

WINNIPEG MINOR BASKETBALL ASSOCIATION, INC.

FINANCIAL STATEMENTS

MARCH 31, 2024



CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Directors of Winnipeg
Minor Basketball Association, Inc.:

We have reviewed the accompanying financial statements of Winnipeg Minor Basketball Association, Inc. that comprise the statement of financial position as at March 31, 2024, and the statements 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Basis for Qualified Conclusion

Due to the inherent nature of the transactions of not-for-profit organizations, the completeness of revenue and expenses is not susceptible to us obtaining evidence we considered necessary for the purpose of the review. Accordingly, the evidence obtained of these revenues and expenses was limited to the amounts recorded in the records of Winnipeg Minor Basketball Association, Inc. Therefore, we were unable to determine whether any adjustments might have been found necessary with respect to registration revenue, expenses, excess of revenue over expenses, and cash flows from operations for the years ended March 31, 2024 and 2023, current assets as at March 31, 2024, and net assets as at April 1 and March 31 for both the 2024 and 2023 year ends. Our conclusion on the financial statements as at and for the year ended March 31, 2023 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the *Basis for Qualified Conclusion* paragraph, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Winnipeg Minor Basketball Association, Inc. that comprise the balance sheet as at March 31, 2024, 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.

Scarrow & Donald LLP

Chartered Professional Accountants
June 24, 2024
Winnipeg, Canada

For this communication, together with the work done to prepare this communication, we accept and assume responsibility only to the party who retained us to prepare this communication and as specified in the relevant engagement contract.

WINNIPEG MINOR BASKETBALL ASSOCIATION, INC.
STATEMENT OF FINANCIAL POSITION

		March 31	
		2024	2023
ASSETS			
Current assets:			
Cash	\$	950,675	\$ 698,542
Accounts receivable		6,500	-
Inventory		2,000	2,000
Prepaid expense		9,940	1,470
		969,115	702,012
Equipment (Note 3)		464	2,716
	\$	969,579	\$ 704,728
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	\$	257,360	\$ 220,145
Deferred revenue		376,442	343,175
Due to Winnipeg Minor Basketball Foundation, Inc. (Note 4)		26,700	36,258
		660,502	599,578
NET ASSETS			
Unrestricted net assets		309,077	105,150
	\$	969,579	\$ 704,728

APPROVED BY THE BOARD:

_____ Director

_____ Director

WINNIPEG MINOR BASKETBALL ASSOCIATION, INC.

STATEMENT OF OPERATIONS

	Year ended March 31	
	2024	2023
Revenue:		
Registrations	\$ 1,149,552	\$ 776,693
Levy	26,700	21,950
Interest income	10,827	4,558
	<u>1,187,079</u>	<u>803,201</u>
Expenses:		
Administration	27,718	20,960
Advertising	2,812	11,205
Amortization	2,252	2,252
Awards	20,363	23,972
Honorariums	10,000	-
Equipment	36,460	46,598
Gym supervisors	137,713	93,228
Insurance and membership fees	66,050	47,134
Levy - Winnipeg Minor Basketball Foundation, Inc.	26,700	21,950
Licensing fee	19,544	16,462
Office support	123,934	111,664
Professional fees	11,940	6,294
Referee fees	186,983	139,311
Rental fees - gymnasium	286,258	148,187
Training	24,425	23,733
	<u>983,152</u>	<u>712,950</u>
Difference between revenue and expenditures for the year	<u>\$ 203,927</u>	<u>\$ 90,251</u>

WINNIPEG MINOR BASKETBALL ASSOCIATION, INC.

STATEMENT OF CHANGES IN NET ASSETS

	Year ended March 31	
	2024	2023
Net assets:		
Balance, beginning of year	\$ 105,150	\$ 14,899
Difference between revenue and expenditures	<u>203,927</u>	<u>90,251</u>
Balance, end of year	<u>\$ 309,077</u>	<u>\$ 105,150</u>

WINNIPEG MINOR BASKETBALL ASSOCIATION, INC.

STATEMENT OF CASH FLOWS

	Year ended March 31	
	2024	2023
Cash flow provided operating activities:		
Cash receipts from members and interest	\$ 1,213,846	\$ 899,528
Cash paid to Winnipeg Minor Basketball Foundation, Inc.	(36,258)	(32,338)
Cash paid to suppliers and employees	(925,455)	(661,182)
	<u>252,133</u>	<u>206,008</u>
Cash flow from investing activities:		
Cash paid for equipment	<u>-</u>	<u>(1,392)</u>
Change in cash	252,133	204,616
Cash, beginning of year	<u>698,542</u>	<u>493,926</u>
Cash, end of year	<u>\$ 950,675</u>	<u>\$ 698,542</u>

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

1. Organization:

The Winnipeg Minor Basketball Association, Inc. is a not-for-profit corporation, incorporated without share capital on September 15, 2000. The Association previously operated as an unincorporated, non-profit organization formed in the fall of 1997. The Association's mission is to provide a positive environment for all Winnipeg and surrounding area youth, coaches, referees and parents by promoting the sport of basketball through community centre and club programs. The Association is exempt from 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. An assumption underlying the preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations is that the entity will continue for the foreseeable future and will be able to realize its assets and discharge liabilities in the normal course of operations.

The financial statements include the following significant accounting policies:

a) Critical accounting estimates and judgements-

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and judgments that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period.

Accounting estimates are included in financial statements to approximate the effect of past business transactions or events, or to approximate the present status of an asset or liability. It is possible that changes in future economic conditions could require changes in the recognized amounts for accounting estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the period in which they became known.

Significant areas of estimation by management include the impairment of non-financial assets, the useful lives of capital assets and the fair value of financial instruments.

Management bases their judgments, estimates and assumptions on factors they believe to be reasonable in the circumstances, but which may be inherently uncertain and unpredictable.

b) Capital assets-

Capital assets are recorded at cost and amortized over their estimated useful lives, except for donated assets which are recorded at fair market value at the time of the donation. This requires estimation of the useful life of the assets and residual value. When a capital asset no longer has any long-term service potential, the excess of its net carrying amount over any residual value is recognized as an expense. As is true for all accounting estimates, it is possible that changes in future conditions could require changes in the recognized amounts for accounting estimates. Amortization for equipment is provided on a straight-line basis over three years, representing its estimated useful life.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

2. Significant accounting policies (continued):

c) Inventory-

Inventory is valued at the lower of cost, determined on a weighted average basis, and net realizable value. The cost of inventories includes the cost of purchase, which includes the purchase price, other non-recoverable taxes, and transport and handling costs directly attributable to the acquisition of inventories. Inventory consists of supplies on hand.

d) Revenue recognition-

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized 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. Interest income is recognized on a time proportion basis. The Association collects a levy on behalf of the Winnipeg Minor Basketball Foundation, Inc. and remit to them accordingly. Levy income is recognized in the year in which the related expenses are incurred.

The registration process is centralized, where the Association collects fees on behalf of the community centres and fees for the Association. The portion of fees collected on behalf of the community centres are remitted or recorded as a liability on the balance sheet. The portion of fees belonging to the Association are recognized in revenue in the year in which the related expenses are incurred.

e) Contributed services-

Volunteers contribute time to assist the Association in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

f) Financial instruments-

Except for certain related party transactions, financial instruments are measured at fair value on initial recognition adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption. Transaction costs related to financial instruments that will be measured subsequently at fair value are recognized in net income for the period incurred.

In subsequent periods, investments in equity instruments that are quoted in an active market and certain derivative contracts are measured at fair value without any adjustment for transaction costs that may occur on sale or other disposal. The Association may elect to measure any financial instrument at fair value when the asset or liability is first recognized or for equity instruments that previously measured at fair value when the equity instrument ceases to be quoted in an active market. Other investments in equity instruments are measured at cost less any reduction for impairments. All other financial instruments are measured at amortized cost. Amortized cost is the amount at which the financial instrument is measured at initial recognition less principal repayments, plus or minus the cumulative effect of any difference between that initial amount and the maturity amount, and minus any reduction for impairment.

The Association measures cash, accounts receivable, accounts payable and accrued liabilities and due to Winnipeg Minor Basketball Foundation, Inc. at amortized cost.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

3. Equipment:

	March 31			
	2024		2023	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Equipment	\$ 10,872	\$ 10,408	\$ 10,872	\$ 8,156
Net book value	\$ 464		\$ 2,716	

4. Due to Winnipeg Minor Basketball Foundation, Inc.:

On June 24, 2003, the Association passed a motion at its Annual General Meeting to create a separate Association called the Winnipeg Minor Basketball Association Foundation, Inc. ("WMBA Foundation"). The purpose of the WMBA Foundation is to raise funds to build a number of outdoor basketball courts in the City of Winnipeg, and grant athletic scholarships to students.

The Association passed a motion to collect a levy of \$50 per team registered for league play on behalf of the WMBA Foundation.

The amount due to the WMBA Foundation is payable on demand, non-interest bearing and unsecured.

The Association and WMBA Foundation include members who are on the board of directors of both Organizations.

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 parties.

5. Risk management:

Management's risk management policies are typically performed as a part of the overall management of the Association's operations. Management is aware of risks related to these objectives through direct personal involvement with employees and outside parties. In the normal course of its business, the Association is exposed to a number of risks that can affect its operating performance. Management's close involvement in operations helps identify risks and variations from expectations. The Association has not designated transactions as hedging transactions to manage risk. As a part of the overall operation of the Association, management considers the avoidance of undue concentrations of risk. These risks include, and the actions taken to manage them are as follows:

Liquidity risk-

Liquidity risk is the risk that the Association cannot meet its financial obligations associated with financial liabilities in full. The Association's main sources of liquidity are its operations and external borrowings. The funds are primarily used to finance working capital expenditure requirements and are adequate to meet the Association's financial obligations associated with financial liabilities.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

5. Risk management (continued):

Credit risk-

Credit risk arises from the possibility that debtors may be unable to fulfill their commitments. For a financial asset, this is typically the gross carrying amount, net of any amounts offset and any impairment losses. The Association has credit policies to address credit risk on accounts receivable, which may include the analysis of the financial position of the debtor and review of credit limits. The Association also may review credit history before establishing credit and reviews credit performance. An allowance for doubtful accounts or other impairment provisions are established based upon factors surrounding credit risk, historical trends and other information. No allowance for doubtful accounts has been recorded as at March 31, 2024 (2023 - \$nil).