TORONTO HIGH PARK FOOTBALL (SOCCER) CLUB

Financial Statements

Year Ended October 31, 2019

TORONTO HIGH PARK FOOTBALL (SOCCER) CLUB
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Year Ended October 31, 2019

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SPC
Suntharalingam
Professional Corporation
Chartered Accountant and Business Advisor

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Toronto High Park Football (Soccer) Club:

Qualified Opinion

I have audited the financial statements of Toronto High Park Football (Soccer) Club (the Organization), which comprise the statement of financial position as at October 31, 2019, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of my report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at October 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

In common with many not-for-profit organizations, the Organization derives revenue from registration fees and sponsorship, 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 Organization. Therefore, I was not able to determine whether any adjustments might be necessary to registration fees and sponsorship, excess of revenues over expenses, and cash flows from operations for the years ended October 31, 2019 and 2018, current assets as at October 31, 2019 and 2018, and net assets as at November 1 and October 31 for both the 2019 and 2018 years. My audit opinion on the financial statements for the year ended October 31, 2018 was modified accordingly because of the possible effects of this limitation in scope.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Organization in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with those requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit 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.

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In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters relating 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

My 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 my 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 generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.

SPC

Toronto, Ontario
February 28, 2020

CHARTERED PROFESSIONAL ACCOUNTANT
CHARTERED ACCOUNTANT

TORONTO HIGH PARK FOOTBALL (SOCCER) CLUB
Statement of Financial Position
October 31, 2019

	2019	2018
ASSETS		
CURRENT		
Cash	$ 525,952	$ 570,475
Accounts receivable *(Note 4)*	13,229	13,524
Short-term investment *(Note 5)*	404,450	191,847
Club bonds *(Note 6)*	1,250	1,250
Prepaid expense and deposit	497,748	461,168
Supplies	-	1,452
	1,442,629	1,239,716
TANGIBLE CAPITAL ASSETS (net) *(Note 7)*	29,079	35,785
	$ 1,471,708	$ 1,275,501
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities *(Note 8)*	$ 408,565	$ 361,830
Deferred revenue *(Note 3)*	523,305	516,209
	931,870	878,039
NET ASSETS		
General fund - unrestricted	339,838	197,462
Facility improvement fund - internally restricted *(Note 3)*	200,000	200,000
	539,838	397,462
	$ 1,471,708	$ 1,275,501

Approved on behalf of the Organization's Board of Directors:

Director

Director

See accompanying notes to financial statements

TORONTO HIGH PARK FOOTBALL (SOCCER) CLUB
Statement of Changes in Net Assets
Year Ended October 31, 2019

	General fund - unrestricted	Facility improvement fund - internally restricted	2019	2018
NET ASSETS, BEGINNING OF YEAR	$ 197,462	$ 200,000	**$ 397,462**	$ 371,007
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	142,376	-	**142,376**	26,455
NET ASSETS, END OF YEAR	$ 339,838	$ 200,000	**$ 539,838**	$ 397,462

See accompanying notes to financial statements

TORONTO HIGH PARK FOOTBALL (SOCCER) CLUB
Statement of Operations
Year Ended October 31, 2019

	2019	2018
REVENUE		
Registration fees	$ 2,271,322	$ 2,089,030
Sponsorship	77,943	70,817
Other income	26,395	33,204
Interest income	5,625	1,851
Team revenue	-	129,237
	2,381,285	2,324,139
EXPENSES		
Field and gym rental	627,262	638,646
Salaries and benefits	457,148	509,198
Coaches expense	349,591	306,434
Player and league registration fees	254,597	212,838
Uniforms	179,607	277,270
Referee fees	94,450	87,358
Credit card and bank charges	63,589	50,469
Rent	52,658	51,347
Photos, trophies and event expenses	42,897	54,380
Soccer equipment and supplies	30,711	35,702
Travel expense	18,793	2,679
IT expenses	16,314	15,471
Professional fees	14,829	16,210
Office expense	13,564	14,492
Amortization	7,270	8,298
Advertising and promotion	4,032	4,260
Bad debts	3,990	5,375
Telephone and communications	3,078	3,115
Insurance	3,038	2,625
Utilities	1,241	1,218
Donations	250	299
	2,238,909	2,297,684
EXCESS OF REVENUE OVER EXPENSES	$ 142,376	$ 26,455

See accompanying notes to financial statements

TORONTO HIGH PARK FOOTBALL (SOCCER) CLUB
Statement of Cash Flows
Year Ended October 31, 2019

	2019	2018
OPERATING ACTIVITIES		
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	**$ 142,376**	$ 26,455
Item not affecting cash:		
Amortization	**7,270**	8,298
	149,646	34,753
Changes in non-cash working capital:		
Accounts receivable	**295**	58,395
Prepaid expenses	**(36,580)**	(37,284)
Supplies	**1,452**	20,001
Accounts payable and accrued liabilities	**46,735**	33,522
Deferred revenue	**7,096**	(52,613)
	18,998	22,021
Cash flow from operating activities	**168,644**	56,774
INVESTING ACTIVITIES		
Purchase of tangible capital assets	**(564)**	(5,996)
Redeem (purchase) of short-term investment	**(212,603)**	(1,852)
Club bonds	**-**	750
Cash flow used by investing activities	**(213,167)**	(7,098)
INCREASE (DECREASE) IN CASH FLOW	**(44,523)**	49,676
CASH - BEGINNING OF YEAR	**570,475**	520,799
CASH - END OF YEAR	**$ 525,952**	$ 570,475

See accompanying notes to financial statements

1. PURPOSE OF THE ORGANIZATION

The Toronto High Park Football (Soccer) Club (the "organization") was incorporated in Ontario on October 10, 2008 as a not-for-profit corporation without share capital. The organization's objective is to promote and develop the game of soccer in the City of Toronto. For Canadian income tax purposes the organization qualifies as a not-for-profit organization, which is exempt from income tax under the Income Tax Act.

2. BASIS OF PRESENTATION

The financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund accounting

The general fund reports the operations of the organization.

The organization maintains a facility improvement fund - internally restricted for significant maintenance and capital expenditures related to facilities. The facility improvement fund contribution is determined by the Board of Directors on an annual basis based on the future expected maintenance and capital expenditures requirements for the facility. There was no activity in this fund during the year.

Cash

Cash is defined as cash on hand and cash on deposit, net of cheques issued and outstanding at the reporting date.

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization. Tangible capital assets are amortized over their estimated useful lives at the following rates and methods:

Soccer equipment	20%	declining balance method
Office equipment	20%	declining balance method
Computer equipment	30%	declining balance method
Furniture and fixtures	20%	declining balance method

In the year of acquisition, capital assets with declining balance rate are amortized at 50% of the annual rate.

Use of estimates

The preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include the estimated useful lives of capital assets and the valuation allowances for accounts receivable. Actual results could differ from management's best estimates as additional information becomes available in the future.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Contributed services

Volunteers contribute many hours per year to assist the organization in carrying out its activities. Because of difficulty in determining their fair value, contributed services are not recognized in these financial statements.

Revenue recognition

The organization recognizes registration fees in the period to which the related program is delivered to its member clubs and players. Revenues relating to programs extended beyond the period end are deferred. Sponsorship revenues are earned when the event or publication takes place. Interest income is recorded as earned using the effective interest rate.

The organization collected registration, membership fees and facility rental fees in advance from its members and third parties for the fiscal 2019/2020 and is recorded as deferred revenue. The organization will recognize this balance into revenue when services are provided to the members and third parties in fiscal 2020.

Financial instruments

The organization initially measures its financial assets and liabilities at fair value and then subsequently measures all its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in the statements of operations. Financial assets measured at amortized cost include cash, accounts receivable, short-term investment and club bonds. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

4. ACCOUNTS RECEIVABLE

	2019	2018
Accounts receivable	**$ 22,764**	$ 19,645
Allowance for doubtful accounts	**(9,535)**	(6,121)
	$ 13,229	$ 13,524

5. SHORT-TERM INVESTMENT

Short-term investment is measured at amortized cost and held in the form of GIC with the CIBC maturing on May 4, 2020 and earning interest at rates of 2.05% to 2.4%.

6. CLUB BONDS

Club bonds are from various leagues and associations for participation in league play and tournaments. Club bonds are recorded at amortized cost.

7. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	**2019 Net book value**	2018 Net book value
Soccer equipment	$ 67,269	$ 41,942	**$ 25,327**	$ 31,659
Computer equipment	1,941	1,545	**396**	566
Furniture and fixtures	3,831	2,297	**1,534**	1,918
Office equipment	7,120	5,298	**1,822**	1,642
	$ 80,161	$ 51,082	**$ 29,079**	$ 35,785

8. GOVERNMENT REMITTANCES PAYABLE OTHER THAN INCOME TAX

Government remittances (other than income taxes) include, for example, payroll taxes, health taxes, and workers' safety insurance premiums. The following government remittances are included in accounts payable and accrued liabilities at year end

	2019	2018
Employers Health Tax (EHT)	$ -	$ 740

9. LEASE COMMITMENTS

The organization has a long term lease with respect to its premises which expires in October 31, 2024. The lease contains renewal options and provides for payment of utilities, property taxes and maintenance costs. Future minimum lease payments as at year end are as follows:

2020	$ 36,000
2021	37,200
2022	38,400
2023	39,600
2024	40,800
	$ 192,000

10. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as at October 31, 2019.

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10. FINANCIAL INSTRUMENTS *(continued)*

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. Financial instruments potentially exposed to credit risk include cash, short-term investment and accounts receivable. Management considers its exposure to credit risk over cash and short-term investment to be remote as the organization holds its cash and short-term investment with major Canadian banks. In order to reduce its credit risk from accounts receivable, the organization reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The organization has a significant number of customers which minimizes concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of meeting its accounts payable. The organization has taken steps to ensure that it will have sufficient working capital available to meet its obligations.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its floating interest rate on short-term investments.

11. SUBSEQUENT EVENTS

The following event occurred subsequent to the fiscal year end:

Licensing Agreement with Field Recreation Inc.

On January 6, 2020, The Toronto High Park Football (Soccer) Club (the "organization") entered into a licensing agreement with Field Recreation Inc. to rent the LCI Sports Centre Facilities for the term April 2020 to October 2020 in accordance with the agreement. The organization has agreed to pay an outdoor rate of $165 per hour plus HST for a full field from May to October 2020, and an indoor rate agreed to be agreed upon from November 2020 to April 2021. The agreement may be further renewed if the parties agree in writing.