

SASKATCHEWAN 5 PIN BOWLERS ASSOCIATION INC.

Auditors' Report

Financial Statements - May 31, 2011



CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Bill Jensen, C.A. Prof. Corp.

Jeff Stromberg, C.A. Prof. Corp.

To the Directors of the **Saskatchewan 5 Pin Bowlers Association Inc.**

Report on the Financial Statements

We have audited the accompanying financial statements of **Saskatchewan 5 Pin Bowlers Association Inc.**, which comprise the statement of financial position as at May 31, 2011 and the statements of operations and members' equity and changes in financial position for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditor's 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.

The audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of 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 consolidated 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Association as at **May 31, 2011**, and the results of its results of operations and changes in financial position of the Association for the year then ended, in accordance with Canadian generally accepted accounting principles.

Saskatoon, Saskatchewan
August 25, 2011

Chartered Accountants

SASKATCHEWAN 5 PIN BOWLERS ASSOCIATION INC.

Statement of Financial Position

May 31, 2011

with comparative figures for 2010

	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
Current assets:		
Cash in bank	\$ 44,022	48,852
Accounts receivable	38,815	16,086
Prepaid expenses	12,936	10,796
Inventory	<u>9,956</u>	<u>7,691</u>
	<u>\$ 105,729</u>	<u>83,425</u>

Liabilities and Members' Equity

Current liabilities:		
Accounts payable and accrued liabilities	\$ 25,021	12,474
Deferred Contributions (Note 4)	1,748	1,982
Deferred revenue (Note 5)	<u>13,675</u>	<u>16,664</u>
	40,444	31,120
Restricted for 450 Pool (Note 6)	15,060	13,635
Unrestricted	<u>50,225</u>	<u>38,670</u>
	<u>\$ 105,729</u>	<u>83,425</u>

See accompanying notes to financial statements.

ON BEHALF OF THE BOARD:

_____ Director

 Director

SASKATCHEWAN 5 PIN BOWLERS ASSOCIATION INC.

Statement of Operations and Members' Equity

Year ended May 31, 2011
with comparative figures for 2010

	<u>2011</u>	<u>2010</u>
Revenue:		
Sask Lotteries Trust Funding (Schedule 1)	\$ 24,329	20,410
Playdown/Tourney fees (Schedule 2)	43,377	39,365
Membership fees (Schedule 3)	39,880	43,175
Fundraising	3,690	4,456
Corporate sponsorship	2,497	2,036
Sales/merchandise (Schedule 4)	2,478	5,331
Donations	2,956	6,163
Clinics	200	380
Interest	<u>4</u>	<u>33</u>
	<u>119,411</u>	<u>121,349</u>
Expenses:		
Administration (Schedule 5)	14,178	16,058
Participation (Schedule 6)	11,536	8,887
Excellence (Schedule 7)	57,177	60,321
Sales/merchandise	2,797	4,575
Other expenses (Schedule 8)	<u>22,168</u>	<u>21,723</u>
	<u>107,856</u>	<u>111,564</u>
Earnings	11,555	9,785
Members' equity, beginning of year	<u>38,670</u>	<u>28,885</u>
Members' equity, end of year	<u>\$ 50,225</u>	<u>38,670</u>

See accompanying notes to financial statements.

SASKATCHEWAN 5 PIN BOWLERS ASSOCIATION INC.

Statement of Changes in Financial Position

Year ended May 31, 2011
with comparative figures for 2010

	<u>2011</u>	<u>2010</u>
Operating activities:		
Earnings	\$ 11,555	9,785
Changes in non-cash working capital balances related to operations:		
Accounts receivable	(22,729)	(167)
Inventory	(2,265)	(2,523)
Prepaid expenses	(2,140)	772
Accounts payable and accrued liabilities	12,547	(12,841)
Member deposits	(234)	1,982
Deferred revenue	<u>(2,989)</u>	<u>14,246</u>
	<u>(17,810)</u>	<u>1,469</u>
Investing activities:		
450 Pool Contributions	<u>1,425</u>	<u>1,425</u>
Net change in cash during year	(4,830)	12,679
Cash, beginning of year	<u>48,852</u>	<u>36,173</u>
Cash, end of year	<u>\$ 44,022</u>	<u>48,852</u>

Cash is comprised of cash in bank less outstanding cheques.

See accompanying notes to financial statements.

SASKATCHEWAN 5 PIN BOWLERS ASSOCIATION INC.

Notes to The Financial Statements

May 31, 2011

1. Objectives

The Saskatchewan 5 Pin Bowlers' Association Inc. was established on March 30, 1989 pursuant to the provisions of the *Non-profit Corporations Act* of Saskatchewan. The purpose of the Saskatchewan 5 Pin Bowlers Association Inc. is to oversee and administer affiliations and tournaments for all Saskatchewan 5 Pin affiliated bowlers.

2. Status of the Organization

Currently, the provisions of the *Income Tax Act* exempt the net income of Non-profit corporations from taxation. Accordingly, there is no provision for Income tax included in these financial statements.

3. Significant Accounting Policies

These financial statements are prepared in accordance with generally accepted accounting principles for non-profit organizations and include the following significant accounting policies:

Revenue Recognition

The Association follows the deferral method of accounting for contributions. 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. Restricted contributions are recognized as direct increases in net assets.

Financial Instruments

The Association's financial instruments and their classification are as follows;

Financial Instrument	Classification
Cash and Term Deposits	Held for Trading
Accounts Receivable	Loans and Receivables
Accounts Payable and Accrued Liabilities	Other Financial Instruments

Held for trading financial assets and liabilities are measured at fair value. Changes in fair value are recognized in the Statement of Operations in the period that the changes occur. Loans and receivables and other financial liabilities are measured at amortized cost. Due to their short term nature, the amortized cost of these instruments approximates their fair value.

Inventory

Inventory is valued at the lower of cost and net realizable value and consists of award pins, medals and promotional materials.

SASKATCHEWAN 5 PIN BOWLERS ASSOCIATION INC.

Notes to The Financial Statements

May 31, 2011

3. Significant Accounting Policies (continued)

Capital Assets and Amortization

The Association records Capital assets as an expense in the period in which they are purchased and no provision for amortization is taken.

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions may affect the reported amount of financial 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. Accounts receivable are stated after evaluation of the collectibility of the account and an appropriate allowance for doubtful accounts is provided where considered necessary. These estimates are reviewed periodically, and as adjustments become necessary, the adjustments are reported in earnings in the period in which they become known.

4. Deferred Contributions

Deferred contributions represent unspent resources internally restricted for Kids Help Phone donations. Donations in excess of \$2,500 in any given year are recorded as an increase to the deferred contribution balance and are used for future contributions to the Kids Help Phone program. The changes in the deferred contribution balance during the year are as follows;

	<u>2011</u>	<u>2010</u>
Beginning Balance	\$ 1,982	2,117
Contributions Received	2,266	2,365
Donations to Kids Help Phone	<u>(2,500)</u>	<u>(2,500)</u>
Ending Balance	<u>1,748</u>	<u>1,982</u>

5. Deferred Revenue

Deferred revenue consists of amounts received in advance for the National Open competitions. The 2011 National Open competitions were held May 30 - June 3 (2010 - May 31 - June 5).

6. Restricted 450 Pool

Restricted net assets for 450 Pool includes funds received from participating members' at an annual bowling tournament for an opportunity to win the balance of the escalating 450 Pool. If a participating member bowls a perfect game, that bowler will win the accumulated balance of the 450 Pool. If no perfect game is bowled, 25% of the pool is paid to the participating member with the highest game score during the tournament. 450 pool contributions in excess of amounts paid out are included in the escalating 450 Pool.

SASKATCHEWAN 5 PIN BOWLERS ASSOCIATION INC.

Notes to The Financial Statements

May 31, 2011

7. Financial Instruments

The nature of the Association's operations result in a statement of financial position that consists primarily of financial instruments. The risks that arise are credit risk and liquidity risk.

Credit Risk

Credit risk is the risk that one party does not pay funds owed to another party. The Association's credit risk arise primarily from accounts receivable of \$38,815 (2010 - \$16,086). The Association is exposed to minimal credit risk from potential non-payment of accounts receivable as these are amounts due from the Member Associations.

Liquidity Risk

Liquidity risk is the risk that the Association is unable to meet its financial obligations as they fall due. The Association manages risk by investing in term deposits that are redeemable prior to maturity.

8. Capital Management

The Association's objectives when managing capital is to safeguard the Association's ability to continue as a going concern, so that it can continue to administer affiliations and tournaments for members. The Association raises most of its capital requirements through membership fees and funds obtained from the Saskatchewan lotteries Trust Fund. The Association's capital consists of cash and term deposits and unrestricted net assets.

SASKATCHEWAN 5 PIN BOWLERS ASSOCIATION INC.

Schedules of Revenues

Year ended May 31, 2011
with comparative figures for 2010

	<u>2011</u>	<u>2010</u>
Schedule 1 - Sask Lotteries Trust Funding		
MAP	\$ 5,811	2,305
Sask First Officials Development	900	900
Sask First Competition	9,465	7,440
Sask First Athlete Assistance	-	965
Sask First Talent ID	1,400	1,400
Sask First Training	3,900	3,900
Participation Competition	<u>2,853</u>	<u>3,500</u>
	<u>\$ 24,329</u>	<u>20,410</u>
 Schedule 2 - Playdown/Tourney Fees		
Provincial Open	\$ 920	945
Provincial Fun Bowl	1,113	1,048
National HiLo	-	715
National Open	39,835	33,072
National Youth Challenge	<u>1,509</u>	<u>3,585</u>
	<u>\$ 43,377</u>	<u>39,365</u>
 Schedule 3 - Membership Fees		
Membership	\$ 16,480	17,210
Zone Membership	<u>23,400</u>	<u>25,965</u>
	<u>\$ 39,880</u>	<u>43,175</u>
 Schedule 4 - Sales/Merchandise		
Pins	\$ 740	1,234
Supplies	1	245
Medals	1,547	1,547
Miscellaneous	<u>190</u>	<u>2,305</u>
	<u>\$ 2,478</u>	<u>5,331</u>

See accompanying notes to financial statements.

SASKATCHEWAN 5 PIN BOWLERS ASSOCIATION INC.

Schedules of Expenses

Year ended May 31, 2011
with comparative figures for 2010

	<u>2011</u>	<u>2010</u>
Schedule 5 - Administration Expenses		
Office Operations	\$ 5,873	6,950
Audit	2,300	1,733
Annual General Meetings	1,757	1,909
Board and Committee Meetings	870	2,240
National Meetings	<u>3,378</u>	<u>3,226</u>
	<u>\$ 14,178</u>	<u>16,058</u>
Schedule 6 - Participation		
Competition	5,718	6,580
MAP	<u>\$ 5,818</u>	<u>2,307</u>
	<u>\$ 11,536</u>	<u>8,887</u>
Schedule 7 - Excellence		
Officials Development	\$ 900	900
Competition	46,371	54,542
National Hosting	6,001	-
Training	3,905	3,904
Athlete Assistance	<u>-</u>	<u>975</u>
	<u>\$ 57,177</u>	<u>60,321</u>
Schedule 8 - Other Expenses		
Federation Membership	11,200	11,180
Fundraising	3,128	3,572
Great Western	337	253
Judge of play Clinics	-	300
Lane Certification	1,191	80
National Dues/Affiliation	<u>\$ 5,708</u>	<u>5,708</u>
Record Scores	<u>604</u>	<u>630</u>
	<u>\$ 22,168</u>	<u>21,723</u>