

Badminton Ontario

Financial Statements

March 31, 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of Badminton Ontario

Opinion

We have audited the financial statements of Badminton Ontario (the Association), which comprise the statement of financial position as at March 31, 2020, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2020, and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

The Association derives revenues in the form of ticket and merchandise sales at tournaments, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our examination of revenues from these sources was limited to the amounts recorded in the records of the Association and we were not able to determine whether any adjustments might be necessary to the excess of revenues over expenses, assets or net assets. Our audit opinion on the financial statements for the year ended March 31, 2019 was modified accordingly because of the possible effects of this limitation of scope.

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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charges with Governance 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.

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

(continues)

James B. MacNeill FCPA, FCA, CFP Jeremy A. Giles CPA, CA Lissa Savage CPA, CA
Mark Snyders CPA, CA Robert F. Edmundson CPA, CA (Retired)

INDEPENDENT AUDITOR'S REPORT (continued)

Auditor's Responsibilities of Management 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.

London, Ontario
November 11, 2020

MacNeill Edmundson
PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANTS
Authorized to practice public accounting by
Chartered Professional Accountants of Ontario

James B. MacNeill FCPA, FCA, CFP Jeremy A. Giles CPA, CA Lissa Savage CPA, CA
Mark Snyders CPA, CA Robert F. Edmundson CPA, CA (Retired)

Badminton Ontario
Statement of Financial Position

March 31	2020 (\$)	<i>(restated)</i> 2019 (\$)
Assets		
Current Assets		
Cash	92,319	115,928
Accounts receivable	13,846	85,361
Government remittances receivable	2,448	40,592
Prepaid expenses and other assets	10,654	12,325
Operating fund investments (note 3)	<u>164,198</u>	
	283,465	254,206
K.G. Holland Endowment Investments (note 2)	<u>27,227</u>	26,847
	310,692	281,053
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (note 6)	68,406	70,280
Deferred revenue (note 6)		<u>28,100</u>
	68,406	98,380
Net Assets		
Operating Fund	215,059	155,826
K.G. Holland Endowment Fund (note 2)	<u>27,227</u>	26,847
	<u>242,286</u>	182,673
	310,692	281,053

Approved on behalf of the Board:

_____, Director

_____, Director

Badminton Ontario

Statement of Operations and Changes in Fund Balances

Year ended March 31	<i>(restated)</i>	
	2020 (\$)	2019 (\$)
Revenues		
Circuits - Events	313,422	533,626
Grants and donations	82,031	314,327
Membership - Cards and through districts	77,745	78,440
Circuits - Sales	14,431	47,537
Circuits - Sponsorships	6,962	61,481
Membership - Insurance	4,908	12,878
Interest	1,197	1,270
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	500,696	1,049,559
Operating Expenses		
Cost of events and sales	205,277	897,950
Membership support (note 11)	98,387	119,792
Salaries and benefits	79,954	78,819
High performance (note 11)	34,231	18,125
Participation, growth and development (note 11)	23,614	42,509
	<hr/>	<hr/>
	441,463	1,157,195
Excess (Deficiency) of Revenues over Expenses	59,233	(107,636)
Operating Fund, beginning of year	155,826	263,462
Operating Fund, end of year	215,059	155,826

Badminton Ontario
Statement of Cash Flows

Year ended March 31	2020	<i>(restated)</i> 2019
	(\$)	(\$)
Cash Flows From (Used in) Operating Activities		
Excess (deficiency) of revenues over expenses	<u>59,233</u>	<u>(107,636)</u>
Net change in non-cash operational balances		
Accounts and government remittances receivable	109,659	(24,824)
Prepaid expenses	1,671	29,789
Accounts payable and accrued expenses	(1,874)	40,741
Deferred revenue	<u>(28,100)</u>	<u>(30,645)</u>
	<u>81,356</u>	<u>15,061</u>
Cash Flows From (Used in) Operating Activities	<u>140,589</u>	<u>(92,575)</u>
Cash Flows From (Used in) Investing Activities		
Acquisition of short-term investments	<u>(164,198)</u>	
Increase (decrease) in cash	(23,609)	(92,575)
Cash, beginning of year	<u>115,928</u>	<u>208,503</u>
Cash, end of year	92,319	115,928

Badminton Ontario

Notes to the Financial Statements

March 31, 2020

Operations

Badminton Ontario (Formerly The Ontario Badminton Association) (the "Association") was incorporated, without share capital, on June 17, 1976 in Ontario as a not-for-profit organization. The purpose of the Association is to provide an organized, structured environment for competitive badminton in Ontario. The Association's members consists of six district associations, affiliated clubs, individual athletes, coaches, and officials. As a not-for-profit organization, the Association is exempt from income tax.

1. Summary of Significant Accounting Policies

The Association prepares its financial statements in compliance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies used are as follows.

(a) Investments

The Association holds investments in fixed income bank certificates and deposits. The investments are recorded at fair value.

(b) Inventory

Merchandise inventory is valued at the lower of cost based on the first-in, first-out method, and net realizable value.

(c) Revenue recognition

The Association follows the deferral method of accounting for restricted contributions, primarily grants. Under this method, grants received which relate to future periods are reflected as deferred income on the balance sheet.

Revenue from donations and membership cards is recognized when received, and all other revenue is recognized when the related entitlement has been delivered or the service performed.

(d) Contributed services

These financial statements do not reflect the value received for any of the many volunteer services contributed. The Association also receives contributions of materials. Their value is not reflected in these statements.

Badminton Ontario

Notes to the Financial Statements

March 31, 2020

2. K.G. Holland Endowment Fund

The K.G. Holland Endowment Fund was established March 9, 1983, in memory of Keith Holland, a pioneer in the development of recreational badminton programs, to provide funds in support of special projects of a recreational nature that fall within the auspices of the Association. The funds remain in the care of the Association and proceeds from the fund are managed and governed as set out in By-Law No. 2 of the Association's Constitution and By-Laws. As funds are held in trust, they are shown as restricted assets in the financial statements.

	2020	2019
	(\$)	(\$)
Assets		
Guaranteed investment certificates	27,227	26,847
	<hr style="border: 1px solid black;"/>	
Fund balance		
Balance, beginning of year	26,847	26,847
Transfer of net interest income	380	
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Balance, end of year	27,227	26,847
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3. Operating Fund Investments

Operating fund investments consist of guaranteed investment certificates maturing from June 24, 2020 to December 27, 2020 earning interest at rates ranging from 1.75 to 2.15%. Accrued interest of \$817 has been included in accounts receivable and will be paid at maturity.

Badminton Ontario

Notes to the Financial Statements

March 31, 2020

4. Financial Instruments

The Association is exposed to various risks through its financial instruments and has a comprehensive risk management framework in place to monitor, evaluate and manage these risks. The following analysis provides information about the Association's risk exposure and concentration. There have been no significant change to the nature or concentration of these risks from the prior year, unless otherwise noted.

In the opinion of management, the company is not exposed to significant interest rate or other price risks arising from its financial instruments.

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Association is exposed to credit risk from customers. In order to reduce its credit risk, the Association reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. At March 31, 2020, accounts receivable includes an allowance for doubtful accounts totaling \$27,426 (2019 - \$28,260).

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 receipt of funds from its customers and other related sources, and accounts payable and accrued liabilities.

The company mitigates this risk through projecting its cash flow needs on a short term and long term basis.

Currency risk

Currency risk is the risk to the company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Association is exposed to foreign currency exchange risk on its USD bank account containing amounts equivalent to \$15,073 Canadian dollars.

The company does not use derivative instruments to reduce its exposure to foreign currency risk.

Badminton Ontario
Notes to the Financial Statements

March 31, 2020

5. Lease Commitments

The Association leases premises at 1 Concorde Gate, Toronto, Ontario from the Coaches Association of Ontario. Future minimum lease payments are as follows:

	<u>(\$)</u>
2021	20,419
2022	20,799
2023	21,071
2024	8,780

6. Deferred Revenue

Deferred revenue consists of the following:

	<u>2020</u>	<u>2019</u>
	<u>(\$)</u>	<u>(\$)</u>
Tournament entry fees		28,100
Parasport grant		
City of Burlington		
		<u>28,100</u>

No deferred revenue has been recorded in the current year as all tournaments subsequent to year end were cancelled due to the COVID-19 pandemic. The \$10,710 in entry fees collected for these tournaments were refunded subsequent to year end and have been included in accounts payable.

7. Economic Dependence

The continued operations of the Association depend to a large extent upon the funding that it receives from the Provincial Government. Any significant reduction in this source would significantly curtail the Association's ability to offer a complete range of programs.

8. Related party transactions

During the year, the directors did not receive any remuneration.

Badminton Ontario

Notes to the Financial Statements

March 31, 2020

9. Prior Period Restatement

In the prior year, the first installment on a \$20,000 grant from the Province of Ontario was received that related to hosting a tournament during the 2019 fiscal year. It was not expected that the remainder of the grant would be received, therefore the amounts were not recorded as revenue. In the current year, the remaining installment of \$15,000 was received, which related to activity in the prior year. As such, prior year Grant and donations revenue and accounts receivable have been increased by \$15,000, and a corresponding increase to the ending Operating Fund balance has been reflected.

10. Subsequent Events

The recent outbreak of Coronavirus Disease 2019, or COVID-19, has spread across the globe and is impacting worldwide economic activity. This global pandemic poses the risk that the Association, customers, employees, contractors, suppliers, and other partners may be unable to conduct regular business activities for an indefinite period of time. While it is not possible at this time to estimate the impact that COVID-19 could have on the Association's activities, the continued spread of COVID-19 and the measures taken by the federal, provincial, and municipal governments to contain its impact could adversely impact the association's activities, financial condition or results of operations.

Specifically, the Association has so far experienced some forced cancellations of tournaments and other events and reduced enrolment in memberships. As a result, the Association is anticipating a significant reduction in revenue in fiscal 2021. To offset these expected revenue decreases, the Association has reviewed its expenses, and deferred or reduced those expenses where possible. The Association also plans to utilize the available government programs and subsidies for which it qualifies, if necessary.

The extent to which the COVID-19 outbreak impacts the Association's future financial results will depend on future developments that are highly uncertain and cannot be predicted, including new information that may emerge concerning the spread of the virus and government actions.

Badminton Ontario
Notes to the Financial Statements

March 31, 2020

11. Schedule of Expenditures

	2020 (\$)	2019 (\$)
Membership Support		
Insurance	24,177	24,089
Rent	18,714	10,383
Other	17,567	16,428
Office	14,257	16,572
Professional fees and consulting	12,204	21,186
Meetings	6,890	6,793
Telephone and internet	5,217	5,769
Registration services	195	255
Bad debts (recoveries)	(834)	7,623
Subcontracts		10,694
	98,387	119,792
High Performance		
Badminton Canada fee	23,315	18,125
Programs, camps and games	10,916	
	34,231	18,125
Participation, Growth and Development		
Coaches	13,848	13,017
Player data systems	9,077	6,251
Participation grants	689	200
Marketing and promotion		23,041
	23,614	42,509
