

**SASKATOON SOCCER CENTRE INC.**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2018**

## 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.



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**Jodi Blackwell**  
**Chief Executive Officer**



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**Phil Proznik, CPA, CGA**  
**Finance Administration Manager**

## INDEPENDENT AUDITORS' REPORT

To the Members,

**Saskatoon Soccer Centre Inc.**

We have audited the accompanying financial statements of **Saskatoon Soccer Centre Inc.** which comprise the statement of financial position as at **September 30, 2018** and the statements of operations, changes in members equity 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 September 30, 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.

March 5, 2019

Saskatoon, Saskatchewan

*Virtus Group LLP*  
Chartered Professional Accountants

**SASKATOON SOCCER CENTRE INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT SEPTEMBER 30, 2018**  
**(with comparative figures for 2017)**

**ASSETS**

	<b>Operating Fund</b>	<b>Physical Asset Fund</b>	<b>2018 Total</b>	<b>2017 Total</b>
<b>Current assets</b>				
Cash	\$ 1,243,657	\$ 122,600	\$ 1,366,257	\$ 785,483
Investments (Note 3)	102,696	-	102,696	509,122
Accounts receivable (Note 4)	162,527	-	162,527	615,473
Inventory	12,599	-	12,599	10,191
Prepaid expenses and deposits	24,769	-	24,769	25,074
	<u>1,546,248</u>	<u>122,600</u>	<u>1,668,848</u>	<u>1,945,343</u>
<b>Investments (Note 3)</b>	413,639	-	413,639	-
<b>Dedicated Capital Reinvestment (Note 5)</b>	-	1,570,232	1,570,232	1,318,532
<b>Tangible capital assets (Note 6)</b>	-	13,831,508	13,831,508	14,314,917
	<u>\$ 1,959,887</u>	<u>\$ 15,524,340</u>	<u>\$ 17,484,227</u>	<u>\$ 17,578,792</u>

**LIABILITIES**

<b>Current liabilities</b>				
Accounts payable (Note 8)	\$ 98,363	25,719	\$ 124,082	\$ 325,374
Government remittances payable	4,848	-	4,848	793
Deferred revenue	9,729	-	9,729	19,939
Current portion of long-term debt (Note 9)	-	804,027	804,027	774,327
	<u>112,940</u>	<u>829,746</u>	<u>942,686</u>	<u>1,120,433</u>
<b>Long-term debt (Note 9)</b>	-	876,592	876,592	1,679,333
	<u>112,940</u>	<u>1,706,338</u>	<u>1,819,278</u>	<u>2,799,766</u>

**FUND BALANCES**

Unrestricted	1,846,947	-	1,846,947	1,510,935
Internally restricted	-	122,600	122,600	122,600
Dedicated capital reinvestment	-	1,570,232	1,570,232	1,318,532
Invested in tangible capital assets	-	12,125,170	12,125,170	11,826,959
	<u>1,846,947</u>	<u>13,818,002</u>	<u>15,664,949</u>	<u>14,779,026</u>
	<u>\$ 1,959,887</u>	<u>\$ 15,524,340</u>	<u>\$ 17,484,227</u>	<u>\$ 17,578,792</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 MEMBERS' EQUITY**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**  
(with comparative figures for the year ended September 30, 2017)

	Unrestricted	Internally restricted	Dedicated capital reinvestment	Invested in tangible capital assets	2018	2017
<b>Fund balances, beginning of year</b>	\$ 1,510,935	\$ 122,600	\$ 1,318,532	\$11,826,959	\$14,779,026	\$13,671,795
Excess (deficiency) of revenue over expenses	1,504,954	-	38,571	(657,602)	885,923	1,107,231
Interfund transfers						
Contribution to dedicated capital reinvestment fund	(213,129)	-	213,129	-	-	-
Additions to tangible capital assets	(91,124)	-	-	91,124	-	-
Interest on long-term debt	(93,996)	-	-	93,996	-	-
Debt retirement	(773,041)	-	-	773,041	-	-
Asset fundraising net	2,348	-	-	(2,348)	-	-
<b>Fund balances, end of year</b>	<u>\$ 1,846,947</u>	<u>\$ 122,600</u>	<u>\$ 1,570,232</u>	<u>\$12,125,170</u>	<u>\$15,664,949</u>	<u>\$14,779,026</u>

See accompanying notes to the financial statements.

**SASKATOON SOCCER CENTRE INC.**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**  
**(with comparative figures for the year ended September 30, 2017)**

	<u>Operating</u> <u>Fund</u>	<u>Physical Asset</u> <u>Fund</u>	<u>2018</u> <u>Total</u>	<u>2017</u> <u>Total</u>
<b>Revenue</b>				
Field rentals				
Saskatoon Adult Soccer Inc.	\$ 530,283	\$ -	\$ 530,283	\$ 568,783
Saskatoon Youth Soccer Inc.	388,218	-	388,218	438,539
Tournaments and other	933,581	-	933,581	875,887
Non-soccer users and other	637,353	-	637,353	703,587
Admissions	192,315	-	192,315	181,773
Board advertising	18,000	-	18,000	18,450
Rental				
Food and beverage	140,550	-	140,550	140,600
Office and meeting space	64,581	-	64,581	61,253
Other	14,016	-	14,016	15,304
Interest income	18,007	38,571	56,578	38,075
Concession and vending	19,371	-	19,371	22,590
Commissions and miscellaneous	20,780	-	20,780	19,544
Sponsorships and donations	170,150	10,926	181,076	342,076
<b>Total revenue</b>	<b>3,147,205</b>	<b>49,497</b>	<b>3,196,702</b>	<b>3,426,461</b>
<b>Overhead expenses</b>				
Advertising and promotion	24,132	-	24,132	21,573
Amortization	-	574,533	574,533	568,919
Bad debts (recovery)	2,702	-	2,702	2,771
Bank charges and interest	17,234	-	17,234	22,031
Dues and memberships	2,765	-	2,765	2,319
Delivery and freight	400	-	400	1,196
Insurance	68,253	-	68,253	63,150
Interest on long-term debt	-	93,996	93,996	119,559
Janitorial	51,641	-	51,641	48,415
Management wages	247,951	-	247,951	241,352
Office and general	24,252	-	24,252	27,951
Professional fees	10,388	-	10,388	11,744
Repairs, maintenance and supplies	146,582	-	146,582	123,894
Telephone	18,066	-	18,066	18,700
Training and travel	8,817	-	8,817	9,481
Utilities	352,141	-	352,141	356,430
Wages and benefits	666,926	-	666,926	679,745
<b>Total expenses</b>	<b>1,642,250</b>	<b>668,529</b>	<b>2,310,779</b>	<b>2,319,230</b>
<b>Excess of revenue over expenses</b>	<b>\$ 1,504,955</b>	<b>\$ (619,032)</b>	<b>\$ 885,923</b>	<b>\$ 1,107,231</b>

See accompanying notes to the financial statements.

**SASKATOON SOCCER CENTRE INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**  
**(with comparative figures for the year ended September 30, 2017)**

	2018	2017
<b>Cash provided by (used in) operating activities:</b>		
Excess (deficiency) of revenue over expenses	\$ 885,923	\$ 1,107,231
Items not involving cash:		
- Amortization of capital assets	574,533	568,919
	<u>1,460,456</u>	<u>1,676,150</u>
Non-cash operating working capital (Note 11)	649,822	(659,494)
	<u>2,110,278</u>	<u>1,016,656</u>
<b>Cash provided by (used in) investing activities:</b>		
Additions to investments	(413,639)	-
Proceeds on disposal of investments	-	300,345
Purchase of tangible capital assets	(91,124)	(454,674)
Contribution to dedicated capital reinvestment	(213,129)	(208,950)
Interest reinvested in dedicated capital reinvestm	(38,571)	(22,873)
Withdrawal from dedicated capital reinvestment	-	200,000
	<u>(756,463)</u>	<u>(186,152)</u>
<b>Cash provided by (used in) financing activities:</b>		
Repayment of debenture	(560,947)	(537,602)
Repayment of mortgage	(212,094)	(201,159)
	<u>(773,041)</u>	<u>(738,761)</u>
<b>Increase in cash</b>	580,774	91,743
<b>Cash position - beginning of year</b>	<u>785,483</u>	<u>693,740</u>
<b>Cash position - end of year</b>	<u>\$ 1,366,257</u>	<u>\$ 785,483</u>

See accompanying notes to the financial statements.

**SASKATOON SOCCER CENTRE INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**  
**(with comparative figures for the year ended September 30, 2017)**

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**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, 2018**  
**(with comparative figures for the year ended September 30, 2017)**

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**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, 2018**  
(with comparative figures for the year ended September 30, 2017)

**3. Investments**

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

	<u>2018</u>	<u>2017</u>
<u>Short-term investments</u>		
Affinity Credit Union, 1 year GIC, 1.20% non-cashable, matures September 6, 2019	\$ 102,696	\$ -
Affinity Credit Union, 1 year GIC, 0.90% non-cashable, matures September 6, 2018	-	101,760
Affinity Credit Union, 1 year GIC, 0.90% non-cashable, matures September 6, 2018	-	101,760
Affinity Credit Union, 2 year GIC, 1.75% non-cashable, matures September 6, 2018	-	101,867
Affinity Credit Union, 2 year GIC, 1.75% non-cashable, matures September 6, 2018	-	101,867
Affinity Credit Union, 2 year GIC, 1.75% non-cashable, matures September 6, 2018	-	101,868
	-	101,868
	\$ 102,696	\$ 509,122

Long-term investments

Affinity Credit Union, 2 year GIC, 1.35% non-cashable, matures September 6, 2020	\$ 102,706	\$ -
Affinity Credit Union, 3 year GIC, 2.50% non-cashable, matures September 6, 2021	103,701	-
Affinity Credit Union, 5 year GIC, 1.25% non-cashable, matures September 6, 2023	103,616	-
Affinity Credit Union, 5 year GIC, 1.25% non-cashable, matures September 6, 2023	103,616	-
	103,616	-
	\$ 413,639	\$ -

**4. Accounts receivable**

	<u>2018</u>	<u>2017</u>
Team and other rental fees	\$ 164,943	\$ 406,756
City of Saskatoon	8,536	6,337
Canadian Red Cross	-	211,687
Western Economic Diversification	-	184,324
Allowance for doubtful accounts	(10,952)	(9,307)
	-	-
	\$ 162,527	\$ 615,473

**SASKATOON SOCCER CENTRE INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**  
(with comparative figures for the year ended September 30, 2017)

**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**

	2018		2017	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 37,870	\$ 37,605	\$ 265	\$ 93
Computer software	16,150	16,150	-	-
Facility equipment and signs	432,404	386,681	45,723	43,743
Indoor artificial turf	536,946	247,353	289,593	314,951
Kitchen and lounge furniture and equipment	477,411	477,411	-	-
Office furniture and equipment	91,078	79,608	11,470	4,848
Outdoor artificial turf	2,748,969	918,620	1,830,349	1,899,073
SaskTel Sports Centre	12,560,896	3,818,900	8,741,996	9,003,663
Saskatoon Kinsmen/Henk Ruys Soccer Centre	5,457,354	2,545,241	2,912,113	3,048,547
	<u>\$ 22,359,078</u>	<u>\$ 8,527,569</u>	<u>\$ 13,831,509</u>	<u>\$ 14,314,918</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 3.2% payable monthly. As at September 30, 2018, \$nil (2017 - \$nil) was drawn.

**SASKATOON SOCCER CENTRE INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**  
(with comparative figures for the year ended September 30, 2017)

**8. Accounts payable**

	<u>2018</u>	<u>2017</u>
Trade payables	\$ 85,915	\$ 285,576
Accrued wages payable	3,909	7,737
Vacation payable	34,258	32,061
	<u>\$ 124,082</u>	<u>\$ 325,374</u>

**9. Long-term debt**

	<u>2018</u>	<u>2017</u>
<p>Debenture payable to <b>City of Saskatoon</b> in unequal semi-annual payments of interest only in December of 2017, 2018 and 2019 (\$27,391 for December 2018) and principal and interest in June of 2018, 2019 and 2020 (\$585,626 principal and \$27,391 interest for June 2019) at an approximate average interest rate of 4.5%. Building pledged as security with a net book value of \$8,402,168. Due June 2020.</p>	\$ 1,197,265	\$ 1,758,212
<p>Commercial mortgage payable to <b>Affinity Credit Union</b> in six payments annually of \$39,154 including interest at Prime plus 0.5%. Building pledged as security with a net book value of \$2,912,113. Due September 2019.</p>	483,354	695,448
	1,680,619	2,453,660
Current portion due within one year	804,027	774,327
	<u>\$ 876,592</u>	<u>\$ 1,679,333</u>

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

2019	\$ 804,027
2020	839,700
2021	36,892

**SASKATOON SOCCER CENTRE INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**  
(with comparative figures for the year ended September 30, 2017)

**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:

	<u>2018</u>	<u>2017</u>
<b>(Increase) decrease in current assets:</b>		
Investments	\$ 406,426	\$ (308,898)
Accounts receivable	452,946	(468,361)
Inventory	(2,408)	(931)
Prepaid expenses and deposits	305	(1,710)
	<u>857,269</u>	<u>(779,900)</u>
<b>Increase (decrease) in current liabilities:</b>		
Accounts payable	(201,292)	115,323
Government remittances payable	4,055	(556)
Deferred revenue	(10,210)	5,639
	<u>(207,447)</u>	<u>120,406</u>
	<u>\$ 649,822</u>	<u>\$ (659,494)</u>

**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, 2018**  
**(with comparative figures for the year ended September 30, 2017)**

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**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.

**13. Soccer Centre Fundraising**

The Centre has undertaken fundraising for capital and operational purposes. In addition to special events and other fundraising activities, individuals and organizations have made pledges to the capital building fund. Capital pledges committed and considered collectible at September 30, 2018 were \$nil (2017 - \$50,000). These pledges are recorded in the accounts when received.

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