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Canadian Soccer Association

Financial Statements
December 31, 2011

March 23, 2012

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, which are comprised of the statement of financial position as at December 31, 2011 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, 2011 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, 2011

	2011 $	2010 $
Assets		
Current assets		
Cash	1,585,240	1,009,247
Guaranteed investment certificate (note 3)	2,500,000	2,500,000
Accounts receivable	2,729,429	1,992,985
Inventory	13,780	19,328
Prepaid expenses	494,114	186,802
	7,322,563	5,708,362
Capital assets (note 4)	712,345	712,254
	8,034,908	6,420,616
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	1,533,187	1,763,833
Deferred revenue (note 5)	1,011,708	–
	2,544,895	1,763,833
Deferred contributions related to capital assets (note 6)	196,333	204,504
	2,741,228	1,968,337
Net assets		
Unrestricted	3,117,647	2,444,529
Internally restricted – Reserve (note 11)	1,250,000	1,250,000
Internally restricted – Program Fund (note 11)	410,021	250,000
Invested in capital assets	516,012	507,750
	5,293,680	4,452,279
	8,034,908	6,420,616

Commitments and contingencies (note 8)

Approved by the Board of Directors

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

Canadian Soccer Association

Statement of Operations

For the year ended December 31, 2011

	2011 $	2010 $
Revenue		
Membership fees	7,286,931	6,617,166
Sponsorships and donations (note 7)	4,313,673	3,479,623
Gate receipts, appearances and sanctioning fees	1,367,512	891,169
Sport Canada grants	3,353,364	3,145,074
Competitions	789,403	1,118,335
FIFA grants	658,670	382,596
Merchandise	161,756	223,177
Other	264,625	238,519
International event bid fees	225,000	–
Courses	65,048	68,124
	18,485,982	16,163,783
Expense		
Senior teams	5,732,487	3,776,329
Youth teams	1,977,639	2,150,344
Office of the Technical Director, staging and sporting equipment (note 7)	2,102,481	1,194,751
Technical	1,690,559	1,764,010
Marketing and communications	1,532,409	1,970,720
National and international events	941,479	563,173
Competitions	1,697,855	1,980,367
Administration and meetings	1,969,672	1,956,145
	17,644,581	15,355,839
Net revenue for the year	841,401	807,944

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, 2011

	Balance – Beginning of year $	Net revenue (expense) for the year $	Transfers from (to) $	Balance – End of year $
Unrestricted	2,444,529	892,620	(219,502)	3,117,647
Internally restricted – Reserve (note 11)	1,250,000	–	–	1,250,000
Internally restricted – Program Fund (note 11)	250,000	–	160,021	410,021
Invested in capital assets	507,750	(51,219)	59,481	516,012
	4,452,279	841,401	–	5,293,680

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

Canadian Soccer Association

Statement of Cash Flows

For the year ended December 31, 2011

	2011 $	2010 $
Cash flows provided by (used in)		
Operating activities		
Net revenue for the year	841,401	807,944
Items not affecting cash –		
Amortization of capital assets	59,390	73,326
Amortization of deferred contributions related to capital assets	(8,171)	(8,170)
Net change in non-cash working capital items –		
Accounts receivable	(736,444)	(990,312)
Inventory	5,548	(4,734)
Prepaid expenses	(307,312)	(95,707)
Accounts payable and accrued liabilities	(230,646)	370,447
Deferred revenue	1,011,708	–
	635,474	152,794
Investing activities		
Purchase of capital assets	(59,481)	(19,741)
Purchase of guaranteed investment certificate	(2,500,000)	(2,500,000)
Proceeds on redemption of guaranteed investment certificate	2,500,000	1,500,000
	(59,481)	(1,019,741)
Net change in cash for the year	575,993	(866,947)
Cash – Beginning of year	1,009,247	1,876,194
Cash – End of year	1,585,240	1,009,247

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 events take place or 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 1.8%, and matures on July 5, 2012 (2010 – matures on July 7, 2011).

4 Capital assets

			2011	2010
	Cost $	Accumulated amortization $	Net $	Net $
Land	255,998	–	255,998	255,998
Building	615,171	239,660	375,511	390,890
Building improvements	184,908	145,523	39,385	51,241
Furniture and equipment	405,545	364,094	41,451	14,125
	1,461,622	749,277	712,345	712,254

5 Deferred revenue

	Balance – Beginning of year $	Funds received during the year $	Revenue recognized during the year $	Balance – End of year $
2012 CONCACAF Olympic Women's Qualifying Tournament	–	915,458	–	915,458
Sponsorships	–	3,263,354	3,167,104	96,250
	–	4,178,812	3,167,104	1,011,708

6 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.

	2011 $	2010 $
Balance – Beginning of year	204,504	212,674
Amortization of deferred contributions	(8,171)	(8,170)
Balance – End of year	196,333	204,504

7 Contributed goods and services

Soccer equipment of $1,110,726 (2010 – $392,842), and air travel vouchers, computer equipment and advertising of $nil (2010 – $26,602) have been recognized in the statement of operations.

8 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 $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 as follows:

		$
Year ending December 31,	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.

9 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, 2011 is $nil (2010 – $nil).

10 Financial instruments

The Association has chosen to apply the requirements 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

90% (2010 – 49%) of accounts receivable is 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, 2011, cash denominated in United States dollars amounts to $294,760 (2010 – $12,063).

11 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, 2011 are approximately 28% (2010 – 33%) of the targeted amount; total net assets represent approximately 120% (2010 – 116%) 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 also created a Program Fund to facilitate a process for the Association to access net assets. During the year the Association allocated an increase to the fund of $450,000 (2010 – $250,000); actual expenses were $289,979 (2010 – $nil).

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.