

**MASTERS SWIMMING ONTARIO**

**FINANCIAL STATEMENTS**

**AUGUST 31, 2009**

**(Unaudited)**

# **MASTERS SWIMMING ONTARIO**

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**AUGUST 31, 2009**

**(Unaudited)**

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## Schwartz Levitsky Feldman llp

CHARTERED ACCOUNTANTS  
LICENSED PUBLIC ACCOUNTANTS  
TORONTO • MONTREAL

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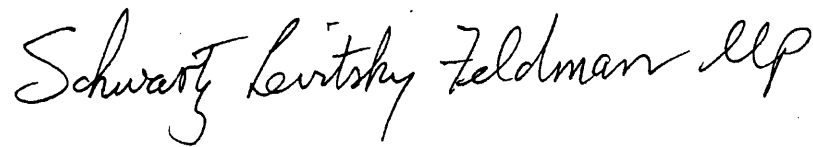
### REVIEW ENGAGEMENT REPORT

To the Members of  
Masters Swimming Ontario

We have reviewed the statement of financial position of Masters Swimming Ontario as at August 31, 2009 and the statements of operations and net assets and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the organization.

A review does not constitute an audit and, consequently, we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian generally accepted accounting principles.



Toronto, Ontario  
July 28, 2010

Chartered Accountants  
Licensed Public Accountants

**MASTERS SWIMMING ONTARIO**  
**Statement of Financial Position**  
**As at August 31, 2009**  
**(Unaudited)**



	2009	2008
	\$	\$
<b>ASSETS</b>		
CURRENT ASSETS		
Cash	107,128	70,095
Inventory (note 3)	1,736	1,687
Prepaid expenses	265	265
	<u>109,129</u>	<u>72,047</u>
PROPERTY AND EQUIPMENT (note 4)	359	598
	<u>109,488</u>	<u>72,645</u>
<b>LIABILITIES</b>		
CURRENT LIABILITIES		
Accounts payable	4,000	4,000
<b>NET ASSETS</b>		
UNRESTRICTED FUND	<u>105,488</u>	<u>68,645</u>
	<u>109,488</u>	<u>72,645</u>

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

APPROVED ON BEHALF OF THE BOARD

\_\_\_\_\_ Director

\_\_\_\_\_ Director

**MASTERS SWIMMING ONTARIO**  
**Statement of Operations and Net Assets**  
**For the year ended August 31, 2009**  
**(Unaudited)**



	2009	2008
	\$	\$
REVENUE		
Club registration fees	4,590	5,000
Club swimmers fees	118,265	81,835
Unattached swimmers fees	2,500	1,835
Interest income	1,049	1,808
Income from sale of medals and ribbons	4,282	4,606
	<u>130,686</u>	<u>95,084</u>
EXPENSES		
Affiliation fees	55,051	37,426
Membership services	11,475	11,019
Communications	2,210	1,728
Cost of sales of medals and ribbons	4,149	4,617
Awards	232	-
Travel expenses	5,080	7,208
Administration	11,312	12,744
Professional fees	4,095	4,987
Loss on disposal of property and equipment	-	826
Inventory writedown	-	835
Amortization	239	120
	<u>93,843</u>	<u>81,510</u>
EXCESS OF REVENUE OVER EXPENSES	36,843	13,574
Net assets, beginning of year	<u>68,645</u>	<u>55,071</u>
NET ASSETS, END OF YEAR	<u><u>105,488</u></u>	<u><u>68,645</u></u>

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

**MASTERS SWIMMING ONTARIO**  
**Statement of Cash Flows**  
**For the year ended August 31, 2009**  
**(Unaudited)**

	2009	2008
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	36,843	13,574
Adjustment for:		
Amortization	239	120
Loss on disposal of property and equipment	-	826
Inventory writedown	-	835
Change in non-cash items		
Inventory	(49)	242
Accounts payable	-	(7,780)
	<u>37,033</u>	<u>7,817</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment (note 5)	-	(718)
	<u>37,033</u>	<u>7,099</u>
<b>NET INCREASE IN CASH</b>		
Cash, beginning of year	70,095	62,996
	<u>107,128</u>	<u>70,095</u>
<b>CASH, END OF YEAR</b>		

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

# MASTERS SWIMMING ONTARIO

## Notes to Financial Statements

August 31, 2009

(Unaudited)

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### 1. NATURE OF THE ORGANIZATION

Masters Swimming Ontario was incorporated as a not-for-profit corporation under the Ontario Corporation Act on January 11, 1989. The mission of the organization is to promote life-long fitness through the sport of swimming.

The organization is a member of Masters Swimming Canada and an affiliate member of Swim Ontario.

The corporation qualifies as a tax-exempt non-profit organization and is not liable for income taxes.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a) Revenue Recognition

Revenue from fees is recognized when the monies are received. Revenue from sale of medals and ribbons is recognized when title passes to the purchaser and collection is reasonably assured. Interest income is recognized when earned.

#### b) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined on the weighted average basis.

#### c) Property and Equipment

Property and equipment purchased are recorded at cost. Contributed property and equipment are recorded at fair value at the date of contribution. Amortization is provided on the straight-line basis over their estimated useful lives:

Computer equipment	3 years
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Computer software costs are expensed as incurred.

Amortization of property and equipment acquired during the year is recorded at one-half of the indicated rate.

#### d) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically and as adjustments become necessary, they are reported in operations in the period in which they become known. Significant estimates include, but are not limited to provisions for inventory obsolescence, the useful lives and recoverability of long-lived assets, amortization and accruals. During the 2008 year end management had changed its estimate of the useful life of computer equipment from 5 years to 3 years to reflect a more realistic basis of the use of the asset.

# MASTERS SWIMMING ONTARIO

## Notes to Financial Statements

August 31, 2009

(Unaudited)



### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### e) Impairment of Long-Lived Assets

Long-lived assets are regularly reviewed for impairment as well as whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Impairment is assessed by comparing the carrying amount of an asset with its expected future net undiscounted cash flows from use together with its residual value (net recoverable value). If such assets are considered impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds its net recoverable value. Any impairment results in a write-down of the asset and a charge to operations during the year.

#### f) Inventories

Effective September 1, 2008, the organization adopted the new recommendations of the CICA Handbook Section 3031, Inventories, replaces Section 3030 and establishes new standards for the measurement and disclosure of inventories. The main features of the new Section are as follows:

- Measurement of inventories at the lower of cost and net realizable value
- Consistent use of either first-in, first-out or a weighted average cost formula to measure cost
- Reversal of previous write-downs to net realizable value when there is a subsequent increase to the value of inventories.

The adoption of this standard has no effect on the financial statements.

#### g) Financial Instruments

The organization has chosen to apply CICA 3861, financial Instruments – Disclosure and Presentation, in place of CICA 3862, Financial Instruments – disclosures, and CICA 3863, Financial Instruments – Presentation.

#### h) Financial instruments – Recognition and Measurement

CICA Section 3855 requires disclosure of standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. Upon adoption, all existing and new financial assets and financial liabilities of an enterprise must be classified as either held for trading, held to maturity, or available for sale with each classification having different accounting treatment after the initial recognition of the asset or liability. All financial assets and financial liabilities must be measured at fair value upon initial recognition.

After initial recognition, the financial assets are measured according to the following guidelines. Financial assets that are classified as available for sale or held for trading must be measured at fair value. Any gain or loss on a financial asset that is available for sale is recorded directly in the fund balance. Financial assets that are classified as held to maturity are measured at amortized cost using the effective interest method.

# MASTERS SWIMMING ONTARIO

## Notes to Financial Statements

August 31, 2009

(Unaudited)



### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### h) Financial instruments – Recognition and Measurement (cont'd)

After initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method.

The organization has elected to apply the following classifications to each of its significant categories of financial instruments:

<u>Asset/Liability</u>	<u>Category</u>	<u>Measurement</u>
Cash	Held for trading	Fair value
Accounts payable	Other liabilities	Amortized cost

#### i) Capital Disclosures

CICA Handbook Section 1535, Capital Disclosures, requires disclosure of the entity has complied with any capital requirements and, if it has not complied, the consequences of such noncompliance. The organization does not have any externally imposed capital restrictions.

#### j) Recent Accounting Pronouncements

##### i) Financial Statement Presentation for Not-For-Profit Organizations

During the year the organization applied the updated standards of the Canadian Institute of Chartered Accountants contained in Sections 4400 and 4470 of the CICA Handbook. The amendments include the following:

- each component of revenue, expenses, gain and loss that is required by primary sources of GAAP (Section 1000) be separately identified in the statements of financial position and changes in net assets.
- The disclosure of restrictions whether under the deferral or restricted fund method.
- The presentation of revenues and expenses at gross amounts where the organization acts as a principal in transactions.
- Presentation of a statement of cash flows in accordance with Section 1540, Cash Flow Statements.
- That when allocations of fundraising and general support expenses have been made to other functions, the inclusion in the accounting policy notes an explanation of the policies adopted for the allocation of expenses among functions, the nature of the expenses being allocated and the basis on which such allocations have been made. In addition, the amounts allocated from each of these two functions, and the amounts and the functions to which they have been allocated, should be disclosed.
- Elimination of the requirement to show net assets invested in property and equipment as a separate component of net assets.

The application of these standards did not have any significant effect on the organization's financial statements.

# MASTERS SWIMMING ONTARIO

## Notes to Financial Statements

August 31, 2009

(Unaudited)

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### j) Recent Accounting Pronouncements (cont'd)

##### ii) Financial Statement Concepts

In February 2008, the AcSB amended CICA 1000. Financial Statement Concepts, to clarify that assets not meeting the definition of an asset or the recognition criteria are not permitted to be recognized on the balance sheet.

The amendment are effective for financial statements for fiscal years beginning on or after October 1, 2008, which for the Organization is, September 1, 2009. The application of the standard is not expected to have any significant effect on the organization's financial statements.

##### iii) Future Reporting Standards

In March 2010, the AcSB issued Exposure Draft: Accounting Standards for Not-for-Profit Organizations. The Accounting Standards Board (AcSB) proposes, subject to comments received following exposure, to issue Part III of the CICA Handbook – Accounting (Handbook) as accounting standards for not-for-profit organizations in the private sector. Initially Part III will comprise:

- The existing standards dealing with the unique circumstances of not-for-profit organizations, currently in the 4400 series of standards in Part V of the Handbook.
- The additional standards and amendments proposed in this Exposure Draft; and
- The new accounting standards for private enterprises in Part II of the Handbook, to the extent that they would apply to not-for-profit organizations.

The AcSB previously decided to permit non-for-profit organizations to apply International Financial Reporting Standards (IFRSs), which are in Part I of the Handbook. Organizations reporting in accordance with either Part I or Part III of the Handbook would indicate in the accounting policy note to their financial statements which of the sets of standards they have applied. Those organizations reporting in accordance with the proposed Part III would describe their financial statements as being in accordance with Canadian accounting standards for not-for-profit organizations.

The new standards will be effective for fiscal years beginning on or after January 1, 2012. Early adoption will be permitted.

The organization has not yet determined the impact of the adoption of these changes on its financial statements.

# MASTERS SWIMMING ONTARIO

## Notes to Financial Statements

August 31, 2009

(Unaudited)

### 3. INVENTORY

	2009	2008
	\$	\$
Medals and Ribbons	1,736	1,687

Medals and ribbons are sold to a club hosting provincial championships.

### 4. PROPERTY AND EQUIPMENT

	2009		2008	
	Cost	Accumulated Amortization	Net	Net
	\$	\$	\$	\$
Computer equipment	718	359	359	598

Amortization for the year amounted to \$239 (\$120 in 2008).

### 5. NOTE TO STATEMENT OF CASH FLOWS

#### Property and Equipment

During the year, cash payments of \$nil (\$718 in 2008) were made to purchase property and equipment.

### 6. FINANCIAL INSTRUMENTS

#### a) Market Risk

The organization is not exposed to credit, foreign exchange and interest risks.

#### b) Liquidity Risk

Liquidity risk is the risk that the organization will not be able to meet its financial obligations as they become due. The organization ensures there is sufficient capital to meet its financial obligations as they become due by managing its working capital and staying within its budget.

# MASTERS SWIMMING ONTARIO

## Notes to Financial Statements

August 31, 2009

(Unaudited)



### 6. FINANCIAL INSTRUMENTS (cont'd)

#### c) Capital Risk Management

The organization's main sources of capital are cash flows generated from operating activities. These cash flows are used to fund its capital expenditures and working capital needs. The organization manages its capital reserve structure and makes adjustments to its operating activities to ensure that capital reserves are satisfactory to meet the needs of the organization giving consideration to varying economic conditions and the risk characteristics of the underlying assets.

### 7. COMPARATIVE FIGURES

Certain figures in the 2008 financial statements have been reclassified to conform with the basis of presentation used in 2009.