

LAKWOOD SOCCER ASSOCIATION INCORPORATED

REVIEW ENGAGEMENT REPORT AND FINANCIAL STATEMENTS

for the year ended July 31, 2018

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

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

I have reviewed the accompanying financial statements of **Lakewood Soccer Association Incorporated** that comprise the balance sheet as at **July 31, 2018**, and the statements of operations, retained earnings 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.

Practitioner's Responsibility

My responsibility is to express a conclusion on the accompanying financial statements based on my review. I conducted my review in accordance with Canadian generally accepted standards for review engagements, which require myself to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, I do not express an audit opinion on these financial statements.

Conclusion

Based on my review, nothing has come to my attention that causes myself to believe that the financial statements do not present fairly, in all material respects, the financial position of **Lakewood Soccer Association Incorporated** as at **July 31, 2018**, 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.

Gabriel Ng CPA P.C. Inc.

Lakewood Soccer Association Incorporated

Balance Sheet as at July 31

(Prepared without audit - see Review Engagement Report)

ASSETS

	<u>2018</u>	<u>2017</u> (as restated)
Current Assets		
Cash and cash equivalents (Note 3)	\$ 69,869	\$ 42,742
Term deposits (Note 4)	11,612	11,473
Accounts receivable	10,067	-
	<u>\$ 91,548</u>	<u>\$ 54,215</u>

LIABILITIES

Current Liabilities		
Account payable	\$ 7,998	\$ 4,447

NET ASSETS

Net assets - unappropriated surplus	<u>83,550</u>	<u>49,768</u>
	<u>\$ 91,548</u>	<u>\$ 54,215</u>

Approved by the Board of Directors

[Signature] President
[Signature] Treasurer

Lakewood Soccer Association Incorporated

Statement of Operations and Change in Net Assets for the year ended July 31

(Prepared without audit - see Review Engagement Report)

	<u>2018</u>	<u>2017</u> (as restated)
Revenue:		
Registration - indoor	\$ 198,045	\$ 147,912
- outdoor	134,216	85,921
Tournaments	83,607	55,280
Fundraising	24,825	62,784
Soccer camps	8,617	7,009
Academies	22,178	14,070
Other income	2,984	-
Interest income	173	217
	<u>474,645</u>	<u>373,193</u>
Expenses:		
Registrations	187,497	157,092
Tournaments	64,492	49,952
Technical services	52,805	57,355
Equipment	38,933	27,424
Facilities	30,668	18,452
Fundraising	16,284	62,619
Academies	15,255	7,106
Coaching	13,425	20,736
Administrative costs	11,357	6,922
Camps	5,127	4,916
Refunds and transfers	5,020	2,757
Communications and hospitality	-	1,534
	<u>440,863</u>	<u>416,865</u>
Excess (Deficiency) of Revenue Over Expenses	33,782	(43,672)
Net Assets, Beginning of the Year	<u>49,768</u>	<u>93,440</u>
Net Assets, End of the Year	<u><u>\$ 83,550</u></u>	<u><u>\$ 49,768</u></u>

Lakewood Soccer Association Incorporated

Statement of Cash Flows for the year ended July 31
(Prepared without audit - see Review Engagement Report)

	<u>2018</u>	<u>2017</u> (as restated)
Cash was Provided (Used) By		
Operating Activities		
Received from registrations and clinics	\$ 464,405	\$ 379,101
Paid to vendors and coaches	<u>(438,176)</u>	<u>(411,332)</u>
	<u>26,229</u>	<u>(32,231)</u>
Investing Activities		
Interest received	<u>173</u>	<u>217</u>
Increase (Decrease) in Cash Resources	26,402	(32,014)
Cash Resources, beginning of the year	<u>42,742</u>	<u>74,756</u>
Cash Resources, end of the year	<u>\$ 69,144</u>	<u>\$ 42,742</u>

Lakewood Soccer Association Incorporated

Notes to the Financial Statements

July 31, 2018

(Prepared without audit – see Review Engagement Report)

1. Description of Organization

Lakewood Soccer Association Incorporated (the "Association") is incorporated under the *Non-Profit Corporation Act of Saskatchewan* on September 29, 2017. The Association was previously operated as an unincorporated organization. The Association 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. Fundraising income are recorded 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 Incorporated

Notes to the Financial Statements

July 31, 2018

(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 Incorporated

Notes to the Financial Statements

July 31, 2018

(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>2018</u>	<u>2017</u> (as restated)
Cash on deposit	\$ 85,547	\$ 47,732
Cash held in PayPal	4,572	6,314
Less cheques issued and outstanding	(20,250)	(11,304)
	<u>\$ 69,869</u>	<u>\$ 42,742</u>

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

A prior period adjustment was made to restate the cash balances that was held in the PayPal account as of the end of the previous fiscal year.

Lakewood Soccer Association Incorporated

Notes to the Financial Statements

July 31, 2018

(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 1.00% (2017: 1.30%) per annum which will mature on April 18, 2019. The current value of the term deposit includes accrued interest.

5. 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, 2018.

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 Incorporated

Schedule of Expenses for the year ended July 31
(Prepared without audit - see Review Engagement Report)

	<u>2018</u>	<u>2017</u> (as restated)
Registration		
Saskatoon Youth Soccer Inc. registration and bonding fees	\$ 183,170	\$ 155,528
Online credit card costs	4,327	1,564
	<u>\$ 187,497</u>	<u>\$ 157,092</u>
Tournaments		
Indoor	\$ 39,850	\$ 33,403
Outdoor	24,642	16,549
	<u>\$ 64,492</u>	<u>\$ 49,952</u>
Technical Services		
Director	<u>\$ 52,805</u>	<u>\$ 57,355</u>
Coaching		
Honorarium and gifts	\$ 6,480	\$ 10,800
National fees	1,800	400
Clinics	1,534	5,485
Provincial fees	1,850	2,450
Sundry expenses	1,491	1,481
Record checks	270	120
	<u>\$ 13,425</u>	<u>\$ 20,736</u>
Facilities		
Rentals	<u>\$ 30,668</u>	<u>\$ 18,452</u>
Equipment		
Equipment purchases	\$ 5,965	\$ 20,887
Uniform purchases	26,030	-
Storage	6,514	6,137
Insurance	424	400
	<u>\$ 38,933</u>	<u>\$ 27,424</u>

Lakewood Soccer Association Incorporated

Schedule of Expenses for the year ended July 31
(Prepared without audit - see Review Engagement Report)

	<u>2018</u>	<u>2017</u> (as restated)
Camps		
Summer camp	<u>\$ 5,127</u>	<u>\$ 4,916</u>
Academies		
Youth	\$ 11,235	\$ 7,106
Mini	1,440	-
Soccer School	<u>2,580</u>	<u>-</u>
	<u>\$ 15,255</u>	<u>\$ 7,106</u>
Administrative		
Board expenses	\$ 5,625	\$ 3,035
Professional fees	1,998	2,369
Bad debts	940	-
Office supplies	453	83
Postage	195	186
Licenses	85	-
Bank charges	173	405
Miscellaneous expenses	<u>1,888</u>	<u>844</u>
	<u>\$ 11,357</u>	<u>\$ 6,922</u>
Communications		
Meals and hospitality	<u>\$ -</u>	<u>\$ 1,534</u>
Refunds and Transfers		
Registration refunds and transfers to other Soccer Association Incorporateds	<u>\$ 5,020</u>	<u>\$ 2,757</u>
Fundraising		
Fundraising expense	<u>\$ 16,284</u>	<u>\$ 62,619</u>