

**BOXING ONTARIO
INCORPORATED**

FINANCIAL STATEMENTS

MARCH 31, 2023

**BOXING ONTARIO INCORPORATED
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MARCH 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Members of Boxing Ontario Incorporated

Qualified Opinion

We have audited the financial statements of **Boxing Ontario Incorporated**, which comprise the statement of financial position as at March 31, 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, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

In common with many non-profit organizations, the Organization derives revenue from fundraising programs and participant fees, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2023 and 2022, current assets as at March 31, 2023 and 2022, and the net assets as at March 31, 2023 for both the 2023 and 2022 years.

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 ASNPO, 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.

INDEPENDENT AUDITOR'S REPORT — continued

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 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 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.

The logo for Kreston GTA, featuring the company name in a stylized, handwritten-style blue font.

BOXING ONTARIO INCORPORATED

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2023

| | 2023 | 2022 |
|--|-------------------|-------------------|
| ASSETS | | |
| Current assets | | |
| Cash | \$ 580,232 | \$ 884,840 |
| Accounts receivable (note 3) | 4,789 | 22,697 |
| Prepaid expenses and other assets | 118,866 | 68,393 |
| | \$ 703,887 | \$ 975,930 |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | \$ 68,953 | \$ 372,224 |
| Deferred revenue (note 4) | 188,133 | 223,032 |
| | 257,086 | 595,256 |
| Long-term liabilities | | |
| CEBA Loan | 40,000 | 40,000 |
| NET ASSETS | | |
| | 406,801 | 340,674 |
| | \$ 703,887 | \$ 975,930 |

See accompanying notes

Approved on behalf of the Board

Director

Director

BOXING ONTARIO INCORPORATED

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2023

| | 2023 | 2022 |
|---|------------------|------------------|
| REVENUES | | |
| Registration and fees (note 8) | \$ 316,028 | \$ 129,787 |
| Participant fees, other grants and other revenues | 192,519 | 39,463 |
| Grants from Ministry of HSTC | 150,000 | 150,000 |
| Other COVID-19 funding | - | 45,192 |
| | 658,547 | 364,442 |
| EXPENSES | | |
| Administration and communication (note 9) | 167,720 | 109,163 |
| Competitions | 166,234 | 22,066 |
| Salaries and benefits | 165,615 | 111,220 |
| Registration and fees (note 8) | 78,036 | 48,642 |
| Programs | 9,814 | 24,457 |
| Board of directors and committees | 5,001 | 10,508 |
| | 592,420 | 326,056 |
| EXCESS OF REVENUES OVER EXPENSES | \$ 66,127 | \$ 38,386 |

See accompanying notes

BOXING ONTARIO INCORPORATED

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2023

| | 2023 | 2022 |
|--------------------------------------|------------|------------|
| NET ASSETS, BEGINNING OF YEAR | \$ 340,674 | \$ 302,288 |
| Excess of revenues over expenses | 66,127 | 38,386 |
| NET ASSETS, END OF YEAR | \$ 406,801 | \$ 340,674 |

See accompanying notes

BOXING ONTARIO INCORPORATED

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2023

| | 2023 | 2022 |
|--|------------|------------|
| OPERATING ACTIVITIES | | |
| Excess of revenues over expenses | \$ 66,127 | \$ 38,386 |
| Net change in non-cash working capital items | | |
| Accounts receivable | 17,908 | (7,585) |
| Prepaid expenses and other assets | (50,473) | (13,815) |
| Accounts payable and accrued liabilities | (303,271) | 342,950 |
| Deferred revenue | (34,899) | 81,007 |
| | (370,735) | 402,557 |
| NET CHANGE IN CASH DURING THE YEAR | (304,608) | 440,943 |
| CASH, BEGINNING OF YEAR | 884,840 | 443,897 |
| CASH, END OF YEAR | \$ 580,232 | \$ 884,840 |

See accompanying notes

BOXING ONTARIO INCORPORATED

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2023

I. PURPOSE OF THE ORGANIZATION

Boxing Ontario Incorporated (the "Organization") is an Ontario corporation without share capital and for Canadian income tax purposes, qualifies as a not-for-profit organization which is exempt from income tax under the Income Tax Act. The purpose of the Organization is to promote and develop amateur boxing in Ontario.

2. Summary of significant accounting policies

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

Revenue recognition

The Organization follows the deferral method of accounting for contributions and fundraising. 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.

Registration fees are recognized as revenue proportionately over the fiscal year to which it relates.

Government grants are recognized as revenue in the year in which the related expenses are incurred.

Participant fees are recognized as revenue when services are performed. Fees received in advance are recorded in fees collected in advance and recognized into revenue during the appropriate period.

Revenue from the sale of merchandise is recognized upon delivery.

Government subsidies received from various COVID-19 programs are recorded as other revenues or as a reduction to their corresponding expenses. These subsidies are recognized when received or receivable if the amount can be estimated and collection is reasonably assured.

BOXING ONTARIO INCORPORATED

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2023

2. Summary of significant accounting policies — continued

Financial instruments

The Organization initially measures its financial assets and liabilities at fair value.

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

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

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and the CEBA Loan.

The Organization has not designated any financial asset or financial liability to be measured at fair value.

Use of 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 amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates. Estimates and assumptions are periodically reviewed, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. The areas requiring a significant estimate are the collectability of accounts receivable and accrued liabilities.

Contributed services

Directors volunteer their time to assist in the Organization's activities. These services materially benefit the Organization; however, a reasonable estimate of the time spent and its fair market value cannot be made and accordingly, these contributed services are not recognized in the financial statements.

Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments with maturities of three months or less from their date of acquisition, which are readily convertible into a known amount of cash, and are subject to an insignificant risk to changes in their fair value.

BOXING ONTARIO INCORPORATED

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2023

3. Accounts receivable

| | 2023 | 2022 |
|---|----------|-----------|
| Accounts receivable | \$ 4,789 | \$ 21,455 |
| Canada Emergency Wages Subsidies receivable | - | 1,242 |
| | \$ 4,789 | \$ 22,697 |

4. Deferred revenue

Deferred revenue consists of club membership fees, registration fees and other grants received in the current period that are related to subsequent periods. Changes in the deferred revenue balance are as follows:

| | Balance March 31, 2022 | Amount recognized as revenue in 2023 | Amount received related to the following year | Balance March 31, 2023 |
|----------------------|------------------------------|---|--|------------------------------|
| Club membership fees | \$ 27,474 | \$ (27,474) | \$ 24,319 | \$ 24,319 |
| Registration fees | 98,895 | (98,895) | 129,321 | 129,321 |
| Other grants | 96,663 | (62,170) | 34,493 | 34,493 |
| | \$ 223,032 | \$ (188,539) | \$ 188,133 | \$ 188,133 |

5. CEBA Loan

In the prior year, the Organization obtained a Canada Emergency Business Account (CEBA) loan of \$60,000 from the Toronto Dominion Bank. The loan is unsecured and interest free and includes a forgivable portion of \$20,000 if the Organization repays \$40,000 on or before December 31, 2023. If the loan is not repaid by January 1, 2024, the loan will have a 5% fixed interest rate per year. The forgivable portion of \$20,000 was recorded as revenue in a prior year.

BOXING ONTARIO INCORPORATED

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2023

6. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year excess of revenues over expenses.

7. Financial instruments

The Organization is exposed to various risks through its financial instruments, substantially unchanged from the prior year.

Liquidity risk

Liquidity risk is the risk of being unable to meet cash requirements or fund obligations as they come due. The Organization manages its liquidity risk by constantly monitoring forecasted and actual cash flow and financial liability maturities.

Other risks

It is management's opinion that the Organization is not exposed to significant credit, foreign currency, interest rate or market risks arising from the financial instruments.

The extent of the Organization's exposure to all risks did not change during the year.

8. Registration and fees

| | Revenues | Expenses | 2023 | 2022 |
|----------------------|------------|-----------|------------|-----------|
| Club membership fees | \$ 47,155 | \$ - | \$ 47,155 | \$ 26,922 |
| Registration fees | 246,463 | 78,036 | 168,427 | 50,923 |
| Sanction fees | 22,410 | - | 22,410 | 3,300 |
| | \$ 316,028 | \$ 78,036 | \$ 237,992 | \$ 81,145 |

BOXING ONTARIO INCORPORATED

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2023

9. Administration and communication

| | 2023 | 2022 |
|---|------------|------------|
| Professional fees | \$ 48,115 | \$ 30,920 |
| Insurance | 43,149 | 31,616 |
| Grant expenses | 24,000 | 4,272 |
| Database management | 21,470 | - |
| Rent | 11,273 | 11,273 |
| Subscription and software | 10,447 | 7,523 |
| Other (AGM, website, policy development, marketing) | 2,824 | 14,380 |
| Bank charges | 2,280 | 2,405 |
| Telephone and internet | 2,033 | 1,871 |
| Courier and postage | 1,070 | 1,542 |
| Office supplies | 1,059 | 3,361 |
| | <hr/> | <hr/> |
| | \$ 167,720 | \$ 109,163 |