

BRAMPTON MINOR BASEBALL INC

FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

INDEPENDENT AUDITOR'S REPORT

To the Members of Brampton Minor Baseball Inc:

Qualified Opinion

We have audited the financial statements of Brampton Minor Baseball Inc (the Entity), which comprise the statement of financial position as at September 30, 2019, and the statement of changes in net assets, statements of receipts and disbursements and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Brampton Minor Baseball Inc as at September 30, 2019, 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.

Basis for Qualified Opinion

Brampton Minor Baseball Inc's investment in Ontario Baseball Academy, a controlled entity accounted for by the equity method, is carried at \$130 on the statement of financial position as at September 30, 2019. We are unable to obtain sufficient appropriate audit evidence about the carrying amount of Brampton Minor Baseball Inc's investment in Ontario Baseball Academy as at September 30, 2019 and the financial summary disclosures of Ontario Baseball Academy's operations for the year then ended because the financial statements of Ontario Baseball Academy are unaudited. Consequently, we were unable to determine whether any adjustments to these amounts were necessary. This caused us to qualify our opinion on the financial statements as at and for the year ended September 30, 2018.

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 Entity in accordance with the ethical requirements that are relevant to our audit of 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 qualified opinion.

Responsibilities of Management and Those Charged with Governance 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 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

INDEPENDENT AUDITOR'S REPORT - continued

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 Entity'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 Entity'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 Entity 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.

Allworth + Associates

ALLWORTH & ASSOCIATES
CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

Oakville, Ontario
March 2, 2020

BRAMPTON MINOR BASEBALL INC

STATEMENT OF FINANCIAL POSITION

SEPTEMBER 30, 2019

	<u>2019</u>	<u>2018</u>
ASSETS		
Current		
Cash	\$ 79,469	\$ 99,841
Term deposits - note 2	104,668	103,324
Accounts receivable	12,138	4,817
Prepaid expenses	-	3,345
Advances to related party - note 4	<u>234,246</u>	<u>207,011</u>
	430,521	418,338
 Investment in Ontario Baseball Academy - note 6	 130	 130
 Property and equipment - note 3	 <u>2,074</u>	 <u>2,911</u>
	<u>\$ 432,725</u>	<u>\$ 421,379</u>
LIABILITIES		
Current		
Accounts payable - note 5	\$ 39,893	\$ 37,225
NET ASSETS		
Internally restricted net assets	\$ 45,929	\$ 35,394
Unrestricted net assets	<u>346,903</u>	<u>348,760</u>
	<u>392,832</u>	<u>384,154</u>
	<u>\$ 432,725</u>	<u>\$ 421,379</u>

Approved on behalf of the Board of Directors:

_____ Director

_____ Director

The accompanying notes are an integral part of these financial statements

BRAMPTON MINOR BASEBALL INC
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Internally Restricted</u>	<u>Unrestricted</u>	<u>2019</u>	<u>2018</u>
Net assets - beginning	\$ 35,394	\$ 348,760	\$ 384,154	\$ 351,895
Excess (deficiency) of receipts over disbursements	<u>10,535</u>	<u>(1,857)</u>	<u>8,678</u>	<u>32,259</u>
Net assets	<u>\$ 45,929</u>	<u>\$ 346,903</u>	<u>\$ 392,832</u>	<u>\$ 384,154</u>

The accompanying notes are an integral part of these financial statements

BRAMPTON MINOR BASEBALL INC

OPERATING FUND

STATEMENT OF RECEIPTS AND DISBURSEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>2019</u>	<u>2018</u>
Revenue		
Recreational league	\$ 200,645	\$ 230,476
Rep team	122,585	110,900
Select league	40,650	47,585
Sponsorship	40,160	40,395
Tournament	60,969	61,181
Interest	2,528	6,571
Store-shed and equipment sales	8,456	11,038
Registration discount	(1,270)	(440)
Gym rental	<u>826</u>	<u>-</u>
	475,549	507,706
Expenses		
Advertising and promotion	4,004	378
Amortization	838	730
Bank charges	14,038	14,070
Clinics - development	1,234	8,445
Coaches umpire certification	484	(245)
Diamond rentals	73,814	71,386
Equipment	47,103	36,116
Facility occupancy	13,961	13,996
Fees & charges	6,250	5,800
Foreign exchange (gain) loss	(259)	291
General & administration	12,685	12,182
Insurance	6,099	6,580
Office	1,569	1,439
Payroll	26,674	-
Pictures	4,740	4,587
Telephone	2,453	2,488
Tournaments	4,782	3,379
Trophies	10,904	14,966
Umpire	106,645	109,701
Uniforms	137,749	170,336
Workout facility rental	<u>1,639</u>	<u>1,627</u>
	<u>477,406</u>	<u>478,252</u>
(Deficiency) excess of receipts over disbursements	\$ <u>(1,857)</u>	\$ <u>29,454</u>

The accompanying notes are an integral part of these financial statements

BRAMPTON MINOR BASEBALL INC

INTERNALLY RESTRICTED FUNDS

STATEMENT OF RECEIPTS AND DISBURSEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Dave Dash Tournament		Rep National Fund		College Placement Fund		Challenger Baseball Fund		Player Development Fund		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Receipts	\$ 21,857	\$ 15,611	\$ 13,000	\$ 12,633	\$ 2,960	\$ 2,040	\$ 5,035	\$ 8,504	\$ -	\$ -	\$ 42,852	\$ 38,788
Tournament costs	17,142	10,904	4,267	10,087	-	-	3,397	3,577	4,511	-	29,317	24,568
Donations	<u>-</u>	<u>9,415</u>	<u>-</u>	<u>-</u>	<u>3,000</u>	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,000</u>	<u>11,415</u>
Total disbursements	<u>17,142</u>	<u>20,319</u>	<u>4,267</u>	<u>10,087</u>	<u>3,000</u>	<u>2,000</u>	<u>3,397</u>	<u>3,577</u>	<u>4,511</u>	<u>-</u>	<u>32,317</u>	<u>35,983</u>
Excess (deficiency) of receipts over disbursements	4,715	(4,708)	8,733	2,546	(40)	40	1,638	4,927	(4,511)	-	10,535	2,805
Transfers	-	-	-	-	-	1,321	-	4,100	-	4,511	-	9,932
Opening fund balance	<u>4,708</u>	<u>9,416</u>	<u>15,108</u>	<u>12,562</u>	<u>2,040</u>	<u>679</u>	<u>9,027</u>	<u>-</u>	<u>4,511</u>	<u>-</u>	<u>35,394</u>	<u>22,657</u>
Closing fund balance	<u>\$ 9,423</u>	<u>\$ 4,708</u>	<u>\$ 23,841</u>	<u>\$ 15,108</u>	<u>\$ 2,000</u>	<u>\$ 2,040</u>	<u>\$ 10,665</u>	<u>\$ 9,027</u>	<u>\$ -</u>	<u>\$ 4,511</u>	<u>\$ 45,929</u>	<u>\$ 35,394</u>

The accompanying notes are an integral part of these financial statements

BRAMPTON MINOR BASEBALL INC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>2019</u>	<u>2018</u>
Cash from operating activities:		
Excess of receipts over disbursements	\$ 8,678	\$ 32,259
Amortization	<u>838</u>	<u>730</u>
	9,516	32,989
Changes in non-cash working capital balances:		
Accounts receivable	(7,321)	(2,264)
Prepaid expenses	3,345	2,498
Accounts payable and accrued liabilities	<u>2,667</u>	<u>21,641</u>
	<u>(1,309)</u>	<u>21,875</u>
Net cash generated through operating activities	8,207	54,864
Investing activities		
(Increase) decrease in term deposits	(1,344)	101,109
(Increase) in investment in Ontario Baseball Academy	-	(120)
Advances to controlled company	(27,235)	(207,011)
Purchase of capital assets	<u>-</u>	<u>(1,749)</u>
Net cash (used) in investing activities	<u>(28,579)</u>	<u>(107,771)</u>
Net (decrease) in cash	(20,372)	(52,907)
Cash - beginning	<u>99,841</u>	<u>152,748</u>
Cash	<u>\$ 79,469</u>	<u>\$ 99,841</u>

The accompanying notes are an integral part of these financial statements

BRAMPTON MINOR BASEBALL INC
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

The purpose of the organization is to provide the opportunity for youth to participate in amateur baseball, within the geographical boundaries stipulated herein, to develop and encourage good sportsmanship and fellowship between all participants for the betterment of their physical, mental and social well being and to sponsor and promote such athletic, social and other activities as may contribute to the moral and financial welfare of the organization.

Brampton Minor Baseball Inc was incorporated on November 26, 1985. For Canadian income tax purposes the Corporation qualifies as a not-for-profit organization which is exempt from income tax under the Income Tax Act.

1. Summary of significant accounting policies

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

Accrual basis of accounting

Revenues and expenses are recorded on the accrual basis, whereby they are reflected in the accounts in the period in which they have been earned and incurred respectively, whether or not such transactions are settled by the receipt or payment of money.

Fund accounting

The organization uses the deferral method of accounting and reports on a fund accounting basis. The funds maintained are as follows:

- (i) Unrestricted fund - includes results of day-to-day operating transactions and all unrestricted contributions;
- (ii) Internally restricted funds - includes revenues and expenses internally restricted by the Board of Directors to fund various projects

Property and equipment

Property and equipment is recorded at cost less accumulated amortization. The Organization provides for amortization using methods and rates designed to amortize the cost of the property and equipment over their estimated useful lives. The annual amortization rates and methods are as follows:

Computer equipment	- 55% declining balance
Equipment and fixtures	- 20% declining balance

In the year of acquisition of an asset, amortization is calculated at 50% of the normal rate.

BRAMPTON MINOR BASEBALL INC
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

Investment in Ontario Baseball Academy

The investment in Ontario Baseball Academy is recorded using the equity method.

Revenue recognition

The organization follows the deferral method of accounting for contributions. Restricted revenues are recognized as revenue in the year in which the related expenses are incurred. Unrestricted revenues are recognized as revenue when received or receivable if the amount to be received can reasonably be estimated and collection is reasonably assured.

Registration, tournament, and sponsorship fees are recognized as revenue in the fiscal year to which they relate. Store-shed and equipment sales are recognized when the product has been delivered to the customer. Coaches certification and other income is recognized as revenue when the related services have been provided. Interest on investments is accrued as earned.

Foreign currency transactions

The organization uses the temporal method to translate transactions that are denominated in a foreign currency. The organization has expenses that are settled in U.S. dollars. Expenses are translated to Canadian dollar equivalents at exchange rates prevailing when the transactions occur. Monetary assets and liabilities are translated at current rates as at the balance sheet date. Other assets and liabilities are translated at exchange rates prevailing when the transaction occurs.

Contributed materials and services

Volunteers contribute time each year to assist the organization in carrying out its service delivery activities. Because of the difficulty in determining fair value, contributed services are not recognized in the financial statements. Contributed materials are not recognized in the financial statements.

Estimates

The preparation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO) requires that management make estimates and assumptions that affect the amounts reported and the disclosures in the notes. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

BRAMPTON MINOR BASEBALL INC
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

Summary of significant accounting policies - continued

The valuation of accounts receivable is based on management's best estimate of the provision for bad debts. The valuation of property and equipment is based on management's best estimates of the future recoverability of these assets and the determination of costs subject to classification as property and equipment. The amounts recorded for amortization of the property and equipment are based on management's best estimates of the remaining useful lives and period of future benefit of the related assets.

Financial instruments

The organization initially measures its financial assets and financial liabilities at fair value. The initiation of financial instruments with related parties is measured at the exchange amount agreed to between the two parties. The organization subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, term deposits, accounts receivable, and advances to related party. Financial liabilities measured at amortized cost include accounts payable.

2. Term deposits

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Cost</u>
TD Special Offer GIC	October 25, 2019	1.30%	\$ 103,085
Accrued interest earned to date			<u>1,583</u>
Carrying value of investments at September 30, 2019			<u>\$ 104,668</u>

3. Property and equipment

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>2019</u>	<u>2018</u>
Computer equipment	\$ 1,007	\$ 678	\$ 329	\$ 730
Equipment and fixtures	<u>4,027</u>	<u>2,282</u>	<u>1,745</u>	<u>2,181</u>
	<u>\$ 5,034</u>	<u>\$ 2,960</u>	<u>\$ 2,074</u>	<u>\$ 2,911</u>

BRAMPTON MINOR BASEBALL INC

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

4. Advances to related party

During the year, the organization advanced funds to Ontario Baseball Academy. The advances are unsecured, non-interest bearing, and due on demand.

5. Accounts payable

	<u>2019</u>	<u>2018</u>
Trade payables and accrued liabilities	\$ 39,253	\$ 37,225
Government remittances	640	-
	<u>\$ 39,893</u>	<u>\$ 37,225</u>

6. Controlled entity and related party

Brampton Minor Baseball Inc controls Ontario Baseball Academy which operates under the name Upper Deck Baseball Academy. Ontario Baseball Academy is a for-profit corporation under the Income Tax Act. Ontario Baseball Academy provides an indoor baseball facility for those in Brampton and the surrounding area to allow for a safe and fun environment to enjoy baseball throughout the year. In addition, Ontario Baseball Academy sells merchandise including uniforms and equipment to participants in Brampton Minor Baseball Inc leagues. Brampton Minor Baseball Inc owns 100% of the share capital in Ontario Baseball Academy.

Ontario Baseball Academy has not been consolidated in these financial statements. The following represents summary information from the subsidiary's unaudited financial statements as at September 30, 2019 and 2018 and for the years then ended:

Ontario Baseball Academy (unaudited)

	<u>2019</u>	<u>2018</u>
Balance Sheet (unaudited)		
Total assets	\$ 145,954	\$ 158,164
Total liabilities	<u>247,599</u>	<u>226,525</u>
Total equity	<u>\$ (101,645)</u>	<u>\$ (68,361)</u>
Income Statement (unaudited)		
Total revenues	\$ 254,582	\$ 55,197
Total expenses	<u>287,878</u>	<u>80,608</u>
Net (loss)	<u>\$ (33,296)</u>	<u>\$ (25,411)</u>
Cash flows (unaudited)		
Cash from operating activities	\$ (9,952)	\$ (36,113)
Cash from investing activities	639	-
Cash from financing activities	-	<u>36,708</u>
Net increase in cash	<u>\$ (9,313)</u>	<u>\$ 595</u>

BRAMPTON MINOR BASEBALL INC
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

Controlled entity and related party (continued)

Total revenue for Brampton Minor Baseball Inc include the following amounts paid by Ontario Baseball Academy, a related party:

Sponsorship	\$1,040
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Total expenses of Brampton Minor Baseball Inc include the following amounts paid to Ontario Baseball Academy, a related party:

Coaches umpire certification	\$1,215
Clinics - development	\$13,933
Diamond rentals	\$1,322
Facility occupancy	\$243

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.

The net loss from Ontario Baseball Academy (the investee) was not recorded on the books of Brampton Minor Baseball Inc (the investor) because the investor has not guaranteed the obligations of the investee, the investor has not committed to provide further support and the investee is not assured of imminently returning to profitability.

7. Financial Instruments

The organization's financial instruments consist of cash, term deposits, accounts receivable, advances to related party, and accounts payable. The fair value of current financial assets and current financial liabilities approximates their carrying value due to their short term to maturity.

Liquidity risk

The organization does have liquidity risk in the accounts payable of \$39,893 (2018 - \$37,225). Liquidity risk is the risk that the organization cannot repay its obligations when they become due to its creditors. The organization reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due and by maintaining access to a sufficient cash balance to repay trade creditors. In the opinion of management, the liquidity risk exposure to the organization is low. This risk is unchanged from the prior year.

BRAMPTON MINOR BASEBALL INC
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

Financial Instruments (continued)

Credit risk

The organization does have credit risk in the accounts receivable and advances to related party of \$246,384 (2018- \$211,828). Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The organization reduces its exposure to credit risk by following up overdue accounts on a timely basis and creating an allowance for bad debts when applicable. In the opinion of management, the credit risk exposure to the organization is low. This risk is unchanged from the prior year.

The organization also has a credit risk relating to cash and term deposits, which it manages by dealing with large chartered banks in Canada and investing in highly liquid investments. The organization's objective is to minimize its exposure to credit risk in order to prevent losses on financial assets by placing its investments in highly liquid investments that are insurable by the Canadian Investor Protection Fund (CIPF). The corporation's cash carrying value is \$79,469 (2018 - \$99,841) and term deposits carrying value is \$104,668 (2018 - \$103,324), representing the maximum exposure to credit risk of these financial assets. This risk is unchanged from the prior year.

Currency risk

The organization is exposed to currency risk in United States dollars. As at September 30, 2019, cash balances of \$240 (2018 - \$893) were converted into Canadian dollars for inclusion in the balance sheet. A currency risk is the risk that the exchange rate that was in effect on the date that an obligation in a foreign currency was made by the organization to a vendor is different at the time of settlement than it was at the time the obligation was determined. The organization reduces its exposure to the currency risk by carefully monitoring exchange rates on obligations that are made by the company and buying United States dollars the same day that the obligation was determined and paying the obligation the same day. In the opinion of management the currency risk exposure to the organization is low.