

# **SOARING ASSOCIATION OF CANADA**

## **FINANCIAL STATEMENTS**

**DECEMBER 31, 2010**

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**Watson Folkins Corey LLP**  
*Chartered Accountants*

**INDEPENDENT AUDITORS' REPORT**

To the Members,

**Soaring Association of Canada:**

*Report on the Financial Statements*

We have audited the accompanying financial statements of the Soaring Association of Canada, which comprise the statement of financial position as at December 31, 2010 and the statements of changes in net assets, revenue and expenses 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 accounting principles generally accepted in Canada, 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 that we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

## INDEPENDENT AUDITORS' REPORT (Continued)

### *Basis for Qualified Opinion*

The financial statements of Soaring Association of Canada have not been audited in recent years. Accordingly we were not able to determine whether any adjustments might be necessary to assets, liabilities and net assets carried forward at the beginning of the year.

### *Qualified Opinion*

In our opinion, except for the 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 the Soaring Association of Canada as at December 31, 2010 and of its financial performance and its cash flows for the year then ended in accordance with accounting principles generally accepted in Canada.

*Watson Folkins Corey LLP*

**WATSON FOLKINS COREY LLP**

Chartered Accountants

Licensed Public Accountants

Ottawa, Ontario

March 19, 2011

# SOARING ASSOCIATION OF CANADA

## STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2010

	2010	2009 (unaudited)
<b>CURRENT ASSETS</b>		
Cash	\$ 93,721	\$ 97,611
Short-term investments (note 4)	1,048,709	961,391
Accounts receivable	11,002	7,719
Inventory	10,254	12,551
	1,163,686	1,079,272
<b>CAPITAL ASSETS (note 5)</b>	43,435	43,435
	\$ 1,207,121	\$ 1,122,707
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 16,275	\$ 16,431
<b>DEFERRED CONTRIBUTIONS (note 6)</b>	169,553	167,023
<b>NET ASSETS</b>		
Invested in capital assets	43,435	43,435
Net assets internally restricted for World Contest fund	10,000	-
Net assets internally restricted for Pioneer fund	699,140	649,780
Net assets internally restricted for Air Cadet and Youth Bursary fund	10,000	-
Unrestricted net assets	258,718	246,038
	1,021,293	939,253
	\$ 1,207,121	\$ 1,122,707

Approved on behalf of the Board:

Director: \_\_\_\_\_

Director: \_\_\_\_\_

# SOARING ASSOCIATION OF CANADA

## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2010

	2010	2009 (unaudited)
<b>INVESTED IN CAPITAL ASSETS</b>		
Balance, beginning of the year	\$ 43,435	\$ 47,587
Amortization	-	(4,152)
Balance, end of the year	\$ 43,435	\$ 43,435
<b>NET ASSETS INTERNALLY RESTRICTED TO WORLD CONTEST FUND</b>		
Transfer from unrestricted net assets and balance, end of the year	\$ 10,000	\$ -
<b>NET ASSETS INTERNALLY RESTRICTED FOR PIONEER FUND</b>		
Balance, beginning of the year	\$ 649,780	\$ 667,048
Transfer from (to) unrestricted net assets	49,360	(17,268)
Balance, end of the year	\$ 699,140	\$ 649,780
<b>NET ASSETS INTERNALLY RESTRICTED FOR AIR CADET AND YOUTH BURSARY FUND</b>		
Transfer from unrestricted net assets and balance, end of the year	\$ 10,000	\$ -
<b>UNRESTRICTED NET ASSETS</b>		
Balance, beginning of the year	\$ 246,038	\$ 200,188
Excess of revenue over expenses for the year	82,040	24,430
Amortization	-	4,152
Transfer to net assets internally restricted for World Contest fund	(10,000)	-
Transfer from (to) net assets internally restricted for Pioneer fund	(49,360)	17,268
Transfer to net assets internally restricted for Air Cadet and Youth Bursary fund	(10,000)	-
Balance, end of the year	\$ 258,718	\$ 246,038

# SOARING ASSOCIATION OF CANADA

## STATEMENT OF REVENUE AND EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2010

	2010	2009 (unaudited)
<b>REVENUE</b>		
Membership fees	\$ 103,920	\$ 102,590
Investment income	66,279	67,748
Sales and Services	12,074	4,497
Flight Training and Safety	11,437	11,365
Youth Bursary and Air Cadet revenue	8,982	-
World Contest revenue	6,162	-
Wolf Mix revenue	3,021	-
Peter Corley revenue	2,300	-
Pioneer revenue	1,285	-
Other revenue	2,385	8,457
	<b>217,844</b>	<b>194,657</b>
<b>EXPENSES</b>		
Travel - General	14,095	25,628
- World Contest Fund	19,182	-
Management fees	24,000	10,000
Professional fees	17,676	49,919
Bursaries	11,282	-
Printing	10,083	6,954
Memberships and subscriptions	9,222	7,900
Office condominium costs	8,964	7,072
Publications and training materials	7,398	28,596
Postage	4,109	3,523
Cost of sales	3,660	1,979
Meetings and travel	3,423	-
Insurance	750	3,226
Bad debt	645	-
Bank and credit card charges	493	-
Awards and scholarships	322	82
Telecommunications	259	1,488
Website	116	-
Office supplies	95	1,483
Miscellaneous	30	18,225
Amortization	-	4,152
	<b>135,804</b>	<b>170,227</b>
<b>EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR</b>	<b>\$ 82,040</b>	<b>\$ 24,430</b>

# SOARING ASSOCIATION OF CANADA

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2010

	2010	2009 (unaudited)
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 82,040	\$ 24,430
Items not affecting cash:		
Amortization of capital assets	-	4,152
	82,040	28,582
Changes in level of:		
Short-term investments (note 4)	(87,318)	148,683
Accounts receivable	(3,283)	3,267
Inventory	2,297	1,347
Accounts payable and accrued liabilities	(156)	(40,747)
Deferred contributions	2,530	(80,758)
	(3,890)	60,374
Cash - beginning of the year	97,611	37,237
CASH - END OF YEAR	\$ 93,721	\$ 97,611

# SOARING ASSOCIATION OF CANADA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

### 1. PURPOSE OF THE ORGANIZATION

The Association was incorporated in 1945 as a non-profit amateur sports association with a mandate to promote, enhance and protect the sport of soaring in Canada. As a not-for-profit organization and a Registered Canadian Amateur Athletic Association (RCAAA), the Association is not subject to taxes under the Income Tax Act.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### a) Revenue recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Membership fees and investment income are recognized as revenue in the year to which they relate to. Sales and services are recorded when the goods are delivered or services rendered.

#### b) Short term investments

The Association has adapted the "held-for-trading" method to account for its short term investments. Consequently, they are being measured at fair value at each reporting date. Unrealized and realized gains and losses are included in income.

#### c) 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 expenses during the reporting period. Actual results may differ from those estimates.

#### d) Inventory

Inventory is being valued at lower of average cost or realizable value. Inventory consists of various aviation related products which are sold to Association members. The products include aviation training manuals and log books and Association pins. Inventory is replenished from time to time, but not necessarily on an annual basis.

#### e) Capital assets

The Association owns an office condo on 107-1025 Richmond Road, Ottawa which has been amortized since purchase at 5% per year, using the straight line method. In 2009, the Association made a decision to sell this property and started actively looking for a prospective buyer. Consequently, for 2010, the office condo has been classified as 'held-for-sale' and there will be no further charges for amortization in the current period. The office condo is in the process of being sold in 2011 (See note 8).

#### f) Financial instruments

The Association uses the "held-for-trading" method of recording its financial assets and financial liabilities.

#### g) Net assets restricted for Pioneer fund

The Association has internally restricted these assets to provide for the general purposes of the Association.

#### h) Net assets restricted to World Contest fund and restricted to Air Cadet and Youth Bursary fund

The Association has internally restricted additional funds for these programs (refer also to note 6).



# SOARING ASSOCIATION OF CANADA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

### 3. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of cash, short term investments, accounts receivable, accounts payable and accrued liabilities approximate their fair value because of the relatively short period to maturity of the instruments. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from these financial instruments.

### 4. SHORT-TERM INVESTMENTS

Short-term investments consist of a diverse portfolio of common and preferred shares and corporate and government bonds. All short-term investments are held-to-trade and are carried at fair value. Effective rates to maturity of the bonds range from 3.6% to 5.25% and they mature on staggered basis over the next two years.

### 5. CAPITAL ASSETS

	2010			2009 (unaudited)
	Cost	Accumulated Amortization	Net	Net
Office condominium	\$ 80,183	\$ 36,748	\$ 43,435	\$ 43,435

### 6. DEFERRED CONTRIBUTIONS

The Association has four different programs for which contributions are received: World Contest, Wolf Mix, Air Cadet & Youth Bursary and Peter Corley.

The World Contest and Wolf Mix programs were established for the purpose of providing an independent continuous source of funds to assist Canadian teams to compete in world soaring championships sanctioned by the Federation Aeronautique Internationale (F.A.I.). The Air Cadet and Youth Bursary program provides annual bursaries for cadets and younger members, redeemable by the Association's clubs. The Peter Corley contributions are for the purpose of awarding an annual academic scholarship to a young Association member.

Changes in deferred contribution balances are summarized as follows:

	Dec 31/09 (unaudited)	Investment Income Allocation	Contributions	Revenue	Dec 31/10
World Contest	\$ 3,401	\$ 252	\$ 4,287	\$ 6,162	\$ 1,778
Air Cadet & Youth Bursary	56,831	4,205	1,050	8,982	53,103
Wolf Mix	100,687	7,450	3,000	3,021	108,116
Peter Corley	6,104	452	2,300	2,300	6,555
	\$ 167,023	\$ 12,357	\$ 10,637	\$ 20,464	\$ 169,553

It should be noted that, in addition to the above deferred contributions funding, the Association's Board has internally restricted an additional \$10,000 of net assets for the World Contest program along with an additional \$10,000 for the Air Cadet & Youth Bursary program.

## SOARING ASSOCIATION OF CANADA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

#### 7. CAPITAL DISCLOSURES

The Association defines the capital that it manages as net assets.

The capital management objectives of the Association include ensuring the ability to continue as a going concern and maintaining sufficient liquidity to meet its obligations as they become due.

The Association is not subject to any externally imposed capital requirements.

#### 8. SUBSEQUENT EVENT

The Association is in the process of selling its office condominium located at 107-1025 Richmond Road, Ottawa in 2011 at a gross sale price of \$ 155,000, less real estate commission, legal and other costs.

#### 9. COMMITMENTS

The Association has a management service contract with the Canadian Owners and Pilots Association (COPA). COPA performs management services for SAC at an annual fee of \$24,000. The three year agreement runs until 2012. Either party has the option to terminate the agreement.

#### 10. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current presentation.