

SASKATOON YOUTH SOCCER INC.

FINANCIAL STATEMENTS

JULY 31, 2020

INDEPENDENT AUDITORS' REPORT

To the Members

Saskatoon Youth Soccer Inc.

Opinion

We have audited the financial statements of **Saskatoon Youth Soccer Inc.**, which comprise the statement of financial position as at July 31, 2020, and the statements of operations, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at July 31, 2020, 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.

October 14, 2020
Saskatoon, Saskatchewan

Virtus Group LLP
Chartered Professional Accountants

SASKATOON YOUTH SOCCER INC.
STATEMENT OF FINANCIAL POSITION
AS AT JULY 31, 2020
(with comparative figures for 2019)

ASSETS			
	<u>2020</u>		<u>2019</u>
Current assets			
Cash	\$ 2,692	\$	60,597
Restricted cash	43,733		41,543
Investments (Note 3)	506,699		551,559
Accounts receivable (Note 4)	47,561		40,656
Accounts receivable - other government grants	61,762		-
	662,447		694,355
 Tangible capital assets (Note 5)			
	19,393		-
	\$ 681,840	\$	694,355
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	\$ 38,622	\$	63,757
Deferred revenue	8,500		-
	47,122		63,757
 Referee development fund (Note 6)			
	43,733		41,543
	90,855		105,300
NET ASSETS			
Internally restricted (Note 7)	425,000		461,490
Unrestricted	165,985		127,565
	590,985		589,055
	\$ 681,840	\$	694,355
 Subsequent event and other uncertainties (Note 11)			

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, 2020
(with comparative figures for the year ended July 31, 2019)

	Unrestricted	Internally Restricted	2020 Total	2019 Total
Balance - beginning of year	\$ 127,565	\$ 461,490	\$ 589,055	\$ 656,389
Excess (deficiency) of revenue over expenses	1,930	-	1,930	(67,334)
Transfer between funds (Note 7)	36,490	(36,490)	-	-
Balance - end of year	<u>\$ 165,985</u>	<u>\$ 425,000</u>	<u>\$ 590,985</u>	<u>\$ 589,055</u>

See accompanying notes to the financial statements.

SASKATOON YOUTH SOCCER INC.
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED JULY 31, 2020
(with comparative figures for the year ended July 31, 2019)

	(Note 10) Budget 2021	(Note 10) Budget 2020	Actual 2020	Actual 2019
Revenue				
Sport programming:				
Indoor league	\$ 731,603	\$ 735,195	\$ 735,635	\$ 783,411
Indoor sponsors and grants	281,100	285,100	304,047	283,905
Outdoor league	264,036	269,925	22,814	256,417
Mini tournaments	35,850	37,800	-	38,470
Youth tournaments	70,325	73,000	70,665	70,572
Provincials	16,000	23,000	22,680	17,136
Coach and player development	33,245	21,570	13,891	19,308
Marketing and promotion:				
Soccer kids in the park	22,500	29,500	11,000	28,750
Parent tot soccer	9,300	5,200	2,834	5,056
Management:				
Banking and ID cards	7,500	-	9,099	15,218
Other government grants	-	-	71,762	-
	1,471,459	1,480,290	1,264,427	1,518,243
Expenses				
Sport programming:				
Indoor program	734,967	751,958	721,366	797,140
Indoor SSA registration fee	81,844	77,294	77,684	76,874
Outdoor program	83,460	122,727	2,220	87,279
Outdoor SSA registration fee	131,714	105,072	8,465	107,456
Mini tournaments	25,000	24,600	2,056	29,528
Youth tournaments	56,445	55,380	56,464	50,171
Provincials	14,775	21,625	19,758	14,291
Coach and player development	90,510	76,200	52,189	50,521
National team funding	2,500	6,000	-	2,500
Marketing and promotion:				
Soccer kids in the park	23,800	24,930	10,059	27,532
Parent tot soccer	5,800	2,600	1,312	2,664
Advertising and appreciation	34,276	39,308	29,153	38,755
Organizational development and governance:				
Meetings, memberships, and board	12,815	2,915	2,153	23,503
Management:				
Office and administrative	36,393	38,251	33,692	37,104
Organizational support and wages	253,250	256,320	245,926	240,259
	1,587,549	1,605,180	1,262,497	1,585,577
Excess (deficiency) of revenue over expenses	\$ (116,090)	\$ (124,890)	\$ 1,930	\$ (67,334)

See accompanying notes to the financial statements.

SASKATOON YOUTH SOCCER INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JULY 31, 2020
(with comparative figures for the year ended July 31, 2019)

	<u>2020</u>	<u>2019</u>
Cash provided by (used in) operating activities:		
Excess (deficiency) of revenue over expenses	\$ 1,930	\$ (67,334)
Items not involving cash:		
- Amortization	2,155	-
	<u>4,085</u>	<u>(67,334)</u>
Non-cash operating working capital (Note 8)	<u>(85,302)</u>	<u>24,987</u>
	<u>(81,217)</u>	<u>(42,347)</u>
Cash provided by (used in) investing activities:		
Additions to investments	(506,699)	(862,283)
Proceeds on disposal of investments	551,559	924,979
Additions to property, plant and equipment	(21,548)	-
	<u>23,312</u>	<u>62,696</u>
Increase (decrease) in cash	(57,905)	20,349
Cash position - beginning of year	<u>60,597</u>	<u>40,248</u>
Cash position - end of year	<u>\$ 2,692</u>	<u>\$ 60,597</u>

See accompanying notes to the financial statements.

SASKATOON YOUTH SOCCER INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JULY 31, 2020
(with comparative figures for the year ended July 31, 2019)

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 the results of operations 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 excess (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, restricted 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, 2020
(with comparative figures for the year ended July 31, 2019)

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>2020</u>	<u>2019</u>
Affinity Credit Union, 1 year GIC, 1.25%, maturing June 17, 2020	\$ -	\$ 301,514
Affinity Credit Union, 1 year GIC, 1.1%, maturing July 25, 2020	-	250,045
Affinity Credit Union, 1 year term deposit, 1.10%, maturing December 23, 2020	201,600	-
Affinity Credit Union, 1 year term deposit, 0.75%, maturing June 17, 2021	305,099	-
	<u>\$ 506,699</u>	<u>\$ 551,559</u>

SASKATOON YOUTH SOCCER INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JULY 31, 2020
(with comparative figures for the year ended July 31, 2019)

4. Accounts receivable

	<u>2020</u>	<u>2019</u>
League, tournament fees, and other	\$ 8,998	\$ 4,403
SSA MAP, KIP, and other grants	38,563	36,253
	<u>\$ 47,561</u>	<u>\$ 40,656</u>

5. Tangible capital assets

	<u>2020</u>		<u>2019</u>	
<u>Cost</u>	<u>Accumulated</u>	<u>Net Book</u>	<u>Net Book</u>	
	<u>Amortization</u>	<u>Value</u>	<u>Value</u>	
Computer equipment	\$ 11,182	\$ 11,182	\$ -	\$ -
Furniture, fixtures, and soccer equipment	66,462	47,069	19,393	-
	<u>\$ 77,644</u>	<u>\$ 58,251</u>	<u>\$ 19,393</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>2020</u>	<u>2019</u>
Balance at beginning of the year	\$ 41,543	\$ 53,249
Receipts during the year	2,190	3,294
Disbursements during the year	-	(15,000)
	<u>\$ 43,733</u>	<u>\$ 41,543</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. The Board approved a transfer of \$36,490 from internally restricted net assets to unrestricted net assets.

SASKATOON YOUTH SOCCER INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JULY 31, 2020
(with comparative figures for the year ended July 31, 2019)

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>2020</u>	<u>2019</u>
(Increase) decrease in current assets:		
Accounts receivable	\$ (6,905)	\$ 7,164
Other government receivables	(61,762)	-
	(68,667)	7,164
Increase (decrease) in current liabilities:		
Accounts payable and accrued liabilities	(25,135)	17,823
Deferred revenue	8,500	-
	(16,635)	17,823
	\$ (85,302)	\$ 24,987

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. As at July 31, 2020, 56% of accounts receivable is attributed to an accrued receivable the Canada Employment Wage Subsidy.

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.

10. Budget figures

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

SASKATOON YOUTH SOCCER INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JULY 31, 2020
(with comparative figures for the year ended July 31, 2019)

11. Subsequent event and other uncertainties

The outbreak of the Coronavirus disease (COVID-19) has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures include health advisories and mandatory requirements from local, provincial and national health and government organizations which affect and alter SYSI programming. SYSI was required to cancel its 2020 outdoor season and experienced a 15% decline in zone registrations and a 65% decline in community registrations for the first half of the upcoming indoor season. The duration and impact of the COVID-19 outbreak is not known at this time, nor is the efficacy of health and government advisories and requirements. As a result, it is not possible to reliably estimate the length and severity of these developments or the impact on the financial position and financial results of the Organization in future periods.
