Financial Statements of

LAY-UP YOUTH BASKETBALL

April 30, 2023

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, 2023 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, 2023, 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.

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.

LLP

TORONTO, Ontario
October 26, 2023

Licensed Public Accountants

LAY-UP YOUTH BASKETBALL
Statement of Financial Position

As at April 30,		**2023**		2022
Assets				
Current				
Cash	**$**	**210,174**	$	112,665
Investments (note 3)		**205,881**		412,053
Public Service Bodies' Rebate receivable		**19,565**		24,469
Contributions receivable		**44,705**		13,090
Prepaid expenses		**13,783**		10,267
		494,108		572,544
Capital assets (note 4)		**23,794**		13,974
	$	**517,902**	$	586,518
Liabilities				
Current				
Accounts payable and accrued liabilities (note 5)	**$**	**74,870**	$	63,010
Deferred contributions (note 6)		**37,170**		7,500
		112,040		70,510
Canada Emergency Business Account (CEBA) loan (note 7)		**39,141**		40,000
Deferred capital contributions (note 8)		**1,250**		2,083
		152,431		112,593
Net assets				
Unrestricted		**365,471**		473,925
	$	**517,902**	$	586,518

On behalf of the Board:

_______________ Director

Karen Papadopoulos Director

See accompanying notes to the financial statements.

LAY-UP YOUTH BASKETBALL
Statement of Operations and Changes in Net Assets

Year ended April 30,	**2023**	2022
Revenues		
Contributions (note 9)	**$ 1,391,303**	$ 937,587
Interest	**7,211**	699
Amortization of deferred capital contributions (note 8)	**833**	417
Canada Emergency Wage Subsidy (CEWS)	**-**	37,394
Ontario Small Business Support Grant	**-**	20,000
Ontario Small Business Relief Grant	**-**	10,000
	1,399,347	1,006,097
Expenses		
Programs	**955,959**	675,942
Office and general	**417,031**	331,211
Advertising and promotion	**69,467**	20,191
Staff training and development	**21,474**	12,012
Professional fees	**21,318**	54,242
Insurance	**13,881**	5,811
Amortization	**8,671**	2,795
	1,507,801	1,102,204
Deficiency of revenue over expenses for the year	**(108,454)**	(96,107)
Net assets, beginning of year	**473,925**	570,032
Net assets, end of year	**$ 365,471**	$ 473,925

See accompanying notes to the financial statements.

LAY-UP YOUTH BASKETBALL
Statement of Cash Flows

Year ended April 30,	**2023**	2022
Cash provided (used) by operating activities:		
Deficiency of revenue over expenses for the year	**$ (108,454)**	$ (96,107)
Items not requiring an outlay of cash:		
Amortization of capital assets	**8,671**	2,795
Amortization of deferred capital contributions	**(833)**	(417)
	(100,616)	(93,729)
Changes in non-cash working capital balances:		
Canada Emergency Wage Subsidy (CEWS) receivable	**-**	42,355
Public Service Bodies' Rebate receivable	**4,904**	(4,632)
Contributions receivable	**(31,615)**	(13,090)
Prepaid expenses	**(3,516)**	(10,267)
Accounts payable and accrued liabilities	**11,860**	40,273
Deferred contributions	**29,670**	(29,100)
Cash used by operating activities	**(89,313)**	(68,190)
Cash provided by (used in) investing activities:		
Redemption (purchase) of investments - net	**206,172**	(237,073)
Purchase of capital assets	**(18,491)**	(16,769)
Capital contributions received	**-**	2,500
Cash provided (used) by investing activities	**187,681**	(251,342)
Cash used by financing activities:		
Repayment of CEBA loan	**(859)**	-
Increase (decrease) in cash	**97,509**	(319,532)
Cash, beginning of the year	**112,665**	432,197
Cash, end of the year	**$ 210,174**	$ 112,665

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.

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 as well as employment to teens and young adults. The Organization serves individuals ranging in age from 6 to 29.

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, 2023, 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 (note 11).

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, 2023.

(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 May 17, 2023 to October 2, 2023 (2022 - July 11, 2022 to January 28, 2023) and bear interest at rates ranging from 0.75% to 4.30% (2022 - 0.10% to 1.20%).

Included in investments are GIC's totaling $20,000 (2022 - $10,000) held as collateral for the corporate credit card issued to the Organization.

4 Capital assets

As at April 30,	**2023**		2022	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Computers	**$ 23,903**	**$ (7,565)**	$ 10,745	$ (1,791)
Equipment	**11,357**	**(3,901)**	6,024	(1,004)
	$ 35,260	**$ (11,466)**	$ 16,769	$ (2,795)
		$ 23,794		$ 13,974

5 Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities is $18,316 (2022 - $17,521) in government remittances payable.

6 Deferred contributions

Deferred contributions are comprised as follows:

As at April 30,	**2023**	2022
Canada Basketball	**$ 25,000**	-
Ontario Arts Council	**8,670**	-
Toronto Arts Council	**3,500**	-
Telus Friendly Future Foundation	**-**	7,500
	$ 37,170	$ 7,500

Continuity of deferred contributions for the year is as follows:

Year ended April 30,	**2023**	2022
Deferred contributions, beginning of the year	**$ 7,500**	$ 36,600
Add contributions received	**1,420,973**	908,487
Less contributions recognized in revenue	**(1,391,303)**	(937,587)
Deferred contributions, end of the year	**$ 37,170**	$ 7,500

7 Canada Emergency Business Account (CEBA) loan

The Organization received a $60,000 loan in a prior year 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 and no payments are required until January 18, 2024. Any portion of the loan can be repaid at any time without penalty.

Provided $40,000 of the CEBA loan is repaid on or before January 18, 2024, the remaining $20,000 will be forgiven. The Organization has recognized the $20,000 forgivable portion as government assistance in a prior year as there is reasonable assurance that the Organization will be entitled to the grant.

If the loan is not repaid in full by January 18, 2024, the government assistance will be reversed and the full $60,000 loan will become payable. Interest will be payable monthly, charged at 5%, and the balance of the loan will be due in full on December 31, 2026.

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,	**2023**	2022
Unamortized capital contributions, beginning of year	**$ 2,083**	$ -
Capital contributions received	**-**	2,500
Amounts amortized to revenue	**(833)**	(417)
Unamortized capital contributions, end of year	**$ 1,250**	$ 2,083

9 Contributions

Contributions are comprised of the following major sources:

Year ended April 30,	**2023**	2022
Foundations and other registered charities	**$ 680,790**	$ 583,185
Corporations	**286,816**	80,653
Government grants and contracts	**259,654**	162,513
Individuals	**162,187**	108,866
Other	**1,856**	2,370
	$ 1,391,303	$ 937,587

10 Commitments

The Organization's operating lease for premise expires July 31, 2025, with an option to terminate at the Organization's discretion. The minimum required payments over the remaining term of the initial 36 months, excluding HST, is as follows:

2024 - $24,000
2025 - $24,000
2026 - $6,000

11 Allocated expenses

Salaries and benefits expenses totaling $906,585 (2022 - $710,425) 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,	**2023**	2022
Programs	**$ 599,642**	$ 446,617
Office and general	**292,970**	263,808
Advertising and promotion	**13,973**	-
	$ 906,585	$ 710,425

Salaries and benefits allocated to Programs represent compensation provided by the Organization to youth through the youth coach development program.

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 contributions receivable, which 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.