Financial Statements of

LAY-UP YOUTH BASKETBALL

April 30, 2022

TINKHAM LLP | CHARTERED PROFESSIONAL ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Members of
LAY-UP YOUTH BASKETBALL

Opinion

We have audited the accompanying financial statements of Lay-Up Youth Basketball ("the Organization") which comprise the statement of financial position as at April 30, 2022 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 Organization as at April 30, 2022, 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.

Other Matter

The financial statements of the Organization for the year ended April 30, 2021 were audited by another firm of Chartered Professional Accountants who expressed an unmodified opinion on those financial statements on July 6, 2022.

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.

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 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 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.

TORONTO, Ontario
October 27, 2022

Licensed Public Accountants

LAY-UP YOUTH BASKETBALL
Statement of Financial Position

As at April 30,		**2022**		2021 (note 13)
Assets				
Current				
Cash	**$**	**112,665**	$	432,197
Investments (note 3)		**412,053**		174,980
Canada Emergency Wage Subsidy (CEWS) receivable		**-**		42,355
Public Service Body Rebate receivable		**24,469**		19,837
Contributions receivable		**13,090**		-
Prepaid expenses		**10,267**		-
		572,544		669,369
Capital assets (note 4)		**13,974**		-
	$	**586,518**	$	669,369
Liabilities				
Current				
Accounts payable and accrued liabilities (note 5)	**$**	**63,010**	$	22,737
Deferred contributions (note 6)		**7,500**		36,600
		70,510		59,337
Canada Emergency Business Account (CEBA) loan payable (note 7)		**40,000**		40,000
Deferred capital contributions (note 8)		**2,083**		-
		112,593		99,337
Net assets				
Unrestricted		**473,925**		570,032
	$	**586,518**	$	669,369

On behalf of the Board:

____________________ Director
Max Daviau

Karen Papadopoulos ____________________ Director
Karen Papadopoulos

See accompanying notes to the financial statements.

LAY-UP YOUTH BASKETBALL

Statement of Operations and Changes in Net Assets

Year ended April 30,	**2022**	2021 (note 13)
Revenues		
Contributions (note 9)	**$ 937,587**	$ 768,781
Canada Emergency Wage Subsidy (CEWS) (note 10)	**37,394**	187,330
Ontario Small Business Support Grant (note 10)	**20,000**	20,000
Ontario Small Business Relief Grant (note 10)	**10,000**	-
Interest	**699**	702
Amortization of deferred capital contributions (note 8)	**417**	-
Forgivable portion of CEBA loan (note 7)	**-**	20,000
	1,006,097	996,813
Expenses		
Programs	**675,942**	390,463
Office and general	**331,211**	233,746
Professional fees	**54,242**	8,737
Advertising and promotion	**20,191**	15,570
Staff training and development	**12,012**	20,068
Insurance	**5,811**	12,957
Amortization	**2,795**	-
COVID-19	**-**	19,284
	1,102,204	700,825
Excess (deficiency) of revenue over expenses for the year	**(96,107)**	295,988
Net assets, beginning of year	**570,032**	274,044
Net assets, end of year	**$ 473,925**	$ 570,032

See accompanying notes to the financial statements.

LAY-UP YOUTH BASKETBALL

Statement of Cash Flows

Year ended April 30,		**2022**		2021 (note 13)
Cash provided (used) by operating activities:				
Excess (deficiency) of revenues over expenses for the year	**$**	**(96,107)**	$	295,988
Items not requiring an outlay of cash:				
Forgivable portion of CEBA loan		**-**		(20,000)
Amortization of capital assets		**2,795**		-
Amortization of deferred capital contributions		**(417)**		-
		(93,729)		275,988
Changes in non-cash working capital balances:				
Canada Emergency Wage Subsidy (CEWS) receivable		**42,355**		(42,355)
Public Service Body Rebate receivable		**(4,632)**		(12,664)
Contributions receivable		**(13,090)**		-
Prepaid expenses		**(10,267)**		4,723
Accounts payable and accrued liabilities		**40,273**		5,374
Deferred contributions		**(29,100)**		15,200
Cash provided by (used in) operating activities		**(68,190)**		246,266
Cash provided by (used in) investing activities:				
Redemption (purchase) of investments - net		**(237,073)**		104,605
Purchase of capital assets		**(16,769)**		-
Capital contributions received		**2,500**		-
Cash provided by (used in) investing activities		**(251,342)**		104,605
Cash provided by financing activities:				
Proceeds from CEBA loan		**-**		60,000
Increase (decrease) in cash		**(319,532)**		410,871
Cash, beginning of the year		**432,197**		21,326
Cash, end of the year	**$**	**112,665**	$	432,197

See accompanying notes to the financial statements.

1 Organization

Lay-Up Youth Basketball ("the Organization") was incorporated on March 28, 2016 without share capital under the Canada Not-For-Profit Corporations Act. The Organization is a non-profit organization under the *Income Tax Act (Canada)* and accordingly is exempt from income taxes provided certain requirements are met.

The Organization provides free leadership basketball programs in Toronto's priority communities. The Organization'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. The Organization offers summer camps and school year programs to children ages 6 to 14 as well as employment to teens and young adults.

2 Summary of significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Revenue recognition

(i) Contributions

The Organization follows the deferral method of accounting for contributions. Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is assured.

(ii) Interest income

Revenue from interest income is recognized in the year it is earned.

(b) In-kind donations

Contributed goods and services, except for contributed permit fees and food for events, are not recorded in the financial statements because of the difficulty of determining the value of goods and volunteer hours received. Contributed permit fees and food for events is recognized as revenue and as a program expense in the year it to which it relates.

(c) Capital assets

The Organization records capital assets at cost. The cost of a capital asset comprises its purchase price and any directly attributable cost of preparing the asset for its intended use. When conditions indicate a capital asset no longer contributes to the Organization's ability to provide services or that the value of future economic benefits or service potential associated with the capital asset is less than its net carrying amount, its net carrying amount is written down to its fair value or replacement cost. As at April 30, 2022, no such impairment exists.

Capital assets are depreciated over their estimated useful lives on a straight-line basis as follows:

Computers	3 years
Equipment	3 years

(d) Allocation of expenses

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

2 Summary of significant accounting policies (continued)

(e) Financial instruments

(i) Measurement

The Organization initially measures its financial assets and financial liabilities at fair value. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost.

(ii) Impairment

At the end of each reporting period, the Organization assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. Objective evidence of impairment includes observable data that comes to the attention of the Organization. When there is an indication of impairment, the Organization determines whether a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset.

There are no indications of impairment of financial assets at April 30, 2022.

(f) Management estimates

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 amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and changes in net assets, and the reported amounts of revenues and expenses during the current period.

All estimates are reviewed periodically and adjustments are made to the statement of operations as appropriate in the year they become known.

3 Investments

Investments are comprised of guaranteed investment certificates held by a major Canadian chartered bank. The investments mature on dates ranging from July 11, 2022 to January 28, 2023 (2021 - May 27, 2021 to October 4, 2021) and bear interest at rates ranging from 0.10% to 1.20% (2021 - 0.10% to 0.98%).

Included in investments are GIC's totaling $10,000 (2021 - $10,000) held as collateral for the corporate credit card issued to the Organization.

4 Capital assets

	2022		2021	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Computers	**$ 10,745**	**$ (1,791)**	$ -	$ -
Equipment	**6,024**	**(1,004)**	-	-
	$ 16,769	**$ (2,795)**	$ -	$ -
		$ 13,974		$ -

5 Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities is $17,521 (2021 - $10,172) in government remittances payable.

6 Deferred contributions

Deferred contributions are comprised as follows:

Year ended April 30,	2022	2021
Telus Friendly Future Foundation	$ 7,500	$ -
Ontario Trillium Foundation	-	36,600
	$ 7,500	$ 36,600

Continuity of deferred contributions for the year is as follows:

Year ended April 30,	2022	2021
Deferred contributions, beginning of the year	$ 36,600	$ 21,400
Add contributions received	908,487	783,981
Less contributions recognized in revenue	(937,587)	(768,781)
Deferred contributions, end of the year	$ 7,500	$ 36,600

7 Canada Emergency Business Account (CEBA) loan payable

The Organization received a $60,000 loan under the federal government's Canada Emergency Business Account (CEBA) program which provides assistance to small businesses in paying non-deferrable operating expenses. The CEBA program is designed to assist organizations dealing with the economic impact of the COVID-19 pandemic.

The loan is interest free an no payments are required until December 31, 2023. Any portion of the loan can be repaid at any time without penalty. Subsequent to December 31, 2023, interest would be payable monthly, charged at 5% and the balance of the loan would be due in full December 31, 2025.

Provided $40,000 of the CEBA loan is repaid on or before December 31, 2023, the remaining $20,000 will be forgiven. The Organization has recognized the $20,000 forgivable portion as government assistance in the prior year as the Organization expects to repay the $40,000 on or before December 31, 2023.

8 Deferred capital contributions

Deferred capital contributions related to capital assets represent the unamortized amount of contributions received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations and changes in net assets on a straight-line basis at a rate corresponding with the amortization rate for the related capital assets.

Year ended April 30,	2022	2021
Unamortized capital contributions, beginning of year	$ -	$ -
Capital contributions received	2,500	-
Amounts amortized to revenue	(417)	-
Unamortized capital contributions, end of year	$ 2,083	$ -

9 Contributions

Contributions are comprised of the following major sources:

Year ended April 30,	2022	2021
Foundations and other registered charities	**$ 583,185**	$ 479,159
Government grants and contracts	**162,513**	35,234
Individuals	**108,866**	137,153
Corporations	**80,653**	113,595
Other	**2,370**	3,640
	$ 937,587	$ 768,781

10 Government assistance

In response to the negative economic impact of the COVID-19 pandemic, various government programs have been enacted to provide relief to organizations.

During the year, the Organization received government assistance under the following programs:

(a) Canada Emergency Wage Subsidy (CEWS)

Management has determined that the Organization qualified for the Canada Emergency Wage Subsidy (CEWS) program under Canada's COVID-19 Economic Response Plan.

The CEWS subsidies received are subject to possible review by the Canada Revenue Agency.

(b) Ontario Small Business Support Grant / Ontario Small Business Relief Grant

Management has determined that the Organization qualified for the Ontario Small Business Support Grant and Ontario Small Business Relief Grant programs offered by the Government of Ontario in response to the COVID-19 provincewide shutdown.

The grants received are subject to possible review by the Government of Ontario.

11 Allocated expenses

Salaries and benefits expenses totaling $710,425 (2021 - $487,273) are allocated by management using their best estimate, based on time for labour, to the activities which they benefit. Salaries and benefits expenses have been allocated as follows:

For the year ended April 30,	2022	2021
Programs	**$ 446,617**	$ 302,657
Office and general	**263,808**	184,616
	$ 710,425	$ 487,273

12 Financial instruments

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure and concentrations. The financial instruments and the nature of the risks to which they may be subject are as follows:

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 through its accounts receivable. Accounts receivable are unsecured.

Liquidity risk

Liquidity risk is the risk that the Organization will not be able to meet a demand for cash or fund its obligations as they come due. The Organization meets its liquidity requirements by preparing and monitoring forecasts of cash flows from operations and anticipating investing and financing activities.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

The Organization is not significantly exposed to currency risk or other price risk.

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 guaranteed investment certificates earn interest at market rates. The Organization manages its exposure to the interest rate risk of its cash by maximizing the interest income earned on excess funds while maintaining the liquidity necessary to conduct operations on a day-to-day basis. Fluctuations in market rates of interest on cash do not have a significant impact on the Organization’s results of operations.

Changes in risk

There have been no significant changes in the Organization's risk exposures from the prior year.

13 Comparative figures

The 2021 comparative figures were audited by another firm of Chartered Professional Accountants. Certain comparative figures have been reclassified to confirm to the presentation adopted in the current year.