

ONTARIO TAEKWONDO ASSOCIATION

Financial Statements

Year Ended March 31, 2018

ONTARIO TAEKWONDO ASSOCIATION

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Year Ended March 31, 2018

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LES LUCYK PROFESSIONAL CORPORATION

Licensed Public Accountant

Chartered Professional Accountant, Chartered Accountant

Member of the Institute of
Chartered Professional Accountants of Ontario

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 balance sheet as at March 31, 2018, and the statements of general operations and surplus and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

In common with many non-profit organizations, the Association derives revenue from memberships and other sources the completeness of which is not susceptible of satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the organization and I was not able to determine whether any adjustments might be necessary to revenues, assets and surplus.

Opinion

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 the revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of The Ontario Taekwondo Association as at March 31, 2018 and the statements of general operations and surplus and cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

A handwritten signature in black ink that reads "Les Lucyk Professional Corporation". The signature is written in a cursive, flowing style.

Mississauga, ON
October 5, 2018

Les Lucyk Professional Corporation
Chartered Professional Accountant
Licensed Public Accountant

ONTARIO TAEKWONDO ASSOCIATION

Statement of Financial Position

March 31, 2018

	2018	2017
ASSETS		
CURRENT		
Cash	\$ 321,003	\$ 252,365
Dues and other receivable	6,290	2,298
Prepaid expenses	10,193	9,733
GST/HST receivable	5,217	-
	342,703	264,396
PROPERTY, PLANT AND EQUIPMENT (Note 3)	20,063	15,264
	\$ 362,766	\$ 279,660
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 16,724	\$ 3,213
Refundable tournament fees	11,000	11,000
Goods and services tax payable	-	5,407
Refundable dues	-	3,134
	27,724	22,754
TOTAL LIABILITIES	27,724	22,754
NET ASSETS		
ACCUMULATED SURPLUS	335,042	256,906
	\$ 362,766	\$ 279,660

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, 2018

	2018	2017
REVENUE		
Membership dues	\$ 180,271	\$ 87,267
Tournament revenue	37,118	83,413
Grants from Ontario Government <i>(Note 6)</i>	25,000	23,841
Other income	1,965	6,590
Referee seminars	5,599	9,504
	249,953	210,615
OPERATIONS EXPENSE		
National Memberships Fees and dues	35,938	2,088
Tournament costs	31,295	44,135
Administration expense	26,850	33,589
Insurance	23,088	27,706
Athlete expenses	17,110	12,651
Officials payments	14,989	20,369
Office and general	12,799	7,223
Amortization of property, plant and equipment	3,925	3,816
Professional fees	2,750	2,996
Board meetings	1,872	4,248
Professional development & honorariums	1,200	5,363
	171,816	164,184
EXCESS OF REVENUE OVER OPERATIONS EXPENSE	\$ 78,137	\$ 46,431
ACCUMULATED SURPLUS, BEGINNING OF YEAR	\$ 256,905	\$ 210,474
ACCUMULATED SURPLUS, END OF YEAR	<u>335,042</u>	<u>256,905</u>

See notes to financial statements

ONTARIO TAEKWONDO ASSOCIATION**Cash Flow Statement****Year Ended March 31, 2018**

	2018	2017
OPERATING ACTIVITIES		
Excess of revenue over operations expense	78,137	46,431
Item not affecting cash:		
Amortization of property, plant and equipment	3,925	3,816
	82,062	50,247
Changes in non-cash working capital:		
Accounts receivable	(3,992)	(2,297)
Accounts payable	13,509	(14,673)
Prepaid expenses	(460)	3,448
GST/HST receivable	(10,622)	16,055
Dues and other receivables	-	2,295
Refundable dues	(3,134)	3,134
	(4,699)	7,962
Cash flow from operating activities	77,363	58,209
INVESTING ACTIVITY		
Website development	(8,725)	-
INCREASE IN CASH	68,638	58,209
Cash - beginning of year	252,365	194,156
CASH - END OF YEAR	\$ 321,003	\$ 252,365

See notes to financial statements

ONTARIO TAEKWONDO ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2018

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, 2018

3. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Equipment	\$ 26,500	\$ 14,289	\$ 12,211	\$ 15,264
Website	8,725	873	7,852	-
	\$ 35,225	\$ 15,162	\$ 20,063	\$ 15,264

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

As noted in the prior year financial statements, 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. 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.