

Ottawa Valley Curling Association
Financial Statements
For the year ended May 31, 2021
(Unaudited)

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Independent Practitioner's Review Engagement Report

To the members of Ottawa Valley Curling Association

We have reviewed the accompanying financial statements of Ottawa Valley Curling Association that comprise the statement of financial position as at May 31, 2021, and the statements of operations, the statement of changes in net assets 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Ottawa Valley Curling Association as at May 31, 2021, 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.

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
September 24, 2021

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

May 31	2021	2020
Assets		
Current		
Cash	\$ 250,308	\$ 228,384
Cash - lottery account	-	11,130
Accounts receivable	426	-
Due from lottery fund to operating fund	-	3,280
Harmonized sales tax recoverable	217	-
Current portion of development fund (Note 3)	48,743	56,130
Prepaid expenses	2,108	2,108
	301,802	301,032
Development fund (Note 3)	535,115	515,830
	\$ 836,917	\$ 816,862

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities	\$ 4,000	\$ 4,800
Harmonized sales tax payable	-	474
Funds held in trust	819	819
Due to operating fund from lottery fund	-	3,280
	4,819	9,373

Uncertainty due to COVID-19 (Note 5)

Net Assets		
Unrestricted	823,248	799,639
Lottery	8,850	7,850
	832,098	807,489
	\$ 836,917	\$ 816,862

On behalf of the board:

Director

Director

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

For the year ended May 31	Budget 2021	2021	2020
Revenues			
Membership dues and branch fees	\$ -	\$ -	\$ 22,945
OVCA men's bonspiel (net) (Schedule 1)	-	-	(4,038)
Corporate sponsors	2,500	-	-
OVCA mixed bonspiel (net) (Schedule 2)	-	-	(2,772)
	<u>2,500</u>	<u>-</u>	<u>16,135</u>
Expenses			
Event coordinator fees	11,667	13,333	20,000
Development	-	-	1,970
Professional fees	4,400	4,264	4,410
Office, telephone and miscellaneous	1,500	1,348	2,569
Junior curling	-	-	4,780
Team grants	3,000	-	2,720
Promotion	-	131	-
President's dinner and AGM	500	-	2,863
Bank charges	1,500	918	179
Insurance	2,563	2,255	2,461
Little Rock Championship	-	(155)	403
Travel	-	207	-
World Men's 2021 bid	3,200	-	856
Association dues	275	275	275
Executive meetings and travel	300	-	-
Website	1,000	673	1,546
Hosting events grants	1,000	-	-
WMCC 2021 Future Start	8,000	-	-
	<u>38,905</u>	<u>23,249</u>	<u>45,032</u>
Deficiency of revenues over expenses before other income (expenses)	(36,405)	(23,249)	(28,897)
Other income (expenses)			
Investment income	14,300	12,268	16,504
Unrealized gain (loss) on investments	-	34,590	(25,780)
Excess (deficiency) of revenues over expenses	\$ (22,105)	\$ 23,609	\$ (38,173)

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

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

For the year ended May 31	2021	2020
Revenues	\$ -	\$ -
Expenses		
Grants:		
Adult team grants	-	1,000
Youth program grants	-	780
Youth team grants	(1,000)	12,500
Event grants	-	-
Bank charges	-	98
	<u>(1,000)</u>	<u>14,378</u>
Excess (deficiency) of revenues over expenses	\$ 1,000	\$ (14,378)

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

For the year ended May 31	Unrestricted	Lottery	2021	2020
Balance, beginning of the year	\$ 799,639	\$ 7,850	\$ 807,489	\$ 860,040
Excess (deficiency) of revenues over expenses	23,609	1,000	24,609	(52,551)
Balance, end of the year	\$ 823,248	\$ 8,850	\$ 832,098	\$ 807,489

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

Ottawa Valley Curling Association
Statement of Cash Flows
(Unaudited)

For the year ended May 31	2021	2020
Cash flows from operating activities		
Excess (deficiency) of revenues over expenses	\$ 24,609	\$ (52,551)
Add back non-cash outlays:		
Cash transfers	(11,130)	-
Unrealized loss (gain) on investments	(34,590)	25,780
	(21,111)	(26,771)
Net change in non-cash working capital balances (Note 4)	2,589	(20,134)
	(18,522)	(46,905)
Cash flows from investing activities		
Purchase of long-term investments in development fund	-	(18,381)
Proceeds on sale of long-term investments in development fund	50,000	18,381
Increase in loans to curling clubs	(50,000)	(75,000)
Repayment of loans by curling clubs	29,388	20,388
Decrease (increase) in accrued interest receivable	(72)	219
	29,316	(54,393)
Increase (decrease) in cash and cash equivalents during the year	10,794	(101,298)
Cash and cash equivalents, beginning of the year	239,514	340,812
Cash and cash equivalents, end of the year	\$ 250,308	\$ 239,514
Represented by:		
Cash	\$ 250,308	\$ 228,384
Cash - lottery account	-	11,130
	\$ 250,308	\$ 239,514

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

Ottawa Valley Curling Association

Notes to Financial Statements

(Unaudited)

May 31, 2021

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.

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.

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.

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

May 31, 2021

1. Accounting Policies (cont'd)

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. Similarly, in conjunction with the 2017 Roar of the Rings, the Association received a portion of the proceeds from a 50 / 50 lottery operated by another party, with the understanding that those funds would be used solely for programs aimed at youth. 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.

2. Contingencies

The Ottawa Valley Curling Association is currently involved in arbitration proceedings with respect to a terminated contract. it is not possible to determine the likelihood or full scope of the outcome at this time.

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

May 31, 2021

3. Development Fund

Loans to Curling Clubs, at amortized cost

<u>Club</u>	<u>Year Matures</u>	<u>2021</u>	<u>2020</u>
Recreation Association	2028	\$ 50,000	\$ -
City View	2022	6,000	6,000
Russell	2023	11,200	11,200
Deep River	2021	-	4,387
Buckingham	2021	-	6,000
Brownsburg	2022	8,000	8,000
Lachute	2024	12,000	18,000
Manotick	2025	20,000	20,000
Renfrew	2023	12,000	18,000
North Grenville	2025	25,000	25,000
Rideau	2027	43,000	50,000
		<hr/>	
		187,200	166,587
Long-term investments, at market value		396,658	405,373
		<hr/>	
		583,858	571,960
Less: current portion		48,743	56,130
		<hr/>	
		\$ 535,115	\$ 515,830
		<hr/>	

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. Due to COVID-19, the Association has allowed for debt forgiveness of the principal portion of member club loans receivable until 2022.

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 1.90% to 5.85% with maturity dates from June 2021 to June 2048.

Ottawa Valley Curling Association
Notes to Financial Statements
(Unaudited)

May 31, 2021

4. 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:

	<u>2021</u>	<u>2020</u>
Accounts receivable	\$ 3,280	\$ -
Harmonized sales tax recoverable/payable	(691)	(893)
Prepaid expenses	-	1,459
Deferred revenues	-	(20,700)
	<u>\$ 2,589</u>	<u>\$ (20,134)</u>

5. Uncertainty due to COVID-19

The global pandemic, COVID-19, has disrupted economic activities and supply chains. Although, the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of business disruption and the related financial impact cannot be reasonably estimated at this time. The Association's ability to continue to meet obligations as they come due is dependent on the continued ability to generate earnings and cash flows.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, COVID-19 has resulted in the cancellation of all entity events for fiscal year 2021 which the Association was scheduled to host. Furthermore, due to COVID-19 the Association has offered assistance to its member clubs by offering principal loan forgiveness on loans receivable for fiscal years 2021 and 2022. In addition, if the impacts of COVID-19 continue there could be further impact on the Association and its member clubs, suppliers and other third party business associates that could impact the timing and amounts realized on the Association's assets and future operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers and industry.

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

May 31, 2021

6. 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 June 2021 to June 2048, bearing interest rates between 1.90% to 5.85%. 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.

There have not been any changes in the risks from the prior year.

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

For the year ended May 31	2021	2020
Revenues		
Entry fees	\$ -	\$ 219
	<u>-</u>	<u>219</u>
Expenses		
Prizes and trophies	-	1,966
Ice rental	-	(640)
Administration	-	1,353
Bank charges	-	1,578
	<u>-</u>	<u>4,257</u>
Deficiency of revenues over expenses	\$ -	\$ (4,038)

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

For the year ended May 31	2021	2020
Revenues		
Entry fees	\$ -	\$ 10,797
Other	-	-
	<u>-</u>	<u>10,797</u>
Expenses		
Entertainment	-	4,269
Prizes, pins and crests	-	2,025
Ice rental	-	3,960
Administration	-	1,888
Bank charges	-	1,177
Promotion and photography	-	250
	<u>-</u>	<u>13,569</u>
Deficiency of revenues over expenses	\$ -	\$ (2,772)