

Financial statements of

**Central Ontario
Standardbred Association**

June 30, 2014

Central Ontario Standardbred Association

June 30, 2014

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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, 2014, and the statement of operations and net assets and of cash flows 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 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.

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, 2014, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

A handwritten signature in black ink that reads "Deloitte LLP". The signature is written in a cursive, flowing style.

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
October 28, 2014

Central Ontario Standardbred Association

Statement of operations and net assets year ended June 30, 2014

	2014	2013
	\$	\$
Revenue	566,746	839,837
Expenses		
Groom and member assistance	174,217	265,128
Salaries and benefits	161,279	213,571
General office administration	82,622	91,740
Insurance	34,741	44,795
Contributions to industry groups	29,592	32,126
Professional services	10,000	31,619
Amortization	9,973	16,335
Marketing	3,824	32,793
Membership	120	5,209
Interest on obligation under capital lease	130	130
Association dues	-	20,323
	506,498	753,769
Excess of revenue over expenses	60,248	86,068
Net assets, beginning of the year	237,213	151,145
Net assets, end of year	297,461	237,213

The accompanying notes to the financial statements are an integral part of these financial statements.

Central Ontario Standardbred Association

Statement of financial position as at June 30, 2014

	2014	2013
	\$	\$
Assets		
Current assets		
Cash	209,342	107,311
Term deposit	-	5,582
Accounts receivable	82,262	120,977
Prepaid expenses	11,800	8,217
	303,404	242,087
Capital assets (Note 3)	9,318	18,450
	312,722	260,537
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	14,424	14,228
Government remittances payable	837	4,210
Current portion of obligation under capital lease (Note 4)	-	4,886
	15,261	23,324
Net assets	297,461	237,213
	312,722	260,537

Approved by the Board

Bill O'Connell Director

Steve Drew Director

The accompanying notes to the financial statements are an integral part of these financial statements.

Central Ontario Standardbred Association

Statement of cash flows year ended June 30, 2014

	2014	2013
	\$	\$
Operating activities		
Excess of revenue over expenses	60,248	86,068
Item not affecting cash		
Amortization	9,973	16,335
Change in non-cash operating working capital items:		
Term deposit	5,582	(127)
Accounts receivable	38,715	(30,316)
Prepaid expenses	(3,583)	7,084
Accounts payable and accrued liabilities	196	786
Government remittances payable	(3,373)	16
	107,758	79,846
Investing activity		
Purchase of capital asset	(841)	-
Financing activity		
Repayment of obligation under capital lease	(4,886)	(4,886)
Net change in cash	102,031	74,960
Cash, beginning of year	107,311	32,351
Cash, end of year	209,342	107,311

The accompanying notes to the financial statements are an integral part of these financial statements.

Central Ontario Standardbred Association

Notes to the financial statements

June 30, 2014

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. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are as follows:

Cash

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

Capital assets

Capital assets 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%
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

Financial instruments are initially recognized at fair value when the Association becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost.

Transaction costs related to financial instruments measured subsequent to initial recognition at fair value are expensed as incurred. Transaction costs related to other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the effective interest method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the effective interest method and recognized in the statement of operations and net assets as interest income or expense.

With respect to financial assets measured at cost or amortized cost, the Association recognizes in operations an impairment loss, if any, when there are indicators of impairment and it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to operations in the period the reversal occurs.

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, 2014

2. Significant accounting policies (continued)

Use of estimates

The preparation of financial statements in conformity 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 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. Significant areas requiring management estimates include amortization of capital assets and the calculation of accrued liabilities.

3. Capital assets

	2014		2013	
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Office equipment	26,778	22,137	4,641	5,802
Computer equipment	16,066	12,552	3,514	3,551
Courtesy vehicle	6,843	6,386	457	1,825
Leasehold improvements	8,400	7,980	420	2,100
Leased equipment	24,429	24,143	286	5,172
	82,516	73,198	9,318	18,450

4. Obligation under capital lease

	2014	2013
	\$	\$
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.	-	4,886
Less: current portion	-	4,886
	-	-

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.

7. Benevolent fund

The Association 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 horsepeople in need. The Association and WEG have formed a committee that approves each individual case to determine if they are eligible to receive assistance. The Association holds the assets and maintains the financial records of the fund. This fund has not been recorded in these financial statements.