

SASKATCHEWAN MARTIAL ARTS ASSOCIATION
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 For the year ended March 31, 2018

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STATEMENT OF RESPONSIBILITY

The accompanying financial statements are the responsibility of the Board Members of the Saskatchewan Martial Arts Association and have been prepared in compliance with legislation, and in accordance with Canadian accounting standards for not-for-profit organizations.

In carrying out its responsibilities, the Board Members maintain appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

The Board Members of the Saskatchewan Martial Arts Association met the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

Sensus Partnership of Chartered Professional Accountants, as the Saskatchewan Martial Arts Association's appointed external auditors, have audited the financial statements. The Auditors' Report is addressed to the Board Members and appears on the following page. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the financial statements are free of material misstatement and present fairly the financial position and results of the Saskatchewan Martial Arts Association in accordance with Canadian accounting standards for not-for-profit organizations.

Board Member

INDEPENDENT AUDITORS' REPORT



TO THE BOARD MEMBERS:

**Saskatchewan Martial Arts Association
Melville, Saskatchewan**

Report on the Financial Statements

We have audited the accompanying financial statements of Saskatchewan Martial Arts Association, which are comprised of the statement of financial position as at March 31, 2018 and the statement of operations, statement of changes in net assets, and statement of 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 from 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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 qualified audit opinion.

Basis for Qualified Opinion

Saskatchewan Martial Arts Association derives its revenue from the public in the form of membership fees, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Saskatchewan Martial Arts Association. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess of revenues over expenses, assets and net assets.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Saskatchewan Martial Arts Association as at March 31, 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.

Yorkton, Saskatchewan
June 6, 2018


Chartered Professional Accountants

SASKATCHEWAN MARTIAL ARTS ASSOCIATION
STATEMENT OF FINANCIAL POSITION
 As at March 31, 2018

	2018	2017
ASSETS		
CURRENT		
Cash	\$ 81,318	\$ 91,435
Accounts receivable (Note 3)	<u>250</u>	<u>706</u>
	81,568	92,141
 CAPITAL ASSETS (Notes 2 and 4)	 <u>76</u>	 <u>147</u>
	<u>\$ 81,644</u>	<u>\$ 92,288</u>
LIABILITIES		
CURRENT		
Accounts payable (Note 5)	\$ 42,752	\$ 51,920
Deferred revenue (Note 2)	<u>1,300</u>	<u>500</u>
	<u>44,052</u>	<u>52,420</u>
NET ASSETS		
UNRESTRICTED NET ASSETS	<u>37,592</u>	<u>39,868</u>
	<u>\$ 81,644</u>	<u>\$ 92,288</u>

SASKATCHEWAN MARTIAL ARTS ASSOCIATION
STATEMENT OF OPERATIONS
 For the year ended March 31, 2018

	2018	2017
REVENUE - Schedule 1		
Saskatchewan Lotteries Trust Funds, Sports Division	\$ 53,400	\$ 54,700
Self help revenue	<u>24,104</u>	<u>11,789</u>
	<u>77,504</u>	<u>66,489</u>
 EXPENSES - Schedule 2		
Administrative expenses	5,982	6,723
Capacity/interaction	12,059	5,826
Excellence	20,680	12,131
Membership assistance program	24,600	28,600
Participation	<u>16,459</u>	<u>11,488</u>
	<u>79,780</u>	<u>64,768</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FOR THE YEAR	 <u>\$ (2,276)</u>	 <u>\$ 1,721</u>

SASKATCHEWAN MARTIAL ARTS ASSOCIATION
STATEMENT OF CHANGES IN NET ASSETS
 For the year ended March 31, 2018

	2018	2017
UNRESTRICTED NET ASSETS, BEGINNING OF YEAR	\$ 39,868	\$ 38,147
Excess (deficiency) of revenue over expenses for the year	<u>(2,276)</u>	<u>1,721</u>
UNRESTRICTED NET ASSETS, END OF YEAR	<u>\$ 37,592</u>	<u>\$ 39,868</u>

SASKATCHEWAN MARTIAL ARTS ASSOCIATION
STATEMENT OF CASH FLOWS
 For the year ended March 31, 2018

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	\$ 25,362	\$ 22,532
Cash paid to suppliers and employees	(88,751)	(15,057)
Grants received	53,400	54,700
Interest paid	<u>(128)</u>	<u>(367)</u>
CHANGE IN CASH	(10,117)	61,808
CASH, BEGINNING OF YEAR	<u>91,435</u>	<u>29,627</u>
CASH, END OF YEAR	<u>\$ 81,318</u>	<u>\$ 91,435</u>

SASKATCHEWAN MARTIAL ARTS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2018

1. NATURE OF ENTITY

Saskatchewan Martial Arts Association (the "Association") is incorporated under the Non-Profit Corporation Act of Saskatchewan. The Association is exempt from income taxes under the Income Tax Act (Canada).

Saskatchewan Martial Arts Association promotes combative arts activities and provides funding to athletes through its members.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following accounting policies:

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.

Self help revenues are recognized as earned when amounts are invoiced and collection is reasonably assured.

Grants and funding are recognized as revenue when received or as receivable when collection is reasonably assured.

All other revenue is recognized when received or collection is reasonably assured.

Capital assets

Saskatchewan Martial Arts Association records capital asset additions or disposals at cost. Amortization is provided on the declining balance method basis at the following rates:

Furniture and equipment	20%
Computer	55%

Deferred revenue

Deferred revenue is the portion of fees received prior to the year end which relates to programs and services to be delivered after year end.

Use of estimates

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Significant estimates include those used when accounting for amortization of capital assets. All estimates are reviewed periodically and adjustments are made to the statements of operations as appropriate in the year they become known.

SASKATCHEWAN MARTIAL ARTS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
 For the year ended March 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Measurement of financial instruments

The Association initially measures its financial assets and financial liabilities at fair value, adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. The organization subsequently measures all its financial assets and financial liabilities at 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 are recognized in the statement of operations.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable.

3. ACCOUNTS RECEIVABLE

	2018	2017
Tournament fees	\$ <u>250</u>	\$ <u>706</u>

4. CAPITAL ASSETS

	Balance, Beginning of year	Additions	Disposals	Balance, End of year
Furniture and equipment	\$ 5,502			\$ 5,502
Computer	<u>803</u>			<u>803</u>
	<u>6,305</u>			<u>6,305</u>
ACCUMULATED AMORTIZATION				
Furniture and equipment	5,473	6		5,479
Computer	<u>685</u>	<u>65</u>		<u>750</u>
	<u>6,158</u>	<u>71</u>		<u>6,229</u>
NET BOOK VALUE	<u>\$ 147</u>			<u>\$ 76</u>

SASKATCHEWAN MARTIAL ARTS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
 For the year ended March 31, 2018

5. ACCOUNTS PAYABLE

	2018	2017
Grants payable	\$ 40,352	\$ 49,192
Audit accrual	<u>2,400</u>	<u>2,728</u>
	<u>\$ 42,752</u>	<u>\$ 51,920</u>

6. FINANCIAL INSTRUMENTS

The Association is exposed to the following financial instrument risks:

(a) Credit risk management

Saskatchewan Martial Arts Association provides credit to its clients in the normal course of its operations and virtually never has any bad debts.

(b) Liquidity risk management

Liquidity risk is the risk of being unable to meet cash requirements or fund obligations as they become due. It stems from the possibility of a delay in realizing the fair value of financial instruments.

Saskatchewan Martial Arts Association manages its liquidity risk by constantly monitoring forecasted and actual cash flows and financial liability maturities, and by holding assets that can be readily converted into cash.

Trade accounts payable and accrued liabilities are generally paid within 30 days.

7. ECONOMIC DEPENDENCE

The Saskatchewan Martial Arts Association receives a substantial amount of its revenue from Saskatchewan Lotteries Trust Fund for Sport, Culture, and Recreation and is financially dependent on it. During the 2018 year, the Association received approximately 69% (2017 - 82%) of total revenues in funding from the Saskatchewan Lotteries Trust Fund for Sport, Culture, and Recreation. All of these amounts have been included in revenue.

SASKATCHEWAN MARTIAL ARTS ASSOCIATION
SCHEDULE 1 - SCHEDULE OF REVENUE
 For the year ended March 31, 2018

	2018	2017
SASKATCHEWAN LOTTERIES TRUST FUND, SPORTS DIVISION		
Annual funding	\$ 28,800	\$ 27,900
Membership assistance program	<u>24,600</u>	<u>26,800</u>
	<u>53,400</u>	<u>54,700</u>
 SELF HELP REVENUE		
Member club contributions	10,759	4,032
Membership fees	5,850	5,400
Playdown/tournament fees	<u>7,495</u>	<u>2,357</u>
	<u>24,104</u>	<u>11,789</u>
	 <u>\$ 77,504</u>	 <u>\$ 66,489</u>

SASKATCHEWAN MARTIAL ARTS ASSOCIATION
SCHEDULE 2 - SCHEDULE OF EXPENSES
For the year ended March 31, 2018

	2018	2017
ADMINISTRATIVE EXPENSES		
Advertising	\$	\$ 253
Amortization	71	151
Audit	2,336	2,805
Bank charges	128	367
Insurance	3,130	2,977
Office administration	267	160
Sask Sport membership	50	10
	<u>5,982</u>	<u>6,723</u>
CAPACITY/INTERACTION		
Awards	266	
Board and committee meetings	5,793	5,826
Contract work	6,000	
	<u>12,059</u>	<u>5,826</u>
EXCELLENCE		
Athlete assistance	5,300	7,113
Competitions	10,880	486
Talent identification		900
Training	4,500	3,632
	<u>20,680</u>	<u>12,131</u>
MEMBERSHIP ASSISTANCE PROGRAM		
Alpha Team	320	1,193
Estevan Karate	3,656	4,324
Little Dragon's Student Association	4,538	6,442
Mikisew Martial Arts	1,987	2,595
North Saskatchewan Martial Arts Association	4,281	4,566
Saskatoon Martial Arts Association	3,799	4,870
Sil Foo Student Association	2,583	1,373
YMATC Student Association	3,436	3,237
	<u>24,600</u>	<u>28,600</u>
PARTICIPATION		
Coaching officials development	2,500	3,369
Competitions	10,759	4,032
Intro/participant programs	3,200	3,731
Under represented population initiatives		356
	<u>16,459</u>	<u>11,488</u>
	<u>\$ 79,780</u>	<u>\$ 64,768</u>