

MANITOBA BADMINTON ASSOCIATION INC. O/A BADMINTON MANITOBA

Financial Statements

May 31, 2020

September 22, 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of Manitoba Badminton Association Inc. O/A Badminton Manitoba

Opinion

I have audited the financial statements of Manitoba Badminton Association Inc. O/A Badminton Manitoba (the Organization), which comprise the statement of financial position as at May 31, 2020 and the statements of operations, 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 my opinion, 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 its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Emphasis of Matter

Without modifying my conclusion, I draw attention to Note 9 to the financial statements, which describes the situation in the context of the COVID-19 global pandemic declared by the World Health Organization.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Organization in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with those requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Canadian accounting standards for not-for-profit organizations, 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 relating 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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Independent Auditor's Report to the Members of Manitoba Badminton Association Inc. O/A Badminton Manitoba
(continued)

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.



Chartered Professional Accountant
1515 One Lombard Place
Winnipeg MB R3B 0X3

MANITOBA BADMINTON ASSOCIATION INC. O/A BADMINTON MANITOBA**Statement of Financial Position****May 31, 2020**

	2020	2019
ASSETS		
CURRENT		
Cash	\$ 183,917	\$ 129,302
Accounts receivable (Note 4)	4,095	47,173
Prepaid expenses	9,512	8,095
Inventory	2,695	1,948
	\$ 200,219	\$ 186,518
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities (Note 5)	\$ 12,857	\$ 31,172
CEBA loan (Note 6)	40,000	-
DEFERRED REVENUE (Note 7)	9,899	17,482
	62,756	48,654
NET ASSETS	137,463	137,864
	\$ 200,219	\$ 186,518

Executive Director

Director

MANITOBA BADMINTON ASSOCIATION INC. O/A BADMINTON MANITOBA

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Statement of Operations

Year Ended May 31, 2020

	2020	2019
REVENUE		
Fees		
Tournament/Registrations	\$ 119,009	\$ 215,825
Memberships		
Clubs	3,812	2,358
Individual - National	3,124	4,684
Individual - Provincial	5,276	3,519
Individual - Regional	3,084	2,385
	<u>15,296</u>	<u>12,946</u>
	<u>134,305</u>	<u>228,771</u>
Grants		
Badminton Canada	13,250	1,000
Canada Summer Jobs	9,042	8,956
Government of Canada grant - UPIP	-	21,193
Province of Manitoba - Urban Green	9,940	11,638
Other	24,141	26,431
Sport Manitoba grants		
Sport program funding	35,300	34,800
Base funding	59,834	58,800
Bilateral funding	18,082	21,546
Canada Winter Games	2,400	12,000
Coaching	1,900	4,604
Sport Initiation	11,000	11,000
Performance Pathway	12,000	12,500
Enrichment	-	12,000
High Performance Coaching	15,000	15,000
Strategic Priorities - IFF	-	800
Regional Sport Development	2,085	500
	<u>157,601</u>	<u>183,550</u>
	<u>213,974</u>	<u>252,768</u>
Other		
Sponsorship	3,500	6,362
Sales	-	4,708
Athlete cost recovery	-	17,207
Interest	927	916
Transfer from Endowment Fund	-	1,287
Miscellaneous	2,430	3,179
	<u>6,857</u>	<u>33,659</u>
	<u>355,136</u>	<u>515,198</u>

Statement of Operations

Year Ended May 31, 2020

	2020	2019
REVENUE FROM PREVIOUS PAGE	\$ 355,136	\$ 515,198
EXPENSES		
Grants/Assistance		
Athlete grants	225	5,895
Other grants/Assistance	400	3,375
	<u>625</u>	<u>9,270</u>
Travel		
Ground	7,184	21,073
Air	1,137	30,923
Parking	3,706	4,587
Accommodations	5,791	24,753
Food and beverage	780	7,735
	<u>18,598</u>	<u>89,071</u>
Communication		
Telephone	1,557	1,775
Internet and website	1,708	1,774
Postage and courier	186	426
Advertising and promotion	3,739	5,633
	<u>7,190</u>	<u>9,608</u>
Supplies and services		
Printing/stationery	1,753	3,855
Office	247	92
Maintenance and repairs	-	342
Facility rentals	38,644	51,621
Equipment rentals	428	522
Professional services - accounting	7,627	8,676
Professional services - legal and other	199	235
Professional services - coaches	14,192	21,586
Professional services - PEP	7,169	11,191
Mentor	-	353
Other	1,745	5,120
	<u>72,004</u>	<u>103,593</u>
Service charges		
Bad debts	17	-
Interest and bank charges	963	387
Processing fees	3,253	3,029
	<u>4,233</u>	<u>3,416</u>
Other operating		
Computer hardware	456	107
Computer software	530	402
Other equipment	2,934	16,724
Food and beverage - events	9,776	24,991
Food and beverage - meeting and other	3,572	4,589
Insurance	2,848	2,374
Membership/affiliation fees	6,084	25,705
Honoraria - Officials	7,768	13,762
Honoraria - Coaching	1,780	2,571
Honoraria - Volunteers	150	635
Tournament host payout	46,750	-
Training and professional development	735	3,035
Uniform and clothing	2,324	13,788
Prizes	3,644	4,084
Souvenirs	70	5,716
Miscellaneous	3,517	3,952
	<u>92,938</u>	<u>122,435</u>
Salaries and benefits		
Administration - Executive Director	56,144	55,148
Administration - Casual	13,524	15,784
Coaching - Provincial	48,307	51,200
Coaching - Temporary	22,708	29,484
Employee benefits (CPP/EI)	19,266	19,815
	<u>159,949</u>	<u>171,431</u>
	<u>355,537</u>	<u>508,824</u>
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES	\$ (401)	\$ 6,374

MANITOBA BADMINTON ASSOCIATION INC. O/A BADMINTON MANITOBA

Statement of Net Assets

Year Ended May 31, 2020

	2020	2019
NET ASSETS		
BEGINNING OF YEAR	\$ 137,864	\$ 131,490
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES	(401)	6,374
NET ASSETS - END OF YEAR	\$ 137,463	\$ 137,864

MANITOBA BADMINTON ASSOCIATION INC. O/A BADMINTON MANITOBA**Statement of Cash Flows****Year Ended May 31, 2020**

	2020	2019
CASH PROVIDED BY (USED FOR) THE FOLLOWING ACTIVITIES:		
OPERATING ACTIVITIES		
(Deficiency) excess of revenue over expenses	\$ (401)	\$ 6,374
Changes in working capital accounts		
Accounts receivable	43,078	(28,518)
Inventory	(747)	377
Prepaid expenses	(1,417)	984
Accounts payable and accrued liabilities	(18,315)	7,447
Deferred revenue	(7,583)	(34,625)
Cash flow from operating activities	14,615	(47,961)
FINANCING ACTIVITIES		
Proceeds from long-term debt	40,000	-
INCREASE (DECREASE) IN CASH	54,615	(47,961)
CASH - BEGINNING OF YEAR	129,302	177,263
CASH - END OF YEAR	\$ 183,917	\$ 129,302

Manitoba Badminton Association Inc. O/A Badminton Manitoba

Notes to Financial Statements

Year Ended May 31, 2020

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, 2020

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, 2020 is \$nil (2019 - \$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, 2020

4. ACCOUNTS RECEIVABLE

	2020	2019
Members and other	\$ 1,674	\$ 22,316
Badminton Canada	-	3,921
Corporate	-	7,133
Endowment Fund	1,287	1,287
GST receivable	1,134	1,660
Sport Manitoba	-	1,800
Tourism Winnipeg	-	9,056
	\$ 4,095	\$ 47,173

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2020	2019
Individual and others	\$ 1,160	\$ 2,475
Badminton Canada	-	1,205
Corporate	-	7,680
Professional fees	5,670	3,015
Sport Manitoba	5,963	10,588
Visa payable	64	6,209
	\$ 12,857	\$ 31,172

6. CEBA LOAN

Loan bears interest at 0% until December 31, 2022. Repayment of loan in whole or in part can occur after July 1, 2020. \$10,000 (25%) of the \$40,000 loan is eligible for complete forgiveness if \$30,000 is fully repaid on or before December 31, 2022, it will be converted into a 3-year term loan, charging an interest rate of 5%. Interest payments are due monthly and the outstanding principal balance must be fully repaid no later than December 31, 2025.

7. DEFERRED REVENUE

Deferred revenue consists of specific funds received prior to May 31, 2020 that are designated to fund operations and programs in the subsequent year.

Manitoba Badminton Association Inc. O/A Badminton Manitoba

Notes to Financial Statements

Year Ended May 31, 2020

8. 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 44% (2019 - 36%) of the total revenue.

9. SUBSEQUENT EVENT – COVID-19 PANDEMIC

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 having multiple impacts on local, provincial and national organizations.

In accordance with directions of the regional health authorities, the Organization suspended operations on March 18, 2020 and staff working mostly remotely. Tournaments and coaching clinics were cancelled. Summer camp went ahead but with drastically low enrolment. Club play is not possible due to provincial restrictions surrounding community use of school gyms. In addition, Developmental Winter Program is on hold indefinitely and 2020-2021 tournaments are on hold.

The overall effect of this event on the Organization and its operations is too uncertain to be estimated at this time. Any economic impacts will be accounted for when they are known and may be assessed.
