

MASTER BOWLERS ASSOCIATION OF SASKATCHEWAN INC.

Auditor's Report

Financial Statements

July 31, 2022

INDEPENDENT AUDITOR'S REPORT

To the Directors of the **Master Bowlers Association of Saskatchewan Inc.**

Qualified Opinion

We have audited the financial statements of **Master Bowlers Association of Saskatchewan Inc.** (the "Association"), which comprise the statement of financial position as at **July 31, 2022** and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of **Master Bowlers Association of Saskatchewan Inc.** as at **July 31, 2022**, and the statements of operations, changes in net assets and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

Basis for Qualified Opinion

The Association paid for inventory during the **July 31, 2022** fiscal year, and recorded the purchase as an operating expense in the year, rather than inventory. The Association also recognized the corresponding grant revenue related to the expenditure despite not having satisfied the performance obligations prior to **July 31, 2022**. The inventory purchase in the prior year was included in operating expenses to recognize grant funding received during the prior year, as set by the conditions of the grant. Both transactions constitute a departure from ASNPO.

The Association's records indicate that, had management recorded the expenditure as inventory, inventory would have increased by \$15,336 (2021 - \$21,700), various operating expenses would have increased by \$15,336 (2021 - various operating expenses decreased by \$21,700). As a result of not having the purchase in expenses, grant funding payable would have increased in the prior year by \$21,700 and annual funding on Schedule 1 would have decreased by \$21,700. There would have been no net impact in the 2021 year to deficiency of revenue over expenditures and net assets.

Due to issues with timing, distance, and cost constraints, we did not find it feasible to make a physical count of inventory items. As a result, we were unable to determine whether adjustments may have been necessary in respect of the balance of inventory and deficiency of revenues over expenditures for the year.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibility for the Audit of the Financial Statements* section of our report. We are independent of Master Bowlers Association of Saskatchewan Inc. 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 of our qualified audit opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

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 entity'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 entity'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 entity 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.

Saskatoon, Saskatchewan
September 14, 2022


Chartered Professional Accountants

MASTER BOWLERS ASSOCIATION OF SASKATCHEWAN INC.

STATEMENT OF FINANCIAL POSITION



July 31, 2022
with comparative figures for 2021

| | <u>2022</u> | <u>2021</u> |
|---------------------------------------|-------------------|----------------|
| <u>ASSETS</u> | | |
| Current assets: | | |
| Cash | \$ 94,931 | 58,908 |
| Short-term investments (Note 3) | 27,767 | 27,684 |
| Internally restricted assets (Note 4) | 40,643 | 39,821 |
| Accounts receivable (Note 5) | 1,315 | 3,226 |
| Inventory (Note 6) | 2,852 | 4,668 |
| Prepaid expenses | - | 4,446 |
| | <u>\$ 167,508</u> | <u>138,753</u> |

LIABILITIES AND MEMBERS' EQUITY

| | | |
|--|-------------------|----------------|
| Current liabilities: | | |
| Accounts payable and accrued liabilities | \$ 5,165 | 5,958 |
| Deferred income | <u>11,780</u> | <u>12,800</u> |
| Total current liabilities | 16,945 | 18,758 |
| Net assets: | | |
| Internally restricted net assets | 40,643 | 39,821 |
| Unrestricted net assets | <u>109,920</u> | <u>80,172</u> |
| | <u>150,563</u> | <u>119,993</u> |
| | <u>\$ 167,508</u> | <u>138,753</u> |

APPROVED ON BEHALF OF THE BOARD:

 Director
 Director

See accompanying notes to the financial statements.

MASTER BOWLERS ASSOCIATION OF SASKATCHEWAN INC.

STATEMENT OF OPERATIONS

Year ended July 31, 2022
with comparative figures for 2021

| | <u>2022</u> | <u>2021</u> |
|---|------------------|----------------|
| Revenue: | | |
| Saskatchewan Lotteries Trust Fund (Schedule 1) | \$ 38,630 | 60,140 |
| Self-Help (Schedule 2) | 76,234 | 2,059 |
| Other revenue (Schedule 3) | <u>159</u> | <u>285</u> |
| | 115,023 | 62,484 |
| Expenses: | | |
| Excellence (Schedule 4) | 25,360 | 1,972 |
| Participation (Schedule 5) | 21,759 | 10,162 |
| Administration (Schedule 6) | 18,048 | 21,533 |
| Capacity (Schedule 7) | 5,555 | 3,668 |
| Other expenses (Schedule 8) | 13,731 | 10,454 |
| Membership Assistance Program (Schedule 9) | <u>-</u> | <u>19,427</u> |
| | <u>84,453</u> | <u>67,216</u> |
| Excess (deficiency) of revenues over expenditures | \$ <u>30,570</u> | <u>(4,732)</u> |

See accompanying notes to the financial statements.

MASTER BOWLERS ASSOCIATION OF SASKATCHEWAN INC.

STATEMENT OF CHANGES IN NET ASSETS

Year ended July 31, 2022
with comparative figures for 2021

| | Unrestricted net assets | Internally restricted net assets | <u>2022</u> | <u>2021</u> |
|--|------------------------------------|---|--------------------|--------------------|
| Balance, beginning of year | \$ 80,172 | 39,821 | 119,993 | 124,725 |
| Excess (deficiency) of revenues over expenditures | 30,570 | - | 30,570 | (4,732) |
| Transfers (Note 4) | <u>(822)</u> | <u>822</u> | <u>-</u> | <u>-</u> |
| Balance, end of year | \$ <u>109,920</u> | <u>40,643</u> | <u>150,563</u> | <u>119,993</u> |

See accompanying notes to the financial statements.

MASTER BOWLERS ASSOCIATION OF SASKATCHEWAN INC.

STATEMENT OF CASH FLOWS

Year ended July 31, 2022
with comparative figures for 2021

| | <u>2022</u> | <u>2021</u> |
|---|------------------|-----------------|
| Operating activities: | | |
| Excess (deficiency) of revenues over expenditures | \$ 30,570 | (4,732) |
| Changes in non-cash working capital: | | |
| Short-term investments | (39,980) | (27,684) |
| Accounts receivable | 1,911 | (1,408) |
| Inventory | 1,817 | - |
| Prepaid expenses | 4,446 | - |
| Accounts payable and accrued liabilities | (794) | 431 |
| Deferred revenue | <u>(1,020)</u> | <u>-</u> |
| | <u>(3,050)</u> | <u>(33,393)</u> |
| Investing activities: | | |
| Internally restricted assets | <u>39,073</u> | <u>(196)</u> |
| Increase (decrease) in cash during the year | 36,023 | (33,589) |
| Cash position, beginning of year | <u>58,908</u> | <u>92,497</u> |
| Cash position, end of year | <u>\$ 94,931</u> | <u>58,908</u> |

See accompanying notes to the financial statements.

MASTER BOWLERS ASSOCIATION OF SASKATCHEWAN INC.

NOTES TO THE FINANCIAL STATEMENTS

July 31, 2022

1. PURPOSE

Master Bowlers Association of Saskatchewan Inc. (the "Association") is a not-for-profit organization incorporated in 1992 under the Non-profit Corporations Act, 1995 of Saskatchewan Inc. The Association is not subject to income taxation under section 149 of the Income Tax Act.

The Association runs various bowling programs for all ages and takes an active role raising public awareness for the sport of bowling throughout the province.

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) **Cash and cash equivalents**

Cash and cash equivalents are the cash balances of the bank accounts and/or short-term investments and highly liquid investments in money market instruments which are carried at the lower of cost and market value with a maturity date of 90 days or less from the acquisition date. These are valued at cost which approximates market value. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

(b) **Inventory**

Inventory is valued at the lower of cost and replacement value. Cost is determined on a first-in, first-out basis.

(c) **Capital assets**

Capital assets are recorded as an expense in the period in which they are purchased. No provision for amortization is taken. Capital assets in the amount of \$NIL (2020 - \$5,114) were expensed during the year.

(d) **Deferred revenue**

The financial statements of Master Bowlers Association of Saskatchewan Inc. have been prepared on an accrual basis. The Association receives funds which relate to services to be provided during the following year. Accordingly, these funds are not recorded as revenues in the current period and are deferred until the following year when the services are provided or memberships expire.

MASTER BOWLERS ASSOCIATION OF SASKATCHEWAN INC.

NOTES TO THE FINANCIAL STATEMENTS

July 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Revenue recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets in the year received.

Revenues from the Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation are shown as deferred revenues if they relate to the next fiscal period and as grants receivable if they relate to the current fiscal period and are not received by the end of the current fiscal period.

Clinic fees are recognized in revenue when the clinics are held. Membership fees are recognized in revenue in the year which they relate to.

Interest earned on internally restricted items is held in the internally restricted reserve.

(f) Measurement uncertainty

The preparation of the financial statements in accordance 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 and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

(g) Contributed services

Volunteers contribute hours each year to assist in delivering the services of the Association. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

(h) Financial instruments

Financial instruments, including cash, accounts receivable, short-term investments and accounts payable and accrued liabilities are initially recorded at their fair value and are subsequently measured at amortized cost, net of any provisions for impairment.

3. SHORT-TERM INVESTMENTS

Short-term investments consists of GICs bearing interest at 0.30%, maturing September 2022.

MASTER BOWLERS ASSOCIATION OF SASKATCHEWAN INC.

NOTES TO THE FINANCIAL STATEMENTS

July 31, 2022

4. INTERNAL RESTRICTIONS

In 2012, the Association's board of directors resolved to internally restrict \$14 from each bowler's Provincial tournament fee for future travel, \$10 from each bowler's Provincial tournament fee for Future Hosting, and \$2 from each bowler's Provincial tournament fee for the 450 pot. 25% of the 450 pot is paid out annually to the highest score if there are no perfect games in the year. 25% of the Future Travel fund is spent annually in years where Nationals is held out of province.

The Association may not use these internally restricted amounts for any other purpose without the approval of the board of directors.

The assets are held in cash and short-term investments at July 31, 2022.

| | <u>2022</u> | <u>2021</u> |
|----------------|------------------|---------------|
| 450 Pot | \$ 21,599 | 20,525 |
| Future Travel | 12,245 | 13,379 |
| Hosting Fund | 6,799 | 5,229 |
| 4th Tournament | <u>-</u> | <u>688</u> |
| | <u>\$ 40,643</u> | <u>39,821</u> |

During the year, there were transfers from unrestricted net assets to the 450 Pot in the amount of \$1,419 (2021 - \$103), \$3,372 (2021 - \$67) to the Future Travel, \$1,570 (2021 - \$27) to Hosting Fund.

During the year, there were transfers to unrestricted net assets from the 450 Pot in the amount of \$345 (2021 - \$NIL) Future Travel in the amount of \$4,506 (2021 - \$NIL), from the 4th Tournament in the amount of \$688 (2021 - \$NIL).

5. ACCOUNTS RECEIVABLE

| | <u>2022</u> | <u>2021</u> |
|------------------------|-----------------|--------------|
| Trade receivables | \$ 1,315 | 934 |
| Goods and services tax | <u>-</u> | <u>2,292</u> |
| | <u>\$ 1,315</u> | <u>3,226</u> |

6. INVENTORY

Inventory consists of the following:

| | <u>2022</u> | <u>2021</u> |
|-------------------|-----------------|--------------|
| National supplies | \$ 702 | 1,595 |
| Clinic supplies | 819 | 1,411 |
| Merchandise | 868 | 868 |
| Master/YBC | <u>463</u> | <u>794</u> |
| | <u>\$ 2,852</u> | <u>4,668</u> |

MASTER BOWLERS ASSOCIATION OF SASKATCHEWAN INC.

NOTES TO THE FINANCIAL STATEMENTS

July 31, 2022

7. FINANCIAL INSTRUMENTS

Risks and concentrations

The Association is exposed to various risks through its financial instruments. The following analysis provides a measure of the Association's risk exposure and concentrations at July 31, 2022.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its accounts payable.

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 carrying amounts of financial assets on the statement of financial position represent the Association's maximum exposure at the financial statement date. The credit risk on cash and investments is limited because the counterpart is a financial institution with high credit rating assigned by national credit-rating agencies.

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 comprises three types of risk: currency risk, interest rate risk and other price risk. The Association is mainly exposed to interest rate 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 Association is exposed to interest rate risk on its fixed and floating interest rate financial instruments.

Fair value

The carrying amount of current financial assets and current financial liabilities approximate their fair value because of the short-term maturities of these items.

MASTER BOWLERS ASSOCIATION OF SASKATCHEWAN INC.

SCHEDULE OF REVENUES

Year ended July 31, 2022
with comparative figures for 2021

| | <u>2022</u> | <u>2021</u> |
|---|------------------|---------------|
| Schedule 1- Sask Lotteries Trust Funding | | |
| Administration grant | \$ 1,900 | 1,900 |
| Excellence (SK First) competition | 14,000 | 19,190 |
| Excellence (SK First) Talent ID | 1,700 | 1,700 |
| Excellence (SK First) Training | 3,200 | 3,200 |
| Participation coaching development | 9,500 | 9,500 |
| Participation all competition | 8,330 | 6,000 |
| MAP funding | - | 18,650 |
| | <u>\$ 38,630</u> | <u>60,140</u> |
| Schedule 2 - Self-Help | | |
| Donations | \$ 23,010 | 240 |
| Clinics | 2,433 | - |
| Fundraising | 13,737 | 934 |
| Membership Fees | | |
| Associate | 357 | 171 |
| Executive Life | 876 | 114 |
| Senior | 500 | 76 |
| Teaching | 1,147 | 343 |
| Tournament | 851 | 76 |
| Playdown/Tournament Fees | 33,023 | 105 |
| Sales | 300 | - |
| | <u>\$ 76,234</u> | <u>2,059</u> |
| Schedule 3 - Other | | |
| Interest | \$ 159 | 285 |
| | <u>\$ 159</u> | <u>285</u> |

MASTER BOWLERS ASSOCIATION OF SASKATCHEWAN INC.

SCHEDULE OF EXPENSES

Year ended July 31, 2022
with comparative figures for 2021

| | <u>2022</u> | <u>2021</u> |
|---|------------------|---------------|
| Schedule 4 - Excellence | | |
| MBAC Nationals | \$ 18,013 | 1,972 |
| National Practice on Site | 4,319 | - |
| Talent ID | <u>3,028</u> | <u>-</u> |
| | <u>\$ 25,360</u> | <u>1,972</u> |
| Schedule 5 - Participation | | |
| Coaching development | \$ 9,649 | 3,787 |
| Competition | 10,343 | - |
| Master/YBC | <u>1,767</u> | <u>6,375</u> |
| | <u>\$ 21,759</u> | <u>10,162</u> |
| Schedule 6 - Administration | | |
| Honorarium expense | \$ 5,700 | 5,700 |
| Professional fees | 5,682 | 9,307 |
| Office operations | <u>6,666</u> | <u>6,526</u> |
| | <u>\$ 18,048</u> | <u>21,533</u> |
| Schedule 7 - Capacity | | |
| Awards & recognition | \$ 1,149 | 419 |
| Meetings | <u>4,406</u> | <u>3,249</u> |
| | <u>\$ 5,555</u> | <u>3,668</u> |
| Schedule 8 - Other expenses | | |
| National dues/affiliations | \$ 3,636 | - |
| Federation membership | <u>10,095</u> | <u>10,454</u> |
| | <u>\$ 13,731</u> | <u>10,454</u> |
| Schedule 9 - Membership Assistance Program | | |
| Regina | \$ - | 1,357 |
| Rosetown | - | 12,269 |
| Saskatoon | - | 4,105 |
| Weyburn | <u>-</u> | <u>1,696</u> |
| | <u>\$ -</u> | <u>19,427</u> |