

LAKWOOD SOCCER ASSOCIATION

REVIEW ENGAGEMENT REPORT AND FINANCIAL STATEMENTS

for the year ended July 31, 2017

REVIEW ENGAGEMENT REPORT

To the Members of **Lakewood Soccer Association**:

I have reviewed the balance sheet of **Lakewood Soccer Association** as at July 31, 2017 and the statements of operations, changes in net assets, and cash flows for the year then ended.

My review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of inquiry, analytical procedures and discussions related to information supplied to me by the Association.

A review does not constitute an audit and consequently I do not express an audit opinion on these financial statements.

Based upon my review, nothing has come to my attention that causes me to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

Gabriel Ng CPA P.C. Inc.

Saskatoon, Saskatchewan

December 4, 2017

Licensed Public Accountant

Chartered Professional Accountant

Lakewood Soccer Association

Balance Sheet as at July 31

(Prepared without audit - see Review Engagement Report)

ASSETS

	<u>2017</u>	<u>2016</u>
Current Assets		
Cash and cash equivalents (Note 3)	\$ 36,428	\$ 74,756
Term deposits	11,473	-
Prepaid expenses	-	4,583
	<u>47,901</u>	<u>79,339</u>
Non-Current Assets		
Term deposits (Note 4)	-	11,284
	<u>\$ 47,901</u>	<u>\$ 90,623</u>


LIABILITIES

Current Liabilities		
Account payable	\$ 4,447	\$ 4,448

NET ASSETS

Net assets - unappropriated surplus	<u>43,454</u>	<u>86,175</u>
	<u>\$ 47,901</u>	<u>\$ 90,623</u>

Approved by the Board of Directors



Lakewood Soccer Association

Statement of Operations for the year ended July 31

(Prepared without audit - see Review Engagement Report)

	<u>2017</u>	<u>2016</u>
Revenue:		
Registration - indoor	\$ 147,912	\$ 118,418
- outdoor	85,921	69,460
Tournaments	55,280	80,081
Fundraising	62,784	20,759
Soccer camps	7,009	11,595
Academies	14,070	5,230
Donations	-	2,000
Coaching clinic	-	1,200
Other income	-	757
Interest income	217	146
	<u>373,193</u>	<u>309,646</u>
Expenses:		
Registrations	156,141	133,867
Tournaments	49,952	59,287
Technical services	57,355	32,470
Facilities	18,452	24,960
Coaching	20,736	26,219
Fundraising	62,619	20,590
Equipment	27,424	17,739
Administrative costs	6,922	7,901
Camps	4,916	6,128
Refunds and transfers	2,757	3,500
Communications and hospitality	1,534	3,398
Academies	7,106	1,336
	<u>415,914</u>	<u>337,395</u>
Excess (Deficiency) of Revenue Over Expenses	<u>\$ (42,721)</u>	<u>\$ (27,749)</u>

Lakewood Soccer Association

Statement of Changes In Net Assets for the year ended July 31

(Prepared without audit - see Review Engagement Report)

	<u>2017</u>	<u>2016</u>
Net Assets, Beginning of the Year	\$ 86,175	\$ 113,924
Excess (Deficiency) of Revenue Over Expenses	<u>(42,721)</u>	<u>(27,749)</u>
Net Assets, End of the Year	<u>\$ 43,454</u>	<u>\$ 86,175</u>

Lakewood Soccer Association

Statement of Cash Flows for the year ended July 31

(Prepared without audit - see Review Engagement Report)

	<u>2017</u>	<u>2016</u>
Cash was Provided (Used) By		
Operating Activities		
Received from registrations and clinics	\$ 372,976	\$ 309,500
Paid to vendors and coaches	<u>(411,332)</u>	<u>(341,266)</u>
	<u>(38,356)</u>	<u>(31,766)</u>
Investing Activities		
Interest received	<u>217</u>	<u>146</u>
Increase (Decrease) in Cash Resources	(38,139)	(31,620)
Cash Resources, beginning of the year	<u>86,040</u>	<u>117,660</u>
Cash Resources, end of the year	<u><u>\$ 47,901</u></u>	<u><u>\$ 86,040</u></u>
Cash resources are represented by:		
Bank	\$ 36,428	\$ 74,756
Term deposit	<u>11,473</u>	<u>11,284</u>
	<u><u>\$ 47,901</u></u>	<u><u>\$ 86,040</u></u>

Lakewood Soccer Association

Notes to the Financial Statements

July 31, 2017

(Prepared without audit – see Review Engagement Report)

1. Description of Organization

Lakewood Soccer Association (the “Association”) is unincorporated as at July 31, 2017, and operates on a non-profit basis as a service organization that organizes soccer activities in the Lakewood neighbourhood of Saskatoon, Saskatchewan.

2. Significant Accounting Policies

Basis of Presentation

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Revenue Recognition

Revenue from registrations, tournaments, camps, clinics, and other activities are recorded when the payment of the applicable fees are made. Registrations expire at the end of the Association’s fiscal year. Interest income is accrued when earned.

Donations and fundraising

Cash donations and fundraising proceeds are shown as revenue. Although the Association is dependent on the voluntary services of its members, the donation of volunteer time, in-kind products, or services are not valued in the financial statements.

Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires the Board 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 amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

Significant estimates include payable accruals.

Lakewood Soccer Association

Notes to the Financial Statements

July 31, 2017

(Prepared without audit – see Review Engagement Report)

2. Significant Accounting Policies (Continued)

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, and cash on deposit with banking institutions less cheques written but not cleared. These are held for the purposes of meeting short term cash commitments.

Term deposits

Term deposits of having a maturity of less than twelve months after the balance sheet date are categorized as term deposits under current assets. Term deposits with a maturity date greater than one year after the balance sheet date are categorized under non-current assets. These are held for the purposes of generating interest income while protecting the principal balances.

Capital Assets

Property acquired are valued at acquisition cost. As the Association's annual revenue is less than \$500,000, the Association elected not to capitalize the costs of capital assets. Hence, items such as furniture and equipment are immediately expensed in the year of acquisition.

Should the Association's annual revenue reach the \$500,000 threshold in the future, the Association will have to follow CPA Canada ASNPO Handbook Section 4431 (Tangible Capital Assets held by Not-For-Profit Organizations) and will not have the ability to make this election in the future.

Amortization

Although the Association would normally record amortization of capital assets in the year of acquisition, the Association has made an election under the CPA Canada ASNPO Handbook Section 4431 to not amortize any assets previously capitalized given the Association's annual revenue is less than the \$500,000 threshold.

Income Taxes

As the Association is categorized as a non-profit organization due to its nature of operations, it is exempted from income taxes according to the Income Tax Act of Canada. The Association has not registered a business number with Canada Revenue Agency nor has filed any non-profit tax return since inception.

Lakewood Soccer Association

Notes to the Financial Statements

July 31, 2017

(Prepared without audit – see Review Engagement Report)

2. Significant Accounting Policies (Continued)

Financial instruments

Measurement of financial instruments

The Association initially measures its financial assets and financial liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The Association subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value of these financial instruments are recognized in net income.

Financial assets measured at amortized cost on a straight-line basis include cash and cash equivalents, term deposits, and accounts receivable.

Financial liabilities measured at amortized cost on a straight-line basis include accounts payable.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

3. Cash and Cash Equivalents

	<u>2017</u>	<u>2016</u>
Cash on deposit	\$ 47,732	\$ 82,101
Less cheques issued and outstanding	(11,304)	(7,345)
	<u>\$ 36,428</u>	<u>\$ 74,756</u>

The Association's operating bank account are held with TCU Financial Group.

Lakewood Soccer Association

Notes to the Financial Statements

July 31, 2017

(Prepared without audit – see Review Engagement Report)

4. Term Deposits

The Association has held a term deposit with TCU Financial Group with a rate of 1.30% per annum which will mature on April 18, 2018. The current value of the term deposit includes accrued interest.

5. Subsequent Events

The Association has formally incorporated under the name *Lakewood Soccer Association Incorporated* as a membership non-profit organization under the Non-Profit Corporation Act of Saskatchewan on September 29, 2017.

6. Risk Management

Risks and concentrations

The Association does not believe it is subject to any significant concentration of currency risk. Cash and cash equivalents as well as term deposits are in place with major financial institutions. The following analysis provides a measure of the Association's risk exposure as at July 31, 2017.

Liquidity risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its accounts payable.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association's main credit risks relate to its accounts receivable from registration fees. It is a significant risk as there is little recourse for non-payment.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Association is exposed to interest rate risk on its fixed interest rate financial instruments, which includes term deposits. Fixed-interest instruments subject the Association to a fair value risk, since fair value fluctuates inversely to changes in market interest rates. Floating rate instruments subject the Association to related cash flow risk.

Lakewood Soccer Association

Schedule of Expenses for the year ended July 31

(Prepared without audit - see Review Engagement Report)

	<u>2017</u>	<u>2016</u>
Registration		
Saskatoon Youth Soccer Inc. registration and bonding fees	\$ 155,528	\$ 132,946
Online credit card costs	613	921
	<u>\$ 156,141</u>	<u>\$ 133,867</u>
Tournaments		
Indoor	\$ 33,403	\$ 40,221
Outdoor	16,549	19,066
	<u>\$ 49,952</u>	<u>\$ 59,287</u>
Technical Services		
Director	<u>\$ 57,355</u>	<u>\$ 32,470</u>
Coaching		
Honorarium	\$ 10,800	\$ 14,350
National fees	400	7,100
Clinics	5,485	1,613
Provincial fees	2,450	2,400
Sundry expenses	1,481	516
Record checks	120	240
	<u>\$ 20,736</u>	<u>\$ 26,219</u>
Facilities		
Rentals	<u>\$ 18,452</u>	<u>\$ 24,960</u>
Equipment		
Equipment purchases	\$ 20,887	\$ 11,281
Storage	6,137	6,058
Insurance	400	400
	<u>\$ 27,424</u>	<u>\$ 17,739</u>

Lakewood Soccer Association

Schedule of Expenses for the year ended July 31

(Prepared without audit - see Review Engagement Report)

	<u>2017</u>	<u>2016</u>
Camps		
Summer camp	<u>\$ 4,916</u>	<u>\$ 6,128</u>
Academies		
Youth	<u>\$ 7,106</u>	<u>\$ 1,336</u>
Administrative		
Professional fees	\$ 2,369	\$ 3,011
Board expenses	3,035	3,000
Office supplies	83	1,531
Postage	186	224
Miscellaneous expenses	844	-
Bank charges	405	135
	<u>\$ 6,922</u>	<u>\$ 7,901</u>
Communications		
Meals and hospitality	\$ 1,534	\$ 3,118
Advertising	-	280
	<u>\$ 1,534</u>	<u>\$ 3,398</u>
Refunds and Transfers		
Registration refunds and transfers to other Soccer Associations	<u>\$ 2,757</u>	<u>\$ 3,500</u>
Fundraising		
Fundraising expense	<u>\$ 62,619</u>	<u>\$ 20,590</u>