

SQUASH ONTARIO
Financial Statements
Year Ended May 31, 2021

SQUASH ONTARIO
Index to Financial Statements
Year Ended May 31, 2021

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Revenues and Expenditures	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 14



Chaggares & Bonhomme
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Members of Squash Ontario

Opinion

We have audited the financial statements of Squash Ontario (the Organization), which comprise the statement of financial position as at May 31, 2021, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at May 31, 2021, 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 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 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 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 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.

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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.
- 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

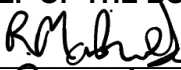
Newmarket, Ontario
August 24, 2021

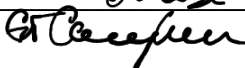
Chaggares & Bonhomme
Chartered Professional Accountants
Licensed Public Accountants

SQUASH ONTARIO
Statement of Financial Position
May 31, 2021

	2021	2020
ASSETS		
CURRENT		
Cash	\$ 293,256	\$ 134,557
Term Deposits (Note 4)	10,007	-
Accounts receivable (Note 5)	27,767	45,997
Inventory (Note 6)	12,446	14,606
Harmonized sales tax recoverable	143	2,784
Prepaid expenses	15,329	5,924
	\$ 358,948	\$ 203,868
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 9)	\$ 23,603	\$ 11,548
Due to related parties (Note 7)	-	307
Deferred income (Note 10)	65,270	33,934
	88,873	45,789
CANADA EMERGENCY BUSINESS ACCOUNT (CEBA) LOAN PAYABLE: (Note 11)	40,000	40,000
	128,873	85,789
NET ASSETS		
General Fund	208,174	(12,788)
Lee Hanebury Fund	-	93,545
Ontario Squash Hall of Fame Fund	21,901	23,418
Mark Sachve Fund	-	13,904
	230,075	118,079
	\$ 358,948	\$ 203,868

ON BEHALF OF THE BOARD


 _____ Director


 _____ Director

See notes to financial statements

SQUASH ONTARIO
Statement of Revenues and Expenditures
Year Ended May 31, 2021

	2021	2020
REVENUES		
CEBA loan forgiveness (<i>Note 11</i>)	\$ 20,000	\$ -
Club Membership fees	19,256	56,808
Coaching clinic revenue	5,686	14,650
Development camp revenue	2,947	36,486
Donation revenue	16,333	37,061
Grant revenue (<i>Note 12</i>)	263,354	188,657
Individual membership fees	6,505	13,957
Interest Income	59	-
League sanction fees	-	2,744
Other Income	513	1,271
Special event revenue	-	11,523
Sponsorship & endorsements	3,500	167,482
Tournament revenue	-	256,045
Trade sales	4,561	-
	342,714	786,684
COST OF SALES	5,167	19,840
GROSS PROFIT	337,547	766,844
EXPENSES		
Advertising and promotion	1,398	3,844
Athlete development	11,019	184,304
Coaching expenses	5,692	17,274
Community Sport Club Funding	59,325	-
Insurance	4,847	14,299
Interest and bank charges	575	13,370
Meals and entertainment	67	147
Memberships	8,420	17,010
Office	9,908	19,005
Officiating expenses	4,800	14,765
Professional fees	13,726	3,356
Rental (<i>Note 14</i>)	-	15,710
Salaries and wages (<i>Note 13</i>)	101,079	230,190
Special event costs	2,296	23,188
Sponsorship expenses	-	8,434
Supplies	2,399	1,680
Tournament entry fees	-	212,469
Tournament software fees	-	12,762
Travel	-	3,291
	225,551	795,098
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 111,996	\$ (28,254)

See notes to financial statements

SQUASH ONTARIO
Statement of Changes in Net Assets
Year Ended May 31, 2021

	2020 Balance	Excess (deficiency) of revenues over expenses	Transfers	2021 Balance
General Fund	\$ (12,788)	\$ 127,417	\$ 93,545	\$ 208,174
Lee Hanebury Fund	93,545	-	(93,545)	-
Ontario Squash Hall of Fame Fund	23,418	(1,517)	-	21,901
Mark Sachve Fund	13,904	(13,904)	-	-
	\$ 118,079	\$ 111,996	\$ -	\$ 230,075

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

See notes to financial statements

SQUASH ONTARIO
Statement of Cash Flows
Year Ended May 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ 111,996	\$ (28,254)
Changes in non-cash working capital:		
Accounts receivable	18,230	32,232
Inventory	2,160	4,367
Accounts payable and accrued liabilities	12,055	(8,267)
Prepaid expenses	(9,405)	3,015
Harmonized sales tax payable	2,641	(3,410)
Deferred income	31,336	1,466
	57,017	29,403
Cash flow from operating activities	169,013	1,149
INVESTING ACTIVITY		
Term deposits	(10,007)	-
FINANCING ACTIVITIES		
Advances from (to) related parties	(307)	5,373
Proceeds from long term financing	-	40,000
Cash flow from (used by) financing activities	(307)	45,373
INCREASE IN CASH FLOW	158,699	46,522
Cash - beginning of year	134,557	88,035
CASH - END OF YEAR	\$ 293,256	\$ 134,557

See notes to financial statements

SQUASH ONTARIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

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 General 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. This fund was discontinued at the end of 2021 and the assets transferred to the General Fund.

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. This Fund was discontinued in 2020 and the assets transferred to the General Fund.

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.

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.

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SQUASH ONTARIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2021

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

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, 2021

2. 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.

3. 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, 2021.

(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) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Organization manages exposure through its normal operating and financing activities.

(d) 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.

SQUASH ONTARIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2021

4. TERM DEPOSITS

On January 27, 2021, the Organization purchased a one-year CIBC GIC which matures of January 27, 2022. The GIC has a principal value of \$10,000 and an interest rate of 0.20%. The value of the GIC as of May 31, 2021 is \$10,007 (2020 = \$0).

5. ACCOUNTS RECEIVABLE

Accounts receivable consists of:

	2021	2020
Government assistance receivable	\$ 22,480	\$ 35,747
Trade accounts receivable	-	4,196
CEWS receivable	5,287	6,054
	\$ 27,767	\$ 45,997

6. INVENTORY

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

	2021	2020
Opening inventory balance	\$ 14,606	\$ 18,973
Purchases	3,007	15,473
Cost of goods sold	(5,167)	(19,840)
Ending inventory balance	\$ 12,446	\$ 14,606

7. RELATED PARTIES

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

	2021	2020
<u>Related party transactions</u>		
Jamie Nicholls <i>(An employee of the Organization)</i>		
Reimbursement of Organization expenses	\$ 8,674	\$ 81,143

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.

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SQUASH ONTARIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2021

7. RELATED PARTIES (continued)

Due to related parties

Jamie Nicholls	\$	-	\$	307
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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	2021 Net book value	2020 Net book value
Equipment	\$ 2,708	\$ 2,708	\$ -	\$ -

There were no capital asset purchases in 2020 or 2021.

9. GOVERNMENT REMITTANCES PAYABLE OTHER THAN INCOME TAX

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

	2021		2020
Payroll liabilities	\$ 10,224	\$	4,117

10. DEFERRED INCOME

Deferred income consists of the following:

	2021		2020
Deferred membership fees	\$ 1,658	\$	21,434
Deferred event revenues	15,928	\$	12,500
Deferred government grant revenue	37,499		-
Other deferrred grant revenue	10,185		-
	\$ 65,270	\$	33,934

SQUASH ONTARIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2021

11. CANADA EMERGENCY BUSINESS ACCOUNT (CEBA) LOAN PAYABLE:

During the year, the Organization applied and received the COVID-19 Canada Emergency Business Account \$60,000 loan. This loan is interest free, and 33.33% (\$20,000) of the loan is eligible for loan forgiveness if 66.66% (\$40,000) has been fully repaid on or before December 31, 2022. If the loan is not repaid by December 31, 2022 it can be converted into a 3-year term loan, and will be charged an interest rate of 5%, payable monthly. The company plans to repay this loan in full by December 31, 2022. As per the loan terms, the \$20,000 loan forgiveness has been included in income in the current year; and thus, the balance payable at year-end is \$40,000.

12. GRANTS RECEIVED

The Organization received grants from the following government organizations:

	2021	2020
Ontario Government - Minister of Tourism, Culture and Sport Grant	\$ 134,880	\$ 134,880
Ontario Government - Other Grants	111,754	50,118
Ontario Government - Summer Jobs Grant	6,720	3,659
Canadian Tire Jumpstart Charities Grant	10,000	-
	\$ 263,354	\$ 188,657

SQUASH ONTARIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2021

13. 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:

	2021
Period from May 10, 2020 to June 06, 2020	\$ 1,651
Period from June 07, 2020 to July 04, 2020	9,446
Period from July 05, 2020 to August 01, 2020	10,704
Period from August 02, 2020 to August 29, 2020	10,704
Period from August 30, 2020 to September 26, 2020	9,445
Period from September 27, 2020 to October 24, 2020	8,341
Period from October 25, 2020 to November 21, 2020	8,185
Period from November 22, 2020 to December 19, 2020	6,569
Period from December 20, 2020 to January 16, 2021	6,733
Period from January 17, 2021 to February 13, 2021	6,733
Period from February 14, 2021 to March 13, 2021	6,733
Period from March 14, 2021 to April 10, 2021	6,733
Period from April 11, 2021 to May 8, 2021	6,733
Period from May 9, 2021 to May 31, 2021	5,287
	\$ 103,997

As at May 31, 2021, the Organization has received up to \$98,711 of CEWS, the remaining \$5,287 has been accrued as receivables. The entire wage subsidy relevant to the fiscal year had been applied to offset against payroll expenses incurred.

14. 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 3 year lease extension on September 1, 2021. Due to COVID-19, the Organization's landlord forgave the rent for the last fiscal year and no payments were required,

Future minimum lease payments as at May 31, 2021, are as follows:

2022	\$ 20,832
2023	20,832
2024	5,208
	\$ 46,872

SQUASH ONTARIO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2021

15. 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.

16. COMPARATIVE FIGURES

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