ONTARIO 5 PIN BOWLERS' ASSOCIATION

FINANCIAL STATEMENTS

31 JULY 2011

ONTARIO 5 PIN BOWLERS' ASSOCIATION

31 JULY 2011

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DNTW
Chartered Accountants, LLP

INDEPENDENT AUDITORS' REPORT

To the Members of
Ontario 5 Pin Bowlers' Association

Report on the Financial Statements

We have audited the accompanying financial statements of **Ontario 5 Pin Bowlers' Association**, which comprise the statement of financial position as at 31 July 2011 and the statements of operations 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 generally accepted accounting principles, 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. Except as explained in the following paragraph, 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 auditors' 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.

Basis for Qualified Opinion

In common with many non-profit associations, the association derives revenues from contributions and fundraising events, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues were limited to the amounts recorded in the records of the association and we were not able to determine whether any adjustments might be necessary to revenues, deficiency of revenues over expenses, current assets and fund balances.

Qualified Opinion

In our opinion, except for the possible 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 association as at 31 July 2011, its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

DNTW

Chartered Accountants, LLP
Licensed Public Accountants

Toronto, Ontario
October 12, 2011

ONTARIO 5 PIN BOWLERS' ASSOCIATION

STATEMENT OF FINANCIAL POSITION

AS AT 31 JULY 2011

	Note		2011		2010
ASSETS					
Current Assets					
Cash in bank		$	268,935	$	277,123
Accounts receivable			58,501		54,473
Inventory			6,509		5,835
Prepaid expenses			21,238		10,850
			355,183		348,281
Capital Assets	3		14,695		17,897
		$	369,878	$	366,178
LIABILITIES AND NET ASSETS					
Current Liabilities					
Accounts payable and accrued liabilities	4	$	121,625	$	115,210
Deferred revenue			98,686		97,012
Obligation under capital lease due within one year			-		4,995
			220,311		217,217
Net Assets					
Operating fund - unrestricted			87,759		67,033
Operating fund - externally restricted for youth and junior programs			20,102		40,828
Operating fund - internally restricted for membership			41,706		41,100
			149,567		148,961
		$	369,878	$	366,178

Approved on Behalf of the Board

_______________________ Director

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ONTARIO 5 PIN BOWLERS' ASSOCIATION

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 JULY 2011

		2011		2010
Balance, Beginning Of Year	$	148,961	$	107,861
Excess of revenues over expenses		606		41,100
Balance, End Of Year	$	149,567	$	148,961

ONTARIO 5 PIN BOWLERS' ASSOCIATION

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED 31 JULY 2011

		2011		2010
OPERATING REVENUES				
Membership	$	127,480	$	132,989
Tournaments		295,115		298,333
Sponsorships		23,384		28,382
Fundraisers		56,179		53,734
Meetings		55,476		101,989
		557,634		615,427
COST OF ACTIVITIES				
Memberships		26,855		26,278
Tournaments		279,213		270,421
Fundraisers		19,142		20,953
Meetings		56,517		92,424
		381,727		410,076
GROSS MARGIN (31.5%; 2010 - 33.4%)		175,907		205,351
OTHER REVENUES				
Government contributions		85,076		85,076
Bond and charter fees		2,000		2,800
Recovered costs		1,702		1,702
Interest		1,562		301
		90,340		89,879
NET REVENUES		266,247		295,230
EXPENSES				
Amortization		4,370		5,315
Automobile and travel		6,561		8,627
Directors' expenses and meeting		16,697		13,937
Insurance		15,427		18,763
Office and general		22,881		17,681
Professional fees		11,997		12,082
Rentals		26,131		27,256
Salaries and benefits		158,941		147,201
Telephone		2,636		3,268
		265,641		254,130
EXCESS OF REVENUES OVER EXPENSES	$	606	$	41,100

ONTARIO 5 PIN BOWLERS' ASSOCIATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2011

		2011		2010
CASH PROVIDED BY OPERATING ACTIVITIES				
Excess of revenues over expenses	$	606	$	41,100
Add Item not requiring an outlay of cash:				
Amortization		4,370		5,315
		4,976		46,415
Changes in non-cash working capital				
Accounts receivable		(4,028)		9,347
Inventory		(674)		3,182
Prepaid expenses		(10,388)		19,836
Accounts payable and accrued liabilities		6,415		2,928
Deferred revenue		1,674		67,297
		(2,025)		149,005
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of capital assets		(1,168)		(1,495)
Repayment of obligation under capital lease		(4,995)		(6,658)
		(6,163)		(8,153)
NET (DECREASE) INCREASE IN CASH		(8,188)		140,852
CASH, BEGINNING OF YEAR		277,123		136,271
CASH, END OF YEAR	$	268,935	$	277,123

SUPPLEMENTARY INFORMATION

Interest on obligation under capital lease	$	306	$	408

1. PURPOSE OF THE ORGANIZATION

The Ontario 5 Pin Bowlers' Association ("the Association") is an Ontario corporation without share capital and is exempt from income taxes in Canada. The purpose of the association is to promote and develop 5 pin bowling in Ontario. These financial statements do not include any of the accounts of Zone or Decentralized Associations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

The association follows the deferral method of accounting for contributions. Operating revenues are recognized at the time the goods are delivered or the services are provided and 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.

Revenues received which are related to the following fiscal year are deferred accordingly.

Government grants are recognized as revenue in the period received. Amounts received in relation to future expenses are recorded as deferred revenue.

Inventory

Inventory is valued at the lower of cost and estimated net realizable value, with cost being determined using the first-in, first-out method.

Capital assets and Amortization

Capital assets are stated at cost less accumulated amortization. Amortization, based on the estimated useful lives of the assets, is provided using the under noted annual rates and methods:

Furniture and equipment	10% declining balance
Computer equipment	30% declining balance
Automobile	30% declining balance

Contributed Services

Certain services have been contributed to the association to assist in its operations. Because of the difficulty of determining their fair value, these contributions are not recognized in the financial statements.

Operating Fund Externally Restricted For Youth and Junior Programs

Funds raised from bingos are restricted for youth and junior programs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Operating Fund Internally Restricted For Membership

A fund in the amount of $41,706 (2010 - $41,100), being the current and previous years' excess of revenues over expenses, have been internally restricted to assist with future membership fee funding.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported and disclosed in financial statements. Such estimates include estimating the useful lives of capital assets, the collectibility of accounts receivable and the obsolescence of inventories. Actual results could differ from these estimates.

Financial Instruments

The Association's financial instruments consists of cash in bank, accounts receivable and accounts payable and accrued liabilities, and deferred revenue.

The Association has classified its cash as held for trading and its accounts receivable as loans and receivables which are recognized at fair value. Accounts payable, accrued liabilities and deferred revenue are classified as other liabilities and recognized at fair value. Gains and losses are recognized in results of operations when the assets or liabilities are removed.

On October 15, 2008, the CICA deferred indefinitely the requirement of not-for-profit organizations to implement sections 3862 and 3863. Section 3862 requires the disclosure of information about: (a) the significance of financial instruments for the entity's financial position and performance and (b) the nature and extent of risks arising from the financial instruments to which the organization is exposed during the period and at the balance sheet date, and how the organization manages those risks. Section 3863 establishes standards for presentation of financial instruments and non-financial derivatives.

The association has elected to defer application of these standards and as such continues to follow the disclosure requirements of section 3861.

3. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2011	Net 2010
Furniture and equipment	$ 58,868	$ 53,280	$ 5,588	$ 5,399
Automobile	19,055	13,500	5,555	7,936
Computer equipment	41,652	38,100	3,552	4,562
	$ 119,575	$ 104,880	$ 14,695	$ 17,897

4. TOURNAMENT PRIZES

An accrual has been made for tournament prizes which are awarded each year prior to the fiscal year end of the association and take place the following November. An accrual in the amount of $42,373 (2010 - $39,100) has been recorded in the accounts.

5. FINANCIAL RISK MANAGEMENT POLICY

The association is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks at the reporting date, 31 March 2011.

Credit risk

The association determines, on a continuous basis, amounts receivable on the basis of amounts it is virtually certain to receive based on their estimated realizable value.

Market risk

The market risk associated with investments is reduced to a minimum since these assets are invested in guaranteed investment certificates.

Other risk

It is management's opinion that the association is not exposed to significant interest rate, liquidity or currency risks arising from these financial instruments.

6. COMMITMENTS

The minimum annual payments payable under a sublease agreement with Sport Alliance of Ontario, in effect at July 31, 2011, is approximately $15,000.

7. CAPITAL DISCLOSURES

The association's capital is made up of fund balances. The association's capital management objectives consist in ensuring that it continues as a going concern in order to fulfil its mission. The association manages its capital structure by preparing and monitoring its annual budgets to maintain a satisfactory level of capital.

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