

BRAMPTON MINOR BASEBALL INC

FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

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, 2020, 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, 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.

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, 2020. 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, 2020 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, 2019.

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.

BRAMPTON MINOR BASEBALL INC

STATEMENT OF FINANCIAL POSITION

SEPTEMBER 30, 2020

	<u>2020</u>	<u>2019</u>
ASSETS		
Current		
Cash	\$ 174,786	\$ 79,469
Term deposits - note 3	106,033	104,668
Accounts receivable	8,566	12,138
Wage subsidy receivable	4,435	-
Prepaid expenses	30,966	-
Advances to related party - note 5	<u>237,011</u>	<u>234,246</u>
	561,797	430,521
 Investment in Ontario Baseball Academy - note 8	 130	 130
 Property and equipment - note 4	 <u>3,741</u>	 <u>2,074</u>
	<u>\$ 565,668</u>	<u>\$ 432,725</u>
 LIABILITIES		
Current		
Accounts payable - note 6	\$ 41,072	\$ 39,893
Deferred revenue	<u>45,395</u>	<u>-</u>
	86,467	39,893
 CEBA loan payable - note 7	 <u>30,000</u>	 <u>-</u>
	116,467	-
 NET ASSETS		
Internally restricted net assets	\$ 60,104	\$ 45,929
Unrestricted net assets	<u>389,097</u>	<u>346,903</u>
	<u>449,201</u>	<u>392,832</u>
	<u>\$ 565,668</u>	<u>\$ 432,725</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, 2020

	<u>Internally Restricted</u>	<u>Unrestricted</u>	<u>2020</u>	<u>2019</u>
Net assets - beginning	\$ 45,929	\$ 346,903	\$ 392,832	\$ 384,154
Excess (deficiency) of receipts over disbursements	<u>14,175</u>	<u>42,194</u>	<u>56,369</u>	<u>8,678</u>
Net assets	<u>\$ 60,104</u>	<u>\$ 389,097</u>	<u>\$ 449,201</u>	<u>\$ 392,832</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, 2020

	<u>2020</u>	<u>2019</u>
Revenue		
Recreational league	\$ 885	\$ 200,645
Rep team	124,460	122,585
Select league	47,345	40,650
Sponsorship	24,626	40,160
Tournament	475	60,969
Interest	1,365	2,528
Store-shed and equipment sales	2,034	8,456
Registration discount	(180)	(1,270)
Gym rental and try out fees	<u>9,440</u>	<u>826</u>
	210,450	475,549
Expenses		
Advertising and promotion	388	4,004
Amortization	774	838
Bank charges	9,396	14,038
Clinics - development	(1,187)	1,234
Coaches umpire certification	(2,736)	484
Diamond rentals	26,108	73,814
Equipment	19,750	47,103
Facility occupancy	6,914	13,961
Fees & charges	575	6,250
Foreign exchange (gain) loss	194	(259)
General & administration	8,633	12,685
Insurance	6,670	6,099
Office	1,239	1,569
Payroll	44,840	26,674
Pictures	-	4,740
Telephone	703	2,453
Tournaments	-	4,782
Trophies	-	10,904
Umpire	8,133	106,645
Uniforms	62,875	137,749
Workout facility rental	<u>-</u>	<u>1,639</u>
	<u>193,269</u>	<u>477,406</u>
Income (loss) from operations	17,181	(1,857)
Other income		
Wage subsidies	15,013	-
CEBA loan forgiveness	<u>10,000</u>	<u>-</u>
	<u>25,013</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>\$ 42,194</u>	<u>\$ (1,857)</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, 2020

	Dave Dash Tournament		Rep National Fund		College Placement Fund		Challenger Baseball Fund		Player Development Fund		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Receipts (refunds)	\$ (475)	\$ 21,857	\$ 13,800	\$ 13,000	\$ -	\$ 2,960	\$ 850	\$ 5,035	\$ -	\$ -	\$ 14,175	\$ 42,852
Tournament costs	-	17,142	-	4,267	-	-	-	3,397	-	4,511	-	29,317
Donations	-	-	-	-	-	3,000	-	-	-	-	-	3,000
Total disbursements	-	17,142	-	4,267	-	3,000	-	3,397	-	4,511	-	32,317
Excess (deficiency) of receipts over disbursements	(475)	4,715	13,800	8,733	-	(40)	850	1,638	-	(4,511)	14,175	10,535
Transfers	-	-	-	-	-	-	-	-	-	-	-	-
Opening fund balance	9,423	4,708	23,841	15,108	2,000	2,040	10,665	9,027	-	4,511	45,929	35,394
Closing fund balance	\$ 8,948	\$ 9,423	\$ 37,641	\$ 23,841	\$ 2,000	\$ 2,000	\$ 11,515	\$ 10,665	\$ -	\$ -	\$ 60,104	\$ 45,929

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, 2020

	<u>2020</u>	<u>2019</u>
Cash from operating activities:		
Excess of receipts over disbursements	\$ 56,369	\$ 8,678
Amortization	774	838
CEBA loan forgiveness	<u>(10,000)</u>	
	47,143	9,516
Changes in non-cash working capital balances:		
Accounts receivable	3,572	(7,321)
Wage subsidy receivable	(4,435)	-
Prepaid expenses	(30,966)	3,345
Accounts payable and accrued liabilities	1,179	2,667
Deferred revenue	<u>45,395</u>	<u>-</u>
	<u>14,745</u>	<u>(1,309)</u>
Net cash generated through operating activities	61,888	8,207
Financing activities:		
Proceeds from CEBA loan	40,000	-
Investing activities:		
(Increase) decrease in term deposits	(1,365)	(1,344)
Advances to controlled company	(2,765)	(27,235)
Purchase of capital assets	<u>(2,441)</u>	<u>-</u>
Net cash (used) in investing activities	<u>(6,571)</u>	<u>(28,579)</u>
Net increase (decrease) in cash	95,317	(20,372)
Cash - beginning	<u>79,469</u>	<u>99,841</u>
Cash	\$ <u>174,786</u>	\$ <u>79,469</u>

The accompanying notes are an integral part of these financial statements

BRAMPTON MINOR BASEBALL INC

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

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. Basis of accounting

Management continues to have a reasonable expectation that the Organization has adequate resources to continue in operation for at least 12 months and that the going concern basis of accounting remains appropriate. During the 2020 baseball season, in response to significant decreases in demand resulting from social distancing efforts, quarantines and public health measures related to the spread of Covid-19, the Organization announced that it would not proceed with the operation of the recreational leagues or tournaments. These leagues and tournaments would have represented approximately \$250,000 in anticipated revenue for the organization for the year ended September 30, 2020.

The closure of the recreational league and tournaments resulted in a decrease in expenses of the following amounts:

Diamond rentals	\$47,706
Equipment	\$27,353
Tournaments	\$4,782
Umpires	\$98,512
Uniforms	\$74,874

There is uncertainty over how the future development of the pandemic will impact the Organization's business and the operation of its leagues and tournaments in the future. The Organization's expenses fluctuate based on registrations and tournament revenues and can be reduced if leagues and tournaments are not able to run at capacity. In addition, the Organization has maintained a term deposit for use to meet urgent cash flow requirements. Based on these factors, management has a reasonable expectation that the Organization has adequate resources to maintain operations for at least the next 12 months.

BRAMPTON MINOR BASEBALL INC
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

2. 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.

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.

BRAMPTON MINOR BASEBALL INC

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

Summary of significant accounting policies (continued)

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. Government subsidies are recognized as revenue when the related expenses are incurred, there is reasonable assurance that the subsidies will be received, and the entity is in compliance with all other conditions attached to the subsidies.

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 (ASNFPPO) 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.

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.

BRAMPTON MINOR BASEBALL INC
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

Summary of significant accounting policies (continued)

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 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 and CEBA loan payable.

3. Term deposits

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Cost</u>
TD Special Offer GIC	January 23, 2021	1.30%	\$ 104,760
Accrued interest earned to date			<u>1,273</u>
Carrying value of investments at September 30, 2020			<u>\$ 106,033</u>

4. Property and equipment

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>2020</u>	<u>2019</u>
Computer equipment	\$ 1,007	\$ 859	\$ 148	\$ 329
Equipment and fixtures	<u>6,468</u>	<u>2,875</u>	<u>3,593</u>	<u>1,745</u>
	<u>\$ 7,475</u>	<u>\$ 3,734</u>	<u>\$ 3,741</u>	<u>\$ 2,074</u>

5. 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.

BRAMPTON MINOR BASEBALL INC

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

6. Accounts payable

	<u>2020</u>	<u>2019</u>
Trade payables and accrued liabilities	\$ 39,409	\$ 39,253
Government remittances	<u>1,663</u>	<u>640</u>
	<u>\$ 41,072</u>	<u>\$ 39,893</u>

7. CEBA loan payable

The organization applied for and received \$40,000 related to the Canada Emergency Business Account (CEBA) loan. CEBA is an interest-free loan launched by the Government of Canada to ensure that businesses have access to capital during the Covid-19 pandemic and can only be used to pay non-deferrable operating expenses. Repaying the balance of the loan on or before December 31, 2022 will result in loan forgiveness of 25% (up to \$10,000). If the loan is not repaid, it will automatically convert to a 3-year term loan at 5% annual interest paid monthly effective January 1, 2023.

8. 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.

BRAMPTON MINOR BASEBALL INC
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

Controlled entity and related party (continued)

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, 2020 and 2019 and for the years then ended:

Ontario Baseball Academy (unaudited)	<u>2020</u>	<u>2019</u>
Balance Sheet (unaudited)		
Total assets	\$ 192,382	\$ 145,954
Total liabilities	<u>296,133</u>	<u>247,599</u>
Total equity	<u><u>\$ (103,751)</u></u>	<u><u>\$ (101,645)</u></u>
Income Statement (unaudited)		
Total revenues	\$ 269,688	\$ 254,582
Total expenses	<u>271,794</u>	<u>287,878</u>
Net (loss)	<u><u>\$ (2,106)</u></u>	<u><u>\$ (33,296)</u></u>
Cash flows (unaudited)		
Cash from operating activities	\$ (10,004)	\$ (9,952)
Cash from investing activities	5,585	639
Cash from financing activities	<u>40,000</u>	<u>-</u>
Net increase in cash	<u><u>\$ 35,581</u></u>	<u><u>\$ (9,313)</u></u>

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

Tryout apparel	\$1,247
Uniforms	\$57,222

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.

BRAMPTON MINOR BASEBALL INC

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

9. Financial Instruments

The organization's financial instruments consist of cash, term deposits, accounts receivable, advances to related party, accounts payable and CEBA loan 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 and CEBA loan payable of \$71,072 (2019 - \$39,893). 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.

Credit risk

The organization does have credit risk in the accounts receivable and advances to related party of \$250,012 (2019 - \$246,384). 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 \$174,786 (2019 - \$79,469) and term deposits carrying value is \$106,033 (2019 - \$104,668), representing the maximum exposure to credit risk of these financial assets. This risk is unchanged from the prior year.

BRAMPTON MINOR BASEBALL INC
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

Financial instruments (continued)

Currency risk

The organization is exposed to currency risk in United States dollars. As at September 30, 2020, cash balances of \$797 (2019 - \$240) 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.