

FOODSERVICE CONSULTANTS SOCIETY INTERNATIONAL

Financial Statements

Year Ended December 31, 2011

FOODSERVICE CONSULTANTS SOCIETY INTERNATIONAL

Index to Financial Statements

Year Ended December 31, 2011

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Revenues and Expenditures	3
Statement of Changes in Net Assets	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 8

INDEPENDENT AUDITOR'S REPORT

To the Members of Foodservice Consultants Society International

We have audited the accompanying financial statements of Foodservice Consultants Society International, which comprise the statement of financial position as at December 31, 2011 and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and 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 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.

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, the financial statements present fairly, in all material respects, the financial position of Foodservice Consultants Society International 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.

Curtis - Villar LLP

Guelph, Ontario
January 31, 2012

CURTIS-VILLAR LLP
Chartered Accountants
Licensed Public Accountants

FOODSERVICE CONSULTANTS SOCIETY INTERNATIONAL

Statement of Financial Position

December 31, 2011

	2011	2010
ASSETS		
CURRENT		
Cash	\$ 302,015	\$ 135,394
Accounts receivable	75,764	158,338
Income taxes recoverable	-	17,070
Prepaid expenses	17,440	25,355
Due from related parties (Note 4)	-	58,196
	<u>\$ 395,219</u>	<u>\$ 394,353</u>
 LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 4,728	\$ 4,149
Income taxes payable	1,652	-
	<u>6,380</u>	<u>4,149</u>
 NET ASSETS		
General fund	<u>388,839</u>	<u>390,204</u>
	<u>\$ 395,219</u>	<u>\$ 394,353</u>

ON BEHALF OF THE BOARD

Director

Director

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

FOODSERVICE CONSULTANTS SOCIETY INTERNATIONAL

Statement of Revenues and Expenditures

Year Ended December 31, 2011

	2011	2010
REVENUE		
Advertising	\$ 454,514	\$ 443,209
Dues-Europe, Africa and the Middle East	81,790	75,901
Dues-America	72,539	64,941
Dues-Asia Pacific	14,413	11,078
Other	16,168	13,225
	<u>639,424</u>	<u>608,354</u>
EXPENSES		
Publication	262,393	298,162
Office	259,838	267,395
Special projects	67,226	8,619
Board and officer	44,768	50,508
	<u>634,225</u>	<u>624,684</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE INCOME TAXES	5,199	(16,330)
INCOME TAXES	<u>6,564</u>	<u>2,930</u>
DEFICIENCY OF REVENUE OVER EXPENSES	<u>\$ (1,365)</u>	<u>\$ (19,260)</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

FOODSERVICE CONSULTANTS SOCIETY INTERNATIONAL

Statement of Changes in Net Assets

Year Ended December 31, 2011

	2011	2010
NET ASSETS - BEGINNING OF YEAR	\$ 390,204	\$ 409,464
Deficiency of revenue over expenses	<u>(1,365)</u>	<u>(19,260)</u>
NET ASSETS - END OF YEAR	<u>\$ 388,839</u>	<u>\$ 390,204</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

FOODSERVICE CONSULTANTS SOCIETY INTERNATIONAL

Statement of Cash Flows

Year Ended December 31, 2011

	2011	2010
OPERATING ACTIVITIES		
Deficiency of revenue over expenses	\$ (1,365)	\$ (19,260)
Changes in non-cash working capital:		
Accounts receivable	82,574	4,312
Accounts payable	579	(1,545)
Income taxes payable	18,722	(25,415)
Prepaid expenses	7,915	(9,657)
	<u>109,790</u>	<u>(32,305)</u>
Cash flow from (used by) operating activities	<u>108,425</u>	<u>(51,565)</u>
FINANCING ACTIVITY		
Advances from related parties	<u>58,196</u>	<u>16,535</u>
INCREASE (DECREASE) IN CASH FLOW	166,621	(35,030)
Cash - beginning of year	<u>135,394</u>	<u>170,424</u>
CASH - END OF YEAR	\$ <u>302,015</u>	\$ <u>135,394</u>
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest received	\$ -	\$ -
Interest paid	\$ -	\$ -
Income taxes paid (recovered)	\$ (12,158)	\$ 28,345

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

FOODSERVICE CONSULTANTS SOCIETY INTERNATIONAL

Notes to Financial Statements

Year Ended December 31, 2011

1. DESCRIPTION OF BUSINESS

Foodservice Consultants Society International (FCSI) focuses on the furtherance of professionalism in foodservice and hospitality consulting through education and personal development, including the certification of consultants. It refers independent consulting firms to prospective clients. FCSI also provides a forum for consultants and those who work with consultants to discuss matters of relevance to the continued development and growth of the foodservice and hospitality industry worldwide.

FCSI's programs include various regional events that serve as networking opportunities and forums for the exchange of knowledge, as well as to stimulate interest in new industry developments. The Continuing Professional Growth Program for FCSI professional members elevates standards, enhances individual performance, and recognizes those members who demonstrate knowledge essential to the highest professional level of consulting in the foodservice industry. Published five times per year, The Consultant is the official professional journal of FCSI.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

The company uses the deferral method of accounting.

Short term investments

Short term investments consist primarily of commercial paper and deposits with an original maturity date of purchase of twelve months or less. Because of the short term maturity of these investments, their carrying amount of cost plus accrued interest approximates fair value.

Foreign currency translation

Accounts in foreign currencies have been translated into US dollars using the temporal method. Under this method, monetary assets and liabilities have been translated at the year end exchange rate. Non-monetary assets have been translated at the rate of exchange prevailing at the date of transaction. Revenues and expenses have been translated at the average rates of exchange during the year.

Contributed Services

The value of services contributed by volunteers is not reflected in these financial statements as it is not clearly measureable.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

FOODSERVICE CONSULTANTS SOCIETY INTERNATIONAL

Notes to Financial Statements

Year Ended December 31, 2011

3. PREPAID EXPENSES

Prepaid expenses consist of the following amounts:

	<u>2011</u>		<u>2010</u>
The Consultant-1st quarter 2010	\$ 16,220	\$	21,531
Insurance	1,220		3,824
	<u>\$ 17,440</u>	\$	<u>25,355</u>

4. DUE FROM RELATED PARTIES

	<u>2011</u>		<u>2010</u>
The Americas Division	\$ -	\$	(52,196)
Asia Pacific Division	-		(6,000)
	<u>\$ -</u>	\$	<u>(58,196)</u>

Advances to The Americas Division are non-interest bearing and are repayable in four years. Advances from the Asia Pacific Division are non-interest bearing and have no fixed terms of repayment.

5. CONTRACTUAL OBLIGATIONS

FCSI contracted Legge Executive Group Inc. to provide association management services to the organization. Under the terms of the agreement FCSI is obligated to pay the following amounts in Canadian dollars:

Contractual obligation payment schedule:

2012	\$ 309,000
2013	309,000
	<u>\$ 618,000</u>

6. INCOME TAXES

FCSI is exempt from United States federal income taxes under Code Section 501 (c) (6) of the Internal Revenue Code. However, income from certain activities not directly related to FCSI's tax-exempt purpose is subject to taxation as unrelated business income.

Internal Revenue Code Section 513(a) defines an unrelated trade or business of an exempt organization as any trade or business which is not substantially related to the exercise or performance of its exempt purpose. The advertising income derived from the publication of The Consultant and the membership directory is to be considered unrelated business income.

FOODSERVICE CONSULTANTS SOCIETY INTERNATIONAL

Notes to Financial Statements

Year Ended December 31, 2011

7. FINANCIAL INSTRUMENTS

The company's financial instruments consist of cash, accounts receivable, investment, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

8. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.