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.

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

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

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

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

Approved by the Board

[Signatures]

Director

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

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excess of revenue over expenses</td>
<td>60,248</td>
<td>86,068</td>
</tr>
<tr>
<td>Item not affecting cash</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization</td>
<td>9,973</td>
<td>16,335</td>
</tr>
<tr>
<td>Change in non-cash operating working capital items:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Term deposit</td>
<td>5,582</td>
<td>(127)</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>38,715</td>
<td>(30,316)</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>(3,583)</td>
<td>7,084</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>196</td>
<td>786</td>
</tr>
<tr>
<td>Government remittances payable</td>
<td>(3,373)</td>
<td>16</td>
</tr>
<tr>
<td></td>
<td>107,758</td>
<td>79,846</td>
</tr>
</tbody>
</table>

| **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:

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Method</th>
<th>Life (Years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office equipment</td>
<td>Diminishing balance</td>
<td>20%</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>Diminishing balance</td>
<td>20%</td>
</tr>
<tr>
<td>Courtesy vehicle</td>
<td>Straight line</td>
<td>5 years</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>Straight line</td>
<td>5 years</td>
</tr>
<tr>
<td>Leased equipment</td>
<td>Straight line</td>
<td>5 years</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost</td>
<td>Accumulated amortization</td>
</tr>
<tr>
<td>Office equipment</td>
<td>$26,778</td>
<td>$22,137</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>$16,066</td>
<td>$12,552</td>
</tr>
<tr>
<td>Courtesy vehicle</td>
<td>$6,843</td>
<td>$6,386</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>$8,400</td>
<td>$7,980</td>
</tr>
<tr>
<td>Leased equipment</td>
<td>$24,429</td>
<td>$24,143</td>
</tr>
<tr>
<td></td>
<td>$82,516</td>
<td>$73,198</td>
</tr>
</tbody>
</table>

4. Obligation under capital lease

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

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.

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.

6. 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 horpsepeople 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.