

Canadian Soccer Association

Financial Statements
December 31, 2007



March 28, 2008

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Auditors' Report

To the Stakeholders of Canadian Soccer Association

We have audited the statement of financial position of **Canadian Soccer Association** as at December 31, 2007 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Canada Corporations Acts, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants

PricewaterhouseCoopers refers to the Canadian firm of PricewaterhouseCoopers LLP and the other member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

Canadian Soccer Association

Statement of Financial Position

As at December 31, 2007

	2007 \$	2006 \$
Assets		
Current assets		
Cash	1,699,312	2,146,251
Cash held in trust (note 3)	—	428,437
Accounts receivable	2,748,835	605,684
Inventory	22,773	13,663
Prepaid expenses	57,423	71,746
	<u>4,528,343</u>	<u>3,265,781</u>
Capital assets (note 4)	<u>822,589</u>	<u>878,887</u>
	<u><u>5,350,932</u></u>	<u><u>4,144,668</u></u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	2,408,202	1,577,965
Mortgage payable (note 5)	162,500	212,500
Current portion of advances from FIFA– FIFA U20 World Cup Canada 2007 (note 6)	—	1,038,200
Deferred revenue – FIFA U20 World Cup Canada 2007 (note 7)	—	1,812,498
	<u>2,570,702</u>	<u>4,641,163</u>
Deferred contributions related to capital assets (note 8)	<u>228,772</u>	<u>236,820</u>
	<u><u>2,799,474</u></u>	<u><u>4,877,983</u></u>
Net assets (liabilities)		
Unrestricted	2,120,141	(1,162,882)
Invested in capital assets	431,317	429,567
	<u>2,551,458</u>	<u>(733,315)</u>
Commitments and contingencies (note 11)	<u>5,350,932</u>	<u>4,144,668</u>

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

Approved by the Board of Directors

D. Mathew Director

V. Stu Director

Canadian Soccer Association

Statement of Operations

For the year ended December 31, 2007

	2007	2006
	\$	\$
Revenue		
FIFA U20 World Cup Canada 2007	23,688,387	—
Membership fees	5,863,539	5,354,334
Sponsorships and donations	2,755,678	2,755,831
Sport Canada grants	1,790,767	1,424,262
National teams gate receipts and other	1,224,601	736,185
Competitions	1,149,343	875,473
Merchandise	322,385	360,135
FIFA grants	282,844	287,120
Courses	136,093	75,775
Other	79,034	101,303
	<hr/>	<hr/>
	37,292,671	11,970,418
Expense		
FIFA U20 World Cup Canada 2007	21,315,773	2,238,061
National team	5,119,055	3,878,480
Human resources	2,202,388	2,750,290
Competitions	1,979,536	1,647,922
Programs and administration	943,873	762,327
National training centre	468,974	509,271
Communications	408,042	234,108
Professional fees	354,216	172,157
Mini-soccer and sponsorship servicing	354,034	404,773
Meetings	316,831	428,363
Occupancy	166,877	171,806
Travel	161,638	143,553
Courses	121,553	119,914
Insurance	56,168	42,160
Merchandise	38,940	138,370
	<hr/>	<hr/>
	34,007,898	13,641,555
Net revenue (expense) for the year	<hr/>	<hr/>
	3,284,773	(1,671,137)

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

Canadian Soccer Association
 Statement of Changes in Net Assets
For the year ended December 31, 2007

	Balance – Beginning of year \$	Net revenue (expense) for the year \$	Transfers from (to) \$	Balance – End of year \$
Unrestricted	(1,162,882)	3,361,684	(78,661)	2,120,141
Invested in capital assets	429,567	(76,911)	78,661	431,317
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	(733,315)	3,284,773	–	2,551,458

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

Canadian Soccer Association
Statement of Cash Flows
For the year ended December 31, 2007

	2007	2006
	\$	\$
Cash provided by (used in)		
Operating activities		
Net revenue (expense) for the year	3,284,773	(1,671,137)
Items not affecting cash –		
Amortization of capital assets	84,959	99,120
Amortization of deferred contributions related to capital assets	(8,048)	(8,049)
Net change in non-cash working capital items –		
Accounts receivable	(2,143,151)	7,857
Inventory	(9,110)	39,798
Prepaid expenses	14,323	384,739
Accounts payable and accrued liabilities	830,237	763,182
Deferred revenue – FIFA U20 World Cup Canada 2007	<u>(1,812,498)</u>	<u>1,812,498</u>
	<u>241,485</u>	<u>1,428,008</u>
Investing activity		
Purchase of capital assets	<u>(28,661)</u>	<u>(134,787)</u>
Financing activities		
Advances from FIFA U20 World Cup Canada 2007	(1,038,200)	684,306
Repayment of FIFA loan	–	(23,220)
Repayment of mortgage payable	<u>(50,000)</u>	<u>(42,307)</u>
	<u>(1,088,200)</u>	<u>618,779</u>
Net increase in cash	(875,376)	1,912,000
Cash – Beginning of year	2,574,688	662,688
Cash – End of year	<u>1,699,312</u>	<u>2,574,688</u>
 Cash	1,699,312	2,146,251
Cash held in trust	–	428,437
	<u>1,699,312</u>	<u>2,574,688</u>

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

Canadian Soccer Association

Notes to Financial Statements

December 31, 2007

1 Purpose of the Association

The mission of the Canadian Soccer Association (“the Association”), in partnership with its members, is to promote the growth and development of soccer for all Canadians at all levels and to provide leadership and good governance for the sport. The Association is incorporated under the Canada Corporations Act and is a registered Canadian amateur athletic association under the Income Tax Act.

2 Significant accounting policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results may differ from those estimates.

Inventory

Inventory is stated at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis.

Capital assets

Capital assets are recorded at cost and then amortized over their estimated useful lives, on a straight-line basis, as follows:

Building	40 years
Building improvements	10 years
Furniture and equipment	3 years

Revenue recognition

The Association follows the deferral method of accounting for revenues. Restricted revenue is recognized as revenue in the year in which the related expenses are incurred. Unrestricted revenue is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributed soccer equipment and air travel vouchers are recorded at their fair value.

Canadian Soccer Association

Notes to Financial Statements

December 31, 2007

3 Cash held in trust

The Association received a restricted contribution in 2006 from The Alberta Soccer Association which was directed towards the FIFA U20 World Cup Canada 2007. These funds were held in trust.

4 Capital assets

		2007	2006
	Cost	Accumulated amortization	Net
	\$	\$	\$
Land	255,998	—	255,998
Building	615,171	178,143	437,028
Building improvements	177,396	106,791	70,605
Furniture and equipment	398,203	339,245	58,958
	1,446,768	624,179	822,589
			878,887

5 Mortgage payable

The mortgage payable is an open mortgage, due on demand, bearing interest at prime plus 0.75% per annum. The mortgage is payable on a monthly basis until February 15, 2011. The mortgage is secured by the Association's land and building and all personal property of the Association (defined as inventory, equipment and receivables) as well as personal property acquired in the future.

6 Advances from FIFA – FIFA U20 World Cup Canada 2007

	2007	2006
	\$	\$
Opening balance		
Advances received	1,038,200	353,894
FIFA contribution earned	1,319,011	684,306
	(2,357,211)	—
Closing balance	—	1,038,200

7 Deferred revenue – FIFA U20 World Cup Canada 2007

	2007	2006
	\$	\$
Advance ticket sales	—	1,297,992
Government funding	—	514,506
	—	1,812,498

Canadian Soccer Association

Notes to Financial Statements

December 31, 2007

8 Deferred contributions related to capital assets

In 1996, the Association received contributions of \$320,958 for the purchase of the present office building. These contributions have been deferred and are being amortized over 40 years, the same amortization period as the related building.

	2007 \$	2006 \$
Opening balance	236,820	244,869
Amortization of deferred contributions	(8,048)	(8,049)
Closing balance	228,772	236,820

9 Contributed goods and services

Contributed soccer equipment of \$800,000 (2006 – \$320,000) and air travel voucher expense of \$31,618 (2006 – \$22,119) have been recognized in the statement of operations.

10 Financial instruments

The carrying amounts of cash, cash held in trust, accounts receivable, accounts payable and advances approximate their fair values due to their short-terms to maturity. The carrying value of the mortgage payable approximate its fair value as it bears interest at a floating interest rate.

Credit risk

The Association's accounts receivable are not subject to a high concentration of credit risk.

Interest rate risk

The Association's principal exposure to interest rate fluctuations is limited to the mortgage payable (as described in note 5) which bears interest at a floating interest rate.

Currency risk

The Association incurs expenses and receives contributions in foreign currencies, which gives rise to the risk that results of operations and cash flows may be adversely impacted by exchange rate fluctuations. The Association does not use derivative instruments to manage this risk.

Canadian Soccer Association

Notes to Financial Statements

December 31, 2007

11 Commitments and contingencies

a) Commitments

- i. The Association is committed until August 31, 2013 under an agreement with one of its members to make annual payments of a maximum of \$90,000 with respect to a soccer field capital project. In return, the Association receives priority utilization for its player development program and is entitled to receive 50% of any revenue generated from third party rentals of the facility.
- ii. The Association is also committed under operating leases for equipment, cars and buildings as follows:

Year ending December 31,	\$
2008	44,906
2009	30,016
2010	6,113
2011	845

b) Contingencies

In the normal course of operations, the Association is threatened from time-to-time with, or named as a defendant in, legal proceedings. The Association has been named in two lawsuits of which the outcomes cannot be determined at this time. It is expected that any liability arising from these lawsuits should be covered by the Association's liability insurance.

12 Comparative figures

Comparative figures are reclassified where necessary to conform to the presentation of the current year.