

MANITOBA BADMINTON ASSOCIATION INC. O/A BADMINTON MANITOBA

Financial Statements

May 31, 2016

August 23, 2016

INDEPENDENT AUDITORS' REPORT

To the Members of

Manitoba Badminton Association Inc. O/A Badminton Manitoba

I have audited the accompanying financial statements of Manitoba Badminton Associating Inc. O/A Badminton Manitoba, which comprise the statement of financial position as at May 31, 2016, and the statements of operations and surplus and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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 controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Basis for Qualified Opinion

In common with many charitable organizations, the Association derives revenue from fees and other income, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the Association and I am not able to determine whether any adjustments might be necessary to revenues, assets, liabilities and surplus as at May 31, 2016.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

(continued)

Independent Auditors' Report to the Members of Manitoba Badminton Association Inc. O/A Badminton
Manitoba (*continued*)

Qualified Opinion

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself concerning the completeness of the revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of Manitoba Badminton Association Inc. O/A Badminton Manitoba as at May 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Tony Gauthier CPA

Tony Gauthier, CPA, CA

MANITOBA BADMINTON ASSOCIATION INC. O/A BADMINTON MANITOBA

Statement of Financial Position

May 31, 2016

	2016	2015
ASSETS		
CURRENT		
Cash	\$ 85,752	\$ 89,652
Accounts receivable	14,958	20,789
Goods and Services Tax receivable	3,774	11,846
Prepaid expenses	18,241	11,970
Inventory	5,029	4,612
Due from National Tournament	-	5,000
	<u>127,754</u>	<u>143,869</u>
EQUIPMENT (Note 4)	<u>80</u>	<u>114</u>
	<u>\$ 127,834</u>	<u>\$ 143,983</u>
LIABILITIES AND SURPLUS		
CURRENT		
Accounts payable and accrued liabilities	\$ 12,835	\$ 25,787
DEFERRED REVENUE (Note 5)	<u>37,045</u>	<u>35,881</u>
	<u>49,880</u>	<u>61,668</u>
SURPLUS		
Surplus	<u>77,954</u>	<u>82,315</u>
	<u>\$ 127,834</u>	<u>\$ 143,983</u>

Executive Director

Director

MANITOBA BADMINTON ASSOCIATION INC. O/A BADMINTON MANITOBA**Statement of Operations and Surplus****Year Ended May 31, 2016**

	2016	2015
REVENUE		
Grants (<i>Schedule 1</i>)	\$ 192,413	\$ 203,680
Fees (<i>Schedule 3</i>)	206,863	185,044
Other income (<i>Schedule 4</i>)	10,153	21,477
	<u>409,429</u>	<u>410,201</u>
EXPENSES		
Program Expenses (<i>Schedule 5</i>)	304,584	344,404
General and Administration (<i>Schedule 8</i>)	103,106	101,428
Endowment Fund	-	3,000
Bingo grants paid - individual	4,525	3,600
Bingo grants paid - club	1,575	-
	<u>413,790</u>	<u>452,432</u>
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES	(4,361)	(42,231)
SURPLUS - BEGINNING OF YEAR	32,650	74,881
SURPLUS - END OF YEAR	\$ 28,289	\$ 32,650

MANITOBA BADMINTON ASSOCIATION INC. O/A BADMINTON MANITOBA

Statement of Operations and Surplus

Year Ended May 31, 2016

	2016	2015
NET ASSETS		
BEGINNING OF YEAR	\$ 82,315	\$ 74,881
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES	(4,361)	7434
NET ASSETS - END OF YEAR	\$ 77,954	\$ 82,315

MANITOBA BADMINTON ASSOCIATION INC. O/A BADMINTON MANITOBA

Statement of Cash Flows

Year Ended May 31, 2016

	2016	2015
CASH PROVIDED BY (USED FOR) THE FOLLOWING ACTIVITIES:		
OPERATING ACTIVITIES		
(Deficiency) excess of revenue over expenses	\$ (4,361)	\$ 7,434
Amortization	34	49
	(4,327)	7,483
Changes in working capital accounts		
Accounts receivable	5,831	(6,873)
Goods and Services Tax receivable	8,072	(4,474)
Inventory	(417)	4,829
Prepaid expenses	(6,271)	2,595
Due from National Tournament	5,000	(5,000)
Accounts payable and accrued liabilities	(12,952)	18,756
Deferred revenue	1,164	(13,532)
(DECREASE) INCREASE IN CASH	(3,900)	3,784
CASH - BEGINNING OF YEAR	89,652	85,868
CASH - END OF YEAR	\$ 85,752	\$ 89,652

Manitoba Badminton Association Inc. O/A Badminton Manitoba

Notes to Financial Statements

Year Ended May 31, 2016

1. NATURE OF ASSOCIATION

Manitoba Badminton Association Inc. (the "Association") is a not-for-profit corporation organized without sham capital for the purpose of administering, managing and promoting badminton in the Province of Manitoba. As such, it is exempt from income tax under section 149(1) of the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

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 reporting period. Such estimates are periodically reviewed and, as adjustments become necessary they are reported in operations in the periods in which they become known. Actual results could differ from these estimates.

Financial instruments

The Association initially measures its financial assets and financial liabilities at fair value. It subsequently measures all of its financial assets and financial liabilities at amortized cost.

The financial assets subsequently measured at amortized cost include cash, accounts receivable and Goods and Services Tax receivable. The financial liabilities measured at amortized cost include accounts payable and accrued liabilities. Transactions costs associated with these financial instruments are expensed when incurred.

Capital Assets

The Association does not capitalize nor amortize owned assets, except for computer equipment. Computer equipment is amortized at the rate of 30% per annum, on a declining basis.

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Manitoba Badminton Association Inc. O/A Badminton Manitoba

Notes to Financial Statements

Year Ended May 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue Recognition

The Association follows the deferral method of accounting for grants and contributions.

Grants and contributions revenue for specific projects is recognized and matched with expenses related to those specific projects in the year which the projects occur. Other revenue is recorded on an accrual basis. Unrestricted grants and contributions and all other receipts are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collections is reasonably assured.

Donated or volunteer services

No amount has been reflected in the financial statements for donated or volunteer services since an objective basis is not available to measure the value of such services.

3. 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. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The allowance for doubtful accounts at May 31, 2016 is \$nil (2015 - \$nil). The Association has a significant number of customers which minimizes concentration of credit risk.

Liquidity Risk

Liquidity risk is the risk that the Association will not be able to meet its obligations as they come due. The Association minimizes its liquidity risk by preparing budgets and monitoring cash flow requirements.

Manitoba Badminton Association Inc. O/A Badminton Manitoba

Notes to Financial Statements

Year Ended May 31, 2016

4. EQUIPMENT

	2016		2015	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 12,013	\$ 11,933	\$ 12,013	\$ 11,899
Net book value	\$80		\$114	

5. DEFERRED CONTRIBUTIONS

Deferred revenue consists of specific funds received prior to May 31, 2016 that are designated to fund operations and programs in the subsequent year(s).

	2016	2015
Camp registrations and memberships	\$ 29,555	\$ 14,555
Urban Green Team Grant	7,490	20,876
Sport Manitoba-Intern Canada Summer Games	-	450
	\$ 37,045	\$ 35,881

6. ECONOMIC DEPENDENCE

The Association's ability to continue as a viable operation relies on the continued funding and support from Sport Manitoba. The grants from Sport Manitoba represent 40% (2015 - 40%) of the total revenue.

MANITOBA BADMINTON ASSOCIATION INC. O/A BADMINTON MANITOBA

Schedule 1

Schedule of Grants

Year Ended May 31, 2016

	2016	2015
Sport Manitoba (<i>Schedule 2</i>)	\$ 134,279	\$ 139,278
Canada Summer Jobs	4,794	3,689
Manitoba Aboriginal Sport and Recreation Council	3,167	10,000
Manitoba Lotteries	31,500	30,600
Province of Manitoba - Sport Secretariat	4,500	10,000
Province of Manitoba - Urban Green	10,730	9,413
Winnipeg Tourism	3,043	0
Sport Medicine Council of Manitoba	400	700
	\$ 192,413	\$ 203,680

MANITOBA BADMINTON ASSOCIATION INC. O/A BADMINTON MANITOBA

Schedule 2

Schedule of Sport Manitoba Grants

Year Ended May 31, 2016

	2016	2015
Athlete assistance	\$ 1,750	\$ 500
Base funding	60,000	64,167
Bilateral funding	17,000	6,451
Canada Winter Games	-	15,881
Coaching	-	4,932
Developing physical literacy	9,500	8,000
Developing talent	10,500	10,500
Enrichment	9,359	9,600
High performance coaching	15,000	15,000
Hosting	2,500	2,000
Regional development	444	-
Special initiative	1,500	2,000
Western Canada Summer Games	6,726	247
	\$ 134,279	\$ 139,278

MANITOBA BADMINTON ASSOCIATION INC. O/A BADMINTON MANITOBA

Schedule 3

Schedule of Fees

Year Ended May 31, 2016

	2016	2015
Access program	\$ 38,573	\$ 35,519
Canada Winter Games	-	8,595
Coachers' clinics	190	2,710
Clinics - school and clubs	4,123	1,725
Winnipeg Tourism	-	-
Manitoba Winter Games	-	-
Membership	12,482	16,490
Summer camps	23,476	27,580
Tournaments	117,959	87,755
Western Canadian Summer Games	5,100	1,370
Western Canadian team champion	4,960	3,300
	<u>\$ 206,863</u>	<u>\$ 185,044</u>

MANITOBA BADMINTON ASSOCIATION INC. O/A BADMINTON MANITOBA

Schedule 4

Schedule of Other Income

Year Ended May 31, 2016

	2016	2015
Awards banquet	\$ 1,980	\$ 3,475
Fundraising (net)	1,287	682
Interest income	236	275
Merchandise sales	2,565	2,855
Other	135	9,612
Sponsorship	3,950	4,578
	<u>\$ 10,153</u>	<u>\$ 21,477</u>

MANITOBA BADMINTON ASSOCIATION INC. O/A BADMINTON MANITOBA

Schedule 5

Schedule of Programming Expenses

Year Ended May 31, 2016

	2016	2015
Developing Talent (<i>Schedule 6</i>)	\$ 155,551	\$ 201,707
Developing Physical Literacy (<i>Schedule 7</i>)	91,454	122,904
Active for Life Programs	43,345	-
Athlete assistance	1,750	500
Awards banquet	3,552	4,423
Coaches' development	2,518	8,141
Officials development	2,055	-
Marketing and Promotions	2,461	-
Equipment purchased	793	608
Winnipeg Tourism	-	-
Jr committee expenses	1,105	931
	<u>\$ 304,584</u>	<u>\$ 339,214</u>

MANITOBA BADMINTON ASSOCIATION INC. O/A BADMINTON MANITOBA

Schedule 6

Schedule of Performance Pathway

Year Ended May 31, 2016

	2016	2015
Canada winter games	\$ -	\$ 45,179
Western Canada summer games	17,164	-
High performance	24,220	15,170
Identified player	7,101	12,672
Provincial coach salary	50,989	48,521
Travel grant - athletes	3,306	1,270
Tournaments		
Banquet	5857	8242
Facilities	6,492	9,163
Officials	2,344	17,389
Operating costs	2,988	13,271
Promotion and marketing	1,440	1,687
Entry fees	7,542	12,800
Awards & prizes	7,294	244
Travel	844	7,637
Souvenirs	751	766
Other	17,219	7,696
	<u>\$ 155,551</u>	<u>\$ 201,707</u>

MANITOBA BADMINTON ASSOCIATION INC. O/A BADMINTON MANITOBA

Schedule of Sport Initiation

Schedule 7

Year Ended May 31, 2016

	2016	2015
Active for life	\$ 2,889	\$ 35,289
Bi-lateral	17,017	19,325
Developmental winter	17,414	12,734
Summer camps	10,284	14,004
Summer camps - staffing	30,373	22,910
	<u>77,977</u>	<u>104,262</u>
Tournaments - Active for Life		
Officials	-	305
Entry fees	2,266	2,333
Other	-	1,073
	<u>2,266</u>	<u>3,711</u>
Tournaments-Developing Physical Literacy		
Facilities	2,076	1,527
Officials	2,840	3,056
Awards & prizes	3,342	5,412
Other	2,953	4,936
	<u>11,211</u>	<u>14,931</u>
	<u>\$ 91,454</u>	<u>\$ 122,904</u>

MANITOBA BADMINTON ASSOCIATION INC. O/A BADMINTON MANITOBA

Schedule of General and Administration Expenses

Schedule 8

Year Ended May 31, 2016

	2016	2015
Office Administration		
Supplies	\$ 1,048	\$ 1,247
Postage and courier	337	347
Printing/photocopying	259	265
Telephone/fax/internet	2,192	2,218
Website	684	780
Staffing		
Executive Director - salary and benefits	52,600	50,602
Support Staff - salary and benefits	14,013	9,334
Parking/payroll fees	2,576	2,511
General		
Amortization	34	49
Awards and prizes	1,607	2,070
Bank charges and interest	694	619
Equipment	3,696	1,547
Fees/chargebacks - paypal	2,820	2,871
Insurance	2,489	2,305
Meetings	2,339	1,390
Membership/affiliation	7,196	6,650
Merchandise purchases	2,696	531
Professional fees	5,334	15,602
Storage	492	490
	<u>\$ 103,106</u>	<u>\$ 101,428</u>