

**FINANCIAL STATEMENTS**

**Waterloo Minor Soccer Club**

**September 30, 2021**

## Independent Auditor's Report

To the Members of the  
**Waterloo Minor Soccer Club**

### Qualified Opinion

We have audited the financial statements of **Waterloo Minor Soccer Club**, which comprise the balance sheet as at **September 30, 2021** and the statement of operations and surplus, statement of development fund and statement of 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, 2021** and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization reports revenues from sources, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to revenue, surplus, assets or equity accounts. The Organization also derives income from Representative Teams raising funds and incurring expenses as these teams pay for additional costs not covered by registration revenue. Complete records were not supplied to allow for satisfactory audit verification. Accordingly, our verification of these revenues and expenses was impaired and was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to revenues or expenses for the year ended September 30, 2021, current assets, current liabilities or operations surplus as at September 30, 2021. Our audit opinion on the financial statements for the year ended September 30, 2020 was modified accordingly because of the possible effects of these limitations 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 the 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 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.

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:

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

***HFK McRae & Wilson LLP***

Kitchener, Ontario  
November 18, 2021

Chartered Professional Accountants  
Licensed Public Accountants

# Waterloo Minor Soccer Club

## Balance Sheet

As at September 30

	2021	2020
<b>ASSETS</b>		
<b>Current</b>		
Cash and short-term investments		
- Operations	\$ 539,415	\$ 468,391
- Development fund	898,563	882,297
Prepaid expense	23,550	98,342
Accounts receivable - <i>Note 3</i>	79,981	26,717
Government remittances receivable	19,182	23,481
	1,560,691	1,499,228
<b>Capital assets - <i>Note 4</i></b>	20,306	26,378
	\$ 1,580,997	\$ 1,525,606
<b>LIABILITIES AND SURPLUS</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 151,801	\$ 133,342
Deferred revenue - <i>Note 5</i>	144,340	188,267
Income taxes payable	-	1,414
CEBA loan payable - <i>Note 12</i>	40,000	-
	336,141	323,023
<b>Surplus</b>		
Operations	346,293	320,286
Development Fund - <i>Note 7</i>	898,563	882,297
	1,244,856	1,202,583
	\$ 1,580,997	\$ 1,525,606

*See accompanying notes*

On behalf of the Club

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

## Waterloo Minor Soccer Club

### Statement of Operations and Surplus

Year ended September 30

	2021 Actual	2021 Budget	2020 Actual
<b>Revenue</b>			
Outdoor recreational	\$ 181,062	\$ 297,825	\$ 19,945
Outdoor competitive	170,702	286,150	199,239
Skills centre	171,270	283,250	198,567
Indoor recreational	19,610	33,580	149,491
Skills development	5,535	84,960	29,969
Ontario player development league	395,087	438,650	237,101
League one	8,790	84,000	-
Camps and special events	62,413	68,900	19,838
Tryout fees	5,525	5,525	17,825
Other	110,628	10,994	63,839
Government assistance - <i>Note 13</i>	242,977	80,000	165,942
	1,373,599	1,673,834	1,101,756
<b>Soccer Expenses</b>			
Outdoor recreational	137,900	166,019	47,965
Outdoor competitive	98,128	165,294	68,433
Skills centre	101,823	171,272	104,554
Indoor recreational	39,740	41,609	94,346
Skills development	3,806	31,995	21,047
Ontario player development league	255,258	356,826	190,775
League one	60,294	70,880	-
Camps and special events	32,903	40,650	20,642
Tryout fees	9,657	9,800	10,015
Technical expenses	97,462	118,197	47,943
	836,971	1,172,542	605,720
	536,628	501,292	496,036
<b>General expenses - See Schedule</b>	509,924	555,310	496,296
<b>Surplus (deficit) before tax for current year</b>	26,704	(54,018)	(260)
Income tax	697	-	4,469
<b>Surplus (deficit) for current year</b>	26,007	<u>\$ (54,018)</u>	(4,729)
<b>Surplus - beginning of year</b>	320,286		325,015
<b>Surplus - end of year</b>	\$ 346,293		\$ 320,286

See accompanying notes

## Waterloo Minor Soccer Club

### Schedule of Expenses

Year ended September 30

	2021 Actual	2021 Budget	2020 Actual
<b>General Expenses</b>			
Advertising and printing	\$ 31,331	\$ 31,300	\$ 14,718
Bad debt	-	-	150
Insurance	11,307	10,675	10,480
Meeting and social	2,410	4,450	4,227
Office administration	4,841	3,600	3,242
Office supplies and expenses	13,372	9,900	31,340
Postage	622	200	47
Salaries and benefits	361,951	367,883	350,681
Travel	2,084	3,700	2,559
Telephone	10,898	12,000	10,602
Amortization	9,185	10,552	9,112
Bank charges and interest	26,249	33,500	30,067
Professional fees	18,865	20,000	18,849
Repairs and maintenance	-	1,350	1,022
Computer support	914	800	539
Consultant	848	16,000	1,607
Volunteer appreciation	180	600	424
Scholarship	6,504	17,000	-
United wear	1,369	750	68
Club management software	6,994	11,050	6,562
	<b>\$ 509,924</b>	<b>\$ 555,310</b>	<b>\$ 496,296</b>

*See accompanying notes*

**Waterloo Minor Soccer Club**

**Statement of Development Fund**

Year ended September 30

	<b>2021</b>	<b>2020</b>
<b>Revenue</b>		
Interest earned	\$ 2,123	\$ 9,092
Development fund fee	25,900	9,900
	<u>28,023</u>	<u>18,992</u>
<b>Expenses</b>		
Professional development	2,113	10,765
Equipment	-	22,864
Video analysis	9,644	-
	<u>11,757</u>	<u>33,629</u>
<b>Net surplus (deficit)</b>	16,266	(14,637)
<b>Balance - beginning of year</b>	882,297	896,934
<b>Balance - end of year</b>	<u>\$ 898,563</u>	<u>\$ 882,297</u>

*See accompanying notes*

**Waterloo Minor Soccer Club**

**Statement of Cash Flows**

Year ended September 30

	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities</b>		
Cash receipts for services	\$ 1,302,308	\$ 1,137,648
Cash paid to suppliers and employees from Operations Fund	(1,213,912)	(1,096,125)
Cash paid to suppliers from Development Fund	(11,757)	(33,629)
Income tax paid	(2,111)	(6,965)
Interest received	2,123	9,092
Interest and bank charges paid	(26,249)	(30,067)
	<u>50,402</u>	<u>(20,046)</u>
<b>Cash flows from investing activities</b>		
Purchase of capital assets - <i>Note 4</i>	(3,112)	(9,643)
<b>Cash flows from financing activities</b>		
Increase in CEBA loan payable	40,000	-
<b>Net increase (decrease) in cash and cash equivalents</b>	87,290	(29,689)
<b>Cash and cash equivalents - beginning of year - <i>Note 9</i></b>	1,350,688	1,380,377
<b>Cash and cash equivalents - end of year - <i>Note 9</i></b>	<u>\$ 1,437,978</u>	<u>\$ 1,350,688</u>

*See accompanying notes*



## **Notes to Financial Statements**

September 30, 2021

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### **1. Purpose of the Organization**

Waterloo Minor Soccer Club is a local organization created to promote interest and participation in the game of soccer and to undertake and participate in projects and events required or intended to carry on and promote the participation in the game of soccer. The Organization is incorporated as a not-for-profit organization without share capital.

### **2. Significant Accounting Policies**

#### **Basis of Presentation**

These non-consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

#### **Financial Instruments**

Waterloo Minor Soccer Club's financial instruments consist of short-term investments, accounts receivable, government remittances receivable, accounts payables and accruals, deferred revenue, and income taxes payable. Short-term investments are initially recognized and subsequently measured at fair value without adjustment for transaction costs that would be incurred on disposal. Changes in fair value are recognized in income in the period. All other financial instruments are initially recognized at fair value and are subsequently measured at amortized cost adjusted by transactions costs, which are amortized over the expected life of the instrument.

Waterloo Minor Soccer Club has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. Transacting in financial instruments exposes the Organization to certain financial risks and uncertainties. These risks include:

(a) Credit risk

The Waterloo Minor Soccer Club's exposure to credit risk is as indicated by the carrying value amounts of the financial assets. The Waterloo Minor Soccer Club is satisfied that the risk of non-payment has been appropriately provided for. See Note 3 for concentration of credit risk.

(b) Liquidity risk

The Waterloo Minor Soccer Club's exposure to liquidity risk is dependent on the collection of accounts receivable and raising of funds to meet commitments and sustain operations. The Waterloo Minor Soccer Club controls liquidity risk by management of working capital and cash flows.

# Waterloo Minor Soccer Club

## Notes to Financial Statements

September 30, 2021

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### 2. Significant Accounting Policies - continued

#### Financial Instruments - continued

(c) Interest rate risk

The Waterloo Minor Soccer Club's exposure to interest rate risk is limited to the interest earned on its short term investments.

#### Cash and Cash Equivalents

The Organization considers all highly liquid instruments purchased with an original maturity of 6 months or less to be cash equivalents.

#### Contributions

Waterloo Minor Soccer Club follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which 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.

#### Capital Assets and Amortization

Capital assets are recorded at cost. Amortization is recorded on a declining balance basis at the following annual rates:

Computer equipment	30%
Computer software	100%
Furniture and fixtures	20%
Office equipment	20%
Leasehold improvements	5 year straight-line

Half-rates are applied in the year of acquisition.

#### Management Estimates

The preparation of these financial statements in conformity 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, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current period. Actual results could differ from those estimates.

**Notes to Financial Statements**

September 30, 2021

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**2. Significant Accounting Policies - continued**

**Income Taxes**

The income of the Organization is exempt from income tax, with the exception of income generated by investments. The Organization has utilized the taxes payable method, in which the Organization reports as an expense, the cost of current income taxes for that year, determined in accordance with the rules established by taxation authorities.

**Contributed Services**

Volunteers contribute many hours per year to assist the Organization. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

**Revenue Recognition**

The Organization's revenue is derived predominantly from a wide variety of programs, including indoor and outdoor house league, representative teams, skills centre league, Ontario player development league, league one, skills development courses, various camps and tryouts. Additional revenue is earned through the sales of field rentals.

Revenue related to programming is recognized on commencement of the program. Refunds relating to programming are recognized as incurred in accordance with the Organization's official refund policy.

Revenue relating to field rentals is recognized upon the billing of the customer, which takes place immediately following the usage of the respective fields.

**Government Assistance**

Government assistance relating to current expenses and revenue is included in the determination of net income for the period if there is reasonable assurance of collection. If there is no reasonable assurance of collection, the recognition of the government assistance is deferred to the period when such assurance is obtained.

## Waterloo Minor Soccer Club

### Notes to Financial Statements

September 30, 2021

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#### 3. Accounts Receivable

In the current period, two accounts represent 58% of the outstanding accounts receivable balance as at year-end (2020 – one customer represented 67%).

No allowance for doubtful accounts is included in the year end accounts receivable balance (2020 - \$nil).

#### 4. Capital Assets

	Cost	Accumulated Amortization	Net Book Value	
			2021	2020
Computer equipment	\$ 92,083	\$ 79,561	\$ 12,522	\$ 14,110
Computer software	10,220	10,220	-	-
Furniture and fixtures	43,845	40,351	3,494	4,367
Office equipment	18,947	16,711	2,236	2,795
Leasehold improvements	15,263	13,209	2,054	5,106
	<u>\$ 180,358</u>	<u>\$ 160,052</u>	<u>\$ 20,306</u>	<u>\$ 26,378</u>

During the year \$3,112 (2020 - \$9,643) of capital assets was purchased with cash.

#### 5. Deferred Revenue

Deferred revenue represents the registration and sponsorship received for the next year's programs.

#### 6. Operations Fund

The Operations Fund represents the undistributed earnings since incorporation of the Organization after allocations to the Development Fund. The Organization has determined a balance of \$50,000 of unassigned funds must be in this fund before transfers to other funds can be initiated.

## Waterloo Minor Soccer Club

### Notes to Financial Statements

September 30, 2021

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#### 7. Development Fund

The Development Fund may only be used to improve Waterloo Minor Soccer facilities and programs within the Region of Waterloo.

#### 8. Commitments

The Organization has a commitment under an operating lease for office equipment and field usage requiring minimum net annual payments as follows:

2022	\$	16,179
2023		2,685
2024		2,685
2025		1,342
		<hr/>
	\$	22,891

#### 9. Cash and Cash Equivalents

Cash and cash equivalents are comprised of:

	2021	2020
<b>Cash and short-term investments</b>		
Operations	\$ 539,415	\$ 468,391
Development fund	898,563	882,297
	<hr/>	<hr/>
	\$ 1,437,978	\$ 1,350,688

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#### 10. Representative Team Revenue and Expenses – see Auditors’ Report

The Organization has 16 representative/competitive teams (2020 - 16 teams) which individually raise funds and incur expenses not covered by registration revenue. The Organization shows revenues collected of \$51,848 (2020 - \$121,073) and expenses incurred of \$52,644 (2020 - \$120,763) from 13 representative/competitive teams, with three teams not providing their revenue and expenses.

**Notes to Financial Statements**

September 30, 2021

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**11. Total Excess (Deficiency) of Revenues Over Expenses**

During the year, the Organization had a total excess of revenues over expenses of \$42,273 (2020 – total deficiency of revenues over expenses of \$19,366).

**12. CEBA Loan Payable**

In response to COVID-19 (Note 13), the Government of Canada established the Canada Emergency Business Account ("CEBA") loan to assist with payment of non-deferrable costs. The loan bears interest at 0.00% and is due December 31, 2022. \$20,000 of the CEBA loan will be forgiven if \$40,000 is repaid by December 31, 2022. The loan can be extended to December 31, 2025, bearing interest at 5.00% if such option is exercised by the Organization. It is the Organization's intention to repay the loan in full by December 31, 2022. The \$20,000 forgivable portion of the loan has been included in the determination of net income for the year ending September 30, 2021.

**13. COVID-19 and Government Assistance**

On January 30, 2020, the World Health Organization (WHO) declared a health emergency as a result of the 2019 Novel Coronavirus (COVID-19) outbreak. On March 11, 2020, the WHO declared a global pandemic related to COVID-19. Many jurisdictions have implemented stringent measures to contain the spread of COVID-19. These measures have significantly affected economic activity and sentiment, disrupting the business operations of many companies. The deterioration in the economic environment and the increase in uncertainty in the macroeconomic environment has been accompanied by significant fluctuations in commodity prices. On March 17, 2020, the Province of Ontario, Canada declared a state of emergency which included various economic measures. As a result, the Organization's credit risk, liquidity risk, and currency risk have increased significantly for the year ending September 30, 2021. The disruption from COVID-19 is expected to ultimately be temporary, however the financial impact cannot be reasonably estimated at this time. Beginning in approximately May 2020, the Province of Ontario has started a phase-in approach to easing the economic measures. A second wave of the pandemic began in approximately October 2020 and a third wave began in approximately March 2021, resulting in measures to reduce the spread of the virus in certain areas of Canada.

In order to mitigate the impact of COVID-19 on the economy, the Canadian Federal Government and the Province of Ontario have implemented many supports for business including additional access to below-market interest rate credit and wage subsidies. Included within the statement of income during the year was government assistance totaling \$242,977 (F2020 - \$165,942). The Organization recorded subsidies receivable totaling \$19,182 at September 30, 2021. As at the report date, the Organization has received the subsidies receivable of \$19,182 and has not received any subsidies in connection with fiscal 2022. In addition, and related to COVID-19, the Organization received a \$60,000 interest-free loan (Note 12).

**Waterloo Minor Soccer Club**

**Notes to Financial Statements**

September 30, 2021

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**14. Comparative Amounts**

Certain comparative amounts have been reclassified to conform with the financial statement presentation adopted in the current year.