

SASKATOON SOCCER CENTRE INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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 has 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, 2022, 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, 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.

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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 27, 2023
Saskatoon, Saskatchewan

Virtus Group LLP
Chartered Professional Accountants

SASKATOON SOCCER CENTRE INC.
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2022
(with comparative figures for 2021)

ASSETS

	Operating Fund	Physical Asset Fund	2022 Total	2021 Total
Current assets				
Cash	\$ 938,656	\$ 122,600	\$ 1,061,256	\$ 1,268,889
Investments (Note 3)	337,118	-	337,118	217,843
Accounts receivable (Note 4)	350,191	-	350,191	284,732
Inventory	19,047	-	19,047	9,964
Prepaid expenses and deposits	6,933	-	6,933	34,807
	<u>1,651,945</u>	<u>122,600</u>	<u>1,774,545</u>	<u>1,816,235</u>
Investments (Note 3)	223,527	-	223,527	330,113
Dedicated Capital Reinvestment (Note 5)	-	2,813,017	2,813,017	1,970,250
Tangible capital assets (Note 6)	-	12,209,331	12,209,331	12,737,565
	<u>\$ 1,875,472</u>	<u>\$ 15,144,948</u>	<u>\$ 17,020,420</u>	<u>\$ 16,854,163</u>

LIABILITIES

Current liabilities				
Accounts payable (Note 8)	\$ 150,484	\$ -	\$ 150,484	\$ 120,383
Government remittances payable	3,046	-	3,046	775
Deferred revenue	10,319	-	10,319	14,020
	<u>163,849</u>	<u>-</u>	<u>163,849</u>	<u>135,178</u>
Long-term debt (Note 9)	40,000	-	40,000	40,000
	<u>203,849</u>	<u>-</u>	<u>203,849</u>	<u>175,178</u>

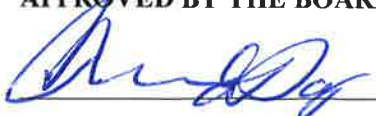
FUND BALANCES

Unrestricted	1,671,623	-	1,671,623	1,848,570
Internally restricted	-	122,600	122,600	122,600
Dedicated capital reinvestment	-	2,813,017	2,813,017	1,970,250
Invested in tangible capital assets	-	12,209,331	12,209,331	12,737,565
	<u>1,671,623</u>	<u>15,144,948</u>	<u>16,816,571</u>	<u>16,678,985</u>
	<u>\$ 1,875,472</u>	<u>\$ 15,144,948</u>	<u>\$ 17,020,420</u>	<u>\$ 16,854,163</u>

Commitments (Note 11)

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, 2022
(with comparative figures for the year ended September 30, 2021)

	Unrestricted	Internally restricted	Dedicated capital reinvestment	Invested in tangible capital assets	2022	2021
Fund balances, beginning of year	\$ 1,848,570	\$ 122,600	\$ 1,970,250	\$12,737,565	\$16,678,985	\$16,971,403
Excess (deficiency) of revenue over expenses	660,971	-	64,154	(587,539)	137,586	(292,418)
Interfund transfers						
Contribution to dedicated capital reinvestment fund	(778,613)	-	778,613	-	-	-
Additions to tangible capital assets	(59,305)	-	-	59,305	-	-
Fund balances, end of year	<u>\$ 1,671,623</u>	<u>\$ 122,600</u>	<u>\$ 2,813,017</u>	<u>\$12,209,331</u>	<u>\$16,816,571</u>	<u>\$16,678,985</u>

See accompanying notes to the financial statements.

SASKATOON SOCCER CENTRE INC.
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2022
(with comparative figures for the year ended September 30, 2021)

	<u>Operating Fund</u>	<u>Physical Asset Fund</u>	<u>2022 Total</u>	<u>2021 Total</u>
Revenue				
Field rentals				
Saskatoon Adult Soccer Inc.	\$ 467,394	-	\$ 467,394	60,493
Saskatoon Youth Soccer Inc.	672,302	-	672,302	345,199
Soccer - other	355,522	-	355,522	200,118
Non-soccer users and other	619,479	-	619,479	249,940
Admissions	35,794	-	35,794	9,646
Board advertising	8,100	-	8,100	759
Rental				
Food and beverage	143,050	-	143,050	148,750
Office and meeting space	65,499	-	65,499	64,834
Other	12,283	-	12,283	10,558
Interest income	24,730	64,154	88,884	16,941
Concession and vending	10,330	-	10,330	3,493
Commissions and miscellaneous	7,609	-	7,609	4,638
Sponsorships and donations	136,763	-	136,763	324,406
Government subsidies (Note 10)	73,537	-	73,537	497,083
Total revenue	<u>2,632,392</u>	<u>64,154</u>	<u>2,696,546</u>	<u>1,936,858</u>
Overhead expenses				
Advertising and promotion	30,581	-	30,581	4,901
Amortization	-	587,539	587,539	583,009
Bad debts (recovery)	16,463	-	16,463	60,313
Bank charges and interest	24,345	-	24,345	19,566
Dues and memberships	2,770	-	2,770	2,356
Insurance	99,252	-	99,252	96,827
Interest on long-term debt	-	-	-	9
Janitorial	47,565	-	47,565	34,579
Management wages	326,831	-	326,831	330,784
Office and general	77,362	-	77,362	46,079
Professional fees	49,192	-	49,192	14,618
Repairs, maintenance and supplies	126,196	-	126,196	139,910
Telephone	17,615	-	17,615	18,135
Training and travel	15,948	-	15,948	5,762
Utilities	426,323	-	426,323	297,187
Wages and benefits	710,978	-	710,978	575,241
Total expenses	<u>1,971,421</u>	<u>587,539</u>	<u>2,558,960</u>	<u>2,229,276</u>
Excess (deficiency) of revenue over expenses	<u>\$ 660,971</u>	<u>\$ (523,385)</u>	<u>\$ 137,586</u>	<u>\$ (292,418)</u>

See accompanying notes to the financial statements.

SASKATOON SOCCER CENTRE INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2022
(with comparative figures for the year ended September 30, 2021)

	<u>2022</u>	<u>2021</u>
Cash provided by (used in) operating activities:		
Excess (deficiency) of revenue over expenses	\$ 137,586	\$ (292,418)
Items not involving cash:		
- Amortization of capital assets	587,539	583,009
- Interest income on dedicated capital reinvestment fund	(64,154)	(436)
	<u>660,971</u>	<u>290,155</u>
Non-cash operating working capital (Note 12)	(30,686)	89,634
	<u>630,285</u>	<u>379,789</u>
Cash provided by (used in) investing activities:		
Purchase of tangible capital assets	(59,305)	(201,110)
Contribution to dedicated capital reinvestment fund	(778,613)	(100,000)
	<u>(837,918)</u>	<u>(301,110)</u>
Cash provided by (used in) financing activities:		
Proceeds from long-term debt (net of forgivable portion)	-	10,000
Repayment of mortgage	-	(41,401)
	<u>-</u>	<u>(31,401)</u>
Increase (decrease) in cash	(207,633)	47,278
Cash position - beginning of year	<u>1,268,889</u>	<u>1,221,611</u>
Cash position - end of year	<u>\$ 1,061,256</u>	<u>\$ 1,268,889</u>

See accompanying notes to the financial statements.

SASKATOON SOCCER CENTRE INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022
(with comparative figures for the year ended September 30, 2021)

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 (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 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, 2022
(with comparative figures for the year ended September 30, 2021)

2. Summary of significant accounting policies (continued)

Revenue recognition

The Centre follows the deferral method of accounting. Rental fees and ancillary service income 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.

The Centre recognizes subsidies and grants received from various government programs as revenue in the period qualified 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 amount received will be recognized in income in the period in which new information becomes known.

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, 2022
(with comparative figures for the year ended September 30, 2021)

3. Investments

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

	<u>2022</u>	<u>2021</u>
<u>Short-term investments</u>		
Affinity Credit Union, 1 year GIC, 0.55% non-cashable, matured September 8, 2022	\$ -	\$ 106,352
Affinity Credit Union, 1 year GIC, 4.20% non-cashable, matures September 8, 2023	106,938	-
Affinity Credit Union, 3 year GIC, 2.50% non-cashable, matured December 6, 2021	-	111,491
Affinity Credit Union, 5 year GIC, 5.50% non-cashable, matures September 6, 2023	115,090	-
Affinity Credit Union, 5 year GIC, 5.50% non-cashable, matures September 6, 2023	115,090	-
	<u>\$ 337,118</u>	<u>\$ 217,843</u>
<u>Long-term investments</u>		
Affinity Credit Union, 5 year GIC, 5.50% non-cashable, matures September 6, 2023	-	110,664
Affinity Credit Union, 5 year GIC, 5.50% non-cashable, matures September 6, 2023	-	110,664
Affinity Credit Union, 3 year GIC, 0.75% non-cashable, matures December 8, 2024	\$ 112,186	\$ -
Affinity Credit Union, 5 year GIC, 2.35% non-cashable, matures September 6, 2024	111,341	108,785
	<u>\$ 223,527</u>	<u>\$ 330,113</u>

4. Accounts receivable

	<u>2022</u>	<u>2021</u>
Team and other rental fees	\$ 376,502	\$ 285,739
City of Saskatoon	24,285	1,485
Canada Emergency Wage Subsidy	-	78,217
Canada Recovery and Hiring Program	6,837	-
Hardest Hit Business Recovery Program	19,568	-
Provincial Government - Trial Proceedings	15,860	-
Allowance for doubtful accounts	(89,067)	(80,709)
	<u>\$ 350,191</u>	<u>\$ 284,732</u>

SASKATOON SOCCER CENTRE INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022
(with comparative figures for the year ended September 30, 2021)

5. Dedicated capital reinvestment fund

The City of Saskatoon previously agreed to grant a tax abatement commencing in 2021 and ending in 2025 for the Saskatoon Kinsmen/Henk Ruys Soccer Centre and the Saskatoon 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 2021 and ending in 2026 are to be contributed according to the schedule as follows:

Year of contribution	Contribution amount
2021	\$226,175
2022	230,699
2023	235,312
2024	240,018
2025	244,818

Starting in 2022, an additional minimum contribution of \$400,000 is to be made to the fund each year, until such a time when it is fully capitalized. Due to the economic impacts of the COVID-19 pandemic, a partial deferral of these contributions was negotiated with the City of Saskatoon. At the current year end, \$200,000 of the required \$400,000 minimum is yet to be contributed. This amount is expected to be paid in equal installments of \$100,000 in both the 2023 and 2024 fiscal year, in addition to the required contributions of those respective years.

6. Tangible capital assets

	2022			2021
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 48,177	\$ 42,030	\$ 6,147	\$ 3,085
Computer software	16,150	16,150	-	-
Facility equipment and signs	506,498	432,842	73,656	67,953
Indoor artificial turf	536,946	391,255	145,691	181,667
Kitchen and lounge furniture and equipment	477,411	477,411	-	-
Office furniture and equipment	95,912	86,475	9,437	11,331
Outdoor artificial turf	2,748,969	1,193,517	1,555,452	1,624,176
SaskTel Sports Centre	12,689,140	5,085,355	7,603,785	7,909,447
Saskatoon Kinsmen/Henk Ruys Soccer Centre	5,937,092	3,121,929	2,815,163	2,939,906
	\$ 23,056,295	\$ 10,846,964	\$ 12,209,331	\$ 12,737,565

SASKATOON SOCCER CENTRE INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022
(with comparative figures for the year ended September 30, 2021)

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, 5.45% (2021 - 2.45%). As at September 30, 2022, \$nil (2021 - \$nil) was drawn.

8. Accounts payable

	<u>2022</u>	<u>2021</u>
Trade payables	\$ 90,848	\$ 52,690
Accrued wages payable	8,635	24,260
Vacation payable	51,001	43,433
	<u>\$ 150,484</u>	<u>\$ 120,383</u>

9. Long-term debt

Loan payable to **Affinity Credit Union** with no set terms of repayment and 0% interest. Loan is secured by the Government of Canada through the Canadian Emergency Business Account (CEBA) program. Up to \$20,000 of the loan will be forgiven if the remaining amount is repaid by December 31st, 2023. \$20,000 of the forgivable portion has been included in income in the past two fiscal years (\$10,000 in 2020 and \$10,000 in 2021).

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

10. Government assistance

The Centre received government assistance in the form of the Canada Emergency Wage Subsidy (CEWS), the Canada Recovery and Hiring Program (CHRP), and the Hardest Hit Business Recovery Program (HHBRP). The Company recognized \$67,197 (2021 - \$425,496 from CEWS) under the CEWS, CHRP, and HHBRP programs. These amounts have been recognized in income in the current period.

11. 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.

SASKATOON SOCCER CENTRE INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022
(with comparative figures for the year ended September 30, 2021)

12. 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:		
Investments	\$ (12,689)	\$ (13,650)
Accounts receivable	(65,459)	83,450
Inventory	(9,083)	10,532
Prepaid expenses and deposits	27,874	(1,629)
	<u>(59,357)</u>	<u>78,703</u>
Increase (decrease) in current liabilities:		
Accounts payable	30,101	2,637
Government remittances payable	2,271	204
Deferred revenue	(3,701)	8,090
	<u>28,671</u>	<u>10,931</u>
	<u>\$ (30,686)</u>	<u>\$ 89,634</u>

13. 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, however, does not have a significant exposure to any individual customer or counterpart. In order to reduce its credit risk, the Organization 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.

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, 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 Organization's financial obligations.

14. Comparative figures

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