

AXEMEN LACROSSE CLUB
Financial Statements
Year Ended September 30, 2019

AXEMEN LACROSSE CLUB
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Year Ended September 30, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Members of Axemen Lacrosse Club

Qualified Opinion

We have audited the financial statements of Axemen Lacrosse Club (the Organization), which comprise the statement of financial position as at September 30, 2019, and the statements of operations, 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 possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at September 30, 2019, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from fundraising activities 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 Organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended September 30, 2019, current assets and net assets as at September 30, 2019. The predecessor auditor's opinion on the financial statements for the year ended September 30, 2018 was modified accordingly because of the possible effects of this limitation of 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 the Organization in accordance with 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.

Other Matter

The financial statements for the year ended September 30, 2018 were audited by another auditor who expressed a qualified opinion on those financial statements on January 11, 2019 for the reasons described in the *Basis for Qualified Opinion* section.

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 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 Organization's ability

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Independent Auditor's Report to the Members of Axemen Lacrosse Club *(continued)*

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 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 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 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.

Calgary, Alberta
January 12, 2020



Mahmud Khalfan Prof Corp

Mahmud Khalfan Professional Corporation
Chartered Professional Accountants

AXEMEN LACROSSE CLUB
Statement of Financial Position
September 30, 2019

	2019	2018
ASSETS		
CURRENT		
Cash	\$ 148,905	\$ 132,997
Short-term investments (Note 3)	10,149	10,000
Accounts receivable	7,382	2,843
Inventory (Note 4)	19,480	11,211
Prepaid expenses	1,492	368
	187,408	157,419
TANGIBLE CAPITAL ASSETS (Note 5)	849	31,239
	\$ 188,257	\$ 188,658
 LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 4,632	\$ 5,127
Deferred revenue (Note 6)	28,325	26,100
	32,957	31,227
 NET ASSETS		
Unrestricted fund	154,451	126,192
Invested in capital assets	849	31,239
	155,300	157,431
	\$ 188,257	\$ 188,658

ON BEHALF OF THE BOARD

 Director
 Director

See notes to financial statements

AXEMEN LACROSSE CLUB
Statement of Operations
Year Ended September 30, 2019

	2019	2018
REVENUES		
Registration	\$ 263,125	\$ 318,543
Winter development camp	34,258	33,870
Sales and other	11,059	17,503
Sponsorships	6,617	10,443
Tournament	6,520	2,522
Fundraising	3,810	4,524
Interest	149	-
	<u>325,538</u>	<u>387,405</u>
EXPENSES		
Memberships and subscriptions	109,056	142,184
Arena fees	71,346	101,110
Amortization of tangible assets	30,390	35,728
Juniors	28,302	38,243
Cost of apparel and shorts	18,229	14,186
Consulting fees (Note 7)	18,000	18,000
Evaluation	9,567	6,479
Banners and awards	9,129	5,247
Office and administration	7,048	7,926
Photography	6,479	9,513
Coach development	5,485	15,800
Professional fees	4,245	4,923
Equipment	4,100	3,773
Travel	2,240	1,683
Team	990	450
Volunteer appreciation	977	8,332
Insurance	968	1,120
Online registration	557	9,435
Interest and bank charges	228	783
Camp	186	3,301
Tournament	147	2,350
Donations	-	1,000
Scholarship	-	2,000
	<u>327,669</u>	<u>433,566</u>
DEFICIENCY OF REVENUES OVER EXPENSES	<u>\$ (2,131)</u>	<u>\$ (46,161)</u>

See notes to financial statements

AXEMEN LACROSSE CLUB
Statement of Changes in Net Assets
Year Ended September 30, 2019

	Unrestricted Fund	Invested in capital assets	2019	2018
NET ASSETS - BEGINNING OF YEAR	\$ 126,192	\$ 31,239	\$ 157,431	\$ 203,592
Excess (Deficiency) of revenues over expenses	28,259	(30,390)	(2,131)	(46,161)
NET ASSETS - END OF YEAR	\$ 154,451	\$ 849	\$ 155,300	\$ 157,431

AXEMEN LACROSSE CLUB
Statement of Cash Flows
Year Ended September 30, 2019

	2019	2018
OPERATING ACTIVITIES		
Cash receipts from customers	\$ 320,850	\$ 384,562
Cash paid to suppliers and employees	(304,712)	(412,840)
Interest paid	(230)	(785)
	<u>15,908</u>	<u>(29,063)</u>
INVESTING ACTIVITIES		
Proceeds of disposal of tangible capital assets	-	960
Purchase of tangible capital assets	-	(11,452)
Redemption (purchase) of short term investments, net	-	(10,000)
	<u>-</u>	<u>(20,492)</u>
INCREASE (DECREASE) IN CASH FLOW	15,908	(49,555)
Cash - beginning of year	<u>132,997</u>	<u>182,552</u>
CASH - END OF YEAR	\$ 148,905	\$ 132,997

See notes to financial statements

AXEMEN LACROSSE CLUB
Notes to Financial Statements
Year Ended September 30, 2019

1. PURPOSE OF THE ORGANIZATION

The purpose of the Axemen Lacrosse Club (the "Organization") is to serve its members by promoting and providing opportunities for the members to participate in the sport of lacrosse. The Axemen Lacrosse Club was registered under the Societies Act of Alberta on June 12, 1991, and is thus exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) and, in management's opinion, with consideration of materiality and within the framework of the following accounting policies:

Cash and cash equivalents

Cash includes cash and cash equivalents include amounts on deposit with financial institutions, and term deposits that mature within three months from the date of acquisition.

Inventory

Inventory is measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Inventory includes all costs to purchase, convert, and bring the inventories to their present location and condition. Cost is determined using the weighted-average cost formula for all other inventory items. Inventory valuation reserves are maintained for inventory that is slow moving or obsolete.

Prepays

Prepays include administrative costs paid in advance of the fiscal year, such as prepaid insurance, storage fees and licencing.

Investments

Investments are reported at the lower of cost and market. Short-term investments consist of guaranteed investment certificates which are readily convertible into cash and have original maturity dates greater than ninety days, but less than one year. Investments are carried at cost which approximate market value.

Financial instruments

Financial assets and liabilities are measured initially at fair value. Subsequent measurement is at amortized cost.

Financial assets measured at amortized cost consist of cash, term deposits, and accounts receivable.

Financial liabilities measured at amortized cost consist of the accounts payable and accrued liabilities.

The Organization tests the financial assets recorded at amortized costs for impairment at each year end. Any impairment losses are recognized in the statement of operations.

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AXEMEN LACROSSE CLUB
Notes to Financial Statements
Year Ended September 30, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Tangible capital assets

Purchased tangible capital assets are recorded at cost. Amortization is recorded at the following rates, which have been established by estimates of useful lives.

Equipment	25% straight-line method
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Tangible capital assets are assessed for impairment on an annual basis at the end of the fiscal year. If there is a significant adverse change in the expected amount or timing of future cash flows from capital assets, the carrying value of the financial asset is reduced to the highest of the present value of expected cash flows, the amount that could be realized from selling the asset.

Revenue recognition

The Organization's revenue is recognized when the goods and services have been delivered and collection is reasonably assured.

Contributed services

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

Measurement uncertainty

When preparing financial statements according to ASNPO, management makes estimates and assumptions relating to:

- reported amounts of revenues and expenses
- reported amounts of assets and liabilities
- disclosure of contingent assets and liabilities

Estimates are based on a number of factors including historical experience, current events and actions that the Organization may undertake in the future, and other assumptions that management believes are reasonable under the circumstances. By their nature, these estimates are subject to measurement uncertainty and actual results could differ. In particular, estimates are used in accounting for certain items such as revenues, allowance for doubtful accounts, useful lives of capital assets, asset impairments, legal and tax contingencies, employee compensation plans, employee benefit plans, retained interest in securitized receivables, income taxes, and goodwill impairment.

In particular, the Organization uses estimates to determine the useful life of tangible capital assets and the valuation of accrued liabilities.

3. INVESTMENTS

Short-term investments consisted of revolving redeemable Guaranteed Investment Certificates (GIC) of \$10,000 earning a floating interest of 1.7% per annum.

4. INVENTORY

Inventory consists of shorts for sale to the players. During the year, the Organization sold items with a cost of \$12,305 (2018 - \$14,186).

AXEMEN LACROSSE CLUB
Notes to Financial Statements
Year Ended September 30, 2019

5. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Equipment - jerseys, lacrosse balls and goalie equipment	\$ 163,713	\$ 163,713	\$ -	\$ 29,965
Equipment - other	1,698	849	849	1,274
	<u>\$ 165,411</u>	<u>\$ 164,562</u>	<u>\$ 849</u>	<u>\$ 31,239</u>

6. DEFERRED REVENUE

	2019	2018
Unearned revenue	<u>\$ 28,325</u>	<u>\$ 26,100</u>

Deferred revenue consists of amounts collected for a future winter camp to be held in January 2020.

7. RELATED PARTY TRANSACTIONS

During the year, the Organization paid Ashley Bamford (Executive Director of the Organization), \$18,000 to perform the services related to the office and position of Executive Director of the Organization including all those duties and responsibilities customarily performed by a person holding the same or an equivalent position. These transactions are reported at the exchange amount.

8. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Organization's risk exposure and concentration as of September 30, 2019.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly from its accounts payable.

9. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation. The prior year comparative figures were audited by another public accountant.