

FINANCIAL STATEMENTS
BASKETBALL BC

March 31, 2024



INDEPENDENT AUDITOR'S REPORT

To the Members of
Basketball BC

Opinion

We have audited the financial statements of Basketball BC (the Association), which comprise the statement of financial position as at March 31, 2024, and the statements of changes in net assets, operations 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 Association as at March 31, 2024, 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 Association 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 audit 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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 Association'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 Association'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 Association to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT

- 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.

Report on Other Legal and Regulatory Requirements

As required by the British Columbia Societies Act, we report that, in our opinion, the accounting principles used in these financial statements, Canadian accounting standards for not-for-profit organizations, have been applied on a basis consistent with that of the preceding year.

Tompkins Wozny LLP

Vancouver, Canada
August 13, 2024

Chartered Professional Accountants




STATEMENT OF FINANCIAL POSITION

As at March 31

	2024	2023
	\$	\$
ASSETS		
Current		
Cash <i>[note 3]</i>	455,749	395,970
Accounts receivable <i>[note 4]</i>	62,492	132,407
Inventory	1,684	1,522
Prepaid expenses	55,820	53,631
Total current assets	575,745	583,530
Capital assets <i>[note 5]</i>	6,534	18,729
	582,279	602,259
LIABILITIES		
Current liabilities		
Accounts payable and accruals <i>[note 6]</i>	68,115	81,797
Deferred revenue <i>[note 7]</i>	118,107	85,339
	186,222	167,136
NET ASSETS	396,057	435,123
	582,279	602,259

Commitment *[note 9]**See accompanying notes to the financial statements*

On behalf of the Board:



Director



Director

STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31

	2024	2023
	\$	\$
UNRESTRICTED NET ASSETS		
Balance, beginning of year	435,123	548,922
Revenue under expenses for the year	(39,066)	(113,799)
Balance, end of year	396,057	435,123

See accompanying notes to the financial statements

STATEMENT OF OPERATIONS

Year ended March 31

	2024	2023
	\$	\$
REVENUE		
Grants		
viaSport BC Society	329,959	311,209
BC Gaming	38,504	25,000
Federal government grants	—	4,473
	368,463	340,682
Registration fees	376,022	506,453
Product sales and other	155,795	44,699
Memberships	136,344	131,007
Officials Game fees	40,161	88,790
Sponsorships and donations <i>[note 11]</i>	29,911	34,350
Interest	19,553	12,531
Ticket sales	9,200	—
	1,135,449	1,158,512
EXPENSES <i>[Schedule]</i>	1,174,515	1,272,311
Revenue under expenses for the year	(39,066)	(113,799)

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

Year ended March 31

	2024	2023
	\$	\$
OPERATING ACTIVITIES		
Revenue under expenses for the year	(39,066)	(113,799)
Amortization of capital assets	12,195	12,751
Changes in other non-cash working capital items		
Accounts receivable	69,915	(3,066)
Inventory	(162)	(504)
Prepaid expenses	(2,189)	47,801
Accounts payable and accruals	(13,682)	33,221
Deferred revenue	32,768	(33,281)
Cash provided by (used in) operating activities	59,779	(56,877)
INVESTING ACTIVITIES		
Purchase of capital assets	—	(10,237)
Cash used in investing activities	—	(10,237)
Increase (decrease) in cash for the year	59,779	(67,114)
Cash, beginning of year	395,970	463,084
Cash, end of year	455,749	395,970

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

1. NATURE OF THE ORGANIZATION

Basketball BC (the "Association") is a non-profit organization incorporated pursuant to the Societies Act of British Columbia on April 21, 1989.

The Association is the Provincial Sport Organization (PSO) for Basketball in the province of British Columbia. The organization provides programs for athletes and coaches to promote and develop the sport of Basketball.

The purpose of the Association is to facilitate and guide the interaction and cooperation of all basketball stakeholders in BC to protect the integrity of the sport and ensure the development of all participants, based on the Canadian Sport 4 Life Pathway.

The Association is exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and include the following significant accounting policies:

Use of Estimates

The preparation of financial statements in conformity with Canadian ASNPO 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 date of the financial statements and the amounts of revenues and expenses reported during the year. Significant areas requiring the use of management estimates relate to the determination of net recoverable value of assets, in particular as it relates to useful lives of capital assets. Actual results could differ from these estimates.

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 expenditures 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.

Membership, development and merchandise revenue are recognized as revenue in the period in which they are earned.

Interest income is recognized in accordance with the terms of the underlying investment which is generally with the passage of time.

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Measurement of Financial Instruments

The Association initially measures its financial assets and financial liabilities at fair value. The Association subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash, restricted cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accruals.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Inventory

Inventory, consisting entirely of books is stated at the lower of cost (first-in, first out) and net realizable value. Cost is defined as purchase price plus freight in. Books reported on the statement of expenditures represent the inventory recorded as a charge against income for the year. The net realizable value is the estimated selling price in the ordinary course of business.

Capital Assets

Capital assets are recorded at cost, less accumulated amortization.

Amortization of capital assets is recorded at the following rates:

- Computer equipment 3 years straight-line
- Website redesign 3 years straight-line
- Basketball equipment 5 years straight-line

Deferred Revenue

Membership renewals occur throughout the year. Revenues from membership fees are recognized throughout the fiscal year over the term of the respective memberships. Fees collected but not yet earned are recorded as unearned revenue. Revenues received from pre-registration for events occurring subsequent to the year end are also recorded as unearned revenue.

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Contributed Services

Volunteers contribute their time to assist the Association in carrying out its activities. Due to the difficulty in determining the fair value of such services, the value of the contributed services is not recognized in these financial statements.

3. CASH

	2024	2023
	\$	\$
Cash	454,584	395,348
PayPal/Stack Pay accounts	1,165	622
	455,749	395,970
Operating	453,950	394,954
Gaming	1,799	1,016
	455,749	395,970

4. ACCOUNTS RECEIVABLE

	2024	2023
	\$	\$
Operations	62,492	132,407
Allowance for doubtful accounts	—	—
	62,492	132,407

5. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
2024			
Computer equipment	18,373	14,751	3,622
Basketball equipment	14,560	11,648	2,912
Website redesign	13,300	13,300	—
	46,233	39,699	6,534
2023			
Computer equipment	18,373	9,901	8,472
Basketball equipment	14,560	8,736	5,824
Website redesign	13,300	8,867	4,433
	46,233	27,504	18,729

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

6. ACCOUNTS PAYABLE AND ACCRUALS

	2024	2023
	\$	\$
Operations	38,983	35,829
Canada Basketball	25,446	39,125
Government remittances - GST and PST	3,686	6,843
	68,115	81,797

7. DEFERRED REVENUE

	2024	2023
	\$	\$
Registration fees received in advance	115,628	78,843
BC Gaming grant	1,799	1,016
viaSport BC Society grants - BC Sport Participation Program and hosting grant	680	680
Rally Together grant	—	4,000
Hall of Fame Awards dinner	—	800
	118,107	85,339

8. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments. The following analysis presents the Association's exposures to significant risk as at March 31, 2024.

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 Association is exposed to credit risk with respect to its cash and accounts receivable. The Association assesses, on a continuous basis, accounts receivable on the basis of amounts it is virtually certain to receive. The Association's cash is invested with a large financial institution.

Liquidity Risk

Liquidity risk is the risk of being unable to meet cash requirements or fund obligations as they become due. It stems from the possibility of a delay in realizing the fair value of financial instruments.

The Association manages its liquidity risk by constantly monitoring forecasted and actual cash flows and financial liability maturities, and by holding assets that can be readily converted into cash.

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

8. FINANCIAL INSTRUMENTS (CONT'D)

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 cash and restricted cash.

Currency Risk

The Association has a bank account that is denominated in a foreign currency (United States) and thus is exposed to the financial risk of earnings fluctuations from changes in foreign exchange rates and the degree of volatility of these rates.

As at March 31, 2024, cash includes \$24,849 CAD - \$18,347 USD [2023 - \$25,607 CAD - \$18,922 USD].

9. COMMITMENT

Lease of Premises

The Association is committed to an office premises lease which expires in September 2026, which will require annual basic and additional rent in the next two fiscal year as follows:

	\$
2025	13,260
2026	5,525
	<u>18,785</u>

Basic rent will increase annually by the amount of the Consumer Price Index.

10. WAGES AND BENEFITS

Pursuant to the British Columbia Societies Act, the Association is required to disclose wages and benefits paid to employees who are paid \$75,000 or more during the fiscal year. The wages and benefits expense for fiscal year 2024 includes \$91,301 [2023 - \$81,565] paid to an employee.

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

11. SPONSORSHIP AND DONATIONS

	2024	2023
	\$	\$
Private donors	20,000	—
Other	6,411	10,850
Corporate sponsorships	3,500	3,500
BC School Sports - high school tournament sponsorship	—	20,000
	29,911	34,350

SCHEDULE OF EXPENSES

Year ended March 31

	2024	2023
	\$	\$
Wages and benefits <i>[note 10]</i>	364,744	363,050
Rent	182,980	105,404
Honorariums	123,412	196,110
Travel	85,490	102,047
Uniforms and clothing	77,209	134,328
Accommodation and meals	77,199	65,383
Office	59,517	41,581
Canada Basketball membership/NCCP registration	46,746	43,900
Insurance	42,011	22,803
Board, staff, Basketball BC coaches expense, and official training	32,379	29,742
Credit card processing fees and bank charges and interest	17,037	19,473
Amortization of capital assets	12,195	12,751
Online registration fee	10,978	12,937
Tournament fees	10,216	49,336
Telephone	10,104	8,993
Audit, accounting and legal	8,150	8,050
Officials	5,827	40,907
Books, manuals and merchandise	2,609	5,413
Meetings	2,113	3,154
Affiliation fees	1,500	1,500
Equipment purchases	1,227	1,794
Awards and recognition	600	3,024
Promotions	272	631
	1,174,515	1,272,311

See accompanying notes to the financial statements