
LAY-UP YOUTH BASKETBALL

FINANCIAL STATEMENTS

APRIL 30, 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of Lay-Up Youth Basketball,

Opinion

We have audited the financial statements of Lay-Up Youth Basketball (the organization), which comprise the statement of financial position as at April 30, 2021, and the statements of operations and 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 Lay-Up Youth Basketball as at April 30, 2021 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 organization 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 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.

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.

INDEPENDENT AUDITOR'S REPORT (continued)

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 your 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 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 timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Pemylegion Chung LLP

Chartered Professional Accountants
Licensed Public Accountants

July 6, 2022
Toronto, Ontario

LAY-UP YOUTH BASKETBALL

STATEMENT OF FINANCIAL POSITION

AS AT APRIL 30, 2021

	2021	2020
ASSETS		
Current assets		
Cash	\$ 432,197	\$ 21,326
Guaranteed investment certificates (note 3)	174,980	279,585
Canada Emergency Wage Subsidy receivable	42,355	-
HST rebate recoverable	19,837	7,173
Prepaid expenses	<u>-</u>	<u>4,723</u>
	<u>\$ 669,369</u>	<u>\$ 312,807</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 12,565	\$ 11,304
Payroll source deductions payable	10,172	6,059
Deferred contributions (note 4)	<u>36,600</u>	<u>21,400</u>
	59,337	38,763
Long-term liabilities		
Canada Emergency Business Account (CEBA) loan payable (note 5)	<u>40,000</u>	<u>-</u>
	<u>99,337</u>	<u>38,763</u>
Net assets		
Unrestricted	<u>570,032</u>	<u>274,044</u>
	<u>\$ 669,369</u>	<u>\$ 312,807</u>

Approved on behalf of the Board:

Charles Kissi, Director

M. M. M., Director

see accompanying notes

LAY-UP YOUTH BASKETBALL

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED APRIL 30, 2021

	2021	2020
REVENUE		
Contributions	\$ 758,781	\$ 574,852
Canada Emergency Wage Subsidy (CEWS)	187,330	1,595
Ontario Small Business Support grant	20,000	-
Forgivable portion of CEBA loan (note 5)	20,000	-
In-kind donations	10,000	34,765
Interest	<u>702</u>	<u>4,915</u>
	<u>996,813</u>	<u>616,127</u>
EXPENSES		
Program		
Summer	358,252	276,989
School	169,198	185,155
Workshops	35,600	-
Supplies	32,097	-
Office and general	49,130	71,323
Covid-19 related	19,284	-
Advertising and promotion	15,570	1,372
Insurance	12,957	7,721
Professional fees	<u>8,737</u>	<u>4,885</u>
	<u>700,825</u>	<u>547,445</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	295,988	68,682
Net assets, beginning of year	<u>274,044</u>	<u>205,362</u>
NET ASSETS, END OF YEAR	<u>\$ 570,032</u>	<u>\$ 274,044</u>

see accompanying notes

LAY-UP YOUTH BASKETBALL

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED APRIL 30, 2021

	2021	2020
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 295,988	\$ 68,682
Net change in non-cash working capital items (see below)	<u>(29,722)</u>	<u>(17,440)</u>
Cash generated from operating activities	<u>266,266</u>	<u>51,242</u>
FINANCING ACTIVITIES		
Guaranteed investment certificates redeemed (purchased)	104,605	(127,585)
Proceeds from CEBA loan, net of forgivable portion	<u>40,000</u>	<u>-</u>
Net cash generated from (used for) financing activities	<u>144,605</u>	<u>(127,585)</u>
NET INCREASE (DECREASE) IN CASH FOR THE YEAR	410,871	(76,343)
Cash, beginning of year	<u>21,326</u>	<u>97,669</u>
CASH, END OF YEAR	<u>\$ 432,197</u>	<u>\$ 21,326</u>

Net change in non-cash working capital items:

Decrease (increase) in current assets-		
Canada Emergency Wage Subsidy receivable	\$ (42,355)	\$ -
HST rebate recoverable	(12,664)	(5,324)
Prepaid expenses	4,723	1,223
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	1,262	6,451
Payroll source deductions payable	4,112	2,210
Deferred contributions	<u>15,200</u>	<u>(22,000)</u>
	<u>\$ (29,722)</u>	<u>\$ (17,440)</u>

see accompanying notes

LAY-UP YOUTH BASKETBALL

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2021

Lay-Up Youth Basketball (Lay-Up, or the organization) was incorporated on March 28, 2016 without share capital under the Canada Not-for-profit Corporations Act. The organization is exempt from income tax in Canada as a registered charitable organization under the Income Tax Act (Canada).

Lay-Up provides free leadership basketball programs in Toronto's priority communities. Lay-Up's mission is to empower youth with confidence and life skills to be community leaders of tomorrow. High quality basketball is used as a platform to deliver meaningful, customized off the court programming that will equip and inspire youth to overcome barriers in academia, life skills development and healthy living. Lay-Up offers summer camps and school year programs to children ages 6-14 as well as employment to teens and young adults.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant:

Revenue recognition

The principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

Contributions

The organization follows the deferral method of revenue recognition for contributions.

Externally restricted contributions, including grants and restricted donations, related to current expenses are recognized as revenue in the current year. Externally restricted contributions received in the year for expenses to be incurred in the following year are recorded as deferred contributions. Unrestricted contributions, including donations and amounts received from fundraising, is recorded when received. Canada Emergency Wage Subsidy is recognized as revenue in the period to which it relates.

In-kind donations

Except for contributed permit fees and food for events, contributed goods and services are not recorded in the accounts. Contributed permit fees and food for events is recognized as revenue and as a program expense in the same year.

Allocation of expenses

The organization allocates personnel costs by financial statement expense category. Personnel allocations are based on time spent by activity.

2. FINANCIAL INSTRUMENTS

The organization's financial instruments include cash, guaranteed investment certificates, amounts receivable (including CEWS receivable) CEBA loan payable, accounts payable and accrued liabilities. Amounts receivable, CEBA loan payable, accounts payable and accrued liabilities are initially recorded at fair value and are subsequently recorded net of any provisions for impairment in value. Guaranteed investment certificates are recorded at cost plus accrued interest, which approximates fair value.

3. GUARANTEED INVESTMENT CERTIFICATES

Guaranteed investment certificates are issued and held by a major Canadian chartered bank, bear interest at rates ranging from 0.10% to 0.98% and mature between May 2021 and October 2021.

LAY-UP YOUTH BASKETBALL

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2021

4. DEFERRED CONTRIBUTIONS

Deferred contributions are as follows:

	2021	2020
Ontario Trillium Foundation	\$ 36,600	\$ -
Maple Leaf Sports & Entertainment	<u>-</u>	<u>21,400</u>
	<u>\$ 36,600</u>	<u>\$ 21,400</u>

Continuity of deferred contributions for the year is as follows:

Deferred contributions, beginning of year	\$ 21,400	\$ 43,400
Add cash received from contributions	773,981	552,852
Less contribution revenue recognized	<u>(758,781)</u>	<u>(574,852)</u>
Deferred contributions, end of year	<u>\$ 36,600</u>	<u>\$ 21,400</u>

5. CANADA EMERGENCY BUSINESS ACCOUNT LOAN PAYABLE

During the year, the organization obtained the Canada Emergency Business Account (CEBA) loan of \$60,000 from the Government of Canada. The unsecured loan bears no interest and no principal repayments are required until December 31, 2023. Proceeds from the loan can only be used for non-deferrable operating expenses. If the organization repays \$40,000 of the loan when due, the remaining \$20,000 is forgiven. As at year end, the organization's resources are sufficient to repay the loan when due and therefore the forgivable portion of the loan has been recognized as revenue in the current year. As at April 30, 2021, the organization made no principal repayments in respect of the CEBA loan.