

# **Canadian Soccer Association**

Financial Statements  
**December 31, 2016**



March 28, 2017

## **Independent Auditor's Report**

### **To the Stakeholders of Canadian Soccer Association**

We have audited the accompanying financial statements of Canadian Soccer Association ("the Association"), which comprise the statement of financial position as at December 31, 2016 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.

*PricewaterhouseCoopers LLP  
99 Bank Street, Suite 800, Ottawa, Ontario, Canada K1P 1E4  
T: +1 613 237 3702, F: +1 613 237 3963*



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, 2016 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, 2016

	2016 \$	2015 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash (note 9)	5,667,017	2,361,143
Guaranteed investment certificates (note 3)	8,000,000	3,000,000
Accounts receivable (note 9)	1,488,619	6,524,624
Inventory	9,673	24,600
Prepaid expenses	<u>222,375</u>	<u>194,962</u>
	15,387,684	12,105,329
<b>Long-term accounts receivable</b>		
	-	166,667
<b>Capital assets (note 4)</b>	<u>713,229</u>	<u>736,195</u>
	16,100,913	13,008,191
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 5)	1,778,649	2,601,047
Deferred revenue	<u>528,892</u>	<u>209,930</u>
	2,307,541	2,810,977
<b>Deferred contributions related to capital assets (note 6)</b>	<u>155,238</u>	<u>163,408</u>
	2,462,779	2,974,385
<b>Net Assets</b>		
Unrestricted	11,580,143	7,961,019
Invested in capital assets	557,991	572,787
Internally restricted - Reserve (note 10)	<u>1,500,000</u>	<u>1,500,000</u>
	13,638,134	10,033,806
	<u>16,100,913</u>	<u>13,008,191</u>
<b>Commitments and contingencies (note 8)</b>		

**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, 2016

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	Balance - Beginning of year \$	Net revenue (expense) for the year \$	Transfers from (to) \$	Balance - End of year \$
Unrestricted	7,961,019	3,658,831	(39,707)	11,580,143
Invested in capital assets	572,787	(54,503)	39,707	557,991
Internally restricted - Reserve (note 10)	1,500,000	-	-	1,500,000
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	10,033,806	3,604,328	-	13,638,134

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

# Canadian Soccer Association

## Statement of Operations

For the year ended December 31, 2016

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	2016 \$	2015 \$
<b>Revenue</b>		
FIFA Women's World Cup Canada 2015 (note 7)	2,045,594	82,204,039
Commercial and other fees (note 7)	14,311,225	12,503,874
Player fees	7,440,894	7,697,398
Government grants	3,364,326	2,945,646
FIFA and CONCACAF grants	786,838	1,397,106
	<hr/>	<hr/>
	27,948,877	106,748,063
<b>Expense</b>		
FIFA Women's World Cup Canada 2015 (note 7)	567,963	72,147,244
Senior teams	6,822,057	8,290,848
Office of the Technical Director, staging and sporting equipment (note 7)	4,392,051	3,509,644
Youth teams	3,298,532	2,916,320
Marketing and communications	2,767,531	2,648,637
Administration and meetings	2,623,988	2,363,845
Competitions	1,218,120	1,283,100
Technical	1,644,420	1,041,384
National and international events	1,009,887	756,589
	<hr/>	<hr/>
	24,344,549	94,957,611
<b>Net revenue for the year</b>	<hr/>	<hr/>
	3,604,328	11,790,452

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

# Canadian Soccer Association

## Statement of Cash Flows

For the year ended December 31, 2016

	2016	2015
	\$	\$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net revenue for the year	3,604,328	11,790,452
Items not affecting cash -		
Amortization of capital assets	62,673	57,979
Amortization of deferred contributions related to capital assets	(8,170)	(8,414)
Net change in non-cash working capital items -		
Accounts receivable	5,202,672	(3,886,843)
Inventory	14,927	(2,811)
Prepaid expenses	(27,413)	208,657
Accounts payable and accrued liabilities	(822,398)	(2,806,657)
Deferred revenue	318,962	(6,443,368)
	<hr/>	<hr/>
	8,345,581	(1,091,005)
<b>Investing activities</b>		
Purchase of capital assets	(39,707)	(146,975)
Purchase of short-term investments	(8,000,000)	(18,000,000)
Proceeds on redemption of short-term investments	3,000,000	19,000,000
	<hr/>	<hr/>
	(5,039,707)	853,025
<b>Net change in cash for the year</b>	3,305,874	(237,980)
<b>Cash - Beginning of year</b>	<hr/>	<hr/>
<b>Cash - End of year</b>	2,361,143	2,599,123
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	5,667,017	2,361,143

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

# Canadian Soccer Association

## Notes to Financial Statements

**December 31, 2016**

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### **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.

#### **Guaranteed investment certificates**

Guaranteed investment certificates 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, hosting services, transportation, essential federal services, team supplies and advertising are recorded at their fair values.

# Canadian Soccer Association

## Notes to Financial Statements

**December 31, 2016**

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### 3 Guaranteed investment certificates

	2016	2015
	\$	\$
Guaranteed investment certificates, bearing interest at prime less 1.80%, maturing 2017 (2015 - 1.80%)	<u>8,000,000</u>	<u>3,000,000</u>

### 4 Capital assets

	<b>2016</b>		
	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Net</b>
	\$	\$	\$
Land	255,998	-	255,998
Building	615,171	316,557	298,614
Building improvements	330,552	204,641	125,911
Furniture and equipment	<u>453,154</u>	<u>420,448</u>	<u>32,706</u>
	<u>1,654,875</u>	<u>941,646</u>	<u>713,229</u>
	<b>2015</b>		
	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Net</b>
	\$	\$	\$
Land	255,998	-	255,998
Building	615,171	301,178	313,993
Building improvements	296,772	187,492	109,280
Furniture and equipment	<u>447,227</u>	<u>390,303</u>	<u>56,924</u>
	<u>1,615,168</u>	<u>878,973</u>	<u>736,195</u>

### 5 Government remittances

Government remittances of \$7,691 (2015 - \$13,936) are included in accounts payable and accrued liabilities.

# Canadian Soccer Association

## Notes to Financial Statements

**December 31, 2016**

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### **6 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.

	\$
<b>Balance - Beginning of year</b>	163,408
Amortization of deferred contributions for the year	<u>(8,170)</u>
<b>Balance - End of year</b>	<u>155,238</u>

### **7 Contributed goods and services**

Contributed goods and services (soccer equipment, hosting services, transportation, essential federal services and team supplies) of \$1,832,964 (2015 - \$4,593,369) have been recognized in both revenue and expense in the statement of operations. The revenue is included in FIFA Women's World Cup Canada 2015 and commercial and other fees. The expense is included in FIFA Women's World Cup Canada 2015 and Office of the Technical Director, staging and sporting equipment.

### **8 Commitments and contingencies**

#### **Commitments**

The Association is committed under leases for equipment as follows.

	\$
Year ending December 31, 2017	56,198
2018	51,548
2019	46,795
2020	49,669
2021	41,391

#### **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 two lawsuits, 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.

# **Canadian Soccer Association**

Notes to Financial Statements

**December 31, 2016**

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## **9 Financial instruments**

### **Credit risk**

72% of accounts receivable is owing from three debtors (2015 - 50% owing from four debtors).

### **Currency risk**

Cash denominated in United States dollars amounted to \$23,472 (2015 - \$5,292).

## **10 Internally restricted net assets**

Over time, the Association intends to accumulate a reserve equivalent to a minimum of three months of operations.

The utilization of the reserve is subject to membership approval. These funds may be used for short-term cash flow needs for the purpose of minimizing financing expense.

## **11 Comparative figures**

Certain comparative figures have been reclassified in order to conform to the current year presentation.