

Financial statements of

**Ontario Motor Coach  
Association**

December 31, 2019

*(unaudited)*

# Ontario Motor Coach Association

December 31, 2019

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## **INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT**

To the Members of the  
Ontario Motor Coach Association

We have reviewed the accompanying financial statements of the Ontario Motor Coach Association that comprise the statement of financial position as at December 31, 2019, and the statements 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.

### **Practitioner's Responsibility**

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of the Ontario Motor Coach Association as at December 31, 2019, 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.



# Ontario Motor Coach Association

## Statement of operations

year ended December 31, 2019

(unaudited)

	Note	2019	2018
		\$	\$
<b>Revenue</b>			
Membership fees		348,251	356,591
DLSC		579,949	541,683
Conference		360,780	360,028
Management fees		62,000	67,000
Golf tournament		53,431	47,378
Royalties from publications		67,669	79,944
Development fund		18,711	17,620
Share of income from OTE and PRIDE	5	102,460	97,855
		<b>1,593,251</b>	<b>1,568,099</b>
<b>Expenses</b>			
Conference		251,665	145,716
Development fund		15,968	8,806
DLSC		436,867	399,803
Expenses relating to StakUp		17,107	43,498
Golf tournament		22,970	23,039
Foreign exchange gain		(6,930)	(5,887)
General and administrative		140,334	150,441
Industry and government relations		10,137	17,743
Membership fees		30,000	30,000
Occupancy costs		58,160	57,409
Salaries and benefits		616,817	653,037
		<b>1,593,095</b>	<b>1,523,605</b>
Excess of revenue over expenses from operations		156	44,494
Other (income)/expense			
Unrealized (gain)/loss on investments		(73,400)	61,267
Investment income realized, net of management fees		(16,420)	(34,469)
Amortization		29,109	27,705
		<b>(60,711)</b>	<b>54,503</b>
<b>Excess (deficiency) of revenue over expenses</b>		<b>60,867</b>	<b>(10,009)</b>

# Ontario Motor Coach Association

## Statement of financial position

as at December 31, 2019

(unaudited)

	Note	2019	2018
		\$	\$
<b>Assets</b>			
Current assets			
Cash		104,059	103,485
Short term investments	3	894,375	844,555
Accounts receivable		85,261	71,758
Prepaid expenses		46,874	54,653
		<b>1,130,569</b>	1,074,451
Capital assets			
Interests in joint arrangements	4	41,324	60,070
Trust assets	5	71,070	63,610
	6	175,333	122,748
		<b>1,418,296</b>	1,320,879
<b>Liabilities and net assets</b>			
Current liabilities			
Accounts payable and accrued liabilities		39,093	44,016
Government remittances payable		2,879	13,991
		<b>41,972</b>	58,007
Trust liabilities	6	175,333	122,748
		<b>217,305</b>	180,755
Commitments			
Net assets			
Invested in capital assets		41,324	60,070
Education development fund		159,490	156,747
Unrestricted net assets		1,000,177	923,307
		<b>1,200,991</b>	1,140,124
		<b>1,418,296</b>	1,320,879

The accompanying notes are an integral part of these financial statements.

Approved by the Board

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# Ontario Motor Coach Association

## Statement of changes in net assets year ended December 31, 2019

(unaudited)

	Invested in Capital Assets	Educational Development Fund	Unrestricted	2019 Total
	\$	\$	\$	\$
<b>Balance, beginning of the year</b>	<b>60,070</b>	<b>156,747</b>	<b>923,307</b>	<b>1,140,124</b>
Excess of revenue over expenses	-	-	<b>60,867</b>	<b>60,867</b>
Other adjustments				
Amortization	<b>(29,109)</b>	-	<b>29,109</b>	-
Purchase of capital assets	<b>10,363</b>	-	<b>(10,363)</b>	-
Transfer of surplus for development fund	-	<b>2,743</b>	<b>(2,743)</b>	-
<b>Net assets, end of year</b>	<b>41,324</b>	<b>159,490</b>	<b>1,000,177</b>	<b>1,200,991</b>

	Invested in Capital Assets	Educational Development Fund	Unrestricted	2018 Total
	\$	\$	\$	\$
<b>Balance, beginning of the year</b>	<b>90,142</b>	<b>147,933</b>	<b>912,058</b>	<b>1,150,133</b>
Deficiency of revenue over expenses	-	-	<b>(10,009)</b>	<b>(10,009)</b>
Other adjustments				
Amortization	<b>(27,705)</b>	-	<b>27,705</b>	-
Purchase of capital assets	<b>3,704</b>	-	<b>(3,704)</b>	-
Disposal of capital assets	<b>(6,071)</b>	-	<b>6,071</b>	-
Transfer of surplus for development fund	-	<b>8,814</b>	<b>(8,814)</b>	-
<b>Net assets, end of year</b>	<b>60,070</b>	<b>156,747</b>	<b>923,307</b>	<b>1,140,124</b>

The accompanying notes are an integral part of these financial statements.

# Ontario Motor Coach Association

## Statement of changes in cash flows

year ended December 31, 2019

(unaudited)

	2019	2018
	\$	\$
<b>Cash flows from operating activities</b>		
Excess (deficiency) of revenues over expenses	60,867	(10,009)
Adjustment for items not affecting cash		
Amortization	29,109	27,705
Unrealized (gain)/loss on investments	(73,400)	61,267
Share of income from OTE and PRIDE net of distributions	(7,460)	(3,855)
Disposal of capital assets	-	6,071
Gain on sale of investments	-	(29,588)
Net changes in operating working capital balances		
Accounts receivable	(13,503)	70,934
Prepaid expenses	7,779	(27,821)
Accounts payable and accrued liabilities	(4,923)	(65,312)
Government remittances payable	(11,112)	9,600
Cash flows from (used in) operating activities	(12,643)	38,992
<b>Investing activities</b>		
Purchase of investments	(66,258)	(328,164)
Proceeds from sale of investments	89,838	323,283
Purchase of capital assets	(10,363)	(3,704)
	13,217	(8,585)
Net change in cash	574	30,407
Cash, beginning of year	103,485	73,078
<b>Cash, end of year</b>	<b>104,059</b>	<b>103,485</b>

# Ontario Motor Coach Association

## Notes to the financial statements

December 31, 2019

(unaudited)

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### 1. Nature of business

The Ontario Motor Coach Association (“OMCA” or the “Association”) was incorporated on January 17, 1975 under the laws of the Province of Ontario as a not-for-profit association without share capital. The purpose of the Association is to promote and further the interests of the inter-city bus industry in Ontario.

The Association is a not-for-profit association registered under the Income Tax Act of Canada (the “Tax Act”) and, as such, is exempt from income taxes. To maintain its status as a not-for-profit association registered under the Tax Act, the Association must meet certain requirements within the Tax Act.

### 2. Significant accounting policies

#### *Basis of presentation*

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and reflect the following significant accounting policies:

#### *Fund accounting*

The Association has established the following funds to account for and to report on separate activities or objectives of the organization:

The unrestricted net assets account for the day-to-day operations of the Association.

The educational development fund is a Board designated fund for the purpose to champion the development of students pursuing a career in the motor coach and tour/travel industry, employees of OMCA member organizations and awareness of the motor coach and tour/travel industry as a whole.

Net assets invested in capital assets comprises the book value of capital assets.

#### *Interests in joint arrangements*

The Association owns a 33% interest in the joint arrangements of PRIDE Consortium, and the Ontario Transportation Expo.

The Association’s investment in its related company and its interests in joint arrangements are accounted for under the equity method. Under the equity method, the investment is initially recorded at cost and adjustments are made to include the Association’s share of net income for the year. These adjustments are included in the Associations’ net income. The amount of the investment is reduced by any dividend received or receivable from the related company and distributions received or receivable from the joint arrangements.

#### *Cash*

Cash includes cash on deposit with banks.



# Ontario Motor Coach Association

## Notes to the financial statements

December 31, 2019

(unaudited)

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### 2. Significant accounting policies (continued)

#### *Revenue recognition*

Membership fees are recognized as revenue on a calendar year basis. Membership fees received in the current year, but which are applicable to the subsequent year, are recorded as deferred revenue and will be recognized for as income in the year to which they pertain.

Revenue from member services and management fees are recognized when the services are performed.

Revenue from conferences, fund-raising and special events are recognized when the meeting or event takes place.

All other income is recognized when services are performed, or goods have been delivered.

Investment income is comprised of interest, dividends and realized and unrealized gains and losses. Interest income is recognized on the accrual basis, dividends are recognized when declared, and realized gains and losses are recognized when the transactions occur. Unrealized gains and losses which reflect the changes in fair value during the year are recognized at each reporting date and included in current year income.

#### *Financial instruments*

Financial assets and financial liabilities are initially recognized at fair value when the Association becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost, except for its investments that are quoted in an active market which are measured at fair value. Changes in fair value are recognized in the statement of operations. Fair values are determined by reference to published price quotations in active markets.

With respect to financial assets measured at cost or amortized cost, the Association recognizes in excess of revenue over expenses an impairment loss, if any, when there are indicators of impairment and it determines that a significant adverse change has occurred during the period in the expected timing of amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to net earnings in the period the reversal occurs.

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

#### *Capital assets*

Capital assets are recorded at cost and amortized on a straight-line basis over its estimated useful life as follows:

Office equipment	5 years
Office furniture	10 years
Computer equipment	3 years
Computer software	3 years
Leasehold improvements	over the term of the lease

# Ontario Motor Coach Association

## Notes to the financial statements

December 31, 2019

(unaudited)

### 2. Significant accounting policies (continued)

#### *Impairment of long-lived assets*

In the event that facts and circumstances indicate that the Association's long-lived assets may be impaired, an evaluation of recoverability would be performed. Such an evaluation entails comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write down to market value or discounted cash flow value is required. The Association considers that no circumstances exist that would require such evaluation.

#### *Foreign currency translation*

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rates prevailing at the balance sheet date. Revenues and expenses are translated from foreign currencies at the exchange rates prevailing on the transaction date. Any resulting realized and unrealized gains or losses are included in income for the year.

Revenues and expenses of the Association's foreign related company are translated into Canadian dollars using the average rate of exchange for the year.

#### *Contributed goods and services*

Contributed goods and services are not recorded in the accounts of the Association, except when fair value of such goods and services can reasonably be estimated and when the goods and services are normally purchased by the Association and would be paid for if not contributed.

#### *Use of estimates*

The preparation of 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 and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

### 3. Short term investments

	2019	2018
	\$	\$
Cash	2,341	40,946
Thornmark Alpha Fund O-Class	65,306	52,618
Thornmark Dividend & Income Fund O-Class	83,027	73,125
Thornmark Enhanced Equity Fund O-Class	351,546	289,348
NBI Altamira High-Interest Cash Performer	40,305	63,276
Algonquin Fund F Class	-	25,805
RP Strategic Income Plus Fund	351,850	299,437
	<b>894,375</b>	<b>844,555</b>

# Ontario Motor Coach Association

## Notes to the financial statements

December 31, 2019

(unaudited)

### 4. Capital assets

	2019		2018	
	Cost	Accumulated amortization	Cost	Accumulated amortization
	\$	\$	\$	\$
Office equipment	9,470	8,464	7,308	6,281
Office furniture	19,107	13,007	19,107	11,097
Computer equipment	64,656	63,668	56,455	54,603
Leasehold improvements	79,754	46,524	79,754	30,573
	<b>172,987</b>	<b>131,663</b>	162,624	102,554
Net book value		<b>41,324</b>		60,070

### 5. Interests in joint arrangements

The Association is a member of the PRIDE Consortium ("PRIDE") and the Ontario Transportation Expo ("OTE") which, along with two other associations, oversee these programs. Details of the Association's 33% interest in these joint arrangements are as follows:

	2019	2018
	\$	\$
Investment in joint arrangements		
PRIDE	43,440	44,377
OTE	27,630	19,233
	<b>71,070</b>	63,610

	2019	2018
	\$	\$
Share of income in joint arrangements		
PRIDE	29,063	32,565
OTE	73,397	65,290
	<b>102,460</b>	97,855

	2019	2018
	\$	\$
Cash distribution to Association		
PRIDE	30,000	33,000
OTE	65,000	61,000
	<b>95,000</b>	94,000

# Ontario Motor Coach Association

## Notes to the financial statements

December 31, 2019

(unaudited)

### 5. Interests in joint arrangements (continued)

Detailed operations of the PRIDE Consortium during the year were as follows:

	2019		2018	
	\$	\$	\$	\$
<b>PRIDE Consortium</b>				
Balance sheet	33%	100%	33%	100%
Cash	42,405	127,215	34,333	102,999
Other assets	2,618	7,854	15,038	45,114
Liabilities	(1,582)	(4,747)	(4,995)	(14,984)
<b>Total net assets</b>	<b>43,441</b>	<b>130,322</b>	<b>44,376</b>	<b>133,129</b>
Statement of operations				
Revenues	115,974	347,923	124,594	373,783
Expenses	86,911	260,734	92,030	276,089
<b>Excess of revenues over expenses</b>	<b>29,063</b>	<b>87,189</b>	<b>32,565</b>	<b>97,694</b>

Detailed operations of the Ontario Transportation Expo during the year were as follows:

	2019		2018	
	\$	\$	\$	\$
<b>Ontario Transportation Expo</b>				
Balance sheet	33%	100%	33%	100%
Cash	16,039	48,118	6,583	19,749
Other assets	11,589	34,768	12,650	37,951
<b>Total net assets</b>	<b>27,629</b>	<b>82,886</b>	<b>19,233</b>	<b>57,700</b>
Statement of operations				
Revenues	123,179	369,538	116,153	348,460
Expenses	49,782	149,347	50,863	152,589
<b>Excess of revenues over expenses</b>	<b>73,397</b>	<b>220,191</b>	<b>65,290</b>	<b>195,871</b>

# Ontario Motor Coach Association

## Notes to the financial statements

December 31, 2019

(unaudited)

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### 6. Trust assets and liabilities

The Association provides accounting and administrative services to PRIDE Consortium and the Ontario Transportation Expo, including the management of all banking transactions. The trust assets and liabilities represent the funds held on behalf of PRIDE Consortium and the Ontario Transportation Expo.

	2019	2018
	\$	\$
Funds held in trust		
PRIDE Consortium	127,215	102,999
Ontario Transportation Expo.	48,118	19,749
	<b>175,333</b>	<b>122,748</b>

### 7. Commitments

The Association has entered into a lease in various equipment and office space. The committed annual lease payments for the next 3 years are as follows:

	\$
2020	21,017
2021	19,159
2022	2,164
	<b>42,340</b>

# Ontario Motor Coach Association

## Notes to the financial statements

December 31, 2019

(unaudited)

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### 8. Financial instruments

The Association is exposed to various risks through its financial instruments. The following analysis provides a measure of the Association's risk exposure.

#### *Credit risk*

Credit risk arises from the potential that a debtor will fail to perform its obligations. The Association's main credit risk related to accounts receivable. The Association mitigates credit risk in respect of accounts receivable by closely monitoring its accounts and following up on collection.

#### *Liquidity risk*

The Association's objective is to have sufficient liquidity to meet its liabilities when due. The Association monitors its cash balances and cash flows generated from operations to meet its requirements. As at December 31, 2019 the most significant financial liabilities are accounts payable and accrued liabilities.

#### *Market risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risk: currency, interest rate, and other price risk.

#### *Currency risk*

Currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. A portion of the Association's membership fees and meetings revenue are in foreign currencies. Consequently, cash is exposed to foreign currency fluctuations. At December 31, 2019, cash of \$10,115 (2018 - \$1,034) is denominated in foreign currency and converted into Canadian dollars. The Association's policy is to monitor the foreign currency content of their net assets.

#### *Interest rate risk*

Interest rate risk arises from the possibility that changes in interest rates will affect the value of fixed income investments held by the Association. The value of fixed income investments will generally rise if interest rates fall and decrease if interest rates rise. The Association is not exposed to significant interest rate risk

#### *Other price risk*

The Association is exposed to other price risk which is the potential loss that the Association may incur with respect to the changes in fair value of investments. The fair value of investments will fluctuate because of changes in market price whether those changes are caused by factors specific to the individual investments, or its issuers or factors affecting all investments traded in the market.