

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

FINANCIAL STATEMENTS

AUGUST 31, 2021

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, 2021, 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, 2021, 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, 2021 and 2020, current assets as at August 31, 2021 and 2020, and net assets as at the beginning and the end of the years ended August 31, 2021 and 2020. Our audit opinion on the financial statements for the year ended 2020 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
January 07, 2022

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, 2021

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash	\$ 348,701	\$ 149,869
Short-term investment - unrestricted (note 3)	35,897	36,143
Short-term investment - restricted (note 3)	25,536	25,456
Accounts receivable	91,310	3,751
Government receivables	-	46,855
Inventory	26,985	25,589
Prepaid expenses	<u>146,923</u>	<u>145,019</u>
	675,352	432,682
CAPITAL ASSETS (note 4)	57,011	74,307
	\$ 732,363	\$ 506,989
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 76,622	\$ 52,218
Government remittances	11,618	-
Fees paid in advance	5,580	17,485
Contribution payable - current portion	<u>20,135</u>	<u>19,454</u>
	113,955	89,157
LONG-TERM LIABILITIES		
CEBA Loan	60,000	-
Deferred capital contributions	39,546	49,846
Contribution payable (note 5)	<u>161,712</u>	<u>181,847</u>
	375,213	320,850
NET ASSETS	357,150	186,139
	\$ 732,363	\$ 506,989

APPROVED ON BEHALF OF THE BOARD

Director

January 10, 2022

Date

Director

January 10, 2022

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, 2021

	2021	2020
NET ASSETS - BEGINNING OF YEAR	\$ 186,139	\$ 84,568
NET REVENUE	171,011	101,571
NET ASSETS - END OF YEAR	\$ 357,150	\$ 186,139

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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, 2021

	2021	2020
REVENUE		
Membership revenue		
Memberships	\$ 359,826	\$ 398,060
Awards dinner and AGM	-	1,242
Clothing sales	1,976	11,263
Competition revenue		
Grants sponsorship and fundraising (note 9)	194,619	157,929
Lynx timing team	-	2,019
Meet management	28,649	23,493
Team travel	7,609	23,338
Miscellaneous	<u>45,237</u>	<u>1,181</u>
	<u>637,916</u>	<u>618,525</u>
EXPENDITURES		
Membership expenses		
Salaries and stipends	256,694	231,228
Administration	32,472	30,256
Association fee	35,257	8,707
Awards dinner	3,195	3,451
Clothing purchases	922	19,601
Coaches' support	-	5,908
Equipment	531	359
Facility use fees	65,693	110,008
Competition expenses		
Lynx timing team	4,039	2,828
Meet management and timing	2,625	12,778
Team travel and entry fees	16,161	34,512
Professional fees and charges	13,833	18,233
Bank services	11,141	14,983
Bad debt (recovery)	-	(294)
Amortization	17,296	17,296
Interest	<u>7,046</u>	<u>7,100</u>
	466,905	516,954
NET REVENUE	\$ 171,011	\$ 101,571

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, 2021

	2021	2020
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net revenue	\$ 171,011	\$ 101,571
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	(87,559)	22,156
Government receivables/payables	58,473	(46,855)
Prepaid expenses	(1,904)	8,833
Inventory	(1,396)	8,113
Accounts payable and accrued liabilities	24,404	(19,578)
Fees paid in advance	(11,905)	(1,466)
	<u>158,120</u>	<u>79,770</u>
INVESTING ACTIVITIES		
Redemption (purchase) of short-term investment	<u>166</u>	<u>(1,080)</u>
FINANCING ACTIVITIES		
Repayment of contribution payable	(19,454)	(18,797)
CEBA loan proceeds	<u>60,000</u>	<u>-</u>
	<u>40,546</u>	<u>(18,797)</u>
NET CHANGE IN CASH	198,832	59,893
CASH - BEGINNING OF YEAR	149,869	89,976
CASH - END OF YEAR	\$ 348,701	\$ 149,869

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, 2021

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, 2021

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 0.2% and maturity date of February 19, 2022.

The restricted short-term investment consists of a non-redeemable GIC at an interest rate of 0.2% and maturity date of June 3, 2022. 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, 2021

4. CAPITAL ASSETS

			2021	2020
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Training equipment	\$ 137,934	\$ 82,804	\$ 55,130	\$ 68,664
Timing equipment	18,812	16,931	1,881	5,643
Computers and equipment	5,507	5,507	-	-
	\$ 162,253	\$ 105,242	\$ 57,011	\$ 74,307

5. CONTRIBUTION PAYABLE

	2021	2020
The Club entered into an agreement with the City of Ottawa dated August 12, 2009 for the redevelopment of the Terry Fox Athletic Facility. Annual blended principal and interest payments of \$26,500, interest at 3.5%, due September 30, 2028.	\$ 181,847	\$ 201,301
Less: current portion	20,135	19,454
	\$ 161,712	\$ 181,847

The Club is committed to the principal repayment over the next five years approximately as follows:

2022	-		\$ 20,135
2023	-		20,840
2024	-		21,570
2025	-		22,324
2026 and thereafter	-		96,978

6. COMMITMENTS

The Club has an agreement to use the various sports facilities during its Fall and Winter season for an amount of \$36,163, including applicable taxes.

The Club lease, with the City of Ottawa for space, has been renewed on a annual basis at a minimum of approximately \$15,000 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, 2021

7. CEBA LOAN

The Canada Emergency Business Account (CEBA) is an interest-free loan and \$20,000 of the loan is forgivable if the Company repays balance of the loan of \$40,000 on or before December 31, 2022. If the loan is not repaid by that date, the loan can be converted to a three-year term loan at an interest rate of 5%.

8. 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.

9. COVID-19

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. The Club is currently in lockdown and does not have access to indoor facilities for its recreational programming.

Wage subsidies, grants and rent subsidies of \$102,459 were received this year directly related to COVID-19 relief.