



Consolidated Financial Statements

Ontario Soccer Association

(Operating as Ontario Soccer)

March 31, 2023

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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, 2023, 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 March 31, 2023, 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 ("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.

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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Markham, Canada
August 21, 2023

Chartered Professional Accountants
Licensed Public Accountants

Ontario Soccer Association

(Operating as Ontario Soccer)

Consolidated Statement of Financial Position

March 31

2023

2022

Assets (Note 3)

Current

Cash (Note 4)	\$ 2,136,349	\$ 2,890,855
Short-term investments (Note 5)	1,000,000	-
Accounts receivable	598,268	859,897
Prepaid expenses and inventories	<u>614,933</u>	<u>131,211</u>
	4,349,550	3,881,963
Property and equipment (Note 6)	<u>5,783,498</u>	<u>6,053,529</u>
	<u>\$ 10,133,048</u>	<u>\$ 9,935,492</u>

Liabilities and fund balances (Note 3)

Current

Accounts payable and accrued liabilities (Note 7)	\$ 451,505	\$ 1,508,203
Notes payable (Note 8)	130,000	532,000
Deferred revenue	2,628,767	2,757,997
Current portion of deferred government grant (Note 9)	16,333	16,333
Current portion of capital lease obligation	-	2,937
Current portion of long-term debt (Note 10)	423,746	428,731
Current portion of term facility (Note 11)	<u>44,444</u>	<u>44,444</u>
	3,694,795	5,290,645
Deferred government grant (Note 9)	99,951	116,284
Long-term debt (Note 10)	1,702,624	2,066,158
Term facility (Note 11)	<u>307,407</u>	<u>351,852</u>
	<u>5,804,777</u>	<u>7,824,939</u>
Fund balances (Note 12)		
Unrestricted	(1,033)	(1,989,139)
Invested in property and equipment	3,540,844	3,426,023
Internally restricted	<u>788,460</u>	<u>673,669</u>
	4,328,271	2,110,553
	<u>\$ 10,133,048</u>	<u>\$ 9,935,492</u>

Contingencies (Note 17)

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 March 31

2023

2022

Revenue (Note 14)		
Ontario Soccer Association		
Registration and reporting fees	\$ 6,122,810	\$ 3,762,268
Program fees	1,884,254	1,415,900
Grants	1,123,787	447,737
Clinic and course fees	846,647	499,248
Sponsorships	735,607	221,327
Corporate	39,323	1,400
Government assistance	4,701	187,875
	<u>10,757,129</u>	<u>6,535,755</u>
The Soccer Centre (Ontario)		
Rental income	1,674,779	1,059,180
Other	41,568	21,369
Government assistance	16,733	76,123
Government grant (Note 9)	16,333	16,333
Facilities	8,131	29,343
Sponsorships	667	2,750
	<u>1,758,211</u>	<u>1,205,098</u>
	<u>12,515,340</u>	<u>7,740,853</u>
Expenses (Note 14)		
Ontario Soccer Association		
Programs	3,156,147	1,296,356
Canadian Soccer Association player fees	2,151,177	1,491,652
Salaries and benefits	1,967,060	1,604,737
Insurance	757,878	395,838
Corporate	224,216	156,677
Clinics and courses	238,183	169,491
General and administrative	176,713	191,948
Amortization	46,117	37,498
Loss on disposal of property and equipment	4,616	-
	<u>8,722,107</u>	<u>5,344,197</u>
The Soccer Centre (Ontario)		
Amortization	530,028	516,838
Salaries and benefits	459,214	325,317
Maintenance and utilities	366,438	237,163
Interest (Notes 7, 9 and 10)	178,766	122,240
Administration	137,728	104,781
Loss on sale of property and equipment	418	-
	<u>1,672,592</u>	<u>1,306,339</u>
	<u>10,394,699</u>	<u>6,650,536</u>
Excess of revenue over expenses from continued operations (Note 14)	<u>2,120,641</u>	<u>1,090,317</u>
Discontinued operations (Note 15)		
Revenue from discontinued operations	225,583	470,893
Expenses from discontinued operations	(153,506)	(457,341)
Gain on sale of discontinued operations	25,000	-
Excess of revenue over expenses from continued and discontinued operations	<u>\$ 2,217,718</u>	<u>\$ 1,103,869</u>

See accompanying notes to the consolidated financial statements.

Ontario Soccer Association

(Operating as Ontario Soccer)

Consolidated Statement of Changes in Fund Balances

Year ended March 31	Unrestricted	Invested in Property and Equipment	Internally Restricted	2023	2022
Fund balances, beginning of year	\$ (1,989,139)	\$ 3,426,023	\$ 673,669	\$ 2,110,553	\$ 1,006,684
Excess (deficiency) of revenue over expenses	2,782,564	(564,846)	-	2,217,718	1,103,869
Purchase of property and equipment	(311,148)	311,148	-	-	-
Transfer to internally restricted fund	(114,791)	-	114,791	-	-
Repayment of long-term debt	<u>(368,519)</u>	<u>368,519</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ (1,033)</u>	<u>\$ 3,540,844</u>	<u>\$ 788,460</u>	<u>\$ 4,328,271</u>	<u>\$ 2,110,553</u>

See accompanying notes to the consolidated financial statements.

Ontario Soccer Association

(Operating as Ontario Soccer)

Consolidated Statement of Cash Flows

Year ended March 31

2023

2022

Increase (decrease) in cash

Operating

Excess of revenue over expenses from continuing operations	\$ 2,120,641	\$ 1,090,317
Items not involving cash		
Amortization	576,145	554,336
Loss on sale or disposal of property and equipment	5,034	-
Deferred government grant recognized	<u>(16,333)</u>	<u>(16,333)</u>
	<u>2,685,487</u>	<u>1,628,320</u>
Change in non-cash working capital items		
Accounts receivable	261,629	(143,314)
Prepaid expenses and inventories	(483,722)	(30,149)
Accounts payable and accrued liabilities	(1,056,698)	(12,046)
Deferred revenue	<u>95,249</u>	<u>1,090,226</u>
	<u>(1,408,021)</u>	<u>1,129,236</u>
Operating increase in cash from continuing operations	1,501,945	2,533,077
Operating increase (decrease) in cash from discontinued operations	<u>(152,402)</u>	<u>238,031</u>
	<u>1,349,543</u>	<u>2,771,108</u>

Financing

Repayment of notes payable	(402,000)	-
Repayment of capital lease obligation	(2,937)	(22,618)
Repayment of term facility	(44,445)	(3,704)
Repayment of long-term debt	<u>(368,519)</u>	<u>(414,768)</u>
	<u>(817,901)</u>	<u>(441,090)</u>

Investing

Purchase of short-term investment	(1,000,000)	-
Purchase of property and equipment	<u>(311,148)</u>	<u>(95,025)</u>
Investing decrease in cash from continuing operations	(1,311,148)	(95,025)
Gain on sale of discontinued operations	<u>25,000</u>	<u>-</u>
	<u>(1,286,148)</u>	<u>(95,025)</u>

(Decrease) increase in cash (754,506) 2,234,993

Cash

Beginning of year	<u>2,890,855</u>	<u>655,862</u>
End of year	<u>\$ 2,136,349</u>	<u>\$ 2,890,855</u>

See accompanying notes to the consolidated financial statements.

Ontario Soccer Association

(Operating as Ontario Soccer)

Notes to the Financial Statements

March 31, 2023

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. 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 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, 2023 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 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.

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, short-term investment, accounts receivable, accounts payable, notes payable, long-term debt and term facility.

Financial assets and liabilities obtained in arm's length transactions are initially recorded at their fair value and subsequently measured at amortized cost. Financial assets and liabilities obtained in related party transactions are initially and subsequently measured at cost.

For financial assets measured at cost or amortized cost, the Association regularly assesses whether there are any indicators of impairment. Any impairment loss is recognized in the consolidated statement of financial activities.

Ontario Soccer Association

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Notes to the Financial Statements

March 31, 2023

2. Summary of significant accounting policies (continued)

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 4(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 consolidated 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 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 consolidated statement of financial activities when received or receivable in the period to which it relates.

Contributed services and materials

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.

Ontario Soccer Association

(Operating as Ontario Soccer)

Notes to the Financial Statements

March 31, 2023

2. Summary of significant accounting policies (continued)

Discontinued operations

The Association accounts for discontinued operations when there is a disposal of a component group or a group of components that represents a strategic shift that will have a significant effect on the Association's operations and financial results. The Association aggregates the results of operations for discontinued operations into a single line of revenue and expenses in the statement of financial activities for all periods presented. Refer to Note 15 for additional information.

3. Statement of financial position consolidation

	Association Non- Consolidated	Centre	Eliminating entries	Total
Assets				
Current				
Cash	\$ 1,896,418	\$ 239,931	\$ -	\$ 2,136,349
Short-term investment	1,000,000	-	-	1,000,000
Accounts receivable	527,436	70,832	-	598,268
Prepaid expenses and inventories	573,969	40,964	-	614,933
Due from related party	133,874	-	(133,874)	-
	4,131,697	351,727	(133,874)	4,349,550
Investment in the Centre (Note 13)	2,000,000	-	(2,000,000)	-
Property and equipment	195,624	5,587,874	-	5,783,498
	<u>\$ 6,327,321</u>	<u>\$ 5,939,601</u>	<u>\$ (2,133,874)</u>	<u>\$ 10,133,048</u>
Liabilities and fund balances				
Current				
Accounts payable and accrued liabilities	\$ 299,250	\$ 152,255	\$ -	\$ 451,505
Notes payable	130,000	-	-	130,000
Due to related party	-	133,874	(133,874)	-
Deferred revenue	2,591,572	37,195	-	2,628,767
Current portion of deferred government grant	-	16,333	-	16,333
Current portion of long-term debt	-	423,746	-	423,746
Current portion of term facility	-	44,444	-	44,444
	3,020,822	807,847	(133,874)	3,694,795
Deferred government grant	-	99,951	-	99,951
Long-term debt	-	1,702,624	-	1,702,624
Term facility	-	307,407	-	307,407
	<u>3,020,822</u>	<u>2,917,829</u>	<u>(133,874)</u>	<u>5,804,777</u>

Ontario Soccer Association
(Operating as Ontario Soccer)
Notes to the Financial Statements
March 31, 2023

3. Statement of financial position consolidation (continued)

	Association Non- Consolidated	Centre	Eliminating entries	Total
Equity of parent organization (Note 13)	-	2,000,000	(2,000,000)	-
Fund balances				
Unrestricted	3,110,875	(3,111,908)	-	(1,033)
Invested in property and equipment	195,624	3,345,220	-	3,540,844
Internally restricted	-	788,460	-	788,460
	<u>3,306,499</u>	<u>1,021,772</u>	-	<u>4,328,271</u>
	<u>\$ 6,327,321</u>	<u>\$ 5,939,601</u>	<u>\$ (2,133,874)</u>	<u>\$ 10,133,048</u>

4. Cash

Included in cash at year end are funds internally restricted as an emergency reserve of \$250,000 (2022 - \$Nil).

5. Short-term investment

Short-term investment at year end consists of a guaranteed investment certificate, maturing in February 2024 with an annual interest rate of 4.00% per annum.

6. Property and equipment

	Cost	Accumulated Amortization	2023 Net Book Value	2022 Net Book Value
Lease interest in land (a)	\$ 43	\$ -	\$ 43	\$ 43
Building (b)	8,859,928	5,249,854	3,610,074	3,599,459
Indoor turf	330,350	256,021	74,329	107,364
Outdoor turf	519,438	503,205	16,233	81,162
Outdoor turf facilities and equipment	910,670	667,637	243,033	320,096
Outdoor stadium substructure	2,373,386	766,406	1,606,980	1,705,871
Furniture and equipment	797,643	689,174	108,469	138,095
Computer equipment	152,895	84,902	67,993	35,926
Leasehold improvements	107,093	50,749	56,344	65,513
	<u>\$ 14,051,446</u>	<u>\$ 8,267,948</u>	<u>\$ 5,783,498</u>	<u>\$ 6,053,529</u>

(a) Commencing in June 1996, the land was leased from the City for a period of 43 years for aggregate consideration of \$43.

Ontario Soccer Association

(Operating as Ontario Soccer)

Notes to the Financial Statements

March 31, 2023

6. Property and equipment (continued)

(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.

7. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities at period end are government remittances owing of \$22,338 (2022 - \$38,689).

8. Notes payable

Unsecured notes payable, repayable at various maturity dates up to August 2023 (2022 – August 2022), bearing interest at 4.00%.

Interest expense on the notes payable amounted to \$23,306 (2022 - \$19,815). The interest was paid by the Centre.

9. Deferred government grant

	Grant Amount	Accumulated Amortization	2023 Net	2022 Net
RinC grant	\$ 53,333	\$ 18,299	\$ 35,034	\$ 36,367
Trillium HVAC	<u>150,000</u>	<u>68,750</u>	<u>81,250</u>	<u>96,250</u>
	<u>203,333</u>	<u>87,049</u>	<u>116,284</u>	<u>132,617</u>
Less: current portion			<u>16,333</u>	<u>16,333</u>
			<u>\$ 99,951</u>	<u>\$ 116,284</u>

10. Long-term debt

	2023	2022
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.	\$ 2,126,370	\$ 2,494,889
Less: current portion	<u>423,746</u>	<u>428,731</u>
Long-term portion	<u>\$ 1,702,624</u>	<u>\$ 2,066,158</u>

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Notes to the Financial Statements

March 31, 2023

10. Long-term debt (continued)

The Centre incurred interest expense during the year of \$133,803 (2022 - \$87,625) 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 and at year-end, the Centre is in compliance of this covenant.

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

2024	\$	423,746
2025		463,755
2026		491,575
2027		521,064
2028		226,230

11. Term facility

	<u>2023</u>	<u>2022</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.	\$ 351,851	\$ 396,296
Less: current portion	<u>44,444</u>	<u>44,444</u>
Long-term portion	<u>\$ 307,407</u>	<u>\$ 351,852</u>

The Centre incurred interest expense during the year of \$21,658 (2022 - \$14,800) 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 and at year-end, the Centre is in compliance of this covenant.

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

2024	\$	44,444
2025		44,444
2026		44,444
2027		44,444
2028 and thereafter		174,075

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. Purchases and financing requirements are approved by the Boards as part of a multi-year plan.

Ontario Soccer Association

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Notes to the Financial Statements

March 31, 2023

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

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 \$114,791 (2022 - \$63,480). An amount of \$788,460 (2022 - \$673,669) 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.

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.

Ontario Soccer Association
 (Operating as Ontario Soccer)
Notes to the Financial Statements
 March 31, 2023

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

	<u>2023</u>	<u>2022</u>
Due to parent organization (Note 3), beginning of year	\$ 9,330	\$ 345,948
Investment in the Centre (Note 3), beginning of year	<u>2,000,000</u>	<u>2,000,000</u>
	2,009,330	2,345,948
Fees charged to the Association by the Centre:		
Office space rental (included in rental income)	(78,628)	(86,208)
Indoor soccer rental fees (included in rental income)	(100,303)	(90,459)
Outdoor soccer rental fees (included in rental income)	(113,048)	(30,963)
Canada room rental fees (included in rental income)	(4,530)	(1,000)
Building maintenance reserve	<u>-</u>	<u>(9,951)</u>
	(289,807)	(218,581)
Fees charged to the Centre by the Association (included in interest expense)	63,650	14,026
Operating expenses of the Centre paid by (repaid to) the Association	<u>357,403</u>	<u>(132,063)</u>
Due to parent organization (Note 3), end of year	133,874	9,330
Investment in the Centre (Note 3), end of year	<u>2,000,000</u>	<u>2,000,000</u>
	\$ 2,133,874	\$ 2,009,330

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

14. Consolidated net activities of Ontario Soccer Association

	Association Non- <u>Consolidated</u>	<u>Centre</u>	<u>Total</u>
Revenue from continuing operations	\$ 10,757,129	\$ 1,758,211	\$ 12,515,340
Expenses from continuing operations	<u>8,722,107</u>	<u>1,672,592</u>	<u>10,394,699</u>
Excess of revenue over expenses from continuing operations	<u>\$ 2,035,022</u>	<u>\$ 85,619</u>	<u>\$ 2,120,641</u>

Ontario Soccer Association

(Operating as Ontario Soccer)

Notes to the Financial Statements

March 31, 2023

15. Discontinued operations

In August 2022, the Centre sold its P1SL league for \$25,000 cash and an agreement to purchase non-prime rental time of indoor and outdoor stadiums. The disposition of the operations represented a major strategic shift in operations and met the criteria of discontinued operations. The Centre has no assets or liabilities for this league that require representation on the statement of financial position. The Centre has re-presented the results of discontinued operations on the statement of financial activities.

16. Financial instruments

The 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 \$Nil (2022 - \$Nil).

Liquidity risk

The Association does not consider liquidity risks on its 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.

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 impacted by the Canadian bank prime rate.

17. Contingencies

In fiscal 2023, various claims amounting to \$15,008,000 (2022 - \$15,008,000) have been filed against numerous parties, including the Association. The final outcome of these claims is not yet determinable.