

Financial Statements of the Operating Fund of the

**CENTRAL ONTARIO  
STANDBRED  
ASSOCIATION**

And Independent Auditors' Report thereon

Year ended June 30, 2020



KPMG LLP  
Commerce Place  
21 King Street West, Suite 700  
Hamilton Ontario L8P 4W7  
Canada  
Telephone (905) 523-8200  
Fax (905) 523-2222

## INDEPENDENT AUDITORS' REPORT

To the Directors of Central Ontario Standardbred Association

### *Opinion*

We have audited the separate financial statements of the Operating Fund of the Central Ontario Standardbred Association, which comprise:

- the separate statement of financial position as at June 30, 2020
- the separate statements of operations and net assets for the year then ended
- the separate statement of cash flows for the year then ended
- and notes to the separate financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the separate financial position of the Operating Fund of the Central Ontario Standardbred Association as at June 30, 2020, and its separate results of operations and its separate cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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***Emphasis of Matter – Basis of Preparation***

We draw attention to Note 1 to the financial statements which describes the basis of preparation used in these financial statements and the purpose of the financial statements.

Our opinion is not modified in respect of this matter.

***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

***Auditors' Responsibility for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.





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We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*KPMG LLP*

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada  
November 17, 2020

# CENTRAL ONTARIO STANDARD BRED ASSOCIATION

Statement of Financial Position

June 30, 2020, with comparative information for 2019

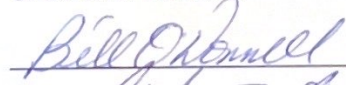
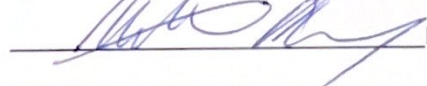
	2020	2019
<b>Assets</b>		
Current assets:		
Cash	\$ 318,583	\$ 209,104
Investments (note 2)	142,771	40,614
Accounts receivable (note 3)	122,099	139,200
Prepaid expenses	14,126	11,514
	597,579	400,432
Capital assets (note 4)	24,608	7,692
	\$ 622,187	\$ 408,124

## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 25,008	\$ 20,269
Net assets	597,179	387,855
Commitments (note 6)		
	\$ 622,187	\$ 408,124

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, 2020, with comparative information for 2019

	2020	2019
Revenues:		
WEG and Alliance revenue	\$ 868,184	\$ 744,958
Interest	4,902	1,118
	873,086	746,076
Expenses:		
Groom and member assistance	254,778	232,173
Salaries and benefits	211,783	177,466
General office administration	82,424	77,279
Insurance	64,944	60,618
Marketing and contributions to industry groups	28,843	23,274
Professional fees	10,568	10,975
Membership	7,178	3,062
Amortization	3,244	1,995
	663,762	586,842
Excess of revenues over expenses	209,324	159,234
Net assets, beginning of year	387,855	228,621
Net assets, end of year	\$ 597,179	\$ 387,855

See accompanying notes to financial statements.

# CENTRAL ONTARIO STANDARD BRED ASSOCIATION

## Statement of Cash Flows

Year ended June 30, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Excess of revenues over expenses	\$ 209,324	\$ 159,234
Items not involving cash:		
Amortization	3,244	1,995
Loss on disposal of capital asset	2,732	-
Changes in non-cash operating working capital:		
Accounts receivable	17,101	(59,305)
Prepaid expenses	(2,612)	931
Accounts payable and accrued liabilities	4,739	333
	234,528	103,188
Investing activities:		
Purchase of investments	(102,157)	(523)
Purchase of capital assets	(22,892)	(940)
	234,528	103,188
Increase in cash	109,479	101,724
Cash, beginning of year	209,104	107,380
Cash, end of year	\$ 318,583	\$ 209,104

See accompanying notes to financial statements.



# CENTRAL ONTARIO STANDARDBRED ASSOCIATION

Notes to Financial Statements

Year ended June 30, 2020

## 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, Woodbine and Alliance 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 only present the assets, liabilities, results and cash flows of the Operating Fund of the Association. These financial statements do not purport to show all of the assets and liabilities of the Association. Therefore, these financial statements of the Operating Fund do not present all of the assets under the management of the Association as further described in Notes 7 and 8.

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	Rate/Years
Office equipment	Declining balance	20%
Computer equipment	Declining balance	20%
Courtesy vehicle	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 STANDARDBRED ASSOCIATION

Notes to Financial Statements (continued)

Year ended June 30, 2020

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## 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 separate financial statements of the operating fund 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.

# CENTRAL ONTARIO STANDARD BRED ASSOCIATION

Notes to Financial Statements (continued)

Year ended June 30, 2020

## 2. Investments:

	2020	2019
Guaranteed investment certificate, annual interest at 2.1%, maturing February 13, 2021	\$ 142,771	\$ 40,614

## 3. Accounts receivable:

	2020	2019
Accounts receivable	\$ 122,099	\$ 139,200
Less allowance for doubtful accounts	-	-
	\$ 122,099	\$ 139,200

## 4. Capital assets:

	Cost	Accumulated amortization	2020 Net book value
Office equipment	\$ 28,619	\$ 21,752	\$ 6,867
Computer equipment	19,112	1,371	17,741
Courtesy vehicle	6,843	6,843	-
	\$ 54,574	\$ 29,966	\$ 24,608

	Cost	Accumulated amortization	2019 Net book value
Office equipment	\$ 25,344	\$ 23,823	\$ 1,521
Computer equipment	12,208	6,037	6,171
Courtesy vehicle	6,843	6,843	-
	\$ 44,395	\$ 36,703	\$ 7,692



# CENTRAL ONTARIO STANDARDBRED ASSOCIATION

Notes to Financial Statements (continued)

Year ended June 30, 2020

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## 5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities as at June 30, 2020 are government remittances payable of \$1,097 (2019 - \$1,565) relating to payroll taxes, health taxes and workers' safety insurance.

## 6. Commitments:

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

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2021	\$	1
2022		1
2023		1
2024		1

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## 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 has 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 Association distributed funds in the amount of \$37,792 during 2020 (2019 - \$54,727) to eligible horsepeople who made application to the benevolent fund.

## 8. Standardbred Revenue Allocation (SRA) marketing fund:

On April 12, 2019, the Association received SRA marketing funds from WEG. The funds are to be used for industry marketing programs and to promote standardbred racing in the province. The Association holds and separately maintains the SRA funds from the operating fund and therefore are not presented in these financial statements.

# CENTRAL ONTARIO STANDARD BRED ASSOCIATION

Notes to Financial Statements (continued)

Year ended June 30, 2020

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## 9. 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 2019.

### (b) Credit risk:

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association is not exposed to significant credit risk. There has been no change to the risk exposure from 2019.

## 10. Impact of Coronavirus COVID-19 Pandemic:

In March 2020, the World Health Organization declared the Coronavirus COVID-19 (COVID-19) outbreak a pandemic. This has resulted in significant financial, market and societal impacts in Canada and around the world. The ability of the Association to meet cash flow requirements in the short term has been impacted by several factors including changes in operations. The Association is continuously monitoring cash flow in order to maintain its liquidity moving forward. The ultimate duration and magnitude of the COVID-19 pandemic's impact on the Association's operations and financial position is not known at this time. These impacts could include a decline in future cash flows, changes to the value of assets and liabilities, and the use of accumulated net assets to sustain operations. An estimate of the financial effect of the pandemic on the Association is not practicable at this time.