

**SOARING ASSOCIATION OF CANADA**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

**Independent Auditors' Report**  
**Statement of Financial Position**  
**Statement of Revenue and Expenses**  
**Statement of Changes in Net Assets**  
**Statement of Cash Flows**  
**Notes to Financial Statements**

# FROUIN GROUP

## INDEPENDENT AUDITOR'S REPORT

To the Members of:  
Soaring Association of Canada

### Report on the Financial Statements

We have audited the accompanying financial statements of Soarin Association of Canada, which comprise the statement of financial position as at December 31, 2015, and the statement of operations, changes in net assets 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 misstatements.

An audit involves performing procedures to obtain audit evidence about the amount 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 in our audits is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Soarin Association of Canada as at December 31, 2015, 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.



Frouin Group  
Licensed Public Accountants  
Ottawa, Ontario  
March 11, 2016

Authorized to practice public accounting by the Institute of Chartered Professional Accountants of Ontario

**Frouin Group Professional Corporation**  
**Chartered Professional Accountants**  
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**SOARING ASSOCIATION OF CANADA**  
**AUDITED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2015**

	2015	2014
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 190,411	\$ 127,731
Short-term investments (Note 2b)	1,407,564	1,315,832
Accounts receivable	752	11,408
HST Receivable	4,602	5,434
Prepaid expense	0	394
Inventory (Note 2d)	<u>22,744</u>	<u>25,053</u>
	<b>1,626,073</b>	<b>1,485,852</b>
<b>LONG TERM INVESTMENTS (Note 2b)</b>	<u>0</u>	<u>134,223</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>1,626,073</u></b>	<b>\$ <u>1,620,075</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ <u>17,938</u>	\$ <u>5,649</u>
<b>DEFERRED CONTRIBUTIONS (Note 4)</b>	<u>236,563</u>	<u>229,843</u>
<b>NET ASSETS</b>		
Net assets internally restricted for World Contest Fund	8,300	10,000
Net assets internally restricted for Pioneer Fund	1,007,818	1,024,734
Net assets internally restricted for Air Cadet and Youth Bursary fund	10,000	10,000
Unrestricted	<u>345,454</u>	<u>339,849</u>
	<b><u>1,371,572</u></b>	<b><u>1,384,583</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>1,626,073</u></b>	<b>\$ <u>1,620,075</u></b>

**APPROVED ON BEHALF OF THE BOARD :**

Director \_\_\_\_\_

Director \_\_\_\_\_

(See accompanying Notes to Financial Statements)

**SOARING ASSOCIATION OF CANADA**  
**AUDITED STATEMENT OF REVENUE AND EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	2015	2014
<b>REVENUES</b>		
Membership fees	\$ 65,740	\$ 82,405
Sales and Services	7,697	8,628
Fight Training and Safety	0	10,180
Youth bursary and Air Cadet	3,500	0
World Contest fund	1,500	13,824
Pioneer	350	1,150
Other	<u>2</u>	<u>6</u>
	<u>78,789</u>	<u>116,193</u>
<b>EXPENSES</b>		
World contest fund team support	1,500	13,824
World contest matching support	8,300	8,860
Management fees	24,000	24,000
Professional fees	3,600	3,760
Bursaries	13,500	9,889
Printing - Free Flight	9,100	8,306
Membership and subscriptions	6,020	6,234
Safety improvement program	12,859	0
Publications and training materials - Free Flight	8,733	8,880
Postage - Free Flight	4,654	4,285
Cost of sales	3,199	2,678
Other support	5,296	0
Meeting and travel	11,485	10,124
Meeting and travel - Flight Training and Safety	5,447	3,827
D&O Insurance	2,114	2,114
Bad debt	0	480
Contest hosting grant	7,000	7,000
Canadian National Support	0	200
Bank and credit card charges	301	289
Awards and scholarships	76	86
Advertising	5,777	4,702
Website	1,873	13,428
Office Supplies	183	0
Non refundable HST/GST (Note 7)	<u>2,088</u>	<u>2,575</u>
	<u>137,105</u>	<u>135,541</u>
<b>OPERATING REVENUE OVER EXPENSES</b>	<b>(58,316)</b>	<b>(19,348)</b>
Gain (loss) on investment income	<u>45,305</u>	<u>116,873</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR</b>	<b>\$ <u>(13,011)</u></b>	<b>\$ <u>97,525</u></b>

(See accompanying Notes to Financial Statements)

**SOARING ASSOCIATION OF CANADA**  
**AUDITED STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	2015	2014
<b>NET ASSETS INTERNALLY RESTRICTED TO WORLD CONTEST FUND</b>		
Balance, beginning of year	\$ 10,000	\$ 10,000
Transfer (to) from unrestricted net assets	<u>(1,700)</u>	<u>0</u>
Balance, end of the year	<u>\$ 8,300</u>	<u>\$ 10,000</u>
<b>NET ASSETS INTERNALLY RESTRICTED FOR PIONEER FUND</b>		
Balance, beginning of year	\$ 1,024,734	\$ 948,497
Transfer of investment income from unrestricted net assets	33,971	75,087
Transfer of donations from unrestricted net assets	350	1,150
Board-designated transfer to unrestricted net assets	<u>(51,237)</u>	<u>0</u>
Balance, end of year	<u>\$ 1,007,818</u>	<u>\$ 1,024,734</u>
<b>NET ASSETS INTERNALLY RESTRICTED FOR AIR CADET AND YOUTH BURSARY FUND</b>		
Balance, beginning of year	\$ 10,000	\$ 10,000
Transfer (to) from unrestricted net assets	<u>0</u>	<u>0</u>
Balance, end of year	<u>\$ 10,000</u>	<u>\$ 10,000</u>
<b>UNRESTRICTED NET ASSETS</b>		
Balance, beginning of year	\$ 341,898	\$ 318,561
Prior period adjustment (Note 10)	<u>(2,049)</u>	<u>0</u>
Balance, beginning of year, as restated	339,849	318,561
Excess (deficiency) of revenue over expenses for the year	(13,011)	97,525
Transfer (to) from net assets internally restricted to		
World Contest Fund	1,700	0
Net transfer (to) from net assets internally restricted to		
Pioneer Fund	<u>16,916</u>	<u>(76,237)</u>
Balance, end of year	<u>\$ 345,454</u>	<u>\$ 339,849</u>

(See accompanying Notes to Financial Statements)

**SOARING ASSOCIATION OF CANADA**  
**AUDITED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	2015	2014
<b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Net income (loss) for the year	\$ (13,011)	\$ 97,525
Net change in non-cash working capital		
Accounts receivable	10,655	577
HST receivable	832	4,420
Prepaid expense	394	(394)
Inventory	2,310	2,679
Accounts payable and accrued liabilities	12,289	(2,033)
Deferred contributions	6,720	9,981
	<u>20,189</u>	<u>112,755</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (decrease) in long-term investments	<u>134,223</u>	<u>(20,224)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>154,412</b>	<b>92,531</b>
<b>CASH, beginning of year</b>	<b><u>1,443,563</u></b>	<b><u>1,351,032</u></b>
<b>CASH, end of year</b>	<b><u>\$1,597,975</u></b>	<b><u>\$1,443,563</u></b>
<b>REPRESENTED BY</b>		
Cash	\$ 190,411	\$ 127,731
Short-term investments	<u>1,407,564</u>	<u>1,315,832</u>
	<u>\$1,597,975</u>	<u>\$1,443,563</u>

(See accompanying Notes to Financial Statements)

**SOARING ASSOCIATION OF CANADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

**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**

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following 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 and long-term investments**

Investments consist of a diverse portfolio of common and preferred shares and corporate and government bonds. The Association measures investments 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 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.

**f) Net assets restricted for Pioneer fund**

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

**g) Net assets restricted to World Contest fund and 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 FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

**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. DEFERRED CONTRIBUTIONS**

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

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. In the previous year, the Board decided to discontinue the Peter Corley scholarship as the primary donor was ceasing contributions. The remaining funds were transferred to the Air Cadet and Youth Bursary fund.

Changes in deferred contribution balances are summarized as follows:

	<b>Beginning Balance</b>	<b>Investment Allocation</b>	<b>Donations During the Year</b>	<b>Recognized As Revenue</b>	<b>Transfer</b>	<b>Ending Balance</b>
World Contest	\$ 2,984	\$ 99	\$ 2,700	\$ 1,500	\$ 0	\$ 4,283
Air Cadet & Youth Bursary	77,546	2,571	0	3,500	0	76,617
Wolf Mix	<u>149,313</u>	<u>4,950</u>	<u>1,400</u>	<u>0</u>	<u>0</u>	<u>155,663</u>
	<u>\$ 229,843</u>	<u>\$ 7,620</u>	<u>\$ 4,100</u>	<u>\$ 5,000</u>	<u>\$ 0</u>	<u>\$ 236,563</u>

It should be noted that, in addition to the above deferred contributions funding, the Association's Board has internally restricted \$10 per fee-paying member of the previous year's net assets, up to a maximum of \$10,000, for the World Contest program and an amount of \$10,000 for the Air Cadet & Youth Bursary program.

**5. 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 2018. Either party has the option to terminate the agreement.



**SOARING ASSOCIATION OF CANADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

**6. COMPARATIVE FIGURES**

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

**7. NON-REFUNDABLE HST/GST**

The association's estimate of the HST/GST rebates have been adjusted to match the rates as per the Canada Revenue Agency. A total adjustment has been made on the rebate receivable and adjusted to the income statement in the current year. This receivable is just an estimate and may be adjusted by the Canada Revenue Agency when the claims have been assessed.

**8. TRAVEL - WORLD CONTEST SUPPORT**

These expenses relate to matching support provided to the team of Emmanuel Cadieux to attend the 2015 World Gliding Championships in Australia.

**9. FINANCIAL RISK MANAGEMENT POLICY**

Soaring Association of Canada is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks at December 31, 2015:

**a) Credit risk**

Credit risk associated with their investments is minimized by investing these assets in GICs. An ongoing review is performed to evaluate changes in the status of investments under the organization's investment policy.

**b) Currency risk**

The organization's functional currency is the Canadian dollar. The organization does not enter into foreign currency transactions and does not use foreign exchange forward contracts.

**c) Liquidity risk**

The organization manages its liquidity risk by regularly monitoring forecasted and actual cash flow and financial liability maturities, and by holding assets that can be readily converted into cash. Accounts payable are normally paid within 30 days.

**d) Interest rate risk**

The organization is exposed to interest rate risk with regards to its cash and short-term and long-term investments. The organization has no interest-bearing liability. Fluctuations in market rates of interest on cash do not have a significant impact on the organization's results of operations. GICs have a low interest rate risk due to their short-term nature. Therefore, this risk does not have a significant impact.

**10. CORRECTION OF PRIOR YEAR ERROR**

Invoices relating to 2012 and 2013 advertising expenses were received and paid in the 2015 fiscal year end.

**SOARING ASSOCIATION OF CANADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

**11. RIDEAU VALLEY AIR PARK SHARE OWNERSHIP**

Several years ago the Association was gifted 100 shares of the Rideau Valley Airpark (853849 Ontario Ltd.). The shares do not give the Association any significant influence over the operations of the Airpark, and their value is not determinable.