

CANADIAN FEDERATION OF AMATEUR BASEBALL

FINANCIAL STATEMENTS

MARCH 31, 2024

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PARKER PRINS LEBANO
Chartered Professional Accountants
Professional Corporation

INDEPENDENT AUDITORS' REPORT

To the Members of the:

CANADIAN FEDERATION OF AMATEUR BASEBALL

Qualified Opinion

We have audited the financial statements of the Canadian Federation of Amateur Baseball, which comprise the Statement Of Financial Position as at March 31, 2024, and the Statements Of Operations and 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 paragraph section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Canadian Federation of Amateur Baseball as at March 31, 2024, 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 Canadian Federation of Amateur Baseball derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Canadian Federation of Amateur Baseball. Therefore, we were not able to determine whether any adjustments might be necessary to recorded donations, deficiency of revenues over expenses, and cash flows from operations for the years ended March 31, 2024 and 2023, current assets and net assets as at March 31, 2024 and 2023.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Canadian Federation of Amateur Baseball 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 opinion.

Emphasis of Matters

We draw attention to Note 8 to the financial statements which describes the economic dependence on Government of Canada funding. Our opinion is not qualified in respect of this matter.

The supplementary information presented on pages 9 and 10 was derived from the underlying accounting and other records used to prepare the financial statements. The supplementary information is presented for the purposes of additional information is not a required part of the financial statements and is marked as unaudited. Such supplementary information is the responsibility of management.

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 Canadian Federation of Amateur Baseball'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 Canadian Federation of Amateur Baseball or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Canadian Federation of Amateur Baseball's financial reporting process.

Auditors' 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 auditors' 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 Canadian Federation of Amateur Baseball'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 Canadian Federation of Amateur Baseball's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Canadian Federation of Amateur Baseball 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.



Parker Prins Lebano Chartered Professional Accountants Professional Corporation
Authorized to practice public accounting by the Chartered Professional Accountants of Ontario

Ottawa, Ontario
July 20, 2024

CANADIAN FEDERATION OF AMATEUR BASEBALL
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2024

	<u>2024</u>	<u>2023</u>
ASSETS		
CURRENT		
Cash	\$ 2,171,948	\$ 2,210,270
Accounts receivable	253,040	389,925
Inventory	24,860	36,883
Prepaid expenses	<u>69,223</u>	<u>20,621</u>
	2,519,071	2,657,699
INVESTMENTS (note 4)	<u>516,919</u>	<u>468,490</u>
	<u>\$ 3,035,990</u>	<u>\$ 3,126,189</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 246,467	\$ 245,496
Deferred revenue (note 5)	<u>95,977</u>	<u>19,313</u>
	<u>342,444</u>	<u>264,809</u>
NET ASSETS		
Alumni Fund	522,228	522,228
Unrestricted	<u>2,171,318</u>	<u>2,339,152</u>
	<u>2,693,546</u>	<u>2,861,380</u>
	<u>\$ 3,035,990</u>	<u>\$ 3,126,189</u>

CANADIAN FEDERATION OF AMATEUR BASEBALL
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2024

	<u>Alumni Fund</u>	<u>Unrestricted</u>	<u>2024</u>	<u>2023</u>
REVENUE				
Athlete program (note 6)	\$ -	\$ 1,200,036	\$ 1,200,036	\$ 1,449,550
Coach development program	-	633,467	633,467	585,625
Donations	-	-	-	2,500
Events program (note 6)	-	399,627	399,627	302,086
Umpire development program (note 6)	-	40,199	40,199	16,275
Corporate	-	616,716	616,716	643,167
Participation fees	-	90,000	90,000	90,000
	-	2,980,045	2,980,045	3,089,203
EXPENDITURE				
Athlete program (note 6)	-	1,115,966	1,115,966	1,197,391
Coach development program	-	245,662	245,662	194,726
Events program (note 6)	-	497,566	497,566	349,185
Umpire development program (note 6)	-	70,747	70,747	40,950
Corporate	-	1,217,938	1,217,938	1,055,132
	-	3,147,879	3,147,879	2,837,384
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENDITURE FOR THE YEAR	-	(167,834)	(167,834)	251,819
BALANCE, BEGINNING OF YEAR	<u>522,228</u>	<u>2,339,152</u>	<u>2,861,380</u>	<u>2,609,561</u>
BALANCE, END OF YEAR	<u>\$ 522,228</u>	<u>\$ 2,171,318</u>	<u>\$ 2,693,546</u>	<u>\$ 2,861,380</u>

CANADIAN FEDERATION OF AMATEUR BASEBALL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2024

	<u>2024</u>	<u>2023</u>
OPERATING ACTIVITIES		
(Deficiency) Excess of revenue over expenditure for the year	\$ (167,834)	\$ 251,819
Items not affecting cash:		
Amortization of capital assets	<u>-</u>	<u>2,937</u>
	(167,834)	254,756
Changes in non-cash working capital components:		
Accounts receivable	136,885	(337,179)
Inventory	12,023	4,258
Prepaid expenses	(48,602)	14,832
Accounts payable and accrued liabilities	971	90,043
Deferred revenue	<u>76,664</u>	<u>(139,828)</u>
	<u>10,107</u>	<u>(113,118)</u>
INVESTING ACTIVITIES		
Purchase of investments	<u>(48,429)</u>	<u>3,840</u>
DECREASE IN CASH FOR THE YEAR	(38,322)	(109,278)
CASH, BEGINNING OF YEAR	<u>2,210,270</u>	<u>2,319,548</u>
CASH, END OF YEAR	<u>\$ 2,171,948</u>	<u>\$ 2,210,270</u>

CANADIAN FEDERATION OF AMATEUR BASEBALL
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

1. PURPOSE OF THE ORGANIZATION

The Canadian Federation of Amateur Baseball (operating as "Baseball Canada") is dedicated, through collaborative leadership, to develop, promote and deliver programs that allow individuals to maximize their potential to become tomorrow's leaders. The organization is incorporated under the Canada Not-for-profit Corporations Act 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:

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. The estimates and assumptions are reviewed annually and, as adjustments become necessary, they are recorded in the financial statements in the period in which they become known.

ALUMNI FUND

The Alumni Fund receives donations that are internally restricted in their use to the national program team. The High Performance Committee makes recommendations to the Board of Directors for any use of the funds.

INVENTORY

Inventory is valued at the lower of cost and net realizable value. Cost is determined on the average cost basis.

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 expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or become receivable. Other revenues are recognized in the year in which the event is held or the revenue earned.

CONTRIBUTED GOODS

The organization records the value of donated materials and services when a fair value can be reasonably estimated and when the materials and services would normally be purchased by the organization.

SPORT CANADA CONTRIBUTIONS

Contributions 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. Adjustments to prior years' contributions are recorded in the year in which Sport Canada requests the adjustment.

FINANCIAL INSTRUMENTS

Financial instruments are initially recognized at fair value and are subsequently measured at cost, amortized cost or cost less appropriate allowances for impairment.

CANADIAN FEDERATION OF AMATEUR BASEBALL
NOTES TO THE FINANCIAL STATEMENTS (continued)
MARCH 31, 2024

3. FINANCIAL INSTRUMENTS

Financial instruments of the organization consist of cash, accounts receivable, investments and accounts 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 risks have not changed from last year.

4. INVESTMENTS

The organization has a principal protected note that earns variable annual interest and matures in April 2025.

5. DEFERRED REVENUE

Deferred revenue consists of the following amounts received, which are to be recognized as revenue in the next year:

	<u>2024</u>	<u>2023</u>
Coaching Association of Canada funding	\$ -	\$ 14,313
Events program	10,000	-
Hosting fees	-	2,000
Sponsorships	<u>85,977</u>	<u>3,000</u>
	<u>\$ 95,977</u>	<u>\$ 19,313</u>

6. CONTRIBUTED GOODS

Contributed goods are recorded at their fair value of \$537,360 (2023 - \$422,510). Within the Statement of Operations and Changes in Net Assets, \$258,922 (2023 - \$274,122) of contributed goods is included within athlete program revenue and expenditure, \$276,338 (2023 - \$148,388) is included within events program revenue and expenditure and \$2,100 (2023 - \$nil) is included within umpire development program revenue and expenditure.

7. COMMITMENT

The organization has leased premises to June 30, 2025 at approximately \$80,000 per annum.

CANADIAN FEDERATION OF AMATEUR BASEBALL
NOTES TO THE FINANCIAL STATEMENTS (continued)
MARCH 31, 2024

8. ECONOMIC DEPENDENCE

Baseball Canada's annual revenue includes significant Government of Canada funding. Government of Canada funding accounts for 39% of revenue in the current fiscal year (2023 – 39%). The continuation of such funding is dependent on the development of a concrete action plan by April 2024 for the adoption of the foundational governance principles in the Canadian Sport Governance Code by April 2025. Should Baseball Canada lose its Government of Canada funding, there would be a material impact on continuing operations.

As part of changes being made to the ongoing landscape of National Sports Organizations (NSOs) within Canada, the Government of Canada announced new governance measures to improve accountability and foster a safe and sustainable culture change in sport during fiscal 2023.

As a part of these announcements, the government has indicated that to receive federal funding, all NSOs will be required to fully adopt the foundational governance principles in the Canadian Sport Governance Code by April 2025. These principles include:

- At least 40% of board members be independent, and no staff member of the organization can sit on the board.
- No more than 60% of board members can be of the same gender, and sports organizations should develop a policy for diversity at the board level.
- Athlete representation on boards will be mandatory.
- All new board members will need to receive a proper orientation regarding roles and responsibilities as directors.
- Each board member shall be subject to a term limit.
- NSOs annual financial statements in their entirety will need to be audited and posted on the organization's website within six months of year-end.
- NSOs minutes of member meetings will need to be published on their website.
- NSOs will be required to publish their terms of reference for all committees.
- NSOs will be required to publish online an annual report on diversity at the board level.

In addition to fully adopting the foundational governance principles in the Canadian Sport Governance Code by April 2025, NSOs are required to develop and have in place a concrete action plan with clear indicators on governance, safe sport, and athlete representation by April 2024 to access future Government of Canada Funding.

As of the audit report date, Baseball Canada and its members have drafted new bylaws that are in line with the Canadian Sport Governance Code and include clear indicators on governance and athlete representation. These bylaws will be presented to the membership for adoption in 2024-2025.

Baseball Canada has a concrete action plan currently in place with respect to Safe Sport and are program signatories to the Office of the Sport Integrity Commissioner's Abuse Free Sport.

CANADIAN FEDERATION OF AMATEUR BASEBALL
SCHEDULE OF UNRESTRICTED REVENUE BY SOURCE
FOR THE YEAR ENDED MARCH 31, 2024
(prepared without audit)

	<u>Budget</u>	<u>2024</u>	<u>2023</u>
Sport Canada Contributions			
Administration, meetings and staff	\$ 439,000	\$ 439,000	\$ 524,000
Women's World Cup	-	74,627	-
Safe sport	-	30,000	30,500
Gender equity	-	-	10,461
Domestic sport	23,000	45,601	63,700
National championships	18,000	23,000	18,000
National team	469,000	469,000	469,000
Women's program	82,000	82,000	82,000
Strategic plan	-	-	10,000
	<u>1,031,000</u>	<u>1,163,228</u>	<u>1,207,661</u>
Other Contributions			
Coaching Association of Canada	80,000	98,777	109,726
Sponsorships	175,000	134,000	272,724
Goods in kind	197,300	272,222	285,322
Rally Cap	257,188	265,138	137,188
Alumni Fund donations	180,000	-	2,500
	<u>889,488</u>	<u>770,137</u>	<u>807,460</u>
Miscellaneous			
Sales	52,000	50,700	51,392
Provincial affiliation fees	140,000	140,000	140,000
National championships	43,000	43,000	39,000
Interest and exchange	40,000	75,882	7,814
Team exhibition games	-	-	40
Certification fees	272,012	351,195	334,365
Coaching clinic fees	125,000	217,594	157,809
Challenger	10,000	10,000	10,000
Alumni	120,000	132,074	111,947
Fundraising and donations	-	21,281	12,515
Miscellaneous	25,000	4,954	3,153
World Baseball Classic	-	-	206,047
	<u>827,012</u>	<u>1,046,680</u>	<u>1,074,082</u>
	<u>\$ 2,747,500</u>	<u>\$ 2,980,045</u>	<u>\$ 3,089,203</u>

CANADIAN FEDERATION OF AMATEUR BASEBALL
SCHEDULE OF SPORT CANADA REVENUE AND EXPENSES BY BUDGET CATEGORY
FOR THE YEAR ENDED MARCH 31, 2024
(prepared without audit)

Budget Category	<u>Total Revenue Claimed</u>	<u>Total Expenses</u>
General administration	\$ 92,026	\$ 381,101
Governance	26,000	65,287
Staff salaries	235,500	637,380
Coaching salaries and professional development	85,000	85,000
National team programs	625,627	1,112,566
Operations and programming	55,075	673,509
Safe sport	30,000	32,500
Official languages	14,000	11,000
Innovation	-	39,614
Recovery	-	69,922
	<u>\$ 1,163,228</u>	<u>\$ 3,107,879</u>