



Consolidated Financial Statements

Ontario Soccer Association

(Operating as Ontario Soccer)

December 31, 2019

Contents

	Page
Independent Auditor's Report	1 - 2
Consolidated Statement of Financial Position	3
Consolidated Statement of Financial Activities	4
Consolidated Statement of Changes in Fund Balances	5
Consolidated Statement of Cash Flows	6
Notes to the Consolidated Financial Statements	7 - 15

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 December 31, 2019, and the consolidated statements of financial activities, changes in fund balances and cash flows for the year 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 December 31, 2019, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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.

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 Canadian accounting standards for not-for-profit organizations, 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.

Grant Thornton LLP

Markham, Canada
June 13, 2020

Chartered Professional Accountants
Licensed Public Accountants

Ontario Soccer Association

(Operating as Ontario Soccer)

Consolidated Statement of Financial Position

December 31

2019

2018

Assets (Note 4)

Current

Cash	\$ 1,141,755	\$ 667,701
Accounts receivable	922,728	1,081,218
Prepaid expenses and inventories	<u>237,188</u>	<u>363,379</u>
	2,301,671	2,112,298
Accounts receivable	375,000	450,000
Property and equipment (Note 5)	<u>7,225,647</u>	<u>7,955,804</u>
	<u>\$ 9,902,318</u>	<u>\$ 10,518,102</u>

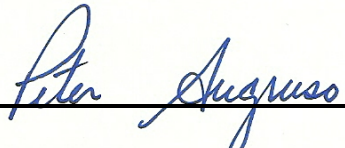
Liabilities and fund balances (Note 4)

Current

Accounts payable and accrued liabilities (Note 6)	\$ 1,074,104	\$ 1,171,491
Deferred revenue	1,735,829	1,629,715
Notes payable (Note 7)	584,100	594,100
Current portion of capital lease obligation (Note 8)	30,053	30,053
Current portion of long-term debt (Note 9)	<u>308,565</u>	<u>389,536</u>
	3,732,651	3,814,895
Deferred government grant (Note 10)	153,033	169,366
Capital lease obligation (Note 8)	33,068	63,121
Long-term debt (Note 9)	<u>3,003,978</u>	<u>3,312,543</u>
	<u>6,922,730</u>	<u>7,359,925</u>
Fund balances (Note 11)		
Unrestricted (Note 17)	(1,335,680)	(1,414,514)
Invested in property and equipment (Note 17)	3,743,738	4,068,026
Internally restricted	<u>571,530</u>	<u>504,665</u>
	<u>2,979,588</u>	<u>3,158,177</u>
	<u>\$ 9,902,318</u>	<u>\$ 10,518,102</u>

Contingencies (Note 15)

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

Year ended December 31

2019

2018

Revenue (Notes 12 and 13)		
Ontario Soccer Association		
Registration and reporting fees	\$ 6,053,502	\$ 6,030,857
Program fees	2,134,263	3,426,245
Clinic and course fees	874,430	944,928
Sponsorships	631,590	489,820
Grants	367,148	429,712
Corporate	38,795	23,891
	<u>10,099,728</u>	<u>11,345,453</u>
The Soccer Centre (Ontario)		
Rental income	1,469,573	1,438,382
League fees	371,134	318,884
Facilities	75,276	74,465
Concession sales	23,817	23,546
Sponsorships	23,145	16,728
Government grant (Note 10)	16,333	6,333
	<u>1,979,278</u>	<u>1,878,338</u>
	<u>12,079,006</u>	<u>13,223,791</u>
Expenses (Notes 12 and 13)		
Ontario Soccer Association		
Salaries and benefits	3,022,849	2,908,914
Canadian Soccer Association levy	2,724,976	2,943,131
Programs	2,661,126	3,843,745
Insurance	742,523	770,067
Clinics and courses	363,354	537,042
Corporate	286,644	284,679
General and administrative	276,340	416,140
Amortization	50,682	48,606
	<u>10,128,494</u>	<u>11,752,324</u>
The Soccer Centre (Ontario)		
Amortization	571,224	568,108
Salaries and benefits	531,129	514,551
League	333,726	326,838
Maintenance and utilities	309,986	345,111
Interest (Note 7 and 9)	137,364	150,683
Loss on sale of property and equipment	128,755	-
Administration	116,639	148,264
Concession cost of sales	278	349
	<u>2,129,101</u>	<u>2,053,904</u>
	<u>12,257,595</u>	<u>13,806,228</u>
Deficiency of revenue over expenses (Note 13)	\$ (178,589)	\$ (582,437)

See accompanying notes to the consolidated financial statements.

Ontario Soccer Association

(Operating as Ontario Soccer)

Consolidated Statement of Changes in Fund Balances

Year ended December 31

	Unrestricted	Invested in Property and Equipment	Internally Restricted	2019 Total	2018 Total
Fund balances, beginning of year (Note 17)	\$ (1,414,514)	\$ 4,068,026	\$ 504,665	\$ 3,158,177	\$ 3,740,614
Excess (deficiency) of revenue over expenses	555,739	(734,328)	-	(178,589)	(582,437)
Transfer to internally restricted fund	(66,865)	-	66,865	-	-
Property and equipment additions	(20,504)	20,504	-	-	-
Repayment of long-term debt	<u>(389,536)</u>	<u>389,536</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ (1,335,680)</u>	<u>\$ 3,743,738</u>	<u>\$ 571,530</u>	<u>\$ 2,979,588</u>	<u>\$ 3,158,177</u>

See accompanying notes to the consolidated financial statements.

Ontario Soccer Association

(Operating as Ontario Soccer)

Consolidated Statement of Cash Flows

Year ended December 31

2019

2018

Increase (decrease) in cash

Operating

Deficiency of revenue over expenses	\$ (178,589)	\$ (582,437)
Items not involving cash		
Amortization	621,906	616,714
Loss on sale of property and equipment	<u>128,755</u>	<u>-</u>

572,072 34,277

Change in non-cash working capital items

Accounts receivable	233,490	(854,187)
Prepaid expenses and inventories	126,191	31,624
Accounts payable and accrued liabilities	(97,387)	554,886
Deferred revenue	106,114	190,720
Deferred government grant	<u>(16,333)</u>	<u>128,667</u>

352,075 51,710

924,147 85,987

Financing

Repayment of notes payable	(10,000)	-
Repayment of capital lease obligation	(30,053)	(30,054)
Repayment of long-term debt	<u>(389,536)</u>	<u>(377,285)</u>

(429,589) (407,339)

Investing

Purchase of property and equipment	<u>(20,504)</u>	<u>(393,651)</u>
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Increase (decrease) in cash

474,054 (715,003)

Cash

Beginning of year 667,701 1,382,704

End of year \$ 1,141,755 \$ 667,701

See accompanying notes to the consolidated financial statements.

Ontario Soccer Association

(Operating as Ontario Soccer)

Notes to the Consolidated Financial Statements

December 31, 2019

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.

2. Working capital deficiency

As at year end the Association's current liabilities exceed its current assets by \$1,430,980 (2018 - \$1,702,627). The Association 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.

3. Summary of significant accounting policies

The consolidated financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"), the more significant 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 December 31, 2019 and the results of its financial activities and its cash flows for the year 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 11.

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.

Ontario Soccer Association

(Operating as Ontario Soccer)

Notes to the Financial Statements

December 31, 2019

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, accounts payable, notes payable and long-term debt.

Financial assets and liabilities are initially recorded at fair value. Cash is subsequently stated at amortized cost. The carrying values of accounts receivable and accounts payable approximate their fair values due to their short-term maturities. Notes payable and long-term debt 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 Vaughn (the "City").

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.

Contributed services and goods

The work of the Association is dependent on donated 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.

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

Ontario Soccer Association
 (Operating as Ontario Soccer)
Notes to the Financial Statements
 December 31, 2019

4. Statement of financial position consolidation

	Ontario Soccer Association Non Consolidated	Centre	Total
Assets			
Current			
Cash	\$ 849,757	\$ 291,998	\$ 1,141,755
Accounts receivable	771,925	150,803	922,728
Prepaid expenses and inventories	207,678	29,510	237,188
Due from related party	<u>26,873</u>	<u>-</u>	<u>26,873</u>
	1,856,233	472,311	2,328,544
Investment in the Centre (Note 12)	2,000,000	-	2,000,000
Accounts receivable	375,000	-	375,000
Property and equipment	<u>235,145</u>	<u>6,990,502</u>	<u>7,225,647</u>
	<u>\$ 4,466,378</u>	<u>\$ 7,462,813</u>	<u>\$ 11,929,191</u>
Liabilities and fund balances			
Current			
Accounts payable and accrued liabilities	\$ 979,400	\$ 94,704	\$ 1,074,104
Due to related party	-	26,873	26,873
Deferred revenue	1,413,897	321,932	1,735,829
Notes payable	584,100	-	584,100
Capital lease obligation	30,053	-	30,053
Current portion of long-term debt	<u>-</u>	<u>308,565</u>	<u>308,565</u>
	3,007,450	752,074	3,759,524
Deferred government grant	-	153,033	153,033
Capital lease obligation	33,068	-	33,068
Long-term debt	<u>-</u>	<u>3,003,978</u>	<u>3,003,978</u>
	<u>3,040,518</u>	<u>3,909,085</u>	<u>6,949,603</u>
Equity of parent organization (Note 12)	<u>-</u>	<u>2,000,000</u>	<u>2,000,000</u>
Fund balances			
Unrestricted	1,190,715	(2,526,395)	(1,335,680)
Invested in property and equipment	235,145	3,508,593	3,743,738
Internally restricted	<u>-</u>	<u>571,530</u>	<u>571,530</u>
	<u>1,425,860</u>	<u>1,553,728</u>	<u>2,979,588</u>
	<u>\$ 4,466,378</u>	<u>\$ 7,462,813</u>	<u>\$ 11,929,191</u>

Ontario Soccer Association
 (Operating as Ontario Soccer)
Notes to the Financial Statements
 December 31, 2019

5. Property, plant and equipment

			<u>2019</u>	<u>2018</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Lease interest in land (a)	\$ 43	\$ -	\$ 43	\$ 43
Building (b)	8,584,559	4,539,774	4,044,785	4,238,216
Indoor turf	330,350	148,658	181,692	214,727
Outdoor turf	519,438	292,184	227,254	292,184
Outdoor turf facilities and equipment	910,670	399,310	511,360	739,505
Outdoor stadium substructure	2,373,386	445,010	1,928,376	2,027,267
Furniture and equipment	746,501	542,178	204,323	292,738
Computer equipment	175,659	133,986	41,673	55,814
Leasehold improvements	<u>107,093</u>	<u>20,952</u>	<u>86,141</u>	<u>95,310</u>
	<u>\$ 13,747,699</u>	<u>\$ 6,522,052</u>	<u>\$ 7,225,647</u>	<u>\$ 7,955,804</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.

6. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities at year end are government remittances owing of \$37,691 (2018 - \$23,093).

7. Notes payable

	<u>2019</u>	<u>2018</u>
Unsecured notes payable, repayable at various maturity dates up to August 2020, bearing interest at 4.00%	<u>\$ 584,100</u>	<u>\$ 594,100</u>

Interest expense on the notes payable amounted to \$24,578 (2018 - \$25,645). The interest was paid by the Centre.

Ontario Soccer Association
 (Operating as Ontario Soccer)
Notes to the Financial Statements
 December 31, 2019

8. Capital lease obligation

	<u>2019</u>	<u>2018</u>
Capital lease, 6% effective interest rate, with 60 monthly interest and principal payments of \$951 maturing in July 2021	\$ 18,063	\$ 29,471
Capital lease, 6% effective interest rate, with 60 monthly interest and principal payments of \$1,554 maturing in July 2022	<u>45,058</u>	<u>63,703</u>
	63,121	93,714
Less: current portion	<u>30,053</u>	<u>30,053</u>
Long-term portion	<u>\$ 33,068</u>	<u>\$ 63,121</u>

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

2020	\$ 30,053
2021	25,299
2022	<u>7,769</u>
	<u>\$ 63,121</u>

9. Long-term debt

	<u>2019</u>	<u>2018</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.	\$ 3,312,543	\$ 3,702,079
Less: current portion	<u>308,565</u>	<u>389,536</u>
Long-term portion	<u>\$ 3,003,978</u>	<u>\$ 3,312,543</u>

The Centre incurred interest expense during the year of \$112,786 (2018 - \$125,038) with respect to the long-term debt.

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

2020	\$ 308,565
2021	428,604
2022	442,522
2023	456,893
2024	471,730

Ontario Soccer Association

(Operating as Ontario Soccer)

Notes to the Financial Statements

December 31, 2019

10. Deferred government grant

In 2010, the Centre received financial assistance from the Minister of Health Promotion as part of the Recreational Infrastructure Canada Program in Ontario (RinC). The Centre received financial assistance of \$20,087 for maintenance expenses (66.7% of expenditures totaling \$30,130) and \$53,333 for renovations for a storage facility. The portion of the grant received for the storage facility was recorded as deferred government grant and will be recognized as revenue over the life of the related asset.

In 2018, the Centre received financial assistance from the Ontario Trillium Foundation as part of the project to install an environmentally-friendly HVAC system, ensuring a better climate-controlled space for physical activity. The Centre received financial assistance of \$150,000 for the infrastructure. The grant was recorded as deferred government grant and will be recognized as revenue over the life of the related asset.

			<u>2019</u>	<u>2018</u>
	<u>Grant Amount</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
RinC grant	\$ 53,333	\$ 13,967	\$ 39,366	\$ 40,669
Trillium HVAC	<u>150,000</u>	<u>20,000</u>	<u>130,000</u>	<u>145,000</u>
	<u>203,333</u>	<u>33,967</u>	<u>169,366</u>	<u>185,699</u>
Less: current portion (included deferred revenue)			<u>16,333</u>	<u>16,333</u>
			<u>\$ 153,033</u>	<u>\$ 169,366</u>

11. 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 year earned from these fees was \$66,865 (2018 - \$69,640). An amount of \$571,530 (2018 - \$504,665) is reserved for this purpose. Only major repairs and replacements are charged directly to this fund. Minor repairs and replacements are expensed either through 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.

Ontario Soccer Association
 (Operating as Ontario Soccer)
Notes to the Financial Statements
 December 31, 2019

11. Objectives, policies and processes for managing capital (continued)

The Centre has covenants with both the City and the bank which include maintaining the fund balances at deemed values and maintaining a debt service covenant. The Centre and the Association submit financial statements to the Bank on a quarterly basis, and to the City on an annual basis. Aside from the covenant breach indicated in Note 9, management is in compliance with its other covenants.

12. 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/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 organizations. The transactions are recorded at management's best estimate of fair market values.

	<u>2019</u>	<u>2018</u>
Due to parent organization (Note 4), beginning of year	\$ 147,978	\$ 166,898
Investment in the Centre (Note 4), beginning of year	<u>2,000,000</u>	<u>2,000,000</u>
	2,147,978	2,166,898
Fees charged to the Association by the Centre:		
Office space rental (included in rental income)	(89,137)	(89,137)
Indoor soccer rental fees (included in rental income)	(148,580)	(86,320)
Outdoor soccer rental fees (included in rental income)	(57,810)	(50,620)
Canada room rental (included in rental income)	<u>(2,849)</u>	<u>(6,750)</u>
	(298,376)	(232,827)
Fees charged to the Centre by the Association (included in interest expense)	24,578	22,924
Operating expenses of the Centre paid by the Association	<u>152,693</u>	<u>190,983</u>
Due to parent organization (Note 4), end of year	26,873	147,978
Investment in the Centre (Note 4), end of year	<u>2,000,000</u>	<u>2,000,000</u>
	\$ 2,026,873	\$ 2,147,978

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.

Ontario Soccer Association
 (Operating as Ontario Soccer)
Notes to the Financial Statements
 December 31, 2019

13. Consolidated net activities of Ontario Soccer Association

	Centre	Ontario Soccer Association Non- Consolidated	Total
Revenue	\$ 1,979,278	\$ 10,099,728	\$ 12,079,006
Expenses	<u>1,557,877</u>	<u>10,077,812</u>	<u>11,635,689</u>
Excess of revenue over expenses before amortization	421,401	21,916	443,317
Amortization	<u>(571,224)</u>	<u>(50,682)</u>	<u>(621,906)</u>
Deficiency of revenue over expenses	<u>\$ (149,823)</u>	<u>\$ (28,766)</u>	<u>\$ (178,589)</u>

14. 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.

Liquidity risk

The Association does not consider liquidity risks on its accounts payable, notes payable and long-term debt 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.

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. As the Association's notes payable and long-term debt are based on a fixed interest rate and not subject to interest at the Canadian bank prime rate, the Association is not subject to interest rate cash flow risk.

15. Contingencies

In 2019, various claims amounting to \$16,000,000 (2018 - \$18,980,512) have been filed against numerous parties, including the Association. The final outcome of these claims is not yet determinable.

Ontario Soccer Association

(Operating as Ontario Soccer)

Notes to the Financial Statements

December 31, 2019

16. Subsequent event

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. 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 Association has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended December 31, 2019 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Association for future periods.

17. Comparative amounts

Certain comparative amounts have been reclassified from those previously presented to conform to the presentation of the 2019 financial statements.

During the year, the Association determined that an amount of \$185,699 was misclassified in the unrestricted fund rather than in the invested in property and equipment fund consistent with the nature of the funds. As a result, as at December 31, 2018, balances in the unrestricted fund increased by \$185,699 from \$(1,600,213) to \$(1,414,514) and the invested in property and equipment fund decreased by \$185,699 from \$4,253,725 to \$4,068,026. There was no impact on the excess (deficiency) of revenue over expenses as a result of these adjustments.