
Ottawa Tennis and Lawn Bowling Club
Financial Statements
November 30, 2019

McKECHNIE & Co.

Suite 500, 1390 Prince of Wales Drive
Ottawa, Ontario, K2C 3N6

Independent Auditor's Report

To the Members of Ottawa Tennis and Lawn Bowling Club

Opinion

We have audited the financial statements of Ottawa Tennis and Lawn Bowling Club (the Entity), which comprise the statement of financial position as at November 30, 2019, and the statements of operations, changes 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 Entity as at November 30, 2019 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.

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 Entity 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 qualified audit 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 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 the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 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 Entity'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 Entity'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 Entity 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.



Chartered Professional Accountants, Licensed Public Accountant

Ottawa, ON
March 5, 2020

Ottawa Tennis and Lawn Bowling Club
Statement of Financial Position
As at November 30, 2019

	2019	2018
Assets		
Current		
Cash	\$ 440,736	\$ 295,098
Accounts receivable	10,401	22,052
Inventory	1,897	1,924
Prepaid expenses	17,639	18,760
	<u>470,673</u>	<u>337,834</u>
Capital (note 4)	1,185,600	900,911
	<u>\$ 1,656,273</u>	<u>\$ 1,238,745</u>
Liabilities, Net Assets and Share Capital		
Current		
Accounts payable and accrued liabilities	\$ 86,784	\$ 39,870
Government remittances payable	10,221	13,909
Deferred revenue (note 5)	132,336	169,077
Current portion of long term debt (note 6)	13,901	0
	<u>243,242</u>	<u>222,856</u>
Long Term Debt (note 6)	278,913	31,242
	<u>522,155</u>	<u>254,098</u>
Net Assets and Share Capital		
Share capital (note 7)	0	13,100
Net assets invested in capital assets	892,786	900,911
Net assets - unrestricted	241,332	70,636
	<u>1,134,118</u>	<u>984,647</u>
	<u>\$ 1,656,273</u>	<u>\$ 1,238,745</u>

Commitments (note 9)

On behalf of the Board:

_____ President

_____ Treasurer

See accompanying notes to the financial statements

Ottawa Tennis and Lawn Bowling Club
Statement of Operations and Change in Net Assets
For the year ended November 30, 2019

	2019	2018
Revenue		
Tennis membership	\$ 435,651	\$ 427,661
Tennis camps	184,010	154,992
Tennis lessons	69,826	73,710
Pool membership	75,200	52,281
Swimming lessons	5,426	10,953
Beach volleyball	90,229	73,675
Café	46,745	31,384
Fundraising	18,535	30,629
Grants	35,747	49,658
Donations for Club House Restoration	3,330	2,371
Other	24,569	36,153
	<u>989,268</u>	<u>943,467</u>
Expense		
Advertising and promotion	23,775	10,173
Amortization	49,391	37,796
Bank charges and credit card fees	23,069	21,125
Café supplies	(420)	3,796
Club house restoration expense	2,687	2,371
Contracted services - grounds and other	111,794	110,631
Contracted services - tennis	55,156	56,822
Insurance	19,925	18,999
Interest on long term debt	6,272	1,200
Maintenance and supplies	77,620	72,832
Miscellaneous	9,174	9,526
Office	15,907	12,294
Professional fees	23,458	28,601
Property taxes	36,861	33,934
Salaries and benefits	296,537	312,583
Shareholders' meetings	1,460	353
Special events	24,290	32,759
Tennis camps	29,518	22,099
Telecommunications	2,326	1,817
Utilities	30,077	22,073
	<u>838,877</u>	<u>811,784</u>
Excess of revenue over expense for the year	150,391	131,683
Net assets, beginning of year	971,547	839,774
Contribution from share issue	180	180
Cancellation of shares	0	(90)
Contribution from cancellation of shares (note 7)	12,000	0
Net assets, end of year	\$ 1,134,118	\$ 971,547

See accompanying notes to the financial statements

Ottawa Tennis and Lawn Bowling Club
Statement of Changes in Cash Flows
For the year ended November 30, 2019

	2019	2018
Operating activities		
Excess of revenue over expense for the year	\$ 150,391	\$ 131,683
Item not involving an outlay of cash		
Amortization	49,391	37,796
	<u>199,782</u>	<u>169,479</u>
Change in non-cash working capital		
Accounts receivable	11,651	(9,216)
Inventory	27	(1,299)
Prepaid expenses	1,121	(3,274)
Accounts payable and accrued liabilities	46,914	(12,697)
Government remittances payable	(3,688)	(3,151)
Deferred revenue	(36,741)	24,447
	<u>219,066</u>	<u>164,289</u>
Financing activities		
Repayment of share capital (net)	(1,100)	10
Contribution from share issue (net)	180	90
Loan proceeds (net of repayments)	261,572	0
	<u>260,652</u>	<u>100</u>
Investing activities		
Capital asset purchases	(334,080)	(120,416)
Increase in cash during the year	145,638	43,973
Cash, beginning of year	<u>295,098</u>	<u>251,125</u>
Cash, end of year	\$ 440,736	\$ 295,098

See accompanying notes to the financial statements

Ottawa Tennis and Lawn Bowling Club
Notes to the Financial Statements
November 30, 2019

1. Purpose of the Organization

Ottawa Tennis and Lawn Bowling Club Limited was incorporated on March 14, 1939 under Letters Patent of the Ontario Corporations Act. The Club was continued under the Canada Not-for-profit Corporations Act on April 16, 2018 as Ottawa Tennis and Lawn Bowling Club. The Club operates as a not-for-profit organization and as such is exempt from income tax.

The purpose of the organization is to:

- establish, maintain and conduct a club for the accommodation of the members thereof and others and generally to provide for the members and others the usual privileges advantages, conveniences and accommodation of a club;
- provide a club house and other conveniences for the purposes of the members and others;
- promote tennis, lawn bowling and other games or sports and to arrange matches and competitions of every nature and to offer or grant and contribute prizes, awards and distinctions; and
- acquire by purchase or otherwise the lands, premises, goods chattels and assets for the purposes aforesaid.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies.

Inventory

Inventory is valued at the lower of cost and net realizable value, on a first-in, first-out basis.

Revenue Recognition

Membership contributions are recorded as revenue when received based on the membership year. Camp and lesson fees are recorded as revenue based on the camp or lesson delivery when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Ottawa Tennis and Lawn Bowling Club
Notes to the Financial Statements
November 30, 2019

2. Significant Accounting Policies (con't)

Capital Assets

Capital assets are recorded at cost and amortized over their estimated useful lives using the declining balance method as follows:

Club house and improvements	5%
Fencing and lighting	5%
Tennis courts	5%
POS system	55%
Computer	55%
Telephone system	20%
Pool	5%
Equipment, furniture and tools	20%

In the year of acquisition, only one-half the annual amortization is taken.

Use of Estimates

In preparing the organization's financial statements in conformity with Canadian accounting standards for not-for-profit organizations, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expense during the period. Actual results could differ from those estimates.

Financial Instrument Measurement

The organization initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost.

The financial assets subsequently measured at amortized cost include cash and accounts receivable. The financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities and government remittances payable.

Ottawa Tennis and Lawn Bowling Club
Notes to the Financial Statements
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2. Significant Accounting Policies (con't)

Impairment of long-lived assets

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized as an expense when the capital asset no longer has any long-term service potential to the organization. The amount of the impairment loss is determined as the excess of the carrying value of the asset over any residual value.

3. Financial Instruments

Ottawa Tennis and Lawn Bowling Club is exposed to various risks through its financial instruments. The following analysis presents the organization's exposures to significant risk at November 30, 2019.

Credit risk

The organization is exposed to credit risk with respect to its accounts receivable. Management regularly reviews its accounts receivable to ensure collectibility.

Liquidity risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization manages this risk by constantly monitoring its cash flows and financial liability maturities.

Interest rate risk

The organization is exposed to interest rate risk on its floating interest rate financial instruments. Floating rate instruments subject the organization to a cash flow risk. The organization is exposed to this type of risk as a result of its loan payable.

Ottawa Tennis and Lawn Bowling Club
Notes to the Financial Statements
November 30, 2019

4. Capital Assets

	Cost		Accumulated Amortization		Net Carrying Amount	
	2019	2018	2019	2018	2019	2018
Land	\$ 5,000	\$ 5,000	\$ 0	\$ 0	\$ 5,000	\$ 5,000
Grounds improvement	243,308	242,589	0	0	243,308	242,589
Club house	599,578	523,168	271,342	256,077	328,236	267,091
Fencing and sport lighting	257,548	162,488	96,531	90,402	161,017	72,086
Tennis courts	348,503	201,298	88,229	78,561	260,274	122,737
POS system	10,307	10,307	10,296	10,282	11	25
Computer	9,739	8,559	8,781	8,332	958	227
Telephone system	5,538	5,538	3,565	3,071	1,973	2,467
Pool and pool shed	212,099	212,099	74,561	67,322	137,538	144,777
Equipment, furniture and tools	265,076	251,570	217,791	207,658	47,285	43,912
	\$ 1,956,696	\$ 1,622,616	\$ 771,096	\$ 721,705	\$ 1,185,600	\$ 900,911

5. Deferred Revenue

Deferred revenue is comprised of “early-bird” membership fees received for the following operating season.

6. Long-term Debt

	2019	2018
Loan payable, bearing interest at prime plus 1.45%, due April 2034, repayable in blended monthly instalments of \$2,433 principal and interest, secured by a general security agreement as well as a charge on the land and building	\$ 292,814	\$ 0
Private loan bearing interest at 4%, interest only payable annually	0	31,242
	292,814	31,242
Less current portion	13,901	0
	\$ 278,913	\$ 31,242

The loan payable is secured by land and building with a net carrying value of \$576,544.

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6. Long-term Debt (con't)

Principal repayments required in the next five years are as follows:

2020	-	\$13,901
2021	-	\$14,662
2022	-	\$15,464
2023	-	\$16,310
2024	-	\$17,203

7. Share Capital

Issued -

	2019		2018	
	#	\$	#	\$
Outstanding, beginning of year	1,310	\$ 13,100	1,309	\$ 13,090
Issued during year	2	20	2	20
Cancelled during year - returned to shareholders	(112)	(1,120)	(1)	(10)
Cancelled during year - donated to the Club	(1,200)	(12,000)	0	0
Outstanding, end of year	0	\$ 0	1,310	\$ 13,100

As a result of the Club's continuance under the Canada Not-for-profit Corporations Act on April 16, 2018, the share capital of the corporation was cancelled. In December 2018 each shareholder was given the option of either receiving cash or donating the \$10 paid up capital attributable to each share.

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8. Trust Funds

During the year the organization successfully submitted an application to the National Sport Trust Fund (NSTF) to raise funds to be used for the Clubhouse Restoration Project to assist the organization in promoting amateur athletics in Canada. During the year the NSTF received donations of \$98,330 specifically earmarked for the organization and the Clubhouse Restoration Project. As these funds are held in trust by the NSTF and the Clubhouse Restoration Project has not yet commenced, no amounts have been recorded in these financial statements in respect of these funds. The amounts will be recorded in the financial statements in the year that the funds are transferred from the NSTF to the organization and the Clubhouse Restoration Project commences.

9. Commitments

The organization is committed under an agreement for contracted services which expire in October 2020 as follows:

2020 - \$18,000