

**Badminton Ontario**

**Financial Statements**

**March 31, 2021**

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INDEPENDENT AUDITOR'S REPORT

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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, 2021, 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, 2021, 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, 2020 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)*

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**INDEPENDENT AUDITOR'S REPORT (continued)**

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*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  
October 7, 2021

*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	2021 (\$)	2020 (\$)
<b>Assets</b>		
<b>Current Assets</b>		
Cash	85,033	92,319
Accounts receivable	30,577	13,846
Government remittances receivable	8,005	2,448
Prepaid expenses and other assets	17,234	10,654
Operating fund investments (note 3)	<u>233,929</u>	<u>164,198</u>
	374,778	283,465
<b>K.G. Holland Endowment Investments (note 2)</b>	<u>-</u>	<u>27,227</u>
	<b>374,778</b>	<b>310,692</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	<u>16,944</u>	68,406
<b>CEBA Loan (note 5)</b>	<u>40,000</u>	-
	<b>56,944</b>	68,406
<b>Net Assets</b>		
Operating Fund	317,834	215,059
K.G. Holland Endowment Fund (note 2)	<u>-</u>	<u>27,227</u>
	<b>317,834</b>	<b>242,286</b>
	<b>374,778</b>	<b>310,692</b>

Approved on behalf of the Board:

\_\_\_\_\_, Director

\_\_\_\_\_, Director

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## Badminton Ontario

### Statement of Operations and Changes in Fund Balances

<b>Year ended March 31</b>	<b>2021</b>	<b>2020</b>
	<b>(\$)</b>	<b>(\$)</b>
<b>Revenues</b>		
Grants and donations	<b>128,068</b>	82,031
Membership - Insurance	<b>10,063</b>	4,908
Circuits - Sponsorships	<b>701</b>	6,962
Circuits - Events	<b>490</b>	313,422
Circuits - Sales	<b>35</b>	9,983
Membership - Cards and through districts	<b>-</b>	77,745
	<b>139,357</b>	495,051
<b>Operating Expenses</b>		
Salaries and benefits	<b>67,081</b>	79,954
Membership support (note 12)	<b>44,212</b>	98,387
Participation, growth and development (note 12)	<b>8,260</b>	23,614
Cost of events and sales	<b>2,631</b>	205,277
High performance (note 12)	<b>-</b>	34,231
	<b>122,184</b>	441,463
<b>Income from Operations</b>	<b>17,173</b>	53,588
<b>Other Income (Expenses)</b>		
Wage and rent subsidies	<b>52,691</b>	-
Forgivable portion of CEBA loan	<b>20,000</b>	-
Interest	<b>2,574</b>	1,197
Foreign exchange gain (loss)	<b>(1,713)</b>	4,448
	<b>73,552</b>	5,645
<b>Excess of Revenues over Expenses</b>	<b>90,725</b>	59,233
<b>Operating Fund</b> , beginning of year	<b>215,059</b>	155,826
Interfund Transfers (note 2)	<b>12,050</b>	-
<b>Operating Fund</b> , end of year	<b>317,834</b>	215,059

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**Badminton Ontario**  
**Statement of Cash Flows**

<b>Year ended March 31</b>	<b>2021</b>	<b>2020</b>
	(\$)	(\$)
<b>Cash Flows From (Used in) Operating Activities</b>		
Excess (deficiency) of revenues over expenses	<b>90,725</b>	59,233
Transfer on dissolution of Endowment Fund (note 2)	<b>12,050</b>	-
Net change in non-cash operational balances		
Accounts and government remittances receivable	<b>(22,288)</b>	109,659
Prepaid expenses	<b>(6,580)</b>	1,671
Accounts payable and accrued expenses	<b>(51,462)</b>	(1,874)
Deferred revenue	-	(28,100)
	<b>(80,330)</b>	81,356
<b>Cash Flows From (Used in) Operating Activities</b>	<b>22,445</b>	140,589
<b>Cash Flows From (Used in) Financing Activities</b>		
Proceeds of long-term debt less forgivable portion (note 5)	<b>40,000</b>	-
<b>Cash Flows From (Used in) Investing Activities</b>		
Acquisition of short-term investments	<b>(69,731)</b>	(164,198)
<b>Increase (decrease) in cash</b>	<b>(7,286)</b>	(23,609)
<b>Cash, beginning of year</b>	<b>92,319</b>	115,928
<b>Cash, end of year</b>	<b>85,033</b>	92,319

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# Badminton Ontario

## Notes to the Financial Statements

**March 31, 2021**

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### **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 seven district associations, affiliated clubs, individual athletes, coaches, and officials. As a not-for-profit organization, the Association is exempt from income tax.

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### **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.

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## Badminton Ontario

### Notes to the Financial Statements

March 31, 2021

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#### 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 were in the care of the Association and proceeds from the fund were managed and governed as set out in By-Law No. 2 of the Association's Constitution and By-Laws. As funds were held in trust, they were shown as restricted assets in the financial statements.

During the year, in consultation with the widow of Keith Holland, the Fund was dissolved. In accordance with By-Law No. 2, the original contribution to the Fund was donated to the Canadian Cancer Society. The remaining amount representing accumulated interest has been transferred to the operating fund to be used for junior programs in future years.

	2021 (\$)	2020 (\$)
<b>Assets</b>		
Guaranteed investment certificates	-	27,227
<b>Fund balance</b>		
Balance, beginning of year	27,227	26,847
Transfer of net interest income	-	380
Donation of original contribution	(15,177)	-
Transfer of accumulated interest to operating	(12,050)	-
Balance, end of year	-	27,227

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#### 3. Operating Fund Investments

Operating fund investments consist of guaranteed investment certificates maturing from May 27, 2021 to December 27, 2021 earning interest at rates ranging from 0.6 to 0.75%. Accrued interest of \$604 has been included in accounts receivable and will be paid at maturity.

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# Badminton Ontario

## Notes to the Financial Statements

March 31, 2021

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### 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, 2021, accounts receivable includes an allowance for doubtful accounts totaling \$Nil (2020 - \$27,426).

#### *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 \$13,360 Canadian dollars.

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

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### 5. Canadian Emergency Business Account Loan

During the year, the Association made use of the Canadian Emergency Business Account ("CEBA") loan. The total amount received was \$60,000, with \$40,000 repayable by December 31, 2022. The loan is non-interest bearing. The forgivable portion of \$20,000 has been recognized as income in the current year.

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# Badminton Ontario

## Notes to the Financial Statements

**March 31, 2021**

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### 6. 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>
2022	20,799
2023	21,071
2024	8,780

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### 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.

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### 8. Related Party Transactions

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

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### 9. Commitments

During the year, the directors approved a quote to overhaul the Association's website for a total expected cost of \$12,995. The first 60% of the project was expensed during the year, with the remaining \$5,198 of work to be completed and expensed in the subsequent year.

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### 10. Comparative Figures

Some prior year figures were reclassified to conform with current year presentation.

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## Badminton Ontario

### Notes to the Financial Statements

**March 31, 2021**

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#### **11. COVID-19 Pandemic**

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 was unable to run any tournaments during the year, which significantly reduced their membership enrolment and related revenues. To offset these expected revenue decreases, the Association has reviewed its expenses, and deferred or reduced those expenses where possible. The Association has also made use of the available government programs and subsidies for which it qualified.

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.

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**Badminton Ontario**  
**Notes to the Financial Statements**

**March 31, 2021**

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**12. Schedule of Expenditures**

	2021 (\$)	2020 (\$)
<b>Membership Support</b>		
Rent	19,468	18,714
Telephone and internet	12,236	5,217
Insurance	11,303	24,177
Professional fees and consulting	7,494	12,204
Office	6,185	14,257
Other	264	17,567
Bad debts (recoveries)	(12,738)	(834)
Meetings		6,890
Registration services		195
	<b>44,212</b>	<b>98,387</b>
<b>High Performance</b>		
Badminton Canada fee		23,315
Programs, camps and games		10,916
	-	<b>34,231</b>
<b>Participation, Growth and Development</b>		
Player data systems	7,110	9,077
Coaches	1,150	13,848
Participation grants		689
	<b>8,260</b>	<b>23,614</b>

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