

ONTARIO TAEKWONDO ASSOCIATION

Financial Statements

Year Ended March 31, 2019

ONTARIO TAEKWONDO ASSOCIATION

Index to Financial Statements

Year Ended March 31, 2019

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of General Operations and Surplus	4
Cash Flow Statement	5
Notes to Financial Statements	6 - 7

INDEPENDENT AUDITOR'S REPORT

To the Directors of The Ontario Taekwondo Association

I have audited the accompanying financial statements of The Ontario Taekwondo Association, which comprise the statement of financial position as at March 31, 2019, the statement of general operations and surplus, the statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In common with many non-profit organizations, The Ontario Taekwondo Association (the "Association") derives revenue from memberships, tournament revenue and other sources the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the Association and I was not able to determine whether any adjustments might be necessary. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion in all other areas of the financial statements.

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself concerning the completeness of all sources of revenue, these financial statements present fairly, in all material respects, the statement of financial position of the Association as at March 31, 2019 and the statement of general operations and surplus and the statement of cash flow for the year then ended in accordance with Canadian Accounting Standards for Non-Profit Organizations. (ASNPO)

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Association in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Association's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using a going concern basis of accounting unless management either intends to liquidate the Association or to cease its operations.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my opinion. Reasonable assurance is a high level of assurance, but it 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, I exercise professional judgement and maintain professional skepticism throughout the audit. I 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Association 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.

I 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.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, related safeguards.

Lastly, I determined there were no material matters of significance that needed to be communicated to those charged with governance.



LES LUCYK PROFESSIONAL CORPORATION

Mississauga, ON

September 20, 2019

Chartered Professional Accountant

ONTARIO TAEKWONDO ASSOCIATION

Statement of Financial Position

March 31, 2019

	2019	2018
ASSETS		
CURRENT		
Cash	\$ 431,192	\$ 321,003
Dues and other receivable	6,290	6,290
Prepaid expenses	23,632	10,193
GST/HST receivable	10,173	5,217
	471,287	342,703
PROPERTY, PLANT AND EQUIPMENT <i>(Note 3)</i>	29,709	20,063
	\$ 500,996	\$ 362,766
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 11,372	\$ 16,724
Refundable tournament fees	11,000	11,000
	22,372	27,724
TOTAL LIABILITIES	22,372	27,724
NET ASSETS		
ACCUMULATED SURPLUS	478,624	335,042
	\$ 500,996	\$ 362,766

ON BEHALF OF THE BOARD

Director

Director

See notes to financial statements

ONTARIO TAEKWONDO ASSOCIATION
Statement of General Operations and Surplus
Year Ended March 31, 2019

	2019	2018
REVENUE		
Membership dues	\$ 256,781	\$ 180,271
Tournament revenue	29,548	37,118
Grants from Ontario Government (Note 6)	25,000	25,000
Other income	4,158	215
Seminars and training camps	9,448	7,349
	324,935	249,953
OPERATIONS EXPENSE		
National, international events	38,277	36,209
Insurance	41,156	23,088
Memberships fees and dues	27,162	35,938
Provincial events	23,449	23,050
Administration expense	22,016	26,850
Office and general	13,741	13,999
Seminars and training camps	5,514	4,135
Amortization of property, plant and equipment	3,905	3,925
Meetings	2,883	1,872
Professional fees	3,250	2,750
	181,353	171,816
EXCESS OF REVENUE OVER OPERATIONS EXPENSE	\$ 143,582	\$ 78,137
ACCUMULATED SURPLUS, BEGINNING OF YEAR	\$ 335,042	\$ 256,905
ACCUMULATED SURPLUS, END OF YEAR	<u>478,624</u>	<u>335,042</u>

See notes to financial statements

ONTARIO TAEKWONDO ASSOCIATION

Cash Flow Statement

Year Ended March 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Excess of revenue over operations expense	143,582	78,137
Item not affecting cash:		
Amortization of property, plant and equipment	3,905	3,925
	147,487	82,062
Changes in non-cash working capital:		
Dues receivable	-	(3,991)
Accounts payable	(4,853)	13,510
Prepaid expenses	(13,439)	(460)
GST/HST receivable	(4,956)	(10,624)
Refundable dues	-	(3,134)
	(23,248)	(4,699)
Cash flow from operating activities	124,239	77,363
INVESTING ACTIVITY		
Website development	(14,050)	(8,725)
INCREASE IN CASH	110,189	68,638
Cash - beginning of year	321,003	252,365
CASH - END OF YEAR	\$ 431,192	\$ 321,003

See notes to financial statements

ONTARIO TAEKWONDO ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2019

1. DESCRIPTION OF BUSINESS

Ontario Taekwondo Association was incorporated on August 23, 1982 under the Company Services Branch of the Ministry of Consumer and Commercial Relations. As it is a not-for-profit entity, it is exempt from income tax under the Canadian Income Tax Act.

The Association was established:

to represent, advise and lobby with the Government and the public as the officially recognized Provincial Association of Taekwondo.

to promote interest and participation in the sport of Taekwondo and arrange tournaments and competition, and establish and grant prizes, awards and distinctions;

to establish and maintain grading standards for all levels for Taekwondo in Ontario ;

to enforce general rules and regulations for the sport of Taekwondo and to

sanction tournaments in accordance with such rules and regulations;

to conduct annual Provincial Championships; to select a Provincial Taekwondo team to represent Ontario at National events;

to receive money and other property, real, personal or mixed by gift,

devise, bequest, fees or otherwise and to apply same as to the principal and income in furtherance of the foregoing.

to ensure the sport of Taekwondo as safe, accessible, fair and equitable participation

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements were prepared in accordance with accounting standards for not-for-profit organizations.

Measurement uncertainty

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 reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Donated Services

The Organization benefits greatly from donated services in the form of volunteer work for various of its activities. The value of donated services is not recognized in the financial statements because of the difficulty in their monitoring and measurement.

Revenue recognition

Revenue is recognized when received and accrued where reasonably expected to be received with respect to membership dues.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated amortization. Property, plant and equipment are amortized over their estimated useful lives at the following rates and methods:

Equipment	20%	diminishing balance method
Website	10%	diminishing balance method

In the year of acquisition, one-half of the annual rate is applied.

ONTARIO TAEKWONDO ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2019

3. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Equipment	\$ 26,500	\$ 16,731	\$ 9,769	\$ 12,211
Website	22,275	2,335	19,940	7,852
	\$ 48,775	\$ 19,066	\$ 29,709	\$ 20,063

4. FINANCIAL INSTRUMENTS

The Association's financial instruments consist of current assets and current liabilities as outlined in the balance sheet. Unless otherwise noted, it is management's opinion that the Association is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

5. CORPORATE TAX

The Association is exempt from corporate tax due to its status as a not-for-profit organization and related services as noted in Note 1 above.

6. ONTARIO GRANT

The Ontario Ministry of Tourism, Culture and Sport allocated a grant of \$25,000 which was received in the current fiscal year. As noted in Note 2 above, revenue is recognized only when received except for membership dues and thus the grant revenue was recorded upon its receipt by the Association in the current fiscal year.

7. PRIOR YEAR COMPARATIVES

Certain expense items in the prior year were re-categorized to follow the presentation format in the current year statement of general operations.

8. LEGAL CLAIM

As noted in the prior year financial statements, a Plaintiffs' Statement of Claim was made in the Superior Court of Ontario for \$85,000 alleging the Board of Directors acted in bad faith conduct and abuse of power resulting in loss of income to the Plaintiffs.

An enquiry letter dated July 19th, 2016 to the Ontario Taekwondo Association's legal counsel confirmed the Board of Directors position, that there is no merit to the Claim, is reasonable. As such, no provision for loss was considered necessary in the prior year financial statements.

There was no further activity on this matter in the current fiscal year as it is still ongoing.