

Canadian Soccer Association

Financial Statements
December 31, 2013



March 21, 2014

Independent Auditor's Report

To the Stakeholders of Canadian Soccer Association

Report on the financial statements

We have audited the accompanying financial statements of Canadian Soccer Association, which comprise the statement of financial position as at December 31, 2013 and the statements of changes in net assets, operations and cash flows for the year then ended, and the related notes, which comprise 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.

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PwC refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2013 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.

Report on other legal and regulatory requirements

As required by the Canadian Corporations Act, we report that, in our opinion, these standards have been applied on a basis consistent with that of the preceding year.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Canadian Soccer Association

Statement of Financial Position

As at December 31, 2013

	2013 \$	2012 \$
Assets		
Current assets		
Cash	1,875,008	2,010,875
Short-term investments (note 3)	8,500,000	2,500,000
Accounts receivable	914,444	791,735
Inventory	12,285	17,780
Prepaid expenses	273,286	138,766
	11,575,023	5,459,156
Capital assets (note 4)	662,822	679,945
	12,237,845	6,139,101
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities (note 5)	2,834,149	1,198,382
Deferred revenue (note 6)	2,655,426	—
	5,489,575	1,198,382
Deferred contributions related to capital assets (note 7)	179,993	188,163
	5,669,568	1,386,545
Net assets		
Unrestricted	4,075,427	2,250,753
Invested in capital assets	482,829	491,782
Internally restricted – Reserve (note 11)	1,500,000	1,500,000
Internally restricted – Program Fund (note 11)	510,021	510,021
	6,568,277	4,752,556
	12,237,845	6,139,101

Commitments and contingencies (note 9)

Approved by the Board of Directors

 Director  Director

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

Canadian Soccer Association

Statement of Changes in Net Assets

For the year ended December 31, 2013

	Balance – Beginning of year \$	Net revenue (expense) for the year \$	Transfers from (to) \$	Balance – End of the year \$
Unrestricted	2,250,753	1,883,181	(58,507)	4,075,427
Invested in capital assets	491,782	(67,460)	58,507	482,829
Internally restricted – Reserve (note 11)	1,500,000	–	–	1,500,000
Internally restricted – Program Fund (note 11)	510,021	–	–	510,021
	<u>4,752,556</u>	<u>1,815,721</u>	<u>–</u>	<u>6,568,277</u>

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

Canadian Soccer Association

Statement of Operations

For the year ended December 31, 2013

	2013 \$	2012 \$
Revenue		
Membership fees	7,395,989	7,249,756
FIFA Women's World Cup 2015	7,218,400	—
Sponsorships and donations (note 8)	4,343,053	5,243,349
Sport Canada grants	2,871,036	3,486,336
Gate receipts, appearances and sanctioning fees	1,537,879	1,601,815
Competitions	953,557	906,681
Other	288,012	238,565
FIFA grants	253,033	249,177
Merchandise and royalties	140,871	164,730
Courses	86,718	64,772
2012 CONCACAF Women's Olympic Qualification	—	2,085,206
	<u>25,088,548</u>	<u>21,290,387</u>
Expense		
FIFA Women's World Cup 2015	5,376,219	953,515
Senior teams	5,247,792	5,469,454
Youth teams	2,971,122	2,529,386
Office of the Technical Director, staging and sporting equipment (note 8)	2,320,671	3,220,755
Administration and meetings	1,994,142	2,074,503
Competitions	1,862,583	1,791,031
Marketing and communications	1,753,358	2,234,672
Technical	1,433,337	1,552,009
National and international events	313,603	479,618
2012 CONCACAF Women's Olympic Qualification	—	1,526,568
	<u>23,272,827</u>	<u>21,831,511</u>
Net revenue (expense) for the year	<u>1,815,721</u>	<u>(541,124)</u>

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

Canadian Soccer Association

Statement of Cash Flows

For the year ended December 31, 2013

	2013 \$	2012 \$
Cash flows provided by (used in)		
Operating activities		
Net revenue (expense) for the year	1,815,721	(541,124)
Items not affecting cash –		
Amortization of capital assets	75,630	64,278
Amortization of deferred contributions related to capital assets	(8,170)	(8,170)
Net change in non-cash working capital items –		
Accounts receivable	(122,709)	1,937,694
Inventory	5,495	(4,000)
Prepaid expenses	(134,520)	355,348
Accounts payable and accrued liabilities	1,635,767	(334,805)
Deferred revenue	2,655,426	(1,011,708)
	<u>5,922,640</u>	<u>457,513</u>
Investing activities		
Purchase of capital assets	(58,507)	(31,878)
Purchase of short-term investments	(11,500,000)	(2,500,000)
Proceeds on redemption of short-term investments	5,500,000	2,500,000
	<u>(6,058,507)</u>	<u>(31,878)</u>
Net change in cash for the year	<u>(135,867)</u>	<u>425,635</u>
Cash – Beginning of year	<u>2,010,875</u>	<u>1,585,240</u>
Cash – End of year	<u>1,875,008</u>	<u>2,010,875</u>

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

Canadian Soccer Association

Notes to Financial Statements

December 31, 2013

1 Purpose of the Association

The mission of the Canadian Soccer Association ("the Association"), in partnership with its members, is to promote the growth and development of soccer for all Canadians at all levels and to provide leadership and good governance for the sport. The Association is incorporated under the *Canada Corporations Act* and, as a Registered Canadian Amateur Athletic Association under the *Income Tax Act*, is exempt from income taxes.

2 Significant accounting policies

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expense during the reporting periods. Actual results may differ from those estimates.

Short-term investments

Short-term investments are measured at fair value. Realized and unrealized changes in fair value are recognized in the statement of operations.

Inventory

Inventory is stated at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis.

Capital assets

Capital assets are recorded at cost and then amortized over their estimated useful lives, on a straight-line basis, as follows:

Building	40 years
Building improvements	10 years
Furniture and equipment	3 years

Revenue recognition

The Association follows the deferral method of accounting for restricted contributions. Restricted contributions are recognized as revenue in the year in which the related events take place or the related expenses are incurred. Unrestricted revenue is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributed soccer equipment and vehicle use are recorded at their fair values.

Canadian Soccer Association

Notes to Financial Statements

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3 Short-term investments

	2013 \$	2012 \$
Guaranteed investment certificates, bearing interest at prime less 1.80%, maturing 2014 (2012 – 2013)	6,500,000	2,500,000
Term deposit, bearing interest at 1.25%, maturing 2016	2,000,000	—
	<u>8,500,000</u>	<u>2,500,000</u>

4 Capital assets

	2013		
	Cost \$	Accumulated amortization \$	Net \$
Land	255,998	—	255,998
Building	615,171	270,419	344,752
Building improvements	184,909	167,684	17,225
Furniture and equipment	447,753	402,906	44,847
	<u>1,503,831</u>	<u>841,009</u>	<u>662,822</u>
	2012		
	Cost \$	Accumulated amortization \$	Net \$
Land	255,998	—	255,998
Building	615,171	255,040	360,131
Building improvements	184,909	157,389	27,520
Furniture and equipment	394,297	358,001	36,296
	<u>1,450,375</u>	<u>770,430</u>	<u>679,945</u>

5 Government remittances

Government remittances of \$nil (2012 – \$nil) are included in accounts payable and accrued liabilities.

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Notes to Financial Statements

December 31, 2013

6 Deferred revenue

	2013 \$	2012 \$
Technical and team activities	215,009	—
FIFA Women's World Cup 2015	2,410,000	—
Sponsorships	30,417	—
	<u>2,655,426</u>	<u>—</u>

7 Deferred contributions related to capital assets

In 1996, the Association received contributions of \$320,958 for the purchase of the present office building. These contributions have been deferred and are being amortized over 40 years, the same amortization period as the related building.

	\$
Balance – Beginning of year	188,163
Amortization of deferred contributions for the year	<u>(8,170)</u>
Balance – End of year	<u>179,993</u>

8 Contributed goods and services

Soccer equipment of \$1,117,978 (2012 – \$1,777,367) and vehicle use of \$nil (2012 – \$30,000) have been recognized in both revenue and expense in the statement of operations.

9 Commitments and contingencies

Commitments

The Association is committed under leases for equipment, furniture and office space as follows:

	\$
Year ending December 31, 2014	320,096
2015	240,736
2016	10,656
2017	10,656
2018	5,328

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Contingencies

In the normal course of operations, the Association is threatened from time to time with, or named as a defendant in, legal proceedings. The Association has been named in one lawsuit, the outcome of which cannot be determined at this time. It is expected that any liability arising from this lawsuit should be covered by the Association's liability insurance.

10 Financial instruments

Credit risk

68% (2012 – 69%) of accounts receivable is owing from four debtors.

Currency risk

The Association incurs expenses and receives contributions in foreign currencies, which gives rise to the risk that results of operations and cash flows may be adversely impacted by exchange rate fluctuations. The Association does not use derivative instruments to manage this risk. At December 31, 2013, cash denominated in United States dollars amounted to \$20,455 (2012 – \$153,924).

11 Internally restricted net assets

Over time, the Association intends to accumulate a reserve equivalent to a minimum of three months of operations. Internal restrictions for this purpose to December 31, 2013 are 34% (2012 – 31%) of the targeted amount; total net assets are 147% (2012 – 98%) of the targeted amount.

The Association also internally restricts amounts for certain programs.