

RUSSELL SOCCER CLUB
Financial Statements
Year Ended September 30, 2017

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Year Ended September 30, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Members of Russell Soccer Club

We have audited the accompanying financial statements of Russell Soccer Club, which comprise the statement of financial position as at September 30, 2017 and the statements of operations - general fund, changes in net assets and cash flow 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.

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.

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 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 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.

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Independent Auditor's Report to the Members of Russell Soccer Club *(continued)*

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Russell Soccer Club as at September 30, 2017 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Collins Barrow WCM LLP

Winchester, Ontario
February 27, 2018

Chartered Professional Accountants, Licensed Public Accountants

RUSSELL SOCCER CLUB
Statement of Financial Position
September 30, 2017

	2017	2016
ASSETS		
CURRENT		
Cash	\$ 24,379	\$ 35,701
Cash - internally restricted	1,516	16,880
Guaranteed investment certificates <i>(Note 4)</i>	11,342	11,272
Guaranteed investment certificates - internally restricted <i>(Note 4)</i>	99,324	70,804
Accounts receivable	6,259	12,874
Prepays	3,536	5,327
	146,356	152,858
CAPITAL ASSETS <i>(Note 5)</i>	198,849	213,961
	\$ 345,205	\$ 366,819
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 11,519	\$ 16,758
Deferred income <i>(Note 6)</i>	5,575	10,656
	17,094	27,414
NET ASSETS		
General fund	227,271	251,721
Internally restricted fund	100,840	87,684
	328,111	339,405
	\$ 345,205	\$ 366,819

ON BEHALF OF THE BOARD

The accompanying notes are an integral part of these financial statements.

RUSSELL SOCCER CLUB
Statement of Changes in Net Assets
Year Ended September 30, 2017

	General Fund	Restricted Fund	2017	2016
NET ASSETS - BEGINNING OF YEAR	\$ 251,721	\$ 87,684	\$ 339,405	\$ 340,417
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(24,450)	13,156	(11,294)	(1,012)
NET ASSETS - END OF YEAR	\$ 227,271	\$ 100,840	\$ 328,111	\$ 339,405

The accompanying notes are an integral part of these financial statements.

RUSSELL SOCCER CLUB
Statement of Operations - General Fund
Year Ended September 30, 2017

	2017	2016
REVENUE		
Registration	\$ 164,608	\$ 188,895
Clinics and workshops	2,674	2,830
Grants and subsidies	-	500
Maintenance services	10,500	10,590
Sponsorships	4,367	4,367
Tournaments	10,295	15,435
Interest income	70	77
Other	185	1,188
	<u>192,699</u>	<u>223,882</u>
EXPENSES		
Amortization	15,112	14,895
Association fees	29,090	32,105
Bad debts	230	1,605
Clinics and workshops	4,795	4,275
Contract labour	11,991	15,108
Credit card fees	5,573	4,043
Field maintenance	37,908	43,571
Insurance	3,102	3,141
Interest and bank charges	345	335
Medals and awards - house league	2,054	3,293
Miscellaneous	6,113	430
Office	2,632	2,702
Online registration	4,333	3,371
Professional fees	7,232	7,006
Promotional items and supplies - house league	13,118	9,205
Promotional items and supplies - representative league	6,215	5,587
Referees	26,247	29,590
Telephone	1,938	2,735
Tournament expenses	8,171	14,199
Uniforms - house league	16,210	36,557
Uniforms - representative league	13,056	7,693
Dome fees	1,684	1,153
	<u>217,149</u>	<u>242,599</u>
DEFICIENCY OF REVENUE OVER EXPENSES FROM OPERATIONS	(24,450)	(18,717)
STATEMENT OF OPERATIONS - INTERNALLY RESTRICTED FUND	<u>13,156</u>	<u>17,705</u>
DEFICIENCY OF REVENUE OVER EXPENSES FOR THE YEAR	\$ (11,294)	\$ (1,012)

The accompanying notes are an integral part of these financial statements.

RUSSELL SOCCER CLUB
Statement of Operations - Internally Restricted Fund
Year Ended September 30

	2017	2016
INTERNALLY RESTRICTED FUND REVENUE		
Fundraising revenue	\$ 2,979	\$ 10,581
Registration surcharges and sponsorships	10,710	12,300
Grants	-	150
Interest income	930	428
	14,619	23,459
INTERNALLY RESTRICTED FUND EXPENSES		
Fundraising expenses	1,463	5,754
	1,463	5,754
EXCESS OF INTERNALLY RESTRICTED FUND REVENUE OVER INTERNALLY RESTRICTED FUND EXPENSES	\$ 13,156	\$ 17,705

The accompanying notes are an integral part of these financial statements.

RUSSELL SOCCER CLUB
Statement of Cash Flow
Year Ended September 30, 2017

	2017	2016
OPERATING ACTIVITIES		
Cash receipts from customers	\$ 207,623	\$ 248,669
Cash paid to suppliers and employees	(206,373)	(233,231)
Interest received	1,000	505
Interest paid	(346)	(337)
	<u>1,904</u>	<u>15,606</u>
Cash flow from operating activities		
INVESTING ACTIVITIES		
Purchase of capital assets	-	(13,590)
Guaranteed investment certificates	(70)	(11,272)
Guaranteed investment certificates - internally restricted	(28,520)	(54,149)
	<u>(28,590)</u>	<u>(79,011)</u>
Cash flow used by investing activities		
DECREASE IN CASH FLOW	(26,686)	(63,405)
CASH - BEGINNING OF YEAR	52,581	115,986
CASH - END OF YEAR	\$ 25,895	\$ 52,581
CASH CONSISTS OF:		
Cash	\$ 24,379	\$ 35,701
Cash - internally restricted	1,516	16,880
	<u>\$ 25,895</u>	<u>\$ 52,581</u>

The accompanying notes are an integral part of these financial statements.

RUSSELL SOCCER CLUB
Notes to Financial Statements
Year Ended September 30, 2017

1. NATURE OF ORGANIZATION

The purpose of the club is to promote and develop the game of soccer for the benefit of the residents of the Township of Russell, while fostering fair play and sportsmanship. The general membership consists of registered players, coaches, game officials, administrators and named social members. The governing body is a board of directors elected (and appointed) from the membership. The Russell Soccer Club was incorporated under the Ontario Corporations Act without share capital on September 10, 2003. For Canadian income tax purposes, the club qualifies as a not-for-profit organization, which is exempt from income tax.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Financial Instruments Policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets are amortized over their estimated useful lives on a declining balance basis at the following rates and methods:

Soccer fields	25 years
Equipment	20%
Computer	30%

The organization regularly reviews its capital assets to eliminate obsolete items. Government grants are treated as a reduction of capital assets cost.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Government Assistance

Government assistance for acquiring fixed assets is recorded as a reduction of the cost of related assets.

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RUSSELL SOCCER CLUB
Notes to Financial Statements
Year Ended September 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

The organization recognizes revenues when they are earned, specifically when all the following conditions are met:

- (a) Revenue is recognized from registrations and sponsorships over the term of the soccer season
- (b) Revenue from tournaments, clinics and workshops, and maintenance services is recorded at the time the service is rendered in the normal course of business

Contributed services

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

Fund Accounting

The General Fund reports revenues and expenses related to the day to day operation and administration of the organization.

Internally Restricted Fund

The organization has established an internally restricted fund for financing future new and existing field development. Only major repairs, replacements and acquisitions are charged directly to this fund

Minor repairs and replacement are charged to field maintenance expense in the general fund

The organization segregates monies for the purpose of financing future charges into a Internally Restricted Fund for use only to finance such charges. Interest earned on these internally restricted funds is credited directly to the fund.

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 amount of assets and liabilities at the date of the financial statements. Such estimates include providing for an allowance for doubtful accounts, amortization period for capital and year end accruals. Actual results could differ from these estimates.

3. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of September 30, 2017.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from customers. In order to reduce its credit risk, the organization reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The organization has a significant number of customers which minimizes concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources and accounts payable.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The organization is mainly exposed to interest rate risk.

Interest rate risk

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

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant other price risks arising from these financial instruments.

4. GUARANTEED INVESTMENT CERTIFICATES

Guaranteed investment certificates (GICs) are held at a chartered bank. There are five individual GICs that earn interest at rates between 0.61% and 1.36%. The GICs mature between November 7, 2017 and September 14, 2018.

RUSSELL SOCCER CLUB
Notes to Financial Statements
Year Ended September 30, 2017

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Soccer fields	\$ 230,864	\$ 55,407	\$ 175,457	\$ 184,691
Equipment	49,090	25,863	23,227	29,034
Computer	1,156	991	165	236
	<u>\$ 281,110</u>	<u>\$ 82,261</u>	<u>\$ 198,849</u>	<u>\$ 213,961</u>

6. DEFERRED INCOME

Deferred income relates to registration fees received in advance of the season starting. In the current year, Russell Soccer Club received \$4,840 in registration for the Youth futsal 2017-2018 season. Subsequent to year end, the season was cancelled. Registration fees can either be refunded or used as credit towards future registration. At this time, management is not able to estimate what amount will be refunded and what amount will be deferred for future use. As such, the entire balance has been classified as deferred income and will be adjusted in the period that the funds are refunded or used for registration.

7. DUE TO DIRECTORS

Included in accounts payable are amounts due to directors of \$421. Transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed upon.
