs	118,468	80,992
Volunteer and delegate travel	65,147	15,573
Event costs	51,850	21,758
Salaries and benefits	262,192	262,179
Training	<u>11,895</u>	<u>18,744</u>
	<u>647,202</u>	<u>680,496</u>
General		
Salaries and benefits	517,767	378,269
Office and administration (note 14)	79,149	79,754
Promotion and resources (note 11)	148,069	143,293
Cost of merchandise (note 9)	115,601	101,707
Insurance	106,471	89,794
Consulting fees and professional fees	141,800	106,628
Meetings - AGM	32,764	8,205
Dues and affiliation fees	25,366	25,459
Bank charges and miscellaneous	36,809	36,205
Travel and staff expense	22,987	7,444
Official languages	<u>13,813</u>	<u>27,392</u>
	<u>1,240,596</u>	<u>1,004,150</u>
	<u>4,058,562</u>	<u>3,030,345</u>
Excess (deficiency) of revenues over expenses	(175,948)	4,975
Interfund transfer (note 10)	200,000	(100,000)
Fund balance at beginning of year	<u>89,233</u>	<u>184,258</u>
Fund balance at end of year	<u>\$ 113,285</u>	<u>\$ 89,233</u>

See accompanying notes to financial statements.

SAIL CANADA/VOILE CANADA

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES - RESTRICTED FUND

YEAR ENDED APRIL 30, 2023

	Financial Assistance Program	Sail Canada Fund	Sail Canada Reserve Fund	Endowment Funds (note 15)	America's Cup Team 40	Total 2023	2022
Revenues							
Donations	\$ 261,392	\$ -	\$ -	\$ 39,501	\$ 939,102	\$ 1,239,995	\$ 112,069
Net investment income	-	76,211	-	7,079	-	83,290	162,192
Net interest income	4,090	-	-	2,159	-	6,249	2,013
	<u>265,482</u>	<u>76,211</u>	<u>-</u>	<u>48,739</u>	<u>939,102</u>	<u>1,329,534</u>	<u>276,274</u>
Expenses							
Awards	-	-	-	7,608	-	7,608	4,098
Management fees	-	11,474	-	-	-	11,474	12,789
Training	255,512	-	-	-	939,102	1,194,614	107,373
	<u>255,512</u>	<u>11,474</u>	<u>-</u>	<u>7,608</u>	<u>939,102</u>	<u>1,213,696</u>	<u>124,260</u>
Excess of revenues over expenses before undernoted item	9,970	64,737	-	41,131	-	115,838	152,014
Unrealized loss on investments	<u>(159)</u>	<u>(22,111)</u>	<u>-</u>	<u>(4,844)</u>	<u>-</u>	<u>(27,114)</u>	<u>(110,095)</u>
Excess of revenues over expenses	9,811	42,626	-	36,287	-	88,724	41,919
Interfund transfer (note 10)	-	(150,000)	(50,000)	-	-	(200,000)	100,000
Fund balances at beginning of year	<u>134,731</u>	<u>1,074,528</u>	<u>250,000</u>	<u>251,371</u>	<u>-</u>	<u>1,710,630</u>	<u>1,568,711</u>
Fund balances at end of year	<u>\$ 144,542</u>	<u>\$ 967,154</u>	<u>\$ 200,000</u>	<u>\$ 287,658</u>	<u>\$ -</u>	<u>\$ 1,599,354</u>	<u>\$ 1,710,630</u>

See accompanying notes to financial statements.

SAIL CANADA/VOILE CANADA
STATEMENT OF CASH FLOW
YEAR ENDED APRIL 30, 2023

	<u>General Fund</u>	<u>Restricted Funds</u>	<u>Total 2023</u>	<u>Total 2022</u>
Cash flow from (used in) operating activities				
Excess (deficiency) of revenues over expenses	\$ (175,948)	\$ 88,724	\$ (87,224)	\$ 46,894
Items which do not involve cash				
Amortization	43,631	-	43,631	14,174
Unrealized loss on investments	-	27,114	27,114	110,095
	<u>(132,317)</u>	<u>115,838</u>	<u>(16,479)</u>	<u>171,163</u>
Changes in non-cash working capital:				
Accounts receivable	(5,390)	-	(5,390)	(328,053)
Inventory	(58,649)	-	(58,649)	47,492
Prepaid expenses	46,755	-	46,755	(116,039)
Interfund balance	23,882	(23,882)	-	-
Accounts payable and accrued liabilities	87,103	2,238	89,341	(5,237)
Deferred revenue	<u>(114,427)</u>	<u>-</u>	<u>(114,427)</u>	<u>512,077</u>
	<u>(153,043)</u>	<u>94,194</u>	<u>(58,849)</u>	<u>281,403</u>
Cash flow from (used in) investing and financing activities				
Proceeds from sale of investments	-	135,272	135,272	-
Purchases of short-term investments	-	(8,489)	(8,489)	(251,176)
Proceeds (repayment) of loans payable	-	-	-	(40,000)
Additions to capital assets	<u>(147,289)</u>	<u>-</u>	<u>(147,289)</u>	<u>(39,485)</u>
	<u>(147,289)</u>	<u>126,783</u>	<u>(20,506)</u>	<u>(330,661)</u>
Interfund transfers	<u>200,000</u>	<u>(200,000)</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash	(100,332)	20,977	(79,355)	(49,258)
Cash at beginning of year	<u>162,947</u>	<u>158,947</u>	<u>321,894</u>	<u>371,152</u>
Cash at end of year	<u>\$ 62,615</u>	<u>\$ 179,924</u>	<u>\$ 242,539</u>	<u>\$ 321,894</u>
Cash represented by:				
Cash - General Fund	\$ 62,615	\$ -	\$ 62,615	\$ 162,947
Cash - Financial Assistance Program	-	97,183	97,183	111,737
Cash - Sail Canada Fund	-	317	317	307
Cash - Endowment Funds	-	82,424	82,424	46,903
	<u>\$ 62,615</u>	<u>\$ 179,924</u>	<u>\$ 242,539</u>	<u>\$ 321,894</u>

See accompanying notes to financial statements.

SAIL CANADA/VOILE CANADA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED APRIL 30, 2023

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’s operations and earnings on investments. Expenditures of the Sail Canada Fund are approved by the Board of Directors and are used to support Olympic high performance programs.

The Sail Canada Reserve Fund was established in order to stabilize the Corporation's finances in the event of a substantial and unexpected decline in revenue and/or increase in expenses. Further transfers between the Sail Canada Reserve Fund and the General Fund shall be approved by the Corporation's Board of Directors.

The America's Cup Team 40 Fund was established in 2023 in order to facilitate fundraising to support the Canadian women's entry and the Canadian youth's entry in the 2024 America's Cup. Similar to the Financial Assistance Program, revenue is received in the form of donations, and expenses are paid out for reimbursement of costs associated with event entry fees, equipment acquisition and training.

SAIL CANADA/VOILE CANADA

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED APRIL 30, 2023

2. Significant Accounting Policies (continued)

(a) Fund Accounting (continued)

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 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.

(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 statements 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.

SAIL CANADA/VOILE CANADA

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED APRIL 30, 2023

2. Significant Accounting Policies (continued)

(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.

(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 registration fees and other program 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.

SAIL CANADA/VOILE CANADA

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED APRIL 30, 2023

2. Significant Accounting Policies (continued)

(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.

(h) Foreign Currency Translation

Foreign currency accounts are translated into Canadian dollars as follows:

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

(i) Government Assistance

The Corporation recognizes government assistance received, or estimated government assistance to be received, when there is reasonable assurance that the Corporation has complied and will continue to comply with all relevant conditions stipulated in funding arrangements. Assistance related to current operations are recognized in the statement of income.

3. Cash

The Corporation's bank accounts are held at one chartered bank. The bank accounts earn interest based on the bank's standard rates. Bank balances include \$2,255 (2022 - \$2,131) denominated in U.S. dollars translated to Canadian dollars.

SAIL CANADA/VOILE CANADA

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED APRIL 30, 2023

4. Investments

Investments consist of the following:

	<u>2023</u>			
	<u>Financial Assistance Program</u>	<u>Sail Canada Fund</u>	<u>Endowment Funds</u>	<u>Total</u>
Equities and other securities	\$ 35,851	\$ 1,182,166	\$ 230,725	\$ 1,448,742
Guaranteed Investment Certificates	-	-	-	-
	<u>\$ 35,851</u>	<u>\$ 1,182,166</u>	<u>\$ 230,725</u>	<u>\$ 1,448,742</u>

	<u>2022</u>			
	<u>Financial Assistance Program</u>	<u>Sail Canada Fund</u>	<u>Endowment Funds</u>	<u>Total</u>
Equities and other securities	\$ 35,393	\$ 1,339,549	\$ 227,698	\$ 1,602,640
Guaranteed Investment Certificates	-	-	-	-
	<u>\$ 35,393</u>	<u>\$ 1,339,549</u>	<u>\$ 227,698</u>	<u>\$ 1,602,640</u>

The investments in the Sail Canada Fund are externally managed by the Canadian Olympic Committee - Canadian Olympic Foundation. The investments in the Financial Assistance Program and Endowment Funds are managed by the Corporation.

5. Prepaid Expenses

	<u>2023</u>	<u>2022</u>
Prepaid - insurance, fees, events and services	<u>\$ 137,266</u>	<u>\$ 184,021</u>

6. Capital Assets

	<u>2023</u>			<u>2022</u>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>	<u>Net</u>
Equipment	\$ 611,346	\$ (459,853)	\$ 151,493	\$ 47,835
Leasehold improvements	158,339	(158,339)	-	-
	<u>\$ 769,685</u>	<u>\$ (618,192)</u>	<u>\$ 151,493</u>	<u>\$ 47,835</u>

SAIL CANADA/VOILE CANADA

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED APRIL 30, 2023

7. Deferred Revenue

	<u>2023</u>	<u>2022</u>
Membership and registration fees	\$ 83,772	\$ 78,329
Sport Canada	116,083	250,692
Own the Podium	1,398	102,435
Sponsorships	20,000	20,000
Canadian Olympic Committee	192,500	36,250
94 Forward	<u>171,176</u>	<u>211,650</u>
	<u>\$ 584,929</u>	<u>\$ 699,356</u>

8. Fund Balances Invested in Capital Assets

Fund balances invested in capital assets consist of:

	<u>2023</u>	<u>2022</u>
Capital assets at beginning of year (net)	\$ 47,835	\$ 22,524
Capital assets acquired during the year	147,289	39,485
Amortization of capital assets	<u>(43,631)</u>	<u>(14,174)</u>
	<u>\$ 151,493</u>	<u>\$ 47,835</u>

9. Merchandise/Pleasure Craft Operator Card (PCOC)

	<u>2023</u>	<u>2022</u>
Revenues		
Merchandise sales	\$ 168,291	\$ 148,791
PCOC	9,281	13,611
Online sales	4,256	527
Postage and shipping recovery	<u>7,464</u>	<u>11,719</u>
	<u>189,292</u>	<u>174,648</u>
Expenses		
Purchases	106,736	97,147
Provincial Sailing Association share of PCOC and instructors	<u>8,865</u>	<u>4,560</u>
	<u>115,601</u>	<u>101,707</u>
Net contribution	<u>\$ 73,691</u>	<u>\$ 72,941</u>

Included in purchases is \$Nil (2022 - \$7,269) related to obsolete inventory items expensed in the year.

SAIL CANADA/VOILE CANADA

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED APRIL 30, 2023

10. Interfund Transfers

The Board of Directors approved the transfer of up to \$200,000 (2022 - \$200,000) from the Sail Canada Fund to the General Fund for support of the Corporation's training hubs. Of this amount, \$150,000 (2022 - \$Nil) was transferred to the General Fund. In the prior year, \$100,000 was transferred back to the Sail Canada Fund.

In addition, during the year the Board of Directors approved the transfer of up to \$250,000 (2022 - \$Nil) from the Sail Canada Reserve Fund to the General Fund if required for cash flow and that it be returned to the Reserve Fund once the cash flow position has stabilized. Of this amount, \$50,000 (2022 - \$Nil) was transferred.

11. In-Kind Donations

Included in donations revenue of \$253,909 (2022 - \$112,247) and in promotion and resources expense of \$148,069 (2022 - \$143,293) were in-kind donations for clothing and equipment of \$101,819 (2022 - \$94,838).

12. Sport Canada Funding

Funding from Sport Canada is intended to cover various aspects of the Corporation's operations and can be broken down as follows:

	<u>2023</u>	<u>2022</u>
High Performance		
Core	\$ 394,475	\$ 424,210
Above-Reference	-	112,000
Return to Sport/COVID relief	<u>311,000</u>	<u>150,805</u>
	<u>705,475</u>	<u>687,015</u>
Programming		
Core	170,340	170,340
Above-Reference	-	2,000
Return to Sport/COVID relief	<u>59,000</u>	<u>55,000</u>
	<u>229,340</u>	<u>227,340</u>
General		
Core	131,685	101,950
Above-Reference	47,500	30,365
Return to Sport/COVID relief	<u>-</u>	<u>17,406</u>
	<u>179,185</u>	<u>149,721</u>
	<u>\$ 1,114,000</u>	<u>\$ 1,064,076</u>

SAIL CANADA/VOILE CANADA

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED APRIL 30, 2023

13. Own the Podium

	<u>2023</u>	<u>2022</u>
Sport Canada	\$ 521,941	\$ 334,195
Canadian Olympic Committee	<u>85,500</u>	<u>86,000</u>
	<u>\$ 607,441</u>	<u>\$ 420,195</u>

14. Commitments and Contractual Obligations

- (a) The Corporation's lease for office space has expired and has continued in overhold since July 31, 2010. Under the terms of the original lease agreement, overholding is defined as a month to month arrangement. Effective January 1, 2023, rent is charged monthly at \$4,236 including HST, and will increase annually in accordance with the Consumer Price Index (CPI).
- (b) The Corporation is committed to an equipment operating lease expiring November 1, 2024. The total annual lease payments are \$871.

15. Internally Restricted Net Endowments

The Corporation has provided funding for various future expenditures under other board restricted funds. These expenditures have been approved by the Board of Directors as follows:

	<u>2023</u>			
	<u>Opening Balance</u>	<u>Income in Year</u>	<u>Expenses in Year</u>	<u>Ending Balance</u>
R.C. Stevenson Fund	\$152,748	\$ 5,614	\$ 2,943	\$155,419
Marvin McDill Fund	45,071	1,656	2,273	44,454
Bill Burk Youth Fund	26,756	983	1,350	26,389
Nathan Cowan Memorial Fund	<u>26,796</u>	<u>40,486</u>	<u>5,886</u>	<u>61,396</u>
	<u>\$251,371</u>	<u>\$ 48,739</u>	<u>\$ 12,452</u>	<u>\$287,658</u>

16. Contingency

From time to time, the Corporation is subject to litigation and other claims arising from its operations. The Corporation is currently contesting claims pertaining to human resource matters. Neither the possible outcome nor the amount of possible settlement, if any, can be foreseen. Therefore, no provision has been recognized in the Corporation's financial statements.

SAIL CANADA/VOILE CANADA

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED APRIL 30, 2023

17. High Performance Activity

The expenses incurred during the year ended April 30, 2023 for various high performance categories exceeded previous years' expenses due to a number of factors, including expansion in the number of high performance coaching staff and an increase in training activity support to athletes. In addition, the high performance division experienced unanticipated increases in various travel and logistics costs during the year. Some of the increased expenses were covered by an increase in revenues from Sport Canada.

18. Financial Instruments

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.

The Corporation is exposed to market risk. Market risk is the risk of financial loss arising from fluctuations in the market price of the Corporation's investments. The Corporation has engaged the Canadian Olympic Committee to manage the investments in the Sail Canada Fund. As such, the Canadian Olympic Committee – Canadian Olympic Foundation is managing the market risk related to these investments. To manage the market risk of the investments in the Financial Assistance Program and Endowment Fund, the Corporation has established a target mix of investments designed to achieve reasonable returns within acceptable and manageable risk tolerances. The Corporation has experienced significant volatility in the value of its investments over the past three fiscal years, with unrealized losses in fiscal 2020 due to the initial impact of the pandemic, recovery of much of those losses in fiscal 2021 and then further unrealized losses in the current year.

The Corporation is exposed to foreign exchange risks as certain cash, payables and expenses are to be settled in foreign currencies. Expenses relate to accommodations, boat charters and event entry fees in foreign currencies. The total denominated in a foreign currency was \$781,233 (2022 - \$403,546). Due to the size of the exposure and the variability year-to-year, management does not currently have a practice of hedging its foreign exchange risk to mitigate the effects of foreign currency fluctuations.

It is management's opinion that the Corporation is not exposed to significant interest rate or liquidity risks arising from its financial instruments.

SAIL CANADA/VOILE CANADA

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED APRIL 30, 2023

19. Effects of Pandemic

Since the commencement of the COVID-19 outbreak in the latter part of the Corporation's 2020 fiscal year, there have been significant disruptions to organizations throughout Canada and the rest of the world, leading to a general economic slowdown.

Aside from effects on the Corporation's investment performance, social distancing protocols put in place by various national governments, provincial governments and local authorities have had significant effects on the sport of sailing, including cancellation of a number of national and international competitions and curtailment of training for many athletes. The responses to contain the pandemic have had effects on the Corporation's membership and registration fees, its program participation, its competition revenues and its athlete fees. As well, general economic conditions may affect the Corporation's fundraising efforts. It is not possible to reliably estimate the duration or severity of these consequences, or their impact on the financial position and results of operations for the Corporation for future periods.

In order to mitigate the effects of the pandemic, the Corporation has undertaken a number of efforts, including accessing available government assistance programs, planning for additional fundraising efforts, communication with provincial and federal authorities regarding funding and continued efforts seeking cooperation with provincial sailing associations. Sport Canada funding for the 2021, 2022 and 2023 fiscal years includes emergency support funding to assist with COVID-19 effects.

20. Comparative Figures

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