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SQUASH CANADA

FINANCIAL STATEMENTS

MARCH 31, 2014

INDEPENDENT AUDITORS' REPORT

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We have audited the accompanying financial statements of Squash Canada, which comprise the balance sheet as at March 31, 2014, and the statements of changes in net assets, revenue and expenditure and cash flows 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.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for qualified opinion

In common with similar organizations, the organization derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue 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 revenue, net revenue for the year, assets and net assets.

Opinion

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Squash Canada as at March 31, 2014, 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.

CLIPSHAM DEEP LLP

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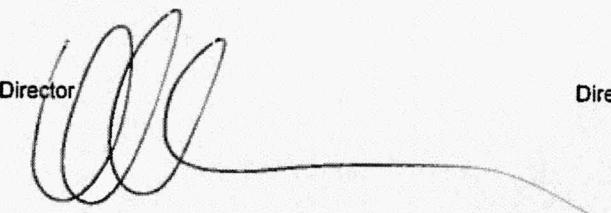
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SQUASH CANADA

BALANCE SHEET
AS AT MARCH 31, 2014

	<u>2014</u>	<u>2013</u>
ASSETS		
CURRENT		
Cash	\$ 237,535	\$ 154,609
Accounts receivable	48,053	5,254
Prepaid expenses	<u>18,529</u>	<u>38,123</u>
	304,117	197,986
PATRON'S ENDOWMENT FUND INVESTMENT (note 4)	<u>160,396</u>	<u>135,536</u>
	<u>\$ 464,513</u>	<u>\$ 333,522</u>
CURRENT LIABILITIES		
Accounts payable	\$ 37,763	\$ 43,201
Government remittances payable	5,162	5,706
Deferred revenue (note 5)	<u>89,244</u>	<u>67,172</u>
	132,169	116,079
NET ASSETS		
Patron's Endowment Fund	160,396	135,536
Junior Development Fund	4,170	4,170
National Squad Fund	-	(230)
Road to Podium Fund	18,500	-
Community Squash Fund	1,660	-
General Reserve Fund	50,000	50,000
Unrestricted	<u>97,618</u>	<u>27,967</u>
	332,344	217,443
	<u>\$ 464,513</u>	<u>\$ 333,522</u>

Approved on behalf of the Board:

Director



Director



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SQUASH CANADA

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2014

	2014	2013
PATRON'S ENDOWMENT FUND		
Balance - beginning of year	\$ 135,536	\$ 121,086
Investment income	872	1,797
Investment gain	<u>23,988</u>	<u>12,653</u>
Balance - end of year	<u>\$ 160,396</u>	<u>\$ 135,536</u>
JUNIOR DEVELOPMENT FUND		
Balance - beginning and end of year	<u>\$ 4,170</u>	<u>\$ 4,170</u>
NATIONAL SQUAD FUND		
Balance - beginning of year	\$ (230)	\$ (382)
Donations	-	24,400
Disbursements	-	(24,248)
Transfer from unrestricted	<u>230</u>	<u>-</u>
Balance - end of year	<u>\$ -</u>	<u>\$ (230)</u>
ROAD TO PODIUM FUND		
Transfer from unrestricted and balance - end of year	<u>\$ 18,500</u>	<u>\$ -</u>
COMMUNITY SQUASH FUND		
Transfer from unrestricted and balance - end of year	<u>\$ 1,660</u>	<u>\$ -</u>
GENERAL RESERVE FUND		
Balance - beginning and end of year	<u>\$ 50,000</u>	<u>\$ 50,000</u>
UNRESTRICTED		
Balance - beginning of year	\$ 27,967	\$ 26,533
Net revenue for the year	90,041	1,434
Transfer to National Squad Fund	(230)	-
Transfer to Road to Podium Fund	(18,500)	-
Transfer to Community Squash Fund	(1,660)	-
Balance - end of year	<u>\$ 97,618</u>	<u>\$ 27,967</u>

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SQUASH CANADA

STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED MARCH 31, 2014

	<u>2014</u>	<u>2013</u>
REVENUE		
Events	\$ 190,342	\$ 183,625
Grants	3,928	1,401
Membership	39,979	37,945
Other	11,940	2,668
Programs	40,019	14,570
Donations	20,485	9,977
Sales	8,854	7,451
Sponsorship	28,927	24,813
Sport Canada	<u>501,500</u>	<u>449,000</u>
	<u>845,974</u>	<u>731,450</u>
EXPENDITURE		
Events	178,091	188,116
Honoraria	19,590	19,241
Member fees and subscriptions	15,422	10,577
Other supplies and services	120,297	96,381
Professional fees	22,112	35,103
Program	11,530	28,533
Promotion	9,629	25,725
Salaries and benefits	231,724	239,304
Sponsorship	-	5,147
Travel	<u>147,538</u>	<u>81,889</u>
	<u>755,933</u>	<u>730,016</u>
NET REVENUE FOR THE YEAR	<u>\$ 90,041</u>	<u>\$ 1,434</u>

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SQUASH CANADA

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2014

	<u>2014</u>	<u>2013</u>
OPERATING ACTIVITIES		
Net revenue for the year	\$ 90,041	\$ 1,434
Patron's Endowment Fund investment income	872	1,797
National Squad Fund donation revenue	-	152
Net change in non-cash working capital items		
Accounts receivable	(42,799)	78,560
Prepaid expenses	19,594	(9,382)
Accounts payable	(5,438)	(9,238)
Government remittances payable	(544)	5,706
Deferred revenue	<u>22,072</u>	<u>46,362</u>
	83,798	115,391
INVESTING ACTIVITIES		
Purchase of investments	<u>(872)</u>	<u>(1,797)</u>
INCREASE IN CASH FOR THE YEAR	82,926	113,594
Cash - beginning of year	<u>154,609</u>	<u>41,015</u>
CASH - END OF YEAR	\$ 237,535	\$ 154,609

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SQUASH CANADA

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2014

1. PURPOSE OF THE ORGANIZATION

The purpose of the organization is to encourage and develop wide participation and the highest proficiency in the sport of squash in Canada. The organization is incorporated under the Canada Corporations Act as a not-for-profit organization and is a Registered Canadian Amateur Athletic Association under the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

a) Estimates and assumptions

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditure during the reporting period. Actual results may differ from those estimates.

b) Patron's Endowment Fund

The Patron's Endowment Fund is internally restricted and was established to promote and improve all aspects of the sport of squash in Canada at the national level. When the Fund reaches \$100,000, grants may be awarded up to an amount not exceeding the cumulative income earned on the Fund's capital.

c) Junior Development Fund

The Junior Development Fund is internally restricted and was established to provide funding for the development of the Junior Team.

d) National Squad Fund

The National Squad Fund is internally restricted and was established for training and coaching of National Squad members at the National Squash Academy.

e) Road to Podium Fund

The Road to Podium Fund is internally restricted and was established to support the national teams and Centre of Excellence Programs for the Pan Am games and various high performance projects.

f) Community Squash Fund

The Community Squash Fund is internally restricted and was established to support the growth of squash in communities with less than 350,000 people.

g) General Reserve Fund

The General Reserve Fund is internally restricted and was established as a reserve for general contingencies.

h) Financial instruments

Investments in equity instruments quoted in an active market are initially recognized at fair value and are subsequently measured at the year-end fair value. Other financial instruments are initially recognized at fair value and are subsequently measured at cost, amortized cost or cost less appropriate allowances for impairment.

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SQUASH CANADA

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Revenue recognition

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditure is incurred. Unrestricted contributions are recognized as revenue when they are received or become receivable. Membership fees are recognized as revenue over the period to which they relate. Other revenues are recognized in the year in which the event is held or the revenue earned.

j) Sport Canada contributions

Contributions received from Sport Canada are subject to specific terms and conditions regarding the expenditure of the funds. The organization's records are subject to audit by Sport Canada to identify instances, if any, in which amounts charged against contributions have not complied with the agreed terms and conditions and which, therefore, would be refundable to Sport Canada. In the event that adjustments to prior years' contributions are requested, they would be recorded in the year in which Sport Canada requests the adjustments.

3. FINANCIAL INSTRUMENTS

Financial instruments of the organization consist of cash, accounts receivable, investment, accounts payable and government remittances payable.

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest rate, currency, credit, liquidity or market risks arising from its financial instruments and the carrying amount of the financial instruments approximate their fair value.

4. PATRON'S ENDOWMENT FUND INVESTMENT

The Fund is invested in an income growth mutual fund with a fair value of \$160,396.

5. DEFERRED REVENUE

Deferred revenue represents revenue received relating to next year as follows:

	2014	2013
Events	\$ 89,244	\$ 67,172

Deferred revenue changed as follows:

	2014	2013
Balance - beginning of year	\$ 67,172	\$ 20,810
Less - amount recognized as revenue in the year	(67,172)	(20,810)
Plus - amount received related to following year	89,244	67,172
Balance - end of year	\$ 89,244	\$ 67,172

6. COMMITMENT

The organization has leased premises to July 31, 2015, at a cost of approximately \$25,000 per annum.



May 9, 2014

Audit Findings Letter

The Board of Directors
Squash Canada
401-2197 Riverside Drive
Ottawa, Ontario
K1H 7X3

Dear Board Members:

We have been engaged to audit the financial statements of your organization as of March 31, 2014 and for the period then ended. Canadian generally accepted standards for audit engagements require that we communicate any significant findings to you in relation to our audit.

Evaluation of Internal Controls

Audits include a review of internal control relevant to the entity's preparation 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.

Nevertheless, during the course of our audit, we encountered the following specific internal control matters that we wish to bring to your attention:

As previously reported, signature stamps are used for the President and VP Finance as a second signature on cheques and wire transfers. We suggest that a Board member review supporting documents and provide an actual signature on cheques and wire transfers to indicate approval.

Diner's card statements are not being reviewed by the VP Finance. We suggest this be done in order to further strengthen control in this area.

As with any small office, the opportunity for proper internal control is limited. We do wish to remind the Board of the vital role it plays in the system of internal control.

Finally, we suggest that the Board periodically reviews all controls it has in place to safeguard the organization's assets and financial reporting process.

Significant Accounting Policies

Management is responsible for the appropriate selection and application of accounting policies. Our role is to review their appropriateness and application as part of our audit. The accounting policies used by your organization are described in the notes to the financial statements.

There were no new accounting policies adopted or changes to the application of accounting policies of the organization during the year.

Significant Unusual Transactions

There were no unusual transactions identified during the audit.

Accounting Estimates

Management is responsible for the accounting estimates included in financial statements. Estimates and the related judgments and assumptions are based on management's knowledge of the business and past experience about current and future events.

Our responsibility as auditors is to obtain sufficient appropriate evidence to provide reasonable assurance that management's accounting estimates are reasonable within the context of the financial statements as a whole. An audit includes performing appropriate procedures to verify the:

- Calculation of accounting estimates;
- Analyzing of key factors such as underlying management assumptions; and
- Materiality of estimates individually and in the aggregate in relation to the financial statements as a whole.

Disagreements with Management

We are required to communicate any disagreements with management, whether or not resolved, about matters that are individually or in aggregate significant to your organization's financial statements or auditor's report. Disagreements may arise over:

- Selection or application of accounting principles;
- Assumptions and related judgments for accounting estimates;
- Financial statement disclosures;
- Scope of the audit; or
- Wording of the auditor's report.

We are pleased to inform you that we had no disagreements with management during the course of our audit.

Issues Discussed

The auditor generally discusses, among other matters, the application of accounting principles and auditing standards, and fees, etc. with management during the initial or recurring

appointment of the auditor during the normal course of business. There were no major issues discussed during our audit with regards to our retention that were not in the normal course of business.

Difficulties Encountered During the Audit

We encountered no significant difficulties during our audit that should be brought to the attention of the Board.

We shall be pleased to discuss further with you and at your convenience any matters mentioned above.

This communication is prepared solely for the information of the Board and is not intended for any other purpose. We accept no responsibility to a third party who uses this communication.

Yours truly,

OUSELEY HANVEY CLIPSHAM DEEP LLP

Fan Gao

Per: Roger S. Ouseley

SQUASH CANADA

401-2197 Riverside Drive
Ottawa, Ontario
K1H 7X3

June 7, 2014

← **INSERT DATE**

[Insert date when Board approved and asserted that they have taken responsibility for the financial statements]

Audit Representation Letter

Ouseley Hanvey Clipsham Deep LLP
Chartered Accountants
200 - 205 Catherine Street
Ottawa, Ontario
K2P 1C3

Dear Sirs:

This representation letter is provided in connection with your audit of the financial statements of Squash Canada for the year ended March 31, 2014 for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

To the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves, we confirm that:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the most recent audit engagement letter for the preparation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations; in particular, the financial statements are fairly presented in accordance therewith.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Canadian accounting standards for not-for-profit organizations.
- All events subsequent to the date of the financial statements and for which Canadian accounting standards for not-for-profit organizations require adjustment or disclosure have been adjusted or disclosed.

- The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. If applicable, a list of the uncorrected misstatements is attached to this letter.

Information Provided

- We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

All transactions have been recorded in the accounting records and are reflected in the financial statements.

- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the organization and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others where the fraud could have a material effect on the financial statements.
- We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.
- We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related-party relationships and transactions of which we are aware.
- We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.
- The nature of all material measurement uncertainties has been appropriately disclosed in the financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.
- We have informed you of all outstanding and possible claims, whether or not they have been discussed with legal counsel.

- All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
- The organization has satisfactory title to all assets, and there are no liens or encumbrances on the organization's assets that have not been disclosed in the financial statements.
- We have disclosed to you, and the organization has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

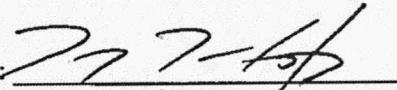
CONFIRMATION OF APPROVAL AND RESPONSIBILITY

This is to confirm that the Board of Directors has reviewed, approved, and taken responsibility for the financial statements of Squash Canada as of March 31, 2014 and for the period then ended, as of the date that has been inserted at the beginning of this letter.

This further confirms that the Board, or designated Committee, has received and reviewed all communications from you including the audit engagement letter, the audit independence letter, the audit planning letter and the audit findings letter.

Yours truly,

Squash Canada

Per: 
Executive Director

Per: 
Member of the Board

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Client:
Engagement:
Period Ending:
Workpaper:

Squash - Squash Canada

31/03/2014

3210 - Adjusting Journal Entries Report

15/05/2014
4:39 PM

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1 to move WSF member to proper account				
6421	Membership Fees		5,599.00	
6411	Dues & Subscriptions			5,599.00
Total			5,599.00	5,599.00
Adjusting Journal Entries JE # 2 to adjust prepaid WSF membership				
1300	Prepaid Expenses		6,382.00	
6421	Membership Fees			6,382.00
Total			6,382.00	6,382.00
Adjusting Journal Entries JE # 3 to move court rental to proper account				
6331	National Squash Academy		2,184.00	
6321	Office Rent			2,184.00
Total			2,184.00	2,184.00
Adjusting Journal Entries JE # 4 to reverse payable to London Squash Club since entered twice. Client to adjust accounts payable subledger				
2000	Accounts Payable		6,328.00	
4611	Registration Fees		672.00	
8742	HP Comps Registration Fees			7,000.00
Total			7,000.00	7,000.00
Adjusting Journal Entries JE # 5 to set up additional accrual				
6011	Salaries:6011 Å Professional Staff		5,500.00	
6171	Professional Fees - Admin:6171 Å Accounting		1,100.00	
6172	Professional Fees - Admin:6172 Å Legal		3,955.00	
6251	Computer Costs:6251 Å Services		1,640.00	
2071	Accrued Liabilities			12,395.00
Total			12,395.00	12,395.00
Adjusting Journal Entries JE # 6 to correct client entry				
3900	Retained Earnings		230.00	
8911	Miscellaneous			230.00
Total			230.00	230.00
Adjusting Journal Entries JE # 7 to adjust accrual for sport cda expense to actual				
2071	Accrued Liabilities		30,562.00	
6129	Travel - Staff:6129 Å Other			30,562.00
Total			30,562.00	30,562.00

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Client: Squash - Squash Canada
Engagement: 31/03/2014
Period Ending: 3210 - Adjusting Journal Entries Report
Workpaper:

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 8				
to move registration to 2014 doubles to deferred revenue since event is after year				
4611	Registration Fees		8,494.00	
2301	Deferred Revenue			8,494.00
Total			8,494.00	8,494.00
Adjusting Journal Entries JE # 9				
to move use of prepaid rent to proper account				
1300	Prepaid Expenses		1,770.00	
1311	Prepaid Expenses: 1311 A Prepaid Rent			1,770.00
Total			1,770.00	1,770.00
Adjusting Journal Entries JE # 10				
to move donation to Badminton & Racquet Club to expense				
8781	Donations.		1,500.00	
4811	Donations			1,500.00
Total			1,500.00	1,500.00



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