

Financial Statements

**Canadian Power and Sail Squadrons**  
**Escadrilles canadiennes de plaisance**

For the year ended June 30, 2025

## Table of Contents

|                                    | Page   |
|------------------------------------|--------|
| Independent Auditor's Report       | 1 - 2  |
| Statement of Financial Position    | 3      |
| Statement of Operations            | 4      |
| Statement of Changes in Net Assets | 5      |
| Statement of Cash Flows            | 6      |
| Notes to Financial Statements      | 7 - 12 |

**To the members of  
Canadian Power and Sail Squadrons - Escadrilles canadiennes de plaisance**

## **INDEPENDENT AUDITOR'S REPORT**

### *Opinion*

We have audited the financial statements of Canadian Power and Sail Squadrons - Escadrilles canadiennes de plaisance, which comprise the statement of financial position as at June 30, 2025, and the statements of operations, statement of change in net assets and cash flows 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 respects, the financial position of the organization as at June 30, 2025, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

### *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 our 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 the financial statements in accordance with ASNPO, 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 the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to 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 but to do so.

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

### *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 judgment 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 obtained, 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 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.
- 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 our audit.



Reilly Back LLP  
Licensed Public Accountants

Markham, Ontario  
October 22, 2025

# Canadian Power and Sail Squadrons

## Escadrilles canadiennes de plaisance

Statement of Financial Position

As at June 30, 2025

|                                                    | 2025         | 2024         |
|----------------------------------------------------|--------------|--------------|
| <b>Assets</b>                                      |              |              |
| Current assets                                     |              |              |
| Cash and cash equivalents (note 3)                 | \$ 223,173   | \$ 228,905   |
| Accounts receivable, net (note 4)                  | 89,406       | 115,918      |
| Sales tax receivable                               | 19,016       | 11,539       |
| Prepaid expenses                                   | 15,761       | 41,702       |
| Inventory                                          | 71,405       | 66,934       |
| Short-term investments (note 5)                    | 760,300      | 474,000      |
|                                                    | 1,179,061    | 938,998      |
| Other assets                                       |              |              |
| Investments (note 5)                               | 2,050,000    | 2,810,300    |
| Intangible assets (note 6)                         | 24,248       | 54,391       |
| Capital assets (note 7)                            | 200,217      | 236,990      |
|                                                    | \$ 3,453,526 | \$ 4,040,679 |
| <b>Liabilities</b>                                 |              |              |
| Current liabilities                                |              |              |
| Accounts payable and accrued liabilities (note 8)  | \$ 296,581   | \$ 184,490   |
| Current portion of deferred contributions (note 9) | 7,060        | 27,000       |
|                                                    | 303,641      | 211,490      |
| Deferred contributions (note 9)                    | -            | 2,926        |
|                                                    | 303,641      | 214,416      |
| <b>Net Assets</b>                                  |              |              |
| Invested in capital assets                         | 200,217      | 236,990      |
| Unrestricted                                       | 2,949,668    | 3,589,273    |
|                                                    | 3,149,885    | 3,826,263    |
|                                                    | \$ 3,453,526 | \$ 4,040,679 |

Approved on behalf of the Board:

Lise-Blaise Huot, SN, Chief Commander

Nigel Stafford, JN, National Financial Officer

*The accompanying notes form an integral part of these financial statements.*

# **Canadian Power and Sail Squadrons** **Escadrilles canadiennes de plaisance**

## Statement of Operations

For the year ended June 30, 2025

|                                                                        | 2025                | 2024                |
|------------------------------------------------------------------------|---------------------|---------------------|
| <b>Revenue</b>                                                         |                     |                     |
| Course material and education-related                                  | \$ 834,337          | \$ 830,613          |
| Membership fees and dues                                               | 222,199             | 260,293             |
| Regalia and sundry resale items                                        | 12,471              | 15,154              |
| Other fees and charges (note 9)                                        | 157,298             | 299,966             |
| Contribution projects                                                  | -                   | 11,822              |
| Investment income                                                      | 162,818             | 135,608             |
| Donations                                                              | 143,964             | 18,906              |
|                                                                        | <u>1,533,087</u>    | <u>1,572,362</u>    |
| <b>Expenditures</b>                                                    |                     |                     |
| Course material, regalia, and sundry resale items (note 6)             | 145,768             | 116,108             |
| Chief Commander                                                        | 7,383               | 4,776               |
| Executive Department                                                   | 160,098             | 88,093              |
| Educational Department                                                 | 2,061               | 7,678               |
| Administrative Department                                              | 17,915              | 31,164              |
| Financial Department                                                   | 755                 | 2,976               |
| The Port Hole / Le Hublot publications                                 | -                   | 25,575              |
| National Office (note 10)                                              | 1,586,694           | 1,502,571           |
| Marketing                                                              | 288,791             | 212,645             |
|                                                                        | <u>2,209,465</u>    | <u>1,991,586</u>    |
| <b>Deficiency of revenue over expenditures before undernoted items</b> | (676,378)           | (419,224)           |
| Gain on sale of capital assets                                         | -                   | 3,816,501           |
| <b>Net excess (deficiency) of revenue over expenditures</b>            | <u>\$ (676,378)</u> | <u>\$ 3,397,277</u> |

*The accompanying notes form an integral part of these financial statements.*

**Canadian Power and Sail Squadrons**  
**Escadrilles canadiennes de plaisance**

Statement of Changes in Net Assets  
For the year ended June 30, 2025

|                                                          | Invested in<br>Capital Assets |          | Unrestricted |           | Total<br>2025 | Total<br>2024 |
|----------------------------------------------------------|-------------------------------|----------|--------------|-----------|---------------|---------------|
| <b>Balance, beginning of year</b>                        | \$                            | 236,990  | \$           | 3,589,273 | \$ 3,826,263  | \$ 428,986    |
| Net excess (deficiency) of revenues<br>over expenditures |                               | (97,208) |              | (579,170) | (676,378)     | 3,397,277     |
| Investment in capital assets                             |                               | 60,435   |              | (60,435)  | -             | -             |
| <b>Balance, end of year</b>                              | \$                            | 200,217  | \$           | 2,949,668 | \$ 3,149,885  | \$ 3,826,263  |

*The accompanying notes form an integral part of these financial statements*

# Canadian Power and Sail Squadrons

## Escadrilles canadiennes de plaisance

### Statement of Cash Flows

For the year ended June 30, 2025

|                                                                     | 2025         | 2024         |
|---------------------------------------------------------------------|--------------|--------------|
| <b>Cash derived from (applied to) operating activities</b>          |              |              |
| Excess (deficiency) of revenues over expenditures                   | \$ (676,378) | \$ 3,397,277 |
| Add (deduct) items which do not involve outlay of cash              |              |              |
| Amortization of property and equipment (notes 7 and 12)             | 108,834      | 152,439      |
| Amortization of intangible assets (note 6)                          | 24,248       | 35,917       |
| Gain on disposition of capital assets                               | -            | (3,816,501)  |
|                                                                     | (543,296)    | (230,868)    |
| Add (deduct) change in non-working capital accounts                 |              |              |
| Accounts receivable                                                 | 26,512       | (106,413)    |
| Sales tax receivable                                                | (7,477)      | 1,946        |
| Inventory                                                           | (4,471)      | (18,205)     |
| Prepaid expenses                                                    | 25,941       | (15,407)     |
| Accounts payable and accrued liabilities                            | 112,091      | (124,186)    |
|                                                                     | (390,700)    | (493,133)    |
| <b>Cash derived from (applied to) investing activities</b>          |              |              |
| Purchase of intangible assets                                       | -            | (9,177)      |
| Purchase of property and equipment                                  | (60,435)     | (133,326)    |
| Purchase of investments, net of proceeds                            | 468,269      | (3,127,214)  |
| Proceeds from sale of capital assets                                | -            | 4,050,000    |
|                                                                     | 407,834      | 780,283      |
| <b>Cash derived from (applied to) financing activities</b>          |              |              |
| Deferred contributions                                              | (22,866)     | (177,583)    |
| Repayment of long-term debt                                         | -            | (30,000)     |
|                                                                     | (22,866)     | (207,583)    |
| <b>Increase (decrease) in cash and cash equivalents during year</b> | (5,732)      | 79,567       |
| <b>Cash and cash equivalents (note 3) at beginning of year</b>      | 228,905      | 149,338      |
| <b>Cash and cash equivalents (note 3) at end of year</b>            | \$ 223,173   | \$ 228,905   |

**Commitments and contingent liabilities** (note 11)

*The accompanying notes form an integral part of these financial statements.*

# Canadian Power and Sail Squadrons

## Escadrilles canadiennes de plaisance

Notes to Financial Statements

For the year ended June 30, 2025

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### 1. Nature of operations

Canadian Power and Sail Squadrons - Escadrilles canadiennes de plaisance ("CPS-ECP") was incorporated without share capital on November 3, 1947, under the Canada Corporations Act. On July 15, 2014, CPS-ECP replaced the original letters patent and related by-laws with a certificate of continuance and new by-laws in compliance with the Canada Not-for-Profit Corporations Act. In accordance with the provisions of section 149 of the Income Tax Act, the corporation is exempt from income taxes.

CPS-ECP is a committed community of experienced boaters inspiring others to adopt a safe boating attitude through education and training. The mission of CPS-ECP to achieve this vision is: to teach safe boating practices and proper navigational techniques; to promote the cause of boating safety by creating a safe boating ethic; to advance the cause of boating safety in cooperation with other agencies and organizations; and to keep our Member and Volunteer community strong through ongoing social interaction and enjoyment.

### 2. Accounting policies

#### a) *Basis of accounting and presentation*

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

#### b) *Revenue recognition*

CPS-ECP 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 received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Course material and education-related and regalia and sundry resale items revenue are recognized as revenue when the services are rendered or the goods are shipped and there is reasonable assurance of collection. Membership fees and dues are recognized on an annual basis in accordance with the year of the respective activity. Contribution projects revenue is recognized on an annual basis in accordance with the year of the respective activity. Revenue from investments is recognized when earned. Revenue from donations is recognized in the year of donation.

#### c) *Financial instruments*

Financial instruments are recorded at fair value when acquired or issued. All investments in equities, money market funds, bonds and guaranteed investment certificates are recorded at amortized cost. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

# Canadian Power and Sail Squadrons

## Escadrilles canadiennes de plaisance

Notes to Financial Statements

For the year ended June 30, 2025

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### 2. Accounting policies (continued)

#### d) *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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Accounts specifically affected by estimates in these financial statements are impairment of inventory, capital asset amortization rates, impairment of capital assets, intangible asset amortization rates, impairment of intangible assets, accruals and amortization of deferred contributions. Any significant differences are reflected in the current year.

#### e) *Cash and cash equivalents*

Cash and cash equivalents are defined as cash on hand, bank balances, guaranteed investment certificates and money market deposits on deposit with CPS-ECP's financial institutions with original maturity dates of three months or less at the date of acquisition.

#### f) *Inventory*

Inventory is recorded at the lower of cost and net realizable value and is expensed in course material, regalia and sundry resale items. Cost is determined on an average cost basis.

#### g) *Capital assets*

Capital assets are recorded at cost less applicable donations and accumulated amortization except for land, which is carried at cost. Amortization is calculated on the straight-line basis once the asset is put into use, with the half-year rule in the year of acquisition, over the following periods:

|                         |              |
|-------------------------|--------------|
| Building                | 40 years     |
| Computer equipment      | 5 years      |
| Computer software       | 1 year       |
| Furniture and equipment | 5 years      |
| Information systems     | 5 to 6 years |
| Leasehold improvements  | 5 years      |

#### h) *Intangible assets*

CPS-ECP capitalizes training and business development costs, trademarks and domain names when management believes they will generate future benefits and that all the ASNPO criteria for capitalization are met. Intangible assets are amortized on the basis of their useful life using the straight-line method once they have been put in use, with the half-year rule in the year of first use. The trademarks and domain names have an indefinite life, and as such, are not amortized. These assets are tested for impairment if events or changes in circumstances indicate that the carrying amount exceeds the fair value. The impairment test consists of a comparison of the fair value of the unamortized assets with their carrying amount. When the carrying amount exceeds the fair value, an impairment loss is recognized in an amount equal to the excess.

# Canadian Power and Sail Squadrons

## Escadrilles canadiennes de plaisance

Notes to Financial Statements

For the year ended June 30, 2025

### 2. Accounting policies (continued)

#### i) Asset impairment

CPS-ECP tests for impairment whenever events or changes in circumstances indicate that the carrying amount of assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected undiscounted future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value.

### 3. Cash and cash equivalents

|                                   | 2025              | 2024              |
|-----------------------------------|-------------------|-------------------|
| Cash                              | \$ 135,281        | \$ 159,521        |
| BMO high interest savings account | 87,892            | 69,384            |
|                                   | <u>\$ 223,173</u> | <u>\$ 228,905</u> |

CPS-ECP has a line of credit of \$300,000, which is secured by GIC term deposits held with BMO. This line of credit is repayable on demand and bears interest at prime rate plus 1.35%. Interest is calculated monthly in arrears, and payable monthly on the last day of each month. The prime rate as of June 30, 2025, is 4.95%. As at June 30, 2025, CPS-ECP has utilized \$nil (2024 - \$nil) of this facility.

### 4. Accounts receivable

|                                 | 2025             | 2024              |
|---------------------------------|------------------|-------------------|
| Trade receivable                | \$ 30,203        | \$ 34,459         |
| Interest receivable             | 60,313           | 82,569            |
| Allowance for doubtful accounts | (1,110)          | (1,110)           |
|                                 | <u>\$ 89,406</u> | <u>\$ 115,918</u> |

### 5. Investments

|                                                                                                                     | 2025                | 2024                |
|---------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|
| Guaranteed investment certificates, 4.46% to 5.71%, maturing from September 8, 2025, to September 26, 2028, at cost | \$ 2,810,300        | \$ 3,284,300        |
| Current portion, at cost                                                                                            | (760,300)           | (474,000)           |
|                                                                                                                     | <u>\$ 2,050,000</u> | <u>\$ 2,810,300</u> |

# Canadian Power and Sail Squadrons

## Escadrilles canadiennes de plaisance

Notes to Financial Statements

For the year ended June 30, 2025

### 6. Intangible assets

|                                                                                                 | 2025       | 2024       |
|-------------------------------------------------------------------------------------------------|------------|------------|
| Deferred training and business development costs                                                | \$ 288,846 | \$ 288,846 |
| Website domain, not amortized, indefinite useful life                                           | 5,883      | 5,883      |
| Trademarks, not amortized, indefinite useful life                                               | 3,294      | 3,294      |
| Accumulated amortization                                                                        | (273,775)  | (243,632)  |
| Deferred training and business development costs, net                                           | \$ 24,248  | 54,391     |
| Amortization of intangible assets included in Course material, regalia, and sundry resale items | \$ 30,143  | \$ 35,917  |

### 7. Capital assets

|                              | 2025         |                          | 2024       |            |
|------------------------------|--------------|--------------------------|------------|------------|
|                              | Cost         | Accumulated amortization | Net        | Net        |
| Assets under a capital lease | \$ 29,886    | \$ (29,886)              | \$ -       | \$ -       |
| Computer equipment           | 168,126      | (159,860)                | 8,266      | 10,931     |
| Furniture and equipment      | 89,934       | (89,934)                 | -          | -          |
| Information systems (note 9) | 791,562      | (660,179)                | 131,383    | 148,588    |
| Leasehold improvements       | 84,514       | (23,946)                 | 60,568     | 77,471     |
|                              | \$ 1,164,022 | \$ 963,805               | \$ 200,217 | \$ 236,990 |

### 8. Accounts payable and accrued liabilities

|                       | 2025       | 2024       |
|-----------------------|------------|------------|
| Due to Squadrons, net | \$ 80,192  | \$ 43,564  |
| Trade payables        | 216,389    | 140,926    |
|                       | \$ 296,581 | \$ 184,490 |

# Canadian Power and Sail Squadrons

## Escadrilles canadiennes de plaisance

Notes to Financial Statements

For the year ended June 30, 2025

### 9. Deferred contributions

Deferred contributions represent unspent funds externally restricted for future conference fees, educational programs, capital assets and intangible assets. During fiscal 2025, CPS-ECP received \$7,060 (2024 - \$nil) from the Canadian Power Squadrons Foundation ("CPSF"). The CPSF deferred contribution is being recognized into revenue when the related course development expenses are incurred. In fiscal 2025, \$29,926 (2024 - \$180,509) was recognized into revenue under Other Fees and Charges. Changes in the deferred contributions balance for the year are as follows:

|                       | 2025     | 2024      |
|-----------------------|----------|-----------|
| Balance               | \$ 7,060 | \$ 29,926 |
| Less: current portion | (7,060)  | (27,000)  |
| Long-term portion     | \$ -     | \$ 2,926  |

### 10. National office expenses

|                                      | 2025                | 2024                |
|--------------------------------------|---------------------|---------------------|
| Amortization                         | \$ 108,834          | \$ 152,439          |
| Bad debts (recovery of)              | 4,155               | (13,191)            |
| Bank charges                         | 34,487              | 33,300              |
| Consulting fees                      | 31,182              | -                   |
| General                              | 165,846             | 65,497              |
| National office building maintenance | 72,682              | 62,964              |
| Insurance                            | 25,708              | 25,705              |
| Professional fees                    | 26,689              | 32,690              |
| Salaries and employee benefits       | 859,527             | 894,245             |
| Stationery, printing, and postage    | 22,707              | 27,667              |
| System maintenance and hosting       | 229,265             | 200,618             |
| Telephone                            | 5,612               | 20,637              |
|                                      | <u>\$ 1,586,694</u> | <u>\$ 1,502,571</u> |

### 11. Commitments and contingent liabilities

The Company is committed to leases for office premises that require monthly payments. This lease expires in January 2029. The annual lease payments due over the next four years are as follows:

|      |                   |
|------|-------------------|
| 2026 | \$ 79,532         |
| 2027 | 80,646            |
| 2028 | 82,205            |
| 2029 | <u>47,953</u>     |
|      | <u>\$ 290,336</u> |

# Canadian Power and Sail Squadrons

## Escadrilles canadiennes de plaisance

Notes to Financial Statements

For the year ended June 30, 2025

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### 12. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

#### a) *Fair value*

The fair value of current financial assets and current financial liabilities approximates their carrying value due to their short-term maturity dates. The fair value of long-term financial liabilities approximates their carrying value based on the presumption that the CPS-ECP is a going concern and thus expects to fully repay the outstanding amounts and to fulfil their commitments.

#### b) *Credit risk*

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. CPS-ECP is exposed to credit risk resulting from the possibility that a counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. CPS-ECP's financial instruments that are exposed to concentrations of credit risk relate primarily to its cash and cash equivalents, short term investments and long-term investments. CPS-ECP manages its exposure to this risk by maintaining its cash and investments with a major Schedule I bank and a reputable investment broker.

#### c) *Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. CPS-ECP is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of fixed income denominated investments.

### 13. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.