

RUSSELL SOCCER CLUB
Financial Statements
Year Ended September 30, 2022

RUSSELL SOCCER CLUB
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Year Ended September 30, 2022

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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, 2022, 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, 2022, 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, 2022, current assets and net assets as at September 30, 2022.

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.

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.

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

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.

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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 6, 2023

Chartered Professional Accountants, Licensed Public Accountants

RUSSELL SOCCER CLUB
Statement of Financial Position
September 30, 2022

	2022	2021
ASSETS		
CURRENT		
Cash	\$ 76,156	\$ 83,575
Cash - internally restricted	-	74,095
Guaranteed investment certificates (Note 4)	54,125	-
Guaranteed investment certificates - internally restricted (Note 4)	76,998	10,643
Accounts receivable	14,197	43,727
Prepays	2,953	5,289
	224,429	217,329
CAPITAL ASSETS (Note 5)	165,813	155,977
	\$ 390,242	\$ 373,306
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 35,189	\$ 10,513
Deferred income (Note 6)	-	10,458
	35,189	20,971
NET ASSETS		
General fund	278,055	267,597
Internally restricted fund	76,998	84,738
	355,053	352,335
	\$ 390,242	\$ 373,306

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, 2022

	General Fund	Restricted Fund	2022	2021
NET ASSETS - BEGINNING OF YEAR	\$ 267,597	\$ 84,738	\$ 352,335	\$ 307,827
EXCESS OF REVENUE OVER EXPENSES	(14,195)	16,913	2,718	44,508
USE OF INTERNALLY RESTRICTED FUNDS FOR PURCHASE OF CAPITAL ASSETS	24,653	(24,653)	-	-
NET ASSETS - END OF YEAR	\$ 278,055	\$ 76,998	\$ 355,053	\$ 352,335

The accompanying notes are an integral part of these financial statements

RUSSELL SOCCER CLUB
Statement of Operations
Year Ended September 30, 2022

	2022	2021
REVENUE		
Registration	\$ 225,213	\$ 123,505
Maintenance services	13,350	11,550
Fundraising	8,685	-
Sponsorships	3,000	4,550
Donations	2,010	-
Other	69	-
Grants and subsidies	-	3,000
	<u>252,327</u>	142,605
EXPENSES <i>(Schedule 2)</i>	<u>266,522</u>	110,687
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FROM OPERATIONS	(14,195)	31,918
STATEMENT OF OPERATIONS - INTERNALLY RESTRICTED FUND	<u>16,913</u>	8,421
EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER INCOME	2,718	40,339
OTHER INCOME		
Gain on disposal of assets	-	4,169
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	\$ 2,718	\$ 44,508

The accompanying notes are an integral part of these financial statements

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

	2022		2021
INTERNALLY RESTRICTED FUND REVENUE			
Registration surcharges	\$ 15,940	\$	8,140
Interest income	973		281
	<hr/>		<hr/>
	\$ 16,913	\$	8,421

The accompanying notes are an integral part of these financial statements

RUSSELL SOCCER CLUB
Statement of Cash Flows
Year Ended September 30, 2022

	2022	2021
OPERATING ACTIVITIES		
Cash receipts from customers	\$ 286,574	\$ 115,957
Cash paid to suppliers and employees	(217,785)	(43,343)
Interest received	972	282
Interest paid	(6,142)	(82)
Cash flow from operating activities	<u>63,619</u>	<u>72,814</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(24,653)	(11,300)
Proceeds on disposal of capital assets	-	7,000
Sale of guaranteed investment certificates	10,648	76,973
Purchase of guaranteed investment certificates	(131,128)	-
Cash flow from (used by) investing activities	<u>(145,133)</u>	<u>72,673</u>
INCREASE (DECREASE) IN CASH FLOW	(81,514)	145,487
CASH - BEGINNING OF YEAR	<u>157,670</u>	<u>12,183</u>
CASH - END OF YEAR	\$ 76,156	\$ 157,670

The accompanying notes are an integral part of these financial statements

RUSSELL SOCCER CLUB
Notes to Financial Statements
Year Ended September 30, 2022

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.

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.

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.

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RUSSELL SOCCER CLUB
Notes to Financial Statements
Year Ended September 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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, 2022

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, 2022.

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. At year end there are two GIC's that earn interest at 1.75% and mature April 29, 2023.

RUSSELL SOCCER CLUB
Notes to Financial Statements
Year Ended September 30, 2022

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Soccer fields	\$ 230,864	\$ 101,580	\$ 129,284	\$ 138,518
Fences	7,560	378	7,182	-
Equipment	62,483	33,164	29,319	17,419
Computer	1,156	1,128	28	40
	\$ 302,063	\$ 136,250	\$ 165,813	\$ 155,977

6. DEFERRED INCOME

Deferred income relates to registration fees of \$0 (2021 - \$1,395) for upcoming summer season and deferred income for the upcoming winter season of \$0 (2020 - \$10,573).

RUSSELL SOCCER CLUB
Expenses (Schedule 2)
Year Ended September 30, 2022

	2022	2021
Amortization	\$ 14,818	\$ 12,194
Association fees	47,724	14,985
Bad debts	765	-
Clinics and workshops	982	350
Contract labour	1,156	13,120
Credit card fees	2,819	4,986
Dome fees	43,182	-
Field maintenance	45,139	14,777
Fundraising expenses	2,149	-
Insurance	3,344	3,477
Interest and bank charges	6,144	79
Miscellaneous	181	-
Office	8,233	3,797
Online registration	881	1,542
Professional fees	10,662	7,455
Promotional items and supplies - house league	4,646	5,940
Promotional items and supplies - representative league	3,278	1,091
Referees	23,513	11,746
Snowbirds Program	-	747
Telephone	225	2,014
Uniforms - house league	4,999	12,387
Uniforms - representative league	41,682	-
	\$ 266,522	\$ 110,687

The accompanying notes are an integral part of these financial statements