

Financial Statements of
Basketball Saskatchewan Inc.
September 30, 2022

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements of **Basketball Saskatchewan Inc. Inc.** have been prepared by the Organization's management in accordance with Canadian accounting standards for not-for profit organizations and necessarily include some amounts based on informed judgment and management estimates.

To assist management in fulfilling its responsibilities, a system of internal controls has been established to provide reasonable assurance that the financial statements are accurate and reliable and that assets are safeguarded.

The board of directors has reviewed and approved these financial statements.

These financial statements have been examined by the independent auditors, **Virtus Group LLP**, and their report is presented separately.

Executive Director

Treasurer



INDEPENDENT AUDITORS' REPORT

**To the Members,
Basketball Saskatchewan Inc.**

Opinion

We have audited the financial statements of **Basketball Saskatchewan Inc.**, which comprise the statement of financial position at September 30, 2022 and the statements of operations, changes in net assets and cash flows for the year 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 Organization as at September 30, 2022, and its financial performance and cash flows 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Saskatchewan, 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 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 related 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 AUDITORS' REPORT continued

Auditors' 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 auditors' 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 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

November 17, 2022
Regina, Saskatchewan

Virtus Group LLP

Chartered Professional Accountants

Basketball Saskatchewan Inc.
Statement of Financial Position

As at September 30, 2022 with comparative figures for 2021

	2022	2021
Assets		
Current assets		
Cash	\$ 145,712	\$ 546,400
Accounts receivable	29,706	12,748
Investments (Note 3)	425,000	-
Inventory	6,471	5,838
Prepaid expenses	27,249	26,864
	634,138	591,850
Investment in Sport Legacy Fund (Note 4)	6,864	6,530
Tangible capital assets (Note 5)	18,423	24,171
	\$ 659,425	\$ 622,551
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 86,465	\$ 37,653
Grant return payable (Note 6)	14,535	8
Deferred revenue (Note 7)	57,343	80,998
	158,343	118,659
Deferred revenue - Sport Legacy Fund (Note 4)	6,864	6,530
	165,207	125,189
Net Assets		
Invested in tangible capital assets	18,423	24,171
Unrestricted surplus	475,795	473,191
	494,218	497,362
	\$ 659,425	\$ 622,551

Commitments (Note 8)

See accompanying notes to the financial statements.

On behalf of the Board:

_____ Director

_____ Director

Basketball Saskatchewan Inc.
Statement of Changes in Net Assets

For the year ended September 30, 2022 with comparative figures for 2021

	Invested in tangible capital assets		Unrestricted surplus		2022	2021
Balance - beginning of year	\$	24,171	\$	473,191	\$ 497,362	\$ 338,908
Excess (deficiency) of revenue over expenses		-		(3,144)	(3,144)	158,454
Amortization		(5,748)		5,748	-	-
Balance - end of year	\$	18,423	\$	475,795	\$ 494,218	\$ 497,362

See accompanying notes to the financial statements.

Basketball Saskatchewan Inc.

Statement of Operations

For the year ended September 30, 2022 with comparative figures for 2021

	2022	2021
Revenue		
Saskatchewan Lotteries Trust Fund, Sport Division (schedule 1)	\$ 574,159	\$ 576,850
Self Help (schedule 2)	453,500	433,094
	<u>1,027,659</u>	<u>1,009,944</u>
Expenses		
Administration (schedule 3)	209,197	179,226
Capacity/Interaction (schedule 4)	26,242	14,238
Participation/Introduction (schedule 5)	90,898	62,573
Excellence (schedule 6)	487,623	253,450
Categorical grants (schedule 7)	91,113	212,469
Membership Assistance Program (schedule 9)	117,359	121,501
Other expenses (schedule 8)	8,371	8,033
	<u>1,030,803</u>	<u>851,490</u>
Excess (deficiency) of revenue over expenses	\$ (3,144)	\$ 158,454

See accompanying notes to the financial statements.

Basketball Saskatchewan Inc.

Statement of Cash Flows

For the year ended September 30, 2022 with comparative figures for 2021

	2022	2021
Cash provided by (used in) operating activities		
Excess (deficiency) of revenue over expenses	\$ (3,144)	\$ 158,454
Amortization	5,748	3,500
Increase (decrease) in working capital accounts		
Accounts receivable	(16,958)	(3,638)
Inventory	(633)	752
Prepaid expenses	(385)	(7,851)
Accounts payable	48,812	(2,319)
Grant return payable	14,527	(18,306)
Deferred revenue	(23,655)	16,199
	24,312	146,791
Investing activities		
Purchase of investments	(425,000)	-
Purchase of tangible capital assets	-	(25,563)
	(425,000)	(25,563)
(Decrease) increase in cash during the year	(400,688)	121,228
Cash, beginning of year	546,400	425,172
Cash, end of year	\$ 145,712	\$ 546,400

See accompanying notes to the financial statements.

Basketball Saskatchewan Inc.
Notes to the Financial Statements

For the year ended September 30, 2022 with comparative figures for September 30, 2021

1. Nature of operations

Basketball Saskatchewan Inc. (“the Organization”) is continued under *The Non-Profit Corporations Act, 2002* of Saskatchewan. The mission of the Organization is to create opportunities for the sport of basketball in Saskatchewan.

The Organization is exempt from income tax under section 149(1)(l) 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. The preparation of financial statements required management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expense during the period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known. The financial statements reflect the following significant policies:

Financial instruments

Financial assets and financial liabilities are recorded on the statement of financial position when the Organization becomes party to the contractual provisions of the financial instruments. All financial instruments are required to be recognized at fair value upon initial recognition, except for certain related party transactions. Measurement in the subsequent periods of equity instruments is at fair value. All other financial assets and financial liabilities are subsequently measured at amortized cost adjusted by transactions costs, which are amortized over the expected life of the instrument.

Fair value is an amount at which a financial instrument could be exchanged at arm’s length between willing, unrelated parties in an open market. Changes in fair values of financial assets and financial liabilities measured at fair value are recognized in excess of revenues over expenses. When there is an indication of impairment, the carrying amount of financial assets measured at amortized cost may be reduced. Such impairments can be subsequently reversed if the value improves.

Investments

Investments are recorded at fair market value. Fair value is determined using quoted market prices, generally the bid price.

Inventory

Inventory is recorded at the lower cost and net realizable value with cost being determined by the weighted average method. Net realizable value refers to the net amount that the organization expects to realize from the sale of inventory in the ordinary course of operations.

Basketball Saskatchewan Inc.
Notes to the Financial Statements

For the year ended September 30, 2022 with comparative figures for September 30, 2021

2. Significant accounting policies (continued)

Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization. Amortization is provided on the straight-line basis over the estimated useful life of the assets are the following rates:

Computer equipment	30%
Computer software	100%
Furniture and equipment	30%
Uniforms	20%

Revenue recognition

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

Donations in kind

Donations of materials and services are recorded at fair market value when received if the amount can be reasonably estimated. These donations are recorded as corporate sponsorship revenue at their fair value at the donation date.

Contributed services

The work of the Organization is dependent on the services of many volunteers at amateur events as well as for the board of directors and various committees. Since these services are not normally purchased and because of the difficulty in determining their fair value, donated services are not recorded in the statement of operations.

3. Investments

Short-term investments consist of non-redeemable guaranteed investment certificates with maturity dates ranging from December 23, 2022 to September 19, 2023 and interest rates ranging from 0.95% - 4.30%.

4. Sport Legacy Fund

The investment in Sport Legacy Fund consists of donations based on various programs and contributions by Sask Sport. These amounts are recorded as deferred revenue until amounts have been received. To qualify for an additional contribution by Sask Sport Inc., the Organization is required to leave the original amount and any additional donations in the Legacy Fund for a minimum of five years.

Basketball Saskatchewan Inc.
Notes to the Financial Statements

For the year ended September 30, 2022 with comparative figures for September 30, 2021

5. Tangible capital assets

			2022		2021	
	Cost	Accumulated Amortization	Net book value	Net book value		
Computer equipment	\$ 4,544	\$ 4,015	\$ 529	\$ 1,165		
Computer software	3,035	3,035	-	-		
Furniture and equipment	31,536	31,536	-	-		
Uniforms	25,563	7,669	17,894	23,006		
	<u>\$ 64,678</u>	<u>\$ 46,255</u>	<u>\$ 18,423</u>	<u>\$ 24,171</u>		

6. Grant return payable

The Organization receives annual funding from Saskatchewan Lotteries Trust Fund with the understanding that the funds are to be used for eligible purposes adhering to the policies and guidelines. Any unspent funds must be returned to Saskatchewan Lotteries Trust Fund. As of September 30, 2022, the Organization had \$541 in grant returns payable to the Saskatchewan Lotteries Trust Fund (2021 - \$8) and \$13,994 in grant returns payable to Sask Sport Inc (2021 - nil).

7. Deferred revenue

Deferred revenue consists of:

	2022	2021
Memberships, fees and grants collected in advance	40,700	80,998
Saskatchewan Basketball Officials Commission	16,643	-
	<u>57,343</u>	<u>80,998</u>

8. Commitments

The Organization has a lease agreement in place to rent space from The Administration Centre for Sport, Culture, and Recreation Inc. The terms of the lease include monthly consideration of \$842 plus taxes (2021 - \$842), which includes parking and storage. The agreement is on a month-to-month basis and can be terminated at any time, with thirty days notice.

9. Economic dependence

The Organization receives significant funding from the Saskatchewan Lotteries Trust Fund, Sport Division. As a result, the Organization is dependent upon the continuance of these grants to maintain operations at their current level.

10. Financial instruments

The Organization's recognized financial instruments consist of cash, accounts receivable, investments, accounts payable and accrued liabilities and grant return payable. The fair value of cash, accounts receivable, investments, accounts payable, accrued liabilities and grant return payable, approximate their carrying value given the short-term nature of the amounts.

Basketball Saskatchewan Inc.
Notes to the Financial Statements

For the year ended September 30, 2022 with comparative figures for September 30, 2021

11. Financial risk management

The Organization has a risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The significant risks to which the Organization is exposed are:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization is exposed to credit risk on the accounts receivable, however, it does not have a significant exposure to any individual counterparty.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization's exposure to liquidity risk is dependent on the receipt of funds from its operations and other related sources. Funds from these sources are primarily used to finance working capital and are considered adequate to meet the Organizations financial obligations.

Basketball Saskatchewan Inc.

Schedule 1 - Saskatchewan Lotteries Trust Fund Grants

For the year ended September 30, 2022 with comparative figures for 2021

	2022	2021
Annual funding	\$ 340,200	\$ 340,200
High Performance Coach Capacity	45,000	48,900
Hosting	1,600	
Membership Assistance Program	117,359	121,500
Student Athletic Assistance	28,000	26,500
University Athletic Assistance	42,000	39,750
	\$ 574,159	\$ 576,850

Schedule 2 - Self Help Revenues

	2022	2021
Internal		
Competition and clinic fees	\$ 140,815	\$ 85,439
Membership fees	123,030	50,921
Team/athlete fees	144,845	88,750
External		
Fundraising	4,175	660
Interest	7,021	1,845
Sales	5,132	60
Other Grants		
Coaches Association of Saskatchewan - Canada Games	1,250	-
Minister of Canadian Heritage - COVID19 Relief Funding	-	192,010
Sask Sport Future Best	7,500	-
Sask Sport Indigenous Sport Enhancement grant	10,513	-
Sport Medicine and Science Grant	7,711	10,249
Sask Sport Next Generation Indigenous Athlete Assistance	1,500	-
Miscellaneous revenue	8	3,160
	\$ 453,500	\$ 433,094

See accompanying notes to the financial statements.

Basketball Saskatchewan Inc.

Schedule 3 - Administration

For the year ended September 30, 2022 with comparative figures for 2021

	2022	2021
Amortization	\$ 5,748	\$ 3,500
Audit	8,626	8,300
Insurance	23,014	18,853
Office Operations		
Accounting	2,272	1,682
Bank charges/interest	4,085	2,864
Computer supplies and support	2,396	3,281
Office supplies	1,656	489
Parking	2,045	2,516
Postage	857	419
Printing/photocopying	1,090	423
Rent	8,406	8,410
Telephone/internet	3,684	4,473
Staff recruitment and training	263	-
Salaries and benefits	134,869	120,716
Staff travel	10,186	3,300
	\$ 209,197	\$ 179,226

Schedule 4 - Capacity/Interaction

For the year ended September 30, 2022 with comparative figures for 2021

	2022	2021
Awards and recognition	\$ 2,481	\$ 867
Marketing and promotions	7,081	7,027
Meetings		
Board/committee meetings	1,139	262
Annual general meetings	-	25
National meetings	370	2,329
Membership	15,171	3,465
Professional and leadership development	-	263
	\$ 26,242	\$ 14,238

Schedule 5 - Participation/Introduction

For the year ended September 30, 2022 with comparative figures for 2021

	2022	2021
Athlete Development		
Competition	\$ 60,385	\$ 36,437
Introduction/participation programs	-	5,133
Under-Represented Population Initiative	5,000	
Coaches Development		
Salary and benefits	14,400	14,400
Coach travel	3,838	3,341
Introductory coaching clinics and coach development	3,407	-
Officials Development		
Introductory clinics	624	-
Technical materials	3,244	3,262
	\$ 90,898	\$ 62,573

See accompanying notes to the financial statements.

Basketball Saskatchewan Inc.

Schedule 6 - Excellence

For the year ended September 30, 2022 with comparative figures for 2021

	2022	2021
Athlete Development		
Athlete assistance	\$ 21,089	\$ 9,750
Competition	257,895	30,577
Talent identification	52,273	38,939
Training	41,628	76,146
Coaches Development		
HP coach salary and benefits	102,688	94,492
Coach training and development	6,009	2,497
Officials development	5,104	-
Sport medicine and science	937	1,049
	\$ 487,623	\$ 253,450

Schedule 7 - Categorical Grants

For the year ended September 30, 2022 with comparative figures for 2021

	2022	2021
Saskatchewan Lotteries Trust Fund		
Student Athlete Awards	\$ 28,000	\$ 26,500
University Athletic Assistance	42,000	42,000
Hosting	1,600	-
Other		
Future Best	7,500	-
Next Generation Indigenous Athlete Assistance	1,500	-
Indigenous Sport Enhancement Grant	10,513	-
Minister of Canadian Heritage - COVID19 Relief Expense	-	143,969
Women in Coaching Apprenticeship Program grant	-	-
	\$ 91,113	\$ 212,469

Schedule 8 - Other Expenses

For the year ended September 30, 2022 with comparative figures for 2021

	2022	2021
Cost of goods sold	\$ 4,405	-
Fundraising	3966	401
Sponsorship expense	-	1,538
Prior year grant returns	-	6,094
	\$ 8,371	\$ 8,033

See accompanying notes to the financial statements.

Basketball Saskatchewan Inc.

Schedule 9 - Membership Assistance Program

For the year September 30, 2022 with comparative figures for 2021

	2022	2021
Aboriginal Friendship Centres of Saskatchewan	\$ 8,840	\$ 19,533
Buckets & Borders	1,000	-
Falcons Basketball	-	253
Glasspell Leadership Corp.	4,730	-
Greenwave United Basketball	1,285	1,785
Ladies Basketball League of Regina	1,585	-
Masterpiece	-	4,819
Misfits Basketball Club	-	810
Moose Jaw Ballers	565	-
Moose Jaw Minor Basketball Association	2,405	-
Moose Jaw Spartans	690	2,850
One Love	-	725
Prince Albert Community Basketball Association	2,675	2,320
Prince Albert Excite Athletics	-	1,227
Prince Albert Thunder Basketball	970	-
Regina Community Basketball Association	18,260	5,725
Regina Fighting Badgers	245	400
Regina Filipino Sports Inc.	2,620	-
Regina High School Athletic Association (RHSA)	2,854	-
Regina Men's Basketball League	3,735	-
Regina Swarm	105	227
Regina Youth Basketball League	1,300	4,841
Rise Above Basketball Academy	425	892
Rustlers Youth Basketball	-	1,790
SABO	-	500
Saskatchewan Home Court Basketball	380	3,110
Saskatchewan Youth Basketball (SKY)	22,100	48,593
Saskatoon Minor Basketball Association	27,030	14,776
Saskatoon Senior Men's Basketball League	9,700	-
Saskatoon Senior Women's Basketball	2,800	-
Slam 2005 Basketball	130	-
Slam 2006 Girls	-	213
Slam 2007 Girls	140	-
Slam 2008 Girls	-	222
Swift Current Minor Basketball	-	500
Team Fresh	240	390
Tuxedo Courts	-	5,000
Yorkton Blue Jays Basketball Club	550	-
	\$ 117,359	\$ 121,501

See accompanying notes to the financial statements.