XC CHELSEA MASTERS

FINANCIAL STATEMENTS

AUGUST 31, 2018

MITCHELL & HOLMES

CHARTERED PROFESSIONAL ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
XC Chelsea Masters:

Opinion

We have audited the financial statements of XC Chelsea Masters, which comprise the statement of financial position as at August 31, 2018, and the statements of operations, changes in net assets, and cash flow statement for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material aspects, the financial position of XC Chelsea Masters as at August 31, 2018, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of the report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing these financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

Other Matters

The financial statements for XC Chelsea Masters for the year ended August 31, 2017 were not subject to an audit nor a review engagement.

Mitchell & Holmes

MITCHELL & HOLMES
Chartered Professional Accountants, Licensed Public Accountants

July 26, 2019
Ottawa, Ontario

XC CHELSEA MASTERS

STATEMENT OF FINANCIAL POSITION

AUGUST 31, 2018

ASSETS

	2018	(Unaudited) 2017
CURRENT ASSETS		
Cash	$16,516	$15,479

LIABILITIES

CURRENT LIABILITIES		
Accounts payable	$ -	$ -

ACCUMULATED NET ASSETS

NET ASSETS		
Unrestricted	16,516	15,479
	$16,516	$15,479

On behalf of the Board of Directors:

...Julie Coburn...........Director

...Holly MacDonald....Director

(See accompanying notes to the financial statements)

XC CHELSEA MASTERS

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED AUGUST 31, 2018

	2018	(Unaudited) 2017
REVENUES		
Programs		
Fall programs	$18,833	$16,858
Winter programs	15,463	13,065
Memberships	3,535	2,730
Junior fundraiser	3,511	-
Sponsorship	2,500	3,000
Miscellaneous	-	493
	43,842	36,146
EXPENSES		
Programs		
Fall programs	19,509	16,057
Winter programs	13,540	11,019
Junior fundraiser	3,872	-
Cross Country Canada fees	1,824	1,386
Bank charges	1,352	1,363
Board expenses	1,273	470
Social expenses	523	289
Accounting	384	373
Advertising	257	574
Equipment	146	-
Website	86	-
Business fees	20	-
Miscellaneous	19	1,422
Uniforms	-	4,063
	42,805	37,016
EXCESS OF REVENUES OVER EXPENSES	$ 1,037	$ (870)

(See accompanying notes to the financial statements)

XC CHELSEA MASTERS

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED AUGUST 31, 2018

	2018	(Unaudited) 2017
NET ASSETS, BEGINNING OF YEAR	$15,479	$16,349
EXCESS OF REVENUES OVER EXPENSES	1,037	(870)
NET ASSETS, END OF YEAR	$16,516	$15,479

(See accompanying notes to the financial statements)

XC CHELSEA MASTERS

CASH FLOW STATEMENT

FOR THE YEAR ENDED AUGUST 31, 2018

	2018	(Unaudited) 2017
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	$ 1,037	$ (870)
CASH, BEGINNING OF YEAR	15,479	16,349
CASH, END OF YEAR	$16,516	$15,479

(See accompanying notes to the financial statements)

1. PURPOSE OF THE CORPORATION

XC Chelsea Masters is a club for both competitive and recreational masters cross-country skiers. The club's objectives are to develop and promote Masters racing, encourage and promote cross country skiing as a lifelong sport, support the cross country ski community at large in the promotion of the sport for recreation and competition, and to help promote the protection of parks, green space, and wilderness for low impact recreation such as cross country skiing.

XC Chelsea Masters is incorporated without share capital as a not-for-profit organization under the laws of the Province of Ontario and is exempt from income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered to be significant.

a) Fund Accounting

Revenues and expenses related to non-specified purposes are reported in the Unrestricted Fund. Generally, the Unrestricted Fund is used to hold funding received until fund allocation is determined.

b) Revenue Recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue of the appropriate fund 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.

c) Donated Goods and Services

Donated goods are recorded at fair market value. As with many not-for-profit organizations, the Organization relies on volunteer and other donated services to maintain operations. Due to the complexity inherent to recording such services, these donated services are not reflected in the financial statements of the Organization.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Use of Estimates

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

e) Financial Instruments

Financial instruments are financial assets or liabilities of the Organization, in general, the Organization has the right to receive cash or another financial assets from another party or the Organization has the obligation to pay another party cash or other financial assets.

Measurement of financial instruments:

The Organization initially measures its financial assets and liabilities at fair value.

The Organization subsequently measures all its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in operations.

Financial assets measured at amortized cost include, cash, and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Impairment:

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in operations.

f) Capital Assets

The Organization has adopted the policy of charging to current year's operating expenses all disbursements related to capital assets. There were no disbursements of a capital nature charged to the current year's operating expense.

3. COMPARATIVE INFORMATION

The financial statements for XC Chelsea Masters for the year ended August 31, 2017 were not subject to an audit nor a review engagement.

The comparative information has been reclassified where applicable to conform with the financial statement presentation used in the current year.

4. FINANCIAL INSTRUMENTS RISKS AND CONCENTRATIONS

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure and concentrations as at August 31, 2018.

Credit risk:

Credit risk arises from the potential that a counter party will fail to perform its obligations. It is management's opinion that the Organization is not exposed to significant credit risk as its main credit risk relate to its accounts receivable. The accounts receivable are managed and analysed on an ongoing basis. The Organization is of the opinion that its exposure to bad debts is not significant.

Liquidity risk:

Liquidity risk is the risk that the Organization will not be able to meet a demand for cash or fund its obligations as they come due. It is management's opinion that the Organization is not exposed to significant liquidity risk.

Changes in risk:

There has been no significant change in the level of risk during the year.

5. RELATED PARTIES

During the fiscal year ended August 31, 2018, the organization entered into a contract with a Board member to perform services at fair market value. The total funds paid during the fiscal year for these services was $5,110.

6. SUBSEQUENT EVENTS

Subsequent to the year-end, XC Chelsea Masters paid $5,000 for ownership of the logo the Club uses for its purposes.