

**Ottawa New Edinburgh Club**  
**Financial Statements**  
October 31, 2016



**Andrea Poole, C.A.**  
Licensed Public Accountant

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48 Dunvegan Road Ottawa ON K1K 3G3  
613-218-5931 [accounting@pooleca.com](mailto:accounting@pooleca.com)

## **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, 2016, 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, 2016 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  
February 21, 2017

A handwritten signature in black ink, appearing to read "Andrea Poole". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

**Office of Andrea Poole, CPA, CA**  
Licensed Public Accountant

**Ottawa New Edinburgh Club  
Statement of Financial Position  
As at October 31, 2016**

	2016	2015
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 69,924	\$ 84,245
Accounts receivable	10,852	6,971
Prepaid expenses	9,573	13,753
	90,349	104,969
<b>Capital assets (note 3)</b>	32,406	28,631
	<b>\$ 122,755</b>	<b>\$ 133,600</b>

<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 6,128	\$ 4,859
Unearned revenue (note 4)	11,025	-
Loan - Sail Canada	5,000	10,000
Government remittances payable	1,213	814
	23,366	15,673
<b>Balance</b>	99,389	117,927
	<b>\$ 122,755</b>	<b>\$ 133,600</b>

On behalf of the Board

\_\_\_\_\_ Member

\_\_\_\_\_ Member

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**Ottawa New Edinburgh Club  
Statement of Changes in Net Assets  
Year ended October 31, 2016**

	<u>Invested in Capital Assets</u>	<u>Operating Fund</u>	<u>Total 2016</u>	<u>Total 2015</u>
<b>Balance, beginning of year</b>	\$ 28,630	\$ 89,297	\$ 117,927	\$ 101,482
(Deficiency) excess of revenues over expenditures	(14,569)	(3,969)	(18,538)	16,445
Purchase of capital assets	<u>18,345</u>	<u>(18,345)</u>	<u>-</u>	<u>-</u>
<b>Balance, end of year</b>	<u>\$ 32,406</u>	<u>\$ 66,983</u>	<u>\$ 99,389</u>	<u>\$ 117,927</u>

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See accompanying notes to the financial statements

**Ottawa New Edinburgh Club**  
**Statement of Operations**  
**Year ended October 31, 2016**

	<u>2016</u>	<u>2015</u>
<b>Revenues</b>		
Membership fees	\$ 146,291	\$ 163,570
Day camp fees	96,770	106,756
Food and beverage	28,781	20,811
Grants	23,850	17,935
Other income	9,706	4,308
Lesson fees	7,401	9,657
Pro shop	1,691	9,554
Fundraising events and donations	<u>340</u>	<u>28,889</u>
	314,830	361,480
<b>Cost of goods sold</b>		
Food and drink	<u>27,104</u>	<u>21,040</u>
<b>Gross profit</b>	<u>287,726</u>	<u>340,440</u>
<b>Expenditures</b>		
Salaries and related benefits	134,625	152,107
Repairs and maintenance	50,990	64,981
Rent	28,963	28,811
Utilities	21,011	21,970
Amortization	14,569	11,390
Insurance	11,928	12,970
Interest and bank charges	8,006	6,511
Supplies	7,545	4,135
Professional fees	6,365	4,300
Memberships	6,304	4,967
Online membership system	5,637	-
Advertising and promotion	3,463	2,132
Office	3,398	2,738
Miscellaneous	2,608	2,148
Special events	852	3,565
Sport IS Development Fund expenses	-	1,241
Bad debts	<u>-</u>	<u>29</u>
	<u>306,264</u>	<u>323,995</u>
<b>(Deficiency) excess of revenues over expenditures</b>	<u>\$ (18,538)</u>	<u>\$ 16,445</u>

See accompanying notes to the financial statements

**Ottawa New Edinburgh Club**  
**Statement of Cash Flows**  
**Year ended October 31, 2016**

	<u>2016</u>	<u>2015</u>
<b>Operating activities</b>		
(Deficiency) excess of revenues over expenditures	\$ (18,538)	\$ 16,445
Adjustment for		
Amortization	<u>14,569</u>	<u>11,390</u>
	(3,969)	27,835
Change in non-cash working capital items		
Accounts receivable	(3,881)	13,392
Prepaid expenses	4,180	(1,355)
Accounts payable and accrued liabilities	1,270	(938)
Unearned revenue	11,025	(17,385)
Government remittances payable	<u>399</u>	<u>346</u>
	9,024	21,895
<b>Investing activity</b>		
Purchase of capital assets	<u>(18,345)</u>	<u>(28,788)</u>
<b>Net decrease in cash</b>	(9,321)	(6,893)
<b>Cash, beginning of year</b>	<u>74,245</u>	<u>81,138</u>
<b>Cash, end of year</b>	<u>\$ 64,924</u>	<u>\$ 74,245</u>
 <b>Cash consists of:</b>		
Cash	\$ 69,924	\$ 84,245
Loan - Sail Canada	<u>(5,000)</u>	<u>(10,000)</u>
	<u>\$ 64,924</u>	<u>\$ 74,245</u>

See accompanying notes to the financial statements

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**Ottawa New Edinburgh Club**  
**Notes to the Financial Statements**  
**October 31, 2016**

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**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.

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**2. Significant accounting policies**

The organization follows accounting principles generally accepted in Canada in preparing its financial statements. The significant accounting policies used are as follows:

**(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
Sailing equipment	5 years
Rowing shells	5 years

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

**(d) Contributed services**

Directors, committee members and owners volunteer their time to assist in the corporation's activities. While these services benefit the corporation considerably, a reasonable estimate of their amount and fair value cannot be made and, accordingly, these contributed services are not recognized in the financial statements.



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**Ottawa New Edinburgh Club**  
**Notes to the Financial Statements**  
**October 31, 2016**

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**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 .

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**3. Capital assets**

			<u>2016</u>	<u>2015</u>
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net</u>	<u>Net</u>
Tennis equipment	\$ 26,122	\$ 20,004	\$ 6,118	\$ 209
Sailing equipment	93,252	83,429	9,823	16,606
Rowing shells	<u>117,611</u>	<u>101,146</u>	<u>16,465</u>	<u>11,816</u>
	<u>\$ 236,985</u>	<u>\$ 204,579</u>	<u>\$ 32,406</u>	<u>\$ 28,631</u>

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**4. Unearned revenue**

Elmwood School partners with ONEC to provide their students with a rowing program. Elmwood's program runs from September to June. Fees billed by ONEC in September are pro-rated between ONEC's current fiscal year and the next fiscal year.

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**5. Financial instruments risks and uncertainties**

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 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.

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**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.

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**Ottawa New Edinburgh Club  
Notes to the Financial Statements  
October 31, 2016**

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**7. Commitments**

As at October 31, 2016, 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.

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