

MASTERS SWIMMING ONTARIO

FINANCIAL STATEMENTS

AUGUST 31, 2008

(Unaudited)

MASTERS SWIMMING ONTARIO

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(Unaudited)

TABLE OF CONTENTS

Review Engagement Report	1
Statement of Financial Position	2
Statement of Operations and Net Assets	3
Statement of Cash Flows	4
Notes to Financial Statements	5 – 10

Schwartz Levitsky Feldman llp

CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS
TORONTO • MONTREAL

SLF

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, 2008 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.

Schwartz Levitsky Feldman llp

Toronto, Ontario
October 14, 2008

Chartered Accountants
Licensed Public Accountants

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MASTERS SWIMMING ONTARIO

Statement of Financial Position

As at August 31, 2008

(Unaudited)



	2008	2007
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash	70,095	62,996
Inventory (note 3)	1,687	2,764
Prepaid expenses	265	265
	<u>72,047</u>	<u>66,025</u>
PROPERTY AND EQUIPMENT (note 4)	598	826
	<u>72,645</u>	<u>66,851</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	4,000	11,780
NET ASSETS		
UNRESTRICTED FUND	<u>68,645</u>	<u>55,071</u>
	<u>72,645</u>	<u>66,851</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, 2008
(Unaudited)

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	2008	2007
	\$	\$
REVENUE		
Club registration fees	5,000	4,225
Club swimmers fees	81,835	74,400
Unattached swimmers fees	1,835	2,075
Interest income	1,808	1,403
Income from sale of medals and ribbons	4,606	3,844
	<u>95,084</u>	<u>85,947</u>
EXPENSES		
Affiliation fees	37,426	35,200
Membership services	11,019	10,988
Communications	1,728	2,027
Competitions	5,617	5,320
Travel expenses	7,208	10,493
Administration	11,744	11,511
Professional fees	4,987	5,252
Loss on disposal of property and equipment	826	-
Inventory writedown	835	-
Amortization	120	517
	<u>81,510</u>	<u>81,308</u>
EXCESS OF REVENUE OVER EXPENSES	13,574	4,639
Net assets, beginning of year	<u>55,071</u>	<u>50,432</u>
NET ASSETS, END OF YEAR	<u>68,645</u>	<u>55,071</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, 2008

(Unaudited)

SLF

	2008	2007
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenue over expenses	13,574	4,639
Adjustment of amortization	120	517
Loss on disposal of property and equipment	826	-
Inventory writedown	835	-
Change in non-cash items		
Inventory	242	(630)
Accounts payable	(7,780)	(3,430)
	<u>7,817</u>	<u>1,096</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	<u>(718)</u>	<u>-</u>
NET INCREASE IN CASH	7,099	1,096
Cash, beginning of year	<u>62,996</u>	<u>61,900</u>
CASH, END OF YEAR	<u><u>70,095</u></u>	<u><u>62,996</u></u>

See note 5 for Supplemental Cash Flow Information.

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

MASTERS SWIMMING ONTARIO

Notes to Financial Statements

August 31, 2008

(Unaudited)

SLF

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 club registrations and membership 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. Management has 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, 2008

(Unaudited)

SLF

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) Recent Accounting Pronouncements

(i) Accounting Changes

Effective January 1, 2007, the organization adopted the new recommendations of the CICA Handbook Section 1506, Accounting Changes. Under these new recommendations, voluntary changes in accounting policy are permitted only when they result in the financial statements providing reliable and/or relevant information.

These recommendations also require changes in accounting policy to be applied retrospectively unless doing so is impracticable, require prior period errors to be corrected retrospectively, require enhanced disclosures about the effect of changes in accounting policies, estimates and errors on the financial statements and require disclosure of new primary sources of GAAP that have been issued but not yet effective. The adoption of Section 1506 has no impact on these financial statements.

ii) Financial Instruments – Recognition and Measurement

Effective September 1, 2007, the organization adopted the recommendations of CICA Handbook Section 3855 Financial Instruments – Recognition and Measurement and Section 3861 – Financial Instruments – Disclosure and Presentation.

Section 3855 establishes 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 a 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.

MASTERS SWIMMING ONTARIO

Notes to Financial Statements

August 31, 2008

(Unaudited)

SLF

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

f) Recent Accounting Pronouncements (cont'd)

ii) Financial Instruments – Recognition and Measurement (cont'd)

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 held for trading is recorded in the statements of operations in the period in which it occurs. 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.

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

(iii) Capital Disclosures

CICA Handbook Section 1535, Capital Disclosures, requires disclosure of an entity's objectives, policies and processes for managing capital, quantitative data about what the entity regards as capital and whether the entity has complied with any capital requirements and, if it has not complied, the consequences of such noncompliance.

This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007, specifically September 1, 2008 for this organization. The organization has not yet determined the impact of the adoption of this change on the disclosure in its financial statements.

(iv) General Standards on Financial Statement Presentation

CICA Handbook Section 1400, General Standards on Financial Statement Presentation, has been amended to include requirements to assess and disclose an entity's ability to continue as a going concern. This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008, specifically September 1, 2008 for this organization. The organization does not expect the adoption of these changes to have an impact on its financial statements.

MASTERS SWIMMING ONTARIO

Notes to Financial Statements

August 31, 2008

(Unaudited)

SLF

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

f) Recent Accounting Pronouncements (cont'd)

(v) Inventories

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.

This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008 specifically September 1, 2008 for this organization. The Organization has not yet determined the impact of the adoption of this change on the disclosure in its financial statements.

vi) Financial Instruments and Financial Disclosure

In October 2006, the AcSB approved disclosure and presentation requirements for financial instruments that revise and enhance the disclosure requirement of Section 3861. These requirements are included in Section 3862, Financial Instruments – Disclosure (Section 3862), which replaces Section 3861, and Section 1535, Capital Disclosures, which establishes standards for disclosing information about an entity's capital and how it is managed.

Section 3862 requires disclosures, by class of financial instruments, which enable users to evaluate the significance of financial instruments for an entity financial position and performance, including disclosures about fair value. In addition, disclosure is required of qualitative and quantitative information about exposures to risks arising from financing instruments, including specific minimum disclosures about credit risk, liquidity risk and each type of market risk to which an entity is exposed, showing how net income (loss) would have been affected by reasonable possible changes in the relevant risk variable. This standard is effective for year end beginning after October 1, 2007, specifically September 1, 2008 for the organization. The organization does not expect that the adoption of this new section will have a significant effect on the organization's financial statements.

MASTERS SWIMMING ONTARIO

Notes to Financial Statements

August 31, 2008

(Unaudited)

SLF

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

f) Recent Accounting Pronouncements (cont'd)

vii) Financial Instruments Presentation

In October 2006, the AcSB approved Section 3863 Financial Instruments – Presentation, which replaces Section 3861. The existing requirements on presentation of financial instruments have been carried forward unchanged to Section 3863. This section is effective for year end beginning after October 1, 2007 specifically September 1, 2008 for the organization. The adoption of this standard will not have a significant effect on the organization's financial statements.

3. INVENTORY

	2008	2007
	\$	\$
Medals and Ribbons	1,687	2,764

Medals and ribbons are sold at provincial championships.

4. PROPERTY AND EQUIPMENT

	2008		2007	
	Cost	Accumulated Amortization	Net	Net
	\$	\$	\$	\$
Computer equipment	718	120	598	826

Amortization for the year amounted to \$120 (\$517 in 2007).

5. NOTE TO STATEMENT OF CASH FLOWS

Property and Equipment

During the year, cash payments of \$718 (\$nil in 2007) were made to purchase property and equipment.

MASTERS SWIMMING ONTARIO

Notes to Financial Statements

August 31, 2008

(Unaudited)

SLF

6. FINANCIAL INSTRUMENTS

- a) The fair value of financial instruments is summarized as follows:

	August 31, 2008		August 31, 2007	
	Carrying amount \$	Fair value \$	Carrying amount \$	Fair value \$
Financial assets				
Held for trading				
Cash	70,095	70,095	62,996	62,996
Financial liabilities				
Other liabilities				
Accounts payable	4,000	4,000	11,780	11,780

- b) Concentration Risk

Concentration risk exists in cash because significant balances are maintained with one financial institution. The risk is mitigated because the financial institution is a prime Canadian bank.

- c) Market Risk

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

- d) 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.