

RUSSELL SOCCER CLUB
Financial Statements
Year Ended September 30, 2020

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Year Ended September 30, 2020

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Baker Tilly REO LLP

475 Main Street, PO Box 390
Winchester, ON
Canada K0C 2K0

D: +1 613.774.2854

F: +1 613.774.2586

winchester@bakertilly.ca

www.bakertilly.ca

INDEPENDENT AUDITOR'S REPORT

To the Members of Russell Soccer Club

Opinion

We have audited the financial statements of Russell Soccer Club (the Organization), which comprise the statement of financial position as at September 30, 2020, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at September 30, 2020, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- | Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- | Obtain an understanding of internal control relevant to the audit 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.
- | Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- | Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- | Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Baker Tilly REO LLP

Winchester, Ontario
March 7, 2021

Chartered Professional Accountants, Licensed Public Accountants

RUSSELL SOCCER CLUB
Statement of Financial Position
September 30, 2020

	2020	2019
ASSETS		
CURRENT		
Cash	\$ 12,183	\$ 87,215
Cash - internally restricted	-	48,989
Guaranteed investment certificates - internally restricted (Note 4)	87,617	37,739
Accounts receivable	8,178	8,523
Prepays	16,632	3,588
	124,610	186,054
CAPITAL ASSETS (Note 5)	159,702	171,933
DEPOSIT ON CAPITAL ASSETS	37,500	37,500
	\$ 321,812	\$ 395,487
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 4,288	\$ 10,670
Deferred income (Note 6)	9,697	46,880
	13,985	57,550
NET ASSETS		
General fund	220,210	251,209
Internally restricted fund	87,617	86,728
	307,827	337,937
	\$ 321,812	\$ 395,487

ON BEHALF OF THE BOARD

See notes to financial statements

RUSSELL SOCCER CLUB
Statement of Changes in Net Assets
Year Ended September 30, 2020

	General Fund	Internally Restricted Fund	2020	2019
NET ASSETS - BEGINNING OF YEAR	\$ 251,209	\$ 86,728	\$ 337,937	\$ 326,840
DEFICIENCY OF REVENUES OVER EXPENSES	(30,999)	889	(30,110)	11,097
NET ASSETS - END OF YEAR	\$ 220,210	\$ 87,617	\$ 307,827	\$ 337,937

See notes to financial statements

RUSSELL SOCCER CLUB
Statement of Operations
Year Ended September 30, 2020

	2020	2019
REVENUES		
Registration	\$ 53,920	\$ 187,371
Maintenance services	10,210	11,640
Clinics and workshops	800	5,720
Sponsorships	404	5,667
Other	295	180
Interest income	2	15
	<u>65,631</u>	<u>210,593</u>
EXPENSES		
Amortization	12,232	12,986
Association fees	5,068	32,432
Bad debts (recovery)	1,258	(563)
Clinics and workshops	1,425	7,213
Contract labour	13,121	18,448
Credit card fees	5,233	7,678
Dome fees	32,036	28,785
Field maintenance	7,920	21,493
Insurance	3,048	3,229
Interest and bank charges	180	280
Medals and awards - house league	-	2,235
Miscellaneous	-	2,317
Office	1,753	3,658
Online registration	4,827	4,237
Professional fees	3,000	7,345
Promotional items and supplies - house league	183	2,662
Promotional items and supplies - representative league	1,274	4,830
Referees	1,786	27,349
Telephone	1,754	1,788
Uniforms - house league	-	15,736
Uniforms - representative league	-	6,304
Uniforms - indoor	532	991
	<u>96,630</u>	<u>211,433</u>
DEFICIENCY OF REVENUES OVER EXPENSES FROM OPERATIONS	(30,999)	(840)
STATEMENT OF OPERATIONS - INTERNALLY RESTRICTED FUND	889	11,937
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FOR THE YEAR	\$ (30,110)	\$ 11,097

See notes to financial statements

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

	2020	2019
INTERNALLY RESTRICTED FUND REVENUE		
Fundraising revenue	\$ -	\$ 2,222
Registration surcharges	-	10,500
Interest income	<u>889</u>	<u>455</u>
	889	13,177
INTERNALLY RESTRICTED FUND EXPENSES		
Fundraising expenses	<u>-</u>	<u>1,240</u>
EXCESS OF INTERNALLY RESTRICTED FUND REVENUE OVER INTERNALLY RESTRICTED FUND EXPENSES		
	\$ 889	\$ 11,937

See notes to financial statements

RUSSELL SOCCER CLUB
Statement of Cash Flows
Year Ended September 30, 2020

	2020	2019
OPERATING ACTIVITIES		
Cash receipts from customers	\$ 27,533	\$ 246,371
Cash paid to suppliers and employees	(102,384)	(203,487)
Interest received	891	470
Interest paid	(183)	(285)
Cash flow from (used by) operating activities	(74,143)	43,069
INVESTING ACTIVITIES		
Deposit paid on capital assets	-	(37,500)
Purchase of guaranteed investment certificates - internally restricted	(49,878)	(37,739)
Sale of guaranteed investment certificates	-	11,438
Cash flow used by investing activities	(49,878)	(63,801)
DECREASE IN CASH FLOW	(124,021)	(20,732)
CASH - BEGINNING OF YEAR	136,204	156,936
CASH - END OF YEAR	\$ 12,183	\$ 136,204
CASH CONSISTS OF:		
Cash	\$ 12,183	\$ 87,215
Cash - internally restricted	-	48,989
	\$ 12,183	\$ 136,204

See notes to financial statements

RUSSELL SOCCER CLUB
Notes to Financial Statements
Year Ended September 30, 2020

1. NATURE OF ORGANIZATION

Russell Soccer Club (the "organization") is a not-for-profit organization incorporated provincially under the Not-for-profit Corporations Act of Ontario. For Canadian income tax purposes the club qualifies as a not-for-profit organization which is exempt from income tax.

The purpose of the organization 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.

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).

Cash and cash equivalents

Cash includes unrestricted and restricted cash and cash equivalents. Cash equivalents are investments in guaranteed investment certificates and are valued at cost plus accrued interest. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than ninety days.

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.

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RUSSELL SOCCER CLUB
Notes to Financial Statements
Year Ended September 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

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

Soccer fields	25 years	straight-line method
Equipment	20%	declining balance method
Computer	30%	declining balance method

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 capital assets is recorded as a reduction of the cost of related assets.

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; and
- (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.

(continues)

RUSSELL SOCCER CLUB
Notes to Financial Statements
Year Ended September 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Fund Accounting

Russell Soccer Club follows the deferral method of accounting for contributions.

Revenues and expenses related to program delivery and administrative activities are reported in the general 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 replacements are charged to field maintenance expense in the general fund. Interest earned on the 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 assets, and year end accruals. Actual results could differ from these estimates.

RUSSELL SOCCER CLUB
Notes to Financial Statements
Year Ended September 30, 2020

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, 2020.

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.

4. GUARANTEED INVESTMENT CERTIFICATES

Guaranteed investment certificates (GICs) are held at a chartered bank. At year end there is one individual GIC that earns interest at 1.04% and matures October 2, 2020 and there is one individual GIC that earns interest at 0.35% and matures September 14, 2021.

RUSSELL SOCCER CLUB
Notes to Financial Statements
Year Ended September 30, 2020

5. CAPITAL ASSETS

		Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Soccer fields	\$	230,864	\$ 83,111	\$ 147,753	\$ 156,987
Equipment		49,090	37,198	11,892	14,865
Computer		1,156	1,099	57	81
	\$	281,110	\$ 121,408	\$ 159,702	\$ 171,933

6. DEFERRED INCOME

Deferred income relates to registration fees (\$5,147) and sponsorships (\$4,550) for summer 2021. There is no deferred income for the upcoming winter season (2019 - \$46,880).

7. COMMITMENTS

The organization has committed \$37,500 to a local school to assist in the development of soccer fields which will be paid for from internally restricted funds.

8. SUBSEQUENT EVENTS

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

As at March 07, 2021, the organization is aware of changes in its operations as a result of the COVID-19 crisis, including the cancellation of fall and winter programming.

Management is uncertain of the effects of these changes on its financial statements and believes that any disturbance may be temporary; however, there is uncertainty about the length and potential impact of the disturbance.

As a result, we are unable to estimate the potential impact on the organization's operations as at the date of these financial statements.
