



## Consolidated Financial Statements

Ontario Soccer Association

(Operating as Ontario Soccer)

March 31, 2021 (Note 1)

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# Independent Auditor's Report

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To the Members of  
Ontario Soccer Association

## Opinion

We have audited the consolidated financial statements of Ontario Soccer Association (operating as Ontario Soccer) (the "Association"), which comprise the consolidated statement of financial position as at March 31, 2021 (Note 1), and the consolidated statements of financial activities, changes in fund balances and cash flows for the three months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Association as at March 31, 2021 (Note 1), and the results of its consolidated operations and its consolidated cash flows for the three months then ended in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Emphasis of Matter – Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Association incurred a deficiency of revenue over expenses of \$187,158 during the three months ended March 31, 2021 (Note 1) and, as of that date, the Association's current liabilities exceeded its current assets by \$2,629,725. These conditions along with other matters set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt on the Association's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with ASNPO, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Association and the organizations it controls to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Markham, Canada  
June 26, 2021

Chartered Professional Accountants  
Licensed Public Accountants

# Ontario Soccer Association

(Operating as Ontario Soccer)

## Consolidated Statement of Financial Position

	March 31, 2021	December 31, 2020
	(Note 1)	
<b>Assets (Note 4)</b>		
Current		
Cash	\$ 655,862	\$ 193,415
Accounts receivable	566,583	372,699
Prepaid expenses and inventories	<u>101,062</u>	<u>243,948</u>
	1,323,507	810,062
Accounts receivable	150,000	275,000
Property and equipment (Note 5)	<u>6,512,840</u>	<u>6,654,974</u>
	<u>\$ 7,986,347</u>	<u>\$ 7,740,036</u>
<b>Liabilities and fund balances (Note 4)</b>		
Current		
Bank overdraft	\$ -	\$ 35,328
Accounts payable and accrued liabilities (Note 6)	1,520,249	1,591,761
Notes payable (Note 7)	532,000	532,000
Deferred revenue	1,443,252	1,189,294
Current portion of deferred government grant (Note 8)	16,333	16,333
Current portion of capital lease obligation (Note 9)	22,448	25,299
Current portion of long-term debt (Note 10)	415,246	411,942
Current portion of term facility (Note 11)	<u>3,704</u>	<u>-</u>
	3,953,232	3,801,957
Deferred government grant (Note 8)	132,617	136,700
Capital lease obligation (Note 9)	3,107	7,769
Long-term debt (Note 10)	2,494,411	2,599,768
Term facility (Note 11)	<u>396,296</u>	<u>-</u>
	<u>6,979,663</u>	<u>6,546,194</u>
Fund balances (Note 12)		
Unrestricted	(3,057,738)	(2,904,428)
Invested in property and equipment	3,454,233	3,490,231
Internally restricted	<u>610,189</u>	<u>608,039</u>
	<u>1,006,684</u>	<u>1,193,842</u>
	<u>\$ 7,986,347</u>	<u>\$ 7,740,036</u>

Contingencies (Note 16)

On behalf of the Board of Directors

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

See accompanying notes to the consolidated financial statements.

# Ontario Soccer Association

(Operating as Ontario Soccer)

## Consolidated Statement of Financial Activities

	Three months ended March 31, 2021	Year ended December 31, 2020
	(Note 1)	
Revenue (Notes 13 and 14)		
Ontario Soccer Association		
Registration and reporting fees	\$ 156,884	\$ 1,348,923
Grants	122,340	434,257
Government assistance (Note 2)	103,900	474,236
Clinic and course fees	59,176	601,442
Sponsorships	54,684	284,645
Program fees	700	286,218
Corporate	-	15,961
	<u>497,684</u>	<u>3,445,682</u>
The Soccer Centre (Ontario)		
Rental income	85,804	664,439
Government assistance (Note 2)	34,570	112,551
Other	448	8,966
Government grant (Note 8)	4,083	16,333
League fees	-	147,328
Facilities	-	42,386
Sponsorships	-	2,761
	<u>124,905</u>	<u>994,764</u>
	<u>622,589</u>	<u>4,440,446</u>
Expenses (Notes 13 and 14)		
Ontario Soccer Association		
Salaries and benefits	289,091	2,183,828
Insurance	89,258	588,667
Corporate	47,837	145,168
General and administrative	39,033	190,083
Programs	33,038	604,141
Amortization	9,745	40,427
Clinics and courses	1,982	217,999
Canadian Soccer Association levy	1,000	808,010
	<u>510,984</u>	<u>4,778,323</u>
The Soccer Centre (Ontario)		
Amortization	132,389	533,698
Salaries and benefits	54,307	320,410
Maintenance and utilities	46,814	243,772
Administration	34,690	91,887
Interest (Notes 7, 10 and 11)	30,563	122,573
League	-	135,529
	<u>298,763</u>	<u>1,447,869</u>
	<u>809,747</u>	<u>6,226,192</u>
Deficiency of revenue over expenses (Note 14)	<u>\$ (187,158)</u>	<u>\$ (1,785,746)</u>

See accompanying notes to the consolidated financial statements.

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## Ontario Soccer Association

(Operating as Ontario Soccer)

### Consolidated Statement of Changes in Fund Balances

	Unrestricted	Invested in Property and Equipment	Internally Restricted	Three months ended March 31, 2021 Total	Year ended December 31, 2020 Total
	(Note 1)	(Note 1)	(Note 1)	(Note 1)	
Fund balances, beginning of period	\$ (2,904,788)	\$ 3,490,231	\$ 608,399	\$ 1,193,842	\$ 2,979,588
Deficiency of revenue over expenses	(49,107)	(138,051)	-	(187,158)	(1,785,746)
Transfer to internally restricted fund	(1,790)	-	1,790	-	-
Repayment of long-term debt	<u>(102,053)</u>	<u>102,053</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of period	<u>\$ (3,057,738)</u>	<u>\$ 3,454,233</u>	<u>\$ 610,189</u>	<u>\$ 1,006,684</u>	<u>\$ 1,193,842</u>

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See accompanying notes to the consolidated financial statements.

**Ontario Soccer Association**  
 (Operating as Ontario Soccer)  
**Consolidated Statement of Cash Flows**

	Three months ended March 31, 2021	Year ended December 31, 2020
	(Note 1)	
Increase (decrease) in cash		
<b>Operating</b>		
Deficiency of revenue over expenses	\$ (187,158)	\$ (1,785,746)
Items not involving cash		
Amortization	142,134	574,125
Deferred government grant recognized	<u>(4,083)</u>	<u>(16,333)</u>
	<u>(49,107)</u>	<u>(1,227,954)</u>
Change in non-cash working capital items		
Accounts receivable	(68,884)	650,029
Prepaid expenses and inventories	142,886	(6,760)
Accounts payable and accrued liabilities	(71,512)	517,657
Deferred revenue	<u>253,958</u>	<u>(530,202)</u>
	<u>256,448</u>	<u>630,724</u>
	<u>207,341</u>	<u>(597,230)</u>
<b>Financing</b>		
Repayment of notes payable	-	(52,100)
Repayment of capital lease obligation	(7,513)	(30,053)
(Decrease) increase in bank overdraft	(35,328)	35,328
Proceeds of term facility	400,000	-
Repayment of long-term debt	<u>(102,053)</u>	<u>(300,833)</u>
	<u>255,106</u>	<u>(347,658)</u>
<b>Investing</b>		
Purchase of property and equipment	<u>-</u>	<u>(3,452)</u>
Increase (decrease) in cash	462,477	(948,340)
Cash		
Beginning of period	<u>193,415</u>	<u>1,141,755</u>
End of period	<u>\$ 655,862</u>	<u>\$ 193,415</u>

See accompanying notes to the consolidated financial statements.

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# Ontario Soccer Association

(Operating as Ontario Soccer)

## Notes to the Financial Statements

March 31, 2021 (Note 1)

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### 1. Purpose of the organization

Ontario Soccer Association (operating as Ontario Soccer) (the "Association") is incorporated in Ontario and is defined as a not-for-profit organization under the Canadian Income Tax Act. The Association is exempt from income tax under Section 149(1) of the Canadian Income Tax Act. The objectives of the Association are to promote and regulate the sport of soccer in the province of Ontario.

The Association adopted a fiscal year ended March 31 effective January 1, 2021. Accordingly, these financial statements reflect the results of operations and cash flows for the three months ended March 31, 2021. The comparative figures in the financial statements reflect the results of operations and cash flows for the year ended December 31, 2020.

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### 2. Impact of COVID-19 and going concern basis of presentation

The outbreak of a novel strain of coronavirus ("COVID-19") was declared a global pandemic by the World Health Organization in March 2020. COVID-19 has severely impacted many economies around the globe. In many countries, including Canada, businesses were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The consequences of the COVID-19 pandemic have materially and adversely affected the ability of the Association to maintain its normal activities and therefore, its operating results have been negatively impacted. The measures adopted by the federal and provincial government have required the temporary closure of the Association. The Association was able to reduce the impact of the events related to COVID-19 through the application and receipt of funding of government assistance including the Canada Emergency Wage Subsidy (CEWS) of \$103,032, COVID-19 Ontario Small Business Support Grant of \$22,330, and Canada Emergency Rent Subsidy (CERS) of \$13,108, of which \$47,613 was in accounts receivable at period end, as well as through significant cost cutting measures.

At March 31, 2021, the Association has current liabilities that exceed its current assets by \$2,629,725, a deficiency of revenue over expenses of \$187,158, and the unrestricted fund balance is in a deficit position of \$3,057,738. Management is taking action to remedy this deficiency by forecasting working capital requirements, and ensuring the operating budget, which includes registrations, program, clinic and field rental revenue, generates an increase in working capital. The Association anticipates having enough funds to meet its general and administrative expenses for at least the next twelve months. However, given limited financial resources, the Association will require, and management is actively seeking, additional financing through various means including grants and government assistance, in order to secure enough funding for its existing commitments and meet all its general and administrative costs. There is no assurance that management's initiatives will be successful, and uncertainty remains as to the ability of the Association to continue operating as a going concern.

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# Ontario Soccer Association

(Operating as Ontario Soccer)

## Notes to the Financial Statements

March 31, 2021 (Note 1)

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### 2. Impact of COVID-19 and going concern basis of presentation (continued)

These financial statements have been prepared in accordance with Canadian accounting standards for not-for profit organizations (“ASNPO”) on a going concern basis, meaning the Association is viewed as being able to realize its assets and discharge its liabilities in the normal course of operations. In assessing whether the going concern assumption is appropriate, management considers all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Association’s ability to continue as a going concern. The carrying amounts of the assets, liabilities and expenses presented in these financial statements and the statement of financial position classifications have not been adjusted as would be required if the going concern assumption was not appropriate. Such adjustments could be material.

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### 3. Summary of significant accounting policies

The consolidated financial statements have been prepared by management in accordance with ASNPO, the more significant policies of which are outlined below.

#### Basis of presentation and principles of consolidation

These consolidated financial statements present the financial position of the Association as at March 31, 2021 and the results of its financial activities and its cash flows for the three months then ended.

These consolidated financial statements include the accounts of the Association and its controlled organization, The Soccer Centre (Ontario) (the “Centre”). The Centre is defined as a not-for-profit organization under the Canadian Income Tax Act.

#### Fund accounting

The accounts are maintained in accordance with the principles of fund accounting, whereby fund balances of the Association are classified for accounting and reporting purposes into funds to be used according to the directions of the Board of Directors (the “Board”). The unrestricted, invested in property and equipment and internally restricted funds are described further in Note 12.

#### Use of estimates

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. The Association makes estimates for the allowance for doubtful accounts, useful lives of property and equipment as well as the realization of deferred revenue. Actual results may differ from such estimates.

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# Ontario Soccer Association

(Operating as Ontario Soccer)

## Notes to the Financial Statements

March 31, 2021 (Note 1)

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### 3. Summary of significant accounting policies (continued)

#### Financial instruments

The Association considers any contract creating a financial asset, liability or equity instrument as a financial instrument. The Association's financial instruments are comprised of cash, accounts receivable, bank overdraft, accounts payable, notes payable, long-term debt and term facility.

Financial assets and liabilities are initially recorded at fair value. Cash, accounts receivable, bank overdraft and accounts payable are subsequently stated at amortized cost. Notes payable, long-term debt and term facility are subsequently recorded at amortized cost using the effective interest rate method.

#### Property and equipment

Property and equipment are recorded at cost. Amortization is provided over the estimated useful lives as follows:

Building (constructed on leased land (Note 5(a)))	40 years straight-line
Indoor turf	10 years straight-line
Outdoor turf	8 years straight-line
Outdoor turf facilities and equipment	10 - 20 years straight-line
Outdoor stadium substructure	24 years straight-line
Furniture and equipment	5 years straight-line
Computer equipment	30% declining balance

Building costs and leasehold improvements are accounted for at cost and amortized over the shorter of the estimated useful life of the asset or the term of the lease with the City of Vaughan (the "City").

Property and equipment are tested for impairment when events or changes in circumstances indicate that an asset might be impaired. The assets are tested for impairment by comparing the net carrying value to its fair value or replacement cost. If the asset's fair value or replacement cost is determined to be less than its net carrying value, the resulting impairment is reported in the statement of financial activities. Any impairment recognized is not reversed.

#### Revenue recognition

Player registration, program, clinic, course, corporate, competition and travel fees are recognized over the term the service is performed. Revenue is recognized from sponsorships, grants, rental, league and agency fees over the term of the contract. Concession sales are recorded on the date of sale. Fees received in advance are recorded as deferred revenue and recognized when services are performed.

Specific funding for the purchase of property and equipment is deferred and amortized over the useful life of the related property and equipment so that revenue recognition corresponds with the related amortization expense.

Government assistance is recognized in the statement of financial activities when received or receivable in the period to which it relates.

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# Ontario Soccer Association

(Operating as Ontario Soccer)

## Notes to the Financial Statements

March 31, 2021 (Note 1)

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### 3. Summary of significant accounting policies (continued)

#### Contributed services and goods

The work of the Association is dependent on contributed services of many volunteers. Since these services are not normally purchased by the Association and due to the difficulty in determining their fair value, donated services are not recognized in these consolidated financial statements.

Members of the Board are volunteers who serve without remuneration.

Contributed materials normally purchased by the Association are not recorded in the accounts. The fair value of these contributed materials is not readily determinable and, as such, they are not reflected in these consolidated financial statements.

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### 4. Statement of financial position consolidation

	Association Non- Consolidated (Note 1)	Centre (Note 1)	Eliminating entries (Note 1)	Total (Note 1)
<b>Assets</b>				
Current				
Cash	\$ 253,971	\$ 401,891	\$ -	\$ 655,862
Accounts receivable	494,339	72,244	-	566,583
Prepaid expenses and inventories	97,909	3,153	-	101,062
Due from related party	<u>345,948</u>	<u>-</u>	<u>(345,948)</u>	<u>-</u>
	1,192,167	477,288	(345,948)	1,323,507
Investment in the Centre (Note 12)	2,000,000	-	(2,000,000)	-
Accounts receivable	150,000	-	-	150,000
Property and equipment	<u>188,425</u>	<u>6,324,415</u>	<u>-</u>	<u>6,512,840</u>
	<u>\$ 3,530,592</u>	<u>\$ 6,801,703</u>	<u>\$ (2,345,948)</u>	<u>\$ 7,986,347</u>

**Ontario Soccer Association**  
 (Operating as Ontario Soccer)  
**Notes to the Financial Statements**  
 March 31, 2021 (Note 1)

**4. Statement of financial position consolidation (continued)**

	Association Non- Consolidated (Note 1)	Centre (Note 1)	Eliminating entries (Note 1)	<b>Total (Note 1)</b>
<b>Liabilities and fund balances</b>				
<b>Current</b>				
Accounts payable and accrued liabilities	1,472,616	47,633	-	<b>1,520,249</b>
Notes payable	532,000	-	-	<b>532,000</b>
Due to related party	-	345,948	(345,948)	-
Deferred revenue	1,420,502	22,750	-	<b>1,443,252</b>
Current portion of deferred government grant	-	16,333	-	<b>16,333</b>
Current portion of capital lease obligation	22,448	-	-	<b>22,448</b>
Current portion of long-term debt	-	415,246	-	<b>415,246</b>
Current portion of term facility	-	3,704	-	<b>3,704</b>
	<u>3,447,566</u>	<u>851,614</u>	<u>(345,948)</u>	<b><u>3,953,232</u></b>
Deferred government grant	-	132,617	-	<b>132,617</b>
Capital lease obligation	3,107	-	-	<b>3,107</b>
Long-term debt	-	2,494,411	-	<b>2,494,411</b>
Term facility	-	396,296	-	<b>396,296</b>
	<u>3,450,673</u>	<u>3,874,938</u>	<u>(345,948)</u>	<b><u>6,979,663</u></b>
Equity of parent organization (Note 12)	-	2,000,000	(2,000,000)	-
<b>Fund balances</b>				
Unrestricted	(108,506)	(2,949,232)	-	<b>(3,057,738)</b>
Invested in property and equipment	188,425	3,265,808	-	<b>3,454,233</b>
Internally restricted	-	610,189	-	<b>610,189</b>
	<u>79,919</u>	<u>926,765</u>	<u>-</u>	<b><u>1,006,684</u></b>
	<u>\$ 3,530,592</u>	<u>\$ 6,801,703</u>	<u>\$ (2,345,948)</u>	<b><u>\$ 7,986,347</u></b>

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**Ontario Soccer Association**  
(Operating as Ontario Soccer)  
**Notes to the Financial Statements**  
March 31, 2021 (Note 1)

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**5. Property and equipment**

	<u>Cost</u> (Note 1)	<u>Accumulated Amortization</u> (Note 1)	<u>March 31, 2021 Net Book Value</u> (Note 1)	<u>December 31, 2020 Net Book Value</u>
Lease interest in land (a)	\$ 43	\$ -	\$ 43	\$ 43
Building (b)	8,584,559	4,808,698	<b>3,775,861</b>	3,829,646
Indoor turf	330,350	189,951	<b>140,399</b>	148,657
Outdoor turf	519,438	373,346	<b>146,092</b>	162,325
Outdoor turf facilities and equipment	910,670	513,144	<b>397,526</b>	420,293
Outdoor stadium substructure	2,373,386	568,624	<b>1,804,762</b>	1,829,485
Furniture and equipment	749,953	603,612	<b>146,341</b>	158,024
Computer equipment	175,659	148,524	<b>27,135</b>	29,528
Leasehold improvements	<u>107,093</u>	<u>32,412</u>	<u><b>74,681</b></u>	<u>76,973</u>
	<u>\$ 13,751,151</u>	<u>\$ 7,238,311</u>	<u><b>\$ 6,512,840</b></u>	<u>\$ 6,654,974</u>

- (a) Commencing in June 1996, the land was leased from the City for a period of 43 years for aggregate consideration of \$43.
- (b) During 1998, the City provided \$1,599,130 of initial funding for the building which has been applied to reduce the cost of the building. During 2001 and 2002, the City provided, without charge, approximately \$760,000 for property improvements, which are not included in the consolidated financial statements.

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**6. Accounts payable and accrued liabilities**

Included in accounts payable and accrued liabilities at period end are government remittances owing of \$6,260 (December 31, 2020 - \$2,298).

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**7. Notes payable**

Unsecured notes payable, repayable at various maturity dates up to August 2021, bearing interest at 4.00%.

Interest expense on the notes payable amounted to \$6,319 (December 31, 2020 - \$22,025). The interest was paid by the Centre.

**Ontario Soccer Association**  
 (Operating as Ontario Soccer)  
**Notes to the Financial Statements**  
 March 31, 2021 (Note 1)

**8. Deferred government grant**

	Grant Amount (Note 1)	Accumulated Amortization (Note 1)	<u>March 31, 2021</u> <b>Net</b> (Note 1)	December 31, 2020 <b>Net</b>
RinC grant	\$ 53,333	\$ 15,633	<b>\$ 37,700</b>	\$ 38,033
Trillium HVAC	<u>150,000</u>	<u>38,750</u>	<b><u>111,250</u></b>	<u>115,000</u>
	<u>203,333</u>	<u>54,383</u>	<b><u>148,950</u></b>	<u>153,033</u>
Less: current portion			<b><u>16,333</u></b>	<u>16,333</u>
			<b><u>\$ 132,617</u></b>	<b><u>\$ 136,700</u></b>

**9. Capital lease obligation**

	<u>March 31, 2021</u> (Note 1)	December 31, 2020
Capital lease, 6% effective interest rate, with 60 monthly interest and principal payments of \$951 maturing July 2021	<b>\$ 3,803</b>	\$ 6,654
Capital lease, 6% effective interest rate, with 60 monthly interest and principal payments of \$1,554 maturing July 2022	<b><u>21,752</u></b>	<u>26,414</u>
	<b>25,555</b>	33,068
Less: current portion	<b><u>22,448</u></b>	<u>25,299</u>
Long-term portion	<b><u>\$ 3,107</u></b>	<b><u>\$ 7,769</u></b>

The principal payments required over the next two years are as follows:

2021	\$ 22,448
2022	<u>3,107</u>
	<b><u>\$ 25,555</u></b>

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**Ontario Soccer Association**  
(Operating as Ontario Soccer)  
**Notes to the Financial Statements**  
March 31, 2021 (Note 1)

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**10. Long-term debt**

	<u>March 31,</u> <u>2021</u> (Note 1)	<u>December 31,</u> <u>2020</u>
Bank loan, secured by real property, assignment of insurance for all assets, guarantee and postponement of claim executed by the City limited to \$5,000,000, bearing interest at prime plus 0.75%, repayable in blended monthly payments of \$43,207 over 7 years ending on May 31, 2027.	<b>\$ 2,909,657</b>	\$ 3,011,710
Less: current portion	<u>415,246</u>	<u>411,942</u>
Long-term portion	<b><u>\$ 2,494,411</u></b>	<b><u>\$ 2,599,768</u></b>

The Centre incurred interest expense during the three month period of \$23,011 (December 31, 2020 - \$100,548) with respect to the long-term debt. The Centre is subject to a covenant to maintain a debt service coverage ratio of not less than 1.0, however, the bank has provided a waiver indicating it does not intend to require repayment of the long-term debt until April 1, 2022.

The principal payments required over the next five years are as follows:

2022	\$ 415,246
2023	428,731
2024	442,653
2025	457,028
2026	471,869

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**11. Term facility**

	<u>March 31,</u> <u>2021</u> (Note 1)	<u>December 31,</u> <u>2020</u>
Demand loan, secured by real property and assignment of insurance for all assets, bearing interest at prime plus 1.25% repayable in principal monthly payments of \$3,704 plus accrued interest, over 10 years ending on February 28, 2031. Principal payments commence March 2022 with interest accrued as of receipt of the proceeds of the loan.	<b>\$ 400,000</b>	\$ -
Less: current portion	<u>3,704</u>	<u>-</u>
Long-term portion	<b><u>\$ 396,296</u></b>	<b><u>\$ -</u></b>

The Centre incurred interest expense during the three month period of \$1,233 (December 31, 2020 - \$Nil) with respect to the term facility. The Centre is subject to a covenant to maintain a debt service coverage ratio of not less than 1.0, however, the bank has provided a waiver indicating it does not intend to require repayment of the long-term debt until April 1, 2022.

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# Ontario Soccer Association

(Operating as Ontario Soccer)

## Notes to the Financial Statements

March 31, 2021 (Note 1)

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### 11. Term facility (continued)

The principal payments required over the next five years are as follows:

2022	\$	3,704
2023		44,444
2024		44,444
2025		44,444
2026		44,444

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### 12. Objectives, policies and processes for managing capital

The Association's capital is comprised of the net amounts invested in property and equipment, internally restricted and unrestricted funds.

The Association and the Centre invest in property and equipment in order, primarily, to provide facilities for the soccer community. The Association's Board and the Centre's Board are responsible for the investment and define the policies to be followed to ensure the smooth functioning of the facilities and their maintenance.

An internally restricted fund has been established by the Centre's Board to finance future repairs and replacements for the Centre. The Centre's Board approved an increase of \$20 to the hourly rate for the Centre's field rentals in order to establish a fund that would serve to provide the cash for larger capital maintenance items. Income for the three month period earned from these fees was \$1,790 (December 31, 2020 - \$36,869). An amount of \$610,189 (December 31, 2020 - \$608,399) is reserved for this purpose. Only major repairs and replacements are charged directly to this fund. Reimbursement for minor capital purchases are charged to the unrestricted fund or recorded as property and equipment, according to their nature.

The objective of the Association and the Centre is to maintain fund balances sufficient to meet both the annual working capital requirements and the annual maintenance of property and equipment. Management prepares the annual budget and cash flow forecast to meet the requirements of the unrestricted fund. After the budget is approved by the Association's Board, the Finance Committee and staff monitor the actual results against forecast.

The Centre has covenants with the bank, which include maintaining the fund balances at deemed values and maintaining a debt service ratio. The Centre and the Association submit financial statements to the bank on a quarterly basis, and to the City on an annual basis. Given the waiver obtained from the bank on the covenant as indicated in Notes 10 and 11, management is in compliance with its covenants.

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# Ontario Soccer Association

(Operating as Ontario Soccer)

## Notes to the Financial Statements

March 31, 2021 (Note 1)

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### 13. Due from (to) related party and related party transactions

The following transactions between the Association and the Centre have not been eliminated within the consolidated statement of financial activities. It is management's opinion that these fees would have been earned or charged between the organizations and independent third parties had they not occurred between the Association and the Centre. Consequently, to eliminate the transactions would not provide a complete picture of the operations of the consolidated organization. The transactions are recorded at management's best estimate of fair market values. Amounts due to the Association are unsecured, non-interest bearing and due on demand.

	<b>March 31, 2021</b>	December 31, 2020
	<b>(Note 1)</b>	
Due to parent organization (Note 4), beginning of period	<b>\$ 171,588</b>	\$ 26,873
Investment in the Centre (Note 4), beginning of period	<b><u>2,000,000</u></b>	<u>2,000,000</u>
	<b>2,171,588</b>	2,026,873
Fees charged to the Association by the Centre:		
Office space rental (included in rental income)	<b>(22,284)</b>	(89,137)
Indoor soccer rental fees (included in rental income)	-	(53,920)
Outdoor soccer rental fees (included in rental income)	-	-
Canada room rental (included in rental income)	<u>-</u>	<u>(2,000)</u>
	<b>(22,284)</b>	(145,057)
Fees charged to the Centre by the Association (included in interest expense)	<b>6,319</b>	22,025
Operating expenses of the Centre paid by the Association	<b><u>190,325</u></b>	<u>267,747</u>
Due to parent organization (Note 4), end of period	<b>345,948</b>	171,588
Investment in the Centre (Note 4), end of period	<b><u>2,000,000</u></b>	<u>2,000,000</u>
	<b><u>\$ 2,345,948</u></b>	<b><u>\$ 2,171,588</u></b>

Investment in the Centre consists of original capital provided by the Association to fund creation of the Centre. It was the intention of the Association that this amount would be repaid over a multi-year period.

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# Ontario Soccer Association

(Operating as Ontario Soccer)

## Notes to the Financial Statements

March 31, 2021 (Note 1)

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### 14. Consolidated net activities of Ontario Soccer Association

	Association Non- Consolidated (Note 1)	Centre (Note 1)	Total (Note 1)
Revenue	\$ 497,684	\$ 124,905	\$ 622,589
Expenses	<u>(510,984)</u>	<u>(298,763)</u>	<u>(809,747)</u>
Deficiency of revenue over expenses	<u>\$ (13,300)</u>	<u>\$ (173,858)</u>	<u>\$ (187,158)</u>

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### 15. Financial instruments

Ontario Soccer Association has the following risks associated with its financial instruments:

#### Credit risk

The Association does not consider credit risks on its accounts receivable to be significant given the high quality nature of the Association's sources of revenue. The Association's allowance for doubtful accounts is \$1,113 (December 31, 2020 - \$Nil).

#### Liquidity risk

The Association does not consider liquidity risks on its bank overdraft, accounts payable, notes payable, long-term debt and term facility to be significant as the Association forecasts cash flows from operations, investing and financing activities to ensure it has sufficient funds available to meet current and foreseeable financial obligations. As outlined in Note 2, there is material uncertainty around the Association's ability to continue as a going concern.

#### 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 is subject to interest rate cash flow risk as the long-term debt and term facility are subject to interest at the Canadian bank prime rate.

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### 16. Contingencies

In fiscal 2021, various claims amounting to \$15,200,000 (December 31, 2020 - \$15,200,000) have been filed against numerous parties, including the Association. The final outcome of these claims is not yet determinable.