

**Guidelines for the Preparation of  
Audited Financial Statements for  
Provincial Sport Governing Bodies**

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2014

## Table of Contents

|   |           |
|---|-----------|
| <b>Introduction</b> .....   | <b>3</b>  |
| <b>General Grant Guidelines</b> .....   | <b>5</b>  |
| <b>PSGB Performance Area Goals &amp; Eligible Annual Funding Expenditures</b> ..... | <b>7</b>  |
| <b>The Audit Process</b> .....  | <b>10</b> |
| <b>Standardized Financial Statement Format</b> .....                                | <b>11</b> |
| <b>Appendix 1. Sample Financial Statement</b> .....                                 | <b>13</b> |
| Statement of Financial Position .....   | 16        |
| Statement of Operations and Changes in Net Assets .....                             | 17        |
| Statement of Cash Flows .....   | 18        |
| Notes to Financial Statements.....  | 19        |
| Notes to Financial Statements.....  | 20        |
| Notes to Financial Statements.....  | 21        |
| Notes to Financial Statements.....  | 22        |
| Schedule 1 – Saskatchewan Lotteries Trust Fund – Sport Division.....                | 23        |
| Schedule 2 - Self Help Revenue .....  | 23        |
| Schedule 3 - Administration Expenses .....  | 24        |
| Schedule 4 – Capacity/Interaction .....   | 24        |
| Schedule 5 – Participation .....  | 25        |
| Schedule 6 – Excellence .....   | 25        |
| Schedule 7 – Categorical Grant Expenses .....                                       | 26        |
| Schedule 8 – Membership Assistance Grant Payments .....                             | 26        |

## Introduction

The purpose of the Guidelines for the Preparation of Audited Financial Statements for Provincial Sport Governing Bodies is to guide and inform the Provincial Sport Governing Bodies (PSGBs) and their external auditor of the follow-up process, the various Saskatchewan Lotteries Trust Fund regulations and grant guidelines, and establish a standardized financial statement format.

A major benefit of this handbook is that it draws information from various sources into one document. Thus, it serves as a quick source of reference for the PSGBs and their auditors. It provides auditors with a better understanding of the Trust Fund grants and the eligible expenditures under the various funding blocks of the grants. The handbook describes the Annual Funding spending blocks and the programs and services that are eligible for Trust funding.

As the PSGBs will have an indication of the types of information the auditor will require to perform the audit, they can ensure this type of information is prepared on a timely basis. Thus, the audit can be performed on a more timely and cost-efficient basis, ensuring that the audited financial statements and related follow-up reports are more easily prepared and are submitted to the Trust Fund within the required period.

Financial statements include a statement of financial position, statement of operations and changes in net assets and statement of cash flows. Notes to the financial statements and supporting schedules to which the financial statements are cross-referenced are an integral part of such statements. The notes and supporting schedules are useful for the purpose of clarification or further explanation of the items in the financial statements. They have the same significance as if the information or explanations were set forth in the body of the statements themselves. They should not, however, be used as a substitute for proper accounting treatment.

Generally accepted accounting principles (GAAP) is the term used to describe the basis on which financial statements are normally prepared. GAAP encompass not only specific rules, practices and procedures relating to particular circumstances but also broad principles and convention of general application. Specifically, GAAP comprise the Accounting Recommendations in the CPA Canada Handbook and, when a matter is not covered by a Recommendation, other accounting principles that either:

- 1) are generally accepted by virtue of their use in similar circumstances by a significant number of entities in Canada: or
- 2) are consistent with the recommendations in the CPA Canada Handbook and are developed through the exercise of professional judgment, including consultation with other informed accountants where appropriate. In exercising professional judgment, established principles for analogous situations dealt with in the CPA Canada Handbook would be taken into account and references would be made to:
  - a) other relevant matters dealt with in the CPA Canada Handbook;
  - b) practice in similar circumstances;
  - c) Accounting Guidelines published by the Accounting Standards Board;
  - d) International Accounting Standards published by the International Accounting Standards Committee;

- e) standards published by bodies authorized to establish financial accounting standards in other jurisdictions;
- f) CPA Canada research studies; and
- g) other sources of accounting literature such as textbooks and journals.

The relative importance of the various sources is a matter of professional judgment in the circumstances.

The objective of an audit of financial statements is to express an opinion on whether the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows in accordance with Canadian GAAP, or in special circumstances another appropriate disclosed basis of accounting. Such an opinion is not an assurance as to the future viability of an Organization or an opinion as to the efficiency or effectiveness with which its operations have been conducted. In their performance of an audit of financial statements, the auditor complies with Canadian auditing standards (CASs), which relate to the auditor's qualifications, the performance of the audit and the preparation of his or her report. These standards are set out in the CPA Canada Handbook - Assurance.

The auditor performs the audit with an attitude of professional skepticism, and seeks reasonable assurance that the financial statements are free of material misstatement. The auditor designs auditing procedures and exercises professional judgment in determining the nature, extent and timing of those procedures, in evaluating their results and in assessing determinations made by management. Absolute assurance in auditing is not attainable as a result of such factors as the use of judgment, the use of testing, the inherent limitations of internal control and the fact that much evidence available to the auditor is persuasive rather than conclusive in nature.

## General Grant Guidelines

Grants are approved with the understanding that the funds are to be used for eligible purposes adhering to the grant policies and guidelines. In the event funds are not used in accordance with policies and guidelines, they will be required to be returned to the Saskatchewan Lotteries Trust Fund.

Sask Sport Inc./Saskatchewan Lotteries Trust Fund uses the audited financial statements presented by each sport organization to monitor the expenditure of grants and to assist in the evaluation of future applications. PSGBs are eligible to apply for Annual Funding grants based on performance area goals & eligible expenditures as outlined in the following section. They may be eligible to apply for other specific use grants as well.

The grant applications are approved based on the budget and program detail identified in the grant application. Any changes to this approved budget should be clearly identified in the organization's Board minutes. It is important that Sask Sport Inc./Saskatchewan Lotteries Trust Fund receive accurate information, through the audited financial statements, regarding how funds were expended. Classifications of revenues and expenses should be segregated by program, i.e. as a separate line item or schedule within the financial statement.

Areas not eligible for support from Lottery funding are as follows:

- capital expenditures – no support is available for construction, renovation, or upgrading of facilities;
- liquor, social events, banquets, etc.
- cash prizes;
- off-the-continent travel;
- other expenses that the Sport Funding Committee of Saskatchewan Lotteries Trust Fund may deem inappropriate.

Under extenuating circumstances, the Trust Fund may give consideration to circumstances that are essential to the development of a provincial sport governing body but cannot be met or are limited through the existing guidelines. The process for requesting an extenuating circumstances review is provided within the application.

Annual Funding and most other grant follow-ups must be submitted to the Saskatchewan Lotteries Trust Fund within ninety (90) days of an organizations' fiscal year end, unless otherwise specifically indicated within the grant policies. It is expected that audited financial statements will be prepared and approved by the Board within 90 days of the fiscal year end.

Annual funding grants will be paid in two installments. Associations will receive their first payment following the satisfactory approval of their application submission, but no earlier than thirty (30) days prior to the start of an organization's fiscal year. This payment will be based on 50% of their current level. The second grant payment will be paid out upon satisfactory review and approval of the follow-up report which will be used to determine the total eligible Annual Funding grant.

When there is concern about an organization's ability to be accountable for Trust funds, as in the following situations:

- follow-up reports on previous grants are outstanding,
- the organization ceased to meet eligibility criteria,
- the organization's operations are suspended,

then the Saskatchewan Lotteries Trust Fund may, in consultation with Sask Sport Inc., withhold grant payment(s) until some specified action to rectify the situation has occurred. The organization will be notified in writing of the suspended payments.

Funds may be returned to the Trust Fund under the following circumstances:

- funds are not used in the manner for which they are approved,
- the total grant allocation was not expended within the required fiscal time period,
- the project has been completed and the total grant allocation was not expended,
- the association is unable to meet the follow-up requirements,
- any other reasons which would bring into question the misuse or misappropriation of Trust funds.

Repayment of grant returns is required immediately or the grant follow-up will be considered outstanding. Further funding is not granted to an organization with outstanding follow-up reports.

# PSGB Performance Area Goals & Eligible Annual Funding Expenditures

## ADMINISTRATION

- Organizations are supported for the administrative functions required for effective and efficient management of the organization.
  
- The following areas are eligible for support:
  - Executive Director/Administrator
  - Administrative support staff
  - Relocation, recruitment and selection expenses for administrative staff
  - Office operations expenses including office supplies, phone, photocopying, rent, etc.
  - Insurance
  - Legal
  - Audit
  - Staff travel and sustenance

## CAPACITY/INTERACTION

### Capacity

- A provincial sport system comprised of organizations, individuals, communities and institutions with sufficient dedicated financial and human resources to sustain development and enable growth.

### Interaction

- The components of the sport system are better connected, coordinated and accountable as a result of committed collaboration and communication amongst stakeholders.
  
- The following areas are eligible for support:
  - Planning
  - Leadership/Professional development (Volunteer and/or staff)
  - Delegates to conferences/symposiums/national meetings
  - Awards & Recognition
  - Hosting
  - Policy Development and Maintenance
  - Communications (newsletters, websites, etc.)
  - Board and Committee meetings including travel and sustenance
  - Provincial Annual General Meeting
  - National Sport Organization meetings
  - Promotions/marketing

## **PARTICIPATION**

- Saskatchewan residents will engage in quality sport programs that will provide opportunities for communities, volunteers and athletes to participate in sport within the Long Term Athlete Development stages of: Active Start, FUNdamentals, Learn to Train, Train to Train, and Active for Life.
- Activities which develop the sport up to and including the provincial level are eligible in this area as follows:

### **Athlete development**

- ***Introductory programs*** - Learn-to programs, public participation opportunities, new club development, equipment, training, facility rentals, travel & sustenance, etc.
- ***Under-represented population initiatives*** - programs for Aboriginal people, youth at risk, people with a disability, northern residents, immigrants and the economically disadvantaged.
- ***Competition*** - playdowns, local competitions and provincial championships.

### **Coaching development**

- Provincial Coach/Technical staff salary and/or expenses
- Volunteer coaching development - clinics, honorariums, upgrading, technical materials, etc. up to provincial competition level.

### **Officials development**

- Clinics, technical materials, rulebooks, upgrading, etc. up to provincial competition level.

## **EXCELLENCE**

- Create an increased pool of Saskatchewan athletes, coaches, officials and teams who are systematically achieving success at regional, national and international levels through fair and ethical means following Canadian Sport for Life principles.
- Activities which develop the sport beyond the provincial level (i.e. regional, national or international) are eligible in this area as follows:

### **Athlete development**

- Talent ID
- Training
- Competition
- Athlete Assistance

### **Coaching development**

- Provincial Coach/Technical staff salary and/or expenses

- Volunteer coaching development - clinics, honorariums, upgrading, technical materials for coaching past the provincial level.

### **Officials development**

- Professional upgrading, travel & sustenance, technical materials for officials development past the provincial level.

### **Sport Medicine & Science**

- Sport psychology, sport medicine, sport therapy, nutrition, biomechanics, exercise physiology, fitness testing, etc.

## The Audit Process

Audited financial statements approved by the PSGB's Board, must be submitted to the Trust Fund within 90 days of the PSGB's year end. The financial statements must be audited by a firm which is recognized by the Institute of Chartered Accountants of Saskatchewan, the Society of Management Accountants of Saskatchewan, or the Certified General Accountants Association of Saskatchewan.

The firm which performs the audit of the PSGB must follow generally accepted auditing standards as set out in the CPA Canada Handbook - Assurance. These standards require that the audit be properly planned and supervised. The firm should be selected by the Board of Directors and appointed by the membership at the Annual General Meeting for the following fiscal year end. The PSGB should contact the firm well in advance of the organization's year end in order to finalize the terms of engagement and the timing required to finalize the audit within 90 days of the organization's year end.

The audit firm and the PSGB should discuss and agree on what information will be required for the timely and efficient audit of the organization. Generally, the audit firm will request certain working papers be prepared by the PSGB. The following is a listing of the type of information that may be required by the auditor:

- monthly bank reconciliations and bank statements,
- general ledger, trial balance, disbursements and cash receipts journal,
- detailed accounts payable listing as at the year end date,
- detailed accounts receivable listing as at the year end date as well as an indication of which receivables may be uncollectible,
- inventory listing as at the year end date, including the number of items on hand and the purchase price,
- detailed listing of investments/marketable securities as at year end date and supporting brokers statements,
- detailed listing of fixed asset additions and disposals and supporting invoices,
- copies of minutes of board meetings held during the year,
- copies of contracts or leases,
- Sask Sport Inc. funding information including direct confirmation from Saskatchewan Lotteries Trust Fund regarding grant amounts received by the PSGB.

In general terms, all documents (such as invoices, payment vouchers, cancelled cheques, etc.) should be well organized and easily accessible by the auditor. Generally, documents should be filed alphabetically by payee, or numerically by prenumbered document (e.g. cheque number).

It is important to realize that while the organization's auditor may offer suggestions as to financial statement format, the format of the organization's financial statements is the responsibility of the organization itself.

At the completion of its annual audit, an organization should normally receive a report from its auditor discussing any opportunities for improved internal controls or increased operating efficiencies.

## Standardized Financial Statement Format

The financial statements for a Sample PSGB contained in Appendix 1 establish the standard format which should be followed in preparing the financial statements for a PSGB. This format enables the PSGB to complete the follow up procedures required by the Trust Fund in an efficient and timely manner.

The standard format has been prepared as a general guideline. Although this format should be followed as closely as possible, the sample financial statements do not take all possible alternatives into consideration. Thus, the financial statements should be tailored to meet the needs of the various PSGBs. However, the revenue derived from the Saskatchewan Lotteries Trust Fund MUST be clearly indicated with the words "Saskatchewan Lotteries Trust Fund, Sport Division" or "Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation".

As stated in the introductory section, generally accepted accounting principles should be used in the preparation of the financial statements. Particular attention should be paid to Part III Accounting Standards for Not for Profit Organizations of the CPA Canada Handbook. The recommendations in this section of the CPA Canada Handbook include the following:

- financial statements should be prepared using the accrual basis of accounting,
- donated property, plant and equipment should be recorded at fair value when fair value can be reasonably estimated,
- an organization may choose to record the value of donated materials and services, but should do so only when a fair value can be reasonably estimated and when the materials and services are normally purchased by the organization and would be paid for if not donated,
- the policy followed in accounting for donated materials and services should be disclosed,
- the nature and amount of donated materials and services received in the period and recorded in the financial statements should be disclosed,
- if significant, fixed assets should be capitalized and amortized,
- pledges must be recognized as revenue in the period in which they are received or receivable if collection of the amount is reasonably assured.
- contributions received for future operating expenses should be deferred and recognized as revenue in the same period or periods as the related expenses are recognized.
- contributions received for the purchase of future capital assets should be deferred and recognized as revenue on the same basis as the amortization expense related to the acquired capital asset.
- contributions received for the purchase of future capital assets that will not be amortized should be recognized as a direct increase to net assets.
- when allocations of general and/or fundraising costs are made to other functions the organization must disclose the policies related to the allocations, the nature of the expenses being allocated and the basis on which such allocations have been made and the functions to which they have been allocated,
- revenues and expenses must be recognized on a gross basis when an organization is acting as the principal in the subject transactions and may only be reported on a net basis when acting as an agent.

Once the auditors have completed their work, provided the Independent Auditors' Report and the audited statements have been approved by the Board of Directors, the statement of financial position should be signed by two directors of the PSGB, preferably the Treasurer and the President as evidence of the Board's approval. These signed financial statements should be stored in a safe place and should be retained for the life of the organization.

## **Appendix 1. Sample Financial Statement**

**Audited Financial Statements of**  
**Sample PSGB Inc.**  
**Year ended March 31, 2014**

## **MANAGEMENT'S RESPONSIBILITY COMMUNICATION**

**To the Members,  
Sample PSGB Inc.**

Management has responsibility for preparing the accompanying financial statements and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and making objective judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations.

In discharging its responsibilities for the integrity and fairness of the financial statements and for the accounting systems from which they are derived, management maintains the necessary system of internal controls designed to provide assurance that transactions are authorized, assets are safeguarded and proper records are maintained.

Ultimate responsibility for financial statements to members lies with the Board of Directors. An Audit Committee of Directors is appointed by the Board to review financial statements in detail with management and to report to the Board of Directors prior to their approval of the financial statements for publication.

Independent auditors appointed by the members audit the financial statements and meet separately with both the Audit Committee and management to review their findings. The independent auditors report directly to the members and their report follows. The independent auditors have full and free access to the Audit Committee to discuss their audit and their findings as to the integrity of the Organization's financial reporting and the adequacy of the system of internal controls.

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President

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Treasurer

## **INDEPENDENT AUDITORS' REPORT**

**To the Members,  
Sample PSGB Inc.**

We have audited the accompanying financial statements of **Sample PSGB Inc.** which comprise the statement of financial position as at March 31, 2014, and the statements of operations and changes in net assets and 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 Organization'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 Organization'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 Sample PSGB Inc. as at March 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

**Date**

**Regina, Saskatchewan**

**Chartered Accountants**

# Sample PSGB Inc.

## **Statement of Financial Position**

March 31, 2014 with comparative figures for 2013

|                                     | 2014        | 2013        |
|-------------------------------------|-------------|-------------|
| <b>Assets</b>                       |             |             |
| Current assets:                     |             |             |
| Cash                                | \$       xx | \$       xx |
| Accounts receivable                 | xx          | xx          |
| Investments                         | xx          | xx          |
| Grants receivable (note 4)          | xx          | xx          |
| Prepaid expenses                    | xx          | xx          |
| Inventory                           | xx          | xx          |
|                                     | xx          | xx          |
| <br>                                |             |             |
| Tangible capital assets (note 5)    | xx          | xx          |
|                                     | \$       xx | \$       xx |
| <br>                                |             |             |
| <b>Liabilities and Net Assets</b>   |             |             |
| Current liabilities:                |             |             |
| Accounts payable                    | \$       xx | \$       xx |
| Grant returns payable (note 6)      | xx          | xx          |
| Deferred grant revenue (note 7)     | xx          | xx          |
|                                     | xx          | xx          |
| <br>                                |             |             |
| Net Assets                          |             |             |
| Invested in tangible capital assets | xx          | xx          |
| Unrestricted                        | xx          | xx          |
|                                     | xx          | xx          |
|                                     | \$       xx | \$       xx |

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# Sample PSGB Inc.

## Statement of Operations and Changes in Net Assets

Year ended March 31, 2014 with comparative figures for 2013

|   | 2014  | 2013  |
|---|-------|-------|
| Revenues:   |       |       |
| Saskatchewan Lotteries Trust Fund, Sport Division<br>(schedule 1)                             | \$ xx | \$ xx |
| National Sport Organization revenue   | xx    | xx    |
| Self help (schedule 2)  | xx    | xx    |
|   | xx    | xx    |
| Expenses:   |       |       |
| Administration (schedule 3)   | xx    | xx    |
| Capacity/Interaction (schedule 4)   | xx    | xx    |
| Participation (schedule 5)  | xx    | xx    |
| Excellence (schedule 6)   | xx    | xx    |
| Categorical grant expenses (schedule 7)   | xx    | xx    |
| Membership Assistance Payments (schedule 8)   | xx    | xx    |
| Other   |       |       |
| 1 Cash prizes   | xx    | xx    |
| 1 Facility construction or upgrading  | xx    | xx    |
| 1 Off continent travel  | xx    | xx    |
| 1 Social events   | xx    | xx    |
| 2 Fundraising expenses  | xx    | xx    |
| 2 Promotional merchandise expense   | xx    | xx    |
| 2 Sponsorship expenses  | xx    | xx    |
|   | xx    | xx    |
| Net revenues over expenses  | xx    | xx    |
| Net assets, beginning of year   | xx    | xx    |
| Unrealized gains/(losses) on market value adjustment of<br>investments measured at fair value | xx    | Xx    |
| Net assets, end of year   | \$ xx | \$ xx |

See accompanying notes to financial statements.

### NOTES - not part of financial statements:

1. These expense categories are ineligible for Trust Funding.
2. These expenses relate to self help revenues.

# Sample PSGB Inc.

## Statement of Cash Flows

Year ended March 31, 2014 with comparative figures for 2013

|   | 2014  | 2013  |
|---|-------|-------|
| Cash provided by (used in):                   |       |       |
| Operating activities:                         |       |       |
| Net revenues over expenses                    | \$ XX | \$ XX |
| Item not affected by cash:                    |       |       |
| Amortization of tangible capital assets       | XX    | XX    |
| Net change in non-cash working capital items: |       |       |
| Accounts receivable                           | XX    | XX    |
| Grants receivable                             | XX    | XX    |
| Prepaid expense                               | XX    | XX    |
| Inventory                                     | XX    | XX    |
| Accounts payable                              | XX    | XX    |
| Deferred grant revenue                        | XX    | XX    |
| Grant returns payable                         | XX    | XX    |
| Investing activities:                         |       |       |
| Purchase of investments                       | XX    | XX    |
| Proceeds from disposal of investments         | XX    | XX    |
| Increase (decrease) in cash during the year   | XX    | XX    |
| Cash, beginning of year                       | XX    | XX    |
| Cash, end of year                             | \$ XX | \$ XX |

See accompanying notes to financial statements.

# Sample PSGB Inc.

## Notes to Financial Statements

March 31, 2014

**1. Nature of operations:**

The Sample PSGB Inc. is incorporated under *The Non-profit Corporations Act of Saskatchewan*. The Sample PSGB Inc. exists to coordinate, encourage and facilitate the development of sport XXX in Saskatchewan. As a non profit organization, Sample PSGB Inc. is exempt from income taxes.

**2. Significant accounting policies:**

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations which required management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in revenues or expenses in the period in which they become known. The financial statements reflect the following significant accounting policies:

*Cash and cash equivalents:*

Cash consists of cash on hand and bank deposits. Highly liquid investments with maturities of one month or less at the date of purchase are considered to be cash equivalents.

*Inventory:*

Inventories are valued at the lower of cost and net realizable value and consist of promotional materials and NCCP manuals.

*Tangible capital assets:*

Tangible capital assets are recorded at cost. Amortization is provided on the straight-line basis at the following annual rates based on the estimated useful lives of the assets:

|             |     |
|-------------|-----|
| Equipment   | xx% |
| Furnishings | xx% |

*Revenue recognition:*

Grants from Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation are received out of the net proceeds of lottery ticket sales in Saskatchewan. These grants have been recorded as revenue by Sample PSGB Inc. as approved by Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation for the year ended March 31, 2014. Accordingly, any amounts not received by year end are shown as grant receivable and any amounts received relating to the next fiscal period are shown as deferred grant revenue.

Unrestricted contributions, fees and investment income are recognized in revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions are recognized in revenue in the year in which the related expenses are incurred.

# Sample PSGB Inc.

## Notes to Financial Statements

March 31, 2014

### 2. Significant accounting policies continued:

#### *Financial Instruments – recognition and measurement:*

All financial assets and financial liabilities are recorded on the statement of financial position when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are required to be recognized at fair value upon initial acquisition, except for certain related party transactions. Measurement in subsequent periods of investments traded in an active market is at fair value. All other financial assets and financial liabilities are subsequently measured at amortized cost adjusted by transaction costs, which are amortized over the life of instrument.

Fair value is the amount at which a financial instrument could be exchanged at arm's length between willing, unrelated parties in an open market. Changes in fair values of financial assets and financial liabilities measured at fair value are recognized in net revenues over expenses.

When there is an indication of impairment and such impairment is determined to have occurred, the carrying amount of financial assets measured at amortized cost is reduced to the greater of the discounted cash flows expected or the proceeds that could be realized from the sale of the financial asset. Such impairments can be subsequently reversed if the value improves.

#### *Contributed services:*

Volunteers contribute an indeterminable number of hours to assist the Organization in carrying out its activities. The value of this contribution is not recognized in these financial statements.

### 3. Change in accounting policy:

During the year, the Organization adopted a new accounting standard issued by the Canadian Institute of Chartered Accountants (CICA): Section 4470, Disclosure of Allocated Expenses by Not-for-Profit Organizations. The adoption of this new standard did not result in significant changes to the reported results of the Organization.

### 4. Grants receivable:

|   | 2014  | 2013  |
|---|-------|-------|
| Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation | \$ xx | \$ xx |
| Other   | xx    | Xx    |
|   | \$ xx | \$ xx |

# Sample PSGB Inc.

## Notes to Financial Statements

March 31, 2014

### 5. Tangible capital assets:

|                    | Cost  | Accumulated<br>Amortization | 2014 Net<br>Book Value | 2013 Net<br>Book Value |
|--------------------|-------|-----------------------------|------------------------|------------------------|
| Office equipment   | \$ xx | \$ xx                       | \$ xx                  | \$ xx                  |
| Office furnishings | xx    | xx                          | xx                     | Xx                     |
|                    | \$ xx | \$ xx                       | \$ xx                  | \$ xx                  |

### 6. Grant returns payable:

Sample PSGB Inc. receives annual funding from Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation with the understanding that the funds are to be used for eligible purposes adhering to the policies and guidelines. In the event funds are not used in accordance with the policies and guidelines, they must be returned to Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation. At March 31, 2014 Sample PSGB Inc. had \$ xx in grant returns payable to the Saskatchewan Lotteries Trust Fund (2013 - \$ xx).

### 7. Deferred grant revenue:

During 2014, Sample Provincial Sport Governing Body Inc received \$xx from the Saskatchewan Lotteries Trust Fund for expenses which will occur in the following fiscal year (2013 - \$xx).

### 8. Economic dependence:

Sample PSGB Inc. currently receives significant revenue in grants from Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation. As a result, the organization is dependent upon the continuance of these grants to maintain operations at their current level.

### 9. Financial risk management:

[1]The Organization has a risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The financial instruments of the Organization include cash, accounts receivable, grants receivable, investments, accounts payable, and grant returns payable. The significant risks to which the Organization is exposed are:

#### *Price risk:*

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Organization's investment in publicly traded securities such as mutual funds expose the Foundation to market price risk. The Organization does not use any derivative financial instruments to alter the effects of this risk.

# Sample PSGB Inc.

## **Notes to Financial Statements**

March 31, 2014

### **9. Financial risk management (continued):**

*Credit risk:*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization's credit risk exposure on cash and investments is minimized by ensuring that these instruments are held with credible financial institutions. The Organization's credit risk exposure on accounts receivable is minimized because receivables are from a variety of individuals and organizations.

*Interest rate risk:*

Interest rate risk is the risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Organization is exposed to interest rate risk to the extent that the investments held include variable rate term deposits.

*Liquidity risk:*

Liquidity risk is the risk that an Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization's exposure to liquidity risk is dependent on the receipt of funds from members and activities of the Organization, grants from the Saskatchewan Lotteries Trust Fund and interest on investments. Funds from these sources are used to finance operations and are considered adequate to meet the Foundation's financial obligations.

### **10. Comparative figures:**

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year.

## **NOTES [1]**

**Only disclose significant risks applicable to your Organization.**

# Sample PSGB Inc.

## **Schedule 1 – Saskatchewan Lotteries Trust Fund – Sport Division**

Year ended March 31, 2014 with comparative figures for 2013

|                                     |    | 2014 |    | 2013 |
|-------------------------------------|----|------|----|------|
| Annual Funding                      | \$ | xx   | \$ | xx   |
| 1 CSCS Future Best                  |    | xx   |    | xx   |
| 4 High Performance Coach Employment |    | xx   |    | xx   |
| 2 Hosting                           |    | xx   |    | xx   |
| 3 Membership Assistance Program     |    | xx   |    | xx   |
| 1 PSGB Student Athlete Awards       |    | xx   |    | xx   |
| 1 Special Projects                  |    | xx   |    | xx   |
| 1 University Athletic Assistance    |    | xx   |    | xx   |
|                                     | \$ | xx   | \$ | xx   |

## **Schedule 2 - Self Help Revenue**

Year ended March 31, 2014 with comparative figures for 2013

|                             |    | 2014 |    | 2013 |
|-----------------------------|----|------|----|------|
| Internal                    |    |      |    |      |
| Competition and Clinic Fees | \$ | xx   | \$ | xx   |
| Membership Fees             |    | xx   |    | xx   |
| Team/Athlete Fees           |    | xx   |    | xx   |
| External                    |    |      |    |      |
| Donations                   |    | xx   |    | xx   |
| Fundraising revenue         |    | xx   |    | xx   |
| Interest                    |    | xx   |    | xx   |
| Lottery Commissions         |    | xx   |    | xx   |
| Merchandise sales revenue   |    | xx   |    | xx   |
| National Sport Organization |    | xx   |    | xx   |
| Sponsorships                |    | xx   |    | xx   |
|                             | \$ | xx   | \$ | xx   |

See accompanying notes to financial statements.

### NOTES - not part of financial statements:

1. Expenses should be reported separately under Categorical grants.
2. Expenses should be reported separately under Capacity/Interaction. If the PSGB ran the event rather than giving a grant to the host organization, expenses could be reported in either Participation or Excellence depending on the type of event, but should be identified separately.
3. Expenses should be tracked separately with each recipient listed in the schedule.
4. Expenses should be tracked separately under Categorical grants or under Excellence.

# Sample PSGB Inc.

## **Schedule 3 - Administration Expenses**

Year ended March 31, 2014 with comparative figures for 2013

|   | 2014  | 2013  |
|---|-------|-------|
| Audit                                     | \$ XX | \$ XX |
| Insurance                                 | XX    | XX    |
| Legal                                     | XX    | XX    |
| Office operations                         |       |       |
| Phone/fax                                 | XX    | XX    |
| Printing/photocopying                     | XX    | XX    |
| Rent                                      | XX    | XX    |
| Supplies                                  | XX    | XX    |
| Staff relocation, recruitment & selection | XX    | XX    |
| Staff salaries & benefits                 | XX    | XX    |
| Staff travel                              | XX    | XX    |
|   | \$ XX | \$ XX |

## **Schedule 4 – Capacity/Interaction**

Year ended March 31, 2014 with comparative figures for 2013

|   | 2014  | 2013  |
|---|-------|-------|
| Awards and recognition  | \$ XX | \$ XX |
| Communications ( <i>ie website</i> )                              | XX    | XX    |
| Conferences and symposiums  | XX    | XX    |
| Hosting   | XX    | XX    |
| Marketing and promotions  | XX    | XX    |
| Meetings  |       |       |
| Annual General Meeting  | XX    | XX    |
| Board and committee meetings                                      | XX    | XX    |
| National meetings   | XX    | XX    |
| Memberships ( <i>in other organizations - SSI etc</i> )           | XX    | XX    |
| Planning and policy development                                   | XX    | XX    |
| Professional and leadership development ( <i>board or staff</i> ) | XX    | XX    |
|   | \$ XX | \$ XX |

See accompanying notes to financial statements.

# Sample PSGB Inc.

## **Schedule 5 – Participation**

Year ended March 31, 2014 with comparative figures for 2013

|  | 2014  | 2013  |
|--|-------|-------|
| Athlete Development  |       |       |
| Competition  | \$ XX | \$ XX |
| Introductory programs  | XX    | XX    |
| Under-represented population initiatives                         | XX    | XX    |
| Coaches Development  |       |       |
| Salary and benefits  | XX    | XX    |
| Coach travel   | XX    | XX    |
| Introductory coaching clinics and coach professional development | XX    | XX    |
| Officials Development  |       |       |
| Introductory clinics   | XX    | XX    |
| Technical materials  | XX    | XX    |
|  | \$ XX | \$ XX |

## **Schedule 6 – Excellence**

Year ended March 31, 2014 with comparative figures for 2013

|                                | 2014  | 2013  |
|--------------------------------|-------|-------|
| Athlete Development            |       |       |
| Athlete Assistance             | XX    | XX    |
| Competition                    | XX    | XX    |
| Talent identification          | XX    | XX    |
| Training                       | XX    | XX    |
| Coaching and Coach Development |       |       |
| Coaching development           | XX    | XX    |
| Salary and benefits            | XX    | XX    |
| Coach travel                   | XX    | XX    |
| Officials Development          |       |       |
| Officials travel               | XX    | XX    |
| Professional upgrading         | XX    | XX    |
| Sport Medicine and Science     | XX    | XX    |
|                                | \$ XX | \$ XX |

See accompanying notes to financial statements.

# Sample PSGB Inc.

## **Schedule 7 – Categorical Grant Expenses**

Year ended March 31, 2014 with comparative figures for 2013

|                                     | 2014 |    | 2013 |    |
|-------------------------------------|------|----|------|----|
| Future Best                         | \$   | xx | \$   | xx |
| 1 High Performance Coach Employment |      | xx |      | xx |
| PSGB Student Athlete Awards         |      | xx |      | xx |
| Special Projects                    |      | xx |      | xx |
| University Athletic Assistance      |      | xx |      | xx |
|                                     | \$   | xx | \$   | xx |

NOTES - not part of financial statements:

1. Can be reported under Excellence but must be separately listed. Should include all expenses for the position - ie the 1/3 expense being contributed by Association as well.

## **Schedule 8 – Membership Assistance Grant Payments**

Year ended March 31, 2014 with comparative figures for 2013

|        | 2014 |    | 2013 |    |
|--------|------|----|------|----|
| Club A | \$   | xx | \$   | xx |
| Club B |      | xx |      | xx |
| Club C |      | xx |      | xx |
|        | \$   | xx | \$   | xx |

See accompanying notes to financial statements.