

Financial statements of

**Central Ontario Standardbred
Association**

June 30, 2011

Central Ontario Standardbred Association

June 30, 2011

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Independent Auditor's Report

To the Directors of
Central Ontario Standardbred Association

We have audited the accompanying financial statements of Central Ontario Standardbred Association (the "Association"), which comprise the statement of financial position as at June 30, 2011, and the statement of operations and net assets 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 generally accepted accounting principles, 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.

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 judgment, including the assessment of the 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Association as at June 30, 2011 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
September 22, 2011

Central Ontario Standardbred Association

Statement of operations and net assets year ended June 30, 2011

	2011	2010
	\$	\$
Revenue	868,338	806,023
Expenses		
Groom and member assistance	357,031	214,535
Salaries and benefits	160,279	168,375
General office administration	74,015	78,531
Insurance	52,895	33,915
Marketing	42,411	29,455
Contributions to industry groups	41,086	41,467
Association dues	39,288	17,753
Amortization	18,757	16,236
Board of directors	14,617	6,494
Professional services	14,572	55,497
Membership	4,509	9,450
Interest on obligation under capital lease	99	99
	819,559	671,807
Excess of revenue over expenses	48,779	134,216
Net assets, beginning of the year	134,216	-
Net assets, end of year	182,995	134,216

Central Ontario Standardbred Association

Statement of financial position
as at June 30, 2011

	2011	2010
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	51,244	22,131
Term deposit	5,251	5,000
Accounts receivable	91,468	79,404
Prepaid expenses	20,025	15,968
	167,988	122,503
Capital assets and intangibles (Note 3)		
	51,523	70,281
	219,511	192,784
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	20,637	37,803
Current portion of obligation under capital lease (Note 4)	4,886	4,886
	25,523	42,689
Obligation under capital lease (Note 4)		
	10,993	15,879
	36,516	58,568
Net assets		
	182,995	134,216
	219,511	192,784

Approved by the Board

 Director

 Director

Central Ontario Standardbred Association

Notes to the financial statements

June 30, 2011

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 in the period the asset is acquired.

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.

Central Ontario Standardbred Association

Notes to the financial statements

June 30, 2011

2. Accounting policies (continued)

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.

Future accounting change

New accounting framework

The Canadian Institute of Chartered Accountants has issued a new accounting framework applicable to not-for-profit organizations. Effective for fiscal years beginning on or after January 1, 2012, not-for-profit organizations will have to choose between International Financial Reporting Standards and Accounting Standards for not-for-profit organizations, whichever suits them best. Early adoption of these standards is permitted. 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

			2011	2010
	Cost	Accumulated amortization	Total	Total
	\$	\$	\$	\$
Office equipment	26,778	10,265	16,513	21,869
Computer equipment	15,225	5,584	9,641	12,687
Software	4,841	4,438	403	2,824
Courtesy vehicle	6,843	2,281	4,562	5,931
Leasehold improvements	8,400	2,940	5,460	7,140
Leased equipment	24,429	9,485	14,944	19,830
	86,516	34,993	51,523	70,281

4. Obligation under capital lease

	2011	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.	15,879	20,765
Less: current portion	4,886	4,886
	10,993	15,879

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

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

Central Ontario Standardbred Association

Notes to the financial statements

June 30, 2011

5. Financial instruments

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 and cash equivalents, term deposit, accounts receivable, accounts payable and accrued liabilities approximates their carrying value due to their short term maturity.

The fair value of the obligation under capital lease is determined using the present value of expected future cash flows under the lease obligation financing agreements and approximates its carrying value.

6. Capital management

The Association considers its net assets as its capital. The Association has accumulated net assets from inception to June 30, 2011 of \$182,995 (2010 - \$134,216) 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.

8. Benevolent fund

The Organization has jointly established a benevolent fund with Woodbine Entertainment Group (WEG). WEG contributes \$200 per race day to the fund. The fund has been established to assist horsemen in need. The Organization and WEG have formed a committee that approves each individual case to determine if they are eligible to receive assistance. WEG holds the assets and maintains the financial records of the fund. This fund has not been recorded in these financial statements.