

Financial Statements of
Basketball Saskatchewan Inc.
September 30, 2018

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



VP Finance

INDEPENDENT AUDITORS' REPORT



**VIRTUS
GROUP**
Chartered Professional Accountants
& Business Advisors LLP

To the Members, Basketball Saskatchewan Inc.

We have audited the accompanying financial statements of **Basketball Saskatchewan Inc. Inc.** which comprise the statement of financial position as at September 30, 2018, and the statement of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives a portion of its revenue from fund raising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we are not able to determine whether any adjustments might be necessary to revenues, assets or net assets.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Organization as at September 30, 2018, its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

November 22, 2018
Regina, Saskatchewan

VIRTUS GROUP LLP
Chartered Professional Accountants

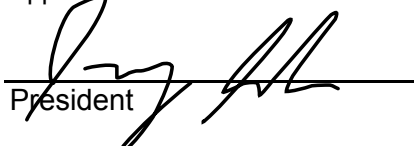
Basketball Saskatchewan Inc.
Statement of Financial Position

As at September 30, 2018 with comparative figures for September 30, 2017

	2018	2017
Assets		
Current		
Cash	\$ -	\$ 26,749
Investments (Note 3)	-	71,180
Accounts receivable	52,322	77,932
Inventory	6,570	30,721
Prepaid expenses	19,804	13,118
	<u>78,696</u>	<u>219,700</u>
Tangible capital assets (Note 4)	6,842	20,378
Total assets	<u>\$ 85,538</u>	<u>\$ 240,078</u>
Liabilities		
Current		
Bank indebtedness	\$ 23,318	\$ -
Line of credit payable (Note 5)	-	50,000
Accounts payable and accrued liabilities	53,846	183,912
Deferred revenue	56,035	2,185
	<u>133,199</u>	<u>236,097</u>
Net Assets		
Invested in tangible capital assets	6,842	20,378
Contingency reserve (Note 6)	-	148,787
Unrestricted surplus (deficit)	(54,503)	(165,184)
	<u>(47,661)</u>	<u>3,981</u>
Total liabilities and net assets	<u>\$ 85,538</u>	<u>\$ 240,078</u>

See accompanying notes to the financial statements

Approved on behalf of the Board


 President


 VP Finance

Basketball Saskatchewan Inc.
Statement of Changes in Net Assets

As at September 30, 2018 with comparative figures for September 30, 2017

	Invested in tangible capital assets	Contingency reserve	Unrestricted surplus (deficit)	Total 2018	Total 2017
Balance - beginning of year	\$ 20,378	\$ 148,787	\$ (165,184)	\$ 3,981	\$ 85,384
(Deficiency) of revenues over expenses	-	-	(51,642)	(51,642)	(81,403)
Purchase of tangible capital assets	1,232	-	(1,232)	-	-
Amortization	(14,768)	-	14,768	-	-
Transfer	-	(148,787)	148,787	-	-
Balance - end of year	\$ 6,842	\$ -	\$ (54,503)	\$ (47,661)	\$ 3,981

See accompanying notes to the financial statements

Basketball Saskatchewan Inc.
Statement of Operations

As at September 30, 2018 with comparative figures for September 30, 2017

	2018	2017
Revenue		
Saskatchewan Lotteries Trust Fund (Schedule 1)	\$ 577,800	\$ 570,927
Self Help - internal (Schedule 2)	591,115	468,121
Self Help - external (Schedule 3)	32,441	54,980
National championships (Schedule 4)	-	216,707
	1,201,356	1,310,735
Expenses		
Administration (Schedule 5)	260,353	221,928
Amortization of tangible capital assets	14,768	15,068
Categorical grant expenses (Schedule 6)	114,662	106,492
Capacity/Interaction (Schedule 7)	26,917	36,757
Participation (Schedule 8)	187,650	199,979
Excellence (Schedule 9)	460,689	360,546
HPCC expenses (Schedule 10)	74,983	83,626
National championships (Schedule 11)	3,780	234,739
Membership Assistance Program (Schedule 12)	109,411	103,168
Aboriginal excellence (Schedule 13)	(215)	29,835
	1,252,998	1,392,138
(Deficiency) of revenue over expenses	\$ (51,642)	\$ (81,403)

See accompanying notes to the financial statements

Basketball Saskatchewan Inc.

Statement of Cashflows

As at September 30, 2018 with comparative figures for September 30, 2017

	2018	2017
Cash provided by (used in) operating activities:		
(Deficiency) of revenue over expenses	\$ (51,642)	\$ (81,403)
Amortization	14,768	15,068
Increase (decrease) in working capital accounts:		
Investments	71,180	(70,663)
Accounts receivable	25,610	(51,200)
Inventory	24,151	18,923
Prepaid expenses	(6,686)	(7,019)
Accounts payable	(130,066)	142,015
Deferred revenue	53,850	(42,965)
Total operating activities	1,165	(77,244)
Investing activities		
(Repayment of) increase to line of credit	(50,000)	50,000
Purchase of tangible capital assets	(1,232)	-
Total investing activities	(51,232)	50,000
(Decrease) in cash	(50,067)	(27,244)
Cash, beginning of year	26,749	53,993
Cash (bank indebtedness), end of year	\$ (23,318)	\$ 26,749

See accompanying notes to the financial statements

Basketball Saskatchewan Inc.

Notes to the Financial Statements

For the year ended September 30, 2018 with comparative figures for September 30, 2017

1. Nature of operations

Basketball Saskatchewan Inc. ("the Organization") is incorporated under *The Non-Profit Corporations Act, 1995* 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 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 expenses 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. These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The financial statements reflect the following 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 instrument. 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 of 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, 2018 with comparative figures for September 30, 2017

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 material 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.

3. Investments

There are no investments held at year end. In 2017, investments consisted of one guaranteed investment certificate, bearing interest at 1.75% which matured on July 13, 2018.

4. Tangible capital assets

	Cost	Accumulated Amortization	2018 Net Book Value	2017 Net Book Value
Computer equipment	\$ 2,426	\$ 2,426	\$ -	\$ 242
Computer software	3,035	3,035	-	-
Furniture and equipment	31,536	30,490	1,046	-
Uniforms	71,703	65,907	5,796	20,136
Total	\$ 108,700	\$ 101,858	\$ 6,842	\$ 20,378

5. Line of credit payable

The Organization has a line of credit limit of \$25,000 which bears interest at 4.70%. At year end, the balance outstanding was \$0 (2017 - \$50,000).

Basketball Saskatchewan Inc.
Notes to the Financial Statements

For the year ended September 30, 2018 with comparative figures for September 30, 2017

6. Contingency reserve

A contingency reserve has been designated by the organization which, when reached, will equate to 85% of a full year of annual funding from Saskatchewan Lotteries Trust Fund. This reserve is to be held in a separate account from operating funds and will ensure that the organization can continue operations should grant funding be suspended for a one year period. During the year, the contingency reserve was transferred to unrestricted surplus (deficit) to cover accumulated losses.

7. 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.

8. Financial instruments

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.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization's exposure to interest rate risk is limited to the line of credit, as it carries a variable interest rate. If amounts are drawn, and interest rates rise, the Organization may be exposed to higher interest costs.

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 Organization's financial obligations.

8. Comparative figures

Certain comparative figures have been reclassified to conform to the presentation in the current year.

Basketball Saskatchewan Inc.
Schedules of Revenue
For the year ended September 30, 2018
(with comparative figures for the year ended September 30, 2017)

Schedule 1 - Saskatchewan Lotteries Trust Fund, Sport Division

	2018	2017
Aboriginal excellence funding	\$ -	\$ 29,835
Annual Funding	313,500	292,600
Future's Best	9,600	8,500
Hosting	32,500	27,992
HPCC Grant	45,000	43,700
Membership Assistance Program	107,200	98,800
Student Athletic Assistance	28,000	27,500
University Athletic Assistance	42,000	42,000
	\$ 577,800	\$ 570,927

Schedule 2 - Self Help - internal

	2018	2017
Coaches clinic fees	\$ 6,770	\$ 4,705
Competition and clinic fees	104,810	92,234
Membership fees	121,171	98,586
Miscellaneous	15,342	3,031
Program fees	170,972	120,215
Team/athletic fees	172,050	149,350
	\$ 591,115	\$ 468,121

Basketball Saskatchewan Inc.
Schedules of Revenue
For the year ended September 30, 2018
(with comparative figures for the year ended September 30, 2017)

Schedule 3 - Self Help - external

	2018	2017
Gate and program sales	\$ 4,876	\$ 7,631
GST rebates	11,779	8,208
Interest	973	2,480
Other grants	3,398	27,166
Sales (net)	7,915	2,595
Sponsorship	3,500	6,900
	\$ 32,441	\$ 54,980

Schedule 4 - National championships

	2018	2017
Advertising	\$ -	\$ 1,700
Clothing sales	-	12,893
Gate/program sales	-	19,878
National championships grant	-	5,600
Team fees	-	176,636
	\$ -	\$ 216,707

Basketball Saskatchewan Inc.
Schedules of Expenses
For the year ended September 30, 2018
(with comparative figures for the year ended September 30, 2017)

Schedule 5 - Administration

	2018	2017
Athlete assistance	\$ 1,500	\$ -
Bank and interest charges	7,341	10,000
Bad debt	-	12,015
Canada Games travel	1,352	-
Coach clothing allowance	5,845	-
Equipment and clothing	5,565	-
Freight and courier	443	766
Gyms	50	-
Honorarium	1,550	-
Insurance	17,738	16,368
Inventory write-off	-	19,738
Miscellaneous	14,426	9,034
Office rental	11,726	9,245
Office supplies	2,490	5,569
Parking	1,651	2,488
Postage	925	643
Printing	2,224	631
Professional fees	20,801	7,963
Salary and benefits	135,291	122,032
Telephone	4,301	4,170
Travel and accommodation	25,134	1,266
	\$ 260,353	\$ 221,928

Basketball Saskatchewan Inc.
Schedules of Expenses
For the year ended September 30, 2018
(with comparative figures for the year ended September 30, 2017)

Schedule 6 - Categorical grant expenses

	2018	2017
Future's Best	\$ 9,600	\$ 9,000
High Performance Coach Capacity	1,116	-
Hosting	32,500	27,992
LTAD Fundamentals NCCP	1,380	-
LTAD Fundamentals Travel	66	-
Student athletic assistance	28,000	27,500
University athletic assistance	42,000	42,000
	\$ 114,662	\$ 106,492

Schedule 7 - Capacity/Interaction

	2018	2017
Advertising and promotions	\$ 3,145	\$ 5,759
Board, AGM and other meetings	10,153	15,354
Computer supplies and support	3,831	2,729
Communications	500	6,403
National dues and affiliations	5,625	5,550
NCCP Clinics	1,200	-
Travel	2,463	-
Volunteer and staff recognition	-	962
	\$ 26,917	\$ 36,757

Schedule 8 - Participation

	2018	2017
Coach development	\$ 9,589	\$ 23,125
Competition and training	8,246	35,449
Official development	1,965	17,725
Participation	167,850	123,680
	\$ 187,650	\$ 199,979

Basketball Saskatchewan Inc.
Schedule of Expenses
For the year ended September 30, 2018
(with comparative figures for the year ended September 30, 2017)

Schedule 9 - Excellence

	2018	2017
Coaches development	\$ 121,346	\$ 108,861
Competition	8,635	19,875
Official development	1,280	2,395
Talent ID	12,802	12,716
Training	316,626	216,699
	\$ 460,689	\$ 360,546

Schedule 10 - HPCC expenses

	2018	2017
Salaries and benefits	\$ 74,983	\$ 83,626
	\$ 74,983	\$ 83,626

Schedule 11 - National championships

	2018	2017
Banquet	\$ -	\$ 12,897
Clothing	-	19,067
Gyms	-	14,592
Meals	-	90,667
Medical	-	3,240
Minor officials	-	6,732
Miscellaneous	-	1,951
Online streaming	2,940	-
Parking	-	699
Printing	-	4,966
Rooms	-	76,480
Transportation	840	3,448
	\$ 3,780	\$ 234,739

Basketball Saskatchewan Inc.
Schedules of Expenses
For the year ended September 30, 2018
(with comparative figures for the year ended September 30, 2017)

Schedule 12 - Membership Assistance Program

	2018	2017
Hoops in the Heat	\$ 1,295	\$ -
Junior Cougars Basketball Club	-	147
Kate Renwick Northwest Wildcats	-	110
Kings Basketball Club	-	164
Knights Basketball Club	-	226
Ladies Basketball League of Regina	1,950	-
Lumsden High Basketball	-	309
Melfort Area Community League	6,000	7,094
Melfort Basketball Association	120	310
Melville Recreational Basketball	320	-
Moose Jaw Minor Basketball Association	3,170	3,485
Moosomin Community League	-	3,126
North Battleford Community League	5,000	4,566
North Stars Club Basketball	-	190
Outlook Area Community League	3,320	2,653
Prince Albert Community Basketball	3,290	2,293
RCBA	20,170	20,862
Regina Hornets U15 Boys	100	-
Regina Mambas Basketball Club	160	-
Regina Men's Basketball League	5,100	-
Regina Raptors Girls Basketball Club	150	140
Regina Renegades Boys Basketball Team	-	100
Regina Rage	510	-
Regina Swarm Basketball Club	150	130
RHSAA	4,779	5,833
Rise Above Summer Basketball Camp	1,666	-
Running Rebels Bball Club	-	120
SABO	3,340	1,797
Saskatoon Minor Basketball Association	16,030	18,840
Saskatoon Senior Men's League	9,930	10,150
Saskatoon Shock	200	-

continued

Basketball Saskatchewan Inc.
Schedules of Expenses
For the year ended September 30, 2018
(with comparative figures for the year ended September 30, 2017)

Schedule 12 - Membership Assistance Program continued

	2018	2017
Saskatoon Slam Boys	\$ -	\$ 140
Saskatoon Slam Boys U13	-	190
Saskatoon Slam U13 Girls	-	-
Saskatoon Slam Warriors	180	180
Saskatoon Spartans	-	170
Saskatoon Warriors	-	110
Shooting Stars Club Team	-	160
SSAD - Saskatoon	5,571	6,880
Swift Current Community League	3,500	5,013
Swift Current Minor Basketball	1,850	814
The Battlefords Community League	-	2,234
Triple Threat Basketball Camp	340	-
Weyburn Area Community League	6,100	3,563
White City Basketball	100	-
Woman's Fall/Winter Basketball League	360	-
Xcite Basketball	-	240
Yorkton Area Community League	4,660	-
Yowarksy, Carl	-	829
	\$ 109,411	\$ 103,168

Schedule 13 - Aboriginal excellence

	2018	2017
Administration and planning	\$ -	\$ 2,718
Coach travel	(436)	18,148
Gyms	-	7,819
Honorarium	-	50
Travel	221	-
Tournament fees	-	1,100
	\$ (215)	\$ 29,835