

**DISABLED SAILING ASSOCIATION OF ALBERTA**

**Financial Statements**

**Year Ended December 31, 2017**

*(Unaudited - See Notice To Reader)*

# **DISABLED SAILING ASSOCIATION OF ALBERTA**

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**Year Ended December 31, 2017**

*(Unaudited - See Notice To Reader)*

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Nagy & Company Chartered Accountants

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### NOTICE TO READER

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On the basis of information provided by management, we have compiled the statement of financial position of Disabled Sailing Association of Alberta as at December 31, 2017 and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.


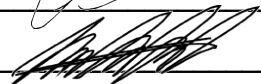
A stylized, handwritten signature in black ink that reads "Nagy &amp; Company".

NAGY & COMPANY CHARTERED ACCOUNTANTS  
Calgary, Alberta  
February 1, 2018

**DISABLED SAILING ASSOCIATION OF ALBERTA****Statement of Financial Position****December 31, 2017***(Unaudited - See Notice To Reader)*

	Operating Fund	Capital Fund	2017	2016
<b>ASSETS</b>				
<b>CURRENT</b>				
Cash	\$ 14,614	\$ -	\$ 14,614	\$ 2,671
Restricted cash	53,467	-	53,467	41,721
Term deposits (Note 4)	16,495	-	16,495	16,438
Goods and services tax recoverable	3,884	-	3,884	3,455
	88,460	-	88,460	64,285
PROPERTY, PLANT AND EQUIPMENT (Note 5)	-	53,576	53,576	63,836
	\$ 88,460	\$ 53,576	\$ 142,036	\$ 128,121
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT</b>				
Accounts payable	\$ 1,950	\$ -	\$ 1,950	\$ 1,950
DEFERRED INCOME (Note 7)	53,467	-	53,467	41,721
	55,417	-	55,417	43,671
NET ASSETS				
Fund balances	33,043	53,576	86,619	84,450
	\$ 88,460	\$ 53,576	\$ 142,036	\$ 128,121

**APPROVED ON BEHALF OF THE BOARD**

 \_\_\_\_\_ Director  
 \_\_\_\_\_ Director

**DISABLED SAILING ASSOCIATION OF ALBERTA****Statement of Revenues and Expenditures****Year Ended December 31, 2017***(Unaudited - See Notice To Reader)*

	Operating Fund	Capital Fund	2017	2016
<b>REVENUE</b>				
Casino	\$ 56,715	\$ -	\$ 56,715	\$ 55,922
Donations	8,863	-	8,863	21,971
Expense reimbursement	2,296	-	2,296	-
Grants	19,044	-	19,044	15,680
Interest	81	-	81	89
Memberships and sailing fees	13,543	-	13,543	16,601
	100,542	-	100,542	110,263
<b>EXPENSES</b>				
Amortization	-	10,260	10,260	10,344
Events	2,588	-	2,588	1,934
Goods and services tax paid	429	-	429	650
Insurance	9,449	-	9,449	9,403
Interest and bank charges	688	-	688	170
Office	1,977	-	1,977	3,501
Professional fees	4,483	-	4,483	5,776
Rent	730	-	730	633
Repairs and maintenance	1,911	-	1,911	96
Storage	5,269	-	5,269	4,188
Sub-contracts	-	-	-	6,920
Telephone	1,257	-	1,257	2,684
Vehicle	2,559	-	2,559	1,730
Wages, fees and benefits	56,773	-	56,773	50,493
	88,113	10,260	98,373	98,522
<b>EXCESS (DEFICIENCY) OF</b>				
<b>REVENUE OVER EXPENSES</b>	\$ 12,429	\$ (10,260)	\$ 2,169	\$ 11,741

**DISABLED SAILING ASSOCIATION OF ALBERTA****Statement of Changes in Net Assets****Year Ended December 31, 2017***(Unaudited - See Notice To Reader)*

	2016 Balance	Excess (deficiency) of revenue over expenses	Transfers	Withdrawals	2017 Balance
Operating fund	\$ 20,614	\$ 12,429	\$ -	\$ -	\$ 33,043
Capital fund	63,836	(10,260)	-	-	53,576
	\$ 84,450	\$ 2,169	\$ -	\$ -	\$ 86,619

	2016 Balance	Excess (deficiency) of revenue over expenses	Transfers	Withdrawals	2016 Balance
Operating fund	\$ 10,913	\$ 22,085	\$ (12,384)	\$ -	\$ 20,614
Capital fund	61,796	(10,344)	12,384	-	63,836
	\$ 72,709	\$ 11,741	\$ -	\$ -	\$ 84,450

**DISABLED SAILING ASSOCIATION OF ALBERTA****Statement of Cash Flows****Year Ended December 31, 2017***(Unaudited - See Notice To Reader)*

	2017	2016
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses	\$ 2,169	\$ 11,741
Items not affecting cash:		
Amortization of property, plant and equipment	10,260	10,344
	12,429	22,085
Changes in non-cash working capital:		
Goods and services tax recoverable	(429)	(650)
Accounts payable	-	(2,793)
Deferred income	11,746	(55,922)
	11,317	(59,365)
Cash flow from operating activities	23,746	(37,280)
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	-	(12,384)
Purchase of term deposits	(57)	(57)
Cash flow used by investing activities	(57)	(12,441)
<b>FINANCING ACTIVITY</b>		
Bank indebtedness	-	(6,290)
Cash flow from financing activity	-	(6,290)
<b>INCREASE (DECREASE) IN CASH FLOW</b>	23,689	(56,011)
Cash - beginning of year	44,392	100,403
<b>CASH - END OF YEAR</b>	\$ 68,081	\$ 44,392
<b>CASH CONSISTS OF:</b>		
Cash	\$ 14,614	\$ 2,671
Restricted cash	53,467	41,721
	\$ 68,081	\$ 44,392

# DISABLED SAILING ASSOCIATION OF ALBERTA

## Notes to Financial Statements

Year Ended December 31, 2017

(Unaudited - See Notice To Reader)

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### 1. DESCRIPTION OF BUSINESS

The Association was incorporated on August 11, 1994 under the provisions of the Societies Act of the Province of Alberta. The Association is a non-profit organization which facilitates and promotes sailing for disabled persons in Calgary, Alberta.

The Association is registered with the Charities Division, Canada Revenue Agency. As such it is exempt from income taxes and can issue charitable donation receipts.

The Association serves three main constituencies: its donors, the charitable sector and the community.

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### 2. CHARITABLE STATUS

On April 2, 2016, the Association had its Charitable status revoked by the Canada Revenue Agency, for failure to file returns.

Before an organization can be re-registered, it is required to file all missing Registered Charity Information Returns (Form T3010) and financial statements for all the fiscal periods preceding the application for re-registration.

A revoked charity that applies for re-registration is still liable for the revocation tax unless it meets all the following conditions:

- it applies for and is re-registered within one year from the date we sent the notice of intention to revoke its registration;
- it has paid all taxes, penalties, and interest that it owes under the Income Tax Act or the Excise Tax Act before the re-registration date; and
- it has filed all missing information returns (Form T3010) and financial statements before the re-registration date.

An organization that lost its registration because it did not file its annual information return (Form T3010) must also pay a late-filing penalty of \$500.

The Association's application to the Canada Revenue Agency for re-registration was accepted on October 27, 2017.

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have not necessarily been prepared on the basis of generally accepted accounting principles. These financial statements are prepared on accounting policies of which the more significant ones are:

#### Cash and cash equivalents

Cash includes cash held in Chartered banks.

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# DISABLED SAILING ASSOCIATION OF ALBERTA

## Notes to Financial Statements

Year Ended December 31, 2017

(Unaudited - See Notice To Reader)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Restricted cash

Disbursement of the casino funds is subject to restrictions established by Alberta Gaming and Liquor Commission ("AGLC") (Note 7).

#### Term deposits

Term deposits, which consist primarily of commercial paper with original maturities at date of purchase beyond three months and less than twelve month, are carried at amortized cost.

#### Property, plant and equipment

Property, plant and equipment are stated at cost or deemed cost less accumulated amortization. Property, plant and equipment are amortized over their estimated useful lives at the following rates and methods:

Boats and equipments	25%	declining balance method
Computer equipment	30%	declining balance method
Docks	10 years	straight-line method
Leasehold improvements	25%	declining balance method
Storage facilities	20 years	straight-line method
Trailer	25%	straight-line method
Vehicles	25%	declining balance method

The association regularly reviews its property, plant and equipment to eliminate obsolete items. Government grants are treated as a reduction of property, plant and equipment cost.

Property, plant and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

#### Income taxes

The Association is a Registered Charity exempt from paying income taxes under Section 149 (1) (F) of the Income Tax Act. (See note 2 for additional information)

#### Fund accounting

Disabled Sailing Association of Alberta follows the restricted fund method of accounting for contributions.

The Operating Fund accounts for the association's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The Capital Fund reports the assets, liabilities, revenues and expenses related to Disabled Sailing Association of Alberta's capital assets.

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# DISABLED SAILING ASSOCIATION OF ALBERTA

## Notes to Financial Statements

Year Ended December 31, 2017

(Unaudited - See Notice To Reader)

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Revenue recognition

Disabled Sailing Association of Alberta follows the restricted fund method of accounting for contributions.

Donations, including operating grants, casino events, money raised from event fees, and independent sailing rentals are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted donations are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income earned on casino funds are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred.

Members' dues are recorded as revenue of the Operating Fund when the services are provided.

#### Donated goods

Donated assets, other than cash, have not been given accounting recognition. They generally consists of volunteer time, the fair value of which is not readily determinable.

#### Donated services

The Association relies on the time and expertise donated by many volunteers. The value of this time has not been reflected in these financial statements.

#### Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period.

Items requiring the use of significant estimates include the amount of restricted cash, the useful life of capital assets, estimated employee benefits, and rates for depreciation and amortization.

Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

#### Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

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**DISABLED SAILING ASSOCIATION OF ALBERTA****Notes to Financial Statements****Year Ended December 31, 2017***(Unaudited - See Notice To Reader)***4. TERM DEPOSITS**

	<b>2017</b>	2016
Redeemable GIC, bearing interest at 0.35%, due January 17, 2018	<b>\$ 15,461</b>	\$ 15,408
Redeemable GIC, bearing interest at 0.35%, due January 18, 2018	<b>1,034</b>	1,030
	<b>\$ 16,495</b>	\$ 16,438

The redeemable GIC's have been provided as security for the Mastercard and the operating line of credit (Note 6).

**5. PROPERTY, PLANT AND EQUIPMENT**

	Cost	Accumulated amortization	<b>2017 Net book value</b>	2016 Net book value
Boats and equipments	\$ 211,929	\$ 202,444	<b>\$ 9,485</b>	\$ 12,647
Computer equipment	4,420	4,408	<b>12</b>	18
Docks	15,967	15,967	-	-
Leasehold improvements	77,437	39,280	<b>38,157</b>	12,922
Storage facilities	14,467	8,680	<b>5,787</b>	6,510
Trailer	-	-	-	31,559
Vehicles	4,000	3,865	<b>135</b>	180
	<b>\$ 328,220</b>	<b>\$ 274,644</b>	<b>\$ 53,576</b>	\$ 63,836

**6. BANK INDEBTEDNESS**

The Association has an operating line of credit with ATB Financial with a maximum credit limit of \$15,000, which bears interest at prime plus 2.5%. As of December 31, 2017, \$Nil (2016 - \$Nil) was outstanding on the facility.

**7. DEFERRED REVENUE**

Deferred revenue represents the unspent balance of casino funds. Disbursement of the casino funds is subject to restrictions established by Alberta Gaming and Liquor Commission ("AGLC"). Approved use of proceeds includes administration (10%), equipment and programs, rent, promotional activities and other assorted items.

	Beginning balance	Funds raised	Expenditures	<b>2017</b>	2016
Casino	\$ 41,721	\$ 68,461	\$ 56,715	<b>\$ 53,467</b>	\$ 41,721

The AGLC has not reviewed the Association's reporting for the year ending December 31, 2017. The amounts presented above are subject to change based on that review.

# DISABLED SAILING ASSOCIATION OF ALBERTA

## Notes to Financial Statements

Year Ended December 31, 2017

*(Unaudited - See Notice To Reader)*

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### 8. FINANCIAL INSTRUMENTS

The association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the association's risk exposure and concentration as of December 31, 2017.

#### Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The association is exposed to this risk mainly in respect of its receipt of funds from its donors and other related sources, bank indebtedness, and accounts payable.

#### Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the association manages exposure through its normal operating and financing activities. The association is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

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