



**HENDRY
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Financial Statements of

**JACK PURCELL RECREATION
ASSOCIATION**

December 31, 2018

Ian W. Hendry, FCPA, FCA, CFP
Marie Fraser, CPA, CA, CFP
Nancy Nicks, CPA, CA
Jacob Milosek, CPA, CA

MEMBER
INPACT
INTERNATIONAL ALLIANCE OF
PROFESSIONAL ACCOUNTANTS

Daniel B. Warren, FCPA, FCA, TEP
Blair Duffy, CPA, CA
Todd Hamilton, CPA, CA
David Lenzi, CPA, CA, CBV



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May 28, 2019

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, 2018, and the statements of revenue and expenses 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, 2018, 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 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 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.

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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 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.



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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.

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
Chartered Professional Accountants
Licensed Public Accountants
Ottawa, Ontario

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JACK PURCELL RECREATION ASSOCIATION

Statement of Financial Position

December 31, 2018, with comparative figures for 2017

	2018	2017
Assets		
Current assets		
Cash	\$ 190,777	\$ 147,551
Accounts receivable	1,857	2,527
Government remittances recoverable	-	710
Prepaid expenses	191	191
	<u>\$ 192,825</u>	<u>\$ 150,979</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued charges (Note 3)	\$ 10,042	\$ 8,769
Program revenue received in advance (Note 4)	49,363	41,693
Customer credits (Note 5)	5,426	4,848
	<u>64,831</u>	<u>55,310</u>
Net assets		
Unrestricted net assets	127,994	95,669
	<u>\$ 192,825</u>	<u>\$ 150,979</u>

Approved on behalf of the Board:

Director

Director

JACK PURCELL RECREATION ASSOCIATION

Statement of Revenue and Expenses and Changes in Net Assets

Year ended December 31, 2018, with comparative figures for 2017

	2018	2017
Revenue		
Programs (Schedule A)	\$ 346,016	\$ 308,003
Interest income	1,376	409
Grant revenue	6,715	-
Other income	2,102	3,102
	356,209	311,514
Expenses		
Administration	78,521	42,822
Advertising	9,592	8,401
Bad debts	499	3,331
Bank charges and interest	8,616	6,110
Donations	1,964	1,250
Insurance	3,499	3,032
Other expenses	2,000	2,876
Professional fees	18,300	16,168
Programs (Schedule A)	200,893	201,059
	323,884	285,049
Excess of revenue over expenses	32,325	26,465
Net assets, beginning of year	95,669	69,204
Net assets, end of year	\$ 127,994	\$ 95,669

JACK PURCELL RECREATION ASSOCIATION

Cash Flow Statement

Year ended December 31, 2018, with comparative figures for 2017

	2018	2017
Operating activities		
Excess of revenues over expenses	\$ 32,325	\$ 26,465
Changes in working capital balances (Note 6)	10,901	(2,950)
Cash provided by operating activities	43,226	23,515
Increase in cash	43,226	23,515
Cash, beginning of year	147,551	124,036
Cash, end of year	\$ 190,777	\$ 147,551
Cash consists of:		
Cash	\$ 114,404	\$ 116,368
Guaranteed Investment Certificates	76,373	31,183
	\$ 190,777	\$ 147,551

JACK PURCELL RECREATION ASSOCIATION

Notes to the Financial Statements

December 31, 2018, with comparative figures for 2017

Status and purpose of the organization

Jack Purcell Recreation 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 generally accepted 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 and donations are recognized at the earlier of when the amounts are received or become receivable.

Grant revenue is recognized when the related expense is incurred.

Cash

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 and signage. Capital asset purchases during the year were \$692 (2017: \$679).

Use of estimates

The preparation of these financial statements in conformity with Canadian generally accepted 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.

JACK PURCELL RECREATION ASSOCIATION

Notes to the Financial Statements

December 31, 2018, with comparative figures for 2017

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 and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued charges and customer credits.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down 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, 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 the 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.

3. Accounts payable and accrued charges

	2018	2017
Trades payable and accrued charges	\$ 9,175	\$ 8,017
Government remittances payable	867	752
	<hr/>	<hr/>
	\$ 10,042	\$ 8,769

JACK PURCELL RECREATION ASSOCIATION

Notes to the Financial Statements

December 31, 2018, with comparative figures for 2017

4. Program revenue received in advance

Funding for operating activities for the year consists of the following:

	2018	2017
Balance, beginning of year	\$ 41,693	\$ 41,039
Less: amounts recognized as revenue in the year	(41,533)	(40,860)
Plus: amount received for the following year	49,203	41,514
Balance, end of year	\$ 49,363	\$ 41,693

5. Customer credits

Customer credits for the year consists of the following:

	2018	2017
Balance, beginning of year	\$ 4,848	\$ 4,509
Less: amounts recognized as revenue in the year	(4,848)	(4,509)
Plus: amount received for the following year	5,426	4,848
Balance, end of year	\$ 5,426	\$ 4,848

6. Changes in working capital balances

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

	2018	2017
Accounts receivable	\$ 670	\$ 1,517
Government remittances recoverable	710	(710)
Accounts payable and accrued charges	1,273	(4,750)
Program revenue received in advance	7,670	654
Customer credits	578	339
	\$ 10,901	\$ (2,950)

JACK PURCELL RECREATION ASSOCIATION

Notes to the Financial Statements

December 31, 2018, with comparative figures for 2017

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 risk exposures and concentrations at the statement of financial position date, December 31, 2018. It is management's opinion that the Association is not exposed to significant market, currency, interest, or other price risks.

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.

There were no changes in risk and concentrations of risk from the year ended December 31, 2017.

JACK PURCELL RECREATION ASSOCIATION
 Program Revenues and Expenses

Schedule A

Year ended December 31, 2018, with comparative figures for 2017

	2018	%	2017	%
Program revenues				
Adult	\$ 44,963	13.0 %	\$ 43,243	14.0 %
After school	206,829	59.8	185,862	60.4
Children's camps	70,757	20.4	59,740	19.4
Fitness	6,952	2.0	9,927	3.2
PD days	16,515	4.8	5,241	1.7
Special events	-	-	3,990	1.3
	\$ 346,016	100.0 %	\$ 308,003	100.0 %
Program expenses				
Adult	\$ 29,286	14.6 %	\$ 26,411	13.1 %
After school	114,675	57.1	116,640	58.0
Children's camps	42,649	21.2	36,852	18.3
Fitness	6,945	3.5	10,767	5.4
PD days	7,338	3.6	5,547	2.8
Special events	-	-	4,842	2.4
	\$ 200,893	100.0 %	\$ 201,059	100.0 %