

**The Lake of Bays Sailing Club Inc.**

Unaudited Financial Statements

(See Notice to Reader)

September 30, 2019





**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, 2019 and the statements of changes in net assets, changes in net assets, revenues and expenses and cash flows 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.

*Koster, Spinks & Koster LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Toronto, Ontario  
December 23, 2019

**The Lake of Bays Sailing Club Inc.**

Unaudited Statement of Financial Position  
(See Notice to Reader)  
September 30, 2019

	<u>2019</u>	<u>2018</u>
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 93,344	\$ 93,849
Cash and cash equivalents, restricted (note 5)	29,729	38,594
Accounts receivable	1,173	-
Inventory (note 2)	2,841	2,646
	<u>127,087</u>	<u>135,089</u>
<b>Land, building, dock, boats and equipment (note 3)</b>	<u>136,602</u>	<u>128,984</u>
	<u>\$ 263,689</u>	<u>\$ 264,073</u>
<b>Liabilities and Net Assets</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (note 4)	\$ 20,419	\$ 16,194
<b>Deferred contributions (note 5)</b>	<u>53,316</u>	<u>65,030</u>
	<u>73,735</u>	<u>81,224</u>
<b>Net assets</b>		
Unrestricted	76,939	80,301
Invested in capital assets	<u>113,015</u>	<u>102,548</u>
	<u>189,954</u>	<u>182,849</u>
	<u>\$ 263,689</u>	<u>\$ 264,073</u>

Approved by the Board:

Sarah Kew Director  
Phil Clark 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, 2019

	2019			2018
	Invested in capital assets	Unrestricted	Total	Total
Net assets, beginning of year	\$ 102,548	\$ 80,301	\$ 182,849	\$ 172,518
Excess of revenues over expenses for the year	(16,817)	23,922	7,105	10,331
Investment in boats and equipment	27,284	(27,284)	-	-
Net assets, end of year	\$ 113,015	\$ 76,939	\$ 189,954	\$ 182,849



## The Lake of Bays Sailing Club Inc.

Unaudited Statement of Revenues and Expenses  
(See Notice to Reader)  
For The Year Ended September 30, 2019

	<u>2019</u>	<u>2018</u>
<b>Revenues</b>		
Instruction and sailing fees	\$ 123,245	\$ 123,860
Donations	29,336	8,470
Functions	24,884	22,960
Contributions from restricted donations (note 5)	11,714	3,221
Membership fees	10,320	10,575
Clothing sales	7,210	5,530
Interest and other	3,057	885
	<u>209,766</u>	<u>175,501</u>
<b>Expenses</b>		
Instructors salaries	85,930	72,582
Property maintenance, taxes and clubhouse supplies	27,265	7,161
Insurance	21,088	13,404
Amortization of building, dock, boats and equipment	19,666	18,874
Fleet maintenance	11,881	9,591
Functions	10,275	11,815
Bank, credit card and website fees	7,927	8,360
Cost of sales	5,164	4,041
Sailing and membership	3,610	8,473
General and administration	3,551	3,941
Accounting and legal	3,164	4,714
Utilities	3,140	2,214
	<u>202,661</u>	<u>165,170</u>
<b>Excess of revenues over expenses for the year</b>	<u>\$ 7,105</u>	<u>\$ 10,331</u>

## The Lake of Bays Sailing Club Inc.

Unaudited Statement of Cash Flows  
(See Notice to Reader)  
For The Year Ended September 30, 2019

	2019	2018
<b>Cash provided by (used for):</b>		
<b>Operating activities</b>		
Excess of revenues over expenses for the year	\$ 7,105	\$ 10,331
Items not affecting cash:		
Amortization of building, dock, boats and equipment	19,666	18,874
Contributions from restricted donations	(11,714)	(3,221)
Net change in non-cash working capital (note 6)	2,857	3,969
	<u>17,914</u>	<u>29,953</u>
<b>Investing activity</b>		
Acquisition of boats and equipment	(27,284)	(12,876)
Change in cash and cash equivalents during the year	(9,370)	17,077
Cash and cash equivalents, beginning of year	132,443	115,366
<b>Cash and cash equivalents, end of year</b>	<u>\$ 123,073</u>	<u>\$ 132,443</u>
<b>Consisting of:</b>		
Cash and cash equivalents	\$ 93,344	\$ 93,849
Cash and cash equivalents, restricted	29,729	38,594
	<u>\$ 123,073</u>	<u>\$ 132,443</u>





# The Lake of Bays Sailing Club Inc.

Notes to Unaudited Financial Statements  
(See Notice to Reader)  
September 30, 2019

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## 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) Cash and cash equivalents

Cash and cash equivalents include cash in the bank and certificates of term deposits with maturities of less than three months from inception, which are readily convertible to known amounts of cash and which are subject to an insignificant risk of loss in value.

#### c) Inventories

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

#### d) 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.



## The Lake of Bays Sailing Club Inc.

Notes to Unaudited Financial Statements  
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### e) 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 and cash equivalents, restricted cash and cash equivalents and accounts receivable. Financial liabilities measured at cost or amortized cost include accounts payable and accrued liabilities.

#### 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 the statement of revenue and expenses. 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 excess (deficiency) of revenues over expenses.

#### Transaction costs

The Club recognizes its transaction costs in the statement of revenue and expenses 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.

### f) 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.





## The Lake of Bays Sailing Club Inc.

Notes to Unaudited Financial Statements  
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### 3. Land, building, dock, boats and equipment

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

	2019		2018	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Boats and equipment	\$ 390,899	\$ 319,740	\$ 71,159	\$ 58,927
Building	256,658	213,597	43,061	47,846
Dock	24,558	22,724	1,834	2,038
Furniture and fixtures	8,934	7,849	1,085	683
Computer equipment	3,082	3,019	63	90
Land	19,400	-	19,400	19,400
	\$ 703,531	\$ 566,929	\$ 136,602	\$ 128,984

### 4. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities include government related liabilities for source deductions totaling \$0 (2018: \$786).

### 5. Deferred contributions

Deferred contributions consist of the following:

	2019	2018
Heritage Fund	\$ 17,453	\$ 27,590
The Memorial Fund	33,053	34,221
Deferred contribution balance on the purchase of boats	2,810	3,219
	\$ 53,316	\$ 65,030

Restricted cash consists of unspent contributions as follows:

	2019	2018
Heritage Fund	\$ 6,008	\$ 14,873
The Memorial Fund	22,546	22,546
Deferred contribution balance for the purchase of boats	1,175	1,175
	\$ 29,729	\$ 38,594

## The Lake of Bays Sailing Club Inc.

Notes to Unaudited Financial Statements  
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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 initially recorded as deferred contributions. Contributions are recognized as revenue in the same period as the related restoration and preservation expenditures for the Clubhouse are expensed. Contributions revenue of \$10,317 (2018: \$1,413) has been recognized in the current year. Contributions received for the year ended September 30, 2019 were \$0 (2018: \$0) and the total unspent contributions of \$6,008 is recorded on the statement of financial position as cash and cash equivalents, restricted.

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. Donations received are initially recorded as deferred contributions. Contributions are recognized as revenue in the same period as the related restoration and preservation expenditures for the Clubhouse are expensed. Contributions revenue in the amount of \$1,168 (2018: \$1,297) has been recognized in the current year. Contributions received for the year ended September 30, 2019 were \$0 (2018: \$0) and the total unspent contributions of \$22,546 is recorded on the statement of financial position as cash and cash equivalents, restricted.

Donations restricted for the purchase of boats are initially recorded as deferred contributions. Contributions are recognized as revenue in the same period as the amortization of the boats purchased are expensed. Contributions revenue of \$409 (2018: \$511) has been recognized in the current year. Contributions received for the year ended September 30, 2019 were \$0 (2018: \$0) and the total unspent contributions of \$1,175 is recorded on the statement of financial position as cash and cash equivalents, restricted.

### 6. Net change in non-cash working capital

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

	<u>2019</u>	<u>2018</u>
(Increase) decrease in:		
Accounts receivable	\$ (1,173)	\$ -
Inventory	(195)	311
Increase (decrease) in:		
Accounts payable and accrued liabilities	4,225	3,658
	<u>\$ 2,857</u>	<u>\$ 3,969</u>



## The Lake of Bays Sailing Club Inc.

Notes to Unaudited Financial Statements  
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### 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.

#### 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 and accrued liabilities.

#### 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, 2019, the Club did not have any assets or liabilities denominated in U.S. Dollars.