

REGINA WATER POLO ASSOCIATION INC.

Financial Statements

Year Ended August 31, 2020

Draft for discussion purposes only

REGINA WATER POLO ASSOCIATION INC.
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Year Ended August 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Members of Regina Water Polo Association Inc.

Qualified Opinion

We have audited the financial statements of Regina Water Polo Association Inc. (the Organization), which comprise the statement of financial position as at August 31, 2020, and the statements of revenues and expenditures, 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 August 31, 2020, 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 August 31, 2020, current assets and net assets as at August 31, 2020. Our audit opinion on the financial statements for the year ended August 31, 2019 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.

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 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.

(continues)

Independent Auditor's Report to the Members of Regina Water Polo Association Inc. *(continued)*

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.

Regina, Saskatchewan

Dudley & Company LLP
Chartered Professional Accountants

REGINA WATER POLO ASSOCIATION INC.
Statement of Financial Position
August 31, 2020

	2020	2019
ASSETS		
CURRENT		
Cash	\$ 111,199	\$ 121,642
Accounts receivable	2,000	2,000
Inventory	519	2,084
	<u>\$ 113,718</u>	<u>\$ 125,726</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 3,200	\$ 3,201
Due to players	17,972	35,035
Deferred registration fees	-	28,777
	<u>21,172</u>	<u>67,013</u>
NET ASSETS	<u>92,546</u>	<u>58,713</u>
	<u>\$ 113,718</u>	<u>\$ 125,726</u>

ON BEHALF OF THE BOARD

_____ *Director*

_____ *Director*

See notes to financial statements

REGINA WATER POLO ASSOCIATION INC.
Statement of Revenues and Expenditures
Year Ended August 31, 2020

	2020	2019
REVENUES		
Fundraising revenue	\$ 48,222	\$ 56,852
Grant revenue	10,164	8,453
Other revenue	1,405	19,482
Registration fees	29,526	34,702
Training fees	123,606	90,872
Tournament fees	14,520	26,445
Player travel	2,025	3,960
	<u>229,468</u>	<u>240,766</u>
EXPENDITURES		
Administrative	7,617	9,821
Coach salaries and development	31,855	55,461
Clinics and camps	240	1,610
Club clothing	5,926	6,919
Fundraising	34,318	53,146
Facility rentals	41,749	54,402
Membership and affiliation fees	21,709	13,291
Fee refunds	11,574	-
Officials fees and development	-	360
Small equipment and supplies	2,106	1,040
Tournaments expense	38,710	59,158
	<u>195,804</u>	<u>255,208</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES FROM OPERATIONS	33,664	(14,442)
OTHER INCOME	<u>169</u>	<u>195</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 33,833	\$ (14,247)

See notes to financial statements

REGINA WATER POLO ASSOCIATION INC.
Statement of Changes in Net Assets
Year Ended August 31, 2020

	2020	2019
NET ASSETS - BEGINNING OF YEAR	\$ 58,713	\$ 72,960
EXCESS OF REVENUES OVER EXPENDITURES	<u>33,833</u>	<u>(14,247)</u>
NET ASSETS - END OF YEAR	<u>\$ 92,546</u>	<u>\$ 58,713</u>

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REGINA WATER POLO ASSOCIATION INC.
Statement of Cash Flows
Year Ended August 31, 2020

	2020	2019
CASH FLOWS FROM (FOR) OPERATING ACTIVITIES		
Cash receipts from customers	\$ 200,691	\$ 277,887
Cash paid to suppliers and employees	(211,303)	(260,699)
Interest received	169	195
	<hr/>	<hr/>
INCREASE (DECREASE) IN CASH FLOW	(10,443)	17,383
Cash - beginning of year	121,642	104,259
	<hr/>	<hr/>
CASH - END OF YEAR	\$ 111,199	\$ 121,642

Draft for discussion purposes only

REGINA WATER POLO ASSOCIATION INC.
Notes to Financial Statements
Year Ended August 31, 2020

1. PURPOSE OF THE ORGANIZATION

Regina Water Polo Association Inc. (the "organization") is a not-for-profit organization incorporated provincially under The Non-profit Corporations Act of Saskatchewan. Management has determined that they are exempt from payment of income tax under Section 149(1) of the Income Tax Act.

The organization operates to provide competitive and recreational Water Polo program for Regina area youth and adults.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPPO).

Revenue recognition

Regina Water Polo Association Inc. 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 received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Registration fees, fundraising revenue, training fees, tournament revenue, and memberships are recognized as revenue when they are received.

The Association currently receives unrestricted grants from Water Polo Saskatchewan. The grant is recognized as revenue when received.

Cash and cash equivalents

Cash includes cash in chequing and savings accounts.

Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

Due to athletes

This balance represents an account that an athlete can build from participating in bingo and other fundraising activities to pay athlete expenses associated with attendance at competitive events and purchase of club clothing.

REGINA WATER POLO ASSOCIATION INC.
Notes to Financial Statements
Year Ended August 31, 2020

3. 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 August 31, 2020.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from customers. In order to reduce its credit risk, the organization reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The organization has a significant number of customers which minimizes concentration of credit risk.

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 in respect of its receipt of funds from its customers and other related sources, long-term debt, obligations under capital leases, contributions to the pension plan, and accounts payable.

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant other price risks arising from these financial instruments. Based on management's opinion there has been no changes to the organization's risk assessment from the prior year.

4. SIGNIFICANT EVENTS

Due to the COVID-19 global pandemic issued by the World Health Organization, the organization has had to alter its operations. This includes a reduction in the number of patrons allowed at games/practices, increased cleaning protocols and other additional requirements and restrictions. Management does not yet know the extent of the effect on the organization's overall operations.

REGINA WATER POLO ASSOCIATION INC.
2002 Laurier Crescent
Regina, Saskatchewan
S4V 0N9

Dudley & Company LLP
Suite 100 - 2255 13th Avenue
Regina, Saskatchewan
S4P 0V6

Dear Sir/Madam:

I am providing this letter in connection with your audit of the financial statements of **Regina Water Polo Association Inc.** as of August 31, 2020 and for the year then ended for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting standards for not for profit organizations.

I wish to inform you that, on today's date: _____, the financial statements have been approved by the Board of Directors, finance committee signed below.

Further, I represent that, to the best of my knowledge and belief, any events having occurred from the date of the financial statements until today requiring financial statement adjustment or disclosure have been adjusted or disclosed.

Yours truly,

Signed: _____

REGINA WATER POLO ASSOCIATION INC.

2002 Laurier Crescent
Regina, Saskatchewan
S4V 0N9

Confidential

Dudley & Company LLP
Suite 100
2255-13th Avenue
Regina Saskatchewan S4P 0V6

Dear Sir / Madam:

This representation letter is provided in connection with your audit of the financial statements of Regina Water Polo Association Inc. for the year ended August 31, 2020, for the purpose of you 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.

In making the representations outlined below, we took the time necessary to appropriately inform ourselves on the subject matter through inquiries of entity personnel with relevant knowledge and experience, and, where appropriate, by inspecting supporting documentation.

We confirm that (to the best of our knowledge and belief):

1. Financial Statements

We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated October 20, 2020 for:

- a. Preparing and fairly presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations;
- b. Providing you with:
 - i. Access to all information of which we are aware that is relevant to the preparation of the financial statements, such as:
 - A. Accounting records, supporting data and other relevant documentation,
 - B. Minutes of meetings (such as shareholders, board of directors and audit committees) or summaries of actions taken for which minutes have not yet been prepared, and
 - C. Information on any other matters, of which we are aware, that is relevant to the preparation of the financial statements;
 - ii. Additional information that you have requested from us for the purpose of the audit; and
 - iii. Unrestricted access to persons within the entity from whom you determine it necessary to obtain audit evidence.
- c. Ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements; and
- d. Designing and implementing such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We have also communicated to you any deficiencies in the design and implementation or the maintenance of internal control over financial reporting of which management is aware.

2. Fraud and Non Compliance

We have disclosed to you:

- a. All of our knowledge in relation to actual, alleged or suspected fraud affecting the entity's financial statements involving:

2. Fraud and Non Compliance *(continued)*

- i. Management;
 - ii. Employees who have significant roles in internal control; or
 - iii. Others where the fraud could have a material effect on the financial statements;
- b. All of our knowledge in relation to allegations of fraud or suspected fraud communicated by employees, former employees, analysts, regulators or others;
- c. All known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements that should be considered when preparing the financial statements;
- d. All known, actual, or possible litigation and claims that should be considered when preparing the financial statements; and
- e. The results of our risk assessments regarding possible fraud or error in the financial statements.

3. Related Parties

We confirm that there were no related-party relationships or transactions that occurred during the period.

4. Estimates

We acknowledge our responsibility for determining the accounting estimates required for the preparation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations. Those estimates reflect our judgment based on our knowledge and experience of past and current events, and on our assumptions about conditions we expect to exist and courses of action we expect to take. We confirm that the significant assumptions and measurement methods used by us in making accounting estimates, including those measured at fair value, are reasonable.

5. Subsequent Events

All events subsequent to the date of the financial statements and for which Canadian accounting standards for not-for-profit organizations requires adjustment or disclosure have been adjusted or disclosed.

6. Commitments and Contingencies

There are no commitments, contingent liabilities/assets or guarantees (written or oral) that should be disclosed in the financial statements. This includes liabilities arising from contract terms, illegal acts or possible illegal acts, and environmental matters that would have an impact on the financial statements.

7. Adjustments

We have reviewed, approved and recorded all of your proposed adjustments to our accounting records. This includes journal entries, changes to account coding, classification of certain transactions and preparation of, or changes to, certain accounting records.

8. Misstatements

The effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. A list of the uncorrected misstatements, including the reasons why they were not corrected, is attached to this letter.

9. Accounting policies

All significant accounting policies are disclosed in the financial statements and are consistent with those used in the previous period.

10. Fair values

We confirm that the significant assumptions used in arriving at the fair values of financial instruments as measured and disclosed in the financial statements are reasonable and appropriate in the circumstances.

Acknowledged and agreed on behalf of Regina Water Polo Association Inc. by:

Date signed