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Canadian Soccer Association

Financial Statements
December 31, 2010

PRICEWATERHOUSECOOPERS

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March 4, 2011

Independent Auditor's Report

To the Stakeholders of
Canadian Soccer Association

Report on the Financial Statements

We have audited the accompanying financial statements of **Canadian Soccer Association** as at December 31, 2010, which are comprised of the statement of financial position as at December 31, 2010 and the statements of operations, changes in net assets and cash flows for the year then ended, and the related notes including a summary of significant accounting policies.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, these financial statements present fairly, in all material respects, the financial position of Canadian Soccer Association as at December 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Report on other legal and regulatory requirements
As required by the Canadian Corporations Act, 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

Canadian Soccer Association

Statement of Financial Position

As at December 31, 2010

	2010 $	2009 $
Assets		
Current assets		
Cash	1,009,247	1,876,194
Guaranteed investment certificate (note 3)	2,500,000	1,500,000
Accounts receivable	1,992,985	1,002,673
Inventory	19,328	14,594
Prepaid expenses	186,802	91,095
	5,708,362	4,484,556
Capital assets (note 4)	712,254	765,839
	6,420,616	5,250,395
Liabilities and Net Assets		
Current liability		
Accounts payable and accrued liabilities	1,763,833	1,393,386
Deferred contributions related to capital assets (note 5)	204,504	212,674
	1,968,337	1,606,060
Net assets		
Unrestricted	2,444,529	2,241,170
Internally restricted – Reserve (note 10)	1,250,000	850,000
Internally restricted – Program Fund (note 10)	250,000	–
Invested in capital assets	507,750	553,165
	4,452,279	3,644,335
	6,420,616	5,250,395

Commitments and contingencies (note 7)

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

Approved by the Board of Directors

D Nastrucci Director

Director

Canadian Soccer Association

Statement of Operations

For the year ended December 31, 2010

	2010 $	2009 $
Revenue		
Membership fees	6,617,166	6,224,605
Sponsorships and donations	3,479,623	4,068,431
Gate receipts, appearances and sanctioning fees	891,169	535,091
Sport Canada grants	3,145,074	1,758,772
Competitions	1,118,335	923,992
FIFA grants	382,596	303,229
Merchandise	223,177	236,393
Other	238,519	106,988
Courses	68,124	45,215
	16,163,783	14,202,716
Expense		
Senior teams	3,776,329	2,805,730
Youth teams	2,150,344	1,387,120
Office of the Technical Director, staging and sporting equipment	1,194,751	1,806,669
Technical	1,764,010	1,569,814
Marketing and communications	1,970,720	1,428,637
National and international events	563,173	497,399
Competitions	1,980,367	1,894,195
Administration and meetings	1,956,145	1,613,876
	15,355,839	13,003,440
Net revenue for the year	807,944	1,199,276

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, 2010

	Balance – Beginning of year $	Net revenue (expense) for the year $	Transfers from (to) $	Balance – End of year $
Unrestricted	2,241,170	873,100	(669,741)	2,444,529
Internally restricted – Reserve (note 10)	850,000	–	400,000	1,250,000
Internally restricted – Program Fund (note 10)	–	–	250,000	250,000
Invested in capital assets	553,165	(65,156)	19,741	507,750
	3,644,335	807,944	–	4,452,279

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

Canadian Soccer Association

Statement of Cash Flows

For the year ended December 31, 2010

	2010 $	2009 $
Cash flows provided by (used in)		
Operating activities		
Net revenue for the year	807,944	1,199,276
Items not affecting cash –		
Amortization of capital assets	73,326	71,420
Amortization of deferred contributions related to capital assets	(8,170)	(8,049)
Net change in non-cash working capital items –		
Accounts receivable	(990,312)	(175,557)
Inventory	(4,734)	30,200
Prepaid expenses	(95,707)	(3,945)
Accounts payable and accrued liabilities	370,447	554,379
	152,794	1,667,724
Investing activities		
Purchase of capital assets	(19,741)	(43,080)
Purchase of guaranteed investment certificate	(2,500,000)	(1,500,000)
Proceeds on redemption of guaranteed investment certificate	1,500,000	–
	(1,019,741)	(1,543,080)
Net change in cash for the year	(866,947)	124,644
Cash – Beginning of year	1,876,194	1,751,550
Cash – End of year	1,009,247	1,876,194

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

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, as a Registered Canadian Amateur Athletic Association under the Income Tax Act, is exempt from income taxes.

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 conformity 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 dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results may differ from those estimates.

Guaranteed investment certificate

The guaranteed investment certificate is measured at fair value. Realized and unrealized changes in fair value are recognized in the statement of operations.

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, air travel vouchers, computer equipment and advertising are recorded at their fair values.

3 Guaranteed investment certificate

The guaranteed investment certificate bears interest at prime less 1.75%, and matures on July 7, 2011 (2009 – matures on July 8, 2010).

4 Capital assets

			2010	2009
	Cost $	Accumulated amortization $	Net $	Net $
Land	255,998	–	255,998	255,998
Building	615,171	224,281	390,890	406,269
Building improvements	184,908	133,667	51,241	63,645
Furniture and equipment	351,923	337,798	14,125	39,927
	1,408,000	695,746	712,254	765,839

5 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.

	2010 $	2009 $
Opening balance	212,674	220,723
Amortization of deferred contributions	(8,170)	(8,049)
Closing balance	204,504	212,674

6 Contributed goods and services

Soccer equipment of $392,842 (2009 – $900,000), and air travel vouchers, computer equipment and advertising of $26,602 (2009 – $64,329) have been recognized in the statement of operations.

7 Commitments and contingencies

Commitments

a) 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.

b) The Association is also committed under operating leases for equipment and buildings as follows:

		$
Year ending December 31,	2011	20,121
	2012	5,272
	2013	2,636

Contingencies

In the normal course of operations, the Association is threatened from time to time with, or named as a defendant in, legal proceedings. The Association has been named in one lawsuit of which the outcome cannot be determined at this time. It is expected that any liability arising from this lawsuit should be covered by the Association's liability insurance. In addition, an action has been brought against the Association whereby financial damages are not being sought, but the Association may be liable for costs associated with the action. No amounts have been recorded with respect to these legal proceedings.

8 Credit facility

The Association has an overdraft lending agreement in the amount of $1,600,000 for the purpose of financing operating requirements. The revolving facility is repayable on demand and bears interest at prime plus 0.75%, payable monthly in arrears.

The Association has provided the following collateral for the facility: a General Security Agreement, representing a first charge over all accounts receivable, inventory and equipment other than leased assets.

The amount drawn on this facility at December 31, 2010 is $nil (2009 – $nil).

9 Financial instruments

The Association has chosen to apply the Recommendations found in Section 3861, *Financial Instruments – Disclosure and Presentation*, of the Handbook of the Canadian Institute of Chartered Accountants.

Financial instruments recognized in the balance sheet consist of cash, a guaranteed investment certificate, accounts receivable and accounts payable and accrued liabilities. The carrying values of these financial instruments approximate their fair values due to their short terms to maturity.

Credit risk

49.2% (2009 – 63.2%) of accounts receivable are owing from four debtors.

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. At December 31, 2010, cash denominated in United States dollars amounts to $12,063 (2009 – $2,897).

10 Capital management

Capital is comprised of net assets. The Association's objective when managing capital is to safeguard the Association's ability to continue as a going concern so that it can continue to provide benefits to members. This includes accumulating an internally restricted reserve equivalent to a minimum of three months of operations over time. Internal restrictions for this purpose to December 31, 2010 are 33% (2009 – 26%) of the targeted amount; total net assets represent 116% (2009 – 112%) of the targeted amount. Management has been authorized to use the funds for regular operations for short periods of time if it would otherwise be required to draw upon its credit facility.

The Association created a Program Fund to facilitate a process for the Association to access net assets.

The Membership is responsible for approving the Association's capital management objectives and policies, and for overseeing the effective management of capital. The Membership reviews the Association's capital plan in connection with the financial budgeting process.