

Canadian Soccer Association

Financial Statements
December 31, 2014



March 21, 2015

Independent Auditor's Report

To the Stakeholders of Canadian Soccer Association

We have audited the accompanying financial statements of Canadian Soccer Association, which comprise the statement of financial position as at December 31, 2014 and the statements of changes in net assets (liabilities), 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, 2014 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Canadian Soccer Association

Statement of Financial Position

As at December 31, 2014

	2014 \$	2013 \$
Assets		
Current assets		
Cash (note 10)	2,599,123	1,875,008
Short-term investments (note 3)	4,000,000	8,500,000
Accounts receivable (note 10)	2,804,448	914,444
Inventory	21,789	12,285
Prepaid expenses	<u>403,619</u>	<u>273,286</u>
	9,828,979	11,575,023
Capital assets (note 4)	<u>647,199</u>	<u>662,822</u>
	<u>10,476,178</u>	<u>12,237,845</u>
Liabilities and Net Assets (Liabilities)		
Current liabilities		
Accounts payable and accrued liabilities (note 5)	5,407,704	2,834,149
Deferred revenue (note 6)	<u>6,653,298</u>	<u>2,655,426</u>
	12,061,002	5,489,575
Deferred contributions related to capital assets (note 7)	<u>171,822</u>	<u>179,993</u>
	<u>12,232,824</u>	<u>5,669,568</u>
Net assets (liabilities)		
Unrestricted	(4,242,044)	4,075,427
Invested in capital assets	475,377	482,829
Internally restricted – Reserve (note 11)	1,500,000	1,500,000
Internally restricted – Program Fund (note 11)	<u>510,021</u>	<u>510,021</u>
	(1,756,646)	6,568,277
	<u>10,476,178</u>	<u>12,237,845</u>
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 (Liabilities)

For the year ended December 31, 2014

	Balance – Beginning of year \$	Net expense for the year \$	Transfers from (to) \$	Balance – End of year \$
Unrestricted	4,075,427	(8,274,232)	(43,239)	(4,242,044)
Invested in capital assets	482,829	(50,691)	43,239	475,377
Internally restricted – Reserve (note 11)	1,500,000	–	–	1,500,000
Internally restricted – Program Fund (note 11)	510,021	–	–	510,021
	<hr/> <u>6,568,277</u>	<hr/> <u>(8,324,923)</u>	<hr/> <u>–</u>	<hr/> <u>(1,756,646)</u>

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

Canadian Soccer Association

Statement of Operations

For the year ended December 31, 2014

	2014 \$	2013 \$
Revenue		
FIFA Women's World Cup 2015	22,016,475	7,218,400
Membership fees	7,545,183	7,395,989
Sponsorships and donations (note 8)	5,428,113	4,343,053
Sport Canada grants	3,292,414	2,871,036
Gate receipts, appearances and sanctioning fees	1,544,055	1,537,879
FIFA and CONCACAF grants	659,094	253,033
Competitions	611,261	953,557
Other	157,097	288,012
Merchandise and royalties	156,436	140,871
Courses	83,271	86,718
	<hr/> 41,493,399	<hr/> 25,088,548
Expense		
FIFA Women's World Cup 2015	29,694,715	5,376,219
Senior teams	5,571,969	5,247,792
Office of the Technical Director, staging and sporting equipment (note 8)	3,733,394	2,320,671
Youth teams	3,526,337	2,971,122
Administration and meetings	2,344,822	1,994,142
Marketing and communications	1,956,344	1,753,358
Competitions	1,232,245	1,862,583
Technical	1,040,633	1,433,337
National and international events	717,863	313,603
	<hr/> 49,818,322	<hr/> 23,272,827
Net revenue (expense) for the year	<hr/> (8,324,923)	<hr/> 1,815,721

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

Canadian Soccer Association

Statement of Cash Flows

For the year ended December 31, 2014

	2014 \$	2013 \$
Cash flows provided by (used in)		
Operating activities		
Net revenue (expense) for the year	(8,324,923)	1,815,721
Items not affecting cash –		
Amortization of capital assets	58,862	75,630
Amortization of deferred contributions related to capital assets	(8,171)	(8,170)
Net change in non-cash working capital items –		
Accounts receivable	(1,890,004)	(122,709)
Inventory	(9,504)	5,495
Prepaid expenses	(130,333)	(134,520)
Accounts payable and accrued liabilities	2,573,555	1,635,767
Deferred revenue	3,997,872	2,655,426
	<hr/>	<hr/>
	(3,732,646)	5,922,640
Investing activities		
Purchase of capital assets	(43,239)	(58,507)
Purchase of short-term investments	(4,000,000)	(11,500,000)
Proceeds on redemption of short-term investments	<hr/>	<hr/>
	8,500,000	5,500,000
	<hr/>	<hr/>
	4,456,761	(6,058,507)
Net change in cash for the year	<hr/>	<hr/>
Cash – Beginning of year	724,115	(135,867)
Cash – End of year	<hr/>	<hr/>
	1,875,008	2,010,875
	<hr/>	<hr/>
	2,599,123	1,875,008

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

Canadian Soccer Association

Notes to Financial Statements

December 31, 2014

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 provisions of the *Canada Not-for-profit 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

December 31, 2014

3 Short-term investments

	2014 \$	2013 \$
Guaranteed investment certificates, bearing interest at prime less 1.95%, maturing 2015 (2013 – 2014)	4,000,000	6,500,000
Term deposit, bearing interest at 1.25%	—	2,000,000
	<hr/>	<hr/>
	4,000,000	8,500,000

4 Capital assets

	2014		
	Cost \$	Accumulated amortization \$	Net \$
Land	255,998	—	255,998
Building	615,171	285,798	329,373
Building improvements	184,909	171,995	12,914
Furniture and equipment	490,992	442,078	48,914
	<hr/> 1,547,070	<hr/> 899,871	<hr/> 647,199
	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
	<hr/> 1,503,831	<hr/> 841,009	<hr/> 662,822

5 Government remittances

Government remittances of \$nil (2013 – \$ nil) are included in accounts payable and accrued liabilities.

Canadian Soccer Association

Notes to Financial Statements

December 31, 2014

6 Deferred revenue

	2014	2013
	\$	\$
Technical and team activities	394,757	215,009
FIFA Women's World Cup 2015	6,258,541	2,410,000
Sponsorships	—	30,417
	<hr/>	<hr/>
	6,653,298	2,655,426

Deferred revenue for FIFA Women's World Cup 2015 relates to restricted government funding and will be recognized as revenue in the year in which the event occurs or when specific criteria are met.

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	179,993
Amortization of deferred contributions for the year	(8,171)
Balance – End of year	<hr/> 171,822

8 Contributed goods and services

Soccer equipment of \$1,554,236 (2013 – \$1,117,978) and advertising of \$32,629 (2013 – \$nil) 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, 2015	475,535
2016	98,626
2017	10,656
2018	5,328

Canadian Soccer Association

Notes to Financial Statements

December 31, 2014

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

45% of accounts receivable is owing from two debtors (2013 – 68% 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, 2014, cash denominated in United States dollars amounted to \$12,943 (2013 – \$20,455).

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, 2014 are 30% (2013 – 34%) of the targeted amount; total net assets are negative.

The Association also internally restricts amounts for certain programs.