

SASKATOON YOUTH SOCCER INC.

FINANCIAL STATEMENTS

JULY 31, 2022



INDEPENDENT AUDITORS' REPORT

**To the Members
Saskatoon Youth Soccer Inc.**

Opinion

We have audited the financial statements of **Saskatoon Youth Soccer Inc.** (the "Organization"), which comprise the statement of financial position as at July 31, 2022, 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, 2022, 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 19, 2022
Saskatoon, Saskatchewan

Virtus Group LLP
Chartered Professional Accountants

SASKATOON YOUTH SOCCER INC.
STATEMENT OF FINANCIAL POSITION
AS AT JULY 31, 2022
(with comparative figures for 2021)

ASSETS		<u>2022</u>	<u>2021</u>
Current assets			
Restricted cash (Note 6)	\$	46,755	\$ 44,425
Investments (Note 3)		697,154	648,585
Accounts receivable (Note 4)		50,877	37,600
Prepaid expenses		11,034	-
		805,820	730,610
Tangible capital assets (Note 5)		23,176	28,970
	\$	828,996	\$ 759,580
 LIABILITIES			
Current liabilities			
Bank indebtedness	\$	25,505	\$ 14,099
Accounts payable and accrued liabilities		76,777	58,399
Deferred revenue		17,774	5,000
		120,056	77,498
Referee development fund (Note 6)		46,755	44,425
Zone MOU alliance pathway bond deposit (Note 7)		5,000	5,000
Long-term debt (Note 8)		40,000	40,000
		211,811	166,923
 NET ASSETS			
Internally restricted (Note 9)		331,000	331,000
Unrestricted		286,185	261,657
		617,185	592,657
	\$	828,996	\$ 759,580

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, 2022
(with comparative figures for the year ended July 31, 2021)

	Unrestricted	Internally Restricted	2022 Total	2021 Total
Balance - beginning of year	\$ 261,657	\$ 331,000	\$ 592,657	\$ 590,985
Excess of revenue over expenses	24,528	-	24,528	1,672
Balance - end of year	<u>\$ 286,185</u>	<u>\$ 331,000</u>	<u>\$ 617,185</u>	<u>\$ 592,657</u>

See accompanying notes to the financial statements.

SASKATOON YOUTH SOCCER INC.
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED JULY 31, 2022
(with comparative figures for the year ended July 31, 2021)

	(Note 12) Budget 2023	(Note 12) Budget 2022	Actual 2022	Actual 2021
Revenue				
Sport programming:				
Indoor league	\$ 726,993	\$ 879,680	\$ 689,075	\$ 380,165
Indoor sponsors and grants	260,000	239,100	274,485	194,832
Outdoor league	235,745	260,771	222,602	140,067
Mini tournaments	33,944	42,100	34,460	-
Youth tournaments	72,000	71,000	-	-
Provincials	21,500	16,000	12,922	-
Coach and player development	18,795	23,575	15,875	10,470
Alliance Academy & PSL	147,470	190,293	165,550	28,547
Marketing and promotion:				
Soccer kids in the park	19,000	22,500	16,500	20,500
Parent tot soccer	10,000	8,300	-	-
Management:				
Banking and ID cards	5,500	5,000	6,721	3,539
Other government grants	-	-	-	169,418
	<u>1,550,947</u>	<u>1,758,319</u>	<u>1,438,190</u>	<u>947,538</u>
Expenses				
Sport programming:				
Indoor program	652,760	814,275	662,361	359,521
Indoor SSA registration fee	64,514	82,836	62,152	56,016
Outdoor program	81,516	82,713	67,667	55,924
Outdoor SSA registration fee	81,000	109,844	89,406	36,011
Mini tournaments	29,800	24,600	17,584	-
Youth tournaments	59,287	57,619	183	-
Provincials	18,825	14,925	7,852	-
Coach and player development	12,500	9,305	8,405	2,397
Alliance Academy & PSL	125,560	176,415	132,422	23,683
Zone funding	10,700	10,000	6,273	71,054
National team funding	6,000	6,000	6,000	-
Marketing and promotion:				
Soccer kids in the park	22,560	24,400	19,331	19,699
Parent tot soccer	9,500	5,800	-	-
Advertising and appreciation	32,276	34,276	23,812	23,867
Organizational development and governance:				
Meetings, memberships, and board	3,275	2,665	1,890	1,811
Management:				
Office and administrative	45,470	44,347	43,490	40,375
Organizational support and wages	296,948	280,635	264,834	255,508
	<u>1,552,491</u>	<u>1,780,655</u>	<u>1,413,662</u>	<u>945,866</u>
Excess (deficiency) of revenue over expenses	\$ (1,544)	\$ (22,336)	\$ 24,528	\$ 1,672

See accompanying notes to the financial statements.

SASKATOON YOUTH SOCCER INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JULY 31, 2022
(with comparative figures for the year ended July 31, 2021)

	<u>2022</u>	<u>2021</u>
Cash provided by (used in) operating activities:		
Excess of revenue over expenses	\$ 24,528	\$ 1,672
Items not involving cash:		
- Amortization	5,794	5,374
	<u>30,322</u>	<u>7,046</u>
Non-cash operating working capital (Note 10)	6,841	88,000
	<u>37,163</u>	<u>95,046</u>
Cash provided by (used in) investing activities:		
Additions to investments	(406,212)	(648,585)
Proceeds on disposal of investments	357,643	506,697
Additions to tangible capital assets	-	(14,949)
Additions to restricted cash	(2,330)	(692)
	<u>(50,899)</u>	<u>(157,529)</u>
Cash provided by (used in) financing activities:		
Increase in referee development fund	2,330	692
Proceeds from Zone MOU alliance pathway bond (Note 7)	-	5,000
CEBA loan proceeds, net of \$20,000 income inclusion (Note 8)	-	40,000
	<u>2,330</u>	<u>45,692</u>
Decrease in cash	(11,406)	(16,791)
Bank indebtedness - beginning of year	<u>(14,099)</u>	<u>2,692</u>
Bank indebtedness - end of year	<u>\$ (25,505)</u>	<u>\$ (14,099)</u>
Bank indebtedness consists of:		
Restricted cash exceeding cash holdings	<u>\$ (25,505)</u>	<u>\$ (14,099)</u>

See accompanying notes to the financial statements.

SASKATOON YOUTH SOCCER INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JULY 31, 2022
(with comparative figures for the year ended July 31, 2021)

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 restricted cash, investments, accounts receivable, bank indebtedness, accounts payable and accrued liabilities, referee development fund, zone MOU alliance pathway bond, and long-term debt.

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, 2022
(with comparative figures for the year ended July 31, 2021)

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.

The Organization recognizes subsidies and grants received from various government programs as revenue in the period earned after all necessary applications have been completed and collection is reasonably assured. If the grant or subsidy arose as a result of incurring certain expenses, the corresponding grant or subsidy revenue will be reported in the same period as the expenses. These amounts may be subject to review by Canada Revenue Agency or other government agencies. Any differences between the amounts recorded in the financial statements and the amounts received will be recognized in income in the period in which new information becomes known.

Contributed materials and services

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

SASKATOON YOUTH SOCCER INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JULY 31, 2022
(with comparative figures for the year ended July 31, 2021)

3. Investments

	<u>2022</u>	<u>2021</u>
Affinity Credit Union, 270-364 day GIC, 2.0%, maturing January 07, 2023	\$ 294,912	\$ -
Affinity Credit Union, 2-year term GIC, 3.05%, maturing April 29, 2024	201,554	-
Affinity Credit Union, 1-year term deposit, 1.35%, maturing April 29, 2023	200,688	-
Affinity Credit Union, 1-year GIC, 0.35%, matured July 16, 2022	-	100,014
Affinity Credit Union, 1-year GIC, 0.75%, matured October 14, 2021	-	256,954
Affinity Credit Union, 1-year term deposit, 0.75%, matured April 12, 2022	-	291,617
	<u>\$ 697,154</u>	<u>\$ 648,585</u>

4. Accounts receivable

	<u>2022</u>	<u>2021</u>
League, tournament fees, and other SSA MAP, KIP, and other grants	\$ 3,252	\$ 976
	<u>47,625</u>	<u>36,624</u>
	<u>\$ 50,877</u>	<u>\$ 37,600</u>

5. Tangible capital assets

	<u>2022</u>		<u>2021</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	81,412	58,236	23,176	28,970
	<u>\$ 92,594</u>	<u>\$ 69,418</u>	<u>\$ 23,176</u>	<u>\$ 28,970</u>

SASKATOON YOUTH SOCCER INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JULY 31, 2022
(with comparative figures for the year ended July 31, 2021)

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>2022</u>	<u>2021</u>
Balance at beginning of the year	\$ 44,425	\$ 43,733
Receipts during the year	2,330	692
	<hr/>	<hr/>
Balance at end of the year	<u>\$ 46,755</u>	<u>\$ 44,425</u>

7. Zone MOU alliance pathway bond deposit

During the prior year, payment totaling \$5,000 was collected from five member Zones in receipt of their agreement to a memorandum of understanding for the Organization to work collectively with the Zones to form an academy which would serve players from all Zones. The memorandum of understanding is for five years, and upon expiration the bond deposit will either be renewed or refunded.

8. Long-term debt

CEBA loan payable to Affinity Credit Union. Under the terms of the CEBA program, the Organization received proceeds of \$60,000, of which \$20,000 is forgiven if the remaining \$40,000 is repaid prior to or by the due date. For this reason, \$20,000 of this loan has been recognized as income in the prior year. Loan is unsecured, and due December 31, 2023.

	<u>2022</u>	<u>2021</u>
	\$ 40,000	\$ 40,000
	<hr/>	<hr/>
	<u>\$ 40,000</u>	<u>\$ 40,000</u>

SASKATOON YOUTH SOCCER INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JULY 31, 2022
(with comparative figures for the year ended July 31, 2021)

9. 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. No transfer was made in the current year from internally restricted net assets to unrestricted net assets (2021 - \$94,000 from internally restricted net assets to unrestricted net assets).

10. Non-cash operating working capital

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

	<u>2022</u>	<u>2021</u>
(Increase) decrease in current assets:		
Accounts receivable	\$ (13,277)	\$ 9,961
Other government receivables	-	61,762
Prepaid expenses	(11,034)	-
	(24,311)	71,723
Increase (decrease) in current liabilities:		
Accounts payable and accrued liabilities	18,378	19,777
Deferred revenue	12,774	(3,500)
	31,152	16,277
	\$ 6,841	\$ 88,000

SASKATOON YOUTH SOCCER INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JULY 31, 2022
(with comparative figures for the year ended July 31, 2021)

11. 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.

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.

12. Budget figures

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