

SQUASH ONTARIO
Financial Statements
Year Ended May 31, 2022

SQUASH ONTARIO
Index to Financial Statements
Year Ended May 31, 2022

	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 - 13



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, 2022, 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, 2022, 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.

(continues)

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 23, 2022

Chaggares & Bonhomme
Chartered Professional Accountants
Licensed Public Accountants

SQUASH ONTARIO
Statement of Financial Position
May 31, 2022

	2022	2021
ASSETS		
CURRENT		
Cash	\$ 368,531	\$ 293,256
Term deposits (Note 4)	10,038	10,007
Accounts receivable (Note 5)	3,054	27,767
Inventory (Note 6)	13,864	12,446
Harmonized sales tax recoverable	2,884	143
Prepaid expenses	6,569	15,329
	\$ 404,940	\$ 358,948
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 7)	\$ 15,510	\$ 23,603
Deferred income (Note 8)	22,500	65,270
	38,010	88,873
CANADA EMERGENCY BUSINESS ACCOUNT (CEBA) LOAN PAYABLE (Note 9)	40,000	40,000
	78,010	128,873
NET ASSETS		
General Fund	317,126	208,174
Ontario Squash Hall of Fame Fund	9,804	21,901
	326,930	230,075
	\$ 404,940	\$ 358,948

LEASE COMMITMENTS (Note 14)

SUBSEQUENT EVENTS (Note 15)

ON BEHALF OF THE BOARD

 Director

 Director

See notes to financial statements

SQUASH ONTARIO
Statement of Revenues and Expenditures
Year Ended May 31, 2022

	2022	2021
REVENUES		
CEBA Loan Forgiveness (<i>Note 9</i>)	\$ -	\$ 20,000
Club Membership fees	49,038	19,256
Coaching clinic revenue	6,975	5,686
Development camp revenue	4,085	2,947
Donation revenue	25,777	16,333
Grant revenue (<i>Note 10</i>)	565,292	263,354
Individual membership fees	21,648	6,505
Interest Income	270	59
League sanction fees	1,804	-
Other Income	847	513
Special event revenue	32,099	-
Sponsorship & endorsements	51,500	3,500
Tournament revenue	154,415	-
Trade sales	4,494	4,561
	918,244	342,714
EXPENSES		
Advertising and promotion	3,792	1,398
Athlete development	39,313	11,019
Coaching expenses	6,846	5,692
Community Sport Club Funding	343,261	59,325
Insurance	8,018	4,847
Interest and bank charges	703	575
Meals and entertainment	25	67
Memberships	8,398	8,420
Officiating expenses	11,807	4,800
Office	12,770	9,908
Professional fees	15,567	13,726
Salaries and wages (<i>Note 11</i>)	164,514	101,079
Special event costs	35,611	2,296
Merchandise	11,214	5,167
Sponsorship expenses	18,939	-
Supplies	1,846	2,399
Tournament entry fees	138,090	-
Travel	675	-
	821,389	230,718
EXCESS OF REVENUES OVER EXPENSES	\$ 96,855	\$ 111,996

See notes to financial statements

SQUASH ONTARIO
Statement of Changes in Net Assets
Year Ended May 31, 2022

	2021 Balance	Excess of revenues over expenses	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

	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 Sachvie Fund	13,904	(13,904)	-	-
	\$ 118,079	\$ 111,996	\$ -	\$ 230,075

SQUASH ONTARIO
Statement of Cash Flows
Year Ended May 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 96,855	\$ 111,996
Changes in non-cash working capital:		
Accounts receivable	24,713	18,230
Inventory	(1,418)	2,160
Accounts payable and accrued liabilities	(8,093)	12,055
Prepaid expenses	8,760	(9,405)
Harmonized sales tax payable	(2,741)	2,641
Deferred income	(42,770)	31,336
	(21,549)	57,017
Cash flow from operating activities	75,306	169,013
INVESTING ACTIVITY		
Term deposits	(31)	(10,007)
FINANCING ACTIVITY		
Advances to related parties	-	(307)
INCREASE IN CASH FLOW	75,275	158,699
Cash - beginning of year	293,256	134,557
CASH - END OF YEAR	\$ 368,531	\$ 293,256

See notes to financial statements

SQUASH ONTARIO
NOTES TO FINANCIAL STATEMENTS
Year Ended May 31, 2022

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

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
-----------	------------------------------

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 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.

(continues)

SQUASH ONTARIO
NOTES TO FINANCIAL STATEMENTS
Year Ended May 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Mark Sachvie 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.

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.

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.

(continues)

SQUASH ONTARIO
NOTES TO FINANCIAL STATEMENTS
Year Ended May 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.
- 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, 2022.

(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.

(continues)

SQUASH ONTARIO
NOTES TO FINANCIAL STATEMENTS
Year Ended May 31, 2022

3. FINANCIAL INSTRUMENTS (continued)

(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. 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, 2021, the Organization purchased a one-year CIBC GIC which matured on January 27, 2022. The GIC had a principal value of \$10,000 and an interest rate of 0.20% and matured with a total value of \$10,020. The maturity of the GIC was redeemed for another GIC with a principal value of \$10,020 and an interest rate of 0.50% on January 27, 2022 with a maturity date of January 27, 2023. The value of the GIC as of May 31, 2022 is \$10,038 (2021 = \$10,007).

5. ACCOUNTS RECEIVABLE

Accounts receivable consists of:

	2022	2021
Trade receivables	\$ 3,054	\$ -
Government assistance receivable	-	22,480
CEWS receivable	-	5,287
	\$ 3,054	\$ 27,767

SQUASH ONTARIO
NOTES TO FINANCIAL STATEMENTS
Year Ended May 31, 2022

6. INVENTORY

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

	2022		2021
Opening inventory balance	\$ 12,446	\$	14,606
Purchases	12,632		3,007
Cost of goods sold	(11,214)		(5,167)
Ending inventory balance	\$ 13,864	\$	12,446

7. GOVERNMENT REMITTANCES PAYABLE OTHER THAN INCOME TAX

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

	2022		2021
Payroll liabilities	\$ 7,009	\$	10,224

8. DEFERRED INCOME

Deferred income consists of the following:

	2022		2021
Deferred membership fees	\$ -	\$	1,658
Deferred event revenues	22,500		15,928
Deferred government grant revenue	-		37,499
Other deferrred grant revenue	-		10,185
	\$ 22,500	\$	65,270

9. CANADA EMERGENCY BUSINESS ACCOUNT (CEBA) LOAN PAYABLE

During the prior year, 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. The company plans to repay this loan in full by December 31, 2023. As per the loan terms, the \$20,000 loan forgiveness has been included in income in the prior year; and thus, the balance payable at year-end is \$40,000.

SQUASH ONTARIO
NOTES TO FINANCIAL STATEMENTS
Year Ended May 31, 2022

10. GRANTS RECEIVED

The Organization received grants from the following government organizations:

	2022	2021
Ontario Government - Minister of Tourism, Culture and Sport Grant	\$ 134,880	\$ 134,880
Ontario Government - Other Grants	403,453	111,754
Ontario Government - Summer Jobs Grant	6,014	6,720
Canadian Tire Jumpstart Charities Grant	20,945	10,000
	\$ 565,292	\$ 263,354

11. 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 during the year which was applied to reduce the cost of wages in 2022 (2021 - \$103,997).

12. RELATED PARTIES

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

	2022	2021
<u>Related party transactions</u>		
Jamie Nicholls (A former employee of the Organization)		
Reimbursement of Organization expenses	\$ -	\$ 8,674

These transactions were 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.

13. EQUIPMENT

The Organization has capital assets consisting of the following:

	2022	2021
Cost	Accumulated amortization	Net book value
	Net book value	Net book value

(continues)

SQUASH ONTARIO
NOTES TO FINANCIAL STATEMENTS
Year Ended May 31, 2022

13. EQUIPMENT (continued)

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Equipment	\$ 2,708	\$ 2,708	\$ -	\$ -

14. LEASE COMMITMENTS

The Organization had a long term lease with respect to its premises which was \$1,736 per month and expired in 2020. Due to the COVID-19 ongoing pandemic, the Organization's landlord forgave the rent for the current and last fiscal year and no payments were required. The Organization is expecting to sign a renewed lease in September 2022.

Future minimum lease payments as at May 31, 2022 are not known until the new lease is made available.

15. SUBSEQUENT EVENTS

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

Management is uncertain of the effects of these changes on its financial statements and believes that any disturbance may be temporary; however, there is uncertainty about the length and potential impact of the disturbance.

As a result, we are unable to estimate the potential impact on the Organization's operations as at the date of these financial statements.