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WATER SKI & WAKEBOARD CANADA

FINANCIAL STATEMENTS

MARCH 31, 2014

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INDEPENDENT AUDITORS' REPORT

To the Members,
Water Ski & Wakeboard Canada:

We have audited the accompanying financial statements of Water Ski & Wakeboard Canada, which comprise the balance sheet as at March 31, 2014 and the statements of changes in net assets, revenue and expenditure and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is 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 determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 qualified audit opinion.

Basis for qualified opinion

In common with similar organizations, the Association derives revenue from fundraising and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the Association and we were not able to determine whether any adjustments might be necessary to revenue, net revenue (expenditure) for the year, assets and net assets.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Water Ski & Wakeboard Canada as at March 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.

OUSELEY HANVEY CLIPSHAM DEEP LLP

Licensed Public Accountants
Ottawa, Ontario
XXXXX xx, 2014

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WATER SKI & WAKEBOARD CANADA

BALANCE SHEET
AS AT MARCH 31, 2014

	<u>2014</u>	<u>2013</u>
CURRENT ASSETS		
Cash	\$ 13,995	\$ 88,368
Investments (note 4)	32,378	62,033
Accounts receivable	56,699	48,699
Inventory	5,113	-
Prepaid expenses	<u>28,318</u>	<u>3,647</u>
	<u>\$ 136,503</u>	<u>\$ 202,747</u>
CURRENT LIABILITIES		
Accounts payable	<u>\$ 43,506</u>	<u>\$ 62,316</u>
NET ASSETS		
Manoo and Jean Gurjar Bursary Fund	48,000	50,000
Internally restricted for Legacy Fund	50,328	50,328
Internally restricted for Fund of Excellence	2,861	2,861
Unrestricted	<u>(8,192)</u>	<u>37,242</u>
	<u>92,997</u>	<u>140,431</u>
	<u>\$ 136,503</u>	<u>\$ 202,747</u>

Approved on behalf of the Board:

Director

Director

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WATER SKI & WAKEBOARD CANADA

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED MARCH 31, 2014

	<u>2014</u>	<u>2013</u>
MANOO AND JEAN GURJAR BURSARY FUND		
Balance - beginning of year	\$ 50,000	\$ 50,000
Disbursements	<u>(2,000)</u>	-
Balance - end of year	<u>\$ 48,000</u>	<u>\$ 50,000</u>
INTERNALLY RESTRICTED FOR LEGACY FUND		
Balance - beginning and end of year	<u>\$ 50,328</u>	<u>\$ 50,328</u>
INTERNALLY RESTRICTED FOR FUND OF EXCELLENCE		
Balance - beginning and end of year	<u>\$ 2,861</u>	<u>\$ 2,861</u>
UNRESTRICTED		
Balance - beginning of year	\$ 37,242	\$ 49,650
Net revenue (expenditure) for the year	<u>(45,434)</u>	<u>(12,408)</u>
Balance - end of year	<u>\$ (8,192)</u>	<u>\$ 37,242</u>

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WATER SKI & WAKEBOARD Canada

STATEMENT OF REVENUE AND EXPENDITURE FOR THE YEAR ENDED MARCH 31, 2014

	<u>2014</u>	<u>2013</u>
REVENUE		
Contributions		
Coaching Association of Canada	\$ 11,768	\$ 8,933
HRDC	-	8,794
Sport Canada	647,000	590,500
Community		
Events	78,459	24,329
Fees	44,331	74,857
Fundraising and donations	28,412	29,198
Club and school programs	89,619	94,021
Sales	-	4,387
Marketing		
Corporate sponsorship	51,302	51,180
Other		
Interest	345	1,746
Miscellaneous	6,113	9,910
Programs and events	<u>11,439</u>	<u>21,929</u>
	<u>968,788</u>	<u>919,784</u>
EXPENDITURE		
Barefoot program	495	8,077
Coaching program	-	30,000
Fundraising	331	-
Governance and meetings	34,846	33,271
Hall of fame and awards program	1,925	2,543
International program, representation and advocacy	3,752	31,618
Long term athlete development program	5,509	3,061
Marketing and communications program	22,482	33,531
Membership program	89,456	75,443
National events	47,512	(248)
National office operations	132,746	86,198
National team program	259,355	166,359
Officials program	7,175	6,988
Professional staff and travel	266,840	326,272
Rip 'n' Ride program	9,934	4,164
Skiers with a disability program	18,346	31,231
Technical program	9,475	-
Wakeboard program	<u>104,043</u>	<u>93,684</u>
	<u>1,014,222</u>	<u>932,192</u>
NET REVENUE (EXPENDITURE) FOR THE YEAR	\$ (45,434)	\$ (12,408)

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WATER SKI & WAKEBOARD COMPANY

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2014

	<u>2014</u>	<u>2013</u>
OPERATING ACTIVITIES		
Net revenue (expenditure) for the year	\$ (45,434)	\$ (12,408)
Net revenue (expenditure) of Manoo and Jean Gurjar Bursary Fund for the year	(2,000)	-
Net change in non-cash working capital items		
Accounts receivable	(8,000)	46,788
Inventory	(5,113)	-
Prepaid expenses	(24,671)	2,800
Accounts payable	(18,810)	(62,091)
Deferred revenue	-	<u>(20,000)</u>
	(104,028)	(44,911)
INVESTING ACTIVITIES		
Sale (purchase) of investments	<u>29,655</u>	<u>(50,627)</u>
INCREASE (DECREASE) IN CASH FOR THE YEAR	(74,373)	(95,538)
Cash - beginning of year	<u>88,368</u>	<u>183,906</u>
CASH - END OF YEAR	<u>\$ 13,995</u>	<u>\$ 88,368</u>

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WATER SKI & WAKEBOARD CANADA

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2014

1. PURPOSE OF THE ORGANIZATION

The objectives of the organization include assisting in the development and promotion of the sport by providing leadership resource materials and programs which require national coordination. In addition, the organization is responsible for the planning and organization of technical programs and services and for providing coordination and resources in the development of administrative systems. The organization is incorporated under the Canada Corporations Act as a not-for-profit organization and is a Registered Canadian Amateur Athletic Association under the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

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

a) Estimates and assumptions

The preparation of financial statements 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 amounts of revenue and expenditure during the reporting period. Actual results may differ from those estimates.

b) Manoo and Jean Gurjar Bursary Fund

The Manoo and Jean Gurjar Bursary Fund was established as a result of donations from Dr. Manoo and Jean Gurjar. The purpose of the Bursary Fund is to provide annual financial support to the skiing and educational pursuits of up to two Canadian water skiers.

c) Legacy fund

The Legacy fund is internally restricted and cannot be used without approval of the Executive Board.

d) Fund of Excellence

The Fund of Excellence is internally restricted to support each of the respective discipline's high performance programs and cannot be used without approval of the Executive Board.

e) Financial instruments

Financial instruments are initially recognized at fair value and are subsequently measured at cost, amortized cost or cost less appropriate allowances for impairment.

f) Property and equipment

Property and equipment are recorded at cost less accumulated amortization. Amortization is provided on computer equipment on the straight line basis over 2 years.

g) Revenue recognition

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditure is incurred. Unrestricted contributions are recognized as revenue when they are received or become receivable. Membership fees are recognized as revenue over the period to which they relate. Other revenues are recognized in the year in which the event is held or the revenue is earned.

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NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Sport Canada Contributions

Contributions received from Sport Canada are subject to specific terms and conditions regarding the expenditure of the funds. The organization's records are subject to audit by Sport Canada to identify instances, if any, in which amounts charged against contributions have not complied with the agreed terms and conditions and which, therefore, would be refundable to Sport Canada. Adjustments to prior years' contributions are recorded in the year in which Sport Canada requests the adjustment.

3. FINANCIAL INSTRUMENTS

Financial instruments of the organization consist of cash, investments, accounts receivable and accounts payable.

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest rate, currency, credit, liquidity or market risks arising from its financial instruments and the carrying amount of the financial instruments approximate their fair value.

4. INVESTMENTS

The organization has a bank investment certificate that earns interest at an annual rate of .90% and matures November 2014.

5. PROPERTY AND EQUIPMENT

			<u>2014</u>		<u>2013</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net</u>	<u>Net</u>		
Computer equipment	\$ <u>22,212</u>	\$ <u>22,212</u>	\$ <u>-</u>	\$ <u>-</u>		

6. CONTINGENT LIABILITY

During fiscal year 2009-2010 the organization hosted the 2009 World Water Ski Championships in Calgary. A final invoice for the event was provided by the company hired as the event manager. Shortly thereafter, the event manager ceased operations and indicated that it was insolvent. The organization has disputed a number of aspects of the invoice and accordingly no provision has been made for this issue in the financial statements. Until such time as all issues are resolved, the organization cannot determine what amounts, if any, may be payable to the event manager or the effect on the financial statements of the organization.