

MASTERS SWIMMING ONTARIO

FINANCIAL STATEMENTS

AUGUST 31, 2004

MASTERS SWIMMING ONTARIO

FINANCIAL STATEMENTS

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TABLE OF CONTENTS

Auditors' Report	1
Balance Sheet	2
Statement of Earnings and Members' Equity	3
Statement of Cash Flows	4
Notes to Financial Statements	5 – 7

SUPPLEMENTARY INFORMATION

Schedule of Expenses	8
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Schwartz Levitsky Feldman llp

CHARTERED ACCOUNTANTS
TORONTO, MONTREAL, OTTAWA

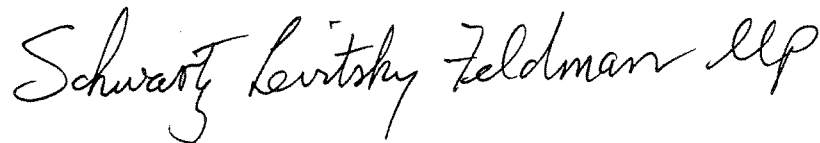
AUDITORS' REPORT

To the Members of
Masters Swimming Ontario

We have audited the balance sheet of Masters Swimming Ontario as at August 31, 2004 and the statements of earnings and members' equity and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at August 31, 2004 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.



Toronto, Ontario
September 16, 2004

Chartered Accountants

MASTERS SWIMMING ONTARIO

Balance Sheet

As at August 31, 2004

	2004	2003
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash	38,987	18,102
Inventory (note 3)	2,260	2,298
Prepaid expenses	169	438
	<u>41,416</u>	<u>20,838</u>
PROPERTY AND EQUIPMENT (note 4)	2,212	3,215
	<u>43,628</u>	<u>24,053</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	7,601	2,223
MEMBERS' EQUITY		
MEMBERS' EQUITY	36,027	21,830
	<u>43,628</u>	<u>24,053</u>

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

APPROVED ON BEHALF OF THE BOARD

_____ Director

MASTERS SWIMMING ONTARIO
Statement of Earnings and Members' Equity
For the year ended August 31, 2004

	2004	2003
	\$	\$
REVENUE		
Club registrations	4,410	4,185
Club swimmers	76,075	58,260
Unattached swimmers	2,400	1,855
Mailing members	165	150
Interest income	760	360
Income from sale of medals and ribbons	105	499
Loss from sale of pins	(6)	(38)
Other	285	200
	<hr/>	<hr/>
	84,194	65,471
	<hr/>	<hr/>
EXPENSES		
Affiliation fees (schedule)	37,460	35,718
Membership services (schedule)	18,161	16,146
Communication (schedule)	2,609	12,656
Competition	164	477
Education	1,767	-
Recognition programs	224	-
Administration (schedule)	9,612	10,314
	<hr/>	<hr/>
	69,997	75,311
	<hr/>	<hr/>
EARNINGS (LOSS) BEFORE NON-RECURRING ITEMS	14,197	(9,840)
Non-recurring income (note 5)	-	14,999
	<hr/>	<hr/>
NET EARNINGS	14,197	5,159
Members' equity, beginning of year	21,830	16,671
	<hr/>	<hr/>
MEMBERS' EQUITY, END OF YEAR	36,027	21,830
	<hr/> <hr/>	<hr/> <hr/>

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

MASTERS SWIMMING ONTARIO

Statement of Cash Flows

For the year ended August 31, 2004

	2004	2003
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net earnings	14,197	5,159
Expenses not involving cash:		
Amortization	1,003	872
Loss on disposal of computer equipment	-	247
	<u>15,200</u>	<u>6,278</u>
CHANGE IN ACCOUNTS RECEIVABLE	-	40
CHANGE IN PREPAIDS	269	(234)
CHANGE IN INVENTORY	38	(101)
CHANGE IN ACCOUNTS PAYABLE	5,378	(20,346)
	<u>20,885</u>	<u>(14,363)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of display board	-	(535)
Purchase of computer equipment	-	(826)
	<u>-</u>	<u>(1,361)</u>
INCREASE (DECREASE) IN CASH	20,885	(15,724)
Cash and cash equivalents, beginning of year	18,102	33,826
	<u>38,987</u>	<u>18,102</u>

See note 6 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, 2004

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue Recognition

Revenue from club registrations and from membership fees are recognized when the monies are received.

b) Income Taxes

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

c) Supplies

The corporation maintains a supply of member handbooks, brochures, stationery, membership cards and time cards for which the costs have been expensed as incurred.

d) Computer Software

Costs have been expensed as incurred.

3. INVENTORY

Inventory is as follows:

	2004	2003
	\$	\$
Medals and Ribbons	1,757	1,789
Pins	503	509
	<hr/>	<hr/>
	2,260	2,298
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Medals and ribbons are supplied twice a year at the provincial championships. Pins are available throughout the year from the organization and at some competitions.

MASTERS SWIMMING ONTARIO

Notes to Financial Statements

August 31, 2004

4. PROPERTY AND EQUIPMENT

	2004		
	Cost	Accumulated Amortization	Net
	\$	\$	\$
Display board	535	253	282
Computer equipment	5,845	3,915	1,930
	<u>6,380</u>	<u>4,168</u>	<u>2,212</u>
	<u><u>6,380</u></u>	<u><u>4,168</u></u>	<u><u>2,212</u></u>
	2003		
	Cost	Accumulated Amortization	Net
	\$	\$	\$
Display board	535	74	461
Computer equipment	5,845	3,091	2,754
	<u>6,380</u>	<u>3,165</u>	<u>3,215</u>
	<u><u>6,380</u></u>	<u><u>3,165</u></u>	<u><u>3,215</u></u>

Amortization for the display board is calculated on a straight-line basis over three years.
Amortization for computer equipment is calculated on a straight-line basis over five years.

Amortization for the year amounted to \$1,003 (\$872 in 2003).

5. NON-RECURRING INCOME

	2004	2003
	\$	\$
Non-recurring income is as follows:		
Over accrual of expenses from prior years	-	12,313
Adjustment to reflect cost of inventory on hand at year end	-	2,686
	<u>-</u>	<u>14,999</u>
	<u><u>-</u></u>	<u><u>14,999</u></u>

MASTERS SWIMMING ONTARIO

Notes to Financial Statements

August 31, 2004

6. NOTES TO STATEMENT OF CASH FLOWS

a) Property and Equipment

During the year, there was no property and equipment acquired (\$1,361 in 2003).

7. CONTINGENT LIABILITY

In 1998 a statement of claim was filed by a member against the organization and two other parties for an incident that occurred at a regular workout held by a club registered with Masters Swimming Ontario. The claim is currently being handled by the organization's insurance company and as of August 31, 2004 is still outstanding. The damages being sought are within insurance policy limits and therefore, no amount related thereto have been recorded in these financial statements.

MASTERS SWIMMING ONTARIO

Schedule of Expenses

For the year ended August 31, 2004

	2004	2003
	\$	\$
Affiliation Fees		
Masters Swimming Canada	31,100	29,720
Swim Ontario	6,360	5,998
	<hr/>	<hr/>
	37,460	35,718
	<hr/>	<hr/>
Membership Services		
Registrar honourarium	6,000	6,000
Registrar internet	212	146
Printing and mailing	2,885	3,903
Insurance	8,505	5,469
Telephone	559	628
	<hr/>	<hr/>
	18,161	16,146
	<hr/>	<hr/>
Communication		
Webmaster honourarium	1,500	1,500
Internet and website hosting costs	990	1,264
AGM package printing and mailing	119	555
Member survey	-	3,309
Handbook printing	-	4,044
President's editorial	-	1,984
	<hr/>	<hr/>
	2,609	12,656
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Administration		
Travel to MSO meetings	4,506	4,999
MSC rep travel	572	520
Secretary honourarium	550	1,000
Meeting Supplies	177	277
Director's luncheon	391	393
Audit fees	2,140	1,500
Bank charges	105	103
Supplies	161	403
Other	7	247
Amortization	1,003	872
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	9,612	10,314
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