

Canadian Soccer Association

Financial Statements
December 31, 2008

March 20, 2009

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, 2008 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, 2008 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

Canadian Soccer Association

Statement of Financial Position

As at December 31, 2008

	2008 \$	2007 \$
Assets		
Current assets		
Cash	1,751,550	1,699,312
Accounts receivable	827,116	2,748,835
Inventory	44,794	22,773
Prepaid expenses	87,150	57,423
	<u>2,710,610</u>	<u>4,528,343</u>
Capital assets (note 3)	<u>794,179</u>	<u>822,589</u>
	<u>3,504,789</u>	<u>5,350,932</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	839,007	2,408,202
Mortgage payable (note 4)	-	162,500
	<u>839,007</u>	<u>2,570,702</u>
Deferred contributions related to capital assets (note 5)	<u>220,723</u>	<u>228,772</u>
	<u>1,059,730</u>	<u>2,799,474</u>
Net assets		
Unrestricted	1,271,603	2,120,141
Internally restricted (note 10)	600,000	-
Invested in capital assets	573,456	431,317
	<u>2,445,059</u>	<u>2,551,458</u>
	<u>3,504,789</u>	<u>5,350,932</u>

Commitments and contingencies (note 7)

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

Approved by the Board of Directors

 Director

 Director

Canadian Soccer Association

Statement of Operations

For the year ended December 31, 2008

	2008 \$	2007 \$
Revenue		
Membership fees	6,170,081	5,863,539
Sponsorships and donations	3,375,427	2,755,678
National teams gate receipts	1,884,589	1,224,601
Sport Canada grants	1,879,543	1,790,767
Competitions	1,358,961	1,149,343
FIFA grants	250,430	282,844
Merchandise	194,226	322,385
Other	182,039	79,034
FIFA U20 World Cup Canada 2007	76,589	23,688,387
Courses	61,960	136,093
	<u>15,433,845</u>	<u>37,292,671</u>
Expense		
National teams	6,773,995	5,119,055
Human resources	3,037,608	2,202,388
Competitions	2,201,543	1,979,536
Programs and administration	989,552	943,873
National training centre	512,177	468,974
Mini-soccer and sponsorship servicing	405,746	354,034
Canadian championship	371,191	-
Meetings	250,517	316,831
Travel	244,652	161,638
Communications	232,902	408,042
Occupancy	186,386	166,877
FIFA U20 World Cup Canada 2007	132,290	21,315,773
Professional fees	84,651	354,216
Courses	84,208	121,553
Insurance	21,480	56,168
Merchandise	11,346	38,940
	<u>15,540,244</u>	<u>34,007,898</u>
Net revenue (expense) for the year	<u>(106,399)</u>	<u>3,284,773</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, 2008

	Balance – Beginning of year \$	Net revenue (expense) for the year \$	Transfers from (to) \$	Balance – End of year \$
Unrestricted	2,120,141	(2,760)	(845,778)	1,271,603
Internally restricted (note 10)	–	–	600,000	600,000
Invested in capital assets	431,317	(103,639)	245,778	573,456
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	2,551,458	(106,399)	–	2,445,059
	<hr/>	<hr/>	<hr/>	<hr/>

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

Canadian Soccer Association

Statement of Cash Flows

For the year ended December 31, 2008

	2008 \$	2007 \$
Cash provided by (used in)		
Operating activities		
Net revenue (expense) for the year	(106,399)	3,284,773
Items not affecting cash –		
Amortization of capital assets	111,688	84,959
Amortization of deferred contributions related to capital assets	(8,049)	(8,048)
Net change in non-cash working capital items –		
Accounts receivable	1,921,719	(2,143,151)
Inventory	(22,021)	(9,110)
Prepaid expenses	(29,727)	14,323
Accounts payable and accrued liabilities	(1,569,195)	830,237
Deferred revenue – FIFA U20 World Cup Canada 2007	–	(1,812,498)
	<u>298,016</u>	<u>241,485</u>
Investing activity		
Purchase of capital assets	<u>(83,278)</u>	<u>(28,661)</u>
Financing activities		
Advances from FIFA U20 World Cup Canada 2007	–	(1,038,200)
Repayment of mortgage payable	<u>(162,500)</u>	<u>(50,000)</u>
	<u>(162,500)</u>	<u>(1,088,200)</u>
Net increase (decrease) in cash for the year	52,238	(875,376)
Cash – Beginning of year	<u>1,699,312</u>	<u>2,574,688</u>
Cash – End of year	<u>1,751,550</u>	<u>1,699,312</u>

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

Canadian Soccer Association

Notes to Financial Statements

December 31, 2008

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 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 values.

Canadian Soccer Association

Notes to Financial Statements

December 31, 2008

3 Capital assets

			2008	2007
	Cost	Accumulated	Net	Net
	\$	amortization	\$	\$
		\$		
Land	255,998	–	255,998	255,998
Building	615,171	193,523	421,648	437,028
Building improvements	177,396	126,613	50,783	70,605
Furniture and equipment	481,481	415,731	65,750	58,958
	<u>1,530,046</u>	<u>735,867</u>	<u>794,179</u>	<u>822,589</u>

4 Mortgage payable

The mortgage payable was an open mortgage, due on demand, bearing interest at prime plus 0.75% per annum. The mortgage was 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. The outstanding principal balance on the mortgage was settled on March 25, 2008.

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.

	2008	2007
	\$	\$
Opening balance	228,772	236,820
Amortization of deferred contributions	<u>(8,049)</u>	<u>(8,048)</u>
Closing balance	<u>220,723</u>	<u>228,772</u>

6 Contributed goods and services

Contributed soccer equipment of \$850,000 (2007 – \$800,000) and air travel voucher expense of \$28,880 (2007 – \$31,618) have been recognized in the statement of operations.

Canadian Soccer Association

Notes to Financial Statements
December 31, 2008

7 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,	2009	32,508
	2010	11,385
	2011	6,121
	2012	5,272
	2013	2,636

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.

8 Credit facility

The Association has an overdraft lending agreement in the amount of \$750,000 for the purpose of financing operating requirements. The revolving facility is repayable on demand and bears interest at prime plus $\frac{3}{4}\%$, 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 current amount drawn on this facility is \$nil at December 31, 2008 (2007 – \$nil).

9 Financial instruments

The carrying amounts of cash, accounts receivable and accounts payable approximate their fair values due to their short terms to maturity.

Canadian Soccer Association

Notes to Financial Statements

December 31, 2008

Credit risk

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

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. Cash denominated in United States dollars amounts to \$10,198 (2007 – \$175,214).

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 to date are 15% of the targeted amount; total net assets represent 63% 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 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.