Edmonton Ultimate Players Association

Financial Statements

For year ending September 30, 2017

As of September 30, 2017

Edmonton Ultimate Players Association
Statement of Financial Position
As of September 30, 2017

	2017	2016
Assets		
Current Assets		
Cash	$ 48,545	$ 93,434
Prepaid expenses	-	1,256
Accounts Receivable	26,671	33,012
Inventory	-	-
	$ 75,215	$ 127,702
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	$ 19,385	$ 26,686
Legacy Contribution	-	60,000
Deferred revenue	1,330	1,436
	$ 20,714	$ 88,122
Net Assets		
Unrestricted net assets	$ 54,501	$ 39,580
Total Liabilities and net assets	$ 75,215	$ 127,702

Adrienne Maskalyk, President

Morgan Allen, Treasurer

Edmonton Ultimate Players Association
Statement of Revenues, Expenses and Net Assets
For the year ended September 30, 2017

		2017	2016
Revenue			
	Memberships	$ 8,476	$ 8,146
	Grant Revenue	25,784	22,688
	Merchandise sales	1,330	1,180
	Leagues	114,734	110,315
	Tournaments	18,128	24,456
	Juniors	9,878	8,647
	Player Development	-	1,068
	Events	529	442
	Canadian Ultimate Championships	-	24,000
	Interest	4	8
		178,862	200,950
Expenses			
	Leagues	44,554	41,901
	Tournaments	14,756	16,658
	Juniors Program	10,498	8,271
	Player Development Program	1,250	1,137
	Touring team funding	4,000	2,899
	Events	3,047	1,310
	General and Administration	9,876	9,722
	Insurance	3,300	2,365
	Advertising and promotion	4,603	4,714
	Merchandise	1,325	378
	Salaries and Benefits	61,658	49,195
	GST	3,249	28,775
	Write-offs	1,824	-
	Legacy Fund	-	30,000
		163,940	197,325
Excess (deficiency of) revenue over expenses		$ 14,921	$ 3,626
Net assets, beginning of year		39,580	35,954
Net assets, end of year		$ 54,501	$ 39,580

Operations

The Edmonton Ultimate Players Association was incorporated in 2001 under the *Alberta Societies Act* and as such is tax exempt under the provisions of the *Income Tax Act*. The Association administers and oversees youth and adult ultimate programs and leagues in Edmonton.

Corrections

While producing the statements an error was discover with amount recored for unrestricted net assets.This error was determined to have occurred several years prior with an error in recording. The closing amount for 2016 was adjust to reflect the correct value and the corrected amount was carried forward for 2017.

2. Summary of Significant Accounting Policies

The financial statements are prepared by management in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Revenue recognition

Registration fees for leagues and programs run by the Edmonton Ultimate Players Association are most often received in advance of the provision of said leagues and programs. As such, revenue is recognized over the life of the league or program as services are rendered.

(b) Measurement uncertainty

The preparation of the 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 revenue and expenses during the reporting period. Actual results could differ from and affect the results reported in these financial statements.

(c) Grant

purchase of land, equipment, fixtures or physical facilities Management believes that the Association has complied with all requirements of the grant. One grant from Canada Summer Jobs which was designated to fund the cost of employement for two summer students.

(d) Financial instruments

(i) 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 Association 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 statements of operations in the period

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

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The Association currently has no financial assets measured at fair market value.

(ii) Impairment

At the end of each reporting period, the Association assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. Objective evidence of impairment includes observable data that comes to the attention of the Association, including but not limited to the following events: significant financial difficulty of the issuer; a breach of contract, such as a default or delinquency in interest or principal payments; or bankruptcy or other financial reorganization proceedings.

When there is an indication of impairment, the Association detennines whether a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset.

When the Association identifies a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it reduces the carrying amount of the asset to the highest of the following:

i) the present value of the cash flows expected to be generated by holding the asset discounted using a current market rate of interest appropriate to the asset.

ii) the amount that could be realized by selling the asset at the statement of financial position date; and

iii) the amount of the Association expects to realize by exercising its rights to any collateral held to secure repayment of the asset net of all costs necessary to exercise those rights.

The carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the reduction is recognized as an impairment loss in the statements of operations.

When the extent of impainnent of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized.

(e) Financial instruments

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-tenn investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash. Cheques drawn in excess of funds on deposit are presented as bank indebtedness.

Commitments

The general manager for the next fiscal year has a contract to provide services at a monthly remuneration of $3583. The contract is up for review on November 30, 2017. The contract can be terminated- with 4 weeks written notice.

5.-Financial-instruments

Fair values

Financial instruments of the Association include cash and accounts payable and accrued liabilities. Unless otherwise disclosed, there are no significant differences between the carrying values of these amounts and their estimated fair values.

Interest risk

A portion of the Associations' cash balances are at times invested in interest bearing accounts that have variable interest rates.

Liquidity risk

enough cash its chequing account in order to meet these requirements. There have been no changes in the Association's risk exposure from the prior year.

Subject: **2017 Year-End Financial Review**
To: **Members of the Edmonton Ultimate Players Association**

This letter is to explain the review I have conducted of EUPA's 2017 year-end financials. I have summarized lower down the exercises I undertook along with any corresponding observations.

I should emphasize that:

A) I'm not an accountant, and
B) I've never conducted an audit or financial review of this nature before

I do not consider myself an expert in this regard, and cannot make any confident assertions around the material accuracy of EUPA's financials, nor the accounting policies used. I have undertaken what I consider to be a brief, good faith review of the financials from a common-sense perspective, but for clarity I haven't really done anything beyond the exercises I lay out below. Moreover, I would note that I currently serve as a member of the board of EUPA, so there is a structural limit to my independence. While I wasn't involved in the preparation of the financials nor am I someone who has check-signing authority, I believe that this relationship is worth disclosing.

Going forward, I wonder whether a more formal external audit of financials is worth undertaking (ideally by someone who is a certified accountant, is not on the board, and perhaps ideally not even associated with EUPA) – either every few years if not every year. Obviously financial constraints (costs) come into play, but I'm inclined to recommend that EUPA at least reconsider this approach going forward.

Sincerely,

Evan Sprecher
11/30/17

Exercises undertaken:

1) Requested copies of full fiscal-year's bank statements
2) Performed quick sanity-checks to reconcile bank statements vs. financials
3) Compared financial statements year-over-year for materials changes
4) Quick scan of bank statements for anything strange
5) Quick/macro comparison of bank statements year-over-year for consistency
6) Comparison of 2017 income statement vs. budget

Primary lasting observations (additional details in table below):

1) Generally look finances look similar to last year with biggest differences being known / having obvious reasonable explanations (e.g. not hosting CUC, not contributing to Legacy, etc.).
2) Liquidity ran very tight in November 2016 (down to ~$2K in bank) which is concerning. Board should probably tighten up governance around who's supposed to be on top of that and how (and perhaps consider creating liquidity dashboard/projections and required minimum cash to stay ahead of this).
3) [*Likely a non-issue*] Still outstanding reconciliation question of why Deposits & Withdrawals almost $30K bigger than what simple intuition would expect based on Revenues & Expenses (respectively) – there's probably a good technical/accounting reason, we'll follow-up here.

Exercise/ category	Question, answers & observations
Year-over-year: Probe major changes on Balance Sheet & Income Statement	• $24K lower revenues from not hosting CUC 2017 vs 2016 • $0K ('17) vs. $30K ('16) Legacy Contribution – was an explicit board choice • $61K ('17) vs. $49K ('16) Salaries – added paid interns & raise for GM • $3K vs. $29K GST – $29K ('16) was a catchup on past years, $3K more representative going forward • $18K vs. $24K Tournament revenues – 2/3 tourneys had lower reg #'s in 2016

Bank statements review	• Confirmed that bank statements opening and closing cash balances matched financial statements
	• Confirmed that change in bank cash balance matches revenues - expenses (after adjusting for changes in non-cash items)
	• Sanity check: as basically a cash operation, withdrawals & deposits roughly equal expenses & revenues (respectively) adj. for AP/AR changes:
	  o Deposits $211K vs. $178 revenues? ($30K diff and only small change in AR)
	  o Withdrawals $256K vs. $178K expenses? ($60K explained by Legacy payment, but remaining $30K diff still bigger than AP change)
	  o Q: Why big diffs? → A: Unsure offhand, there's probably a good accounting reason we're not thinking of… will follow-up on this
	• Scanned bank statements for anything random jumping out:
	  o Obs: bank account ran down to <$2,200 in Nov 2016 - consistent w/ Treasurer & GM's note that liquidity ran tight at one point
	  o Q: What are all the e-Transfer deposits? → A: Basically non-league rev's or paybacks (eg grants, tourney fees, team field fees, etc.), vs league fees via Paypal
	  o Q: What is "Tangerine Inv"? → A: E-Transfer from Tangerine bank shows like that

Year-over-year Bank Statement Review	• Withdrawals
	  o 2017 total similar to 2016 (adj. for known exception of $60K Legacy)
	  o Overall monthly trend looks similar to 2016 w/ some time-shifts
	• Deposits
	  o 2017 total similar to 2016, though ~$10K more despite $20K lower revenues; $6K AR reduction explains some but not all (?)
	  o Overall monthly trend very similar to '16 with big spike of summer league revenue coming 1 month earlier from Paypal (May vs. June)

Review of Income Statement vs. Budget	• Obs: Grant Rev's were $16 above budget (part was subsidy for hiring summer staff) • Obs: League Rev's under budget (except Indoor & Fall), e.g. Summer $6K (7%) under • Obs: Juniors Cost $6K over budget ($20K vs. $16K) • Obs: Operations Cost $6K over budget ($38 vs. $32) b/c of higher spending on staff (GM & summer employees) • Obs: Legacy contribution $0 vs. $30K budget (again, explicit board choice) • Obs: Budget structured w/ staff costs allocated across ops areas, I'd recommend instead (or in addition) breaking apart total staff costs vs. direct op-area costs (e.g. League costs largely just being fields) → can more directly budget pieces this way

Miscellaneous	• Q: Asked GM about payment approvals process
	  o A: Everything goes out via checks which require dual-signing (2 of GM, Prez, VP, Treas), even credit card bills paid by check
	  o I confirmed from bank slips that indeed all withdrawals were checks
	• Q: $60K Legacy cash payment in 2017 despite no 2017 FY contribution? → A: That's just delayed payment of 2015 & 2016 contributions ($30K each), delayed b/c past boards had wanted to review before paying
	• Obs: Legacy fund is a significant (financial) interest of EUPA and not listed on EUPA financial statements; given my understanding of structure & governance that may indeed be correct (legal/actg q), but there's perhaps some confusion around this.