

**RUSSELL SOCCER CLUB**  
**Financial Statements**  
**Year Ended September 30, 2023**

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**RUSSELL SOCCER CLUB**  
**Index to Financial Statements**  
**Year Ended September 30, 2023**

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**INDEPENDENT AUDITOR'S REPORT**

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To the Members of Russell Soccer Club

*Qualified Opinion*

We have audited the financial statements of Russell Soccer Club (the organization), which comprise the statement of financial position as at September 30, 2023, 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, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at September 30, 2023, 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 Qualified Opinion*

In common with many not-for-profit organizations, the organization derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended September 30, 2023, current assets and net assets as at September 30, 2023. Our audit opinion on the financial statements for the year ended September 30, 2022 was modified accordingly because of the possible effects of this limitation of scope.

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 qualified audit 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.

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

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.

*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:

- 1 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.
- 1 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.
- 1 Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 1 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.
- 1 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.

*(continues)*

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

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  
September 26, 2024

Chartered Professional Accountants, Licensed Public Accountants

**RUSSELL SOCCER CLUB**  
**Statement of Financial Position**  
**September 30, 2023**

	<b>2023</b>	<i>2022</i> <i>Restated</i>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 192,015	\$ 76,156
Guaranteed investment certificates (Note 4)	52,566	54,125
Guaranteed investment certificates - internally restricted (Note 4)	93,080	76,998
Accounts receivable	1,032	14,197
Prepays	2,728	2,953
	341,421	224,429
<b>CAPITAL ASSETS (Notes 5, 9)</b>	<b>234,061</b>	<b>249,237</b>
	<b>\$ 575,482</b>	<b>\$ 473,666</b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 23,418	\$ 35,189
Deferred income (Note 6)	3,813	-
	27,231	35,189
<b>DEFERRED CAPITAL CONTRIBUTIONS (Notes 7, 9)</b>	<b>41,114</b>	<b>44,590</b>
	<b>68,345</b>	<b>79,779</b>
<b>NET ASSETS</b>		
General fund	414,057	316,889
Internally restricted fund	93,080	76,998
	507,137	393,887
	<b>\$ 575,482</b>	<b>\$ 473,666</b>

**ON BEHALF OF THE BOARD**

\_\_\_\_\_ Director

\_\_\_\_\_ Director

The accompanying notes are an integral part of these financial statements

**RUSSELL SOCCER CLUB**  
**Statement of Changes in Net Assets**  
**Year Ended September 30, 2023**

	General Fund	Restricted Fund	<b>2023</b>	2022 <i>Restated</i>
<b>NET ASSETS - BEGINNING OF YEAR</b>				
As previously reported	\$ 278,055	\$ 76,998	\$ <b>355,053</b>	\$ 352,335
Prior period adjustment ( <i>Note 9</i> )	38,834	-	<b>38,834</b>	38,834
As restated	316,889	76,998	<b>393,887</b>	391,169
<b>EXCESS OF REVENUE OVER EXPENSES</b>	93,804	19,446	<b>113,250</b>	2,718
<b>USE OF INTERNALLY RESTRICTED FUNDS FOR PURCHASE OF CAPITAL ASSETS</b>	3,364	(3,364)	-	-
<b>NET ASSETS - END OF YEAR</b>	\$ 414,057	\$ 93,080	\$ <b>507,137</b>	\$ 393,887

The accompanying notes are an integral part of these financial statements

**RUSSELL SOCCER CLUB**  
**Statement of Operations**  
**Year Ended September 30, 2023**

	2023	2022 <i>Restated</i>
<b>REVENUE</b>		
Registration <i>(Note 8)</i>	\$ 314,217	\$ 225,213
Clinics and workshops	21,695	-
Sponsorships	13,050	3,000
Fundraising	6,010	8,685
Amortization of deferred capital contributions <i>(Note 7)</i>	3,476	3,476
Maintenance services	3,300	13,350
Interest	1,981	-
Grants	-	2,010
Other	-	69
	<u>363,729</u>	<u>255,803</u>
<b>EXPENSES</b>		
Amortization	19,389	18,294
Association fees	45,213	47,724
Bad debts	2,550	765
Clinics and workshops	10,667	982
Contract labour	680	1,156
Dome fees	-	43,182
Donations	1,000	-
Field maintenance <i>(Note 8)</i>	61,732	45,139
Fundraising expenses	3,002	2,149
Insurance	2,659	3,344
Interest and bank charges	11,880	6,143
Office	13,619	8,414
Online registration	1,938	3,701
Professional fees	12,434	10,662
Promotional items and supplies - house league	19,578	4,646
Promotional items and supplies - representative league	371	3,278
Referees <i>(Note 8)</i>	26,903	23,513
Telephone	1,484	225
Uniforms - house league	31,968	4,999
Uniforms - indoor	1,307	-
Uniforms - representative league	1,551	41,682
	<u>269,925</u>	<u>269,998</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FROM OPERATIONS</b>	<b>93,804</b>	<b>(14,195)</b>
<b>STATEMENT OF OPERATIONS - INTERNALLY RESTRICTED FUND</b> <i>(Schedule 1)</i>	<b>19,446</b>	<b>16,913</b>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>\$ 113,250</b>	<b>\$ 2,718</b>

The accompanying notes are an integral part of these financial statements



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**RUSSELL SOCCER CLUB**  
**Statement of Operations - Internally Restricted Fund**  
**Year Ended September 30, 2023**

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	2023	2022
<b>INTERNALLY RESTRICTED FUND REVENUE</b>		
Registration surcharges	\$ 18,090	\$ 15,940
Interest income	1,356	973
	<hr/>	<hr/>
	<b>\$ 19,446</b>	<b>\$ 16,913</b>

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The accompanying notes are an integral part of these financial statements

**RUSSELL SOCCER CLUB**  
**Statement of Cash Flows**  
**Year Ended September 30, 2023**

	<b>2023</b>	<b>2022</b>
<b>OPERATING ACTIVITIES</b>		
Cash receipts from customers	\$ 394,266	\$ 290,050
Cash paid to suppliers and employees	(247,650)	(217,785)
Interest received	3,337	972
Interest paid	(11,880)	(6,142)
Amortization of deferred capital contributions	(3,476)	(3,476)
Cash flow from operating activities	<b>134,597</b>	63,619
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	(4,214)	(24,653)
Sale of guaranteed investment certificates	132,433	10,648
Purchase of guaranteed investment certificates	(146,957)	(131,128)
Cash flow used by investing activities	<b>(18,738)</b>	(145,133)
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>115,859</b>	(81,514)
<b>CASH - BEGINNING OF YEAR</b>	<b>76,156</b>	157,670
<b>CASH - END OF YEAR</b>	<b>\$ 192,015</b>	\$ 76,156

The accompanying notes are an integral part of these financial statements

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**RUSSELL SOCCER CLUB**  
**Notes to Financial Statements**  
**Year Ended September 30, 2023**

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**1. NATURE OF ORGANIZATION**

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

The organization operates 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.

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**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

*Initial measurement*

The organization initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the organization is in the capacity of management, are initially measured at cost.

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. If it does, the cost is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. Otherwise, the cost is determined using the consideration transferred or received by the organization in the transaction.

*Subsequent measurement*

The organization subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in income in the period incurred.

Financial assets measured at amortized cost using the straight-line method include cash, term deposits, trade and other receivables, except for accounts receivable from a organization under common control, and notes receivable.

*Transaction costs*

Transaction costs attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction are recognized in income in the period incurred. Transaction costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at cost or amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, transaction costs are recognized in income over the life of the instrument using the straight-line method.

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**RUSSELL SOCCER CLUB**  
**Notes to Financial Statements**  
**Year Ended September 30, 2023**

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

*Impairment*

For financial assets measured at cost or amortized cost, the organization determines whether there are indications of possible impairment. When there are, and the organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in income. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may be 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 income.

*Arm's Length Financial Instruments*

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.

*Related Party Financial Instruments*

The company initially measures its related party financial assets at fair value, cost or the exchange amount. The company subsequently measures related party financial assets quoted in an active market at fair value. All other related party financial assets are subsequently measured at cost or the exchange and tested for impairment at each reporting date. Related party financial assets and financial liabilities measured at the exchange amount are amounts due from/to related parties.

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.

Capital assets

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

Soccer fields	25 years	straight-line method
Fences	10%	declining balance method
Equipment	20%	declining balance method
Computer	30%	declining balance method

The organization regularly reviews its capital assets to eliminate obsolete items.

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

One half of the above rates are used in the year of acquisition.

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**RUSSELL SOCCER CLUB**  
**Notes to Financial Statements**  
**Year Ended September 30, 2023**

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

Government assistance

Government assistance for acquiring fixed assets and related to expenses is recorded as deferred government assistance and is amortized on the same basis and according to the same rates as the related fixed assets or to income as eligible expenditures are incurred. Government assistance for current expenses is recorded as a reduction of the related expenditures.

Revenue recognition

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

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from registrations and sponsorships is recognized over the term of the soccer season.

Revenue from tournaments, clinics and workshops, and maintenance services is recognized 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

Russell Soccer Club follows the restricted fund method of accounting for contributions.

The General Fund accounts for the organization's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The Restricted Fund reports the assets, liabilities, revenues and expenses related to Russell Soccer Club's 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.

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**RUSSELL SOCCER CLUB**  
**Notes to Financial Statements**  
**Year Ended September 30, 2023**

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**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, 2023.

**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 its accounts receivable balance at year end and restricts access to new services for customers who have not paid their balance for over a year. 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.

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**4. GUARANTEED INVESTMENT CERTIFICATES**

Guaranteed investment certificates (GICs) are held at a chartered bank. At year end there are two GIC's that earn interest at 4% and mature April 29, 2024 and May 31, 2024.

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**RUSSELL SOCCER CLUB**  
**Notes to Financial Statements**  
**Year Ended September 30, 2023**

**5. CAPITAL ASSETS**

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Soccer fields	\$ 317,764	\$ 117,767	\$ 199,997	\$ 212,708
Fences	7,560	1,096	6,464	7,182
Equipment	66,697	39,116	27,581	29,319
Computer	1,156	1,137	19	28
	<u>\$ 393,177</u>	<u>\$ 159,116</u>	<u>\$ 234,061</u>	<u>\$ 249,237</u>

**6. DEFERRED INCOME**

Deferred income relates to registration fees of \$3,813 (2022 - \$0) for the ongoing fall season.

**7. DEFERRED CAPITAL CONTRIBUTIONS**

Deferred capital contributions represent the unamortized portion of funding received for the purchase of tangible capital assets. The changes in the year in this balance are as follows:

	2023	2022
Balance, beginning of year	\$ 44,590	\$ 48,066
Contributions received	-	-
Amortization of deferred capital contributions	<u>(3,476)</u>	<u>(3,476)</u>
Balance, end of year	<u>\$ 41,114</u>	<u>\$ 44,590</u>

**8. RELATED PARTY TRANSACTIONS**

The organization has identified members of the Board of Directors who engage in transactions with the organization in the normal course of operations at fair market value rates. During the fiscal year ended September 30, 2023, eight board members or their dependents purchased soccer services provided by the organization totaling \$5,690. Five board members or their dependents also provided refereeing services for the organization totaling \$4,134. Additionally, one Board Member provides field maintenance services to the organization throughout the year at fair market value rates totaling \$49,512 for the fiscal year ended September 30, 2023.

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**RUSSELL SOCCER CLUB**  
**Notes to Financial Statements**  
**Year Ended September 30, 2023**

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**9. PRIOR PERIOD ADJUSTMENT**

During the year, it was determined that funding from Russell Township was considered contribution revenue under Section 4410 rather than government assistance under section 3800. As such, funding from Russell Township for the purchase of capital assets (Field of Dreams) must be deferred and amortized into income on the same basis as amortization expense.

The effect of the above noted items on previous year financial statement include: an increase in tangible capital assets of \$83,424, an increase in deferred capital contributions of \$44,590, a increase in net assets of \$38,834. Amortization of deferred capital contributions and amortization expense have each increased by \$3,476, however, this adjustment has no effect on excess of revenue over expenditures for the year.

This prior period adjustment has been treated retrospectively to October 1, 2022.

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**10. COMPARATIVE FIGURES**

Some of the comparative figures have been reclassified to conform to the current year's presentation.

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