

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

FINANCIAL STATEMENTS

AUGUST 31, 2017

DRAFT

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Ottawa Lions Track and Field Club Inc., which comprise the statement of financial position as at August 31, 2017, and the statements of changes in net assets (liabilities), operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the Auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the Auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

Ottawa Lions Track and Field Club Inc. derives revenue from programs, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of Ottawa Lions Track and Field Club Inc. Therefore, we were not able to determine whether, as at August 31, 2017 any adjustment might be necessary to revenue, excess of revenues over expenditures reported in the statement of operations and changes in net liabilities balances, and current assets and net liabilities reported in the statement of financial position. Our audit opinion on the financial statements for the year ended August 31, 2016 was also qualified because of the possible effects of this limitation in scope.

Qualified Opinion

In our opinion, except for the possible effects of the adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of revenue referred to in the preceding paragraph, the financial statements present fairly, in all material respects, the financial position of Ottawa Lions Track and Field Club Inc. as at August 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Stittsville, Ontario
January 22, 2018

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, 2017

	2017	2016
ASSETS		
CURRENT ASSETS		
Cash	\$ 167,345	\$ 193,519
Short-term investment (note 3)	34,880	34,184
Accounts receivable	99,269	55,733
Government receivables	5,699	-
Inventory	17,892	28,040
Prepaid expenses	<u>80,354</u>	<u>78,023</u>
	405,439	389,499
CAPITAL ASSETS (note 4)	126,300	56,585
	\$ 531,739	\$ 446,084
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 83,228	\$ 93,651
Government remittances	-	16,049
Athletes' trust funds	21,364	14,374
Contribution payable - current portion	<u>26,500</u>	<u>26,500</u>
	131,092	150,574
DEFERRED CAPITAL CONTRIBUTIONS	75,779	62,081
CONTRIBUTION PAYABLE (note 5)	<u>229,305</u>	<u>245,415</u>
	436,176	458,070
NET ASSETS (LIABILITIES)	95,563	(11,986)
	\$ 531,739	\$ 446,084

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 (LIABILITIES)

For the year ended August 31, 2017

	2017	2016
NET LIABILITIES, BEGINNING OF YEAR	\$ (11,986)	\$ (69,106)
NET REVENUE	107,549	57,120
NET ASSETS (LIABILITIES), END OF YEAR	\$ 95,563	\$ (11,986)

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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, 2017

	2017	2016
REVENUE		
Membership revenue		
Memberships	\$ 645,000	\$ 590,966
Awards dinner and AGM	1,776	3,128
Clothing sales	23,440	21,696
Coaches' support	1,183	36,135
Competition revenue		
Grants sponsorship and fundraising	91,473	82,841
Lynx timing team	28,411	58,330
Meet management	137,661	134,549
Team travel	94,887	166,478
Miscellaneous	445	70
Gain on disposal of capital assets	<u>3,132</u>	<u>-</u>
	<u>1,027,408</u>	<u>1,094,193</u>
EXPENDITURES		
Membership expenses		
Salaries and stipends	408,831	402,635
Administration	48,503	70,131
Association fee	14,419	16,992
Awards dinner	14,096	11,126
Clothing purchases	47,694	41,633
Coaches' support	3,755	26,625
Equipment	11,768	6,456
Facility use fees	66,215	119,698
Competition expenses		
Lynx timing team	23,206	20,409
Meet management and timing	109,556	75,355
Team travel and entry fees	138,200	193,979
Bank services	11,647	11,880
Bad debt	6,811	21,849
Amortization	6,150	8,716
Interest	<u>9,008</u>	<u>9,589</u>
	919,859	1,037,073
NET REVENUE	\$ 107,549	\$ 57,120

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, 2017

	2017	2016
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net revenue	\$ 107,549	\$ 57,120
Items not affecting cash:		
Amortization	6,150	8,716
Amortization of deferred contributions	(3,201)	(6,345)
Gain on disposal of capital assets	(3,132)	-
Net change in non-cash working capital items:		
Accounts receivable	(43,536)	(22,197)
Government receivables	(5,699)	18,214
Prepaid expenses	(2,331)	(4,776)
Inventory	10,148	(13,667)
Accounts payable and accrued liabilities	(10,423)	83,288
Government remittances	(16,049)	16,049
Athletes' trust funds	<u>6,990</u>	<u>14,040</u>
	<u>46,466</u>	<u>150,442</u>
INVESTING ACTIVITIES		
Purchase of short-term investment	(696)	-
Proceeds on disposal of capital assets	6,554	-
Purchase of capital assets	<u>(79,287)</u>	<u>(44,683)</u>
	<u>(73,429)</u>	<u>(44,683)</u>
FINANCING ACTIVITIES		
Repayment of contribution payable	(16,110)	-
Deferred capital contribution	<u>16,899</u>	<u>53,323</u>
	<u>789</u>	<u>53,323</u>
NET CHANGE IN CASH	(26,174)	159,082
CASH - BEGINNING OF YEAR	193,519	34,437
CASH - END OF YEAR	\$ 167,345	\$ 193,519

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, 2017

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, 2017

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 short-term investment consists of a non-redeemable GIC at an interest rate of 0.85% and maturity date of November 18, 2017.

OTTAWA LIONS TRACK AND FIELD CLUB INC.

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2017

4. CAPITAL ASSETS

			2017		2016
	Cost	Accumulated Amortization	Net Book Value		Net Book Value
Training equipment	\$ 137,934	\$ 28,565	\$ 109,369	\$	52,296
Timing equipment	18,812	1,881	16,931		3,422
Computers and equipment	5,507	5,507	-		867
	\$ 162,253	\$ 35,953	\$ 126,300	\$	56,585

5. CONTRIBUTION PAYABLE

	2017	2016
<p>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.</p>	\$ 255,805	\$ 271,915
<p>Less: current portion</p>	26,500	26,500
	\$ 229,305	\$ 245,415

6. COMMITMENTS

The Club has an agreement to use the Dome at Louis-Riel sports facility during its Fall and Winter season for an amount of \$72,350.

The Club lease, with the City of Ottawa for space, has been renewed on an annual basis at \$13,000 per annum.

OTTAWA LIONS TRACK AND FIELD CLUB INC.

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2017

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.