

**Ottawa Valley Curling
Association
Financial Statements
May 31, 2017
(Unaudited)**

Ottawa Valley Curling Association
Financial Statements
For the year ended May 31, 2017
(Unaudited)

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Review Engagement Report

**To the Board of Directors of
Ottawa Valley Curling Association**

We have reviewed the statement of financial position of Ottawa Valley Curling Association as at May 31, 2017, and the statements of operations, changes in net assets, and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the Association.

A review does not constitute an audit and, consequently, we do not express an audit opinion on these financial statements.

Based on our reviews, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
September 5, 2017

**Ottawa Valley Curling Association
Statement of Financial Position
(Unaudited)**

May 31	2017	2016
Assets		
Current		
Cash	\$ 31,598	\$ 92,136
Cash - lottery account	74,221	99,577
Short-term investments (Note 2)	310,234	118,502
Accounts receivable (Note 3)	-	25,000
Harmonized sales tax recoverable	-	460
Current portion of development fund (Note 4)	45,588	42,388
Prepaid expenses	3,493	5,264
	465,134	383,327
Development fund (Note 4)	530,488	442,513
Tangible capital assets (Note 5)	-	726
	\$ 995,622	\$ 826,566
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 12,699	\$ 5,400
Harmonized sales tax payable	715	-
Funds held in trust	819	819
Deferred revenues	2,100	2,100
	16,333	8,319
Net Assets		
Invested in tangible capital assets	-	726
Unrestricted	905,068	717,944
Lottery	74,221	99,577
	979,289	818,247
	\$ 995,622	\$ 826,566

On behalf of the board:

_____ Director _____ Director

**Ottawa Valley Curling Association
Statement of General Operations
(Unaudited)**

For the year ended May 31	Budget 2017	2017	2016
Revenues			
Brier 2016 (Note 3)	\$ -	\$ 194,374	\$ 25,000
OVCA men's bonspiel (net) (Schedule 1)	5,750	8,029	4,813
OVCA mixed bonspiel (net) (Schedule 2)	1,000	2,171	993
Women's event (net) (Schedule 3)	750	572	750
Little Rock Championship	-	600	-
Miscellaneous	-	329	319
Membership dues and branch fees	-	-	19,500
	<u>7,500</u>	<u>206,075</u>	<u>51,375</u>
Expenses			
Event coordinator fees	20,000	20,000	17,054
Promotion	3,000	4,217	3,045
Office, telephone and miscellaneous	2,700	4,131	1,872
Professional fees	3,800	3,800	3,600
Roar of the Rings	500	2,715	-
President's dinner and AGM	2,500	2,642	2,658
Team grants	2,000	2,375	4,000
Junior curling	3,000	2,300	3,136
Insurance	2,200	2,017	1,947
Bank charges	1,500	1,731	1,396
Postage, printing and stationery	1,700	1,327	1,679
Development	-	606	1,401
Association dues	300	275	275
Executive meetings	200	227	170
Brier 2016	-	-	921
Little Rock Championship	-	-	539
Amortization	-	-	448
Travel	100	-	64
	<u>43,500</u>	<u>48,363</u>	<u>44,205</u>
Excess (deficiency) of revenues over expenses before other income (expenses)	(36,000)	157,712	7,170
Other income (expenses)			
Investment income	15,000	13,860	15,508
Unrealized gain (loss) on investments	-	15,552	(19,149)
Loss on disposal of assets	-	(726)	-
Excess (deficiency) of revenues over expenses	\$ (21,000)	\$ 186,398	\$ 3,529

The accompanying notes are an integral part of these financial statements.

**Ottawa Valley Curling Association
Statement of Lottery Operations
(Unaudited)**

<u>For the year ended May 31</u>	<u>2017</u>	<u>2016</u>
Revenues	\$ -	\$ 250,966
Expenses		
Grants:		
O.C.A (Provincial Youth Program)	17,150	-
Other grants	4,125	-
Ottawa Valley Senior League	2,000	-
Ottawa Youth Curling League	2,000	-
Bank charges	81	2,533
Winner payouts	-	125,617
Curling Canada	-	12,555
Marketing	-	4,055
Supplies	-	3,073
Licences	-	2,363
Office	-	1,193
	<u>25,356</u>	<u>151,389</u>
Excess (deficiency) of revenues over expenses	\$ (25,356)	99,577

Ottawa Valley Curling Association
Statement of Changes in Net Assets
(Unaudited)

For the year ended May 31, 2017	Invested in tangible capital assets	Unrestricted	Lottery	2017	2016
Balance, beginning of the year	\$ 726	\$ 717,944	\$ 99,577	\$ 818,247	\$ 715,141
Excess (deficiency) of revenues over expenses	-	186,398	(25,356)	161,042	103,106
Amortization of tangible capital assets	-	-	-	-	-
Loss on disposal of assets	(726)	726	-	-	-
Balance, end of the year	\$ -	\$ 905,068	\$ 74,221	\$ 979,289	\$ 818,247

The accompanying notes are an integral part of these financial statements.

Ottawa Valley Curling Association
Statement of Cash Flows
(Unaudited)

<u>For the year ended May 31</u>	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Excess of revenues over expenses	\$ 161,042	\$ 103,106
Add back non-cash outlays:		
Amortization of tangible capital assets	-	448
Loss on disposal of assets	726	-
Unrealized loss (gain) on investments	(15,552)	19,149
	<u>146,216</u>	<u>122,703</u>
Net change in non-cash working capital balances (Note 6)	<u>35,245</u>	<u>(26,993)</u>
	<u>181,461</u>	<u>95,710</u>
Cash flows from investing activities		
Purchase of long-term investments in development fund	(60,000)	(139,500)
Proceeds on sale of long-term investments in development fund	-	214,500
Increase in loans to curling clubs	(101,000)	(20,000)
Repayment of loans by curling clubs	85,590	54,187
Decrease (increase) in accrued interest receivable	(212)	2,505
	<u>(75,622)</u>	<u>111,692</u>
Increase in cash and cash equivalents during the year	105,838	207,402
Cash and cash equivalents, beginning of the year	310,215	102,813
Cash and cash equivalents, end of the year	\$ 416,053	\$ 310,215
Represented by:		
Cash	\$ 31,598	\$ 92,136
Cash - lottery account	74,221	99,577
Short-term investments	<u>310,234</u>	<u>118,502</u>
	<u>\$ 416,053</u>	<u>\$ 310,215</u>

**Ottawa Valley Curling Association
Notes to Financial Statements
(Unaudited)**

May 31, 2017

1. Accounting Policies

Status and Purpose of Organization

The Ottawa Valley Curling Association is a not-for-profit organization incorporated without share capital under the Corporations Act of Ontario.

The purpose of the Association is to foster curling in the greater Ottawa Valley, promote close understanding and friendly relations between club members, to provide guidance and assistance to new clubs and to schedule inter-club bonspiels in the area.

The Association is a non-profit organization under the Income Tax Act and, as such, is exempt from income taxes.

Basis of Accounting

The Association applies the Canadian accounting standards for not-for-profit organizations.

Revenue Recognition

Revenues from events are recognized when the related event occurs. Membership revenues are recognized in the year of membership. Investment income is recognized when earned. Other revenues, including all lottery fund revenues which are exclusively proceeds from lottery ticket sales, are recognized when received.

Tangible Capital Assets

Tangible capital assets were recorded at cost. Amortization is recorded using the declining balance basis using the following rates:

Junior development equipment 20%

Financial Instruments

Initial and subsequent measurement

The Association initially measures its financial assets and liabilities at fair value. The Association subsequently measures all its financial assets and liabilities at amortized cost, except for short-term investments and investments in the development fund, which it chooses to measure at fair value. Changes in fair value of these financial instruments are recognized in the statement of operations in the year incurred.

**Ottawa Valley Curling Association
Notes to Financial Statements
(Unaudited)**

May 31, 2017

1. Accounting Policies (cont'd)

**Financial Instruments
(cont'd)**

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment.

Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in the statement of general operations in the year incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in the statement of general operations over the life of the instrument using the straight-line method.

Lottery Net Assets

In conjunction with the 2016 Brier, the Association obtained from the Alcohol and Gaming Commission of Ontario a license to operate a 50 / 50 lottery during the event. Terms of the license restrict the future use of profits from this lottery to the benefit of curling programs aimed at youth, seniors and persons with disabilities. The Board of Directors has reviewed these requirements and approves any disbursements from the lottery fund to ensure they are compliant with these restrictions.

**Donated Assets and
Volunteer Services**

The value of assets donated to the Association are not reflected in these financial statements unless their value is reasonably determinable and such items would be otherwise purchased. Contributed services are not recognized in the financial statements due to the difficulty in determining their fair market value.

**Ottawa Valley Curling Association
Notes to Financial Statements
(Unaudited)**

May 31, 2017

2. Short-term Investments

2017

<u>Description</u>	<u>Maturity Date</u>	
Tangerine Bank investment savings	N/A	\$ 283,517
Tangerine Bank GIC at 1.00%	September 27, 2017	<u>26,717</u>
		<u>\$ 310,234</u>

2016

<u>Description</u>	<u>Maturity Date</u>	
Tangerine Bank investment savings	N/A	\$ 92,050
Tangerine Bank GIC at 1.00%	September 27, 2016	<u>26,452</u>
		<u>\$ 118,502</u>

3. Accounts Receivable

The \$25,000 balance in accounts receivable at the prior year end was an estimate of the minimum total proceeds to be received from Curling Canada for a percentage of ticket sales from the 2016 Brier. Total final proceeds, reported to and received by the Association during fiscal 2017, were \$219,374. The difference of \$194,374 is reported as revenue to the Association during 2017, being the year in which the amount became known to the Association.

**Ottawa Valley Curling Association
Notes to Financial Statements
(Unaudited)**

May 31, 2017

4. Development Fund

Loans to Curling Clubs, at amortized cost

<u>Club</u>	<u>Year Matures</u>	<u>2017</u>	<u>2016</u>
RCMP Ottawa	2017	\$ -	\$ 5,000
North Grenville	2017	-	6,000
Killaloe	2018	4,000	8,000
Cumberland	2018	6,000	12,000
Manotick	2020	10,000	20,000
RCN (Navy)	2020	-	24,000
City View	2020	18,000	24,000
Deep River	2021	17,550	21,938
Ottawa	2021	24,000	-
Prescott	2021	10,400	-
Russell	2021	22,400	-
Buckingham	2021	24,000	-
		<u>136,350</u>	<u>120,938</u>
Long-term investments, at market value		<u>439,726</u>	<u>363,963</u>
		576,076	484,901
Less current portion		<u>45,588</u>	<u>42,388</u>
		<u>\$ 530,488</u>	<u>\$ 442,513</u>

Installments on the loans, plus interest, are due March 1 of each year. The interest rate is set at prime rate minus 1% for business loans as set by the Canadian chartered banks, rounded to the nearest quarter percentage point. Long-term investments held as part of the development fund consist of fixed income securities, common shares and mutual funds. The interest rates of fixed income investments range from 2.15% to 2.60% with maturity dates from August 2017 to June 2021.

Ottawa Valley Curling Association
Notes to Financial Statements
(Unaudited)

May 31, 2017

5. Tangible Capital Assets

	2017		2016		
Cost	Accumulated Amortization	Net Carrying Amount	Net Carrying Amount		
Junior development equipment	\$ -	\$ -	\$ -	\$ 726	

6. Net Change in Non-Cash Working Capital Balances

The net change in non-cash working capital balances consists of the following changes in current assets and liabilities:

	2017		2016	
Accounts receivable	\$ 25,000	\$ (24,665)		
Harmonized sales tax recoverable/payable	1,175	(1,147)		
Prepaid expenses	1,771	(2,594)		
Accounts payable and accrued liabilities	7,299	938		
Deferred contributions	-	(1,625)		
Deferred revenues	-	2,100		
	\$ 35,245		\$ (26,993)	

**Ottawa Valley Curling Association
Notes to Financial Statements
(Unaudited)**

May 31, 2017

7. Financial Instruments and Risk Management

Credit Risk

The Association provides credit to its member clubs in the normal course of business. The Association performs ongoing credit evaluations of its customers and maintains allowances for potential credit losses which, to date, have been within the range of management's expectations.

Interest rate risk

The Association manages the interest rate exposure of its investments by using a laddered portfolio with varying terms to maturity. The laddered structure of maturities helps to enhance the average portfolio yield while reducing the sensitivity of the portfolio to the impact of interest rate fluctuations. Investments subject to interest rate risk are comprised of bonds maturing between August 2017 and June 2021, bearing interest rates between 2.15% and 2.60%. The Association is subject to interest rate risk related to loans receivable. The interest rate charged on loans receivable is prime minus 1%, therefore it is subject to market fluctuations. Management does not consider the risk associated with interest rates to be significant.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Association is exposed to other price risk through its investments in quoted shares and mutual funds.

**Ottawa Valley Curling Association
 OVCA Men's Bonspiel - Schedule 1
 (Unaudited)**

For the year ended May 31	2017	2016
Revenues		
Entry fees	\$ 46,572	\$ 46,649
Raffle and refreshment	2,237	1,860
Sponsors	-	500
	<u>48,809</u>	<u>49,009</u>
Expenses		
Prizes and trophies	24,700	28,425
Banquet and entertainment	10,772	10,640
Crests and pins	1,800	1,800
Website	1,200	1,700
Administration	1,041	391
Bank charges	967	940
Bonspiel book and photographer	300	300
	<u>40,780</u>	<u>44,196</u>
Excess of revenues over expenses	\$ 8,029	\$ 4,813

**Ottawa Valley Curling Association
OVCA Mixed Bonspiel - Schedule 2
(Unaudited)**

For the year ended May 31	2017	2016
Revenues		
Entry fees	\$ 14,230	\$ 13,784
Other	1,210	1,035
	<hr/> 15,440	<hr/> 14,819
Expenses		
Entertainment	6,223	7,541
Prizes, pins and crests	3,830	3,519
Administration	2,673	2,383
Bank charges	293	283
Promotion and photography	250	100
	<hr/> 13,269	<hr/> 13,826
Excess of revenues over expenses	\$ 2,171	\$ 993

**Ottawa Valley Curling Association
Women's Event - Schedule 3
(Unaudited)**

For the year ended May 31	2017	2016
Revenues		
Entry fees	\$ 17,500	\$ 15,400
Sponsors	2,500	2,500
	<u>20,000</u>	<u>17,900</u>
Expenses		
Trophies and prizes	17,500	17,000
Administration	1,928	150
	<u>19,428</u>	<u>17,150</u>
Excess of revenues over expenses	\$ 572	\$ 750