

**British Columbia Amateur  
Softball Association  
Financial Statements**  
*For the year ended April 30, 2020*

**British Columbia Amateur  
Softball Association**  
**Contents**  
*For the year ended April 30, 2020*

---

	<i>Page</i>
<b>Independent Auditors' Report</b>	
<b>Financial Statements</b>	
Statement of Financial Position.....	1
Statement of Operations.....	2
Statement of Changes in Net Assets.....	3
Statement of Cash Flows.....	4
<b>Notes to the Financial Statements.....</b>	<b>5</b>

# Independent Auditor's Report

---

To the Members of British Columbia Amateur Softball Association:

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of British Columbia Amateur Softball Association (the "Association"), which comprise the statement of financial position as at April 30, 2020, and the statements of operations, changes in net assets and cash flows 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 April 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 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 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 Association'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 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.

### 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.

#### **Report on Other Legal and Regulatory Requirements**

As required by the Society Act of British Columbia, we report that, in our opinion, these principles have been applied on a consistent basis with that of the previous year.

Surrey, British Columbia

September 28, 2020

*MNP LLP*

Chartered Professional Accountants

**British Columbia Amateur  
Softball Association**  
**Statement of Financial Position**  
*As at April 30, 2020*

	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
<b>Current</b>		
Cash	14,992	-
Accounts receivable	37,787	36,282
Inventory (Note 3)	7,916	10,707
Prepaid expenses	7,610	8,833
	<b>68,305</b>	55,822
<b>Capital assets (Note 4)</b>	<b>16,431</b>	14,008
<b>Restricted term deposit (Note 5)</b>	<b>100,000</b>	100,000
	<b>184,736</b>	169,830
<b>Liabilities</b>		
<b>Current</b>		
Bank indebtedness	-	15,326
Bank loan (Note 6)	85,000	120,000
Accounts payable and accruals	60,945	57,160
Government agencies payable	7,596	5,225
Deferred contributions and unearned revenue (Note 7)	129,228	76,786
	<b>282,769</b>	274,497
<b>Commitments (Note 8)</b>		
<b>Significant event (Note 10)</b>		
<b>Net Assets</b>		
Endowment	100,000	100,000
Unrestricted	(198,033)	(204,667)
	<b>(98,033)</b>	(104,667)
	<b>184,736</b>	169,830

Approved on behalf of the Board of Directors

E-SIGNED by Rachel Charles  
Director

E-SIGNED by Jake DeWitt  
Director

**British Columbia Amateur  
Softball Association**  
**Statement of Operations**  
*For the year ended April 30, 2020*

	<b>2020</b>	<b>2019</b>
<b>Revenue</b>		
Membership fees	463,256	457,397
Grants and other	243,933	256,040
Programs and entry fees	122,791	162,400
Clinics	66,035	82,510
General	44,091	66,733
	<b>940,106</b>	1,025,080
<b>Direct expenses</b>		
Clinics	58,822	60,579
General	62,324	62,868
Tournaments and events	231,364	264,153
	<b>352,510</b>	387,600
<b>Excess of revenue over direct expenses</b>	<b>587,596</b>	637,480
<b>General and administrative expenses</b>		
General and administrative	122,814	168,904
Meetings and events	83,282	92,988
Membership and associations	47,625	48,432
Professional fees	18,181	24,816
Salaries and benefits	272,921	253,093
Travel	36,139	18,123
	<b>580,962</b>	606,356
<b>Excess of revenue over expenses</b>	<b>6,634</b>	31,124

**British Columbia Amateur  
Softball Association**  
**Statement of Changes in Net Assets**  
*For the year ended April 30, 2020*

	<i>Endowment</i>	<i>Unrestricted</i>	<i>2020</i>	<i>2019</i>
<b>Net assets, beginning of year</b>	<b>100,000</b>	<b>(204,667)</b>	<b>(104,667)</b>	<b>(135,791)</b>
<b>Excess of revenue over expenses</b>	<b>-</b>	<b>6,634</b>	<b>6,634</b>	<b>31,124</b>
<b>Net assets, end of year</b>	<b>100,000</b>	<b>(198,033)</b>	<b>(98,033)</b>	<b>(104,667)</b>

**British Columbia Amateur  
Softball Association**  
**Statement of Cash Flows**  
*For the year ended April 30, 2020*

	<b>2020</b>	<b>2019</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Excess of revenue over expenses	6,634	31,124
Amortization	7,908	2,290
	<b>14,542</b>	<b>33,414</b>
Changes in working capital accounts		
Accounts receivable	(1,505)	(20,097)
Inventory	2,791	854
Prepaid expenses	1,223	2,516
Accounts payable and accruals	3,786	(822)
Government agencies payable	2,371	(59)
Deferred contributions and unearned revenue	52,442	9,563
	<b>75,650</b>	<b>25,369</b>
<b>Financing</b>		
Change in bank indebtedness	(15,326)	11,844
Repayment of bank loan	(35,000)	(25,000)
	<b>(50,326)</b>	<b>(13,156)</b>
<b>Investing</b>		
Purchase of capital assets	(10,332)	(12,213)
<b>Increase in cash resources</b>	<b>14,992</b>	<b>-</b>
<b>Cash resources, beginning of year</b>	<b>-</b>	<b>-</b>
<b>Cash resources, end of year</b>	<b>14,992</b>	<b>-</b>

**1. Incorporation and nature of the association**

British Columbia Amateur Softball Association (the "Association") was incorporated on April 26, 1950 under the authority of the Society Act of British Columbia. The Association is registered as a not-for-profit organization and thus is exempt from income taxes under Section 149(1) of the Canadian Income Tax Act ("the Act"). In order to maintain its status as a registered not-for-profit organization under the Act, the Organization must meet certain requirements in the Act. In the opinion of management, the requirements have been met.

The purpose of the Association is to promote, govern and build the sport of softball throughout the Province of British Columbia.

**2. Significant accounting policies**

The financial statements have been prepared in accordance with Canadian accounting standards for Not-for-Profit organizations ("ASNPO") set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

***Inventory***

Inventory consists of coaching materials, prizing and rulebooks and is valued at the lower of cost and net realizable value. Cost is determined by the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business.

***Capital assets***

Purchased capital assets are comprised of office equipment and are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined. When fair value cannot be reasonably determined, capital assets have been recorded at nominal value.

Amortization is provided using the straight-line method. Leasehold improvements are amortized over the remaining life of the lease. Office furniture and equipment are amortized over five years, while computer equipment is amortized over three years.

***Revenue recognition***

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

The Association recognizes registration fees, and program and clinic revenue, over the period of registration or program and clinic delivery. Registration fees paid in advance are recorded as unearned revenue and recognized as income over the registration term.

***Measurement uncertainty (Use of estimates)***

The preparation of financial statements in conformity with ASNPO requires 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 over expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of the capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the periods in which they become known.

**2. Significant accounting policies** *(Continued from previous page)*

***Long-lived assets***

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

When the Association determines that a long-lived asset no longer has any long-term service potential to the Association, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

***Contributed materials and services***

Contributions of services are recognized in the statement of operations when a fair value can be reasonably estimated and when the services are used in the normal course of the Association's operations and would otherwise have been purchased. If such contributions do not have a fair value that can be readily determined, the contributions are not recognized in the financial statements.

***Financial instruments***

The Association recognizes its financial instruments when the Association becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the Association may irrevocably elect to subsequently measure any financial instrument at fair value. The Association has not made such an election during the year. All financial assets and liabilities are subsequently recognized at amortized cost with transaction costs and financing fees added to the carrying amount of the financial instrument.

***Financial asset impairment***

The Association assesses impairment of all of its financial assets measured at cost or amortized cost. The Association groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments etc., in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Association determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Association reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess of revenues over expenses.

The Association reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is included in excess of revenues over expenses in the year the reversal occurs.

**3. Inventory**

	<b>2020</b>	<b>2019</b>
Coaching materials	<b>2,738</b>	1,545
Prizes	<b>2,675</b>	1,665
Umpire materials	<b>2,503</b>	7,497
	<b>7,916</b>	10,707

The cost of inventories recognized as an expense and included in direct expenses amounted to \$19,835 (2019 – \$26,381).

**British Columbia Amateur  
Softball Association**  
**Notes to the Financial Statements**  
*For the year ended April 30, 2020*

**4. Capital assets**

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2020 Net book value</i>	<i>2019 Net book value</i>
Office equipment	14,790	7,229	7,561	4,809
Leasehold improvements	14,011	5,141	8,870	9,199
	<b>28,801</b>	<b>12,370</b>	<b>16,431</b>	<b>14,008</b>

**5. Restricted term deposit**

The endowment contribution is subject to externally imposed restrictions to be maintained permanently. Investment income earned on the endowment fund is unrestricted. Management has invested the endowment funds in a cashable GIC term deposit. The term deposit earns interest at 1.46% and has a maturity date of January 21, 2021.

**6. Bank loan**

The Association has access to an operating loan to a maximum of \$200,000 (2019 - \$200,000), bearing interest at the financial institution's prime rate plus 2.05% and is due on demand. The bank loan is collateralized by the restricted term deposit as described in Note 5, and a general security agreement. As at April 30, 2020, the amount outstanding was \$85,000 (2019 - \$120,000).

**7. Deferred contributions and unearned revenue**

Deferred contributions represent contributions from funding agencies that are externally restricted for the performance of services. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made.

Unearned revenue represents registration payments received in advance and are recognized into income over the registration term.

	<i>Deferred &amp; Unearned Revenue as at May 1, 2019</i>	<i>Current Year Funding Received</i>	<i>Current Year Revenue Recognized</i>	<i>2020</i>	<i>2019</i>
Province of British Columbia Grants	15,077	319,322	(243,933)	90,466	15,077
Unearned revenue	61,709	79,661	(102,608)	38,762	61,709
	<b>76,786</b>	<b>398,983</b>	<b>(346,541)</b>	<b>129,228</b>	<b>76,786</b>

**8. Commitments**

The Association has entered into various lease agreements with estimated minimum annual payments as follows:

2021	33,046
2022	23,286
2023	2,512
	<b>58,844</b>

**9. Financial instruments**

The Association, as part of its operations, carries a number of financial instruments. It is management's opinion that the Association is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

***Interest rate risk***

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. The Association is exposed to interest rate price risk on its bank indebtedness and bank loan.

***Liquidity risk***

Liquidity risk is the risk that the Association will encounter difficulty in meeting obligations associated with financial liabilities. The Association enters into transactions to purchase goods and services on credit and borrow funds from financial institutions, for which repayment is required at various maturity dates.

***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 Association's main credit risk relates to its accounts receivable. The Association believes that there is minimal risk associated with the collection of these amounts. Accounts receivable are widely distributed and the Association performs regular credit assessments and provides allowances for potentially uncollectible accounts receivable.

**10. Significant event**

At year-end, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Association as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.