

RUSSELL SOCCER CLUB
Financial Statements
Year Ended September 30, 2019

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Index to Financial Statements
Year Ended September 30, 2019

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Operations	5
Statement of Operations - Internally Restricted Fund (<i>Schedule 1</i>)	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 11

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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, 2019, 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, 2019, 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:

- 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.

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 9, 2020

Chartered Professional Accountants, Licensed Public Accountants

RUSSELL SOCCER CLUB
Statement of Financial Position
September 30, 2019

	2019	2018
ASSETS		
CURRENT		
Cash	\$ 87,215	\$ 44,645
Cash - internally restricted	48,989	112,291
Guaranteed investment certificates (Note 4)	-	11,438
Guaranteed investment certificates - internally restricted (Note 4)	37,739	-
Accounts receivable	8,523	7,423
Prepays	3,588	4,206
	186,054	180,003
CAPITAL ASSETS (Note 5)	171,933	184,920
DEPOSIT ON CAPITAL ASSETS	37,500	-
	\$ 395,487	\$ 364,923
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 10,670	\$ 14,811
Deferred income (Note 6)	46,880	23,272
	57,550	38,083
NET ASSETS		
General fund	251,209	214,549
Internally restricted fund	86,728	112,291
	337,937	326,840
	\$ 395,487	\$ 364,923

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, 2019

	General Fund	Internally Restricted Fund	2019	2018
NET ASSETS - BEGINNING OF YEAR	\$ 214,549	\$ 112,291	\$ 326,840	\$ 328,111
EXCESS OF REVENUE OVER EXPENSES	(840)	11,937	11,097	(1,271)
USE OF INTERNALLY RESTRICTED FUNDS FOR DEPOSIT ON CAPITAL ASSETS	37,500	(37,500)	-	-
NET ASSETS - END OF YEAR	\$ 251,209	\$ 86,728	\$ 337,937	\$ 326,840

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

RUSSELL SOCCER CLUB
Statement of Operations
Year Ended September 30, 2019

	2019	2018
REVENUE		
Registration	\$ 187,371	\$ 170,056
Maintenance services	11,640	12,690
Clinics and workshops	5,720	4,735
Sponsorships	5,667	4,367
Other	180	180
Interest income	15	96
	<u>210,593</u>	<u>192,124</u>
EXPENSES		
Amortization	12,986	13,929
Association fees	32,432	26,684
Bad debts (recovery)	(563)	995
Clinics and workshops	7,213	6,934
Contract labour	18,448	18,965
Credit card fees	7,678	8,412
Dome fees - representative league	28,785	2,017
Field maintenance	21,493	27,401
Insurance	3,229	3,128
Interest and bank charges	280	349
Medals and awards - house league	2,235	2,524
Miscellaneous	2,317	1,254
Office	3,658	3,913
Online registration	4,237	4,435
Professional fees	7,345	7,232
Promotional items and supplies - house league	2,662	14,445
Promotional items and supplies - representative league	5,821	8,153
Referees	27,349	25,058
Telephone	1,788	1,747
Tournament expenses	-	16
Uniforms - house league	15,736	15,080
Uniforms - representative league	6,304	12,175
	<u>211,433</u>	<u>204,846</u>
DEFICIENCY OF REVENUE OVER EXPENSES FROM OPERATIONS	(840)	(12,722)
STATEMENT OF OPERATIONS - INTERNALLY RESTRICTED FUND	11,937	11,451
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR	\$ 11,097	\$ (1,271)

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

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

	2019	2018
INTERNALLY RESTRICTED FUND REVENUE		
Fundraising revenue	\$ 2,222	\$ 3,155
Registration surcharges	10,500	10,480
Interest income	455	223
	<hr/> 13,177	13,858
INTERNALLY RESTRICTED FUND EXPENSES		
Fundraising expenses	1,240	2,407
	<hr/>	<hr/>
EXCESS OF INTERNALLY RESTRICTED FUND REVENUE OVER INTERNALLY RESTRICTED FUND EXPENSES	\$ 11,937	\$ 11,451

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

RUSSELL SOCCER CLUB
Statement of Cash Flows
Year Ended September 30, 2019

	2019	2018
OPERATING ACTIVITIES		
Cash receipts from customers	\$ 246,371	\$ 221,201
Cash paid to suppliers	(203,487)	(189,357)
Interest received	470	319
Interest paid	(285)	(350)
Cash flow from operating activities	43,069	31,813
INVESTING ACTIVITIES		
Deposit on capital assets	(37,500)	-
Guaranteed investment certificates	11,438	(96)
Guaranteed investment certificates - internally restricted	(37,739)	99,324
Cash flow from (used by) investing activities	(63,801)	99,228
INCREASE (DECREASE) IN CASH FLOW	(20,732)	131,041
CASH - BEGINNING OF YEAR	156,936	25,895
CASH - END OF YEAR	\$ 136,204	\$ 156,936
CASH CONSISTS OF:		
Cash	\$ 87,215	\$ 44,645
Cash - internally restricted	48,989	112,291
	\$ 136,204	\$ 156,936

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

RUSSELL SOCCER CLUB
Notes to Financial Statements
Year Ended September 30, 2019

1. NATURE OF ORGANIZATION

The Russell Soccer Club (the "organization") 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.

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).

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 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.

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RUSSELL SOCCER CLUB
Notes to Financial Statements
Year Ended September 30, 2019

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; 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.

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.

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, 2019.

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. There has been no change to the risk exposures from the prior period unless otherwise noted.

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 2.12% and matures Sept 12, 2020.

RUSSELL SOCCER CLUB
Notes to Financial Statements
Year Ended September 30, 2019

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Soccer fields	\$ 230,864	\$ 73,877	\$ 156,987	\$ 166,222
Equipment	49,090	34,225	14,865	18,582
Computer	1,156	1,075	81	116
	\$ 281,110	\$ 109,177	\$ 171,933	\$ 184,920

During the year, the organization made a deposit of \$37,500 on field improvements at St. Thomas Aquinas Catholic High School. At year end, the improvement had not been completed and the fields were not available for use. The asset will be amortized when available for use. As described in Note 8, the organization has committed to an additional \$37,500 in future years.

6. DEFERRED INCOME

Deferred income relates to registration fees received in advance of the season starting. In the current year, the organization received a total of \$46,880. in registrations for the upcoming 2019-2020 season.

7. DUE TO DIRECTORS

There are no amounts in accounts payable that are due to directors (2018 - \$346). 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 by the related parties.

8. 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.
