

Canadian Soccer Association

Financial Statements
December 31, 2012



March 22, 2013

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 comprise the statement of financial position as at December 31, 2012 and the statements of operations, changes in net assets and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these 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 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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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



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 the Association as at December 31, 2012 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 consistent basis for all periods presented.

Comparative information

Without modifying our opinion, we draw attention to note 2 to the financial statements, which describes that the Association adopted Canadian accounting standards for not-for-profit organizations on January 1, 2012 with a transition date of January 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at December 31, 2011 and January 1, 2011 and the statements of operations, changes in net assets and cash flows for the year ended December 31, 2011 and related disclosures. We were not engaged to report on the restated comparative information and as such, it is unaudited.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants

Canadian Soccer Association

Statement of Financial Position

	December 31, 2012 \$	December 31, 2011 \$ (unaudited)	January 1, 2011 \$ (unaudited)
Assets			
Current assets			
Cash	2,010,875	1,585,240	1,009,247
Guaranteed investment certificate (note 3)	2,500,000	2,500,000	2,500,000
Accounts receivable	791,735	2,729,429	1,992,985
Inventory	17,780	13,780	19,328
Prepaid expenses	138,766	494,114	186,802
	5,459,156	7,322,563	5,708,362
Capital assets (note 4)	679,945	712,345	712,254
	6,139,101	8,034,908	6,420,616
Liabilities and Net Assets			
Current liabilities			
Accounts payable and accrued liabilities (note 5)	1,198,382	1,533,187	1,763,833
Deferred revenue (note 6)	—	1,011,708	—
	1,198,382	2,544,895	1,763,833
Deferred contributions related to capital assets (note 7)	188,163	196,333	204,504
	1,386,545	2,741,228	1,968,337
Net assets			
Unrestricted	2,250,753	3,117,647	2,444,529
Invested in capital assets	491,782	516,012	507,750
Internally restricted – Reserve (note 11)	1,500,000	1,250,000	1,250,000
Internally restricted – Program Fund (note 11)	510,021	410,021	250,000
	4,752,556	5,293,680	4,452,279
	6,139,101	8,034,908	6,420,616
Commitments and contingencies (note 9)			

Approved by the Board of Directors



Director



Director

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

Canadian Soccer Association

Statement of Operations

For the year ended December 31, 2012

	2012 \$	2011 \$ (unaudited)
Revenue		
Membership fees	7,249,756	7,286,931
Sponsorships and donations (note 8)	5,243,349	4,313,673
Sport Canada grants	3,486,336	3,353,364
2012 CONCACAF Women's Olympic Qualification	2,085,206	—
Gate receipts, appearances and sanctioning fees	1,601,815	1,367,512
Competitions	906,681	789,403
FIFA grants	249,177	658,670
Other	238,565	264,625
Merchandise	164,730	161,756
Courses	64,772	65,048
International event bid fees	—	225,000
	<u>21,290,387</u>	<u>18,485,982</u>
Expense		
Senior teams	5,469,454	5,732,487
Office of the Technical Director, staging and sporting equipment (note 8)	3,220,755	2,102,481
Youth teams	2,529,386	1,977,639
Marketing and communications	2,234,672	1,532,409
Administration and meetings	2,074,503	1,969,672
Competitions	1,791,031	1,697,855
Technical	1,552,009	1,690,559
2012 CONCACAF Women's Olympic Qualification	1,526,568	110,216
FIFA Women's World Cup 2015	953,515	311,208
National and international events	479,618	520,055
	<u>21,831,511</u>	<u>17,644,581</u>
Net revenue (expense) for the year	<u>(541,124)</u>	<u>841,401</u>

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, 2012

	Balance – January 1, 2011 \$ (unaudited)	Net revenue (expense) for the year ended December 31, 2011 \$ (unaudited)	Transfers from (to) \$ (unaudited)	Balance – December 31, 2011 \$ (unaudited)	Net expense for the year ended December 31, 2012 \$	Transfers from (to) \$	Balance – December 31, 2012 \$
Unrestricted							
Invested in capital assets	2,444,529	892,620	(219,502)	3,117,647	(485,016)	(381,878)	2,250,753
Internally restricted – Reserve (note 11)	507,750	(51,219)	59,481	516,012	(56,108)	31,878	491,782
Internally restricted – Program Fund (note 11)	1,250,000	–	–	1,250,000	–	250,000	1,500,000
	250,000	–	160,021	410,021	–	100,000	510,021
	4,452,279	841,401	–	5,293,680	(541,124)	–	4,752,556

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

Canadian Soccer Association

Statement of Cash Flows

For the year ended December 31, 2012

	2012 \$	2011 \$ (unaudited)
Cash flows provided by (used in)		
Operating activities		
Net revenue (expense) for the year	(541,124)	841,401
Items not affecting cash –		
Amortization of capital assets	64,278	59,390
Amortization of deferred contributions related to capital assets	(8,170)	(8,171)
Net change in non-cash working capital items –		
Accounts receivable	1,937,694	(736,444)
Inventory	(4,000)	5,548
Prepaid expenses	355,348	(307,312)
Accounts payable and accrued liabilities	(334,805)	(230,646)
Deferred revenue	(1,011,708)	1,011,708
	<u>457,513</u>	<u>635,474</u>
Investing activities		
Purchase of capital assets	(31,878)	(59,481)
Purchase of guaranteed investment certificate	(2,500,000)	(2,500,000)
Proceeds on redemption of guaranteed investment certificate	2,500,000	2,500,000
	<u>(31,878)</u>	<u>(59,481)</u>
Net change in cash for the year	<u>425,635</u>	<u>575,993</u>
Cash – Beginning of year	<u>1,585,240</u>	<u>1,009,247</u>
Cash – End of year	<u>2,010,875</u>	<u>1,585,240</u>

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

Canadian Soccer Association

Notes to Financial Statements

December 31, 2012

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

Basis of presentation

Effective January 1, 2012, the Association elected to adopt Canadian accounting standards for not-for-profit organizations as issued by the Canadian Accounting Standards Board. The accounting policies selected under this framework have been applied consistently and retrospectively for comparative purposes. No changes to the statements of financial position as at December 31, 2011, and January 1, 2011, or the statements of changes in net asset, operations and cash flows for the year ended December 31, 2011, were required as a result of this transition.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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.

Canadian Soccer Association

Notes to Financial Statements

December 31, 2012

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 restricted contributions. Restricted contributions are 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 and vehicle use are recorded at their fair values.

3 Guaranteed investment certificate

The guaranteed investment certificate bears interest at prime less 1.75% (December 31, 2011 – 1.8%; January 1, 2011 – 1.8%), and matures on July 10, 2013 (December 31, 2011 – July 5, 2012; January 1, 2011 – July 7, 2011).

4 Capital assets

	December 31, 2012		
	Cost \$	Accumulated amortization \$	Net \$
Land	255,998	—	255,998
Building	615,171	255,040	360,131
Building improvements	184,909	157,389	27,520
Furniture and equipment	394,297	358,001	36,296
	1,450,375	770,430	679,945

Canadian Soccer Association

Notes to Financial Statements

December 31, 2012

	December 31, 2011 (unaudited)		
	Cost \$	Accumulated amortization \$	Net \$
Land	255,998	—	255,998
Building	615,171	239,660	375,511
Building improvements	184,908	145,523	39,385
Furniture and equipment	405,545	364,094	41,451
	1,461,622	749,277	712,345

	January 1, 2011 (unaudited)		
	Cost \$	Accumulated amortization \$	Net \$
Land	225,998	—	255,998
Building	615,171	224,281	390,890
Building improvements	184,908	133,667	51,241
Furniture and equipment	351,923	337,798	14,125
	1,408,000	695,746	712,254

5 Government remittances

Government remittances (sales tax) of \$nil (December 31, 2011 – \$nil; January 1, 2011 – \$nil) are included in accounts payable and accrued liabilities.

Canadian Soccer Association

Notes to Financial Statements

December 31, 2012

6 Deferred revenue

	December 31, 2012 \$	December 31, 2011 \$ (unaudited)	January 1, 2011 \$ (unaudited)
2012 CONCACAF Women's Olympic Qualification Sponsorships	—	915,458	—
	—	96,250	—
	—	1,011,708	—

7 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.

	\$
Balance – January 1, 2011 (unaudited)	204,504
Amortization of deferred contributions for the year ended December 31, 2011 (unaudited)	(8,171)
Balance – December 31, 2011 (unaudited)	196,333
Amortization of deferred contributions for the year ended December 31, 2012	(8,170)
Balance – December 31, 2012	188,163

8 Contributed goods and services

Soccer equipment of \$1,777,367 (2011 – \$1,110,726) and vehicle use of \$30,000 (2011 – \$ nil) have been recognized in both revenue and expense in the statement of operations.

9 Commitments and contingencies

Commitments

The Association is committed until August 31, 2013 under an agreement with one of its members to make payments of \$60,000 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 profit generated from third party rentals of the facility.

Canadian Soccer Association

Notes to Financial Statements

December 31, 2012

The Association is also committed under leases for equipment and office space as follows:

	\$
Year ending December 31, 2013	95,420
2014	95,420
2015	65,320
2016	10,656
2017	10,656
2018	5,238

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, the outcome of which 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.

10 Financial instruments

Credit risk

69% (December 31, 2011 – 90%; January 1, 2011 – 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, 2012, cash denominated in United States dollars amounts to \$153,924 (December 31, 2011 – \$294,760; January 1, 2011 – \$12,063).

11 Internally restricted net assets

Over time, the Association intends to accumulate a reserve equivalent to a minimum of three months of operations. Internal restrictions for this purpose to December 31, 2012 are 31% (December 31, 2011 – 28%; January 1, 2011 – 33%) of the targeted amount; total net assets are 98% (December 31, 2011 – 120%; January 1, 2011 – 116%) of the targeted amount.

The Association also internally restricts amounts for certain programs.