

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.

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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, 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 \$
Assets		
Current assets		
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	222,375	194,962
	15,387,684	12,105,329
Long-term accounts receivable	-	166,667
Capital assets (note 4)	713,229	736,195
	16,100,913	13,008,191
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 5)	1,778,649	2,601,047
Deferred revenue	528,892	209,930
	2,307,541	2,810,977
Deferred contributions related to capital assets (note 6)	155,238	163,408
	2,462,779	2,974,385
Net Assets		
Unrestricted	11,580,143	7,961,019
Invested in capital assets	557,991	572,787
Internally restricted - Reserve (note 10)	1,500,000	1,500,000
	13,638,134	10,033,806
	16,100,913	13,008,191

Commitments and contingencies (note 8)

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

	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
	<hr/> 10,033,806	<hr/> 3,604,328	<hr/> -	<hr/> 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

	2016 \$	2015 \$
Revenue		
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
	<u>27,948,877</u>	<u>106,748,063</u>
Expense		
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
	<u>24,344,549</u>	<u>94,957,611</u>
Net revenue for the year	<u>3,604,328</u>	<u>11,790,452</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, 2016

	2016 \$	2015 \$
Cash provided by (used in)		
Operating activities		
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/> 8,345,581	<hr/> (1,091,005)
Investing activities		
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/> (5,039,707)	<hr/> 853,025
Net change in cash for the year	3,305,874	(237,980)
Cash - Beginning of year	<hr/> 2,361,143	<hr/> 2,599,123
Cash - End of year	<hr/> 5,667,017	<hr/> 2,361,143

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

Canadian Soccer Association

Notes to Financial Statements

December 31, 2016

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

3 Guaranteed investment certificates

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

4 Capital assets

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

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

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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.

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

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Notes to Financial Statements

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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.