

**OTTAWA LIONS TRACK
AND FIELD CLUB INC.**

FINANCIAL STATEMENTS

AUGUST 31, 2020

DRAFT

Independent Auditor's Report
Statement of Financial Position
Statement of Changes in Net Assets
Statement of Operations
Statement of Cash Flows
Notes to the Financial Statements



CHARTERED
PROFESSIONAL
ACCOUNTANTS

KELLY HUIBERS MCNEELY

P R O F E S S I O N A L C O R P O R A T I O N

INDEPENDENT AUDITOR'S REPORT

To the Directors of Ottawa Lions Track and Field Club Inc.

Qualified Opinion

We have audited the accompanying financial statements of Ottawa Lions Track and Field Club Inc. ("the Club"), which comprise the statement of financial position as at August 31, 2020, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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 Club as at August 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified 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 Club 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 opinion.

In common with many not-for-profit organizations, the Club derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Club. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, deficiency of revenue over expenditures, and cash flows from operations for the years ended August 31, 2020 and 2019, current assets as at August 31, 2020 and 2019, and net assets as at the beginning and the end of the years ended August 31, 2020 and 2019. Our audit opinion on the financial statements for the year ended 2019 was also qualified because of the possible effects of this limitation in scope.

Responsibilities of Management and Those Charged with Governance 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.

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In preparing the financial statements, Management is responsible for assessing the Club'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 Club or to cease operations, or has no realistic alternative but to do so.

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

Stittsville, Ontario
November 27, 2020

Authorized to practise public accounting by
The Chartered Professional Accountants of Ontario

OTTAWA LIONS TRACK AND FIELD CLUB INC.

STATEMENT OF FINANCIAL POSITION

As at August 31, 2020

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash	\$ 149,869	\$ 89,976
Short-term investment - unrestricted (note 3)	36,143	35,519
Short-term investment - restricted (note 3)	25,456	25,000
Accounts receivable	3,751	25,907
Government receivables	46,855	-
Inventory	25,589	33,702
Prepaid expenses	<u>145,019</u>	<u>153,852</u>
	432,682	363,956
CAPITAL ASSETS (note 4)	74,307	91,603
	\$ 506,989	\$ 455,559
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 52,218	\$ 71,796
Fees paid in advance	17,485	18,951
Contribution payable - current portion	<u>19,454</u>	<u>18,797</u>
	89,157	109,544
DEFERRED CAPITAL CONTRIBUTIONS	49,846	60,146
CONTRIBUTION PAYABLE (note 5)	<u>181,847</u>	<u>201,301</u>
	320,850	370,991
NET ASSETS	186,139	84,568
	\$ 506,989	\$ 455,559

APPROVED ON BEHALF OF THE BOARD

Director

Date

Director

Date

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

OTTAWA LIONS TRACK AND FIELD CLUB INC.

STATEMENT OF CHANGES IN NET ASSETS

For the year ended August 31, 2020

	2020	2019
NET ASSETS - BEGINNING OF YEAR	\$ 84,568	\$ 159,397
NET REVENUE (EXPENDITURES)	101,571	(74,829)
NET ASSETS - END OF YEAR	\$ 186,139	\$ 84,568

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

OTTAWA LIONS TRACK AND FIELD CLUB INC.

STATEMENT OF OPERATIONS

For the year ended August 31, 2020

	2020	2019
REVENUE		
Membership revenue		
Memberships	\$ 398,060	\$ 610,298
Awards dinner and AGM	1,242	799
Clothing sales	11,263	13,880
Coaches' support	-	3,279
Competition revenue		
Grants sponsorship and fundraising	157,929	109,653
Lynx timing team	2,019	28,962
Meet management	23,493	61,372
Team travel	23,338	71,106
Miscellaneous	<u>1,181</u>	<u>542</u>
	<u>618,525</u>	<u>899,891</u>
EXPENDITURES		
Membership expenses		
Salaries and stipends	231,228	383,357
Administration	30,256	37,753
Association fee	8,707	15,229
Awards dinner	3,451	10,947
Clothing purchases	19,601	21,773
Coaches' support	5,908	3,501
Equipment	359	11,973
Facility use fees	110,008	113,134
Competition expenses		
Lynx timing team	2,828	12,953
Meet management and timing	12,778	55,329
Team travel and entry fees	34,512	128,918
Professional fees and charges	18,233	122,308
Bank services	14,983	30,278
Bad debt	(294)	2,215
Amortization	17,296	17,296
Interest	<u>7,100</u>	<u>7,756</u>
	516,954	974,720
NET REVENUE (EXPENDITURES)	\$ 101,571	\$ (74,829)

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

OTTAWA LIONS TRACK AND FIELD CLUB INC.

STATEMENT OF CASH FLOWS

For the year ended August 31, 2020

	2020	2019
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net revenue (expenditures)	\$ 101,571	\$ (74,829)
Items not affecting cash:		
Amortization	17,296	17,296
Amortization of deferred contributions	(10,300)	(10,300)
Net change in non-cash working capital items:		
Accounts receivable	22,156	4,211
Government receivables	(46,855)	612
Prepaid expenses	8,833	(46,923)
Inventory	8,113	(8,102)
Accounts payable and accrued liabilities	(19,578)	(43,770)
Fees paid in advance	(1,466)	2,050
	<u>79,770</u>	<u>(159,755)</u>
INVESTING ACTIVITIES		
Purchase of short-term investment	(1,080)	(25,334)
FINANCING ACTIVITIES		
Repayment of contribution payable	<u>(18,797)</u>	<u>(18,161)</u>
NET CHANGE IN CASH	59,893	(203,250)
CASH - BEGINNING OF YEAR	89,976	293,226
CASH - END OF YEAR	<u><u>\$ 149,869</u></u>	<u><u>\$ 89,976</u></u>

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

OTTAWA LIONS TRACK AND FIELD CLUB INC.

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2020

1. PURPOSE OF THE ORGANIZATION

The Ottawa Lions Track and Field Club Inc. ("the Club") is an amateur track and field club whose mission is to provide the most comprehensive and progressive athletic club in Canada through training athletes, holding competitions and providing coaching education. It was incorporated without share capital, under the laws of Canada on February 4, 1983 and continued under the Canada Not-for-Profit Corporations Act by Certificate of Continuance dated December 12, 2014. The Club is exempt from income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The principal accounting policies of the Club are summarized as follows:

Inventory

Inventory is recorded at the lower of cost and net realizable value.

Short-term Investment

Short-term investment consists of a Guaranteed Investment Certificate which is measured at fair value.

Revenue Recognition

The Club follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures 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.

Fee and competition revenue is recognized as revenue in the period in which the services are performed.

Memberships are recognized in the year to which the membership relates.

Interest income is recognized as it is earned.

OTTAWA LIONS TRACK AND FIELD CLUB INC.

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

Capital assets are recorded at cost. Amortization is provided on a straight-line basis over the asset's estimated useful lives using the following annual rates:

Training equipment	10 years
Timing equipment	5 years
Computers and equipment	2 to 5 years

Accounting Estimates

The preparation of the financial statements in conformity with accounting standards for not-for-profit organizations requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

Deferred Capital Contributions

Government grants received for capital assets are amortized on the same basis as the capital asset for which the funding was received and recognized as revenue in that year.

Contributed Services

The Club receives significant contributions of services from volunteers for coaching and also assistance at track meets and other events. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

3. SHORT-TERM INVESTMENT

The unrestricted short-term investment consists of a non-redeemable GIC at an interest rate of 2.08% and maturity date of February 19, 2021.

The restricted short-term investment consists of a non-redeemable GIC at an interest rate of 0.35% and maturity date of June 3, 2021. This GIC is held on deposit for security on the credit card in use by the Club.

OTTAWA LIONS TRACK AND FIELD CLUB INC.

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2020

4. CAPITAL ASSETS

			2020	2019
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Training equipment	\$ 137,934	\$ 69,270	\$ 68,664	\$ 82,197
Timing equipment	18,812	13,169	5,643	9,406
Computers and equipment	5,507	5,507	-	-
	\$ 162,253	\$ 87,946	\$ 74,307	\$ 91,603

5. CONTRIBUTION PAYABLE

	2020	2019
The Club entered into a grant agreement with the City of Ottawa dated August 12, 2009 for the redevelopment of the Terry Fox Athletic Facility. The City of Ottawa agreed to provide funding to the Club in the amount of \$383,333 as its contribution to the project. Annual blended principal and interest payments of \$26,500, interest at 3.5%, due September 30, 2028.	\$ 201,301	\$ 220,098
Less: current portion	19,454	18,797
	\$ 181,847	\$ 201,301

6. COMMITMENTS

The Club has an agreement to use the various sports facilities during its Fall and Winter season for an amount of \$16,520, plus applicable taxes.

The Club lease, with the City of Ottawa for space, has been renewed on an annual basis at a minimum of approximately \$14,000 per annum, plus applicable taxes, depending on the number of participants.

OTTAWA LIONS TRACK AND FIELD CLUB INC.

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2020

7. FINANCIAL INSTRUMENTS

The Club's financial instruments consist of cash, short-term investment, accounts receivable, accounts payable and accrued liabilities and contribution payable. It is Management's opinion that the fair value of these instruments is not materially different than their cost and they are not exposed to significant, currency, interest, market or liquidity risks arising from these instruments.

Credit Risk Exposure

The Club is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable. The Club does not obtain collateral or other security to support the accounts receivable subject to credit risk but mitigates this risk by dealing only with what Management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance.

8. SUBSEQUENT EVENT

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Club's environment and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) has had and is anticipated to continue to have a material impact on the Club. Management is of the opinion that the Club has received, and will continue to receive, sufficient financial aid from the Government for wage subsidies program to sustain operations in the near term.

Also, on October 19, 2020 the Club received the Canadian Emergency Benefit Assistance loan in the sum of \$40,000 to assist with the continued operations of the Club.