

ONTARIO VOLLEYBALL ASSOCIATION
Financial Statements
Year Ended August 31, 2023

ONTARIO VOLLEYBALL ASSOCIATION
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Year Ended August 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Members of Ontario Volleyball Association

Opinion

We have audited the financial statements of Ontario Volleyball Association (the Association), which comprise the statement of financial position as at August 31, 2023, and the statements of changes in net assets, revenues and expenditures and cash flow 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 August 31, 2023, and the results of its operations and its cash flow 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 those 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 relating 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.

(continues)

Jeremy A. Giles CPA, CA Lissa Savage CPA, CA, CPA (Illinois)

Mark Snyders CPA, CA Dillon O'Henly CPA, CA

James B. MacNeill FCPA, FCA, CFP (Counsel) Robert F. Edmundson CPA, CA (Retired)

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 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.

London, Ontario
November 23, 2023

MacNeill Edmundson
PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANTS
Authorized to practise public accounting by
the Chartered Professional Accountants of Ontario

ONTARIO VOLLEYBALL ASSOCIATION
Statement of Financial Position
August 31, 2023

	2023	2022 <i>(Restated)</i>
ASSETS		
CURRENT		
Cash	\$ 1,607,664	\$ 1,218,075
Accounts receivable	478,907	274,315
Interest receivable	6,179	6,179
Harmonized sales tax recoverable	61,657	115,292
Prepaid expenses	<u>296,943</u>	<u>224,032</u>
	2,451,350	1,837,893
CAPITAL ASSETS <i>(Note 3)</i>	326,450	133,930
LONG TERM INVESTMENTS <i>(Note 2)</i>	498,203	495,479
DEPOSITS	<u>22,024</u>	<u>366,785</u>
	\$ 3,298,027	\$ 2,834,087
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 791,244	\$ 647,933
Deferred revenue <i>(Note 4)</i>	286,604	252,789
Payable to members	<u>197,464</u>	<u>131,774</u>
	1,275,312	1,032,496
DEFERRED REVENUE <i>(Note 4)</i>	<u>6,202</u>	<u>8,202</u>
	1,281,514	1,040,698
NET ASSETS		
Contingency reserve fund <i>(Note 6)</i>	1,696,684	1,505,530
Regional reserve fund <i>(Note 7)</i>	<u>319,829</u>	<u>287,859</u>
	2,016,513	1,793,389
	\$ 3,298,027	\$ 2,834,087

ON BEHALF OF THE BOARD

Katie Hutchinson
 _____ Director

Christine Cook
 _____ Director

ONTARIO VOLLEYBALL ASSOCIATION
Statement of Changes in Net Assets
Year Ended August 31, 2023

	Contingency Reserve Fund	Regional Reserve Fund	2023	2022 <i>(Restated)</i>
NET ASSETS - BEGINNING OF YEAR	\$ 1,505,530	\$ 287,859	\$ 1,793,389	\$ 1,853,209
Excess (deficiency) of revenue over expenditures	191,154	31,970	223,124	(59,820)
NET ASSETS - END OF YEAR	\$ 1,696,684	\$ 319,829	\$ 2,016,513	\$ 1,793,389

ONTARIO VOLLEYBALL ASSOCIATION
Statement of Revenues and Expenditures
Year Ended August 31, 2023

	2023	2022 <i>(Restated)</i>
REVENUE		
Programs - tournaments, fees and other	\$ 6,478,900	\$ 4,142,506
Memberships	708,112	554,487
Grants - Government of Ontario	470,290	1,126,582
Sponsorships	168,721	110,433
Grants - Other	141,967	225,185
Investment income (loss)	111,578	(51,105)
Other income	29,803	57,518
Grants - Trillium Fund	22,619	-
Fundraising	4,528	2,886
Publication sales	1,268	3,313
Canada Emergency Wage Subsidy <i>(Note 10)</i>	-	15,079
Canada Emergency Rent Subsidy	-	1,408
	<u>8,137,786</u>	<u>6,188,292</u>
EXPENDITURES		
Programs <i>(Notes 10, 12)</i>	7,037,481	5,050,247
Administrative salaries and benefits <i>(Note 10)</i>	404,292	328,778
Other administrative costs <i>(Note 13)</i>	248,236	773,036
Communications	70,011	43,617
Special events	68,946	23,213
Amortization of capital assets	66,433	41,551
Meetings	43,547	16,696
Publication costs	7,686	6,578
	<u>7,946,632</u>	<u>6,283,716</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES FROM OPERATIONS	<u>191,154</u>	<u>(95,424)</u>
REGIONAL RESERVE FUND		
Memberships	43,491	45,870
Regional expenses	(11,521)	(10,266)
	<u>31,970</u>	<u>35,604</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>\$ 223,124</u>	<u>\$ (59,820)</u>

ONTARIO VOLLEYBALL ASSOCIATION
Statement of Cash Flow
Year Ended August 31, 2023

	2023	2022 <i>(Restated)</i>
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditures	\$ 223,124	\$ (59,820)
Items not affecting cash:		
Amortization of capital assets	66,433	41,551
Amortization reported under program expenses	10,804	21,516
	<u>300,361</u>	<u>3,247</u>
Changes in non-cash working capital:		
Accounts receivable	(204,592)	34,573
Interest receivable	-	19,759
Inventory	-	4,318
Accounts payable and accrued liabilities	143,313	303,416
Deferred revenue	33,815	132,705
Prepaid expenses	(72,911)	(56,182)
Harmonized sales tax recoverable	53,635	(116,763)
Deferred revenue - long-term	(2,000)	(2,000)
Payable to members	65,690	15,354
	<u>16,950</u>	<u>335,180</u>
Cash flow from operating activities	<u>317,311</u>	<u>338,427</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(269,758)	-
Net (increase) decrease in deposits	344,761	(230,895)
Net (increase) decrease in investments	(2,725)	54,904
	<u>72,278</u>	<u>(175,991)</u>
Cash flow from (used by) investing activities	<u>72,278</u>	<u>(175,991)</u>
INCREASE IN CASH FLOW	389,589	162,436
Cash - beginning of year	<u>1,218,075</u>	<u>1,055,639</u>
CASH - END OF YEAR	\$ 1,607,664	\$ 1,218,075

ONTARIO VOLLEYBALL ASSOCIATION
Notes to Financial Statements
Year Ended August 31, 2023

PURPOSE OF THE ORGANIZATION

Ontario Volleyball Association ("the Association") is a provincial organization operating programs to lead in the development and promotion of the sport throughout Ontario. Ontario Volleyball Association is incorporated in the province of Ontario under the Corporations Act as a not-for-profit organization.

1. ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Fund accounting

Contingency Reserve Fund

The objective of the contingency reserve fund is to maintain funds sufficient to meet the Association's annual working capital requirements and any planned future capital commitments. This reserve was established to ensure that the Association will be able to continue to operate as a going concern.

Regional Reserve Fund

The regional reserve fund is an internally restricted fund that was established to set aside \$3 per member each year to be spent on regional activities.

Revenue recognition

The Association follows the deferral method of accounting for grants. Grants are recognized as revenue in the year in which the related expenses are incurred. Program fees are recognized as revenue when the programs are held. Investment income includes interest income, realized investment gains and losses, and unrealized gains.

Donated services

The Association benefits greatly from donated services in the form of volunteer work to assist the Ontario Volleyball Association in carrying out its service delivery activities. Because of the difficulty in determining their fair value, donated services are not recognized in the financial statements.

Inventory

Inventory consists of books, manuals, score sheets and miscellaneous items necessary for the conduct of the Organization's operations. Inventory is valued at the lower of cost and net realizable value with the cost being valued using the weighted average method.

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ONTARIO VOLLEYBALL ASSOCIATION
Notes to Financial Statements
Year Ended August 31, 2023

1. ACCOUNTING POLICIES *(continued)*

Capital assets

Capital assets are recorded at cost. Amortization is provided on the basis and at the annual rates indicated as follows:

Equipment	10 years	straight-line method
Volleyball courts and equipment	10 years	straight-line method
Improvements to beach volleyball courts under license	over license term	straight-line method
Leasehold improvements	over lease term	straight-line method

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Financial instruments

Measurement of financial instruments

The Association initially measures its financial assets and financial liabilities at fair value.

The Association subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash, investments, accounts receivable and interest receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and amounts payable to members.

Deferred government assistance

Capital asset grants are accounted for as deferred government assistance and amortized on the same basis as the related capital assets.

ONTARIO VOLLEYBALL ASSOCIATION
Notes to Financial Statements
Year Ended August 31, 2023

2. INVESTMENTS

	2023	2022
Fixed Income Investments (at cost)	\$ 570,661	\$ 570,661
Less: change in fair market value	(72,458)	(75,182)
Long Term Investments	\$ 498,203	\$ 495,479

Investments consist of GIC's and bonds that mature from March 2025 to June 2031 and earn interest at rates between 1.55% and 2.93% annually.

3. CAPITAL ASSETS

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Equipment	\$ 33,645	\$ 33,645	\$ -	\$ -
Volleyball courts and equipment	871,852	577,201	294,651	88,315
Improvements to beach volleyball courts under license	228,649	204,100	24,549	35,353
Leasehold improvements	28,486	21,236	7,250	10,262
	\$ 1,162,632	\$ 836,182	\$ 326,450	\$ 133,930

ONTARIO VOLLEYBALL ASSOCIATION
Notes to Financial Statements
Year Ended August 31, 2023

4. DEFERRED REVENUE

Deferred revenue represents monies received prior to the year end which relate to events which will not occur until after year end, or specifically will be designated as subsequent year revenues.

	2023	2022
Ontario Trillium Foundation	\$ 127,381	\$ 75,000
Ontario championships travel fund	87,446	80,023
Programs - tournaments, fees and other	34,595	23,393
Other fund previously Performance bonds	23,900	23,900
Ashbridges Bay Beach Volleyball	11,282	14,470
Solars Fund	8,202	10,202
Ministry of Tourism, Culture and Sport - OCSRF	-	34,003
Subtotal	292,806	260,991
Current portion of deferred revenue	(286,604)	(252,789)
Long term portion of deferred revenue	\$ 6,202	\$ 8,202

Performance bonds payable represent amounts collected from all clubs for ongoing participation in the Association's programs. These funds were collected at the time of registration. In a prior year, the Association eliminated the requirement for performance bonds and refunded bonds where possible. The remaining funds will be used for operational indoor club volleyball.

Previously, a volleyball club contributed \$18,500 to the Association for its use. The Association has decided that the funds along with other internal fund contributions will be used for athlete assistance for athletes who are national team candidates. This fund is known as the Solars Fund. The full amount, less \$2,000 for current awards, has been presented as long term.

5. SPONSORSHIPS

The Association's financial statements reflect only cash sponsorships received from various sponsors. During the current fiscal year, the Association received additional donations of products from various sponsors with a retail value of approximately \$69,331 (2022 - \$69,331).

ONTARIO VOLLEYBALL ASSOCIATION
Notes to Financial Statements
Year Ended August 31, 2023

6. CONTINGENCY RESERVE FUND

During a prior fiscal year the Association created the Contingency Reserve Fund (note 1). The Net Asset position is being presented in the financial statements as the Contingency Reserve Fund, which is comprised of operating and capital funds. The Fund grew by \$191,154 as a result of the excess revenues over expenditures during the fiscal year.

The Finance and Audit Committee has determined a target amount of reserve funds required to support operations and capital funding to be \$2,000,000. The target amount is based on the following:

Reserve for Operations (50% of annual wages & admin costs)	\$ 900,000
Reserve for Capital Projects	500,000
Reserve for Ministry Funding (\$200,000 x 3 year funding cycle)	<u>600,000</u>
Total Contingency Reserve Fund	<u>\$ 2,000,000</u>

7. REGIONAL RESERVE FUND

The Regional Reserve Fund consists of a portion of membership revenues (\$3/member) that is designated for use by the OVA Regions. This is an internally restricted fund that can only be accessed for approved Regional initiatives. Each Region is required to develop an annual regional budget that is submitted to the Regional Council for approval by May 31st of each year.

The role of the Regions is to provide their expertise to collaboratively integrate the OVA's strategic plan into programs at the regional level. All approved regional initiatives must align with the strategic priorities of the OVA within the regional setting.

8. OFFICE RENT & MAINTENANCE

The Association leases premises at 60 Scarsdale Road, Toronto, Ontario on a monthly basis from Elm Place Inc. The association entered into a lease agreement that runs to September 2024 with the following required annual payments:

2024	\$ 101,777
2025	<u>8,481</u>
	<u>\$ 110,258</u>

ONTARIO VOLLEYBALL ASSOCIATION
Notes to Financial Statements
Year Ended August 31, 2023

9. FINANCIAL INSTRUMENTS

The Association as part of its operations carries a number of financial instruments, which include cash, investments, accounts receivable, interest receivable, accounts payable and accrued liabilities and amounts payable to members. The carrying amount of the Association's financial instruments approximates their face value due to their relatively short-term maturities. It is management's opinion that the Association is not exposed to significant interest rate, currency or credit risks arising from its financial instruments, except as otherwise disclosed.

10. SALARIES AND BENEFITS

Salaries and benefits consist of:

	<u>2023</u>	<u>2022</u>
Administrative salaries and benefits	\$ 404,292	\$ 328,777
Programs	<u>1,070,561</u>	<u>896,136</u>
	<u>\$ 1,474,853</u>	<u>\$ 1,224,913</u>

Salaries and benefits allocated to programs are reported under program expenditures. To subsidize these costs, the Association received \$NIL (2022 - \$15,079) from the Canada Emergency Wage Subsidy.

ONTARIO VOLLEYBALL ASSOCIATION
Notes to Financial Statements
Year Ended August 31, 2023

11. COMMITMENTS

The Association has entered into a license agreement with The Board of Governors of Exhibition Place to use the Enercare Centre for the OVA Provincial Championships in 2026. Net rental cost (including HST) is \$580,812 for the 2026 event, of which \$17,424 has been paid and is included in deposits. Future required payments (including HST) are \$272,982 in 2025 and \$290,406 in 2026.

In the prior year, the Association also entered into license agreements for the properties where the beach volleyball courts were renovated or constructed. The license agreement for the courts located in Barrie has an initial term from July 1, 2018 to September 30, 2028 and a renewal option from May 1, 2029 to September 30, 2033. The license fee is calculated as 15% of the revenue generated from the courts plus HST and is payable annually by October 15th.

The license agreement for the courts located in the City of Pickering has a term from May 1, 2023 to September 30, 2027. The total commitment remaining over the term is \$24,295 (including HST).

The Association has an agreement to purchase medals for a cost of \$15,998 in 2026.

The Association has entered into court rental agreements with various organizations. Expected future payments (including HST) are \$1,101,100. Of this, \$569,113 is expected to be paid in 2024, \$343,671 in 2025, \$123,539 in 2026 and \$64,777 in 2027.

The Association has entered into an accomodation and facility rental agreement with the University of Guelph for Team Ontario Regional programs. Expected future payments are \$106,000 in 2024 and \$159,000 in 2025.

12. PROGRAM EXPENSES

	2023	2022
Provincial championships	\$ 1,655,103	\$ 1,006,232
Programs - Learn To Compete	1,460,780	1,071,080
Programs - Train To Train	1,414,263	1,213,648
Officials	866,737	354,725
Programs - OVA Beach Facilities	469,984	470,142
Programs - Learn To Train	457,478	236,544
Beach	419,474	408,834
Coaching	154,162	122,991
Programs - Train To Compete	115,443	148,573
Programs - Sitting Volleyball	24,057	17,478
	\$ 7,037,481	\$ 5,050,247

Programs - OVA Beach Facilities includes amortization of capital assets (improvements to volleyball courts under license) of \$5,892 (2022 - \$12,516) and amortization of intangible assets of \$NIL (2022 - \$9,000).

ONTARIO VOLLEYBALL ASSOCIATION
Notes to Financial Statements
Year Ended August 31, 2023

13. OTHER ADMINISTRATION COSTS

	2023	2022
Professional services	\$ 92,736	\$ 41,604
Insurance	61,124	56,238
Rent	31,312	34,066
Bank, credit card & payroll service charges	26,109	13,261
Phone & internet	24,120	19,277
Office supplies and other	5,626	5,655
Postage & courier	2,529	801
Printing & copying	2,334	2,132
Leasehold improvements	1,846	1,737
Bad debt expense (recovery)	500	(14,000)
Ministry Club Funding grant payments	-	612,265
	\$ 248,236	\$ 773,036

14. PRIOR PERIOD RESTATEMENT

During the year, it was discovered that there was accounts payable relating to membership dues that should have been recognized in the statement of revenues and expenditures when originally incurred. As a result, the following changes were made:

For the year ending August 31, 2022, membership revenue increased \$45,870, regional expenses increased \$10,266, and excess of revenue over expenditures increased \$35,604.

As at August 31, 2022, payable to members decreased \$287,859 and the regional reserve fund increased \$287,859.