

N.D.G. SOCCER ASSOCIATION / ASSOCIATION DE SOCCER N.D.G.

FINANCIAL STATEMENTS

DECEMBER 31, 2020

NDG SOCCER ASSOCIATION
FINANCIAL STATEMENTS
DECEMBER 31, 2020

SUMMARY

	Page
Independent Auditor's Report	1 - 2
Appendix to Independent Auditor's Report – Description of the Auditor's Responsibilities for the Audit of the Financial Statements	3
Statement of Operations	4
Changes in Net Assets	5
Balance Sheet	6
Statement of Cash Flow	7
Notes to Financial Statements	8 - 12

INDEPENDENT AUDITOR'S REPORT

Aux administrateurs de
N.D.G. SOCCER ASSOCIATION / ASSOCIATION DE SOCCER N.D.G.

Opinion

We have audited the financial statements of **N.D.G. SOCCER ASSOCIATION / ASSOCIATION DE SOCCER N.D.G.** (the organization), which comprise the balance sheet as at December 31, 2020, and the statements of operations, changes in net assets and cash flow 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 December 31, 2020, 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.

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 Canada, 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.

RIVE-SUD

7161, boul. Cousineau, bureau 212
Saint-Hubert (Québec) J3Y 8N2
T (514) 789 3730 F (514) 360 3733

LAVAL

3526, boul. Dagenais Ouest, bureau 210
Laval (Québec) H7P 1V7
T (514) 789 3730 F (514) 360 3734

JOLIETTE

210, rue Beaudry Nord, bureau 103
Joliette (Québec) J6E 6A6
T (450) 386 3730 F (450) 386 3735

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.

A further description of our responsibilities for the audit of the financial statements is included in the appendix of this auditor's report. This description, which is located at page 3, forms part of our auditor's report.

CCMG Comptables professionnels agréés, s.e.n.c.l.¹

Laval, March 24, 2021

¹ CPA auditor, CA, public accountancy permit No. A120374

APPENDIX TO INDEPENDENT AUDITOR'S REPORT

Description of the Auditor's Responsibilities for the Audit of the Financial Statements

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 timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

N.D.G. SOCCER ASSOCIATION / ASSOCIATION DE SOCCER N.D.G.**STATEMENT OF OPERATIONS****Year Ended December 31, 2020****4**

	2020	2019
REVENUES		
Registrations	\$ 629,254	\$ 898,370
Canada Emergency Wage Subsidy (CEWS)	106,653	-
Sponsorships	14,200	27,692
Financial aid	1,500	15,675
Day camps	1,100	39,322
Other	499	920
Interest income	234	1,127
Tournaments	-	22,904
	753,440	1,006,010
EXPENSES		
Registration fees and refunds	202,282	77,322
Salaries and benefits	196,994	219,436
Technical director, coaching and physiotherapy	125,508	249,661
Rental, uniforms and equipment	86,894	195,673
Passports and affiliations	51,985	126,254
Administration and office expenses	29,551	72,685
Referees	27,434	81,262
Interest and bank charges	18,520	16,505
General manager	15,630	-
Professional fees	8,721	8,106
Telecommunications	3,876	3,288
Tournaments	750	18,349
Meetings and administration	601	832
Amortization of capital assets	110	150
	768,856	1,069,523
DEFICIENCY OF REVENUES OVER EXPENSES	\$ (15,416)	\$ (63,513)

The accompanying notes are an integral part of these financial statements.

N.D.G. SOCCER ASSOCIATION / ASSOCIATION DE SOCCER N.D.G.

CHANGES IN NET ASSETS

Year Ended December 31, 2020

5

	Internally restricted (Note 10)	Charity Fund J.D. Eigenman (Note 11)	Invested in capital assets	Unrestricted	2020 Total	2019 Total
BALANCE, BEGINNING OF YEAR	\$ 5,000	\$ 4,910	\$ 421	\$ (10,881)	\$ (550)	\$ 62,963
Deficiency of revenues over expenses	-	-	(110)	(15,306)	(15,416)	(63,513)
BALANCE, END OF YEAR	\$ 5,000	\$ 4,910	\$ 311	\$ (26,187)	(15,966)	\$ (550)

The accompanying notes are an integral part of these financial statements.

N.D.G. SOCCER ASSOCIATION / ASSOCIATION DE SOCCER N.D.G.

BALANCE SHEET

December 31, 2020

6

	2020	2019
ASSETS		
CURRENT		
Cash	\$ 45,377	\$ 42,788
Temporary investments (Note 4)	51,786	51,786
Accounts receivable (Note 5)	3,827	1,780
Prepaid expenses and deposits	1,460	27,315
	102,450	123,669
CAPITAL ASSETS (Note 6)	311	421
	\$ 102,761	\$ 124,090
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 7)	\$ 75,407	\$ 29,886
Deferred revenues (Note 8)	3,320	94,754
	78,727	124,640
LONG TERM DEBT (Note 9)	40,000	-
	118,727	124,640
NET ASSETS DEFICIENCY		
INTERNALLY RESTRICTED	5,000	5,000
CHARITY FUND - J.D. ELGENMAN	4,910	4,910
INVESTED IN CAPITAL ASSETS	311	421
UNRESTRICTED	(26,187)	(10,881)
	(15,966)	(550)
	\$ 102,761	\$ 124,090

The accompanying notes are an integral part of these financial statements.

ON BEHALF OF THE BOARD,

_____, Director

_____, Director

N.D.G. SOCCER ASSOCIATION / ASSOCIATION DE SOCCER N.D.G.

STATEMENT OF CASH FLOW

Year Ended December 31, 2020

7

	2020	2019
OPERATING ACTIVITIES		
Deficiency of revenues over expenses	\$ (15,416)	\$ (63,513)
Non-cash item:		
Amortization of capital assets	110	150
	(15,306)	(63,363)
Net change in non-cash items related to operating activities (Note 3)	(22,105)	32,633
Cash flows from operating activities	(37,411)	(30,730)
FINANCING ACTIVITY		
Long-term borrowings	40,000	-
Cash flows from financing activities	40,000	-
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,589	(30,730)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	64,109	94,839
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 66,698	\$ 64,109
CASH AND CASH EQUIVALENTS		
Cash	\$ 45,377	\$ 42,788
Temporary investments	21,321	21,321
	\$ 66,698	\$ 64,109

The accompanying notes are an integral part of these financial statements.

1. PURPOSE OF THE ORGANIZATION

The Organization was incorporated under Part III of the Quebec Companies Act. The Organization's primary purpose is to promote soccer activities in the area.

The NDG Soccer Association includes two divisions : NDG Division and CDN Division.

2. SIGNIFICANT ACCOUNTING POLICIES

The organization applies the Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook – Accounting.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the reported amounts of revenues and expenses for the periods covered. The main estimate relates to the useful life of capital assets subject to amortization.

Revenue Recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenues in the period in which the related expenses are incurred. Unrestricted contributions are recognized as revenues in the year they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenues from registrations and sponsorships are recognized in the period in which they belong.

Revenues from day camps, financial aid and tournaments are recognized when the activities take place.

Interest income and others are recognized as revenues when earned.

Income taxes

As the Organization is a not-for-profit organization, it is exempt from income tax.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**Capital assets**

Capital assets are accounted for at cost. Amortization is calculated using the declining balance method at the following rates:

Office furniture and equipment	20%
Computer equipment	30%

Contributed services

The Organization receives input in the form of rent to help the Organization to deliver its services. Because of the difficulty of determining the fair value of the contributions received as services, they are not recognized in the financial statements.

Financial instruments*Initial and subsequent measurement*

The organization initially measures its financial assets and 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 liabilities at cost or amortized cost.

Financial assets measured at amortized cost on a straight-line basis include cash, accounts receivable and grants receivable.

Financial liabilities measured at amortized cost on a straight-line basis include the accounts payable and accrued liabilities and long term debt.

Impairment

For financial assets measured at cost or amortized cost, the organization determines whether there are indications of possible impairment. When there is an indication of impairment, and the organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

10

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

The organization's policy is to present bank balances under cash and cash equivalents, including bank overdrafts when bank balances that fluctuate frequently from being positive to overdrawn, and temporary investments with a maturity period of three months or less from the date of acquisition.

3. NET CHANGE IN NON-CASH ITEMS RELATED TO OPERATING ACTIVITIES

	2020	2019
Accounts receivable	\$ (2,047)	\$ (1,480)
Prepaid expenses and deposits	25,855	(2,072)
Accounts payable and accrued liabilities	45,521	14,672
Deferred revenues	(91,434)	21,513
	\$ (22,105)	\$ 32,633

4. TEMPORARY INVESTMENTS

	2020	2019
Enhanced investment business account, variable interest rate, cashable at any time	\$ 21,321	\$ 21,321
Term deposit, 1.4%, maturing in February 2021	30,465	30,465
	\$ 51,786	\$ 51,786

5. ACCOUNTS RECEIVABLE

	2020	2019
Accounts receivable	\$ 2,868	\$ 4,280
Allowance for doubtful accounts	(2,500)	(2,500)
	368	1,780
Grants receivable (CEWS)	3,459	-
	\$ 3,827	\$ 1,780

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

11

6. CAPITAL ASSETS

			2020		2019	
	Cost	Accumulated amortization	Valeur comptable book value	Valeur comptable book value		
Office furniture and equipment	\$ 1,035	\$ 901	\$ 134	\$ 168		
Computer equipment	4,042	3,865	177	253		
	\$ 5,077	\$ 4,766	\$ 311	\$ 421		

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2020		2019	
Trade accounts payable	\$ 31,624	\$ 11,688		
Amount payable to the Government	3,916	3,870		
Salaries and vacation payables	39,867	14,328		
	\$ 75,407	\$ 29,886		

8. DEFERRED REVENUES

	2020		2019	
Deferred revenue consists of the following:				
Balance, beginning of the year	\$ 94,754	\$ 73,241		
Registration fees collected during the year	537,819	942,787		
Registration fees recognized during the year	(629,253)	(921,274)		
	\$ 3,320	\$ 94,754		

9. LONG TERM DEBT

	2020		2019	
Loan under federal program Canada Emergency Business Account, without interest, payable by December 31, 2022.	\$ 40,000	\$ -		

10. INTERNALLY RESTRICTED

In accordance with the policies and procedures of the Organization, \$ 5,000 is set up as restricted fund for any unforeseen expenditures that may arise in the normal course of operations. The board and the committee have the authority to pass a resolution to use the fund. The fund is invested in a short term deposit.

11. J.D. EIGENMAN CHARITY FUND

The charity fund was created to offer financial support to underprivileged kids for engaging in soccer activities or their studies. The Organization is responsible for obtaining funds for the charitable fund.

12. FINANCIAL INSTRUMENTS

Financial risks

The organization is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The main risks are broken down below.

Liquidity risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and long term debt. The liquidity risk management aims to maintain a sufficient amount of cash and cash equivalents. In order to achieve these objectives and meet its obligations, the organisation establishes budget forecasts.

Credit risk

Credit risk is the risk that one party to a financial asset will cause a financial loss for the organization by failing to discharge an obligation. The organization's credit risk is mainly related to accounts receivable and grants receivable.

The organization provides credit to its clients in the normal course of its operations. It carries out, on a continuing basis, losses probabilities and maintains provisions for contingent credit losses which, once they materialize, are consistent with management's forecasts.

For grants receivable, the organization carries out, on a continuing basis, the amounts receivable on the basis of amounts it is virtually certain to receive based on their estimated realizable value.