

**SQUASH ONTARIO**  
**Financial Statements**  
**Year Ended May 31, 2020**

**SQUASH ONTARIO**  
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**Year Ended May 31, 2020**

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**Chaggares & Bonhomme**  
CHARTERED PROFESSIONAL ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT**

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To the Members of Squash Ontario

*Qualified Opinion*

We have audited the financial statements of Squash Ontario (the Organization), which comprise the statement of financial position as at May 31, 2020, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, 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 Organization as at May 31, 2020, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

*Basis for Qualified Opinion*

In common with many not-for-profit organizations, the Organization derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended May 31, 2020, current assets and net assets as at May 31, 2020.

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 Organization in accordance with 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 qualified audit opinion.

*Other Matter*

The financial statements of Squash Ontario for the year ended May 31, 2019 were compiled and are presented for comparative purposes only.

(continues)

*Emphasis of Matter - Comparative Information*

We draw attention to Note 1 to the financial statements which describes that Squash Ontario adopted ASNPO on June 1, 2019 with a transition date of June 1, 2018. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at May 31, 2019 and June 1, 2018, and the statements of revenues and expenditures, changes in net assets and cash flows for the year ended May 31, 2019 and related disclosures. Our opinion is not modified in respect of this matter.

We were not engaged to report on the comparative information, and as such, it is unaudited.

*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 ASNPO, 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditor's Report to the Members of Squash Ontario *(continued)*

- 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 Organization'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 Organization 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.

*Chaggares & Bonhomme*


Newmarket, Ontario  
March 24, 2021


**Chaggares & Bonhomme**  
**Chartered Professional Accountants**  
Licensed Public Accountants

**SQUASH ONTARIO**  
**Statement of Financial Position**  
**May 31, 2020**

	<i>May 31</i> <b>2020</b>	<i>May 31</i> 2019	<i>June 1</i> 2018
<b>ASSETS</b>			
<b>CURRENT</b>			
Cash	\$ 134,557	\$ 88,035	\$ 114,491
Accounts receivable (Note 5)	45,997	78,229	40,478
Inventory (Note 6)	14,606	18,973	16,946
Harmonized sales tax recoverable	2,784	-	2,043
Prepaid expenses	5,924	8,939	1,931
Due from related parties (Note 7)	-	5,066	-
	<b>\$ 203,868</b>	<b>\$ 199,242</b>	<b>\$ 175,889</b>
<b>LIABILITIES</b>			
<b>CURRENT</b>			
Accounts payable and accrued liabilities (Note 9)	\$ 11,548	\$ 19,815	\$ 7,730
Harmonized sales tax payable	-	626	-
Due to related parties (Note 7)	307	-	-
Deferred income (Note 10)	33,934	32,468	20,800
	<b>45,789</b>	<b>52,909</b>	<b>28,530</b>
LONG TERM DEBT (Note 11)	<b>40,000</b>	<b>-</b>	<b>-</b>
	<b>85,789</b>	<b>52,909</b>	<b>28,530</b>
<b>NET ASSETS</b>			
General Fund	(12,788)	(59,391)	(142,686)
Lee Hanebury Fund	93,545	93,545	93,545
Ontario Squash Hall of Fame Fund	23,418	17,195	11,516
Operating Reserve Fund	-	81,080	171,080
Mark Sachve Fund	13,904	13,904	13,904
	<b>118,079</b>	<b>146,333</b>	<b>147,359</b>
	<b>\$ 203,868</b>	<b>\$ 199,242</b>	<b>\$ 175,889</b>

**ON BEHALF OF THE BOARD**

  
 \_\_\_\_\_ Director

  
 \_\_\_\_\_ Director

See notes to financial statements

**SQUASH ONTARIO**  
**Statement of Revenues and Expenditures**  
**Year Ended May 31, 2020**

	2020	2019
<b>REVENUES</b>		
Advertising revenue	\$ -	\$ 300
Club Membership fees	56,808	53,562
Coaching clinic revenue	14,650	14,873
Development camp revenue	36,486	47,910
Donation revenue	37,061	89,493
Government grant revenue	188,657	198,065
Individual membership fees	13,957	24,822
League sanction fees	2,744	3,377
Other Income	1,271	4,567
Special event revenue	11,523	21,323
Sponsorship & endorsements	167,482	127,513
Tournament revenue	256,045	260,961
	<b>786,684</b>	<b>846,766</b>
<b>EXPENSES</b>		
Advertising and promotion	23,684	14,812
Athlete development	184,304	188,850
Coaching expenses	17,274	15,966
Insurance	14,299	7,523
Interest and bank charges	13,370	11,055
Meals and entertainment	147	135
Memberships	17,010	16,840
Office	19,005	26,787
Officiating expenses	14,765	22,802
Professional fees	3,356	20,447
Rental	15,710	19,735
Salaries and wages (Note 12)	230,190	234,530
Special event costs	23,188	23,807
Sponsorship expenses	8,434	12,752
Supplies	1,680	1,879
Tournament entry fees	212,469	220,734
Tournament software fees	12,762	5,710
Travel	3,291	3,428
	<b>814,938</b>	<b>847,792</b>
<b>DEFICIENCY OF REVENUES OVER EXPENSES</b>	<b>\$ (28,254)</b>	<b>\$ (1,026)</b>

See notes to financial statements

**SQUASH ONTARIO**  
**Statement of Changes in Net Assets**  
**Year Ended May 31, 2020**

	2019 Balance	Deficiency of revenues over expenses	Contributions	<b>2020 Balance</b>
General Fund	\$ (59,391)	\$ (34,477)	\$ 81,080	\$ <b>(12,788)</b>
Lee Hanebury Fund	93,545	-	-	<b>93,545</b>
Ontario Squash Hall of Fame Fund	17,195	6,223	-	<b>23,418</b>
Operating Reserve Fund	81,080	-	(81,080)	-
Mark Sachve Fund	13,904	-	-	<b>13,904</b>
	<b>\$ 146,333</b>	<b>\$ (28,254)</b>	<b>\$ -</b>	<b>\$ 118,079</b>

	2018 Balance	Deficiency of revenues over expenses	Contributions	2019 Balance
General Fund	\$ (142,686)	\$ (6,705)	\$ 90,000	\$ (59,391)
Lee Hanebury Fund	93,545	-	-	93,545
Ontario Squash Hall of Fame Fund	11,516	5,679	-	17,195
Operating Reserve Fund	171,080	-	(90,000)	81,080
Mark Sachve Fund	13,904	-	-	13,904
	<b>\$ 147,359</b>	<b>\$ (1,026)</b>	<b>\$ -</b>	<b>\$ 146,333</b>

See notes to financial statements



**SQUASH ONTARIO**  
**Statement of Cash Flows**  
**Year Ended May 31, 2020**

	2020	2019
<b>OPERATING ACTIVITIES</b>		
Deficiency of revenues over expenses	\$ (28,254)	\$ (1,026)
Changes in non-cash working capital:		
Accounts receivable	32,232	(23,665)
Inventory	4,367	(18,973)
Accounts payable and accrued liabilities	(8,267)	(11,293)
Prepaid expenses	3,015	(6,099)
Harmonized sales tax payable	(3,410)	3,737
Deferred income	1,466	35,929
	<b>29,403</b>	<b>(20,364)</b>
Cash flow from (used by) operating activities	<b>1,149</b>	<b>(21,390)</b>
<b>FINANCING ACTIVITIES</b>		
Advances from (to) related parties	5,373	(5,066)
Proceeds from long term financing	40,000	-
Cash flow from (used by) financing activities	<b>45,373</b>	<b>(5,066)</b>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>46,522</b>	<b>(26,456)</b>
Cash - beginning of year	<b>88,035</b>	114,491
<b>CASH - END OF YEAR</b>	<b>\$ 134,557</b>	<b>\$ 88,035</b>

See notes to financial statements

**SQUASH ONTARIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED MAY 31, 2020**

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**1. FIRST TIME ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS**

During the year the Organization adopted Canadian accounting standards for not-for-profit organizations (ASNFPPO). These financial statements are the first prepared in accordance with these standards. The adoption of ASNFPPO had no impact on net assets as at June 1, 2018 or revenues and expenditures or cash flows for the year ended May 31, 2019 as previously reported in accordance with pre-changeover Canadian generally accepted accounting principles.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Fund accounting

Squash Ontario follows the deferral method of accounting for contributions.

Revenues and expenses related to program delivery and administrative activities are reported in the Operating Fund.

The Lee Hanebury Fund is internally restricted as designated by the Board of Directors. The fund was established in 2010 with the purpose of growing and promoting the game of squash in Ontario.

The Ontario Squash Hall of Fame Fund is internally restricted as designated by the Board of Directors. The fund was established in 2010 with the purpose of maintaining the Ontario Squash Hall of Fame.

The Operating Reserve Fund is internally restricted as designated by the Board of Directors. The fund represents funds set aside for unexpected operational expenses as approved by the Board of Directors.

The Mark Sachve Fund is internally restricted as designated by the Board of Directors. The fund was established in 2014 with the purpose of growing and promoting the game of juniors squash in Ontario.

Cash and cash equivalents

Cash includes cash and cash equivalents. Short-term investments with maturities under ninety days are included as cash equivalents as their carrying amounts approximate fair value.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

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**SQUASH ONTARIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED MAY 31, 2020**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)**

Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

Equipment

Equipment is stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life at the following rates and methods:

Equipment	20% declining balance method
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The Organization regularly reviews its equipment to eliminate obsolete items. Government grants are treated as a reduction of equipment cost.

Equipment acquired during the year but not placed into use are not amortized until they are placed into use.

Leases

Leases are classified as either capital or operating leases. At the time the Organization enters into a capital lease, an asset is recorded with its related long-term obligation to reflect the acquisition and financing. Rental payments under operating leases are expensed as incurred.

Revenue recognition

Squash Ontario follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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.

Government grants are recognized as revenue in the period in which the related expenses are incurred.

Membership revenue is recognized as revenue in the period to which the membership relates. Competition revenue is recognized at the completion of the tournament.

All other revenue is recognized on the accrual basis when amounts are fixed or determinable and the collection is reasonably assured.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

**SQUASH ONTARIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED MAY 31, 2020**

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**3. PURPOSE OF THE ORGANIZATION**

Squash Ontario (the "Organization") is a not-for-profit organization incorporated provincially under the Not-for-profit Corporations Act of Ontario. Management has determined that they are exempt from payment of income tax under Section 149(1) of the Income Tax Act.

The Organization was incorporated on May 14, 1978 to carry on the following activities:

- a) To promote the game of squash in Ontario and to arrange and encourage squash matches and squash competitions within Ontario.
- b) To participate in and seek affiliation with other organizations wherever situated, with a view to the promotion of the game of squash.
- c) To encourage and promote proficiency and excellence by Canadians in all aspects of the game of squash.
- d) To uphold and promote the rules of squash as may be adopted from time to time by Squash Canada.
- e) To seek and accept donations, gifts, legacies and bequests for the purpose of furthering its objectives.

**4. FINANCIAL INSTRUMENTS**

The Organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Organization's risk exposure and concentration as of May 31, 2020.

**(a) Credit risk**

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Organization is exposed to credit risk from members. The Organization has a significant number of members which minimizes concentration of credit risk.

**(b) Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its receipt of funds from its members and other related sources and accounts payable.

**(c) Additional risk**

Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant other price risks arising from these financial instruments.

**5. GOVERNMENT ASSISTANCE RECEIVABLE**

Accounts receivable includes government assistance receivable of \$35,747 (2019 - \$0).

**SQUASH ONTARIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED MAY 31, 2020**

**6. INVENTORY**

Inventory consists of purchased finished goods for sale held at the Organization head office location.

	2020	2019
Opening inventory balance	\$ 18,973	\$ 16,946
Purchases	15,473	16,718
Cost of goods sold	(19,840)	(14,691)
Ending inventory balance	\$ 14,606	\$ 18,973

The amounts included in cost of goods sold have been expensed in various expense categories, based on the nature of the item and whether it was sold or given as a prize.

**7. RELATED PARTIES**

The following is a summary of the Organization's related party transactions:

	2020	2019
<u>Related party transactions</u>		
Jamie Nicholls (An employee of the Organization)		
Reimbursement of Organization expenses	\$ 81,143	\$ 74,000

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

<u>Due to (from) related parties</u>		
Jamie Nicholls	\$ 307	\$ (5,066)

Advances from the related party are non-interest bearing and have no set repayment terms.

**8. EQUIPMENT**

The Organization has capital assets consisting of the following:

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Equipment	\$ 2,708	\$ 2,708	\$ -	\$ -

In 2019, \$6,536 of new equipment was purchased under a government grant agreement. The purchase cost of the equipment has been reduced by the amount of the grant received under the Organization's accounting policy. No capital purchases in 2020.

**SQUASH ONTARIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED MAY 31, 2020**

**9. GOVERNMENT REMITTANCES PAYABLE OTHER THAN INCOME TAX**

Government remittances include payroll taxes. The following government remittances were payable at year end:

	<b>2020</b>	<b>2019</b>
Payroll liabilities	<b>\$ 4,117</b>	<b>\$ 6,910</b>

**10. DEFERRED INCOME**

Deferred income represents amounts received related to events which are occurring after the year-end. The portion of memberships fees which related to periods after the year-end have also been deferred. Deferred income will be recognized as revenue at the time of the related event or membership period.

**11. LONG TERM DEBT**

In May 2020, the Organization received \$40,000 of Canada Emergency Business Account (CEBA) loan from the Government of Canada. The CEBA loan was launched to ensure small businesses have access to the capital they need to see them through the current challenges, and better position them to quickly return to providing services to their communities and creating employment.

The CEBA loan has no specified repayment terms and is at 0% interest until December 31, 2022. The remaining balance is then converted to a 3-year term loan at an interest rate of 5% per annum. If the balance of the loan is fully repaid on or before December 31, 2022, it will result in loan forgiveness of 25% or \$10,000.

**12. CANADA EMERGENCY WAGE SUBSIDY (CEWS)**

The government launched the Canada Emergency Wage Subsidy (CEWS) to assist Canadian employers whose businesses have been affected by COVID-19 in order to enable businesses to re-hire workers, help prevent further job losses, and resume normal operations following the crisis.

The Organization was approved for CEWS for the following qualifying periods in the fiscal year:

	<b>2020</b>
Period from March 15, 2020 to April 11, 2020	<b>\$ 10,574</b>
Period from April 12, 2020 to May 9, 2020	<b>7,446</b>
Period from May 10, 2020 to June 6, 2020 (prorated up to May 31, 2020)	<b>6,054</b>
	<b>\$ 24,074</b>

As at May 31, 2020, the Organization has received up to \$10,807 of CEWS, the remaining \$13,267 has been accrued as receivables. The entire wage subsidy relevant to the fiscal year had been applied to offset against payroll expenses incurred.

**SQUASH ONTARIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED MAY 31, 2020**

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**13. LEASE COMMITMENTS**

The Organization has a long term lease with respect to its premises. The lease is \$1,736 per month and being paid on a month to month basis. The Organization is expecting to sign a lease extension on August 1, 2020 for a 3 year lease. Future minimum lease payments as at May 31, 2020, are as follows:

2021	\$	20,832
2022		20,832
2023		20,832
2024		<u>5,208</u>
	<u>\$</u>	<u>67,704</u>

**14. SUBSEQUENT EVENTS**

Since December 31, 2019, the outbreak of the novel strain of Coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Corporation and its operations in future periods.

**15. COMPARATIVE FIGURES**

Some of the comparative figures have been reclassified to conform to the current year's presentation.