

Canadian Soccer Association

Financial Statements
December 31, 2017



March 26, 2018

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, 2017 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.

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

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

**Opinion**

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2017 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

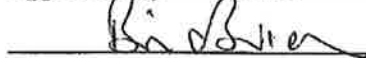
Canadian Soccer Association

Statement of Financial Position

As at December 31, 2017

	2017 \$	2016 \$
Assets		
Current assets		
Cash (note 9)	2,380,368	5,667,017
Guaranteed investment certificates (note 3)	8,000,000	8,000,000
Accounts receivable (note 9)	1,871,460	1,488,619
Inventory	5,923	9,673
Prepaid expenses	187,867	222,375
	<u>12,445,618</u>	<u>15,387,684</u>
Capital assets (note 4)	<u>650,556</u>	<u>713,229</u>
	<u>13,096,174</u>	<u>16,100,913</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 5)	1,342,355	1,778,649
Deferred revenue	226,880	528,892
	<u>1,569,235</u>	<u>2,307,541</u>
Deferred contributions related to capital assets (note 6)	<u>147,131</u>	<u>155,238</u>
	<u>1,716,366</u>	<u>2,462,779</u>
Net Assets		
Unrestricted	9,376,383	11,580,143
Invested in capital assets	503,425	557,991
Internally restricted - reserve (note 10)	1,500,000	1,500,000
	<u>11,379,808</u>	<u>13,638,134</u>
	<u>13,096,174</u>	<u>16,100,913</u>
Commitments and contingencies (note 8)		

Approved by the Board of Directors



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, 2017

	Balance - Beginning of year \$	Net revenue (expense) for the year \$	Transfers from (to) \$	Balance - End of year \$
Unrestricted	11,580,143	(2,203,760)	-	9,376,383
Invested in capital assets	557,991	(54,566)	-	503,425
Internally restricted - Reserve (note 10)	1,500,000	-	-	1,500,000
	13,638,134	(2,258,326)	-	11,379,808

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

Canadian Soccer Association

Statement of Operations

For the year ended December 31, 2017

	2017 \$	2016 \$
Revenue		
Commercial and other fees (note 7)	8,289,546	14,311,225
Player fees	7,405,155	7,440,894
Government grants	3,621,805	3,364,326
FIFA and CONCACAF grants	1,259,698	786,838
FIFA Women's World Cup Canada 2015	-	2,045,594
	<u>20,576,204</u>	<u>27,948,877</u>
Expense		
Senior teams	5,863,249	6,822,057
Office of the Technical Director, staging and sporting equipment (note 7)	4,703,170	4,392,051
Youth teams	3,302,679	3,298,532
Administration and meetings	2,835,753	2,623,988
Marketing and communications	2,168,155	2,767,531
Technical	1,791,021	1,644,420
National and international events	937,702	1,009,887
Competitions	962,840	1,218,120
FIFA World Cup Bid 2026	269,961	-
FIFA Women's World Cup Canada 2015	-	567,963
	<u>22,834,530</u>	<u>24,344,549</u>
Net (expense) revenue for the year	<u>(2,258,326)</u>	<u>3,604,328</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, 2017

	2017 \$	2016 \$
Cash provided by (used in)		
Operating activities		
Net (expense) revenue for the year	(2,258,326)	3,604,328
Items not affecting cash		
Amortization of capital assets	62,673	62,673
Amortization of deferred contributions related to capital assets	(8,107)	(8,170)
Net change in non-cash working capital items		
Accounts receivable	(382,841)	5,202,672
Inventory	3,750	14,927
Prepaid expenses	34,508	(27,413)
Accounts payable and accrued liabilities	(436,294)	(822,398)
Deferred revenue	(302,012)	318,962
	<u>(3,286,649)</u>	<u>8,345,581</u>
Investing activities		
Purchase of capital assets	-	(39,707)
Purchase of short-term investments	(8,000,000)	(8,000,000)
Proceeds on redemption of short-term investments	8,000,000	3,000,000
	<u>-</u>	<u>(5,039,707)</u>
Net change in cash during the year	(3,286,649)	3,305,874
Cash - Beginning of year	5,667,017	2,361,143
Cash - End of year	2,380,368	5,667,017

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

Canadian Soccer Association

Notes to Financial Statements

December 31, 2017

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.

Cash

Cash includes cash on hand and deposits with banks.

Guaranteed investment certificates

Guaranteed investment certificates are measured at amortized cost. Interest income is recognized in the statement of operations in the year earned.

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

Canadian Soccer Association

Notes to Financial Statements

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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.

3 Guaranteed investment certificates

	2017 \$	2016 \$
Guaranteed investment certificates, bearing interest rates from 1.15% to prime less 2.15%, maturing 2018 (2016 - 1.80%)	8,000,000	8,000,000

4 Capital assets

	2017		
	Cost \$	Accumulated amortization \$	Net \$
Land	255,998	-	255,998
Building	615,171	331,936	283,235
Building improvements	330,552	221,790	108,762
Furniture and equipment	333,273	330,712	2,561
	1,534,994	884,438	650,556
	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

5 Government remittances

Government remittances of \$7,826 (2016 - \$7,691) are included in accounts payable and accrued liabilities.

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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	155,238
Amortization of deferred contributions for the year	<u>(8,107)</u>
Balance - End of year	<u>147,131</u>

7 Contributed goods and services

Contributed goods and services (soccer equipment, hosting services, transportation, essential federal services and team supplies) of \$1,799,989 (2016 - \$1,832,964) have been recognized in both revenue and expense in the statement of operations. The revenue is included in commercial and other fees. The expense is included in Office of the Technical Director, staging and sporting equipment. The change in commercial and other fees is primarily attributable to sponsorship and international television rights.

8 Commitments and contingencies

Commitments

- i) The Association is committed under leases for equipment as follows:

	\$
2018	51,548
2019	46,795
2020	49,669
2021	41,391
2022	-

- ii) The Association has signed a term sheet and is likely to execute an agreement in 2018 expiring December 31, 2027 with a Canadian national soccer league. This draft agreement that is likely to be executed stipulates that the Association provide funding, as a minimum, of \$350,000, up to a maximum of \$1,000,000 per annum.

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.

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9 Financial instruments

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association's cash is held with a Canadian chartered bank; therefore, management considers the likelihood of non-performance as remote. The Company deals with creditworthy counterparties to mitigate the risk of financial loss from defaults. As at December 31, 2017, 56% of accounts receivable is owing from three debtors (2016 - 72% owing from four debtors).

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Cash denominated in United States dollars amounted to \$21,582 (2016 - \$23,472).

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Association's guaranteed investment certificates contain variable interest rates based on the bank's prime rate. As a result, the Association is exposed to interest rate risk due to fluctuations in the bank's prime rate.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Association manages its liquidity risk by monitoring its operating requirements. The Association prepares budget forecasts to ensure it has sufficient funds to fulfill its obligations. The Association relies on cash flows from operations and its reserves to provide cash required to meet liabilities as they fall due.

10 Internally restricted net assets

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.