

# **East Region Soccer League**

## **Financial Statements**

**September 30, 2017**

# East Region Soccer League

September 30, 2017

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## Auditor's Report

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To the Membership  
East Region Soccer League

I have audited the accompanying financial statements of East Region Soccer League which comprise the statement of financial position as at September 30, 2017, and the statements of operations, changes in net assets and cash flows 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 my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.



**CHRIS FINLAY, CA**  
PROFESSIONAL CORPORATION

## Auditor's Report

### Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of East Region Soccer League as at September 30, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*Chris Finlay, CA - Professional Corporation*

**Chris Finlay, CA - Professional Corporation**  
Authorized to practice public accounting by  
the Chartered Professional Accountants of Ontario

Ottawa, ON  
November 15, 2017

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# East Region Soccer League

## Statement of Financial Position

September 30, 2017

	2017	2016
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 46,110	\$ 46,339
Short term investments (Note 3.)	52,379	52,122
Accounts receivable, net of allowances	3,313	2,461
Prepaid (Note 4.)	2,282	14,406
<b>Total Assets</b>	<b>\$ 104,084</b>	<b>\$ 115,328</b>
<b>Liabilities and Shareholders' Equity</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 26,789	\$ 16,336
<b>Total Liabilities</b>	<b>26,789</b>	<b>16,336</b>
<b>Net Assets</b>		
Unrestricted	77,295	98,992
<b>Total Liabilities and Net Assets</b>	<b>\$ 104,084</b>	<b>\$ 115,328</b>

Contingent liabilities

Commitments (Note 5.)

Approved on Behalf of the Board:

\_\_\_\_\_, Director

\_\_\_\_\_, Director

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

# East Region Soccer League

## Statement of Operations

For the Year Ended September 30, 2017

	2017	2016
<b>Revenue</b>		
Registration fees	\$ 328,900	\$ 357,030
Discipline (Note 6.)	25,182	23,375
Other	258	260
<b>Total revenue</b>	<b>354,340</b>	<b>380,665</b>
<b>Operating expenses</b>		
Facility fees	151,406	152,948
Salaries and wages	61,754	57,509
Software licence	45,531	54,704
Referee costs	21,555	23,688
Awards and hosting	13,295	10,163
Professional fees	13,158	12,104
Rental	11,059	10,940
General administration	3,443	3,435
Utilities	2,160	2,610
Contract services	1,733	1,550
Memberships and licenses	1,450	1,450
Travel expenses	338	330
Meals and entertainment	239	240
<b>Total operating expenses</b>	<b>327,121</b>	<b>331,671</b>
<b>Excess of revenues over expenses for the year</b>	<b>\$ 27,219</b>	<b>\$ 48,994</b>

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

# East Region Soccer League

## Statement of Changes in Net Assets

For the Year Ended September 30, 2017

	2017	2016
Net assets, beginning of the year	\$ 98,992	\$ 91,914
Excess of revenues over expenses for the year	27,219	48,994
Equity refunds to clubs	(48,916)	(41,916)
<b>Net assets, end of the year</b>	<b>\$ 77,295</b>	<b>\$ 98,992</b>

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

# East Region Soccer League

## Statement of Cash Flows

For the Year Ended September 30, 2017

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Excess of revenues over expenses	\$ 27,219	\$ 48,994
Increase in receivables	(852)	(709)
Decrease in prepaids	12,124	17,838
Increase in accounts payable and accrued expenses	10,453	2,488
<b>TOTAL CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>48,944</b>	<b>68,611</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Equity refunds to clubs	(48,916)	(41,916)
<b>NET CASH USED BY FINANCING ACTIVITIES</b>	<b>(48,916)</b>	<b>(41,916)</b>
<b>Net increase in cash and cash equivalents</b>	<b>28</b>	<b>26,695</b>
Cash and cash equivalents at beginning of year	98,461	71,766
<b>Cash and cash equivalents at end of year</b>	<b>\$ 98,489</b>	<b>\$ 98,461</b>
Cash and cash equivalents consist of the following:		
Cash	\$ 46,110	\$ 46,339
Short term investments	52,379	52,122
	<b>\$ 98,489</b>	<b>\$ 98,461</b>

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



# East Region Soccer League

## Notes to the Financial Statements

For the Year Ended September 30, 2017

### 1. Status and Purpose of the Organization

The purpose of the East Region Soccer League (the "league") is to promote, develop and govern the game of soccer within the East Region of Ontario and in accordance with the Ontario Soccer Association's "Pyramid for Play". The league was incorporated as a Not-For-Profit organization under the laws of Ontario in 2002 and is governed by its Constitution and Regulations. The league is exempt from taxation under the Income Tax Act of Canada.

### 2. Significant Accounting Policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook and include the following significant accounting policies.

#### a. Revenue recognition

The league recognizes revenue for registration fees in the year in which the corresponding program is provided to the members. Registration fees revenue represents the annual membership fees charged to each club and team registered in the league.

Discipline revenue is recognized when the infraction is incurred.

Other revenues represent investment revenues and are recognized in the period they are earned.

These financial statements do not reflect the value associated with the numerous hours contributed by volunteers to assist the league in carrying out its activities.

#### b. Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and may have impact on future periods.

#### c. Cash and cash equivalents

Cash and cash equivalents includes short-term investments and highly liquid investments in money market instruments which are carried at the lower of cost and market value with a maturity date of three months or less from the acquisition date. These are valued at cost which approximates market value.

#### d. Short term investments

Short-term investments are accounted for as held-for-trading and therefore they are valued at market value, with unrealized gains and losses being recorded in the statement of operations.

# East Region Soccer League

## Notes to the Financial Statements

For the Year Ended September 30, 2017

### 3. Short term investments

Short term investments are carried at the lower of cost or market value and consist of the following:

	Market	Cost
<b>2017</b>		
Redeemable 0.50% GIC's. Principal and interest receivable on redemption, due August 2018.	\$ 52,379	\$ 52,346
<b>2016</b>		
Redeemable 0.50% GIC's. Principal and interest receivable on redemption, due August 2017.	\$ 52,122	\$ 52,086

### 4. Prepaid expenses

Prepaid expenses consist of the following:

	2017	2016
Insurance	\$ 1,782	\$ 1,404
League security deposit	500	500
Winter domes deposit	-	12,502
<b>Total</b>	<b>\$ 2,282</b>	<b>\$ 14,406</b>

### 5. Commitments

East Region Soccer League operates under the terms of a cohabitation agreement for office space covering the period from February 1, 2017 to January 31, 2018. The minimum monthly rent payment is \$ 900.

The league has also committed to an agreement for scheduling and software services until March 31, 2019 with a company of which a former director is a shareholder. The agreement states fees of \$112 per outdoor (summer) team registered and \$40 per indoor (winter) team for which the cost is waived for the under-12 league if there were at least 300 teams registered for the outdoor season. This agreement may be terminated after two years (on or after October 1, 2016) with or without cause by giving a minimum of 90 days notice.

# East Region Soccer League

## Notes to the Financial Statements

For the Year Ended September 30, 2017

### 6. Discipline revenue

	2017	2016
Team withdrawal	\$ 12,720	\$ 13,200
Hearings	5,000	1,050
Hand written game sheet	2,850	3,600
Game abandon or forfeit	1,800	600
Team report filing	1,050	-
AGM or SGM	500	1,000
AR and/or referee	426	-
Late applications	400	900
Kick-off time delayed	125	75
Non team activation	100	50
Cup or Shield not returned	86	-
Flags	75	200
Proper uniforms	50	50
Minimum number of players	-	1,400
Meetings not attended	-	1,200
Cards	-	50
<b>Total</b>	<b>\$ 25,182</b>	<b>\$ 23,375</b>

### 7. Comparative information

Certain comparative figures have been reclassified to conform with the current year's financial statements presentation.

### 8. Financial instruments

The league is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the company's risk exposure as at September 30, 2017.

#### Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Trade accounts payable and accrued liabilities are generally paid within 30 days.

# East Region Soccer League

## Notes to the Financial Statements

For the Year Ended September 30, 2017

### 8. Financial instruments continued

#### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The League's main credit risks relate to its accounts receivable. The league assesses, on a continuous basis, accounts receivable on the basis of amounts it is virtually certain to receive.

#### 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 risk, interest rate risk and other price risk.

#### Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The league does not operate in any other currency aside from Canadian dollars, and as such, they are not subject to currency risk.

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The league is exposed to interest rate risk on its fixed interest rate financial instruments. The League's term deposits were renewed two months prior to their year end and the interest on term deposits at that time was 0.45% (0.5% in 2016) with maturity dates 10 months subsequent to year end.

#### Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Since the only marketable financial instruments held by the league are Guaranteed Investment Certificates (GIC's), the league is not subject to this risk.