

RUSSELL SOCCER CLUB
Financial Statements
Year Ended September 30, 2016

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Index to Financial Statements
Year Ended September 30, 2016

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

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, 2016 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, 2016 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
March 23, 2017

Chartered Professional Accountants, Licensed Public Accountants

RUSSELL SOCCER CLUB
Statement of Financial Position
September 30, 2016

	2016	2015
ASSETS		
CURRENT		
Cash	\$ 35,701	\$ 62,662
Cash - internally restricted	16,880	53,324
Guaranteed investment certificates (Note 4)	11,272	-
Guaranteed investment certificates - internally restricted (Note 4)	70,804	16,655
Accounts receivable	12,874	16,254
Prepays	5,327	2,763
	152,858	151,658
CAPITAL ASSETS (Note 5)	213,961	215,265
	\$ 366,819	\$ 366,923
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 16,758	\$ 15,907
Deferred income	10,656	10,599
	27,414	26,506
NET ASSETS		
General fund	251,721	270,438
Internally restricted fund	87,684	69,979
	339,405	340,417
	\$ 366,819	\$ 366,923

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, 2016

	General Fund	Restricted Fund	2016	2015
NET ASSETS - BEGINNING OF YEAR	\$ 270,438	\$ 69,979	\$ 340,417	\$ 329,977
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>(18,717)</u>	17,705	<u>(1,012)</u>	10,440
NET ASSETS - END OF YEAR	\$ 251,721	\$ 87,684	\$ 339,405	\$ 340,417

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

RUSSELL SOCCER CLUB
Statement of Operations - General Fund
Year Ended September 30, 2016

	2016	2015
REVENUES		
Registration	\$ 188,895	\$ 201,013
Clinics and workshops	2,830	1,560
Grants and subsidies	500	500
Maintenance services	10,590	10,500
Sponsorships	4,367	6,750
Tournaments	15,435	16,615
Interest income	77	180
Other	1,188	441
	223,882	237,559
EXPENSES		
Amortization	14,895	13,853
Association fees	32,105	37,020
Bad debts	1,605	5,206
Clinics and workshops	4,275	3,542
Contract labour	15,108	11,442
Credit card fees	4,043	4,742
Field maintenance	43,571	36,231
Insurance	3,141	2,899
Interest and bank charges	335	355
Medals and awards - house league	3,293	8,430
Miscellaneous	430	144
Office	2,702	2,742
Online registration	3,371	4,426
Professional fees	7,006	7,006
Promotional items and supplies - house league	9,205	18,117
Promotional items and supplies - representative league	5,587	2,733
Referees	29,590	31,497
Telephone	2,735	3,091
Tournament expenses	14,199	12,507
Uniforms - house league	36,557	33,370
Uniforms - representative league	7,693	9,267
Dome Fees	1,153	-
	242,599	248,620
DEFICIENCY OF REVENUES OVER EXPENSES FROM OPERATIONS	(18,717)	(11,061)

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

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

	2016	2015
INTERNALLY RESTRICTED FUND REVENUE		
Fundraising revenue	\$ 10,581	\$ 17,185
Registration surcharges and sponsorships	12,300	14,150
Grants	150	-
Interest income	428	356
	23,459	31,691
INTERNALLY RESTRICTED FUND EXPENSES		
Fundraising expenses	5,754	10,190
EXCESS OF INTERNALLY RESTRICTED FUND REVENUE OVER INTERNALLY RESTRICTED FUND EXPENSES	\$ 17,705	\$ 21,501

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

RUSSELL SOCCER CLUB
Statement of Cash Flow
Year Ended September 30, 2016

	2016	2015
OPERATING ACTIVITIES		
Cash receipts from customers	\$ 248,669	\$ 263,982
Cash paid to suppliers and employees	(233,231)	(238,117)
Interest received	505	537
Interest paid	(337)	(356)
Cash flow from operating activities	<u>15,606</u>	<u>26,046</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(13,590)	(4,746)
Guaranteed investment certificates	(11,272)	11,015
Guaranteed investment certificates - internally restricted	(54,149)	22,214
Cash flow from (used by) investing activities	<u>(79,011)</u>	<u>28,483</u>
INCREASE (DECREASE) IN CASH FLOW	(63,405)	54,529
CASH - BEGINNING OF YEAR	<u>115,986</u>	<u>61,457</u>
CASH - END OF YEAR	\$ 52,581	\$ 115,986
CASH CONSISTS OF:		
Cash	\$ 35,701	\$ 62,662
Cash - internally restricted	16,880	53,324
	<u>\$ 52,581</u>	<u>\$ 115,986</u>

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

RUSSELL SOCCER CLUB
Notes to Financial Statements
Year Ended September 30, 2016

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 (ASNFPPO).

Basis of Accounting

Revenues and expenditures are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable and an expenditure is recognized when incurred and measurable as a result of the receipt of goods and services and the creation of a legal obligation to pay.

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 less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods:

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

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, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

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

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 replacements are charged to field maintenance expense in the general fund.

The organization segregates monies accumulated 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.

RUSSELL SOCCER CLUB
Notes to Financial Statements
Year Ended September 30, 2016

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, 2016.

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 four individual GICs that earn interest at rates between 0.64% and 0.9%. The GICs mature between November 6, 2016 and March 3, 2017.

RUSSELL SOCCER CLUB
Notes to Financial Statements
Year Ended September 30, 2016

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Soccer fields	\$ 230,864	\$ 46,173	\$ 184,691	\$ 193,926
Equipment	49,090	20,056	29,034	21,002
Computer	1,156	920	236	337
	\$ 281,110	\$ 67,149	\$ 213,961	\$ 215,265

During the year, tangible capital assets were acquired at an aggregate cost of \$13,590. Capital assets were paid for with cash.

6. DUE TO DIRECTORS

Included in accounts payable are amounts due to directors of \$2,451. 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.
