

SASKATOON YOUTH SOCCER INC.

FINANCIAL STATEMENTS

JULY 31, 2018

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements of **Saskatoon Youth Soccer 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.

Mark Millard
President

Amanda Probe
Executive Director

INDEPENDENT AUDITORS' REPORT

To the Members

Saskatoon Youth Soccer Inc.

We have audited the accompanying financial statements of **Saskatoon Youth Soccer Inc.** which comprise the statement of financial position as at **July 31, 2018** and the statements of operations, changes in net assets 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Organization 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.

Other Matter

The financial statements of the Organization for the year ended July 31, 2017 were audited by another auditor who expressed an unmodified opinion on those statements on October 16, 2017.

October 16, 2018

Saskatoon, Saskatchewan

Virtus Group LLP
Chartered Professional Accountants

SASKATOON YOUTH SOCCER INC.
STATEMENT OF FINANCIAL POSITION
AS AT JULY 31, 2018
(with comparative figures for 2017)

ASSETS		2018	2017
Current assets			
Cash	\$	40,248	\$ 18,527
Restricted cash		53,249	54,937
Investments (Note 3)		614,255	722,173
Accounts receivable (Note 4)		47,820	47,383
 Tangible capital assets (Note 5)			
		-	-
	\$	755,572	\$ 843,020
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	\$	45,934	\$ 28,373
 Referee development fund (Note 6)			
		53,249	54,937
		99,183	83,310
NET ASSETS			
Internally restricted (Note 7)		461,490	461,490
Unrestricted		194,899	298,220
		656,389	759,710
	\$	755,572	\$ 843,020

See accompanying notes to the financial statements.

APPROVED BY:

_____ Director

_____ Director

SASKATOON YOUTH SOCCER INC.
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JULY 31, 2018
(with comparative figures for the year ended July 31, 2017)

	Unrestricted	Internally Restricted	2018 Total	2017 Total
Balance - beginning of year	\$ 298,220	\$ 461,490	\$ 759,710	\$ 827,861
Deficiency of revenue over expenses	(103,321)	-	(103,321)	(68,151)
Balance - end of year	<u>\$ 194,899</u>	<u>\$ 461,490</u>	<u>\$ 656,389</u>	<u>\$ 759,710</u>

See accompanying notes to the financial statements.

SASKATOON YOUTH SOCCER INC.
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED JULY 31, 2018
(with comparative figures for the year ended July 31, 2017)

	(Note 10) Budget 2019	(Note 10) Budget 2018	Actual 2018	Actual 2017
Revenue				
Sport programming:				
Indoor league	\$ 757,820	\$ 636,980	\$ 702,952	\$ 712,637
Indoor sponsors and grants	258,100	276,100	260,598	281,299
Outdoor league	285,321	242,751	285,252	247,107
Mini tournaments	34,300	43,315	35,510	49,874
Youth tournaments	84,750	106,625	79,840	117,139
Provincials	19,500	26,300	22,716	19,251
Coach and player development	17,905	19,260	18,491	27,491
Marketing and promotion:				
Soccer kids in the park	26,500	26,000	18,000	16,000
Parent tot soccer	3,150	3,600	2,540	7,459
Management:				
Banking and ID cards	13,950	12,430	14,878	13,352
	<u>1,501,296</u>	<u>1,393,361</u>	<u>1,440,777</u>	<u>1,491,609</u>
Expenses				
Sport programming:				
Indoor program	787,993	664,785	729,845	762,453
Indoor SSA registration fee	76,884	75,620	66,820	76,266
Outdoor program	113,330	87,554	116,924	83,542
Outdoor SSA registration fee	104,054	98,684	104,276	107,076
Mini tournaments	28,300	37,050	27,150	42,383
Youth tournaments	62,356	79,800	54,504	88,350
Provincials	16,425	24,475	26,874	16,751
Coach and player development	74,700	95,800	54,645	55,077
National team funding	6,000	6,000	2,500	6,000
Marketing and promotion:				
Soccer kids in the park	24,930	27,390	24,569	22,562
Parent tot soccer	1,200	1,816	1,671	4,377
Advertising and appreciation	36,718	36,768	41,463	34,439
Organizational development and governance:				
Meetings, memberships, and board	29,815	5,215	26,221	3,499
Management:				
Office and administrative	37,038	35,625	39,867	34,682
Organizational support and wages	238,702	241,774	226,769	222,303
	<u>1,638,445</u>	<u>1,518,356</u>	<u>1,544,098</u>	<u>1,559,760</u>
Deficiency of revenue over expenses	\$ (137,149)	\$ (124,995)	\$ (103,321)	\$ (68,151)

See accompanying notes to the financial statements.

SASKATOON YOUTH SOCCER INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JULY 31, 2018
(with comparative figures for the year ended July 31, 2017)

	<u>2018</u>	<u>2017</u>
Cash provided by (used in) operating activities:		
Deficiency of revenue over expenses	\$ (103,321)	\$ (68,151)
Non-cash operating working capital (Note 8)	17,124	(15,041)
	<u>(86,197)</u>	<u>(83,192)</u>
Cash provided by (used in) investing activities:		
Additions to investments	(350,000)	(466,516)
Proceeds on disposal of investments	457,918	359,522
	<u>107,918</u>	<u>(106,994)</u>
Increase (decrease) in cash	21,721	(190,186)
Cash position - beginning of year	<u>18,527</u>	<u>208,713</u>
Cash position - end of year	<u>\$ 40,248</u>	<u>\$ 18,527</u>

See accompanying notes to the financial statements.

SASKATOON YOUTH SOCCER INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JULY 31, 2018
(with comparative figures for the year ended July 31, 2017)

1. Nature of operations

Saskatoon Youth Soccer Inc. (the "Organization") was incorporated under the *Non-Profit Corporations Act of Saskatchewan* in the province of Saskatchewan. The Organization was formed to manage soccer operations for youth in the City of Saskatoon in accordance with the Saskatchewan Soccer Association (SSA), Canadian Soccer Association (CSA), and the Fédération Internationale de Football Association (FIFA).

The Organization is not taxable for income tax purposes under section 149 of the Income Tax Act.

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:

Financial instruments

Financial assets and financial liabilities are recorded on the statement of financial position when the Organization becomes party to the contractual provisions of the financial instrument. The Organization 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 Organization 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 deficiency 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 Organization's recognized financial instruments include cash, investments, accounts receivable, accounts payable and accrued liabilities, and referee development fund.

Investments

Investments consist of term deposits and Guaranteed Investment Certificates (GICs). The Organization carries investments at fair market value.

SASKATOON YOUTH SOCCER INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JULY 31, 2018
(with comparative figures for the year ended July 31, 2017)

2. Summary of significant accounting policies (continued)

Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization. Amortization is provided on the diminishing balance basis over the estimated useful life of the assets at the following annual rates:

Computer equipment	30 %
Furniture, fixtures, and soccer equipment	20 %

In the year of acquisition, amortization is provided at one-half the annual rate.

Revenue recognition

The Organization 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.

Contributed materials and services

Contributed materials and services are not recognized in the financial statements.

3. Investments

	<u>2018</u>	<u>2017</u>
Affinity Credit Union, 1 year GIC, 2.00%, maturing June 20, 2019	\$ 261,672	\$ -
Affinity Credit Union, 1 year GIC, 2.00%, maturing January 24, 2019	252,575	-
Affinity Credit Union, 1 year term deposit, 0.75%, maturing July 27, 2019	100,008	-
Affinity Credit Union, 18 Month GIC, 1.35%, maturing December 4, 2017	-	261,996
Affinity Credit Union, 1 year GIC, 1.30%, maturing May 20, 2018	-	257,958
Affinity Credit Union, 1 year GIC, 1.50%, maturing November 3, 2017	-	202,219
	<u>\$ 614,255</u>	<u>\$ 722,173</u>

SASKATOON YOUTH SOCCER INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JULY 31, 2018
(with comparative figures for the year ended July 31, 2017)

4. Accounts receivable

	<u>2018</u>	<u>2017</u>
League, tournament fees, and other	\$ 5,001	\$ 7,756
SSA MAP, KIP, and other grants	42,819	39,627
	<u>\$ 47,820</u>	<u>\$ 47,383</u>

5. Tangible capital assets

	<u>2018</u>		<u>2017</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer equipment	\$ 11,182	\$ 11,182	\$ -	\$ -
Furniture, fixtures, and soccer equipment	44,914	44,914	-	-
	<u>\$ 56,096</u>	<u>\$ 56,096</u>	<u>\$ -</u>	<u>\$ -</u>

6. Referee Development Fund

The Referee Development Fund is collected from Saskatoon Adult Soccer Inc. ("SASI") and Saskatoon Youth Soccer Inc. ("SYSI") teams for the purpose of referee development and recruitment. A grant application process for administering these funds is in place and an adjudication committee reviews the applications. Both SASI and SYSI Boards have final approval on any recommendations from the adjudication committee and SYSI administers the funds once they are approved by both SASI and SYSI Boards. The Referee Development Funds collected or released are not reflected on SYSI's statement of operations.

	<u>2018</u>	<u>2017</u>
Balance at beginning of the year	\$ 54,937	\$ 50,951
Receipts during the year	3,220	3,986
Disbursements during the year	(4,908)	-
	<u>\$ 53,249</u>	<u>\$ 54,937</u>

7. Internally restricted net assets

The objective of the internally restricted net assets is to enable the Organization to sustain operations through delays in payments of committed funding and to create a pool of funds that are available in the event of unexpected revenue shortfalls or unforeseen expenses. The funds may be used for only the above stated purposes and are restricted to be between 20% and 30% of the average of the last two years' operating expenses.

SASKATOON YOUTH SOCCER INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JULY 31, 2018
(with comparative figures for the year ended July 31, 2017)

8. Non-cash operating working capital

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

	<u>2018</u>	<u>2017</u>
(Increase) decrease in current assets:		
Accounts receivable	\$ (437)	\$ 2,292
Increase (decrease) in current liabilities:		
Accounts payable and accrued liabilities	17,561	(17,333)
	\$ 17,124	\$ (15,041)

9. Financial risk management

The Organization 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 Organization 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 Organization is exposed to credit risk on the accounts receivable from its customers and sponsors, however, does not have a significant exposure to any individual customer. As at July 31, 2018, 64% of accounts receivable is attributed to one sponsor.

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 Organization's exposure to interest rate risk is mitigated as its investments are limited to short-term fixed rate investments.

Liquidity risk

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

SASKATOON YOUTH SOCCER INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JULY 31, 2018
(with comparative figures for the year ended July 31, 2017)

10. Budget figures

The budget figures are provided for informational purposes only and have neither been reviewed nor audited.

11. Comparative figures

Certain comparative figures have been reclassified to conform with the presentation in the current year.

The comparative year's financial statements were audited by other accountants, who issued an unqualified report dated October 16, 2017.
