

SQUASH ONTARIO
Financial Statements
Year Ended May 31, 2023

SQUASH ONTARIO
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Year Ended May 31, 2023

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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, 2023, 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, 2023, 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
September 13, 2023

Chaggares & Bonhomme
Chartered Professional Accountants
Licensed Public Accountants

SQUASH ONTARIO
Statement of Financial Position
May 31, 2023

	2023	2022
ASSETS		
CURRENT		
Cash	\$ 249,105	\$ 368,531
Term deposits (Note 4)	112,370	10,038
Accounts receivable	18,276	3,054
Inventory (Note 5)	9,670	13,864
Harmonized sales tax recoverable	-	2,884
Prepaid expenses	5,913	6,569
	\$ 395,334	\$ 404,940
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 7)	\$ 19,676	\$ 15,510
Current portion of long term debt (Note 8)	40,000	-
Harmonized sales tax payable	1,346	-
Deferred income (Note 9)	11,696	22,500
	72,718	38,010
CANADA EMERGENCY BUSINESS ACCOUNT (CEBA) LOAN PAYABLE (Note 8)	-	40,000
	72,718	78,010
NET ASSETS		
General Fund	304,678	317,126
Ontario Squash Hall of Fame Fund	17,938	9,804
	322,616	326,930
	\$ 395,334	\$ 404,940

ON BEHALF OF THE BOARD


 _____ Director


 _____ Director

See notes to financial statements

SQUASH ONTARIO
Statement of Revenues and Expenditures
Year Ended May 31, 2023

	2023	2022
REVENUES		
Club Membership fees	\$ 51,007	\$ 49,038
Coaching clinic revenue	9,518	6,975
Development camp revenue	8,837	4,085
Donation revenue	40,870	25,777
Grant revenue (Note 10)	178,258	565,292
Individual membership fees	28,613	21,648
Interest income	3,569	270
League sanction fees	32,238	1,804
Other income	1,319	847
Special event revenue	12,905	32,099
Sponsorship & endorsements	32,565	51,500
Tournament revenue	258,813	154,415
Trade sales	658	4,494
	659,170	918,244
EXPENSES		
Advertising and promotion	1,267	3,792
Athlete development	79,480	39,313
Bad debts	565	-
Coaching expenses	5,838	6,846
Community Sport Club Funding	-	343,261
Insurance	10,883	8,018
Interest and bank charges	1,167	703
Meals and entertainment	61	25
Memberships	16,623	8,398
Merchandise	4,194	11,214
Officiating expenses	1,466	11,807
Office	9,772	12,770
Other program costs	22,914	-
Professional fees	11,725	15,567
Rental (Note 11)	8,094	-
Salaries and wages (Note 12)	234,726	164,514
Special event costs	21,133	35,611
Sponsorship expenses	1,605	2,209
Supplies	-	1,846
Tournament entry fees	215,522	138,090
Tournament prize money	15,614	16,730
Travel	835	675
	663,484	821,389
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ (4,314)	\$ 96,855

See notes to financial statements

SQUASH ONTARIO
Statement of Changes in Net Assets
Year Ended May 31, 2023

	2022 Balance	Deficiency of revenues over expenses	Contributions	Withdrawals	2023 Balance
General Fund	\$ 317,126	\$ (12,448)	\$ -	\$ -	\$ 304,678
Ontario Squash Hall of Fame Fund	9,804	8,134	-	-	17,938
	\$ 326,930	\$ (4,314)	\$ -	\$ -	\$ 322,616

	2021 Balance	Deficiency of revenues over expenses	Contributions	Withdrawals	2022 Balance
General Fund	\$ 208,174	\$ 108,952	\$ -	\$ -	\$ 317,126
Ontario Squash Hall of Fame Fund	21,901	(12,097)	-	-	9,804
	\$ 230,075	\$ 96,855	\$ -	\$ -	\$ 326,930

See notes to financial statements

SQUASH ONTARIO
Statement of Cash Flows
Year Ended May 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ (4,314)	\$ 96,855
Changes in non-cash working capital:		
Accounts receivable	(15,222)	24,713
Inventory	4,194	(1,418)
Accounts payable and accrued liabilities	4,166	(8,093)
Prepaid expenses	656	8,760
Harmonized sales tax payable	4,230	(2,741)
Deferred income	(10,804)	(42,770)
	(12,780)	(21,549)
Cash flow from (used by) operating activities	(17,094)	75,306
INVESTING ACTIVITY		
Term deposits	(102,332)	(31)
INCREASE (DECREASE) IN CASH FLOW	(119,426)	75,275
Cash - beginning of year	368,531	293,256
CASH - END OF YEAR	\$ 249,105	\$ 368,531
CASH CONSISTS OF:		
Cash	\$ 249,105	\$ 368,531

See notes to financial statements

SQUASH ONTARIO
NOTES TO FINANCIAL STATEMENTS
Year Ended May 31, 2023

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).

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are investments in treasury bills and are valued at cost plus accrued interest. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than ninety days.

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.

Financial instruments

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 unrealised 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.

Fund accounting

Squash Ontario follows the restricted fund method of accounting for contributions.

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

Government assistance

Government assistance for current expenses is recorded to income as eligible expenditures are incurred, and recorded as a reduction of the related expenditures.

Contributed services

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

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SQUASH ONTARIO
NOTES TO FINANCIAL STATEMENTS
Year Ended May 31, 2023

1. 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.

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.

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.

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.

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.

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SQUASH ONTARIO
NOTES TO FINANCIAL STATEMENTS
Year Ended May 31, 2023

2. PURPOSE OF THE ORGANIZATION (continued)

- 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, 2023.

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.

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.

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. The Organization is subject to interest rate risk on its variable rate investment certificate.

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

4. TERM DEPOSITS

On January 27, 2023, the Organization redeemed a one-year CIBC GIC which matured on January 27, 2023. The GIC had a principal value of \$10,267 and an interest rate of 3.40%. Additionally, On December 21, 2022, the Organization purchased a one-year CIBC GIC which matures on December 21, 2023. The GIC had a principal value of \$10,000 and an interest rate of 4.5%. The value of the GIC as of May 31, 2023 is \$112,370 (2022 = \$10,038).

SQUASH ONTARIO
NOTES TO FINANCIAL STATEMENTS
Year Ended May 31, 2023

5. INVENTORY

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

	2023	2022
Opening inventory balance	\$ 13,864	\$ 12,446
Purchases	-	12,632
Cost of goods sold	(4,194)	(11,214)
Ending inventory balance	\$ 9,670	\$ 13,864

6. EQUIPMENT

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Equipment	\$ 2,708	\$ 2,708	\$ -	\$ -

7. GOVERNMENT REMITTANCES PAYABLE OTHER THAN INCOME TAX

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

	2023	2022
Payroll liabilities	\$ 4,224	\$ 7,009

8. CANADA EMERGENCY BUSINESS ACCOUNT (CEBA) LOAN PAYABLE

During fiscal year 2021, the Organization applied for 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, 2023. If the loan is not repaid by December 31, 2023 it can be converted into a 3-year term loan, and will be charged an interest rate of 5%, payable monthly. As per the loan terms, the \$20,000 loan forgiveness has been included in income in the prior year; and so, the balance payable at year-end is \$40,000 which has been reported as a current liability as the company plans to repay this loan in full by December 31, 2023.

SQUASH ONTARIO
NOTES TO FINANCIAL STATEMENTS
Year Ended May 31, 2023

9. DEFERRED INCOME

Deferred income consists of the following:

	2023	2022
Customer deposits	\$ 7,596	\$ -
Deferred Event Revenue	4,100	22,500
Deferred government grant revenue	-	-
Other deferred grant revenue	-	-
	\$ 11,696	\$ 22,500

10. GRANTS RECEIVED

The Organization received grants from the following government organizations:

	2023	2022
Ontario Government - Minister of Tourism, Culture and Sport Grant	\$ 134,880	\$ 134,880
Ontario Government - Other Grants	-	403,453
Ontario Government - Summer Experience Grant	3,689	-
Ontario Government - Quest for Gold Grant	23,397	-
Ontario Government - Coach Development Grant	3,661	-
Ontario Government - Summer Jobs Grant	4,200	6,014
Canadian Tire Jumpstart Charities Grant	7,000	20,945
Rural Coaching Grant	1,431	-
	\$ 178,258	\$ 565,292

11. LEASE COMMITMENTS

The organization has a long-term lease with respect to its premises with lease payments of \$1,829 per month. The lease commenced on the January 01, 2023 and expires on December 31, 2027.

2024	\$ 21,952
2025	21,952
2026	21,952
2027	21,952
2028	12,805
	<u>\$ 100,613</u>

SQUASH ONTARIO
NOTES TO FINANCIAL STATEMENTS
Year Ended May 31, 2023

12. CANADA EMERGENCY WAGE SUBSIDY (CEWS)

During 2022, the Organization applied for and received government assistance pertaining to Canada emergency wage subsidies (CEWS) for payroll remuneration paid to eligible employees on the basis of being an eligible employer in Canada.

Government assistance in the amount of \$15,829 from CEWS was received in 2022 which was applied to reduce the cost of wages. No government assistance was received in 2023.

13. COMPARATIVE FIGURES

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