

SASKATOON SOCCER CENTRE INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

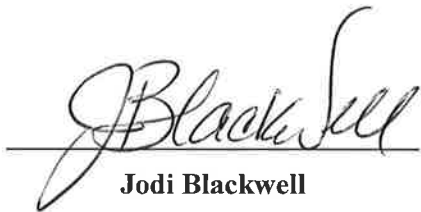
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements of **Saskatoon Soccer Centre Inc.** have been prepared by the Organization's management in accordance with Canadian accounting standards for not-for-profit organizations and necessarily include some amounts based on informed judgement and management estimates.

To assist management in fulfilling its responsibilities, a system of internal controls has been established to provide reasonable assurance that the financial statements are accurate and reliable and that assets are safeguarded.

The board of directors have reviewed and approved these financial statements.

These financial statements have been examined by the independent auditors, **Virtus Group LLP**, and their report is presented separately.



Jodi Blackwell

Chief Executive Officer



Phil Proznik, CPA, CGA

Finance Administration Manager



INDEPENDENT AUDITORS' REPORT

**To the Members,
Saskatoon Soccer Centre Inc.**

Opinion

We have audited the financial statements of **Saskatoon Soccer Centre Inc.**, which comprise the statement of financial position as at September 30, 2019, and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at September 30, 2019, and its financial performance and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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 the ethical requirements that are relevant to our audit of the financial statements in Saskatchewan, 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 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 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 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.

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.

INDEPENDENT AUDITORS' REPORT *continued*

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 significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

February 24, 2020
Saskatoon, Saskatchewan

Virtus Group LLP
Chartered Professional Accountants

SASKATOON SOCCER CENTRE INC.
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2019
(with comparative figures for 2018)

ASSETS

	Operating Fund	Physical Asset Fund	2019 Total	2018 Total
Current assets				
Cash	\$ 1,218,062	\$ 122,600	\$ 1,340,662	\$ 1,366,257
Investments (Note 3)	104,001	-	104,001	102,696
Accounts receivable (Note 4)	281,890	-	281,890	162,527
Inventory	17,092	-	17,092	12,599
Prepaid expenses and deposits	32,366	-	32,366	24,769
	<u>1,653,411</u>	<u>122,600</u>	<u>1,776,011</u>	<u>1,668,848</u>
Investments (Note 3)	419,616	-	419,616	413,639
Dedicated Capital Reinvestment (Note 5)	-	1,824,865	1,824,865	1,570,232
Tangible capital assets (Note 6)	-	13,664,662	13,664,662	13,831,508
	<u>\$ 2,073,027</u>	<u>\$ 15,612,127</u>	<u>\$ 17,685,154</u>	<u>\$ 17,484,227</u>

LIABILITIES

Current liabilities				
Accounts payable (Note 8)	\$ 129,113	\$ 14,194	\$ 143,307	\$ 124,082
Government remittances payable	5,465	-	5,465	4,848
Deferred revenue	18,659	-	18,659	9,729
Current portion of long-term debt (Note 9)	-	836,939	836,939	804,027
	<u>153,237</u>	<u>851,133</u>	<u>1,004,370</u>	<u>942,686</u>
Long-term debt (Note 9)	-	41,544	41,544	876,592
	<u>153,237</u>	<u>892,677</u>	<u>1,045,914</u>	<u>1,819,278</u>

FUND BALANCES

Unrestricted	1,919,790	-	1,919,790	1,846,947
Internally restricted	-	122,600	122,600	122,600
Dedicated capital reinvestment	-	1,824,865	1,824,865	1,570,232
Invested in tangible capital assets	-	12,771,985	12,771,985	12,125,170
	<u>1,919,790</u>	<u>14,719,450</u>	<u>16,639,240</u>	<u>15,664,949</u>
	<u>\$ 2,073,027</u>	<u>\$ 15,612,127</u>	<u>\$ 17,685,154</u>	<u>\$ 17,484,227</u>

Commitments (Note 10)

See accompanying notes to the financial statements.

APPROVED BY THE BOARD:

 Director

 Director

SASKATOON SOCCER CENTRE INC.
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(with comparative figures for the year ended September 30, 2018)

	Unrestricted	Internally restricted	Dedicated capital reinvestment	Invested in tangible capital assets	2019	2018
Fund balances, beginning of year	\$ 1,846,947	\$ 122,600	\$ 1,570,232	\$12,125,170	\$15,664,949	\$14,779,026
Excess (deficiency) of revenue over expenses	1,380,888	-	37,241	(443,838)	974,291	885,923
Interfund transfers						
Contribution to dedicated capital reinvestment fund	(217,392)	-	217,392	-	-	-
Additions to tangible capital assets	(403,822)	-	-	403,822	-	-
Interest on long-term debt	(61,670)	-	-	61,670	-	-
Debt retirement	(813,661)	-	-	813,661	-	-
Asset fundraising net	188,500	-	-	(188,500)	-	-
Fund balances, end of year	<u>\$ 1,919,790</u>	<u>\$ 122,600</u>	<u>\$ 1,824,865</u>	<u>\$12,771,985</u>	<u>\$16,639,240</u>	<u>\$15,664,949</u>

See accompanying notes to the financial statements.

SASKATOON SOCCER CENTRE INC.
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(with comparative figures for the year ended September 30, 2018)

	<u>Operating</u> <u>Fund</u>	<u>Physical Asset</u> <u>Fund</u>	<u>2019</u> <u>Total</u>	<u>2018</u> <u>Total</u>
Revenue				
Field rentals				
Saskatoon Adult Soccer Inc.	\$ 543,938	\$ -	\$ 543,938	\$ 530,283
Saskatoon Youth Soccer Inc.	434,523	-	434,523	388,218
Tournaments and other	920,545	-	920,545	933,581
Non-soccer users and other	564,436	-	564,436	637,353
Admissions	188,027	-	188,027	192,315
Board advertising	17,796	-	17,796	18,000
Rental				
Food and beverage	147,537	-	147,537	140,550
Office and meeting space	69,521	-	69,521	64,581
Other	11,470	-	11,470	14,016
Interest income	24,585	37,241	61,826	56,578
Concession and vending	20,403	-	20,403	19,371
Commissions and miscellaneous	18,512	-	18,512	20,780
Sponsorships and donations	130,300	188,500	318,800	181,076
Total revenue	3,091,593	225,741	3,317,334	3,196,702
Overhead expenses				
Advertising and promotion	28,658	-	28,658	24,132
Amortization	-	570,668	570,668	574,533
Bad debts (recovery)	2,325	-	2,325	2,702
Bank charges and interest	18,007	-	18,007	17,234
Dues and memberships	2,528	-	2,528	2,765
Delivery and freight	-	-	-	400
Insurance	85,386	-	85,386	68,253
Interest on long-term debt	-	61,670	61,670	93,996
Janitorial	40,975	-	40,975	51,641
Management wages	270,070	-	270,070	247,951
Office and general	20,234	-	20,234	24,252
Professional fees	11,271	-	11,271	10,388
Repairs, maintenance and supplies	156,494	-	156,494	146,582
Telephone	18,461	-	18,461	18,066
Training and travel	12,672	-	12,672	8,817
Utilities	354,179	-	354,179	352,141
Wages and benefits	689,445	-	689,445	666,926
Total expenses	1,710,705	632,338	2,343,043	2,310,779
Excess of revenue over expenses	\$ 1,380,888	\$ (406,597)	\$ 974,291	\$ 885,923

See accompanying notes to the financial statements.

SASKATOON SOCCER CENTRE INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(with comparative figures for the year ended September 30, 2018)

	2019	2018
Cash provided by (used in) operating activities:		
Excess (deficiency) of revenue over expenses	\$ 974,291	\$ 885,923
Items not involving cash:		
- Amortization of capital assets	570,668	574,533
	<u>1,544,959</u>	<u>1,460,456</u>
Non-cash operating working capital (Note 11)	(98,438)	649,822
	<u>1,446,521</u>	<u>2,110,278</u>
Cash provided by (used in) investing activities:		
Additions to investments	-	(413,639)
Purchase of tangible capital assets	(403,822)	(91,124)
Contribution to dedicated capital reinvestment fund	(217,392)	(213,129)
Interest reinvested in dedicated capital reinvestment fund	(37,241)	(38,571)
	<u>(658,455)</u>	<u>(756,463)</u>
Cash provided by (used in) financing activities:		
Repayment of debenture	(592,561)	(560,947)
Repayment of mortgage	(221,100)	(212,094)
	<u>(813,661)</u>	<u>(773,041)</u>
Increase (decrease) in cash	(25,595)	580,774
Cash position - beginning of year	<u>1,366,257</u>	<u>785,483</u>
Cash position - end of year	<u>\$ 1,340,662</u>	<u>\$ 1,366,257</u>

See accompanying notes to the financial statements.

SASKATOON SOCCER CENTRE INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(with comparative figures for the year ended September 30, 2018)

1. Nature of operations

Saskatoon Soccer Centre Inc. (the "Centre") was incorporated under The Non-profit Corporations Act in the province of Saskatchewan and has tax-free status with respect to the payment of income taxes. The Centre was formed in 1993 by Saskatoon Youth Soccer Inc. and Saskatoon Adult Soccer Inc. The Centre operates and maintains its own facilities.

2. Summary of significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations which required management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known. The financial statements reflect the following policies:

Fund accounting

The accounts of the Centre are reported on a fund basis. A fund is defined as a self-balancing accounting entity set up to show the assets held against the capital of the fund or moneys received for certain specific designated purpose(s). The funds used by the Centre are the Physical Asset and Operating Funds. The Physical Asset Fund accounts for the physical assets and associated liabilities of the Centre. The Operating Fund accounts for all of the other financial activities of the Centre.

Financial instruments

Financial assets and financial liabilities are recorded on the statement of financial position when the Centre becomes party to the contractual provisions of the financial instrument. The Centre 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 Centre 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 excess of revenue over expenses. Fair value is the amount at which a financial instrument could be exchanged at arm's length between willing, unrelated parties in an open market.

The Centre's recognized financial instruments include cash, investments, accounts receivable, dedicated capital reinvestment fund, accounts payable and long-term debt.

SASKATOON SOCCER CENTRE INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(with comparative figures for the year ended September 30, 2018)

2. Summary of significant accounting policies (continued)

Revenue recognition

The Centre follows the deferral method of accounting. Rental fees, ancillary service income and grants are recognized as revenue in the year to which they relate. General donations are recorded as revenue in the year they are received. Restricted contributions to the General Fund are recognized as revenue in the year the expenses they relate to are incurred. Donations and other revenues of the Physical Asset Fund are recognized in the year they are received or receivable if the amounts can be reasonably determined and there is reasonable expectation of collection. Interest income is recorded as it is earned.

Contributed materials and services

Contributed materials and services are recorded at estimated fair market value. If fair values cannot be reasonably determined, such donations are not recorded in the financial statements.

Inventory

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

Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization except as described below. Amortization is provided on the straight-line basis over the estimated useful life of the assets at the following rates:

Computer equipment	4 years
Computer software	2 years
Facility equipment and signs	10 years
Indoor artificial turf	15 years
Kitchen and lounge furniture and equipment	10 years
Office furniture and equipment	10 years
Outdoor artificial turf	40 years
SaskTel Sports Centre	40 years
Saskatoon Kinsmen/Henk Ruys Soccer Centre	40 years

Tangible capital assets acquired during the year but not placed into use are not amortized in the year of acquisition.

All additions to tangible capital assets are subject to amortization in the first year they are available for use at a fixed amount approximating 50% of the annual rate.

SASKATOON SOCCER CENTRE INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(with comparative figures for the year ended September 30, 2018)

3. Investments

Investments consist of guaranteed investment certificates (GICs) and are recorded at amortized cost.

	2019	2018
<u>Short-term investments</u>		
Affinity Credit Union, 1 year GIC, 1.20% non-cashable, matured September 6, 2019	\$ -	\$ 102,696
Affinity Credit Union, 2 year GIC, 1.35% non-cashable, matures September 6, 2020	104,001	102,706
	\$ 104,001	\$ 102,696
<u>Long-term investments</u>		
Affinity Credit Union, 3 year GIC, 2.50% non-cashable, matures September 6, 2021	\$ 106,119	\$ 103,701
Affinity Credit Union, 5 year GIC, 1.25% non-cashable, matures September 6, 2023	104,825	103,616
Affinity Credit Union, 5 year GIC, 1.25% non-cashable, matures September 6, 2023	104,825	103,616
Affinity Credit Union, 5 year GIC, 2.35% non-cashable, matures September 6, 2024	103,847	-
	\$ 419,616	\$ 413,639

4. Accounts receivable

	2019	2018
Team and other rental fees	\$ 210,239	\$ 165,455
City of Saskatoon	84,928	8,536
Allowance for doubtful accounts	(13,277)	(10,952)
	\$ 281,890	\$ 163,039

SASKATOON SOCCER CENTRE INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(with comparative figures for the year ended September 30, 2018)

5. Dedicated capital reinvestment fund

The City of Saskatoon previously agreed to grant a tax abatement commencing in 2016 and ending in 2020 for the Saskatoon Kinsmen/Henk Ruys Soccer Centre and the SaskTel Sports Centre on the condition that Saskatoon Soccer Centre Inc. contribute funds towards a dedicated capital reinvestment fund to ensure the long-term sustainability of, and reinvestment in, the facilities which are located on Municipal Reserve. The fund is controlled and administered by the City of Saskatoon.

Contributions to the dedicated capital reinvestment fund commencing in 2016 and ending in 2020 are to be contributed according to the schedule as follows:

Year of contribution	Contribution amount
2016	\$208,950
2017	208,950
2018	213,129
2019	217,392
2020	221,740

6. Tangible capital assets

	2019		2018	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 38,507	\$ 37,751	\$ 756	\$ 265
Computer software	16,150	16,150	-	-
Facility equipment and signs	450,411	395,729	54,682	45,723
Indoor artificial turf	536,946	283,329	253,617	289,592
Kitchen and lounge furniture and equipment	477,411	477,411	-	-
Office furniture and equipment	93,577	81,144	12,433	11,470
Outdoor artificial turf	2,748,969	987,344	1,761,625	1,830,349
SaskTel Sports Centre	12,677,716	4,134,383	8,543,333	8,741,996
Saskatoon Kinsmen/Henk Ruys Soccer Centre	5,723,214	2,684,998	3,038,216	2,912,113
	<u>\$ 22,762,901</u>	<u>\$ 9,098,239</u>	<u>\$ 13,664,662</u>	<u>\$ 13,831,508</u>

7. Credit arrangements

The Centre has an operating line of credit with Affinity Credit Union with maximum credit available of \$500,000 bearing interest at prime, 3.95% (2018 - 3.70%). As at September 30, 2019, \$nil (2018 - \$nil) was drawn.

SASKATOON SOCCER CENTRE INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(with comparative figures for the year ended September 30, 2018)

8. Accounts payable

	2019	2018
Trade payables	\$ 94,522	\$ 85,915
Accrued wages payable	8,060	3,909
Vacation payable	40,725	34,258
	<u>\$ 143,307</u>	<u>\$ 124,082</u>

9. Long-term debt

	2019	2018
<p>Debenture payable to City of Saskatoon in unequal semi-annual payments of interest only in December of 2017, 2018 and 2019 and principal and interest in June of 2018, 2019 and 2020 at an approximate average interest rate of 4.5%. Building pledged as security with a net book value of \$8,117,835. Due June 2020.</p>	\$ 611,639	\$ 1,197,265
<p>Commercial mortgage payable to Affinity Credit Union in seven payments monthly of \$39,154 and one monthly payment of \$2,411 including interest at 3.99%. Building pledged as security with a net book value of \$3,038,216. Due May 2020.</p>	<u>266,844</u>	<u>483,354</u>
	878,483	1,680,619
Current portion due within one year	<u>836,939</u>	<u>804,027</u>
	<u>\$ 41,544</u>	<u>\$ 876,592</u>

The estimated principal repayments due in each of the next two years are as follows:

2020	\$ 836,939
2021	41,544

SASKATOON SOCCER CENTRE INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(with comparative figures for the year ended September 30, 2018)

10. Commitments

The Centre has entered into a lease agreement with the City of Saskatoon for municipal reserve lands on which the Saskatoon Kinsmen/Henk Ruys and The SaskTel Sports Centre soccer facilities are located. The lease term for each facility is 40 years with an annual rent of \$1 to 2038 and 2044 respectively.

11. Non-cash operating working capital

Details of net change in each element of working capital relating to operations excluding cash are as follows:

	2019	2018
(Increase) decrease in current assets:		
Investments	\$ (7,982)	\$ 406,426
Accounts receivable	(119,363)	452,946
Inventory	(4,493)	(2,408)
Prepaid expenses and deposits	(7,597)	305
	(139,435)	857,269
Increase (decrease) in current liabilities:		
Accounts payable	31,450	(201,292)
Government remittances payable	617	4,055
Deferred revenue	8,930	(10,210)
	40,997	(207,447)
	\$ (98,438)	\$ 649,822

12. Financial risk management

The Centre has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The significant financial risks to which the Centre is exposed are:

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 Centre is exposed to credit risk on the accounts receivable from its customers, however, does not have a significant exposure to any individual customer or counterpart. In order to reduce its credit risk, the Centre has adopted credit policies, which include the review of a new customer's credit history and financial position before extending credit and conducting regular reviews of its existing customers' credit performances. The Centre incurred insignificant bad debt expense during the past three years.

SASKATOON SOCCER CENTRE INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(with comparative figures for the year ended September 30, 2018)

12. Financial risk management (continued)

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 Centre's exposure to interest rate risk is limited to the line of credit and mortgage payable. The interest rate on this debt is variable; therefore, the Centre may face increasing interest costs in an increasing interest rate market. All other credit facilities have fixed interest rates and therefore, do not expose the Centre to additional risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Centre's exposure to liquidity risk is dependent on the receipt of funds from its operations, external borrowings and other related sources. Funds from these sources are primarily used to finance working capital and capital expenditure requirements, and are considered adequate to meet the Centre's financial obligations.
