

SOARING ASSOCIATION OF CANADA
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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



INDEPENDENT AUDITOR'S REPORT

To the Members of:
Soaring Association of Canada

We have audited the accompanying financial statements of Soaring Association of Canada, which comprise the statement of financial position as at December 31, 2011, and the statement 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.

Auditor's 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Soaring Association of Canada as at December 31, 2011, and its financial performance and its cash flows for the year then ended in accordance with accounting principles generally accepted in Canada.

Frouin Group
Licensed Public Accountants

To be dated when approved by client

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

FROUIN GROUP PROFESSIONAL CORPORATION
CHARTERED ACCOUNTANTS

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SOARING ASSOCIATION OF CANADA
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2011

	2011	2010
ASSETS		
CURRENT ASSETS		
Cash	\$ 47,374	\$ 44,856
Short-term investments (Note 4)	1,043,058	1,097,574
Accounts receivable	25,228	24,241
Inventory	<u>16,924</u>	<u>10,254</u>
	1,132,584	1,176,925
CAPITAL ASSETS (Note 2e and 5)	<u>43,435</u>	<u>43,435</u>
	<u>\$1,176,019</u>	<u>\$1,220,360</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ <u>2,912</u>	\$ <u>29,514</u>
DEFERRED CONTRIBUTIONS (Note 6)	<u>187,099</u>	<u>169,553</u>
NET ASSETS		
Invested in capital asset	43,435	43,435
Net assets internally restricted for World Contest Fund	10,000	10,000
Net assets internally restricted for Pioneer Fund	665,333	699,140
Net assets internally restricted for Air Cadet and Youth Bursary fund	10,000	10,000
Unrestricted net assets	<u>257,240</u>	<u>258,718</u>
	<u>986,008</u>	<u>1,021,293</u>
	<u>\$1,176,019</u>	<u>\$1,220,360</u>

APPROVED ON BEHALF OF THE BOARD :

Director _____

Director _____

(See accompanying Notes to Financial Statements)

SOARING ASSOCIATION OF CANADA
STATEMENT OF REVENUE AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2011

	2011	2010
REVENUES		
Membership fees	\$ 100,050	\$ 103,920
Sales and Services	9,365	12,074
Fight Training and Safety	12,136	11,437
Youth bursary and Air Cadet	0	8,982
World Contest	0	6,162
Wolf Mix	0	3,021
Peter Corley	2,300	2,300
Pioneer	3,430	1,285
Other	0	2,385
	<u>127,281</u>	<u>151,566</u>
EXPENSES		
Travel- World support	3,763	18,372
Management fees	24,000	24,000
Professional fees	3,000	17,676
Bursaries	8,190	11,282
Printing - Free Flight	11,646	10,083
Membership and subscriptions	6,200	9,222
Office condominium costs	9,084	8,964
Publications and training materials - Free Flight	7,880	7,398
Postage - Free Flight	3,187	4,109
Cost of sales	278	3,660
Cost of sales - Flight Training and Safety	494	0
Meeting and travel	16,599	18,328
Meeting and travel - Flight Training and Safety	1,808	0
Meeting and travel - Free Flight	625	0
Insurance	2,878	750
Bad debt	7,064	645
Canadian National Support	1,581	0
Bank and credit card charges	286	493
Awards and scholarships	97	322
Office Supplies	128	500
Non refundable HST/GST (Note 11)	7,461	0
	<u>116,249</u>	<u>135,804</u>
OPERATING REVENUE OVER EXPENSES	<u>11,032</u>	<u>15,762</u>
Gain (loss) on investment income	<u>(46,317)</u>	<u>66,279</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR	<u>\$ (35,285)</u>	<u>\$ 82,041</u>

(See accompanying Notes to Financial Statements)

SOARING ASSOCIATION OF CANADA
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2011

	2011	2010
INVESTED IN CAPITAL ASSETS		
Balance - beginning and end of year	\$ <u>43,435</u>	\$ <u>43,435</u>
NET ASSETS INTERNALLY RESTRICTED TO WORLD CONTEST FUND		
Transfer from unrestricted net assets and balance, end of the year	\$ <u>10,000</u>	\$ <u>10,000</u>
NET ASSETS INTERNALLY RESTRICTED FOR PIONEER FUND		
Balance - beginning of year	\$ 699,140	\$ 649,780
Transfer from (to) unrestricted net assets	<u>(33,807)</u>	<u>49,360</u>
Balance - end of year	\$ <u>665,333</u>	\$ <u>699,140</u>
NET ASSETS INTERNALLY RESTRICTED FOR AIR CADET AND YOUTH BURSARY FUND		
Transfer from unrestricted net assets and balance - end of year	\$ <u>10,000</u>	\$ <u>10,000</u>
UNRESTRICTED NET ASSETS		
Balance, beginning of year	\$ 258,718	\$ 246,038
Excess (deficiency) of revenue over expenses for the year	(35,285)	82,040
Transfer to net assets internally restricted to World Contest Fund	0	(10,000)
Transfer to net assets internally restricted for Pioneer Fund	33,807	(49,360)
Transfer to net assets internally restricted for Air Cadet and Youth Bursary Fund	<u>0</u>	<u>(10,000)</u>
Balance - end of year	\$ <u>257,240</u>	\$ <u>258,718</u>

(See accompanying Notes to Financial Statements)

SOARING ASSOCIATION OF CANADA
AUDITED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011

	2011	2010
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Net income (loss) for the year	\$ (35,285)	\$ 82,041
Net change in non-cash working capital		
Accounts receivable	(987)	(3,238)
Inventory	(6,670)	2,298
Accounts payable and accrued liabilities	(26,601)	(157)
Deferred contributions	<u>17,546</u>	<u>2,530</u>
NET INCREASE (DECREASE) IN CASH DURING THE YEAR	(51,997)	83,474
CASH, beginning of year	<u>1,142,430</u>	<u>1,058,956</u>
CASH, end of year	<u>\$1,090,433</u>	<u>\$1,142,430</u>
REPRESENTED BY		
Cash	\$ 47,374	\$ 44,856
Short-term investments	<u>1,043,058</u>	<u>1,097,574</u>
	<u>\$1,090,432</u>	<u>\$1,142,430</u>

(See accompanying Notes to Financial Statements)

SOARING ASSOCIATION OF CANADA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2011

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 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).

SOARING ASSOCIATION OF CANADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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).

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.

5. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value 2011	Net Book Value 2010
Office Condominium	\$ <u>80,183</u>	\$ <u>36,748</u>	\$ <u>43,435</u>	\$ <u>43,435</u>

SOARING ASSOCIATION OF CANADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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 31/10	Investment Loss Allocation	Contributions / Transfers	Revenue	Dec 31/11
World Contest	1,778	(86)	3,388	0	5,080
Air Cadet & Youth Bursary	53,103	(2,568)	10,000	0	60,535
Wolf Mix	108,116	(5,228)	14,957	0	115,245
Peter Corley	6,555	(317)	2,300	2,300	6,238
	169,553	8,199	28,054	2,300	187,099

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

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 2012 at a gross sale price of \$ 150,000, less real estate commission, legal and other costs.

SOARING ASSOCIATION OF CANADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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.

11. 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.