

Toronto Ultimate Club
c/o Monark Park Stadium
1 Parkmount Road
Toronto, Ontario
M4V 4J3

June 12, 2015

Fruitman Kates LLP
1055 Eglinton Avenue West
Toronto, Ontario
M6C 2C9

Dear Sirs:

This representation letter is provided in connection with your audit of the financial statements of Toronto Ultimate Club for the year ended March 31, 2015, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

We confirm that (to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves):

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated March 31, 2015, for the preparation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations; in particular, the financial statements are fairly presented in accordance therewith.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Canadian accounting standards for not-for-profit organizations.
- All events subsequent to the date of the financial statements and for which Canadian accounting standards for not-for-profit organizations require adjustment or disclosure have been adjusted or disclosed.
- The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to the representation letter.

Information Provided

- We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters,
 - Additional information that you have requested from us for the purpose of the audit, and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

- We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
- We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.
- We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related-party relationships and transactions of which we are aware.

Yours very truly,

Toronto Ultimate Club



Paul Buksner
Executive Director



SIGN HERE

FRUITMAN KATES LLP

CHARTERED ACCOUNTANTS

1055 EGLINTON AVENUE WEST

TORONTO, ONTARIO M6C 2C9

TEL: 416.920.3434

FAX: 416.920.7799

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Email: info@fruitman.ca

March 31, 2015

Toronto Ultimate Club
c/o Monark Park Stadium
1 Parkmount Road
Toronto, Ontario
M4V 4J3

Attention: Mr. Paul Buksner

Dear Paul:

You have requested that we audit the financial statements of Toronto Ultimate Club, which comprise the statement of financial position as at March 31, 2015 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. Our audit will be conducted with the objective of our expressing an opinion on the financial statements.

Our Responsibilities

We will conduct our audit of the Club 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 as to 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. 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.

Because of the inherent limitations of an audit, together with the inherent limitations of internal controls, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Canadian generally accepted auditing standards.

In making our risk assessments, we consider internal controls relevant to the entity's preparation 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 entity's internal controls. However, we will communicate to you in writing concerning any significant deficiencies in internal controls relevant to the audit of the financial statements that we have identified during the audit.

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Content of Audit Opinion

Unless unanticipated difficulties are encountered, our report will be substantially in the following form:

Independent Auditors' Report

To the Members of:
Toronto Ultimate Club

We have audited the accompanying financial statements of Toronto Ultimate Club, which comprise the statement of financial position as at March 31, 2015, and the statements of operations, 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 controls 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 auditors consider internal controls relevant to the entity'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 entity's internal controls. 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 in our audit is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

Toronto Ultimate Club, in common with many not-for-profit organizations, derives revenue from various sources, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of revenues was limited to the amounts recorded in the records of Toronto Ultimate Club and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenditures, assets and net assets.

Qualified Opinion

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of Toronto Ultimate Club as at March 31, 2015, 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.

Other Matter

The comparative figures for the year ended March 31, 2014 are unaudited.

If we conclude that a modification to our opinion on the financial statements is necessary, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form, or have not formed, an opinion on the financial statements, we may withdraw from the audit before issuing an auditors' report or we may disclaim an opinion on the financial statements. If this occurs, we will communicate the reasons and provide you details of any misstatements identified during the audit.

Use and Distribution of our Report

The examination of the financial statements and the issuance of our audit opinion are solely for the use of the Club and those to whom our report is specifically addressed by us. We make no representations of any kind to any third party in respect of these financial statements and we accept no responsibility for their use by any third party.

We ask that our name be used only with our consent and that any information to which we have attached a communication be issued with that communication, unless otherwise agreed to by us.

Reproduction of Auditors' Report

If reproduction or publication of our audit report (or reference to our report) is planned in an annual report or other document, including electronic filings or posting of the report on a website, a copy of the entire document should be submitted to us in sufficient time for our review before the publication or posting process begins.

Management is responsible for the accurate reproduction of the financial statements, the auditors' report and other related information contained in an annual report or other public document (electronic or paper-based). This includes any incorporation by reference to either full or summarized financial statements that we have audited.

We are not required to read the information contained in your website, or to consider the consistency of other information in the electronic site with the original document.

Management's Responsibilities

- a) the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations;
- b) such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- c) providing us with:
 - i) unrestricted access to persons within the entity from whom we determine it is necessary to make inquiries;
 - ii) access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters; and
 - iii) additional information that we may request from management for the purpose of the audit.

As part of our audit process, we will request from management and, where appropriate, those charged with governance/oversight written confirmation concerning representations made to us in connection with the audit.

Preparation of Schedules

We understand that you or your employees will prepare certain schedules and locate specified documents for our use before our engagement is planned to commence.

This assistance will facilitate our work and will help to minimize our costs. Any failure to provide these working papers or documents on a timely basis may impede our services and require us to suspend our services or withdraw from the engagement.

Working Papers

The working papers, files, other materials, reports and work created, developed or performed by us during the course of the engagement are the property of our Firm, constitute confidential information and will be retained by us in accordance with our Firm's policies and procedures.

File Inspections

In accordance with professional regulations (and by Firm policy), our client files may periodically be reviewed by practice inspectors, the Canadian Public Accountability Board (CPAB) and by other file quality reviewers to ensure that we are adhering to professional and Firm standards. File reviewers are required to maintain confidentiality of client information.

Governing Legislation

This engagement letter is subject to, and governed by, the laws of the Province of Ontario. The Province of Ontario will have exclusive jurisdiction in relation to any claim, dispute or difference concerning this engagement letter and any matter arising from it. Each party irrevocably waives any right it may have to object to any action being brought in those courts, to claim that the action has been brought in an inappropriate forum or to claim that those courts do not have jurisdiction.

Indemnity

Your Club hereby agrees to indemnify, defend (by counsel retained and instructed by us), and hold harmless our Firm, and its partners, agents or employees, from and against any and all losses, costs (including solicitors' fees), damages, expenses, claims, demands or liabilities arising out of or in consequence of:

- a) The breach by your Club, or its directors, officers, agents, or employees, of any of the covenants made by your Club herein, including, without restricting the generality of the foregoing, the misuse of, or the unauthorized dissemination of, our engagement report or the financial statements in reference to which the engagement report is issued, or any other work product made available to you by our Firm.
- b) The services performed by us pursuant to this engagement, unless, and to the extent that, such losses, costs, damages and expenses are found by a court of competent jurisdiction to have been due to the negligence of our Firm. In the event that the matter is settled out of court, we will mutually agree on the extent of the indemnification to be provided by your Club.

Fees

Our professional fees will be based on our regular billing rates plus direct out-of-pocket expenses and applicable taxes and are due when rendered. Fees for any additional services will be established separately.

Termination

If we elect to terminate our services for nonpayment, or for any other reason provided for in this letter, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all of our out-of-pocket costs, through to the date of termination.

Costs of Responding to Government Inspection, etc.

In the event we are required to respond to a subpoena, court order, government agency, the Canadian Public Accountability Board (CPAB) or other legal process for the production of documents and/or testimony relative to information we obtained and/or prepared during the course of this engagement, you agree to compensate us at our normal hourly rates for the time we expend in connection with such response and to reimburse us for all of our out-of-pocket costs (including applicable taxes) incurred.

Other Services

In addition to the audit services referred to above, we will, as allowed by the Rules of Professional Conduct/Code of Ethics, prepare your federal and provincial income tax returns and other special reports as required. Management will provide the information necessary to complete these returns/reports and will file them with the appropriate authorities on a timely basis.

Use of Information

It is acknowledged that we will have access to all personal information in your custody that we require to complete our engagement. Our services are provided on the basis that:

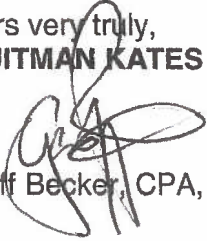
- a) you represent to us that management has obtained any required consents for collection, use and disclosure to us of personal information required under applicable privacy legislation; and
- b) we will hold all personal information in compliance with our Privacy Statement.

This engagement letter includes the relevant terms that will govern the engagement for which it has been prepared. The terms of this letter supersede any prior oral or written representations or commitments by or between the parties. Any material changes or additions to the terms set forth in this letter will only become effective if evidenced by a written amendment to this letter, signed by all of the parties.

If you have any questions about the contents of this letter, please raise them with us. If the services outlined are in accordance with your requirements and if the above terms are acceptable to you, please sign the copy of this letter in the space provided and return it to us.

We appreciate the opportunity of continuing to be of service to your Club.

Yours very truly,
FRUITMAN KATES LLP



Geoff Becker, CPA, CA

Acknowledged and agreed on behalf of Toronto Ultimate Club by:

Per: 
Paul Bukner, Executive Director



Date: JUNE 17, 2015

TORONTO ULTIMATE CLUB

Financial Statements

March 31, 2015

Draft - June 15, 2015

TORONTO ULTIMATE CLUB

Financial Statements
For the year ended March 31, 2015

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Draft - June 15, 2015

Independent Auditors' Report

To the Members of Toronto Ultimate Club

We have audited the accompanying financial statements of Toronto Ultimate Club, which comprise the statement of financial position as at March 31, 2015, and the statements of operations, 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 auditor's 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 Toronto Ultimate Club'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 Toronto Ultimate Club'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 qualified audit opinion.

Independent Auditors' Report, continued

Basis for Qualified Opinion

Toronto Ultimate Club, in common with many not-for-profit organizations, derives revenue from various sources, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of revenues was limited to the amounts recorded in the records of Toronto Ultimate Club and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenditures, assets and net assets.

Qualified Opinion

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of Toronto Ultimate Club as at March 31, 2015, 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.

Other Matter

The comparative figures for the year ended March 31, 2014 are unaudited.

Toronto, Canada
XXXXX


Chartered Accountants
Licensed Public Accountants


Toronto Ultimate Club

Statement of Financial Position As at March 31, 2015

	GENERAL FUND 2015	FIELD FUND 2015	TOTAL 2015	TOTAL 2014 (unaudited)
Assets				
Current				
Cash and cash equivalents (Note 2)	\$ 197,018	\$ 919,249	\$ 1,116,267	\$ 313,928
Accounts receivable	27,182	-	27,182	34,764
Government remittances receivable	730	-	730	-
Interfund advances	103,579	(103,579)	-	-
Prepaid expenses and sundry assets	22,485	-	22,485	20,412
Current portion of loans receivable	-	-	-	116,667
	350,994	815,670	1,166,664	485,771
Long-term				
Loans receivable (Note 3)	-	-	-	656,666
	\$ 350,994	\$ 815,670	\$ 1,166,664	\$ 1,142,437
Liabilities and Net Assets				
Liabilities				
Current				
Accounts payable and accrued liabilities	\$ 50,593	\$ -	\$ 50,593	\$ 68,385
Government remittances payable	-	-	-	13,660
Deferred revenue (Note 4)	104,803	-	104,803	118,733
	155,396	-	155,396	200,778
Commitment (note 5)				
Net Assets	195,598	815,670	1,011,268	941,659
	\$ 350,994	\$ 815,670	\$ 1,166,664	\$ 1,142,437

Approved on behalf of the board


 _____ Director


 _____ Director

See accompanying notes to the financials statements

Toronto Ultimate Club

Statement of Operations For the year ended March 31, 2015

	GENERAL FUND 2015	FIELD FUND 2015	TOTAL 2015	TOTAL 2014 (Unaudited)
Revenue				
League fees	\$ 630,986	\$ -	\$ 630,986	\$ 587,362
Membership dues	131,327	-	131,327	144,261
Field fund contributions	-	46,760	46,760	49,800
Interest and other income	18,538	17,787	36,325	49,583
Tournament fees	26,882	-	26,882	19,735
Special events	-	-	-	564,420
	807,733	64,547	872,280	1,415,161
Expenditures				
Field expenses	467,622	-	467,622	473,368
Salaries and benefits	94,655	-	94,655	-
Consulting fees	62,868	-	62,868	137,431
Office and general	42,410	-	42,410	43,217
Tournament expenses	34,256	-	34,256	40,242
Credit card charges and fees	24,441	-	24,441	22,161
Supplies	21,425	-	21,425	16,517
Internet administration	12,923	-	12,923	3,160
Occupancy costs	12,100	-	12,100	13,537
Advertising and promotion	8,006	-	8,006	4,140
Meals and entertainment	6,643	-	6,643	5,800
Insurance	6,204	-	6,204	8,005
Professional fees	5,680	-	5,680	6,074
Publications	1,586	-	1,586	1,534
Sponsorships	1,298	-	1,298	2,051
Interest and bank charges	554	-	554	713
Special events	-	-	-	554,792
	802,671	-	802,671	1,332,742
Excess of revenue over expenditures	\$ 5,062	\$ 64,547	\$ 69,609	\$ 82,419

Toronto Ultimate Club

Statement of Changes in Net Assets For the year ended March 31, 2015

	GENERAL FUND 2015	FIELD FUND 2015	TOTAL 2015	TOTAL 2014 (Unaudited)
Balance, beginning of year	\$ 190,536	\$ 751,123	\$ 941,659	\$ 859,240
Excess of revenue over expenditures	5,062	64,547	69,609	82,419
Balance, end of year	\$ 195,598	\$ 815,670	\$ 1,011,268	\$ 941,659

Draft - June 15, 2015

Toronto Ultimate Club

Statement of Cash Flows For the year ended March 31, 2015

	TOTAL 2015	TOTAL 2014 (unaudited)
Cash flows from (used in):		
Operating activities		
Excess of revenue over expenditures	\$ 69,609	\$ 82,419
Change in non-cash working capital items		
Accounts receivable	7,582	213,558
Prepaid expenses and sundry assets	(2,073)	129,663
Accounts payable and accrued liabilities	(17,792)	(87,744)
Government remittances	(14,390)	(5,656)
Deferred revenue	(13,930)	(211,729)
	29,006	120,511
Investing activities		
Loans receivable	773,333	(73,333)
Increase in cash and cash equivalents	802,339	47,178
Cash and cash equivalents, beginning of year	313,928	266,750
Cash and cash equivalents, end of year	\$ 1,116,267	\$ 313,928

Toronto Ultimate Club

Notes to Financial Statements
For the year ended March 31, 2015

General

Toronto Ultimate Club (the "Club") was established in 1995 for the purpose of operating an ultimate disc sport club that promotes the sport and arranges competitions through leagues and tournaments.

Pursuant to the Income Tax Act (Canada), the Club is classified as a not-for-profit organization and therefore, is not subject to income tax.

1. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

(a) Fund accounting

The Club follows the restricted fund method of accounting for contributions to the field fund.

i) General Fund

This is an unrestricted fund, which accounts for the Club's general operating activities related to league fees, membership, tournaments, merchandise and administrative activities.

ii) Field Fund

This is an internally restricted fund, which represents a portion of membership contributions, which have been reserved to acquire, develop, maintain, improve and otherwise support the Club's ability to obtain playing fields. The Field Fund is not available for any other purpose without approval of the Board of Directors.

(b) Revenue recognition

League and tournament fees are recognized as revenue over the applicable season provided the fees have been received or collection is reasonably assured. Membership dues are recognized as revenue over the membership year. League fees and membership dues received in advance of the fiscal period to which they relate are recorded as deferred revenue.

Field fund contributions are recognized as revenue when they are received.

Interest income is recognized over the term of the respective investments using the effective interest method.

Toronto Ultimate Club

Notes to Financial Statements
For the year ended March 31, 2015

1. Significant accounting policies, continued

(c) Contributed services

Volunteers contribute their time to the ongoing programs of the Club. Because of the difficulty of determining their fair value, volunteer time is not recognized in the financial statements. Contributed materials and services, other than volunteer time, are recognized in the financial statements when a fair value can be reasonably estimated.

(d) Financial instruments

Measurement of financial instruments

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

Financial assets recorded at amortized cost include cash and cash equivalents and accounts receivable.

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

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

(e) Use of estimates

The preparation of financial statements in conformity 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 and disclosure of contingent assets and liabilities at the statement of financial position date and the reported amounts of revenues and expenditures during the year. Actual results could differ from those estimates.

2. Cash equivalents

Cash equivalents are comprised of guaranteed investment certificates with short-term maturities.

Toronto Ultimate Club

Notes to Financial Statements
For the year ended March 31, 2015

3. Loans receivable

The loans bear interest at rates ranging from 3% to 4.5% per annum and are repayable over a six year period commencing in 2013. During the year, the Club accepted early repayment of the loans.

4. Deferred revenue

	2015	2014
Opening balance	\$ 118,733	\$ 330,461
Received during the year	775,265	539,630
Recognized during the year as revenue	(789,195)	(751,358)
Ending balance	\$ 104,803	\$ 118,733

5. Commitment

The Club is committed to an operating lease for its premises, which expires in November, 2018.

The approximate future minimum annual lease payments are as follows:

2016	\$ 12,400
2017	12,700
2018	13,000
2019	8,800
	\$ 46,900

6. Financial instruments

It is management's opinion that the Club is not exposed to any significant liquidity, credit, interest and or market risks.

7. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

June 15, 2015

Paul Buksner, Executive Director

Toronto Ultimate Club

1 Parkmount Road

Toronto, ON

M4V 4J3

Dear Mr. Buksner:

We have recently completed our audit of the financial statements of the Toronto Ultimate Club ("the Club") for the year ended March 31, 2015. As part of our examination, we have prepared a management letter outlining various opportunities for improving the Club's financial reporting and internal controls.

"Internal control" consists of policies and procedures established and maintained by the Club to assist in achieving its objectives and efficient conduct of the business. Effective internal controls help aid in safeguarding assets, optimizing the use of resources and preventing and detecting errors and omissions.

Please note, our examination of the financial statements would not necessarily disclose all weaknesses in the systems of internal accounting control since our audits are based upon selective tests of accounting records and related data.

We would like to thank the Club's staff for their exceptional efforts in helping us complete the audit. Please feel free to contact us should you wish to discuss any of our findings or recommendations.

Yours truly,

FRUITMAN KATES LLP



Geoff Becker, CPA, CA

Closing of prior periods

During the course of the audit and through discussions with management, we identified that prior accounting periods are not being closed in Quickbooks. Leaving the books open allows individuals to record entries to a prior period that has already been reviewed and approved by the Board of Directors.

If entries are posted to a previous fiscal year, they will not be included in interim reports that are provided to the Board of Directors for review; this may result in decisions being made based on incomplete information.

In addition entries to prior periods add significant time and effort to the preparation of the year-end financial statements as these amounts need to be individually reconciled.

Recommendation

Once year-end financial statements are reviewed and approved by the Board of Directors and the agreed upon adjustments have been recorded, the books should be closed for that period to prevent back dating of journal entries.

We have discussed this issue with management and have been notified that this issue has been resolved going forward.

Segregation of Field Fund balances

Currently, cash related to the field fund is not being maintained in a separate bank account. This makes it difficult to ensure field funds are not being utilized for operational purposes.

Recommendation

Field funds received should be deposited directly into a separate bank account, which is specifically maintained for this fund. Any expenditures related to the field fund should be paid exclusively from this account. This will ensure cash segregated for this purpose is not co-mingled with other accounts. Any portion of the field fund that is to be invested should be clearly identified as field fund investments.

Collection of league, tournament and membership payments

During the course of the audit and through discussions with management, we identified an issue with allowing registrants to defer payments. All registration activity is maintained in the Zulu system. When somebody registers on Zulu, they are given the option to pay immediately or defer payment to a later date. For those registrants that choose to pay immediately, their payment is tracked in Zulu. Payments from registrants that choose to defer payment to a later date are not. This makes it difficult to

track payments that are still owing. In addition, this adds to the complexity of reconciling payments to the Zulu system and creates cash flow risk with respect to payments not received.

Recommendation

To simplify the process and minimize cash flow risk, we recommend not allowing registrants to defer payment to a later date; all members should be required to make payment when registering on Zulu. This is especially important as the Club often pays costs up front for events based on the number of registrants.

HST reporting issues

In conducting our audit testing, we identified some issues with respect to HST reporting as follows:

- Revenue being reported on the HST returns does not reconcile to the revenue reported in the general ledger
- There were instances HST paid on expenses was not identified or claimed on the HST returns
- Prior year over payments and other HST receivables are not being reported and or claimed

Recommendation

Management should review the importance of accurate HST reporting with those responsible for recording these amounts. Management should ensure that procedures are in place to ensure accurate reporting of HST to the Canada Revenue Agency and that the club is in compliance with their HST obligations. Any outstanding issues with respect to HST reporting should be addressed and resolved as soon as possible. Any prior period HST receivables need to be addressed before the applicable period becomes statute barred and the Club is unable to claim the amount.

Inventory controls

During the audit, it was evident that a proper inventory count was not conducted at year end. In addition, inventory sold during the year is not being appropriately tracked in a cost of sales account. It is important to maintain appropriate controls, tracking and record keeping of inventory in order to produce accurate financial reporting and prevent the misappropriation of assets.

Recommendation

We recommend the following with respect to inventory:

- A proper inventory count be conducted at year end and compared to the expected quantities
- Inventory purchases should be recorded in Quickbooks and tracked by item
- Inventory sold or given away should be tracked via Quickbooks and recorded to an appropriate cost of sales account(s)

Approved on behalf of the board



Director



Director