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**ONTARIO EQUESTRIAN FEDERATION**

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**FINANCIAL STATEMENTS**

MARCH 31, 2011

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# ONTARIO EQUESTRIAN FEDERATION

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## INDEPENDENT AUDITORS' REPORT

To the Members of:  
Ontario Equestrian Federation

We have audited the accompanying financial statements of the Ontario Equestrian Federation, which comprise the Statement of Financial Position as at March 31, 2011 and the Statements of Income, Net Assets and Cash Flow 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 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 of these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted accounting principles. 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.

### Opinion

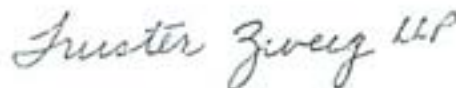
In our opinion these financial statements present fairly, in all material respects, the financial position of the Federation as at March 31, 2011 and the results of its operations and cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Other Matter

The statement of financial position as at March 31, 2010 and April 1, 2009, and the statement of operations and changes in net assets and cash flows for the year ended March 31, 2010, are unaudited.

September 13 2011

Richmond Hill, Ontario



Chartered Accountants  
Licensed Public Accountants

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# ONTARIO EQUESTRIAN FEDERATION

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## STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2011

	2011	2010	April 1 2010
<b>ASSETS</b>			
<b>CURRENT</b>			
Cash and cash equivalents	\$ 820,691	\$ 558,576	\$ 466,384
Accounts receivable	102,756	54,425	42,240
Inventories	-	13,293	22,824
Prepaid expenses and other assets	25,481	41,931	27,280
	948,928	668,225	558,728
<b>LONG TERM</b>			
Vehicles and equipment (Note 4)	40,623	55,352	35,982
	\$ 989,551	\$ 723,577	\$ 594,710
<b>LIABILITIES &amp; SHAREHOLDER'S EQUITY</b>			
<b>CURRENT</b>			
Accounts payable & accrued liabilities	\$ 276,377	\$ 75,465	\$ 87,695
Government remittances	9,473	-	15,954
Deferred revenue (Note 5)	544,558	529,271	427,658
	830,408	604,736	531,307
<b>UNRESTRICTED NET ASSETS</b>			
	159,143	118,841	63,404
	\$ 989,551	\$ 723,577	\$ 713,552

Approved on Behalf of the Board

\_\_\_\_\_ Director

\_\_\_\_\_ Director

The accompanying notes form an integral part of these financial statements



# ONTARIO EQUESTRIAN FEDERATION

## STATEMENT OF INCOME AND NET ASSETS FOR THE YEAR ENDED MARCH 31, 2011

	2011	%	2010	%
<b>REVENUE</b>				
Membership	\$ 1,129,509	75.5	\$ 1,116,531	73.0
Registrations	53,765	3.6	84,492	5.5
Grants	111,275	7.4	118,279	7.7
Merchandise sales	18,041	1.2	28,984	1.9
Sponsorships and contributions	143,828	9.6	148,335	9.7
Interest and other	39,140	2.7	33,494	2.2
	1,495,558	100.0	1,530,115	100.0
<b>EXPENSES</b>				
Wages and benefits	457,246	30.6	445,943	29.1
Insurance	326,594	21.8	309,923	20.3
Office and general	280,079	18.7	290,890	19.0
Rent	90,524	6.1	88,485	5.8
Travel	58,351	3.9	64,240	4.2
Facility Rental	29,127	1.9	55,418	3.6
Grants to affiliate members	54,307	3.6	52,290	3.4
Visa and Bank Charges	43,955	2.9	39,892	2.6
Affiliate Fees	11,151	0.7	29,789	1.9
Merchandise costs	24,645	1.6	21,684	1.4
Website	32,108	2.1	20,248	1.3
Advertising	19,623	1.3	18,215	1.2
Legal and audit	10,624	0.7	15,605	1.0
Amortization	16,921	1.1	22,056	1.4
	1,455,255	97.0	1,474,678	96.2
<b>INCOME FROM OPERATIONS</b>	40,303		55,437	
<b>NET ASSETS, beginning of year</b>	118,840		63,404	
<b>NET ASSETS, end of year</b>	\$ 159,143		\$ 118,841	

The accompanying notes form an integral part of these financial statements



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# ONTARIO EQUESTRIAN FEDERATION

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## STATEMENT OF CASH FLOWS

MARCH 31, 2011

	2011	2010
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Net income (loss) for year	\$ 40,302	\$ 55,437
<b>Items not requiring an outlay of cash:</b>		
Amortization Expense	16,921	22,056
	57,223	77,493
<b>CHANGES IN NON-CASH WORKING CAPITAL</b>		
Accounts receivable	(48,332)	(12,185)
Inventory	13,293	(8,688)
Prepaid expenses	16,449	3,569
Accounts payable and accrued liabilities	200,914	(12,230)
Government remittances	9,473	(15,953)
Deferred Income	15,287	101,613
	207,084	56,126
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		
Additions to capital assets	(2,192)	(41,427)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	262,115	92,192
<b>NET CASH AND CASH EQUIVALENTS, beginning of year</b>	558,576	466,384
<b>NET CASH AND CASH EQUIVALENTS, end of year</b>	\$ 820,691	\$ 558,576

The accompanying notes form an integral part of these financial statements

The logo consists of the letters 'T' and 'Z' in a bold, serif font, stacked vertically. The 'T' is positioned above the 'Z', and both are enclosed within a double-lined rectangular border.

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# ONTARIO EQUESTRIAN FEDERATION

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## Notes to the Financial Statements

MARCH 31, 2011

### 1. PURPOSE OF ORGANIZATION

The Ontario Equestrian Federation Incorporated is incorporated as a non-share corporation under the laws of Ontario, to promote and regulate equestrian activities in Ontario in accordance with the policy and rules of Equine Canada. As an amateur athletic organization, the Association is exempt from Canadian income tax.

### 2. ACCOUNTING CHANGES

In October 2010, the Accounting Standards Board of the CICA approved Canadian generally accepted accounting principles for not-for-profit organizations. Management may elect to apply these new accounting standards to its financial statements on a retrospective basis commencing with 2009 year ends. The organization has chosen to adopt these standards. The application of these standards had the effect of reducing or eliminating certain previously described disclosures, however, there was no significant impact on previously reported net assets or prior years' operations.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a) Change in accounting policies

The management has elected to apply the new accounting standards for not-for-profit organizations along with the inclusion of the 4400 series of standards from the CICA Handbook. These financial statements are the first financial statements for which the Organization has applied accounting standards for not-for-profit organizations.

The financial statements for the year ended March 31, 2011 were prepared in accordance with the accounting principles and provisions set out in first-time adoption, Section 1500, for first-time adopters of this basis of accounting.

The application of adopting this new financial reporting framework had no impact on the previously reported financial position as at April 1, 2009 and March 31, 2010 or to previously reported net assets for the year ended March 31, 2010. Consequently a reconciliation of previously reported income to net income as reported using accounting standards for not-for-profit organizations was not prepared.

#### b) Accounting standards for not-for-profit organizations.

Management has prepared these financial statements in accordance with Canadian generally accepted accounting principles as they apply to not-for-profit organizations, using the accrual method.





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# ONTARIO EQUESTRIAN FEDERATION

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## Notes to the Financial Statements

MARCH 31, 2011

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Revenue recognition

The Federation follows the deferral method of accounting for contributions. Contributions are classified as (i) restricted, which are recognized as revenue in the year in which the related expenses are incurred and (ii) unrestricted, which are recognized as revenue when received (or receivable, if the amount to be received can reasonably be estimated and collection is reasonably assured). Individual membership fees and dues are recognized pro-rata on a calendar year basis.

Membership fees and dues from associations are recorded on an accrual basis, however, those from individuals are recorded on a cash basis due to the uncertainty of collection.

Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(d) Volunteer services

Many of the Federation's activities are dependent upon the contribution of volunteer time. Because of the difficulty in determining a fair value for these services, they are not recognized within these financial statements.

(e) Use of estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses and changes in net assets for the year. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the period in which they become known. Actual results could differ from those estimates. Accounts requiring significant estimates and assumption include investments and accrued liabilities.

(f) Financial instruments

Cash, cash equivalents and the investment portfolio of the Federation are designated as 'held for trading' and are valued at fair value. Held-for-trading investments are reported on the balance sheet at fair values as determined at the fiscal year end based on market value. Changes in fair value are recognized in the statement of operations.

New financial instruments are designated by management as appropriate upon acquisition.

Transaction costs associated with financial instruments are expensed as incurred and are included in investment income.

Accounts receivable are designated as 'receivables' and are valued at amortized cost.

Accounts payable and accrued liabilities are measured at amortized cost, which approximates their fair market value due to their short term to maturity.

(g) Financial risk management

Management is of the opinion that The Federation is not subject to significant currency and interest rate risks.



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# ONTARIO EQUESTRIAN FEDERATION

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## Notes to the Financial Statements

MARCH 31, 2011

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (h) Vehicles and Equipment

Vehicles and Equipment assets are recorded at cost. Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives as follows:

Office equipment	20% diminishing balance
Computer equipment	30% diminishing balance
Vehicles	30% diminishing balance

#### 4. VEHICLES AND EQUIPMENT

	Cost	Amortization	Net 2011	Net 2010
Computer Equipment	\$ 102,524	\$ 87,435	\$ 15,089	\$ 18,364
Furniture & Equipment	33,698	26,231	7,467	9,334
OEF Trailers	5,535	5,535	-	1,845
OEF Truck	36,871	18,804	18,067	25,809
	<u>\$ 178,628</u>	<u>\$ 138,005</u>	<u>\$ 40,623</u>	<u>\$ 55,352</u>

#### 5. DEFERRED REVENUE

Deferred revenue represents the unearned portion of membership fees and advance payments for competition received from affiliate associations. See Note 3(c).

#### 6. DRUG AND MEDICATIONS TRUST FUND

The Ontario Equestrian Federation Incorporated maintains funds in trust in separate bank and brokerage accounts for drug testing at equestrian events. These balances are restricted in nature, the Federation has no residual claim in any fund equity and has only been engaged as trustee and administrator of these funds. Accordingly, they are not included in the Statement of Financial Position, and the cash inflows and outflows from this account are not included in the Statement of Operations or Statement of Cash Flows.

#### 7. COMPARATIVE FIGURES

Certain figures have been restated to conform with the presentation in the current year.

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