

# **Canadian Soccer Association**

Financial Statements  
**December 31, 2006**

April 13, 2007

**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, 2006 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, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*PricewaterhouseCoopers LLP*

**Chartered Accountants, Licensed Public Accountants  
Ottawa, Ontario**

# Canadian Soccer Association


## Statement of Financial Position

As at December 31, 2006

	2006 \$	2005 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash	2,146,251	662,688
Cash held in trust (note 3)	428,437	—
Accounts receivable	580,942	594,258
Recoverable advances	24,742	19,283
Inventory	13,663	53,461
Prepaid expenses	71,746	456,485
	<u>3,265,781</u>	<u>1,786,175</u>
<b>Capital assets (note 4)</b>	<u>878,887</u>	<u>843,220</u>
	<u>4,144,668</u>	<u>2,629,395</u>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	1,577,965	814,783
Current portion of FIFA loan (note 6)	—	23,220
Mortgage payable (note 5)	212,500	254,807
Current portion of advances from FIFA Men's U20 World Cup 2007 (note 7)	1,038,200	—
Deferred revenue – FIFA Men's U20 World Cup 2007 (note 8)	1,812,498	—
	<u>4,641,163</u>	<u>1,092,810</u>
Advances from FIFA Men's U20 World Cup 2007 (note 7)	—	353,894
Deferred contributions related to capital assets (note 9)	236,820	244,869
<b>Net assets (liabilities)</b>		
Invested in property and equipment	429,567	343,544
Internally restricted for blueprint fund (note 10)	—	429,446
Internally restricted for building fund (note 10)	—	35,304
Unrestricted	<u>(1,162,882)</u>	<u>129,528</u>
	<u>(733,315)</u>	<u>937,822</u>
	<u>4,144,668</u>	<u>2,629,395</u>
<b>Commitments and contingencies (note 13)</b>		

Approved by the Board of Directors

 Director

 Director

# Canadian Soccer Association

## Statement of Operations

For the year ended December 31, 2006

	2006 \$	2005 \$
<b>Revenue</b>		
Membership fees	5,354,334	5,063,928
Sponsorships and donations	2,755,831	1,454,855
Sport Canada grants	1,424,262	1,302,146
Competitions	875,473	900,698
National teams gate receipts and other	736,185	544,366
Merchandise	360,135	330,265
FIFA grants	287,120	303,740
Other	101,303	223,440
Courses	75,775	39,650
	<u>11,970,418</u>	<u>10,163,088</u>
<b>Expense</b>		
National team	3,878,480	3,231,294
Human resources	2,750,290	2,200,919
FIFA Men's U20 World Cup 2007	2,238,061	-
Competitions	1,647,922	1,614,003
Programs and administration	762,327	551,516
National training centre	509,271	580,609
Meetings	428,363	402,511
Mini-soccer and sponsorship servicing	404,773	200,990
Communications	234,108	156,923
Professional fees	172,157	56,009
Occupancy	171,806	163,684
Travel	143,553	86,480
Merchandise	138,370	121,722
Courses	119,914	155,312
Insurance	42,160	38,940
	<u>13,641,555</u>	<u>9,560,912</u>
<b>Excess (deficiency) of revenue over expense</b>	<u>(1,671,137)</u>	<u>602,176</u>

Approved by the Board of Directors

 Director

 Director

# Canadian Soccer Association

## Statement of Changes in Net Assets

For the year ended December 31, 2006

	Balance – Beginning of year \$	Deficiency of revenue over expense \$	Transfers from (to) \$	Balance – End of year \$
Unrestricted	129,528	(1,580,066)	287,656	(1,162,882)
Invested in capital assets	343,544	(91,071)	177,094	429,567
	<u>473,072</u>	<u>(1,671,137)</u>	<u>464,750</u>	<u>(733,315)</u>
Internally restricted (note 10)				
Blueprint fund	429,446	–	(429,446)	–
Building fund	35,304	–	(35,304)	–
	<u>464,750</u>	<u>–</u>	<u>(464,750)</u>	<u>–</u>
	<u>937,822</u>	<u>(1,671,137)</u>	<u>–</u>	<u>(733,315)</u>

# Canadian Soccer Association

## Statement of Cash Flows

For the year ended December 31, 2006

	2006 \$	2005 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenue over expense	(1,671,137)	280,144
Items not affecting cash –		
Amortization of capital assets	99,120	91,565
Amortization of deferred contributions related to capital assets	(8,049)	(8,049)
Net change in non-cash working capital items –		
Accounts receivable	13,316	700,187
Recoverable advances	(5,459)	(8,739)
Inventory	39,798	(13,359)
Prepaid expenses	384,739	(49,335)
Accounts payable and accrued liabilities	763,182	(328,504)
Deferred revenue – FIFA Men’s U20 World Cup 2007	1,812,498	–
	<u>1,428,008</u>	<u>663,910</u>
<b>Investing activity</b>		
Purchase of capital assets	<u>(134,787)</u>	<u>(26,470)</u>
<b>Financing activities</b>		
Repayment of bank loan	–	(260,000)
Advances from FIFA Men’s U20 World Cup 2007	684,306	354,394
Repayment of FIFA loan	(23,220)	(25,540)
Repayment of mortgage payable	(42,307)	(45,775)
	<u>618,779</u>	<u>23,079</u>
<b>Net increase in cash</b>	1,912,000	660,519
<b>Cash – Beginning of year</b>	<u>662,688</u>	<u>2,169</u>
<b>Cash – End of year</b>	<u>2,574,688</u>	<u>662,688</u>
Cash	2,146,251	662,688
Cash held in trust	428,437	–
	<u>2,574,688</u>	<u>662,688</u>

# Canadian Soccer Association

Notes to Financial Statements

December 31, 2006

---

## 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 as a not-for-profit organization and is a registered Canadian amateur athletic association under the Income Tax Act.

## 2 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 period. Actual results may differ from those estimates.

### 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 goods and services are recorded at their fair value.

### Inventory

Inventory is stated at the lower of cost and net realizable value. Cost is determined on the 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

# Canadian Soccer Association

Notes to Financial Statements

December 31, 2006

## 3 Cash held in trust

The Association has received a restricted contribution in 2006 from The Alberta Soccer Association to be directed towards the FIFA Men's U20 World Cup 2007. These funds are held in trust.

## 4 Capital assets

			2006	2005
	Cost	Accumulated	Net	Net
	\$	amortization	\$	\$
		\$		
Land	255,998	-	255,998	255,998
Building	615,171	162,764	452,407	467,786
Building improvements	177,396	94,761	82,635	79,869
Furniture and equipment	369,541	281,694	87,847	39,567
	<u>1,418,106</u>	<u>539,219</u>	<u>878,887</u>	<u>843,220</u>

## 5 Mortgage payable

The mortgage payable is an open mortgage, due on demand, bearing interest at prime plus 1.5% 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 FIFA loan

The Association received an unsecured interest-free loan of US\$100,000 from FIFA on August 3, 1998. The final payment was made in 2006.

## 7 Advances from FIFA Men's U20 World Cup 2007

	2006	2005
	\$	\$
Opening balance	353,894	-
Advances received	684,306	353,894
Less: Current portion	<u>(1,038,200)</u>	<u>-</u>
Closing balance	<u>-</u>	<u>353,894</u>

# Canadian Soccer Association

## Notes to Financial Statements

December 31, 2006

The Association will host the FIFA Men's U20 World Cup competition in Canada in the summer of 2007. In preparation for this tournament the Association has incurred primarily internal expenses totalling \$2,238,061. Due to the nature of the costs incurred and the uncertainty associated with the FIFA contribution for the tournament, these expenses have been recorded in the current year. The advances received from FIFA, deferred revenue from ticket sales and advances from government bodies will be settled at the conclusion of the tournament in the next financial year.

At the conclusion of the FIFA Men's U20 World Cup competition, FIFA will determine how much they will contribute towards the tournament and any residual amount of the FIFA advance will become due for repayment.

The following summarizes the funding and expense related to the FIFA Men's U20 World Cup competition at December 31, 2006:

	\$
<b>Funding</b>	
Advances from FIFA Men's U20 World Cup 2007	1,038,200
Deferred revenue – FIFA Men's U20 World Cup 2007 (note 8)	<u>1,812,498</u>
	2,850,698
<b>Expense - FIFA Men's U20 World Cup 2007</b>	<u>2,238,061</u>
<b>Excess of funding over expense</b>	<u>612,637</u>

### 8 Deferred revenue – FIFA Men's U20 World Cup 2007

	2006	2005
	\$	\$
Advance ticket sales	1,297,992	–
Government funding	<u>514,506</u>	–
<b>Closing balance</b>	<u>1,812,498</u>	–

# Canadian Soccer Association

Notes to Financial Statements

December 31, 2006

---

## 9 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.

	2006 \$	2005 \$
Opening balance	244,869	252,918
Amortization of deferred contributions	(8,049)	(8,049)
Closing balance	<u>236,820</u>	<u>244,869</u>

## 10 Net assets restricted for funds

Management has removed the internally imposed restrictions on the net assets restricted for the blueprint and building funds in 2006 and these funds have been transferred to the unrestricted net asset balance.

## 11 Contributed soccer equipment

Contributed soccer equipment of \$320,000 (2005 – \$320,000) has been recognized as revenue and an expense in the statement of operations.

## 12 Financial instruments

The carrying amount of cash, cash held in trust, accounts receivable, recoverable advances and accounts payable and advances payable approximates their fair value due to their short-terms to maturity. The carrying value of the mortgage payable approximates fair value as it bears interest at floating (prime) interest rates.

### Credit Risk

The Association's financial instruments that are exposed to credit risk include accounts receivable and recoverable advances. 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 floating (prime) interest rates.

# Canadian Soccer Association

Notes to Financial Statements

December 31, 2006

---

## 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.

## 13 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 for the next five years as follows:

	\$
Year ending December 31, 2007	66,495
2008	48,561
2009	27,916
2010	6,113
2011	849

### 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 three 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.

## 14 Comparative figures

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