

Financial statements of

**Central Ontario Standardbred
Association**

June 30, 2010

Central Ontario Standardbred Association

June 30, 2010

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Auditors' Report

To the Directors of
Central Ontario Standardbred Association

We have audited the statement of financial position of Central Ontario Standardbred Association as at June 30, 2010 and the statement of operations and net assets 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.

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 our opinion, these financial statements present fairly, in all material respects, the financial position of the Association as at June 30, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants
August 3, 2010

Central Ontario Standardbred Association

Statement of operations and net assets year ended June 30, 2010

	2010
	\$
Revenue	806,023
Expenses	
Groom and member assistance	214,535
Salaries and benefits	168,375
General office administration	78,531
Professional services	55,497
Contributions to industry groups	41,467
Insurance	33,915
Marketing	29,455
Association dues	17,753
Amortization	16,236
Membership	9,450
Board of directors	6,494
Interest on obligation under capital lease	99
	671,807
Excess of revenue over expenses and net assets, end of year	134,216

Central Ontario Standardbred Association

Statement of financial position as at June 30, 2010

	2010
	\$
Assets	
Current assets	
Cash	22,131
Term deposit	5,000
Account receivable	79,404
Prepaid expenses	15,968
	<u>122,503</u>
Capital assets and intangibles (Note 3)	70,281
	<u>192,784</u>
Liabilities	
Current liabilities	
Accounts payable and accrued liabilities	37,803
Current portion of obligation under capital lease (Note 4)	4,886
	<u>42,689</u>
Obligation under capital lease (Note 4)	15,879
	<u>58,568</u>
Net assets	<u>134,216</u>
	<u>192,784</u>

Approved by the Board

_____ Director

_____ Director

Central Ontario Standardbred Association

Notes to the financial statements

June 30, 2010

1. Description of the Association

Central Ontario Standardbred Association (the "Association") is a not-for-profit Association that was incorporated without share capital on June 30, 2009 under the laws of Ontario. The Association represents the interests of horsepeople racing at Mohawk and Woodbine race tracks.

The Association is exempt from income taxes under Section 149 (1)(e) of the Income Tax Act of Canada.

2. Accounting policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The significant accounting policies are as follows:

Cash and cash equivalents

Cash and cash equivalents consists of cash on hand and balances in the bank.

Capital assets and intangibles

Capital assets and intangibles are recorded at cost. Amortization is based on their estimated useful life using the following methods and rates:

Office equipment	Diminishing balance	20%
Computer equipment	Diminishing balance	20%
Software	Diminishing balance	50%
Courtesy vehicle	Straight line	5 years
Leasehold improvements	Straight line	5 years
Leased equipment	Straight line	5 years

Amortization on capital asset additions and disposals is prorated for the period owned.

Financial instruments

The Association has classified its financial instruments as follows:

- Cash and cash equivalents as "held-for-trading". Held-for-trading items are carried at fair value with changes in their fair value recognized in the statement of operations and net assets in the current period.
- Term deposits as "held-for-trading". Held-for-trading items are carried at fair value with changes in their fair value recognized in the statement of operations and net assets in the current period.
- Accounts receivable as "loans and receivables". Loans and receivables are carried at amortized cost, using the effective interest method.
- All financial liabilities as "other liabilities". Other liabilities are carried at amortized cost, using the effective interest method.

The Association has chosen to apply the requirements of Section 3861, Financial Instruments – Presentation and Disclosure in place of application of Sections 3862, Financial Instruments – Disclosure and 3863, Financial Instruments – Presentation.

Revenue recognition

Aggregate purse distributions are recognized as revenues in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Central Ontario Standardbred Association

Notes to the financial statements

June 30, 2010

2. Accounting policies (continued)

Future accounting change

New accounting framework

Presently there is an exposure draft for Financial Reporting by Private Not-for-Profit Organizations. The Accounting Standards Board proposes to give private not-for-profit organizations the choice of adopting International Financial Reporting Standards or to follow the new standards applicable to not-for-profit organizations which include the 4400 series of the Canadian Institute of Chartered Accountants Handbook. The proposed changes will apply to fiscal years beginning on or after January 1, 2012. The Association currently plans to adopt the new accounting standards for not-for-profit organizations for its fiscal year beginning on July 1, 2012 however the impact of this transition has not yet been determined.

3. Capital assets and intangibles

	2010		
	Cost	Accumulated amortization	Total
	\$	\$	\$
Office equipment	26,778	4,909	21,869
Computer equipment	15,225	2,538	12,687
Software	4,841	2,017	2,824
Courtesy vehicle	6,843	912	5,931
Leasehold improvements	8,400	1,260	7,140
Leased equipment	24,429	4,599	19,830
	<u>86,516</u>	<u>16,235</u>	<u>70,281</u>

4. Obligation under capital lease

	2010
	\$
Photocopier lease contract in the amount of \$24,429, repayable in quarterly instalments of \$1,254 bearing interest at 2.959%, maturing June 1, 2014.	20,765
	<u>20,765</u>
Current portion	4,886
	<u>15,879</u>

Future minimum lease payments under the capital leases in each of the next five years are as follows:

	\$
2011	4,886
2012	4,886
2013	4,886
2014	4,886
2015	1,221

Central Ontario Standardbred Association

Notes to the financial statements

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5. Financial instruments

The Association, through its financial assets and liabilities, has exposure to the following risks from its use of financial instruments: credit risk, interest rate risk, and liquidity risk. The following analysis provides a measurement risk as at June 30, 2010.

Liquidity risk

The Association's objective is to have sufficient liquidity to meet its liabilities when due. The Association monitors its cash balances and cash flows to meet its requirements.

Fair value

The fair value of cash, term deposit, accounts receivable, accounts payable and accrued liabilities and obligation under capital lease approximates their carrying value due to their short term maturity.

6. Capital management

The Association considers its net assets as its capital. The Association has an accumulated fund balance from inception to June 30, 2010 in its net assets of \$141,754 which is presented on the Statement of financial position.

The Association manages its capital to provide the appropriate level of services to its stakeholders and is in compliance with terms and conditions of contractual agreements. The Association achieves this through preparing and monitoring its annual budgets to maintain a satisfactory level of capital.

7. Statement of cash flows

A statement of cash flow has not been prepared as it would not provide any additional useful meaningful information. The cash flows from operating, investing and financing activities are readily apparent from the financial statements.