

Financial Statements of

**CENTRAL ONTARIO
STANDARD BRED
ASSOCIATION**

Year ended June 30, 2016



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INDEPENDENT AUDITORS' REPORT

To the Directors of Central Ontario Standardbred Association

We have audited the accompanying financial statements of Central Ontario Standardbred Association, which comprise the statement of financial position as at June 30, 2016, the statements of operations and net assets and cash flows for the year then ended, and notes, comprising 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.

Auditors' 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 our 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, we consider 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 Central Ontario Standardbred Association as at June 30, 2016, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other matters

The previous year's financial statements were audited by another firm of chartered professional accountants, who issued their unmodified audit report dated October 28, 2015.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

November 29, 2016

Hamilton, Canada

CENTRAL ONTARIO STANDARD BRED ASSOCIATION

Statement of Financial Position

June 30, 2016, with comparative information for 2015

	2016	2015
Assets		
Current assets:		
Cash	\$ 265,011	\$ 355,724
Accounts receivable (note 2)	85,627	-
Prepaid expenses	12,651	13,413
	<u>363,289</u>	<u>369,137</u>
Capital assets (note 3)	11,444	14,306
	<u>\$ 374,733</u>	<u>\$ 383,443</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 13,187	\$ 18,225
Net assets	361,546	365,218
	<u>\$ 374,733</u>	<u>\$ 383,443</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

CENTRAL ONTARIO STANDARD BRED ASSOCIATION

Statement of Operations and Net Assets

Year ended June 30, 2016, with comparative information for 2015

	2016	2015
Revenue	\$ 635,313	\$ 635,200
Expenses:		
Groom and member assistance	213,143	191,537
Salaries and benefits	161,499	164,990
General office administration	68,854	78,057
Insurance	58,808	54,562
Contributions to industry groups	58,054	18,632
Marketing	30,103	14,169
Association dues	28,250	28,250
Professional fees	14,725	11,300
Amortization	2,862	4,318
Membership	2,687	1,628
	<u>638,985</u>	<u>567,443</u>
(Deficiency) excess of revenues over expenses	(3,672)	67,757
Net assets, beginning of year	365,218	297,461
Net assets, end of year	<u>\$ 361,546</u>	<u>\$ 365,218</u>

See accompanying notes to financial statements.

CENTRAL ONTARIO STANDARD BRED ASSOCIATION

Statement of Cash Flows

Year ended June 30, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operations:		
(Deficiency) excess of revenues over expenses	\$ (3,672)	\$ 67,757
Items not involving cash:		
Amortization	2,862	4,318
Gain on disposal of capital assets	-	(180)
Changes in non-cash operating working capital:		
Accounts receivable	(85,627)	82,262
Prepaid expenses	762	(1,613)
Accounts payable and accrued liabilities	(5,038)	2,964
	(90,713)	155,508
Investing activities:		
Proceeds on sale of capital assets	-	600
Purchase of capital assets	-	(9,726)
	-	(9,126)
(Decrease) increase in cash	(90,713)	146,382
Cash, beginning of year	355,724	209,342
Cash, end of year	\$ 265,011	\$ 355,724

See accompanying notes to financial statements.

CENTRAL ONTARIO STANDARD BRED ASSOCIATION

Notes to Financial Statements

Year ended June 30, 2016

Nature of operations:

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.

1. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook. Significant accounting policies adopted by the Association are as follows:

(a) Cash:

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

(b) Capital assets:

Capital assets are stated at cost, less accumulated amortization. Amortization is provided using the following methods and annual rates:

Asset	Basis	Years
Office equipment	Declining balance	20%
Computer equipment	Declining balance	20%
Courtesy vehicle	Straight-line	5 years
Leasehold improvements	Straight-line	5 years
Leased equipment	Straight-line	5 years

The carrying amount of capital assets are tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the asset's carrying amount is not recoverable and exceeds its fair value.

(c) 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 STANDARD BRED ASSOCIATION

Notes to Financial Statements (continued)

Year ended June 30, 2016

1. Significant accounting policies (continued):

(d) Financial instruments:

Financial instruments are recorded at fair value on initial recognition 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 incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the effective interest rate method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Association determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(e) Use of estimates:

The preparation of the 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amounts of capital assets and provision for impairment of accounts receivable. Actual results could differ from those estimates.

2. Accounts receivable:

	2016	2015
Accounts receivable	\$ 85,627	\$ -
Less allowance for doubtful accounts	-	-
	\$ 85,627	\$ -

CENTRAL ONTARIO STANDARD BRED ASSOCIATION

Notes to Financial Statements (continued)

Year ended June 30, 2016

3. Capital assets:

	2016		
	Cost	Accumulated amortization	Net book value
Office equipment	\$ 25,344	\$ 22,373	\$ 2,971
Computer equipment	13,370	4,897	8,473
Courtesy vehicle	6,843	6,843	-
	<u>\$ 45,557</u>	<u>\$ 34,113</u>	<u>\$ 11,444</u>

	2015		
	Cost	Accumulated amortization	Net book value
Office equipment	\$ 25,344	\$ 21,630	\$ 3,714
Computer equipment	13,370	2,778	10,592
Courtesy vehicle	6,843	6,843	-
	<u>\$ 45,557</u>	<u>\$ 31,251</u>	<u>\$ 14,306</u>

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities as at June 30, 2016 are government remittances payable of \$5,562 (2015 - \$6,327) relating to payroll taxes, health taxes and workers' safety insurance.

5. Commitments:

The Association is committed to future payments for premises as follows:

2017	\$ 24,295
2018	24,295
2019	24,295

CENTRAL ONTARIO STANDARD BRED ASSOCIATION

Notes to Financial Statements (continued)

Year ended June 30, 2016

6. Financial instruments:

(a) Liquidity risk:

Liquidity risk is the risk that the Association will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Association manages its liquidity by monitoring its cash balances and cash flows. The Association prepares budget and cash flow forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposure from 2015.

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. The Organization distributed funds in the amount of \$47,720 during 2016 (\$42,000 – 2015) to eligible horsepeople who made application to the benevolent fund.

8. Comparative information:

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes had no impact on previously reported excess of revenues over expenses.