
LAY-UP YOUTH BASKETBALL

FINANCIAL STATEMENTS

APRIL 30, 2019

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, 2019, 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, 2019 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

October 16, 2019
Toronto, Ontario

LAY-UP YOUTH BASKETBALL

STATEMENT OF FINANCIAL POSITION

AS AT APRIL 30, 2019

(with comparative amounts for the period December 17, 2017 to April 30, 2018)

	2019 (12 months)	2018 (4.5 months)
ASSETS		
Current assets		
Cash	\$ 97,669	\$ 127,200
Guaranteed investment certificates (note 3)	152,000	-
HST rebate recoverable	1,849	925
Prepaid expenses	<u>5,946</u>	<u>2,829</u>
	<u>\$ 257,464</u>	<u>\$ 130,954</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 4,854	\$ 4,000
Payroll source deductions payable	3,848	2,186
Deferred contributions (note 4)	<u>43,400</u>	<u>72,667</u>
	<u>52,102</u>	<u>78,853</u>
Net assets		
Unrestricted	<u>205,362</u>	<u>52,101</u>
	<u>\$ 257,464</u>	<u>\$ 130,954</u>

Approved on behalf of the Board:

_____, Director

_____, Director

see accompanying notes

LAY-UP YOUTH BASKETBALL

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED APRIL 30, 2019

(with comparative amounts for the period December 17, 2017 to April 30, 2018)

	2019 (12 months)	2018 (4.5 months)
REVENUE		
Contributions	\$ 469,254	\$ 103,179
In-kind donations (note 5)	<u>49,146</u>	<u>-</u>
	<u>518,400</u>	<u>103,179</u>
EXPENSES		
Program (note 5)		
Summer	175,607	26,119
School	120,461	10,352
Office and general	50,839	5,024
Advertising and promotion	7,246	3,173
Insurance	6,490	2,021
Professional fees	<u>4,496</u>	<u>4,389</u>
	<u>365,139</u>	<u>51,078</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE PERIOD	153,261	52,101
Net assets, beginning of period	<u>52,101</u>	<u>-</u>
NET ASSETS, END OF PERIOD	<u><u>\$ 205,362</u></u>	<u><u>\$ 52,101</u></u>

see accompanying notes

LAY-UP YOUTH BASKETBALL

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED APRIL 30, 2019

(with comparative amounts for the period December 17, 2017 to April 30, 2018)

	2019 (12 months)	2018 (4.5 months)
OPERATING ACTIVITIES		
Excess of revenue over expenses for the period	\$ 153,261	\$ 52,101
Net change in non-cash working capital items (see below)	<u>(30,792)</u>	<u>75,099</u>
Cash generated from operating activities	122,469	127,200
FINANCING ACTIVITIES		
Guaranteed investment certificates purchased	<u>(152,000)</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH FOR THE PERIOD	(29,531)	127,200
Cash, beginning of period	<u>127,200</u>	<u>-</u>
CASH, END OF PERIOD	<u>\$ 97,669</u>	<u>\$ 127,200</u>
Net change in non-cash working capital items:		
Decrease (increase) in current assets-		
HST rebate recoverable	\$ (924)	\$ (925)
Prepaid expenses	(3,117)	(2,829)
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	854	4,000
Payroll source deductions payable	1,662	2,186
Deferred contributions	<u>(29,267)</u>	<u>72,667</u>
	<u>\$ (30,792)</u>	<u>\$ 75,099</u>

see accompanying notes

LAY-UP YOUTH BASKETBALL

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2019

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 period. Externally restricted contributions received in the period for expenses to be incurred in the following period are recorded as deferred contributions. Unrestricted contributions, including donations and amounts received from fundraising, is recorded when received.

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 an expense in the same period.

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, accounts payable and accrued liabilities. 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 1.25% to 2.10% and mature between November 2019 and July 2020.

LAY-UP YOUTH BASKETBALL

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2019

4. DEFERRED CONTRIBUTIONS

Deferred contributions are as follows:

	2019 (12 months)	2018 (4.5 months)
Maple Leaf Sports & Entertainment	<u>\$ 43,400</u>	<u>\$ 72,667</u>

Continuity of deferred contributions for the period is as follows:

Deferred contributions, beginning of period	\$ 72,667	\$ -
Add cash received from contributions	439,987	175,846
Less contribution revenue recognized	<u>(469,254)</u>	<u>(103,179)</u>
Deferred contributions, end of period	<u>\$ 43,400</u>	<u>\$ 72,667</u>

5. IN-KIND DONATIONS

In-kind donations include contributed permit fees for the use of Toronto District School Board facilities as well as food received for events.

These financial statements do not reflect the substantial value of volunteer time contributed to the organization. During the period, contributions of services were received from organizations including Second Harvest and Blake, Cassels & Graydon LLP.

6. LEASE COMMITMENTS

The organization leases office space in Toronto, Canada. Minimum annual lease payments over the term of the lease are as follows:

2020	\$ 16,260
2021	2,710