

Dovercourt Recreation Association
Financial Statements
For the year ended December 31, 2008

Contents

Auditors' Report	1
Financial Statements	
Balance Sheet	2
Statement of Changes in Net Assets	3
Statement Revenue and Expenses	4
Statement of Cash Flows	5
Summary of Significant Accounting Policies	6
Notes to Financial Statements	9

Auditors' Report

To the Members of Dovercourt Recreation Association

We have audited the balance sheet of Dovercourt Recreation Association as at December 31, 2008 and the statements of revenue and expenses, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the association's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the association as at December 31, 2008 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Canada Corporation's Act, we report that, in our opinion, these principles have been applied, except for the changes in accounting policies and standards for financial instruments as explained in the summary of significant account policies accompanying the financial statements, on a basis consistent with that of the preceding year.

Collins Barrow Ottawa LLP

Chartered Accountants, Licensed Public Accountants

March 6, 2009

**Dovercourt Recreation Association
Balance Sheet**

December 31 **2008** **2007**

Assets

Current

Cash and cash equivalents (Note 1)	\$	441,008	\$	530,163
Accounts receivable		53,056		28,688
Inventory		-		424
Prepaid expenses		26,893		15,968
		520,957		575,243

Capital assets (Note 2)

520,957 **575,243**

137,047 **144,456**

\$ 658,004 **\$ 719,699**

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities	\$	80,908	\$	208,336
Deposits on hand		316,721		271,007
		397,629		479,343

397,629 **479,343**

Deferred contributions related to capital assets (Note 3)

14,378 **15,734**

412,007 **495,077**

Net assets

Net assets invested in capital assets	122,669	128,722
Net assets internally restricted for Community fund	120,687	116,806
Unrestricted	2,641	(20,906)
	245,997	224,622

245,997 **224,622**

\$ 658,004 **\$ 719,699**

On behalf of the Board:

_____ Director

_____ Director

Dovercourt Recreation Association Statement of Changes in Net Assets

For the year ended December 31

2008

2007

	Invested in Capital Assets	Unrestricted	Community Fund- Restricted	Net Assets	Invested in Capital Assets	Unrestricted	Community Fund- Restricted	Net Assets
Balance, beginning of year	\$ 128,722	\$ (20,906)	\$ 116,806	\$ 224,622	\$ 95,646	\$ (55,492)	\$ 114,886	\$ 155,040
Excess (deficiency) of revenue over expenses for the period	(50,750)	68,244	3,881	21,375	(59,614)	127,276	1,920	69,582
Investment in capital assets	44,697	(44,697)	-	-	92,690	(92,690)	-	-
	(6,053)	23,547	3,881	21,375	33,076	34,586	1,920	69,582
Balance, end of year	\$ 122,669	\$ 2,641	\$ 120,687	\$ 245,997	\$ 128,722	\$ (20,906)	\$ 116,806	\$ 224,622

Dovercourt Recreation Association Statement of Revenue and Expenses

For the year ended December 31	2008	2007
Programs		
Revenue		
Aquatics	\$ 848,437	\$ 802,763
Health and Fitness	374,565	398,112
Recreation	<u>1,425,721</u>	<u>1,134,678</u>
	<u>2,648,723</u>	<u>2,335,553</u>
 Direct Cost		
Aquatics	495,630	524,633
Health and Fitness	196,743	311,479
Recreation	<u>1,033,280</u>	<u>742,956</u>
	<u>1,725,653</u>	<u>1,579,068</u>
 Net revenue from programs	 923,070	 756,485
City of Ottawa		
Purchase of Service agreement and National Child Benefit (Note 4)	<u>291,023</u>	<u>271,587</u>
	<u>1,214,093</u>	<u>1,028,072</u>
Operations and Community Development		
Revenue		
Fundraising	25,608	27,150
Other revenue	152,123	90,659
Deferred contributions recognized (Note 3)	4,456	3,532
Westboro Park	<u>31,386</u>	<u>29,801</u>
	<u>213,573</u>	<u>151,142</u>
 Expense		
Operations	1,323,656	1,013,699
Community Development	38,549	60,838
Westboro Park	<u>44,086</u>	<u>35,095</u>
	<u>1,406,291</u>	<u>1,109,632</u>
 Excess of revenue over expenses for the year	 \$ 21,375	 \$ 69,582

Dovercourt Recreation Association Statement of Cash Flows

For the year December 31	2008	2007
Cash flows from operating activities		
Excess of revenue over expenses for the year	\$ 21,375	\$ 69,582
Adjustments for		
Amortization of capital assets	55,206	63,146
Deferred contributions recognized	(4,456)	(3,532)
	<u>72,125</u>	129,196
Changes in non-cash working capital items		
Accounts receivable	(24,368)	7,878
Inventory	424	2,654
Prepaid expenses	(10,925)	(5,006)
Accounts payable and accrued liabilities	(127,428)	36,466
Deposits on hand	45,714	18,633
	<u>(44,458)</u>	189,821
Cash flows from investing activities		
Acquisition of capital assets	<u>(44,697)</u>	(92,690)
Increase (decrease) in cash and cash equivalents during the year	(89,155)	97,131
Cash and cash equivalents, beginning of year	530,163	433,032
Cash and cash equivalents, end of year	\$ 441,008	\$ 530,163

Dovercourt Recreation Association Summary of Significant Accounting Policies

December 31, 2008

Nature of Organization	<p>The association was incorporated in December 1977. It is a registered charity, non-taxable organization and operates the Dovercourt Recreation Centre, a building constructed and owned by the City of Ottawa. It provides recreational and leisure services to the Dovercourt community through committed, professional employees and dedicated community volunteers; high quality, creative and progressive programming; and healthy, safe and friendly environments in which all may thrive.</p> <p>The city provides funding, which will vary from year to year, to the association to defray annual operating costs. The city also pays directly certain costs of operating the building such as heat, water, electricity and repairs.</p> <p>The association provides a variety of programs for which registration fees are charged to participants.</p>
Change in Accounting Policy	<p>Effective January 1, 2008, the association has adopted CICA Handbook Section 1535, Capital Disclosures which establishes standards for the disclosure of information about the organization's capital and how it is managed.</p>
Management Responsibility and Use of Estimates	<p>The financial statements of the association are the responsibility of management and are prepared in accordance with Canadian generally accepted accounting principles. Since precise determination of many assets and liabilities at the financial statement date and the reported amount of revenues and expenses during the reporting period is dependent on future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgements, however actual results could differ from management's best estimates and assumptions as additional information becomes available in the future.</p>
Financial Instruments	<p>The accounting standards for financial instruments require that all financial assets and financial liabilities be classified according to their characteristics, management's intentions, or the choice of category in certain circumstances. When initially recognized, all financial assets and financial liabilities are recorded at fair value. In subsequent periods, financial assets and financial liabilities will be measured at fair value, except for those financial instruments with long-term maturities and for which the association has the intent and ability to hold these financial instruments to maturity which will be measured at amortized cost using the effective interest method. Gains and losses arising from a change in the fair value of a financial asset or financial liability that is carried at fair value are recognized in operations as they occur.</p>

Dovercourt Recreation Association Summary of Significant Accounting Policies

December 31, 2008

Financial Instruments
(continued)

The association's financial instruments consist of cash and cash equivalents, short-term investment, accounts receivable and accounts payable and accrued liabilities.

Cash and cash equivalents, short-term investment, accounts receivable, accounts payable and accrued liabilities are carried at cost which is equivalent to fair value given their short-term maturities, unless otherwise noted.

Unless otherwise noted, it is management's opinion that the association is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Financial Risk Management

The association manages its investment portfolio according to its cash needs and in such a way as to maximize investment income. The association is not involved in any hedging relationships through its operations and does not hold or use any derivative instruments for trading purposes.

Revenue Recognition

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

Unrestricted investment income is recognized as revenue when earned.

Fair value changes for investments are recorded as investment income and recognized as revenue in the statement of operations.

Cash Equivalents

Cash equivalents include highly liquid investments with an original maturity of less than one year.

Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is based on the estimated useful life of the asset and is provided as follows:

Facility improvements	20% straight-line basis
Equipment	20% straight-line basis
Program and fitness equipment	20% straight-line basis
Computers	33% straight-line basis
Furniture and fixtures	20% straight-line basis
Contributed van	60 months straight-line basis

One-half of the above rates is used in the year of acquisition, with the exception of the van which is amortized based on months.

Dovercourt Recreation Association Summary of Significant Accounting Policies

December 31, 2008

Contributed Materials and Services Contributed materials and services which are used in the normal course of the association's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if fair value can be reasonably estimated.

Deposits on Hand Registration fees received for programs which have not commenced at December 31 are recorded as deposits on hand.

Long-Term Leases All long-term leases are treated as operating leases.

Future Changes in Accounting Policies The Canadian Institute of Chartered Accountants (CICA) has revised certain Canadian generally accepted accounting principles for not-for-profit organizations as set out in CICA Handbook Section 4400, Financial Statement Presentation by Not-For-Profit Organizations. These revisions relate to presentation and disclosure standards and hence will have no impact on the organization's net financial position or its results of operations. The changes will impact the following:

- presentation of the organization's statement of cash flows whereby the organization will be required to adopt the same standards as for-profit entities as set out in CICA Handbook Section 1540, Cash Flow Statements;
- presentation of the organization's balance sheet and statement of net assets whereby the requirement to treat net assets invested in capital assets as a separate component of net assets is no longer required but rather can be presented as a category of internally restricted net assets when the organization chooses to do so;
- presentation and recognition of revenues and expenses on a gross basis and not a net basis when the organization is acting as a principal in transactions; and

These changes are effective for fiscal periods commencing on or after January 1, 2009. The effects on the organization's financial statement presentation of adopting these changes has not yet been determined.

In addition, the CICA has issued a new standard, CICA Handbook Section 4470, Disclosure of Allocated Expenses by Not-For-Profit Organizations. These changes are effective for fiscal periods commencing on or after January 1, 2009. The organization has not typically allocated expenses as outlined in this standard and it is therefore not expected to have any significant impact on the financial statements.

Dovercourt Recreation Association Notes to Financial Statements

December 31, 2008

1. Cash and Cash Equivalents

Cash and cash equivalents consist of:

	2008	2007
Cash	\$ 60,512	\$ 109,091
GIC's	380,496	421,072
	\$ 441,008	\$ 530,163

The association's GIC's earn interest ranging from 2.00% to 4.00% (2007 - 3.75% to 4.00%) and mature between January 5, 2009 and November 22, 2009.

2. Capital Assets

	2008			2007		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Facility improvements	\$ 349,860	\$ 276,753	\$ 73,107	\$ 331,983	\$ 257,036	\$ 74,947
Equipment						
Centre Cafe	4,460	4,460	-	4,460	4,460	-
Office	21,101	9,802	11,299	197,952	187,554	10,398
Program	27,985	23,985	4,000	74,358	66,155	8,203
Fitness centre	31,778	31,778	-	65,572	61,300	4,272
Maintenance	7,688	7,688	-	7,688	7,688	-
Computers	78,170	52,571	25,599	128,927	113,060	15,867
Furniture and fixtures	41,749	33,085	8,664	63,949	48,914	15,035
Contributed van	22,366	7,988	14,378	19,266	3,532	15,734
	\$ 585,157	\$ 448,110	\$ 137,047	\$ 894,155	\$ 749,699	\$ 144,456

If the purchase of service agreement between the association and the City of Ottawa is terminated, the ownership of the capital assets reverts to the city.

During the year, the association wrote off amounts for the cost and the related accumulated amortization for assets that were no longer in use and that had a nil net book value. This amounted to a reduction in cost and accumulated amortization of \$356,795.

Dovercourt Recreation Association Notes to Financial Statements

December 31, 2008

3. Deferred Contributions Related to Capital Assets

Deferred contributions related to capital assets represents the fair market value of the van that was contributed to the association in 2007.

	<u>2008</u>	<u>2007</u>
Balance, beginning of year	\$ 15,734	\$ -
Contributions received	3,100	19,266
Amounts amortized to revenue	<u>(4,456)</u>	<u>(3,532)</u>
Balance, end of year	<u>\$ 14,378</u>	<u>\$ 15,734</u>

4. City of Ottawa Funding

Total funding received from the City of Ottawa during the year was \$324,593 (2007 - \$304,504). Of this amount, \$291,023 (2007 - \$271,587) has been disclosed separately on the Statement of Revenue and Expenses and the remainder of \$33,570 (2007 - \$32,917) has been included in various other line items.

5. Capital Disclosures

The association has adopted CICA Handbook Section 1535, Capital Disclosures, which establishes standards for the disclosure of information about the association's capital and how it is managed.

The association defines capital as its unrestricted net assets and net assets internally restricted for the Community Fund. The association's objectives when managing capital are to maintain flexibility between:

- a) enabling it to operate efficiently;
- b) providing liquidity and access to net assets for growth opportunities; and
- c) generating predictable cash flows for the continuing operations of the organization.

The community fund has been internally restricted by the board of directors. The fund shall be used for the following purposes:

- a) capital expenses for the promotion of the association's mission;
- b) sponsorship of community needs and events; and
- c) security against financial insolvency.

All expenses from the community fund must be approved by the board of directors.

Dovercourt Recreation Association Notes to Financial Statements

December 31, 2008

5. Capital Disclosures (continued)

The association manages the capital structure and makes adjustments to it in light of changes in the economic conditions and the risk characteristics of the underlying assets. The Board of Directors does not establish quantitative return on capital criteria; but rather promotes year over year sustainable surpluses in order to maintain operations.

6. Comparative Amounts

The comparative amounts presented in the financial statements have been reclassified to conform to the current year's presentation.
