

The Lake of Bays Sailing Club Inc.

Unaudited Financial Statements

(See Notice to Reader)

September 30, 2018



Koster, Spinks & Koster LLP

Chartered Professional | Accountants

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Notice to Reader

On the basis of information provided by management, we have compiled the statement of financial position of The Lake of Bays Sailing Club Inc. as at September 30, 2018 and the statements of changes in net assets changes in net assets and revenues and expenses for the year then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
November 16, 2018

The Lake of Bays Sailing Club Inc.

**Unaudited Statement of Financial Position
(See Notice to Reader)
September 30, 2018**

	<u>2018</u>	<u>2017</u>
Assets		
Current		
Cash	\$ 93,849	\$ 76,772
Cash, restricted (note 5)	38,594	38,594
Inventory (note 2)	2,646	2,957
	<u>135,089</u>	<u>118,323</u>
Land, building, dock, boats and equipment (note 3)	<u>128,984</u>	<u>134,982</u>
	<u>\$ 264,073</u>	<u>\$ 253,305</u>
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities (note 4)	\$ 16,194	\$ 12,536
Deferred contributions (note 5)	<u>65,030</u>	<u>68,251</u>
	<u>81,224</u>	<u>80,787</u>
Net assets		
Unrestricted	80,301	67,193
Invested in capital assets	102,548	105,325
	<u>182,849</u>	<u>172,518</u>
	<u>\$ 264,073</u>	<u>\$ 253,305</u>

Approved by the Board:

Shirley A. Lynch Director
Phillip Director

The Lake of Bays Sailing Club Inc.

Unaudited Statement of Changes in Net Assets
(See Notice to Reader)
For The Year Ended September 30, 2018

	2018		2017	
	Invested in capital assets	Unrestricted	Total	Total
Net assets, beginning of year	\$ 105,325	\$ 67,193	\$ 172,518	\$ 172,818
Excess (deficiency) of revenues over expenses for the year	(15,653)	25,984	10,331	(300)
Investment in capital assets	12,876	(12,876)	-	-
Net assets, end of year	\$ 102,548	\$ 80,301	\$ 182,849	\$ 172,518



The Lake of Bays Sailing Club Inc.

Unaudited Statement of Revenues and Expenses

(See Notice to Reader)

For The Year Ended September 30, 2018

	<u>2018</u>	<u>2017</u>
Revenues		
Instruction and sailing fees	\$ 123,860	\$ 106,140
Functions	22,960	26,911
Donations	8,470	9,330
Membership fees	10,575	7,440
Clothing sales	5,530	5,014
Amortization of deferred contributions (note 5)	3,221	3,650
Interest and other	885	187
	<u>175,501</u>	<u>158,672</u>
Expenses		
Instructors salaries	72,582	63,181
Amortization	18,874	19,890
Insurance	13,404	14,863
Functions	11,815	11,765
Fleet maintenance	9,591	15,029
Bank, credit card and website fees	8,360	6,355
Property maintenance, taxes and clubhouse supplies	7,161	12,229
Sailing and membership	8,473	4,043
Accounting and legal	4,714	842
Cost of sales	4,041	3,687
General and administration	3,941	4,294
Utilities	2,214	2,794
	<u>165,170</u>	<u>158,972</u>
Excess (deficiency) of revenues over expenses for the year	<u>\$ 10,331</u>	<u>\$ (300)</u>



The Lake of Bays Sailing Club Inc.

Unaudited Statement of Cash Flows
(See Notice to Reader)
For The Year Ended September 30, 2018

	<u>2018</u>	<u>2017</u>
Cash provided by (used for):		
Operating activities		
Excess (deficiency) of revenues over expenses for the year	\$ 10,331	\$ (300)
Items not affecting cash:		
Amortization	18,874	19,890
Amortization of deferred contributions	(3,221)	(3,650)
Net change in non-cash working capital (note 6)	3,969	9,937
	<u>29,953</u>	<u>25,877</u>
Investing activity		
Acquisition of boats	<u>(12,876)</u>	<u>(10,629)</u>
Change in cash during the year	17,077	15,248
Cash, beginning of year	<u>115,366</u>	<u>100,118</u>
Cash, end of year	<u>\$ 132,443</u>	<u>\$ 115,366</u>
Consisting of:		
Cash	\$ 93,849	\$ 76,772
Cash, restricted	<u>38,594</u>	<u>38,594</u>
	<u>\$ 132,443</u>	<u>\$ 115,366</u>



The Lake of Bays Sailing Club Inc.

Notes to Unaudited Financial Statements
(See Notice to Reader)
September 30, 2018

General

The Lake of Bays Sailing Club Inc. ("Club") is incorporated without share capital under the laws of the Province of Ontario. The Club is a non-profit organization and is exempt from income taxes under Sec. 149(1)(1) of the *Income Tax Act* (Canada). The purpose of the Club is to provide a program of junior sailing instruction, to encourage sailing and sailing races, to promote an annual Regatta of competitive water sports and to promote fellowship.

1. Significant accounting policies

These financial statements are prepared in accordance with Part III of the CPA Canada Handbook – Accounting, accounting standards for not-for-profit organizations, which sets out generally accepted accounting principles for not-for-profit organizations in Canada. The significant accounting policies are as follows:

a) Land, building, dock, boats and equipment

Land, building, dock, boats and equipment are recorded at cost. Amortization is provided on the declining balance basis at the following rates:

Building	10%
Dock	10%
Boats and equipment	20%
Computer equipment	30%
Furniture and fixtures	20%

In the year of acquisition, one half the normal rate of amortization is claimed.

b) Inventories

Inventories are valued at lower of cost and net realizable value.

c) Revenue recognition

The Club follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions and other revenue are recognized when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

d) Financial instruments

The Measurement of financial instruments

The Club initially measures its financial assets and liabilities at fair value. The Club subsequently measures all its financial assets and financial liabilities at amortized cost, as it does not have investments in equity instruments quoted in an active market.

Financial assets measured at cost or amortized cost include cash, restricted cash and accounts receivable. Financial liabilities measured at cost or amortized cost include accounts payable and accrued liabilities.



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Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of revenues and expenses.

Transaction costs

The Club recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

e) Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires the Club to make estimates and assumptions which affect the recognition, measurement and disclosure of amounts reported in the financial statements and accompanying notes. The reported amounts and note disclosures are determined using the Club's best estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. Actual results will differ from such estimates.

2. Inventory

Inventory consists of apparel and gear for resale.

3. Land, building, dock, boats and equipment

Land, building, dock, boats and equipment consist of the following:

	2018		2017	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Boats and equipment	\$ 364,214	\$ 305,287	\$ 58,927	\$ 59,174
Building	256,658	208,812	47,846	53,162
Dock	24,558	22,520	2,038	2,264
Furniture and fixtures	8,335	7,652	683	854
Computer equipment	3,082	2,992	90	128
Land	19,400	-	19,400	19,400
	<u>\$ 676,247</u>	<u>\$ 547,263</u>	<u>\$ 128,984</u>	<u>\$ 134,982</u>



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4. Accounts payable

The accounts payable and accrued liabilities include government related liabilities for source deductions totaling \$786 (2017: \$750).

5. Deferred contributions

Deferred contributions consist of the following:

	<u>2018</u>	<u>2017</u>
Heritage Fund	\$ 27,590	\$ 29,003
The Memorial Fund	34,221	35,518
Deferred contribution balance on the purchase of boats	<u>3,219</u>	<u>3,730</u>
	<u>\$ 65,030</u>	<u>\$ 68,251</u>

Restricted cash consists of unspent contributions as follows:

	<u>2018</u>	<u>2017</u>
Heritage Fund	\$ 14,873	\$ 14,873
The Memorial Fund	22,546	22,546
Deferred contribution balance for the purchase of boats	<u>1,175</u>	<u>1,175</u>
	<u>\$ 38,594</u>	<u>\$ 38,594</u>

The Heritage Fund consists of donations received by the Club for the restoration and preservation of the LBSC Clubhouse, a heritage building. These contributions are recorded as deferred contributions. Contributions spent on the restoration and preservation of the Clubhouse are amortized over the same period of amortization of the related Clubhouse. Amortization of deferred contributions in the amount of \$1,413 (2017: \$1,570) has been recognized in the current year. Contributions for the year ended September 30, 2018 were \$0 (2017: \$0) and the total unspent contributions being deferred up to September 30, 2018 are \$14,873.



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The Memorial Fund was established in 1999 in memory of Brian Schaal, a very well liked sailing instructor whose refreshing sense of humour made an important contribution to the special spirit and character of the Club. The establishment of the Fund is a tribute to Brian's impact on other lives. Contributions to the Memorial Fund are for the restoration and preservation of the LBSC Clubhouse. These contributions are recorded as deferred contributions. Contributions spent on the restoration and preservation of the Clubhouse are amortized over the same period of amortization of the Clubhouse. Amortization of deferred contributions in the amount of \$1,297 (2017: \$1,441) has been recognized in the current year. Contributions for the year ended September 30, 2018 were \$0 (2017: \$0) and the total unspent contributions being deferred up to September 30, 2018 are \$22,546.

Donations restricted by the donors for the purchase of specific boats are recorded as deferred contributions and amortized over the same period of amortization of the specific boats. Amortization of deferred contributions in the amount of \$511 (2017: \$639) has been recognized in the current year. Contributions for the year ended September 30, 2018 were \$0 (2017: \$0) and the total unspent contributions being deferred up to September 30, 2018 are \$1,175.

6. Net change in non-cash working capital

The net change in non-cash working capital is as follows:

	<u>2018</u>	<u>2017</u>
(Increase) decrease in:		
Accounts receivable	\$ -	\$ 4,730
Inventory	311	494
Increase (decrease) in:		
Accounts payable and accrued liabilities	<u>3,658</u>	<u>4,713</u>
	<u>\$ 3,969</u>	<u>\$ 9,937</u>

7. Financial instruments

The Club is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provided a measure of the Club's risk exposure at year-end.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Club's main credit risk relate to its accounts receivable. The Club provides credit to its members in the normal course of its operations.

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b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Club is exposed to the risk mainly in respect to its accounts payable.

c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Club is not subject to significant interest rate risk.

d) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Club realizes some of its revenues and expenses in U.S. Dollars. Consequently, some assets, liabilities, revenues and expenses are exposed to foreign exchange fluctuations. At September 30, 2018, the Club did not have any assets or liabilities denominated in U.S. Dollars.