Dovercourt Recreation Association

Financial Statements

For the year ended December 31, 2025

bakertilly

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Financial Statements
For the year ended December 31, 2025

Contents

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Independent Auditor's Report

To the Members of
Dovercourt Recreation Association

Opinion

We have audited the financial statements of Dovercourt Recreation Association (the "Association") which comprise the balance sheet as at December 31, 2025, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2025, 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 opinion.

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

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to 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. 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.

Baker Tilly Ottawa LLP

Chartered Professional Accountants, Licensed Public Accountants
May 19, 2026
Ottawa, Ontario

Dovercourt Recreation Association
Balance Sheet

December 31	2025	2024
Assets		
Current		
Cash (Note 2)	**$ 271,201**	$ 239,884
Money market (Note 2)	**864,882**	187,014
Short-term investments (Note 3)	**500,000**	1,479,660
Accounts receivable	**12,492**	22,028
Government remittances recoverable	**73,565**	73,903
Prepaid expenses	**48,323**	47,107
Inventory	**11,553**	1,724
	1,782,016	2,051,320
Tangible capital assets (Note 4)	**1,530,940**	1,585,415
Intangible assets (Note 5)	**5,119**	6,484
	$ 3,318,075	$ 3,643,219
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	**$ 218,426**	$ 255,132
Government remittances payable	**26,235**	28,687
Deferred revenue	**668,506**	619,977
Deferred contributions (Note 6)	**85,239**	-
Current portion of loan payable	**-**	116,599
	998,406	1,020,395
Loan payable	**-**	90,894
Deferred contributions related to tangible capital assets (Note 7)	**1,113,680**	1,195,372
	2,112,086	2,306,661
Net assets		
Invested in tangible capital and intangible assets	**422,379**	392,739
Internally restricted reserve fund	**124,198**	124,198
Unrestricted	**659,412**	819,621
	1,205,989	1,336,558
	$ 3,318,075	$ 3,643,219

Approved on behalf of the board:

____________________ Director ____________________ Director

Dovercourt Recreation Association
Statement of Changes in Net Assets

For the year ended December 31

2025

	Invested in Tangible Capital and Intangible Assets	Internally Restricted Reserve Fund	Unrestricted	Total
Balance, beginning of year	$ 392,739	$ 124,198	$ 819,621	**$ 1,336,558**
Deficiency of revenue over expenditures for the year	(43,645)	-	(86,924)	**(130,569)**
Investment in tangible capital and intangible assets	73,285	-	(73,285)	**-**
Balance, end of year	$ 422,379	$ 124,198	$ 659,412	**$ 1,205,989**

2024

	Invested in Tangible Capital and Intangible Assets	Internally Restricted Reserve Fund	Unrestricted	Total
Balance, beginning of year	$ 430,364	$ 124,198	$ 840,637	$ 1,395,199
Excess (deficiency) of revenue over expenditures for the year	(62,350)	-	3,709	(58,641)
Investment in tangible capital and intangible assets	24,725	-	(24,725)	-
Balance, end of year	$ 392,739	$ 124,198	$ 819,621	$ 1,336,558

Dovercourt Recreation Association
Statement of Operations

For the year ended December 31	2025	2024
Revenue		
Programs (Schedule 1)	**$ 5,188,525**	$ 4,801,654
Operations and Community Development (Schedule 2)	**707,351**	673,152
City of Ottawa Funding (Note 9)	**466,144**	457,062
	6,362,020	5,931,868
Direct expenses		
Programs (Schedule 1)	**3,582,942**	3,229,469
Operations and Community Development (Schedule 2)	**2,909,647**	2,761,040
	6,492,589	5,990,509
Deficiency of revenue over expenditures for the year	**$ (130,569)**	$ (58,641)

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

Dovercourt Recreation Association
Statement of Cash Flows

For the year ended December 31	2025	2024
Cash flows from (used in) operating activities		
Deficiency of revenue over expenditures for the year	**$ (130,569)**	$ (58,641)
Adjustment for		
Amortization of tangible capital assets	**127,760**	131,132
Amortization of intangible assets	**1,365**	9,121
Deferred contributions related to tangible capital assets recognized	**(81,692)**	(81,691)
	(83,136)	(79)
Change in non-cash working capital items		
Accounts receivable	**9,536**	87,139
Government remittances recoverable	**338**	(22,704)
Prepaid expenses	**(1,216)**	(8,715)
Inventory	**(9,829)**	380
Accounts payable and accrued liabilities	**(36,706)**	31,554
Government remittances payable	**(2,452)**	(13,232)
Deferred revenue	**48,529**	1,241
Deferred contributions	**85,239**	-
	10,303	75,584
Cash flows from (used in) investing activities		
Redemption of investments	**1,479,660**	-
Purchase of investments	**(500,000)**	(1,479,660)
Purchase of tangible capital assets	**(73,285)**	(24,725)
	906,375	(1,504,385)
Cash flows from (used in) financing activity		
Repayment of loan payable	**(207,493)**	(111,533)
Increase (decrease) in cash during the year	**709,185**	(1,540,334)
Cash, beginning of year	**426,898**	1,967,232
Cash, end of year	**$ 1,136,083**	$ 426,898
Cash consists of:		
Cash	**$ 271,201**	$ 239,884
Money market	**864,882**	187,014
	$ 1,136,083	$ 426,898

December 31, 2025

1. Significant Accounting Policies

Nature of Operations

Dovercourt Recreation Association (the "Association") was incorporated in December 1977. It is a registered charity, non-taxable organization and operates the Dovercourt Recreation Centre, a building constructed and owned by the City of Ottawa. It provides recreational and leisure services to the Dovercourt community through committed, professional employees and dedicated community volunteers; high quality, creative and progressive programming; and healthy, safe and friendly environments in which all may thrive.

The City provides funding, which will vary from year to year, to the Association to defray annual operating costs. The city also pays directly certain costs of operating the building such as heat, water, electricity and repairs.

The Association provides a variety of programs for which registration fees are charged to participants.

Basis of Presentation

The financial statements were prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations which are part of Canadian generally accepted accounting principles and include the following significant accounting policies.

Management Responsibility and Use of Estimates

The financial statements of the Association are the responsibility of management and are prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations. Since precise determination of many assets and liabilities at the financial statement date and the reported amount of revenues and expenses during the reporting period is dependent on future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgements, however actual results could differ from management’s best estimates and assumptions as additional information becomes available in the future.

Significant estimates include assumptions used in estimating the collectibility of accounts receivable, the useful life and related amortization of tangible capital and intangible assets and provisions for certain accrued liabilities.

Financial Instruments

Financial instruments are financial assets or liabilities of the Association where, in general, the Association has the right to receive cash or another financial asset from another party or the Association has the obligation to pay another party cash or other financial asset.

1. Significant Accounting Policies (continued)

Financial Instruments (continued)

Measurement of arm's length financial instruments

The Association initially measures its arm's length financial assets and liabilities at fair value. The Association subsequently measures arm's length financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess of revenue over expenses.

Arm's length financial assets and financial liabilities measured at amortized cost include cash, short-term investments, accounts receivable, and accounts payable and accrued liabilities.

There are no financial assets or financial liabilities measured at fair value.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down, if any, 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. The reversal may be recorded provided it is no greater that the amount that had been previously reported as a reduction in the asset and it does not exceed original cost. 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, the arm's length 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.

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. Restricted contributions for the purchase of tangible capital assets are deferred and recognized as revenue on the same basis as the amortization expense related to the tangible capital assets. 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.

1. Significant Accounting Policies (continued)

Revenue Recognition (continued)

Program revenues, including athletics, health and fitness, recreation programs, community development – WAVE program, and parties and rentals are recognized in the period in which the related programs or activities occur.

Interest income and other revenue are recognized as revenue when earned.

Government Assistance

The Association receives government funding which is subject to specific terms and conditions. The Association's records are subject to audit by the City of Ottawa to identify instances, if any, in which amounts charged against contributions have not complied with the agreed upon terms and conditions and which therefore would be refundable to the City of Ottawa. Adjustments to prior years' contributions are recorded in the year in which the City of Ottawa requests the adjustments.

Tangible Capital Assets

Purchased tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair value at the date of contribution. Amortization is based on the estimated useful life of the asset and is provided as follows:

Facility expansion	Straight-line	20 years
Equipment	Straight-line	3-10 years
Contributed assets	Straight-line	5 years
Furniture and fixtures	Straight-line	3-10 years
Computers	Straight-line	3 years
Facility improvements	Straight-line	3-20 years

One-half the normal rate of amortization is recorded in the year of acquisition.

Tangible capital assets that cost less than $1,000 are charged to expense in the year of acquisition.

Artwork is not being amortized as it was determined to have an unlimited useful life.

Intangible Asset

Intangible asset is recorded at cost. The Association provides for amortization using the straight-line method at rates designed to amortize the cost of the intangible asset over its estimated useful life. Intangible asset consists of computer software, which is expected to have a useful life of 5 years. One-half of the amortization rate is used in the year of acquisition.

1. Significant Accounting Policies (continued)

Contributed Materials and Services

Contributed materials and services which are used in the normal course of the Association's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if the fair value can be reasonably estimated.

Deferred Revenue

Deferred revenue represents program registration fees received for programs that have not commenced at year-end.

Internally Restricted Net Assets

A portion of the Association's net assets has been restricted in accordance with specific directives as approved by the Association's board of directors. The purpose of each is as follows:

Invested in Tangible Capital and Intangible Assets

Invested in tangible capital and intangible assets comprises the net book value of capital assets, net of the unamortized portion of deferred contributions related to tangible and intangible capital assets

Restricted Reserve Fund

Designated for obligations of the Association to be used at the discretion of the board of directors. The intended use of the reserve is security against financial insolvency.

All expenses from the restricted reserve fund must be approved by the board of directors.

2. Cash, Cash Equivalents, and Credit Facilities

The Association's cash and money market bank accounts are held at one chartered bank and earn interest.

The Association has available to it a line of credit with a limit of $200,000 with TD bank. The line is secured by a general security agreement constituting a first ranking security interest in all property of the association and bears interest at bank prime rate plus 2%. Any amounts drawn on this facility are due on demand. $nil (2024 - $nil) was outstanding on this line of credit at year end.

The Association also has available to it credit cards with an aggregate credit limit of $100,000, of which $2,534 (2024 - $5,996) was utilized at year-end and is included in accounts payable and accrued liabilities.

3. Short-term Investments

Short-term investments consist of term deposits held with Toronto-Dominion Bank earning interest at a rate of 2.44% (2024 – 3.32% to 4.73%) and maturing by December 2026 (2024 – December 2025). At December 31, 2025, the Association held one term deposit (2024 – three term deposits).

4. Tangible Capital Assets

			2025
	Cost	**Accumulated Amortization**	**Net Book Value**
Facility expansion	**$ 2,083,749**	**$ 687,021**	**$ 1,396,728**
Equipment	**21,158**	**9,301**	**11,857**
Contributed assets	**59,114**	**44,263**	**14,851**
Furniture and fixtures	**71,905**	**21,452**	**50,453**
Computers	**80,721**	**73,189**	**7,532**
Facility improvements	**51,159**	**10,140**	**41,019**
Artwork	**8,500**	**-**	**8,500**
	$ 2,376,306	**$ 845,366**	**$ 1,530,940**

			2024
	Cost	Accumulated Amortization	Net Book Value
Facility expansion	$ 2,083,749	$ 582,840	$ 1,500,909
Equipment	16,762	7,892	8,870
Contributed assets	43,481	43,481	-
Furniture and fixtures	29,053	17,496	11,557
Computers	71,811	58,389	13,422
Facility improvements	49,665	7,508	42,157
Artwork	8,500	-	8,500
	$ 2,303,021	$ 717,606	$ 1,585,415

5. Intangible Assets

			2025	2024
	Cost	**Accumulated Amortization**	**Net Book Value**	Net Book Value
Computer software	**$ 94,620**	**$ 89,501**	**$ 5,119**	$ 6,484

6. Deferred Contributions

Deferred contributions represent externally restricted funding received for specific purposes that has not yet been spent.

	Balance, beginning of year	Received	Recognized	**Balance, end of year**
Ontario Trillium Foundation - Café development grant	$ -	$ 176,500	$ (91,261)	**$ 85,239**

7. Deferred Contributions Related to Tangible Capital Assets

Deferred contributions related to tangible capital assets represent contributions received to fund the facility expansion.

	2025	2024
Balance, beginning of year	**$ 1,195,372**	$ 1,277,063
Amounts recognized as revenue during the year	**(81,692)**	(81,691)
Balance, end of year	**$ 1,113,680**	$ 1,195,372

December 31, 2025

8. Government Assistance

The Association received funding from the City of Ottawa, as described in Note 9 to these financial statements.

The Association also received funding in the amount of $114,525 (2024 - $38,877) from other government sources, including the amounts from the Ontario Trillium Foundation as set out in Note 6 to these financial statements. This funding has been included in café development grant and community development - funding revenue lines in Schedule 2 - Operations and Community Development.

9. City of Ottawa Funding

Total funding received from the City of Ottawa during the year was as follows:

	2025	2024
Community Funding Program	**$ 463,198**	$ 454,116
Outdoor Rink Grant	**2,946**	2,946
	$ 466,144	$ 457,062

10. Salaries, Wages, and Benefits

The Association presents expenses by program. Salaries, wages, and benefits and other expenses are charged directly to the applicable program or department based on the function performed by employees and the nature of the expense. These costs are directly attributable to specific programs and departments.

Below is a breakdown of the salaries, wages, and benefits included in each expense line within Schedules 1 and 2:

	2025	2024
Recreation	**$ 1,471,467**	$ 1,333,297
Aquatics	**772,768**	747,137
Health and fitness	**309,272**	280,202
Operations	**1,389,861**	1,306,032
Community development	**650,429**	599,145
Dovercourt café	**64,340**	-
	$ 4,658,137	$ 4,265,813

11. Financial Instruments Risks and Concentrations

The Association is exposed to various risks through its financial instruments. The following analysis provides a measure of the Association's risk exposure and concentrations as at December 31, 2025.

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 in the event of non-payment by their customers for their accounts receivable.

Liquidity risk

Liquidity risk is the risk that the Association 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 liabilities.

Market risk

Market risk is the risk that the fair value or 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 price risk. The Association is exposed to interest rate risk.

Interest rate risk

Interest rate risk is the risk that the fair value or 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 money market account which earns interest at tiered fixed rates and on its short term investments with fixed interest rates. The fixed rate interest risk presents a fair value risk to the Association.

Changes in risk

There have been no significant changes in the Association's risk exposures from the previous fiscal year.

12. Corresponding Amounts

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

Dovercourt Recreation Association
Schedule 1 - Programs

For the year ended December 31	2025	2024
Revenue		
Recreation	**$ 3,024,254**	$ 2,653,975
Aquatics	**1,593,240**	1,647,284
Health and fitness	**571,031**	500,395
	5,188,525	4,801,654
Direct expenses		
Recreation (Note 10)	**2,422,054**	2,111,807
Aquatics (Note 10)	**839,423**	822,620
Health and fitness (Note 10)	**321,465**	295,042
	3,582,942	3,229,469
Net revenue from programs	**$ 1,605,583**	$ 1,572,185

Dovercourt Recreation Association
Schedule 2 - Operations and Community Development

For the year ended December 31	2025	2024
Revenue		
Community development - WAVE program	**$ 276,028**	$ 263,752
Other revenue	**96,342**	97,359
Café development grant (Notes 6 and 8)	**91,261**	-
Deferred contributions related to tangible capital assets recognized (Note 7)	**81,692**	81,691
Interest income	**75,284**	120,295
Community development - funding (Note 8)	**41,073**	100,086
Parties and rentals	**39,244**	6,863
Dovercourt café	**4,283**	-
Fundraising	**2,144**	3,106
	707,351	673,152
Direct expenses		
Operations (Note 10)	**1,974,575**	1,913,781
Community development (Note 10)	**714,255**	707,006
Amortization	**128,344**	140,253
Dovercourt café development (Note 10)	**92,473**	-
	2,909,647	2,761,040
Net loss from operations and community development	**$ (2,202,296)**	$ (2,087,888)