

THE PROVINCIAL SPORT ORGANIZATIONS COUNCIL

OPERATING AS "SPORT4ONTARIO"

FINANCIAL STATEMENTS

DECEMBER 31, 2014

**THE PROVINCIAL SPORT ORGANIZATIONS COUNCIL
OPERATING AS "SPORT4ONTARIO"**

DECEMBER 31, 2014

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THE PROVINCIAL SPORT ORGANIZATIONS COUNCIL

OPERATING AS "SPORT4ONTARIO"

INDEPENDENT AUDITOR'S REPORT

Day & Day Chartered Professional Accountants
William Day CPA, CA & Marty Day CPA, CA
67 Kirk Drive
London, Ontario
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519-652-6046

To the Members of
The Provincial Sport Organizations Council - operating as Sport4Ontario

We have audited the accompanying financial statements of The Provincial Sport Organizations Council, operating as Sport4Ontario, which comprise the statement of financial position as at December 31, 2014, and the statement operations and changes in fund balance, the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management and Directors' Responsibility for the Financial Statements

Management and directors are responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management and directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

THE PROVINCIAL SPORT ORGANIZATIONS COUNCIL

OPERATING AS "SPORT4ONTARIO"

INDEPENDENT AUDITOR'S REPORT Continued

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Provincial Sport Organizations Council operating as Sport4Ontario as at December 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

London, Ontario
September 27, 2015

Day & Day
CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANT

THE PROVINCIAL SPORT ORGANIZATIONS COUNCIL

OPERATING AS "SPORT4ONTARIO"

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2014

ASSETS

| | <u>2014</u> | <u>2013</u> |
|-------------------------------|--------------------|--------------------|
| CURRENT | | |
| Cash | \$ 35,086 | \$ 49,807 |
| Government rebates receivable | 9,487 | 7,592 |
| Prepaid expenses | <u>1,872</u> | <u>1,853</u> |
| | <u>\$ 46,445</u> | <u>\$ 59,252</u> |

LIABILITIES

| | | |
|--|---------------|--------------|
| CURRENT | | |
| Accounts payable and accrued liabilities | \$ 4,255 | \$ 8,971 |
| Government remittances payable | 10,032 | 713 |
| Deferred revenue | <u>13,500</u> | <u>-</u> |
| | <u>27,787</u> | <u>9,684</u> |

FUND BALANCE

| | | |
|---------------------|------------------|------------------|
| FUND BALANCE | <u>18,658</u> | <u>49,568</u> |
| | <u>\$ 46,445</u> | <u>\$ 59,252</u> |

APPROVED BY THE BOARD:

_____ Director

_____ Director

THE PROVINCIAL SPORT ORGANIZATIONS COUNCIL

OPERATING AS "SPORT4ONTARIO"

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED DECEMBER 31, 2014

| | <u>2014</u> | <u>2013</u> |
|--|------------------|------------------|
| REVENUE | | |
| Grants - Foundations | \$ - | \$ 24,000 |
| Grants - Government | 20,306 | 5,245 |
| Grant - Ontario Trillium Foundation | - | 79,700 |
| Interest | - | 3 |
| Membership | 9,155 | 8,510 |
| Other | 15,894 | 4,118 |
| Seminar fees | <u>360</u> | <u>-</u> |
| | <u>45,715</u> | <u>121,576</u> |
| EXPENDITURES | | |
| Board of Directors & Committees | 62 | 51 |
| Communication | 4,160 | 5,533 |
| Evaluation | 348 | 348 |
| Facilities, rent and renovation | 8,258 | 4,775 |
| Fundraising | 42 | - |
| Insurance | 1,809 | 1,713 |
| Interest and bank charges | 1,948 | 936 |
| Member relations | 3,386 | 8,647 |
| Office expense | 1,626 | 8,831 |
| Professional fees | 1,746 | 2,914 |
| Research | - | 6,900 |
| Resource, library | 4,601 | 12,182 |
| Seminar expenses | 8,359 | 5,251 |
| Stakeholder | 1,573 | 6,858 |
| Wages and benefits | <u>38,707</u> | <u>68,991</u> |
| | <u>76,625</u> | <u>133,930</u> |
| EXCESS (DEFICIT) REVENUES OVER EXPENDITURES | (30,910) | (12,354) |
| FUND BALANCE beginning of year | <u>49,568</u> | <u>(26,177)</u> |
| | 18,658 | (38,531) |
| TRANSFER FROM BINGO FUND (Note 3) | <u>-</u> | <u>88,099</u> |
| FUND BALANCE end of year | <u>\$ 18,658</u> | <u>\$ 49,568</u> |

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS
DAY & DAY CHARTERED PROFESSIONAL ACCOUNTANTS

THE PROVINCIAL SPORT ORGANIZATIONS COUNCIL

OPERATING AS "SPORT4ONTARIO"

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2014

| | <u>2014</u> | <u>2013</u> |
|---|-------------------------|-------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES: | | |
| Revenue from: | | |
| General Fund | \$ 45,715 | \$ 121,576 |
| General Fund Expenses | (76,625) | (133,930) |
| Change in other non-cash operating accounts | | |
| Accounts receivable, interest receivable, government rebates | (1,895) | 46,692 |
| Prepaid expenses | (19) | 1,039 |
| Accounts payable, accrued liabilities, government remittances | 4,603 | (3,394) |
| Unearned revenue | <u>13,500</u> | <u>(56,300)</u> |
| | | |
| DECREASE IN CASH DURING THE YEAR | (14,721) | (24,317) |
| | | |
| CASH, beginning of year | <u>49,807</u> | <u>74,124</u> |
| | | |
| CASH, end of year | <u><u>\$ 35,086</u></u> | <u><u>\$ 49,807</u></u> |

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS
DAY & DAY CHARTERED PROFESSIONAL ACCOUNTANTS

THE PROVINCIAL SPORT ORGANIZATIONS COUNCIL

SPORT4ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

1. PURPOSE OF THE ORGANIZATION

The Provincial Sport Organizations Council ("PSO Council") operating as SPORT4ONTARIO is a non-profit organization that coordinates activities common to and in the interests of provincial sport organizations and multi-sport organizations in the Province of Ontario.

The Provincial Sport Organizations Council was incorporated by Letters Patent dated October 27, 1998 as a tax exempt entity. The Organization is to be carried on without pecuniary gain to its members and any profits or other accretions shall be used in promoting its objectives.

The Organization received its initial net assets from Sport Ontario, which was dissolved as a corporation in November 1997.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not for profit organizations and include the following accounting policies:

(a) Basis of Presentation

The financial statements of the Organization reflect the assets, liabilities, revenues and expenses of the operations of the organization.

(b) Revenue recognition

The Organization follows the deferral method of accounting for grants. Grants are recognized as revenue in the year in which the related expenses are incurred. Program fees are recognized as revenue when the programs are held. Investment income includes interest income, realized investment gains and losses, and where applicable, charges for other than temporary impairment of investments.

(c) Donated services

The Organization benefits greatly from donated services in the form of volunteer work to assist The Provincial Sport Organizations Council in carrying out its service delivery activities. Because of the difficulty in determining their fair value, donated services are not recognized in the financial statements.

THE PROVINCIAL SPORT ORGANIZATIONS COUNCIL

SPORT4ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

(d) Fund Accounting

The corporation follows the restricted fund method of accounting.

The general fund reports the revenues and expenditures of the general operations.

The bingo fund is a restricted fund that reports the revenue and expenditures from bingo funds. The fund administers the bingo operations of the organization. The bingo licenses are issued by the City of Toronto. Funds raised from lottery events, and bingo being a lottery event, must be deposited directly into a lottery trust account and must be used in programs that will directly benefit Toronto residents.

(e) Use of Estimates

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. In the opinion of management, these financial statements reflect, within reasonable limits of materiality, all adjustments necessary to present fairly the results for the years presented. Actual results could differ from these estimates. Assumptions are used in estimating the collectability of accounts receivable, accrued liabilities and deferred revenue.

3. BINGO FUND

The Organization has ceased its bingo operations. The funds accumulated during the funds existence have become unrestricted and have been transferred to the general operating account.

4. LEASE COMMITMENTS

The Organization leases premises at 3 Concorde Gate, Toronto, Ontario on a monthly basis from Sport Alliance of Ontario. A sublease was entered into for the term November 1, 2009 to October 31, 2010 with automatic yearly renewals.

Future minimum lease payments for the office space considering the yearly renewals will be taken, are as follows:

| | |
|-------------------|---------|
| December 31, 2015 | \$7,815 |
| December 31, 2016 | \$8,024 |
| December 31, 2017 | \$8,139 |
| December 31, 2018 | \$8,272 |
| December 31, 2019 | \$8,463 |

Subsequent to the year-end Sport Alliance of Ontario declared bankruptcy. The Organization is in the process of entering into a lease arrangement with the landlord of its current premises at the same terms.

THE PROVINCIAL SPORT ORGANIZATIONS COUNCIL

SPORT4ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

5. FINANCIAL INSTRUMENTS

Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant interest rate, currency or credit risks arising from its financial instruments.