

Ottawa New Edinburgh Club
Financial Statements
October 31, 2015



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Independent Auditor's Report

To the Members of
Ottawa New Edinburgh Club

I have audited the accompanying financial statements of Ottawa New Edinburgh Club, which comprise the statement of financial position as at October 31, 2015, and the statements of changes in net assets, 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 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 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 control relevant to the organization'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 organization'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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis for Qualified Opinion

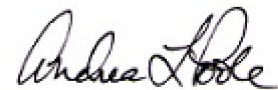
Ottawa New Edinburgh Club, in common with many organizations of this type, derives a material amount of revenue from food and beverage sales and guest and lesson fees the completeness of which is not susceptible of satisfactory audit verification. Accordingly, my verification of such revenue was limited to amounts recorded in the records of the Club and I was unable to determine whether any adjustments might be necessary to revenue from food and beverage sales and guest and lesson fees, net revenue for the year, current assets and fund balances.

Independent Auditor's Report, continued

Qualified Opinion

Except as noted in the above paragraph, in my opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at October 31, 2015 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.

Ottawa, ON
December 9, 2015



Office of Andrea Poole, CPA, CA
Licensed Public Accountant

**Ottawa New Edinburgh Club
Statement of Financial Position
As at October 31, 2015**

	2015	2014
Assets		
Current		
Cash	\$ 84,245	\$ 81,138
Accounts receivable	6,971	20,363
Prepaid expenses	13,753	12,398
	104,969	113,899
Capital assets (note 3)	28,631	11,234
	\$ 133,600	\$ 125,133
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 4,859	\$ 5,798
Salaries payable	814	468
Sport IS deferred contributions (note 4)	-	17,385
Loan - Sail Canada	10,000	-
	15,673	23,651
Balance	117,927	101,482
	\$ 133,600	\$ 125,133

On behalf of the Board

_____ Member

_____ Member

Ottawa New Edinburgh Club
Statement of Changes in Net Assets
Year ended October 31, 2015

	Invested in Capital Assets	Operating Fund	Total 2015	Total 2014
Balance, beginning of year	\$ 11,233	\$ 90,249	\$ 101,482	\$ 48,518
Excess (deficiency) of revenues over expenditures	(11,390)	27,835	16,445	52,964
Purchase of capital assets	<u>28,787</u>	<u>(28,787)</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 28,630</u>	<u>\$ 89,297</u>	<u>\$ 117,927</u>	<u>\$ 101,482</u>

See accompanying notes to the financial statements

**Ottawa New Edinburgh Club
Statement of Operations
Year ended October 31, 2015**

	<u>2015</u>	<u>2014</u>
Revenues		
Miscellaneous income	\$ 4,251	\$ 3,559
Facility rental	58	-
Membership fees	163,570	152,737
Day camp fees	106,756	94,503
Food and beverage	29,553	19,799
Lesson fees	9,657	10,561
Grants	17,935	9,778
Fundraising events and donations	28,889	7,052
Pro shop	<u>812</u>	<u>503</u>
	361,481	298,492
Cost of goods sold		
Food and drink	<u>21,040</u>	<u>12,930</u>
	<u>340,441</u>	<u>285,562</u>
Gross profit		
	<u>340,441</u>	<u>285,562</u>
Expenditures		
Salaries and related benefits	152,107	116,709
Repairs and maintenance	64,981	20,856
Rent	28,811	28,517
Utilities	21,970	16,233
Insurance	12,970	11,497
Amortization	11,390	10,215
Interest and bank charges	6,511	3,867
Memberships	4,967	4,002
Professional fees	4,300	4,350
Shop supplies	4,135	4,428
Special events	3,565	6,576
Office	2,739	2,607
Miscellaneous	2,148	1,082
Advertising and promotion	2,132	926
Sport IS Development Fund expenses	1,241	733
Bad debts	<u>29</u>	<u>-</u>
	<u>323,996</u>	<u>232,598</u>
Excess of revenues over expenditures	<u>\$ 16,445</u>	<u>\$ 52,964</u>

See accompanying notes to the financial statements

Ottawa New Edinburgh Club
Statement of Cash Flows
Year ended October 31, 2015

	<u>2015</u>	<u>2014</u>
Operating activities		
Excess of revenues over expenditures	\$ 16,445	\$ 52,964
Adjustment for Amortization	<u>11,390</u>	<u>10,215</u>
	27,835	63,179
Change in non-cash working capital items		
Accounts receivable	13,392	(20,118)
Prepaid expenses	(1,355)	(3,765)
Income taxes receivable	-	1,370
Accounts payable and accrued liabilities	(938)	(3,220)
Salaries payable	346	37
Sport IS deferred contributions	<u>(17,385)</u>	<u>17,385</u>
	21,895	54,868
Investing activity		
Purchase of capital assets	<u>(28,788)</u>	<u>-</u>
Net (decrease) increase in cash	(6,893)	54,868
Cash, beginning of year	<u>81,138</u>	<u>26,270</u>
Cash, end of year	<u>\$ 74,245</u>	<u>\$ 81,138</u>
<hr/>		
Cash consists of:		
Cash	\$ 84,245	\$ 81,138
Loan - Sail Canada	<u>(10,000)</u>	<u>-</u>
	<u>\$ 74,245</u>	<u>\$ 81,138</u>

See accompanying notes to the financial statements

Ottawa New Edinburgh Club
Notes to the Financial Statements
October 31, 2015

1. Nature of operations

The Ottawa New Edinburgh Club is a member-funded organization which operates tennis, rowing and sailing facilities in Ottawa, Ontario. The Club was incorporated under the laws of Ontario in 1964 as a not-for-profit organization and is exempt from income tax on income from operations under the Income Tax Act.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(a) Fund accounting

The Operating Fund accounts for the Club's annual operating activities.

(b) Revenue recognition

ONEC follows the deferral method of accounting for contributions which includes grants and donations. 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.

Restricted contributions are recognized as revenue in the year in which the related expenses are made.

Membership fees, rental and special event revenue is recorded on collection. Food and beverage revenue is recorded on the day on which the sale is made.

(c) Capital assets

Capital assets are recorded at cost. The organization provides for amortization using the straight-line method at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates are as follows:

Tennis equipment	5 years
Rowing shells	5 years
Sailing equipment	5 years

Capital asset purchases with a value of \$2,000 or less are expensed in the year of acquisition.

(d) Contributed services

Volunteers contributed time to assist the Club in carrying out its operations. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Ottawa New Edinburgh Club
Notes to the Financial Statements
October 31, 2015

2. Significant accounting policies, continued

(e) Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Accounts specifically affected by estimates in these financial statements are .

3. Capital assets

	2015		2014	
	Cost	Accumulated amortization	Net	Net
Tennis equipment	\$ 18,474	\$ 18,265	\$ 209	\$ 419
Rowing shells	106,915	95,099	11,816	3,916
Sailing equipment	93,252	76,646	16,606	6,899
	\$ 218,641	\$ 190,010	\$ 28,631	\$ 11,234

4. Sport IS deferred contributions

In the prior year the Club partnered with Sport Alliance Ontario (Sport IS) to receive donations for facility maintenance and capital asset purchases. These funds will be held as deferred contributions until spent, at which time they will be brought into revenue. The program was discontinued in the current year.

	2015	2014
Contributions		
Sport IS Development Fund	\$ 8,235	\$ 18,118
Transferred to revenue		
Boathouse/sailing	25,620	708
Administration	-	25
	25,620	733
Increase (decrease) during the year	(17,385)	17,385
Sport IS deferred contributions, beginning of year	17,385	-
Sport IS deferred contributions, end of year	\$ -	\$ 17,385

5. Financial instruments

The organization's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, and short-term debt. It is management's opinion that the organization is

Ottawa New Edinburgh Club
Notes to the Financial Statements
October 31, 2015

5. Financial instruments, continued

not exposed to significant interest rate, market, currency, credit, liquidity or cash flow risks arising from these financial instruments and that the fair value of these financial instruments approximate their carrying values.

6. Economic dependence

These financial statements have been prepared on the going concern basis which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Club rents the land and waterfront lot used for its operations from the NCC. The Club is dependent on the NCC continuing the current rental arrangement.

7. Commitments

As at October 31, 2015, the club does not have a current signed lease that is being followed. Until this situation is resolved with the NCC, it can only be reasonably estimated the rent going forward will be the same as rent paid in the current year.
