

Dovercourt Recreation Association



Financial Statements For the year ended December 31, 2017



Dovercourt Recreation Association
Financial Statements
For the year ended December 31, 2017

Contents

Independent Auditor's Report	1
Financial Statements	
Balance Sheet	2
Statement of Changes in Net Assets	3
Statement of Operations	4
Statement of Cash Flows	5
Summary of Significant Accounting Policies	6
Notes to Financial Statements	9

Independent Auditor's Report

**To the Members of
Dovercourt Recreation Association**

Report on the Financial Statements

We have audited the accompanying financial statements of Dovercourt Recreation Association which comprise the balance sheet as at December 31, 2017 and the statements of operations, changes in net assets 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 of these financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations and for such internal controls 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 of 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 judgment, 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 controls 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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Dovercourt Recreation Association as at December 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.

Report on Other Legal and Regulatory Requirements

As required by the Ontario Corporations Act, we report that, in our opinion, the accounting principles in the summary of significant accounting policies have been applied on a consistent basis.

Collins Barrow Ottawa LLP

Chartered Professional Accountants, Licensed Public Accountants
April 24, 2018
Ottawa, Ontario

Dovercourt Recreation Association Balance Sheet

December 31	2017	2016
Assets		
Current		
Cash and cash equivalents (Note 1)	\$ 1,004,800	\$ 1,024,791
Accounts receivable	80,493	94,331
Inventory	1,350	14,320
Prepaid expenses	36,771	56,250
	1,123,414	1,189,692
Tangible capital assets (Note 2)	535,700	185,011
	\$ 1,659,114	\$ 1,374,703

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities	\$ 239,046	\$ 226,114
Government remittances payable	45,027	20,592
Deposits on hand	445,490	381,170
Deferred contributions (Note 3 and 8)	127,111	43,757
	856,674	671,633
Deferred contributions related to tangible capital assets (Note 4)	415,152	16,445
	1,271,826	688,078
Net assets		
Net assets internally restricted for invested in tangible capital assets	120,548	168,566
Net assets - internally restricted reserve fund	265,956	491,956
Unrestricted	784	26,103
	387,288	686,625
	\$ 1,659,114	\$ 1,374,703

On behalf of the Board:

_____ Director _____ Director

Dovercourt Recreation Association Statement of Changes in Net Assets

For the year ended December 31

2017

2016

	<u>Internally Restricted</u>				<u>Internally Restricted</u>			
	<u>Invested in Tangible Capital Assets</u>	<u>Restricted Reserve Fund</u>	<u>Unrestricted</u>	<u>Net Assets</u>	<u>Invested in Tangible Capital Assets</u>	<u>Restricted Reserve Fund</u>	<u>Unrestricted</u>	<u>Net Assets</u>
Balance , beginning of year (Note 8)	\$ 168,566	\$ 491,956	\$ 26,103	\$ 686,625	\$ 183,270	\$ 437,433	\$ 11,399	\$ 632,102
Excess (deficiency) of revenue over expenses for the year	(60,954)	-	(238,383)	(299,337)	(72,297)	-	126,820	54,523
Investment in tangible capital assets	12,936	-	(12,936)	-	57,593	-	(57,593)	-
Interfund transfer (Note 6)	-	(226,000)	226,000	-	-	54,523	(54,523)	-
	(48,018)	(226,000)	(25,319)	(299,337)	(14,704)	54,523	14,704	54,523
Balance , end of year	\$ 120,548	\$ 265,956	\$ 784	\$ 387,288	\$ 168,566	\$ 491,956	\$ 26,103	\$ 686,625

Dovercourt Recreation Association Statement of Operations

For the year ended December 31	2017	2016
Programs		
Revenue		
Aquatics	\$ 956,559	\$ 922,389
Health and Fitness	510,401	531,601
Recreation	3,069,286	2,945,051
	4,536,246	4,399,041
 Direct Cost		
Aquatics	588,530	543,476
Health and Fitness	429,727	433,404
Recreation	2,069,095	1,845,659
	3,087,352	2,822,539
 Net revenue from programs	1,448,894	1,576,502
 City of Ottawa Funding (Note 5)	393,184	374,983
	1,842,078	1,951,485
 Operations and Community Development		
Revenue		
Fundraising	22,794	38,860
Other revenue	164,249	117,949
Deferred contributions recognized (Note 4)	7,554	11,552
Community Development	325,177	308,104
Parties and rentals	91,584	79,115
	611,358	555,580
 Expense		
Operations	2,212,519	2,057,498
Community Development	426,794	331,140
Building Expansion (recovered)	25,709	(6,419)
Parties and rentals	87,751	70,323
	2,752,773	2,452,542
	(2,141,415)	(1,896,962)
 Excess (deficiency) of revenue over expenses for the year	\$ (299,337)	\$ 54,523

Dovercourt Recreation Association Statement of Cash Flows

For the year ended December 31	2017	2016
Cash flows from operating activities		
Excess (deficiency) of revenue over expenses for the year	\$ (299,337)	\$ 54,523
Adjustments for		
Amortization of tangible capital assets	68,508	83,849
Deferred contributions recognized	(7,554)	(11,552)
	(238,383)	126,820
Changes in non-cash working capital items		
Accounts receivable	13,838	(18,590)
Inventory	12,970	2,168
Prepaid expenses	19,479	(14,522)
Accounts payable and accrued liabilities	12,932	(3,751)
Deposits on hand	64,320	(74,555)
Deferred contributions	83,354	16,518
Government remittances payable	24,435	3,578
	(7,055)	37,666
Cash flows from investing activities		
Acquisition of tangible capital assets	(419,197)	(57,593)
Capital contributions received	406,261	-
	(12,936)	(57,593)
Decrease in cash and cash equivalents during the year	(19,991)	(19,927)
Cash and cash equivalents, beginning of year	1,024,791	1,044,718
Cash and cash equivalents, end of year	\$ 1,004,800	\$ 1,024,791

Dovercourt Recreation Association Summary of Significant Accounting Policies

December 31, 2017

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>
Basis of Presentation	<p>The financial statements were prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations which are part of Canadian generally accepted accounting principles and include the following significant accounting policies.</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 Accounting Standards for Not-for-Profit Organizations. 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> <p>Significant estimates include assumptions used in estimating the useful life and related amortization of capital assets and provisions for certain accrued liabilities.</p>
Financial Instruments	<p><u>Measurement of Financial Instruments</u></p> <p>Financial instruments are financial assets or liabilities of the association where, in general, the association has the right to receive cash or another financial asset from another party or the association has the obligation to pay another party cash or other financial asset.</p> <p>The association initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions that are measured at the exchange amount.</p> <p>The association subsequently measures its financial assets and financial liabilities at amortized cost.</p> <p>The association's financial assets and financial liabilities measured at amortized cost include cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and government remittances payable.</p>

Dovercourt Recreation Association Summary of Significant Accounting Policies

December 31, 2017

Financial Instruments
(continued)

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down, if any, is recognized in excess of revenue over expenses. The previously recognized impairment loss may be reversed, to the extent of the improvement, directly or by adjusting the allowance account. The reversal may be recorded provided it is no greater than the amount that had been previously reported as a reduction in the asset and it does not exceed original cost. The amount of the reversal is recognized in excess of revenue over expenses.

Transaction Cost

The association recognizes its transaction costs in excess of revenue over expenses in the period incurred. However, the financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

Revenue Recognition

The association 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.

**Cash and Cash
Equivalents**

Cash and cash equivalents include redeemable investments or investments with an original maturity of less than 90 days.

Tangible Capital Assets

Purchased tangible capital assets are recorded at cost. Contributed tangible 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
Facility expansion	20 year straight-line
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.

Tangible capital assets that cost less than \$1,000 are charged to expense in the year of acquisition.

**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.

Dovercourt Recreation Association Summary of Significant Accounting Policies

December 31, 2017

Deposits on Hand

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

**Internally Restricted
Net Assets**

A portion of the association's net assets has been restricted in accordance with specific directives as approved by the association's board of directors. The purpose of each is as follows:

Invested in Tangible Capital Assets

Invested in tangible capital assets comprises the net book value of capital assets.

Restricted Reserve Fund

Designated for obligations of the association to be used at the discretion of the board of directors. The intended use of the reserve is security against financial insolvency and funding for future expansion, capital projects and community projects.

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

Dovercourt Recreation Association Notes to Financial Statements

December 31, 2017

1. Cash and Cash Equivalents

Cash and cash equivalents consist of:

	2017	2016
Cash	\$ 704,800	\$ 273,093
Term deposits	300,000	751,698
	\$ 1,004,800	\$ 1,024,791

The association's term deposits earn interest of 1.42% (2016 - 0.90% to 1.00%) and mature by March 2018.

2. Tangible Capital Assets

	2017			2016		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Facility improvements	\$ 255,246	\$ 225,305	\$ 29,941	\$ 253,678	\$ 210,731	\$ 42,947
Facility expansion						
Phase one	55,697	8,450	47,247	55,697	5,558	50,139
Phase two	406,261	-	406,261	-	-	-
Equipment						
Centre Cafe	7,929	7,929	-	7,929	7,929	-
Office	21,872	21,458	414	22,100	21,030	1,070
Program	56,730	47,106	9,624	53,040	40,597	12,443
Fitness centre	80,763	74,206	6,557	80,753	63,303	17,450
Maintenance	23,844	15,026	8,818	21,414	8,035	13,379
Computers	140,065	125,124	14,941	136,366	108,949	27,417
Furniture and fixtures	54,216	42,319	11,897	54,307	36,629	17,678
Contributed van	53,164	53,164	-	53,164	50,676	2,488
	\$ 1,155,787	\$ 620,087	\$ 535,700	\$ 738,448	\$ 553,437	\$ 185,011

Phase two of the facility expansion was not complete or in use as at December 31, 2017, therefore no amortization has been taken.

Dovercourt Recreation Association Notes to Financial Statements

December 31, 2017

3. Deferred Contributions

Deferred contributions represents funds received in the current year that relates to operations of the subsequent year.

	2017	2016
Capital projects and expansion	\$ 77,381	\$ -
SJAM	49,730	41,237
Other	-	2,500
	\$ 127,111	\$ 43,737

4. Deferred Contributions Related to Tangible Capital Assets

Deferred contributions related to tangible capital assets represents the value of the assets that were contributed to the association.

	2017	2016
Balance, beginning of year	\$ 16,445	\$ 27,997
Contributions received	406,261	-
Amounts recognized as revenue during the year	(7,554)	(11,552)
Balance, end of year	\$ 415,152	\$ 16,445

5. City of Ottawa Funding

Total funding received from the City of Ottawa during the year was as follows:

	2017	2016
Purchase of service agreement	\$ 339,441	\$ 334,546
National Child Benefit	29,443	28,886
Outdoor Rink Grant	9,300	11,551
Wading Pool Grant	15,000	-
	\$ 393,184	\$ 374,983

Dovercourt Recreation Association Notes to Financial Statements

December 31, 2017

6. Interfund Transfer

During the year, the board approved a transfer of \$226,000 from the internally restricted reserve to unrestricted net assets.

The internally restricted reserve is comprised of the following:

	2017	2016
Security against financial insolvency	\$ 124,198	\$ 350,198
Capital projects and expansion	141,758	141,758
	\$ 265,956	\$ 491,956

7. Financial Instruments Risk and Concentrations

The association is exposed to various risks through its financial instruments. The following analysis provides a measure of the association's risk exposure and concentrations as at December 31, 2017.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The association is exposed to credit risk in the event of non-payment by their customers for their accounts receivable.

Liquidity Risk

Liquidity risk is the risk that the association will encounter difficulty in meeting obligations associated with financial liabilities. The association is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and other price risk. The association is not exposed to any significant market risk.

Changes in Risk

There have been no significant changes in the association's risk exposures from the previous fiscal year.

Dovercourt Recreation Association Notes to Financial Statements

December 31, 2017

8. Prior Period Correction

A prior period correction has been made to correct an understatement of deferred contributions. Amounts received for SJAM were incorrectly recorded as revenue in the previous year. Accordingly, deferred contributions as at December 31, 2016 increased by \$41,237 and revenue and the restricted reserve fund decreased by the same amount.

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