

SASKATCHEWAN MARTIAL ARTS ASSOCIATION

FINANCIAL STATEMENTS

For the year ended March 31, 2019

SASKATCHEWAN MARTIAL ARTS ASSOCIATION
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STATEMENT OF RESPONSIBILITY

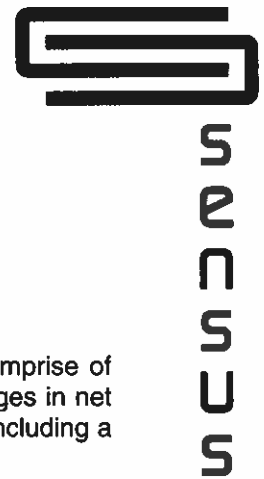
The accompanying financial statements are the responsibility of the Board Members of the Saskatchewan Martial Arts Association and have been prepared in compliance with legislation, and in accordance with Canadian accounting standards for not-for-profit organizations.

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 with management and 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 Chartered Professional Accountants Ltd., as the Saskatchewan Martial Arts Association's appointed external auditors, have audited the financial statements. The Auditor's 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 AUDITOR'S REPORT

To the Board Members of:
Saskatchewan Martial Arts Association
Melville, Saskatchewan

Qualified Opinion

We have audited the financial statements of the Saskatchewan Martial Arts Association, which comprise of the statement of financial position as at March 31, 2019 and the statement of operations and changes in net assets, and statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

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 the Saskatchewan Martial Arts Association as at March 31, 2019, 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 Qualified Opinion

The 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 the Saskatchewan Martial Arts Association. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess (deficiency) of revenues over expenses, assets and net assets.

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 Saskatchewan Martial Arts Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we 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 Saskatchewan Martial Arts Association'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 Saskatchewan Martial Arts Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Saskatchewan Martial Arts Association'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.

As part of an audit in accordance with Canadian auditing standards, we exercise our 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 Saskatchewan Martial Arts Association'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 Saskatchewan Martial Arts Association'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 Saskatchewan Martial Arts Association to cease to continue as a going concern.

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.

Yorkton, Saskatchewan
 June 4, 2019



Chartered Professional Accountants Ltd.

SASKATCHEWAN MARTIAL ARTS ASSOCIATION
STATEMENT OF FINANCIAL POSITION
 As at March 31, 2019

	2019	2018
ASSETS		
CURRENT		
Cash	\$ 84,653	\$ 81,318
Accounts receivable (Note 3)		250
	<u>84,653</u>	<u>81,568</u>
CAPITAL ASSETS (Notes 2 and 4)		76
	<u>\$ 84,653</u>	<u>\$ 81,644</u>
LIABILITIES		
CURRENT		
Accounts payable (Note 5)	\$ 41,198	\$ 42,750
Deferred revenue (Notes 2 and 8)	3,250	1,800
	<u>44,448</u>	<u>44,550</u>
NET ASSETS		
UNRESTRICTED NET ASSETS	<u>40,205</u>	<u>37,094</u>
	<u>\$ 84,653</u>	<u>\$ 81,644</u>

SASKATCHEWAN MARTIAL ARTS ASSOCIATION
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
 For the year ended March 31, 2019

	2019		2018
	Actual		Actual
REVENUES			
SASKATCHEWAN LOTTERIES TRUST FUND, SPORTS DIVISION			
Annual Funding	\$ 29,700	\$	28,800
Membership assistance program	24,100		24,600
Parasport	5,000		
	58,800		53,400
SELF HELP REVENUE			
Playdown/tournament fees	13,190		7,495
Member club contributions	6,605		10,759
Membership fees	5,050		5,350
	24,845		23,604
	83,645		77,004
EXPENSES , per Schedule 1	80,534		79,780
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	3,111		(2,776)
UNRESTRICTED NET ASSETS, BEGINNING OF YEAR	37,094		39,870
UNRESTRICTED NET ASSETS, END OF YEAR	\$ 40,205	\$	37,094

SASKATCHEWAN MARTIAL ARTS ASSOCIATION
STATEMENT OF CASH FLOWS
 For the year ended March 31, 2019

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	\$ 26,547	\$ 25,362
Cash paid to suppliers and employees	(81,722)	(88,751)
Grants received	58,800	53,400
Interest paid	(290)	(128)
CHANGE IN CASH	3,335	(10,117)
CASH, BEGINNING OF YEAR	81,318	91,435
CASH, END OF YEAR	\$ 84,653	\$ 81,318

SASKATCHEWAN MARTIAL ARTS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2019

1. DESCRIPTION OF ORGANIZATION

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 the Canadian accounting standards for not-for-profit organizations. The following are considered to be the more significant accounting policies:

Revenue recognition

The Association 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.

All revenue is recorded when received or collection is reasonably assured.

Capital assets

It is the Saskatchewan Martial Arts Association's policy to record capital assets at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset.

Amortization is provided for on the declining balance basis in accordance with the following rates:

Furniture and equipment	20%
Computer	55%

In the year of acquisition, one-half of the applicable rate is applied.

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, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

The Association initially measures its financial assets and financial liabilities at fair value. The organization subsequently measures all its financial assets and financial liabilities at amortized cost.

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

Financial liabilities measured at amortized cost include accounts payable.

3. ACCOUNTS RECEIVABLE

	2019	2018
Tournament fees	\$	\$ 250

4. CAPITAL ASSETS

	Balance, Beginning of Year	Additions	Disposals	Balance, End of Year
Furniture and equipment	\$ 5,502			\$ 5,502
Computer	803			803
	<u>6,305</u>			<u>6,305</u>

ACCUMULATED AMORTIZATION

Furniture and equipment	5,479	23	5,502
Computer	750	53	803
	<u>6,229</u>	<u>76</u>	<u>6,305</u>

NET BOOK VALUE

	\$ <u>76</u>	\$ <u> </u>
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5. ACCOUNTS PAYABLE

	2019	2018
Grants payable	\$ 37,056	\$ 40,350
Accrued audit fee	2,400	2,400
Trade	1,742	
	<u>\$ 41,198</u>	<u>\$ 42,750</u>

SASKATCHEWAN MARTIAL ARTS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2019

6. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments.

Credit risk

The Association does not provide credit to its clients in the normal course of operations. It does not carry out credit checks, and occasionally has bad debts.

For grants receivable, the Association assesses, on a continuous basis, amounts receivable on the basis of amounts it is virtually certain to receive based on their estimated realizable value.

Liquidity risk

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 delay in realizing the fair value of financial instruments. At this time, the Association has more than adequate current assets to cover its current liabilities, therefore liquidity risk is minimal.

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

Accounts payable 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 2019 year, the Association received approximately 70% (2018 - 69%) 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.

8. DEFERRED REVENUE

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

	2019	2018
Balance, beginning of year	\$ 1,800	\$ 500
Contributions received during the year	3,250	1,800
Revenue recognized during the year	(1,800)	(500)
Balance, end of year	<u>\$ 3,250</u>	<u>\$ 1,800</u>

SASKATCHEWAN MARTIAL ARTS ASSOCIATION
SCHEDULE 1 - SCHEDULE OF EXPENSES
For the year ended March 31, 2019

	2019 Actual	2018 Actual
ADMINISTRATIVE EXPENSES		
Amortization	\$ 76	\$ 71
Audit	2,664	2,336
Bank charges	290	128
Insurance	4,255	3,130
Office administration	766	267
Sask Sport membership	50	50
	8,101	5,982
CAPACITY/INTERACTION		
Awards		266
Board and committee meetings	3,219	5,793
Contract work	10,395	6,000
	13,614	12,059
EXCELLENCE		
Athlete assistance	2,554	5,300
Competitions	9,401	10,880
Parasport	5,000	
Talent identification	900	
Training	5,000	4,500
	22,855	20,680
MEMBERSHIP ASSISTANCE PROGRAM		
Alpha Team		320
Estevan Karate	2,810	3,656
Little Dragon's Student Association	3,683	4,537
Mikisew Martial Arts		1,987
North Saskatchewan Martial Arts Association	9,261	4,281
Saskatoon Martial Arts Association	4,386	3,799
Sil Foo Student Association	1,767	2,583
YMATC Student Association	2,193	3,437
	24,100	24,600
PARTICIPATION		
Coaching officials development	2,400	2,500
Competitions	6,464	10,759
Intro/participant programs	2,444	3,200
Under represented population initiatives	556	
	11,864	16,459
	\$ 80,534	\$ 79,780