

Badminton Ontario

Financial Statements

March 31, 2019

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, 2019, 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, 2019, 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, 2018 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
January 7, 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	2019 (\$)	2018 (\$)
Assets		
Current Assets		
Cash	115,928	208,503
Accounts receivable	70,361	78,454
Government remittances receivable	40,592	22,675
Prepaid expenses and other assets	12,325	42,114
	239,206	351,746
K.G. Holland Endowment Investments (note 2)	26,847	26,847
	266,053	378,593
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	70,280	29,539
Deferred revenue (note 5)	28,100	58,745
	98,380	88,284
Net Assets		
Operating Fund	140,826	263,462
K.G. Holland Endowment Fund (note 2)	26,847	26,847
	167,673	290,309
	266,053	378,593

Approved on behalf of the Board:

_____, Director

_____, Director

Badminton Ontario

Statement of Operations and Changes in Fund Balances

Year ended March 31	2019 (\$)	2018 (\$)
Revenues		
Circuits - Events	533,626	533,685
Grants and donations	299,327	136,179
Membership - Cards and through districts	78,440	52,545
Circuits - Sponsorships	61,481	2,225
Circuits - Sales	47,537	1,619
Membership - Insurance	12,878	15,693
Interest	1,270	
	<u>1,034,559</u>	<u>741,946</u>
Operating Expenses		
Cost of events and sales	897,950	468,373
Membership support (note 8)	119,792	121,890
Salaries and benefits	78,819	59,460
Participation, growth and development (note 8)	42,509	38,434
High performance (note 8)	18,125	16,793
	<u>1,157,195</u>	<u>704,950</u>
Excess (Deficiency) of Revenues over Expenses	(122,636)	36,996
Operating Fund, beginning of year	<u>263,462</u>	<u>226,466</u>
Operating Fund, end of year	<u>140,826</u>	<u>263,462</u>

Badminton Ontario
Statement of Cash Flows

Year ended March 31	2019	2018
	(\$)	(\$)
Cash Flows From (Used in) Operating Activities		
Excess (deficiency) of revenues over expenses	(122,636)	36,996
Net change in non-cash operational balances		
Accounts and government remittances receivable	(9,824)	31,175
Prepaid expenses	29,789	(34,076)
Accounts payable and accrued expenses	40,741	(6,829)
Deferred revenue	(30,645)	38,575
	30,061	28,845
Cash Flows From (Used in) Operating Activities	(92,575)	65,841
Increase (decrease) in cash	(92,575)	65,841
Cash, beginning of year	208,503	142,662
Cash, end of year	115,928	208,503

Badminton Ontario

Notes to the Financial Statements

March 31, 2019

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, 2019

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.

	2019 (\$)	2018 (\$)
Assets		
Guaranteed investment certificates	26,847	26,847
Fund balance		
Balance, beginning of year	26,847	26,847
Balance, end of year	26,847	26,847

Badminton Ontario

Notes to the Financial Statements

March 31, 2019

3. 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, 2019, accounts receivable includes an allowance for doubtful accounts totaling \$28,260 (2018 - \$21,452).

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 \$10,624 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, 2019

4. Lease Commitments

The Association leases premises at 3 Concorde Gate, Toronto, Ontario from Artis Concorde Ltd. on a month-to-month basis.

5. Deferred revenue

Deferred revenue consists of the following:

	2019 (\$)	2018 (\$)
Tournament entry fees	28,100	45,995
Parasport grant		9,750
City of Burlington		3,000
	28,100	58,745

Tournament entry fees will be recognized as revenue at the time the tournament is held. The unspent portion of the Parasport grant was repaid during the year.

6. 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.

7. Related party transactions

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

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Notes to the Financial Statements

March 31, 2019

8. Schedule of Expenditures

	2019	2018
	(\$)	(\$)
Membership Support		
Insurance	24,089	19,386
Professional fees and consulting	21,186	20,591
Office	16,572	11,806
Other	16,428	12,163
Subcontracts	10,694	17,578
Rent	10,383	9,121
Bad debts (recoveries)	7,623	21,641
Meetings	6,793	6,155
Telephone and internet	5,769	3,254
Registration services	255	195
	119,792	121,890
High Performance		
Badminton Canada fee	18,125	15,825
Programs, camps and games		968
	18,125	16,793
Participation, Growth and Development		
Marketing and promotion	23,041	11,422
Coaches	13,017	20,159
Player data systems	6,251	5,737
Participation grants	200	1,116
	42,509	38,434
