



**HENDRY
WARREN^{LLP}**
CHARTERED PROFESSIONAL ACCOUNTANTS

200-881 Lady Ellen Place
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Financial Statements of

**JACK PURCELL RECREATION
ASSOCIATION**

December 31, 2023



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June 17, 2024

INDEPENDENT AUDITORS' REPORT

To the Members of
Jack Purcell Recreation Association:

Opinion

We have audited the accompanying financial statements of Jack Purcell Recreation Association (the "Association"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations and changes in net assets and cash flow for the year then ended, as well as a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Jack Purcell Recreation Association as at December 31, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian 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 Association 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 audit opinion.

Other Information

Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the applicable financial reporting framework, 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 these financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Association'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 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 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 the 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 Association'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 Association'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 Association 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.



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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.

Hendry Warren LLP

HENDRY WARREN _{LLP}
Chartered Professional Accountants
Licensed Public Accountants
Ottawa, Ontario

JACK PURCELL RECREATION ASSOCIATION

Statement of Financial Position

December 31, 2023, with comparative figures for 2022

	2023	2022
Assets		
Current assets		
Cash	\$ 346,345	\$ 330,414
Short-term investments (Note 3)	56,390	-
Accounts receivable	34,698	62,379
	<u>\$ 437,433</u>	<u>\$ 392,793</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued charges (Note 4)	\$ 28,728	\$ 17,366
Deferred contributions (Note 5)	-	211
Customer credits (Note 6)	50,000	37,464
	78,728	55,041
Long-term debt (Note 7)	-	60,000
	78,728	115,041
Net assets		
Unrestricted net assets	358,705	277,752
	<u>\$ 437,433</u>	<u>\$ 392,793</u>

Approved on behalf of the Board:

Director

Director

JACK PURCELL RECREATION ASSOCIATION

Statement of Operations and Changes in Net Assets

Year ended December 31, 2023, with comparative figures for 2022

	2023	2022
Revenue		
Programs (Schedule A)	\$ 431,323	\$ 263,779
Government assistance	20,000	4,785
Interest income	12,834	3,504
Grant revenue	4,976	104,031
Other income	397	257
	<hr/>	<hr/>
	469,530	376,356
Expenses		
Administration	18,252	54,268
Advertising	708	119
Bank charges and interest	7,222	3,759
Insurance	4,173	3,120
Professional fees	31,725	27,569
Programs (Schedule A)	180,253	121,659
Salaries and wages	146,244	98,227
	<hr/>	<hr/>
	388,577	308,721
Excess of revenue over expenses	80,953	67,635
Net assets, beginning of year	277,752	210,117
Net assets, end of year	\$ 358,705	\$ 277,752

JACK PURCELL RECREATION ASSOCIATION

Cash Flow Statement

Year ended December 31, 2023, with comparative figures for 2022

	2023	2022
Operating activities		
Excess of revenue over expenses	\$ 80,953	\$ 67,635
Non cash items:		
CEBA loan forgivable portion	(20,000)	-
Interest accrued on short-term investments	(390)	-
Changes in non-cash working capital balances (Note 8)	51,368	(58,244)
Cash provided by operating activities	111,931	9,391
Investing activities		
Acquisition of short-term investments	(56,000)	-
Cash used in investing activities	(56,000)	-
Financing activities		
Repayment of CEBA loan	(40,000)	-
Cash used in financing activities	(40,000)	-
Increase in cash	15,931	9,391
Cash, beginning of year	330,414	321,023
Cash, end of year	\$ 346,345	\$ 330,414
Cash consists of:		
Cash	\$ 170,208	\$ 156,748
Guaranteed Investment Certificates	176,137	173,666
	\$ 346,345	\$ 330,414

JACK PURCELL RECREATION ASSOCIATION

Notes to the Financial Statements

December 31, 2023, with comparative figures for 2022

Status and purpose of the organization

Jack Purcell Recreation Association (the "Association") is incorporated without share capital by Letters Patent under the Corporations Act of Ontario. The Association's purpose is to maintain, improve and fulfil the recreational opportunities for the Centretown residents in Ottawa, Ontario.

The Association is exempt from tax under Section 149(1)(l) of the Income Tax Act.

1. Significant accounting policies

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

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 they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Program revenue and other income are recognized in the year the related program is delivered. Program revenue received in advance of the year of delivery is deferred to the year of delivery.

Interest income is recognized at the earlier of when the amounts are received or become receivable.

Grant revenue is recognized when the related expense is incurred.

Government assistance consists of the Canada Emergency Wage Subsidy and the forgivable portion of the Canada Emergency Business Account loan. The revenue is recognized in the period in which the Association qualified for the subsidy and the amount can be reasonably estimated.

Cash and cash equivalents

The Association's policy is to disclose bank balances and Guaranteed Investment Certificates with a maturity of less than one year under cash.

Capital assets

Capital assets are expensed at the time of purchase. Funding received towards the purchase of the capital assets is included in revenue in the year the assets are purchased. Capital assets consist of equipment, computers, building improvements and signage. Capital assets purchased and expensed during the year totaled \$735 (2022: \$Nil).

JACK PURCELL RECREATION ASSOCIATION

Notes to the Financial Statements

December 31, 2023, with comparative figures for 2022

Use of estimates

The preparation of these 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, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known. There are no significant estimates.

Financial instruments

Measurement of financial instruments

The Association initially measures its financial assets and liabilities at fair value.

The Association subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, short-term investments and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued charges, customer credits and long-term debt.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of any write-down is recognized in excess of revenue over expenses. Any previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of any reversal is recognized in excess of revenue over expenses.

Transaction costs

The Association recognizes its transaction costs in excess of revenue over expenses in the period incurred. However, 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.

Contributed services

It is the policy of the Association to not record contributed services as the fair market value is not readily determinable.

2. Economic dependence

The Association is dependent upon the City of Ottawa, which provides staffing, facilities and other resources.

JACK PURCELL RECREATION ASSOCIATION

Notes to the Financial Statements

December 31, 2023, with comparative figures for 2022

3. Short-term investments

	2023	2022
GIC held by Scotiabank, interest rate at 5.71% per year, maturing December 1, 2025	\$ 50,245	\$ -
GIC held by Scotiabank, interest rate at 5.00% per year, maturing June 23, 2027	4,105	-
GIC held by Scotiabank, interest rate at 5.35% per year, maturing August 17, 2027	2,040	-
	\$ 56,390	\$ -

Short-term investments consist of Guaranteed Investment Certificates with a maturity of greater than one year. Guaranteed Investment Certificates with a maturity of less than one year are included under cash.

4. Accounts payable and accrued charges

	2023	2022
Trades payable and accrued charges	\$ 18,436	\$ 13,599
Withholding taxes	10,292	3,539
Government remittances payable	-	228
	\$ 28,728	\$ 17,366

JACK PURCELL RECREATION ASSOCIATION

Notes to the Financial Statements

December 31, 2023, with comparative figures for 2022

5. Deferred contributions

	2023	2022
<hr/>		
Ontario Trillium Foundation		
Balance, beginning of year	\$ -	\$ 24,137
Add: amounts received during the year	-	25,000
Less: amounts recognized as grant revenue	-	(49,137)
<hr/>		
Balance, end of year	-	-
Community Foundations of Canada		
Balance, beginning of year	211	28,023
Add: amounts received during the year	-	18,682
Less: amounts recognized as grant revenue	(211)	(46,494)
<hr/>		
Balance, end of year	-	211
Total balance	\$ -	\$ 211
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JACK PURCELL RECREATION ASSOCIATION

Notes to the Financial Statements

December 31, 2023, with comparative figures for 2022

6. Customer credits

Customer credits for the year consists of the following:

	2023	2022
Balance, beginning of year	\$ 37,464	\$ 26,524
Plus: amount received for following years	463,757	15,150
Less: amounts recognized as revenue in the year	(451,221)	(4,210)
Balance, end of year	\$ 50,000	\$ 37,464

7. Long-term debt

	2023	2022
Canada Emergency Business Account loan, non-interest bearing, \$20,000 of the loan is eligible for complete forgiveness if \$40,000 is fully repaid on or before January 18, 2024. The loan was repaid during the year and the \$20,000 forgivable portion was recognized in revenue during the year.	\$ -	\$ 60,000

8. Changes in non-cash working capital balances

Changes in non-cash working capital balances have provided (used) cash as follows:

	2023	2022
Accounts receivable	\$ 27,681	\$ (20,461)
Accounts payable and accrued charges	11,362	3,226
Deferred contributions	(211)	(51,949)
Customer credits	12,536	10,940
	\$ 51,368	\$ (58,244)

JACK PURCELL RECREATION ASSOCIATION

Notes to the Financial Statements

December 31, 2023, with comparative figures for 2022

9. Financial instruments

Risk and concentrations

The Association is exposed to various risks through its financial instruments. The following analysis provides a measure of the risk exposures and concentrations at the statement of financial position date, December 31, 2023.

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 with respect to its accounts receivable. The Association assesses, on a continuous basis, accounts receivable on the basis of amounts it is virtually certain to receive. The Association extends credit to its customers in the normal course of business.

Liquidity risk

Liquidity risk is the risk that an entity 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 charges.

Market risk

Market risk is the risk that the fair value of 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 prices risk. The Association is mainly exposed to interest rate risk.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Association is exposed to interest rate risk on its fixed rate financial instruments. Given the current composition of short-term investments, fixed-rate instruments subject the Association to a fair value risk.

There were no changes in risk and concentrations of risk from the year ended December 31, 2022.

10. Comparative figures

Certain of the prior year's comparative figures have been reclassified to conform to the current year's financial statement presentation.

JACK PURCELL RECREATION ASSOCIATION
 Program Revenues and Expenses

Schedule A

Year ended December 31, 2023, with comparative figures for 2022

	2023	%	2022	%
Program revenues				
Adult	\$ 32,879	7.6 %	\$ 12,544	4.8 %
After school	270,596	62.7	166,236	63.0
Children's camps	109,236	25.4	75,703	28.6
Fitness	3,372	0.8	414	0.2
PD days	15,240	3.5	8,882	3.4
Special events	-	-	-	-
	\$ 431,323	100.0 %	\$ 263,779	100.0 %
Program expenses				
Adult	\$ 14,822	8.2 %	\$ 5,812	4.8 %
After school	107,059	59.4	73,086	60.0
Children's camps	49,705	27.7	39,166	32.2
Fitness	1,569	0.8	426	0.4
PD days	7,098	3.9	3,169	2.6
Special events	-	-	-	-
	\$ 180,253	100.0 %	\$ 121,659	100.0 %