

FOOTBALL ONTARIO
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

FOOTBALL ONTARIO
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YEAR ENDED DECEMBER 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Members of: Football Ontario

Qualified Opinion

We have audited the accompanying financial statements of Football Ontario, which comprise the statement of financial position as at December 31, 2022 and the statements of changes in net assets, revenues and expenditures - general fund 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 possible effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of Football Ontario as at December 31, 2022 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 Qualified Opinion

In common with many not for profit organizations, the organization derives some of the revenues from Team Ontario Membership fees revenues for selection camps and national tournaments from cash contributions, the completeness of which is not susceptible to 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 expenditures and cash flows from operations for the years ended December 31, 2022 and 2021, current assets as at December 31, 2022 and 2021, and net assets as at January 1 and December 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended December 31, 2021 was modified accordingly because of the possible effects of this limitation in scope.

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 Football Ontario 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 qualified 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 organization's ability to continue as a going concern, disclosing, as applicable, matters related to a 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 judgement 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 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.



Guelph, Ontario
May 19, 2023

Chartered Professional Accountants
Licensed Public Accountants

FOOTBALL ONTARIO
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

	2022	2021
ASSETS		
CURRENT		
Cash	\$ 257,252	\$ 132,284
Restricted fund cash 50/50 draw	15,913	15,913
Accounts receivable	37,201	16,543
Government grant receivable	0	31,250
Inventory	33,963	41,761
Prepaid expenses	<u>27,100</u>	<u>9,260</u>
	371,429	247,011
TANGIBLE CAPITAL ASSETS (note 4)	<u>1,594</u>	<u>97</u>
	<u>\$ 373,023</u>	<u>\$ 247,108</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 79,141	\$ 21,816
Deferred membership fees	<u>59,054</u>	<u>34,806</u>
	<u>138,195</u>	<u>56,622</u>
NET ASSETS		
Externally restricted fund	15,913	15,913
General fund	<u>218,915</u>	<u>174,573</u>
	<u>234,828</u>	<u>190,486</u>
	<u>\$ 373,023</u>	<u>\$ 247,108</u>

FOOTBALL ONTARIO
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022

	EXTERNALLY RESTRICTED FUND	GENERAL FUND (UNRESTRICTED)	2022 TOTAL	2021 TOTAL
NET ASSETS, beginning of year	\$ 15,913	\$ 174,573	\$ 190,486	\$ 96,294
SURPLUS OF REVENUE OVER EXPENDITURES for the year	<u>0</u>	<u>44,342</u>	<u>44,342</u>	<u>94,192</u>
NET ASSETS, end of year	<u>\$ 15,913</u>	<u>\$ 218,915</u>	<u>\$ 234,828</u>	<u>\$ 190,486</u>

FOOTBALL ONTARIO
STATEMENT OF REVENUES AND EXPENDITURES - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
REVENUES		
Government grant	\$ 483,067	\$ 221,157
Team Ontario	345,737	0
Membership	325,631	157,483
Coaching and training	64,044	21,643
Sponsorships	27,053	22,641
Fees/cash back revenue	25,256	0
Events	19,291	4,502
Other	5,007	5,120
	<u>1,295,086</u>	<u>432,546</u>
EXPENDITURES		
Team Ontario	418,977	0
Provincial club membership contributions	300,000	57,919
Salaries	198,001	115,894
Insurance	92,957	17,467
Events	72,054	20,773
Professional fees	40,223	48,229
Office	38,764	15,050
Coaching and training	28,504	15,649
Interest and bank charges	26,920	12,969
Advertising	19,188	7,133
Sponsorships	11,000	8,000
Rent	3,593	3,725
Amortization	563	96
Website	0	15,450
	<u>1,250,744</u>	<u>338,354</u>
SURPLUS OF REVENUES OVER EXPENDITURES for the year	<u>\$ 44,342</u>	<u>\$ 94,192</u>

FOOTBALL ONTARIO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Surplus of revenues over expenditures - general fund, for the year	\$ 44,342	\$ 94,192
Items not requiring an outlay of cash		
Amortization	<u>563</u>	<u>96</u>
	44,905	94,288
Changes in non-cash working capital		
Accounts receivable	(20,658)	(15,943)
Inventory	7,798	(25,699)
Prepaid expenses	(17,840)	(8,820)
Government grant receivable	31,250	52,109
Accounts payable and accrued liabilities	57,325	(103,756)
Deferred membership fees	<u>24,248</u>	<u>34,806</u>
	<u>127,028</u>	<u>26,985</u>
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Additions to tangible capital assets	<u>(2,060)</u>	<u>0</u>
NET INCREASE IN CASH	124,968	26,985
CASH, BEGINNING OF YEAR	<u>132,284</u>	<u>105,299</u>
CASH, END OF YEAR	<u>\$ 257,252</u>	<u>\$ 132,284</u>

FOOTBALL ONTARIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

1. NATURE OF OPERATIONS

The organization is a not for profit organization incorporated without share capital. Letters patent were issued May 23, 2006, and supplementary letters patent were issued May 11, 2021 to change the name of the organization from Ontario Football Alliance to Football Ontario. The organization's goal is to develop football in Ontario by providing programs to improve the game through participation and mandates developed by its membership.

The organization is exempt from income tax under the Income Tax Act.

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) **BASIS OF ACCOUNTING**

The organization follows the restricted fund method of accounting for contributions.

General fund

The general fund reports resources available for the organization's general operating activities.

Externally restricted fund

The externally restricted fund reports resources that are externally restricted and are to be expended in accordance with the external restrictions placed on them. Eligible expenditures comprise charges that will benefit the team overall as opposed to any one individual team member.

(b) **TANGIBLE CAPITAL ASSETS**

Amortization is taken on assets at the following rates:

Computer hardware	- 50 % declining balance basis
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Amortization is recorded at 50% of the above rates in the year of addition.

(c) **IMPAIRMENT OF LONG LIVED ASSETS**

Long lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

(d) **REVENUE RECOGNITION**

Revenue is recognized when earned, as the services are provided or the event occurs, and in the period it relates to if the amount can be reasonably estimated and collection is reasonably assured. Membership fees paid in advance are deferred in the general fund and recognized in the period they relate to.

Government grant and other contributions are recognized in the period the related expenditures occur and in the period to which they relate.

FOOTBALL ONTARIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) INVENTORY

Inventory, comprised of uniforms and backpacks, is recorded at the lower of cost and net replacement value.

(f) 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 amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

(g) FINANCIAL INSTRUMENTS

Measurement of 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.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. If an impairment has occurred, the carrying amount of financial assets measured at amortized cost is reduced to the greater of the discounted future cash flows expected or the proceeds that could be realized from the sale of the financial asset. The amount of the write-down is recognized in the statement of revenue and expenditures. 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 the statement of revenue and expenditures.

Transaction costs

The organization recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

3. FINANCIAL INSTRUMENTS

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, credit, currency, liquidity, or other price risks arising from the financial instruments.

The extent of the organization's exposure to these risks did not change in 2022 compared to the previous period.

4. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2022	Net 2021
Computer hardware	\$ <u>12,286</u>	\$ <u>10,692</u>	\$ <u>1,594</u>	\$ <u>97</u>

FOOTBALL ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

5. CONTRIBUTED SERVICES AND DONATIONS IN KIND

During the year, a number of volunteers may contribute a significant amount of their time and the organization may receive donated materials and supplies. Because of the difficulty in determining the fair value, contributed services and donations in kind are not recorded in the financial statements.