

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

FINANCIAL STATEMENTS

AUGUST 31, 2023

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

PROFESSIONAL CORPORATION

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, 2023, 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* section of our report, the financial statements present fairly, in all material respects, the financial position of the Club as at August 31, 2023, 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, net revenue, and cash flows from operations for the years ended August 31, 2023 and 2022, current assets as at August 31, 2023 and 2022, and net assets as at the beginning and the end of the years ended August 31, 2023 and 2022. Our audit opinion on the financial statements for the year ended August 31, 2022 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.

- 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 29, 2023

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

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OTTAWA LIONS TRACK AND FIELD CLUB INC.

STATEMENT OF FINANCIAL POSITION

As at August 31, 2023

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash	\$ 491,926	\$ 516,892
Short-term investment - unrestricted (note 3)	98,439	96,176
Short-term investment - restricted (note 3)	26,083	25,894
Accounts receivable	58,204	43,896
Inventory	17,111	22,442
Prepaid expenses	<u>114,852</u>	<u>121,996</u>
	806,615	827,296
CAPITAL ASSETS (note 4)	39,706	43,232
	\$ 846,321	\$ 870,528
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 107,104	\$ 72,959
Fees paid in advance	-	1,972
Deferred grant revenues	51,647	60,846
Contribution payable - current portion	<u>21,570</u>	<u>20,840</u>
	180,321	156,617
LONG-TERM LIABILITIES		
CEBA loan (note 5)	60,000	60,000
Deferred capital contributions	31,570	30,836
Contribution payable (note 6)	<u>119,301</u>	<u>140,872</u>
	391,192	388,325
NET ASSETS	455,129	482,203
	\$ 846,321	\$ 870,528

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, 2023

	2023	2022
NET ASSETS - BEGINNING OF YEAR	\$ 482,203	\$ 357,150
NET REVENUE (EXPENDITURE)	(27,074)	125,053
NET ASSETS - END OF YEAR	\$ 455,129	\$ 482,203

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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, 2023

	2023	2022
REVENUE		
Membership revenue		
Memberships	\$ 800,237	\$ 640,594
Awards dinner and AGM	2,712	2,175
Clothing sales	1,668	394
Competition revenue		
Grants sponsorship and fundraising (note 7)	33,456	209,740
Lynx timing team	1,217	19,542
Meet management	128,373	76,244
Team travel	110,812	42,510
Miscellaneous	<u>6,775</u>	<u>9,423</u>
	<u>1,085,250</u>	<u>1,000,622</u>
EXPENDITURES		
Membership expenses		
Salaries and stipends (note 7)	386,736	339,887
Administration	48,013	40,876
Association fee	42,884	35,399
Awards dinner	7,126	5,605
Clothing purchases	23,328	30,740
Advertising and promotions	38,073	17,605
Equipment	6,535	399
Facility use fees	145,095	69,339
Competition expenses		
Meet management and timing	64,516	103,070
Team travel and entry fees	267,904	162,901
Professional fees and charges	23,755	21,980
Bank services	39,725	27,558
Amortization	12,725	13,779
Interest	<u>5,909</u>	<u>6,431</u>
	1,112,324	875,569
NET REVENUE (EXPENDITURES)	\$ (27,074)	\$ 125,053

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, 2023

	2023	2022
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net revenue (expenditures)	\$ (27,074)	\$ 125,053
Items not affecting cash:		
Amortization	12,725	13,779
Amortization of deferred contributions	(8,465)	(8,710)
Net change in non-cash working capital items:		
Accounts receivable	23,288	47,512
Government receivables/payables	(37,596)	(11,716)
Prepaid expenses	7,144	24,927
Inventory	5,331	4,543
Accounts payable and accrued liabilities	34,145	(3,663)
Fees paid in advance	(1,972)	(3,608)
Deferred grant funds	(9,199)	60,846
	<u>(1,673)</u>	<u>248,963</u>
INVESTING ACTIVITIES		
Purchase of short-term investment, net	(2,452)	(60,637)
Purchase of capital assets	(9,199)	-
	<u>(11,651)</u>	<u>(60,637)</u>
FINANCING ACTIVITIES		
Repayment of contribution payable	(20,841)	(20,135)
Contributions for capital assets	9,199	-
	<u>(11,642)</u>	<u>(20,135)</u>
NET CHANGE IN CASH	(24,966)	168,191
CASH - BEGINNING OF YEAR	516,892	348,701
CASH - END OF YEAR	\$ 491,926	\$ 516,892

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, 2023

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. Inventory value is determined using the weighted average method.

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.

Cash and Cash Equivalents and Short-Term Investments

Cash and cash equivalents consist of cash on deposit, bankers' acceptances and guaranteed investment certificates with an original term to maturity of less than 90 days that are readily convertible to cash with no penalty. Other redeemable short-term investments that have maturities beyond the 90 days are classified as short-term investments.

OTTAWA LIONS TRACK AND FIELD CLUB INC.

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2023

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 non-redeemable GICs with interest rates of 3.65% and 4.25% and maturity dates of February 20, 2024 and July 19, 2024, respectively.

The restricted short-term investment consists of a non-redeemable GIC at an interest rate of 4.0% and maturity date of June 4, 2024. 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, 2023

4. CAPITAL ASSETS

			2023	2022
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Training equipment	\$ 137,934	\$ 105,587	\$ 32,347	\$ 43,232
Timing equipment	28,011	20,652	7,359	-
Computers and equipment	5,507	5,507	-	-
	\$ 171,452	\$ 131,746	\$ 39,706	\$ 43,232

5. CEBA LOAN

The Canada Emergency Business Account (CEBA) is an interest-free loan and \$20,000 of the loan is forgivable if the Club repays the balance of the loan of \$40,000 on or before January 18, 2024. If the loan is not repaid by that date, the loan can be converted to a term loan at an interest rate of 5%.

6. CONTRIBUTION PAYABLE

	2023	2022
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.	\$ 140,871	\$ 161,712
Less: current portion	21,570	20,840
	\$ 119,301	\$ 140,872

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

2024	-	\$	21,570
2025	-		22,324
2026	-		23,106
2027	-		23,106
2028 and thereafter	-		50,765

OTTAWA LIONS TRACK AND FIELD CLUB INC.

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2023

7. GOVERNMENT SUPPORT

The Club has claimed the Canada Emergency Wage Subsidy (CEWS) based on Management's interpretation of the applicable legislation in the Income Tax Act. These claims are subject to review by Canada Revenue Agency (CRA); and any future CRA adjustments to these CEWS claims will be recorded by the Club in the year of the adjustment.

Wage subsidies, grants and rent subsidies directly related to COVID-19 relief of \$nil (2021 - \$102,459) were received during the year.

8. COMMITMENTS

The Club has an agreement to use sports facilities during its 2023/2024 season for an amount of \$88,816, including applicable taxes.

The Club has leases space with the City of Ottawa for the period of January 2023 to December 2025 at a minimum of approximately \$15,000 per annum, plus applicable taxes, depending on the number of participants.

The Club has an agreement to purchase new uniforms for the amount of \$101,941, including applicable taxes, in the following year.

9. FINANCIAL INSTRUMENTS

The Club's financial instruments consist of cash, short-term investments, 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

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.