

ONTARIO VOLLEYBALL ASSOCIATION
Financial Statements
Year Ended August 31, 2022

ONTARIO VOLLEYBALL ASSOCIATION
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Year Ended August 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Members of Ontario Volleyball Association

Opinion

We have audited the financial statements of Ontario Volleyball Association (the Association), which comprise the statement of financial position as at August 31, 2022, and the statements of changes in net assets, revenues and expenditures and cash flow 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 Association as at August 31, 2022, and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 Association in accordance with the 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 those 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 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

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

(continues)

Jeremy A. Giles CPA, CA Lissa Savage CPA, CA, CPA (Illinois)

Mark Snyders CPA, CA Dillon O'Henly CPA, CA

James B. MacNeill FCPA, FCA, CFP (Counsel) Robert F. Edmundson CPA, CA (Retired)

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 Association'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 Association'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 Association 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.

London, Ontario
November 22, 2022

MacNeill Edmundson
PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANTS
Authorized to practise public accounting by
the Chartered Professional Accountants of Ontario

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ONTARIO VOLLEYBALL ASSOCIATION
Statement of Financial Position
August 31, 2022

	2022	2021
ASSETS		
CURRENT		
Cash	\$ 1,218,075	\$ 1,055,639
Investments (Note 2)	-	115,295
Accounts receivable (Note 12)	274,315	308,888
Inventory	-	4,318
Interest receivable	6,179	25,938
Harmonized sales tax recoverable	115,292	-
Prepaid expenses	224,032	167,850
	1,837,893	1,677,928
CAPITAL ASSETS (Note 3)	133,930	187,998
INTANGIBLE ASSETS (Note 4)	-	9,000
LONG TERM INVESTMENTS (Note 2)	495,479	435,088
DEPOSITS	366,785	135,891
	\$ 2,834,087	\$ 2,445,905
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 647,933	\$ 344,519
Harmonized sales tax payable	-	1,471
Deferred revenue (Note 5)	252,789	120,084
Payable to members	419,632	368,675
	1,320,354	834,749
DEFERRED REVENUE (Note 5)	8,202	10,202
	1,328,556	844,951
NET ASSETS		
Contingency reserve fund	1,505,531	1,600,954
	\$ 2,834,087	\$ 2,445,905

ON BEHALF OF THE BOARD


 _____ Director


 _____ Director

ONTARIO VOLLEYBALL ASSOCIATION
Statement of Changes in Net Assets
Year Ended August 31, 2022

	2022	2021
NET ASSETS - BEGINNING OF YEAR	\$ 1,600,954	\$ 1,610,644
Deficiency of revenue over expenditures	<u>(95,423)</u>	<u>(9,690)</u>
NET ASSETS - END OF YEAR	<u>\$ 1,505,531</u>	<u>\$ 1,600,954</u>

ONTARIO VOLLEYBALL ASSOCIATION
Statement of Revenues and Expenditures
Year Ended August 31, 2022

	2022	2021
REVENUE		
Programs - tournaments, fees and other	\$ 4,142,506	\$ 619,744
Grants - Government of Ontario	1,126,582	663,237
Memberships	554,487	133,587
Grants - Other	225,185	114,905
Sponsorships	110,433	14,125
Other income	57,518	44,517
Canada Emergency Wage Subsidy (<i>Note 12</i>)	15,079	551,852
Publication sales	3,313	622
Fundraising	2,886	243
Canada Emergency Rent Subsidy	1,408	66,095
Grants - Trillium Fund	-	80,671
Investment income (loss)	(51,105)	10,956
	6,188,292	2,300,554
EXPENDITURES		
Programs (<i>Notes 12, 14</i>)	5,050,247	1,492,533
Other administrative costs (<i>Note 15</i>)	773,036	362,968
Administrative salaries and benefits (<i>Note 12</i>)	328,777	328,097
Communications	43,617	69,900
Amortization of capital assets	41,551	41,551
Special events	23,213	20,271
Meetings	16,696	14,923
Publication costs	6,578	1
	6,283,715	2,330,244
DEFICIENCY OF REVENUE OVER EXPENDITURES FROM OPERATIONS	(95,423)	(29,690)
OTHER INCOME		
Debt forgiveness (<i>Note 6</i>)	-	20,000
DEFICIENCY OF REVENUE OVER EXPENDITURES	\$ (95,423)	\$ (9,690)

ONTARIO VOLLEYBALL ASSOCIATION
Statement of Cash Flow
Year Ended August 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Deficiency of revenue over expenditures	\$ (95,423)	\$ (9,690)
Items not affecting cash:		
Amortization of capital assets	41,551	41,551
Amortization reported under program expenses	21,516	63,504
	<u>(32,356)</u>	<u>95,365</u>
Changes in non-cash working capital:		
Accounts receivable	34,573	(39,604)
Interest receivable	19,759	4,326
Inventory	4,318	12
Accounts payable and accrued liabilities	303,416	169,962
Deferred revenue	132,705	(37,102)
Prepaid expenses	(56,182)	(126,016)
Harmonized sales tax recoverable	(116,763)	(94)
Deferred revenue - long-term	(2,000)	(50,000)
Payable to members	50,957	(15,870)
	<u>370,783</u>	<u>(94,386)</u>
Cash flow from operating activities	<u>338,427</u>	<u>979</u>
INVESTING ACTIVITIES		
Proceeds on disposal of capital assets	-	5,750
Purchase of intangible assets	-	(15,000)
Net (increase) decrease in deposits	(230,895)	-
Net (increase) decrease in investments	54,904	(12,868)
	<u>(175,991)</u>	<u>(22,118)</u>
Cash flow used by investing activities	<u>(175,991)</u>	<u>(22,118)</u>
FINANCING ACTIVITY		
Net increase (decrease) in long term debt	-	(40,000)
	<u>162,436</u>	<u>(61,139)</u>
INCREASE (DECREASE) IN CASH FLOW	162,436	(61,139)
Cash - beginning of year	<u>1,055,639</u>	<u>1,116,778</u>
CASH - END OF YEAR	\$ 1,218,075	\$ 1,055,639

ONTARIO VOLLEYBALL ASSOCIATION
Notes to Financial Statements
Year Ended August 31, 2022

PURPOSE OF THE ORGANIZATION

Ontario Volleyball Association ("the Association") is a provincial organization operating programs to lead in the development and promotion of the sport throughout Ontario. Ontario Volleyball Association is incorporated in the province of Ontario under the Corporations Act as a not-for-profit organization.

1. ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Fund accounting

Contingency Reserve Fund

The objective of the contingency reserve fund is to maintain funds sufficient to meet the Association's annual working capital requirements and any planned future capital commitments. This reserve was established to ensure that the Association will be able to continue to operate as a going concern.

Revenue recognition

The Association follows the deferral method of accounting for grants. Grants are recognized as revenue in the year in which the related expenses are incurred. Program fees are recognized as revenue when the programs are held. Investment income includes interest income, realized investment gains and losses, and unrealized gains.

Donated services

The Association benefits greatly from donated services in the form of volunteer work to assist the Ontario Volleyball Association in carrying out its service delivery activities. Because of the difficulty in determining their fair value, donated services are not recognized in the financial statements.

Inventory

Inventory consists of books, manuals, score sheets and miscellaneous items necessary for the conduct of the Organization's operations. Inventory is valued at the lower of cost and net realizable value with the cost being valued using the weighted average method.

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ONTARIO VOLLEYBALL ASSOCIATION
Notes to Financial Statements
Year Ended August 31, 2022

1. ACCOUNTING POLICIES *(continued)*

Capital assets

Capital assets are recorded at cost. Amortization is provided on the basis and at the annual rates indicated as follows:

Equipment	10 years	straight-line method
Volleyball courts and equipment	10 years	straight-line method
Improvements to beach volleyball courts under license	over license term	straight-line method
Leasehold improvements	over lease term	straight-line method

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.

Financial instruments

Measurement of financial instruments

The Association initially measures its financial assets and financial liabilities at fair value.

The Association subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash, investments, accounts receivable and interest receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and amounts payable to members.

Deferred government assistance

Capital asset grants are accounted for as deferred government assistance and amortized on the same basis as the related capital assets.

ONTARIO VOLLEYBALL ASSOCIATION
Notes to Financial Statements
Year Ended August 31, 2022

2. INVESTMENTS

	2022	2021
Fixed Income Investments (at cost)	\$ 570,661	\$ 550,383
Less: change in fair market value	(75,182)	-
Less: Long-term portion	(495,479)	(435,088)
Current portion - maturing in the next 12 months	\$ -	\$ 115,295

Investments consist of GIC's and bonds that mature from March 2025 to June 2031 and earn interest at rates between 1.55% and 2.93% annually.

3. CAPITAL ASSETS

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Equipment	\$ 33,645	\$ 33,645	\$ -	\$ -
Volleyball courts and equipment	602,095	513,780	88,315	126,855
Improvements to beach volleyball courts under license	228,649	193,296	35,353	47,869
Leasehold improvements	28,486	18,224	10,262	13,274
	\$ 892,875	\$ 758,945	\$ 133,930	\$ 187,998

4. INTANGIBLE ASSETS

	2022	2021
Licenses - cost	\$ 45,000	\$ 45,000
Licenses - accumulated amortization	(45,000)	(36,000)
	\$ -	\$ 9,000

Licenses include a license agreement with the City of Pickering for the use of 5 beach volleyball courts from May 1, 2018 to September 30, 2022. The license is being amortized straight line over the term.

An additional \$15,000 was paid in the prior year to support a bid proposal to be made to the city of Pickering for a licence agreement from May 1, 2023 to September 30, 2027. The amount has been deemed impaired and fully amortized in the current year.

ONTARIO VOLLEYBALL ASSOCIATION
Notes to Financial Statements
Year Ended August 31, 2022

5. DEFERRED REVENUE

Deferred revenue represents monies received prior to the year end which relate to events which will not occur until after year end, or specifically will be designated as subsequent year revenues.

	2022	2021
Ontario championships travel fund	\$ 80,023	\$ 13,543
Ontario Trillium Foundation	75,000	-
Ministry of Tourism, Culture and Sport - OCSRF	34,003	34,003
Other fund previously Performance bonds	23,900	23,900
Programs - tournaments, fees and other	23,393	35,000
Ashbridges Bay Beach Volleyball	14,470	11,638
Solars Fund	10,202	12,202
Subtotal	260,991	130,286
Current portion of deferred revenue	(252,789)	(120,084)
Long term portion of deferred revenue	\$ 8,202	\$ 10,202

Performance bonds payable represent amounts collected from all clubs for ongoing participation in the Association's programs. These funds were collected at the time of registration. In a prior year, the Association eliminated the requirement for performance bonds and refunded bonds where possible. The remaining funds will be used for operational indoor club volleyball.

Previously, a volleyball club contributed \$18,500 to the Association for its use. The Association has decided that the funds along with other internal fund contributions will be used for athlete assistance for athletes who are national team candidates. This fund is known as the Solars Fund. The full amount, less \$2,000 for current awards, has been presented as long term.

6. CANADA EMERGENCY BUSINESS ACCOUNT LOAN

The Association received the Canada Emergency Business Account loan during the prior years. The amounts received were \$40,000 in fiscal 2020 and \$20,000 in fiscal 2021. \$40,000 was repaid during the prior year, with \$20,000 being forgivable and recorded as income.

7. SPONSORSHIPS

The Association's financial statements reflect only cash sponsorships received from various sponsors. During the current fiscal year, the Association received additional donations of products from various sponsors with a retail value of approximately \$69,331 (2021 - NIL).

8. ECONOMIC DEPENDENCE

The continued operations of the Association depend to some extent upon the funding that it receives from the Provincial Government. Any significant reduction in these sources would significantly curtail the Association's ability to offer a complete range of programs.

ONTARIO VOLLEYBALL ASSOCIATION
Notes to Financial Statements
Year Ended August 31, 2022

9. CONTINGENCY RESERVE FUND

During a prior fiscal year the Association created the Contingency Reserve Fund (note 1). The Net Asset position is being presented in the financial statements as the Contingency Reserve Fund, which is comprised of operating and capital funds. The Fund decreased by \$95,423 as a result of the deficiency of revenues over expenditures during the fiscal year.

The Finance and Audit Committee has determined a target amount of reserve funds required to meet working capital requirements and capital funding to be \$1,925,000. The target amount is based on the combination of estimated capital requirements plus one base funding cycle and an average of other grants received. This amount has been calculated as follows:

Average grant revenue per annum	\$ 475,000
Ministry funding cycle (years)	<u>3</u>
Ministry funding reserve	1,425,000
Reserve for Capital Projects	<u>500,000</u>
Total Contingency Reserve Fund	<u>\$ 1,925,000</u>

10. OFFICE RENT & MAINTENANCE

The Association leases premises at 60 Scarsdale Road, Toronto, Ontario on a monthly basis from Elm Place Inc. The association entered into a lease agreement that runs to September 2024 with the following required annual payments:

2023	\$ 101,777
2024	101,777
2025	<u>8,481</u>
	<u>\$ 212,035</u>

11. FINANCIAL INSTRUMENTS

The Association as part of its operations carries a number of financial instruments, which include cash, investments, accounts receivable, interest receivable, accounts payable and accrued liabilities and amounts payable to members. The carrying amount of the Association's financial instruments approximates their face value due to their relatively short-term maturities. It is management's opinion that the Association is not exposed to significant interest rate, currency or credit risks arising from its financial instruments, except as otherwise disclosed.

ONTARIO VOLLEYBALL ASSOCIATION
Notes to Financial Statements
Year Ended August 31, 2022

12. SALARIES AND BENEFITS

Salaries and benefits consist of:

	2022	2021
Administrative salaries and benefits	\$ 328,777	\$ 328,097
Programs	896,136	853,704
	\$ 1,224,913	\$ 1,181,801

Salaries and benefits allocated to programs are reported under program expenditures. To subsidize these costs, the Association received \$15,079 (2021 - \$551,852) from the Canada Emergency Wage Subsidy, of which \$nil (2021 - \$109,150) was included in accounts receivable.

13. COMMITMENTS

The Association has provided the City of Toronto with a letter of credit in the amount of \$75,413. The letter of credit was to be used by the City to remedy any of the Licensee's defaults. As there are no defaults and the License is no longer in effect, the Association is working with the City to have the letter of credit cancelled.

The Association has entered into a license agreement with The Board of Governors of Exhibition Place to use the Enercare Centre for the OVA Provincial Championships in April of 2023 and 2026. Net rental costs (including HST) are \$556,908 for the 2023 event and \$580,812 for the 2026 event. Future required payments (including HST) are \$278,454 in 2023, \$272,982 in 2025 and \$290,406 in 2026.

In the prior year, the Association also entered into license agreements for the properties where the beach volleyball courts were renovated or constructed. The license agreement for the courts located in the City of London has an initial term from July 1, 2018 to September 30, 2022. The total commitment over the initial term is \$60,583 (including HST). There are two renewal options from May 1, 2023 to September 30, 2024 and from May 1, 2025 to September 30, 2026. The total commitment over these renewal terms is \$27,685 (including HST) each year.

The license agreement for the courts located in Barrie has an initial term from July 1, 2018 to September 30, 2028 and a renewal option from May 1, 2029 to September 30, 2033. The license fee is calculated as 15% of the revenue generated from the courts plus HST and is payable annually by October 15th.

The Association has an agreement to purchase medals for a cost of \$79,943. Of this, \$63,945 are expected to be purchased in the subsequent year. The remaining purchases will occur thereafter.

The Association has entered into court rental agreements with various organizations in 2023. Expected future payments (including HST) are \$434,008 to be paid in 2023.

ONTARIO VOLLEYBALL ASSOCIATION
Notes to Financial Statements
Year Ended August 31, 2022

14. PROGRAM EXPENSES

	<u>2022</u>	<u>2021</u>
Programs - Train To Train	\$ 1,213,648	\$ 209,725
Programs - Learn To Compete	1,071,080	252,980
Provincial championships	1,006,232	159,298
Programs - OVA Beach Facilities	470,142	304,195
Beach	408,834	216,145
Officials	354,725	42,704
Programs - Learn To Train	236,544	132,664
Programs - Train To Compete	148,573	56,329
Coaching	122,991	118,493
Programs - Sitting Volleyball	17,478	-
	\$ 5,050,247	\$ 1,492,533

Programs - OVA Beach Facilities includes amortization of capital assets (improvements to volleyball courts under license) of \$12,516 (2021 - \$45,504) and amortization of intangible assets of \$9,000 (2021 - \$18,000).

15. OTHER ADMINISTRATION COSTS

	<u>2022</u>	<u>2021</u>
Ministry Club Funding grant payments	\$ 612,265	\$ 112,700
Insurance	56,238	32,899
Professional services	41,604	123,682
Rent	34,066	26,131
Phone & internet	19,277	18,165
Bank, credit card & payroll service charges	13,261	17,640
Office supplies and other	5,656	281
Printing & copying	2,132	1,653
Leasehold improvements	1,737	2,551
Postage & courier	800	1,656
Bad debt expense (recovery)	(14,000)	25,610
	\$ 773,036	\$ 362,968

16. COMPARATIVE FIGURES

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