
Ottawa Tennis and Lawn Bowling Club
Financial Statements
November 30, 2021

McKECHNIE & Co.

Suite 500, 1390 Prince of Wales Drive
Ottawa, Ontario, K2C 3N6

Independent Auditor's Report

To the Members of Ottawa Tennis and Lawn Bowling Club

Opinion

We have audited the financial statements of Ottawa Tennis and Lawn Bowling Club (the Entity), which comprise the statement of financial position as at November 30, 2021, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at November 30, 2021 and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 Entity 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 audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 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 Entity'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 Entity'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 Entity 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.



Chartered Professional Accountants, Licensed Public Accountant

Ottawa, ON
March 21, 2022

Ottawa Tennis and Lawn Bowling Club
Statement of Financial Position
As at November 30, 2021

	2021	2020
Assets		
Current		
Cash	\$ 1,551,677	\$ 557,968
Accounts receivable	7,363	24,116
Inventory	5,228	148
Prepaid expenses	32,632	32,733
	<u>1,596,900</u>	<u>614,965</u>
Capital (note 4)	<u>1,411,621</u>	<u>1,152,977</u>
	\$ 3,008,521	\$ 1,767,942
Liabilities, Net Assets and Share Capital		
Current		
Accounts payable and accrued liabilities	\$ 187,981	\$ 19,955
Government remittances payable	24,246	30,370
Deferred revenue (note 5)	488,923	249,677
Current portion of long term debt (note 6)	17,112	16,377
	<u>718,262</u>	<u>316,379</u>
Deferred Capital Contributions (note 7)	<u>398,612</u>	<u>0</u>
Long Term Debt (note 6)	<u>312,183</u>	<u>309,327</u>
	<u>1,429,057</u>	<u>625,706</u>
Net Assets		
Net assets invested in capital assets	743,714	867,273
Net assets - restricted for Club House Improvements	184,273	65,163
Net assets - unrestricted	651,477	209,800
	<u>1,579,464</u>	<u>1,142,236</u>
	\$ 3,008,521	\$ 1,767,942

On behalf of the Board:

_____ President

_____ Treasurer

See accompanying notes to the financial statements

Ottawa Tennis and Lawn Bowling Club
Statement of Change in Net Assets
For the year ended November 30, 2021

	Operations	Invested in Capital Assets	Club House Restoration	2021	2020
Net assets, beginning of year	\$ 209,800	\$ 867,273	\$ 65,163	\$ 1,142,236	\$1,134,118
Interfund transfers	68,958	(68,958)	0	0	0
Excess of revenue over expense for the year	372,719	(54,601)	119,110	437,228	8,118
Net assets, end of year	\$ 651,477	\$ 743,714	\$ 184,273	\$ 1,579,464	\$1,142,236

See accompanying notes to the financial statements

Ottawa Tennis and Lawn Bowling Club
Statement of Operations
For the year ended November 30, 2021

	2021	2020
Revenue		
Tennis membership	\$ 622,740	\$ 357,888
Tennis camps	161,644	40,845
Tennis lessons	204,927	77,525
Pool membership	54,905	37,424
Beach volleyball	49,580	15,438
Café	51,840	12,634
Fundraising	5,919	2,000
Grants	91,604	151,624
Donations	30,530	26,766
Special assessment	101,450	0
Other	26,281	5,497
	<u>1,401,420</u>	<u>727,641</u>
Expense		
Advertising and promotion	15,856	9,100
Amortization	54,601	56,177
Bank charges and credit card fees	44,835	26,243
Café supplies	13,237	1,131
Club house restoration expense	18,789	2,069
Contracted services - grounds and other	106,025	62,328
Contracted services - tennis	140,624	67,468
Insurance	22,245	21,733
Interest on long term debt	10,820	12,982
Maintenance and supplies	64,760	65,803
Miscellaneous	20,293	14,134
Office	17,993	7,763
Professional fees	30,314	21,129
Property taxes	32,549	32,370
Salaries and benefits	336,702	297,466
Shareholders' meetings	1,310	599
Special events	11,092	725
Tennis camps	2,329	49
Telecommunications	3,191	2,252
Utilities	16,627	18,002
	<u>964,192</u>	<u>719,523</u>
Excess of revenue over expense for the year	<u>\$ 437,228</u>	<u>\$ 8,118</u>

See accompanying notes to the financial statements

Ottawa Tennis and Lawn Bowling Club
Statement of Changes in Cash Flows
For the year ended November 30, 2021

	2021	2020
Operating activities		
Excess of revenue over expense for the year	\$ 437,228	\$ 8,118
Item not involving an outlay of cash		
Amortization	54,601	56,177
	<u>491,829</u>	<u>64,295</u>
Change in non-cash working capital		
Accounts receivable	16,753	(13,715)
Inventory	(5,080)	1,749
Prepaid expenses	101	(15,094)
Accounts payable and accrued liabilities	168,026	(66,829)
Government remittances payable	(6,124)	20,149
Deferred revenue	239,246	117,341
	<u>904,751</u>	<u>107,896</u>
Financing activities		
Capital contributions received	398,612	0
Loan proceeds (net of repayments)	3,591	32,890
	<u>402,203</u>	<u>32,890</u>
Investing activities		
Capital asset purchases (net)	(313,245)	(23,554)
Increase in cash during the year	993,709	117,232
Cash, beginning of year	557,968	440,736
Cash, end of year	\$ 1,551,677	\$ 557,968

See accompanying notes to the financial statements

Ottawa Tennis and Lawn Bowling Club
Notes to the Financial Statements
November 30, 2021

1. Purpose of the Organization

Ottawa Tennis and Lawn Bowling Club Limited was incorporated on March 14, 1939 under Letters Patent of the Ontario Corporations Act. The Club was continued under the Canada Not-for-profit Corporations Act on April 16, 2020 as Ottawa Tennis and Lawn Bowling Club. The Club operates as a not-for-profit organization and as such is exempt from income tax.

The purpose of the organization is to:

- establish, maintain and conduct a club for the accommodation of the members thereof and others and generally to provide for the members and others the usual privileges advantages, conveniences and accommodation of a club;
- provide a club house and other conveniences for the purposes of the members and others;
- promote tennis, lawn bowling and other games or sports and to arrange matches and competitions of every nature and to offer or grant and contribute prizes, awards and distinctions; and
- acquire by purchase or otherwise the lands, premises, goods chattels and assets for the purposes aforesaid.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies.

Inventory

Inventory is valued at the lower of cost and net realizable value, on a first-in, first-out basis.

Revenue Recognition

Membership contributions are recorded as revenue when received based on the membership year. Camp and lesson fees are recorded as revenue based on the camp or lesson delivery when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Ottawa Tennis and Lawn Bowling Club
Notes to the Financial Statements
November 30, 2021

2. Significant Accounting Policies (con't)**Capital Assets**

Capital assets are recorded at cost and amortized over their estimated useful lives using the declining balance method as follows:

Club house and improvements	5%
Fencing and lighting	5%
Tennis courts	5%
POS system	55%
Computer	55%
Telephone system	20%
Pool	5%
Equipment, furniture and tools	20%

In the year of acquisition, only one-half the annual amortization is taken.

Use of Estimates

In preparing the organization's financial statements in conformity with Canadian accounting standards for not-for-profit organizations, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expense during the period. Actual results could differ from those estimates.

Financial Instrument Measurement

The organization initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost.

The financial assets subsequently measured at amortized cost include cash and accounts receivable. The financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities and government remittances payable.

Ottawa Tennis and Lawn Bowling Club
Notes to the Financial Statements
November 30, 2021

2. Significant Accounting Policies (con't)

Impairment of long-lived assets

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized as an expense when the capital asset no longer has any long-term service potential to the organization. The amount of the impairment loss is determined as the excess of the carrying value of the asset over any residual value.

3. Financial Instruments

Ottawa Tennis and Lawn Bowling Club is exposed to various risks through its financial instruments. The following analysis presents the organization's exposures to significant risk at November 30, 2021.

Credit risk

The organization is exposed to credit risk with respect to its accounts receivable. Management regularly reviews its accounts receivable to ensure collectibility.

Liquidity risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization manages this risk by constantly monitoring its cash flows and financial liability maturities.

Interest rate risk

The organization is exposed to interest rate risk on its floating interest rate financial instruments. Floating rate instruments subject the organization to a cash flow risk. The organization is exposed to this type of risk as a result of its loan payable.

Ottawa Tennis and Lawn Bowling Club
Notes to the Financial Statements
November 30, 2021

4. Capital Assets

	Cost		Accumulated Amortization		Net Carrying Amount	
	2021	2020	2021	2020	2021	2020
Land	\$ 5,000	\$ 5,000	\$ 0	\$ 0	\$ 5,000	\$ 5,000
Grounds improvement	243,308	243,308	0	0	243,308	243,308
Club house	614,412	614,412	304,439	288,124	309,973	326,288
Fencing and sport lighting	251,265	251,265	111,506	104,150	139,759	147,115
Tennis courts	348,503	348,503	113,606	101,243	234,897	247,260
POS system	10,307	10,307	10,305	10,302	2	5
Computer	9,739	9,739	9,545	9,308	194	431
Telephone system	6,388	6,388	4,513	4,044	1,875	2,344
Pool and pool shed	260,643	212,099	89,185	81,438	171,458	130,661
Equipment, furniture and tools	279,229	279,229	238,776	228,664	40,453	50,565
Construction in progress	264,702	0	0	0	264,702	0
	\$ 2,293,496	\$ 1,980,250	\$ 881,875	\$ 827,273	\$ 1,411,621	\$ 1,152,977

5. Deferred Revenue

Deferred revenue is comprised of member Covid-19 credits, "early-bird" membership fees, prepaid sponsorship fees and grant revenue received for the following operating season.

6. Long-term Debt

Loan payable, bearing interest at prime plus 1.45%, due April 2034, repayable in blended monthly instalments of \$2,269 principal and interest, secured by a general security agreement as well as a charge on the land and building with a net carrying value of \$574,596.

\$ 269,295 **\$ 285,704**

CEBA term loan, bearing interest at 0% until December 31, 2023. If the loan is paid back by December 31, 2023, \$20,000 of the loan will be forgiven. If the loan is not paid back by December 31, 2023, the loan will bear interest at 5%, be due December 31, 2025, and be repayable in monthly instalments of interest only.

60,000 **40,000**

329,295 **325,704**

Less current portion

17,112 **16,377**

\$ 312,183 **\$ 309,327**

Ottawa Tennis and Lawn Bowling Club
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November 30, 2021

6. Long-term Debt (con't)

Principal repayments required in the next five years are as follows:

2022	-	\$17,112
2022	-	\$17,786
2023	-	\$18,487
2024	-	\$19,215
2025	-	\$19,971

7. Trust Funds

In 2020 the organization successfully submitted an application to the National Sport Trust Fund (NSTF) to raise funds to be used for the Clubhouse Restoration Project to assist the organization in promoting amateur athletics in Canada. At November 30, 2021, the NSTF had received donations totalling \$477,544 specifically earmarked for the organization and the Clubhouse Restoration Project. The Clubhouse Restoration Project commenced during the year and a total of \$148,612 has been recorded in these financial statements as deferred capital contributions in respect of these funds.

8. Implications of Covid-19

On March 11, 2020, an outbreak of a new strain of coronavirus (Covid-19) resulted in a major global health crisis which, at the date of the completion of the financial statements, continues to have impacts on the health, safety and economy worldwide. Measures taken by various governments to contain the virus affected the club's economic activity by delaying the opening of the club and reducing the volume and types of activities permitted on the premises. As a result of these effects, the cumulative revenue from club activities was approximately 40% lower than the 2020 revenues.

In response to these matters, management has taken advantage of all government initiatives available to them including wage subsidies, rent subsidies, loan payment deferrals and interest free loans, and adjusted spending. Management has determined that the actions that it has taken are sufficient to mitigate the uncertainty and has therefore prepared the financial statements on a going concern basis.