

**BOBSLEIGH CANADA SKELETON**  
**Financial Statements**  
**Year Ended March 31, 2010**

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**AUDITORS' REPORT**

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To the Members of Bobsleigh Canada Skeleton

We have audited the statement of financial position of Bobsleigh Canada Skeleton as at March 31, 2010 and the statements of revenues and expenditures, changes in net assets and cash flow 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.

Except as explained in the following paragraph, 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 common with many non-profit organizations, the Association derives revenue from donations and entry fees, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Association and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The prior year financial statements were audited by another firm of chartered accountants.

***Clark Adams***

Calgary, Alberta

July 15, 2010

Chartered Accountants

**BOBSLEIGH CANADA SKELETON****Statement of Financial Position****March 31, 2010**

	2010	2009
<b>Assets</b>		
<b>Current</b>		
Accounts receivable <i>(Note 9)</i>	\$ 219,110	\$ 206,418
Goods and services tax recoverable	28,034	28,122
Prepaid expenses	14,843	39,814
	<u>261,987</u>	<u>274,354</u>
<b>Property and equipment <i>(Note 5)</i></b>	<b>738,990</b>	<b>661,590</b>
<b>Marketable securities <i>(Note 4)</i></b>	<b>390,813</b>	<b>262,965</b>
	<u>\$ 1,391,790</u>	<u>\$ 1,198,909</u>
<b>Liabilities and shareholder's equity</b>		
<b>Current</b>		
Bank indebtedness <i>(Note 6)</i>	\$ 29,277	\$ 142,685
Accounts payable and accrued liabilities	637,891	296,614
	<u>667,168</u>	<u>439,299</u>
<b>Net assets</b>		
Unrestricted	(72,381)	202,790
Investment in equipment	738,990	661,590
Other accumulated comprehensive income (loss)	58,013	(104,770)
	<u>724,622</u>	<u>759,610</u>
	<u>\$ 1,391,790</u>	<u>\$ 1,198,909</u>

**ON BEHALF OF THE BOARD**\_\_\_\_\_  
*Director*\_\_\_\_\_  
*Director*

See notes to financial statements

**BOBSLEIGH CANADA SKELETON**  
**Statement of Revenues and Expenditures**  
**Year Ended March 31, 2010**

	2010	2009
<b>Revenue</b>		
Sport Canada	\$ 570,529	\$ 2,028,990
Canada Olympic Committee	2,042,034	813,011
Sponsorship and donations	803,897	660,633
Events	143,100	251,923
Other income	166,591	140,443
	<u>3,726,151</u>	<u>3,895,000</u>
<b>Expenses</b>		
Salaries and wages	1,125,417	1,061,560
National team - bobsleigh	872,371	790,109
National team - skeleton	412,605	512,641
Administrative	218,775	172,240
Research & development	141,138	195,183
National development team - bobsleigh	133,247	232,986
Repairs and maintenance	126,960	144,780
Skeleton - Olympic winter games	119,790	-
Events	112,850	104,538
Athlete development surplus rebates	92,687	-
Recruitment	73,557	80,015
Performance services	68,050	96,381
National development team - skeleton	62,803	113,880
Advertising and promotion	49,952	54,164
Pacific sport	29,878	46,250
LT athlete development	21,397	27,818
Meetings and conventions	11,132	41,842
	<u>3,672,609</u>	<u>3,674,387</u>
<b>Excess of revenue over expenses from operations</b>	<b>53,542</b>	<b>220,613</b>
<b>Other expense</b>		
Amortization	(251,313)	(159,336)
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ (197,771)</b>	<b>\$ 61,277</b>

See notes to financial statements

**BOBSLEIGH CANADA SKELETON****Statement of Changes in Net Assets****Year Ended March 31, 2010**

	Unrestricted	Investment in Equipment	Other Accumulated Comprehensive Income (loss)	2010	2009
<b>Net assets - beginning of year</b>	\$ 202,790	\$ 661,590	\$ (104,770)	\$ 759,610	\$ 810,386
Deficiency of revenue over expenses	(197,771)	-	-	(197,771)	61,277
Comprehensive income (loss)	-	-	162,783	162,783	(112,053)
Investment in equipment	(77,400)	77,400	-	-	-
<b>Net assets - end of year</b>	\$ (72,381)	\$ 738,990	\$ 58,013	\$ 724,622	\$ 759,610

See notes to financial statements

**BOBSLEIGH CANADA SKELETON****Statement of Cash Flow  
Year Ended March 31, 2010**

	<b>2010</b>	2009
<b>Operating activities</b>		
Cash receipts from customers	\$ 3,713,458	\$ 4,022,664
Cash paid to suppliers and employees	(3,306,360)	(3,872,514)
Goods and services tax	88	19,165
	<u>407,186</u>	<u>169,315</u>
Cash flow from operating activities		
<b>Investing activities</b>		
Purchase of equipment	(328,713)	(312,600)
Proceeds on disposal of equipment	-	39,478
Increase in marketable securities	(127,848)	28,216
Non-cash comprehensive income (loss)	162,783	(112,053)
	<u>(293,778)</u>	<u>(356,959)</u>
Cash flow used by investing activities		
<b>Increase (decrease) in cash flow</b>	<b>113,408</b>	<b>(187,644)</b>
Cash (deficiency) - beginning of year	<u>(142,685)</u>	<u>44,959</u>
<b>Deficiency - end of year</b>	<b>\$ (29,277)</b>	<b>\$ (142,685)</b>

See notes to financial statements

**BOBSLEIGH CANADA SKELETON**  
**Supplemental Information - Direct Method Calculations**  
**Year Ended March 31, 2010**

	2010	2009
<b>Cash receipts from customers</b>		
Revenue	3,726,151	3,895,000
Change in receivables (net of interest receivable)	(12,693)	127,664
	<u>\$ 3,713,458</u>	<u>\$ 4,022,664</u>
<b>Cash paid to suppliers and employees</b>		
Expenses from operations	3,672,609	3,674,387
Change in prepaid expenses	(24,971)	17,268
Change in payables (net of interest payable)	(341,277)	180,859
Rounding	(1)	-
	<u>\$ 3,306,360</u>	<u>\$ 3,872,514</u>

See notes to financial statements

# BOBSLEIGH CANADA SKELETON

## Notes to Financial Statements

Year Ended March 31, 2010

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### 1. NATURE OF OPERATIONS

Bobsleigh Canada Skeleton (the "Association" or "organization") was incorporated on March 22, 1990 under the Canada Corporations Act and commenced operations effective April 1, 1990. The Association is a non-profit organization whose purpose is to develop and administer the sport of bobsleigh and skeleton in Canada in order to ensure opportunities for participation at domestic levels and to foster international excellence. It receives funding from Sport Canada, the Canadian Olympic Committee, the Calgary Olympic Development Association and other sources.

Bobsleigh and Luge Canada, an organization that acts to coordinate the activities of Bobsleigh Canada Skeleton and the Canadian Luge Association, provide administration and fundraising support. Bobsleigh and Luge Canada applies for and administers all Sport Canada funding on behalf of the sports of bobsleigh and luge in Canada. Accordingly, the Association is allocated its proportionate share of Sport Canada funding by Bobsleigh and Luge Canada.

As a non-profit organization, the Association is exempt from income taxes under Section 149(1)(L) of the Income Tax Act.

### 2. BASIS OF PRESENTATION

The accompanying financial statements have been prepared on the going concern assumption that the Association will be able to realize its assets and discharge its liabilities in the normal course of business. The Association is dependent upon its ability to operate within its budgeted revenues and receive ongoing financial support in the form of loans or additional funding.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Contributions

Contributed materials and services, which would otherwise be paid for by the Association, are recorded at fair value when provided. The Association receives contributions for reimbursement of certain specified technical and administrative expenses during the year. Unexpended portions of contributions are refundable to the contributor.

#### Marketable securities

Marketable securities represent investments in cash and publicly traded securities and are valued at market value.

#### Property and equipment

Property and equipment are stated at cost less accumulated amortization. Property and equipment are amortized over their estimated useful lives after allowing for salvage of \$10,000 and \$7,500 for four-man and two-man sleds respectively. Amortization is provided on a straight-line basis at the following rates:

Bobsleighs and skeletons	5 years	straight-line method
Other machinery and equipment	5 years	straight-line method
Tools and materials	10 years	straight-line method

The Association regularly reviews its property and equipment to eliminate obsolete items. Government grants are treated as a reduction of property and equipment cost.

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# BOBSLEIGH CANADA SKELETON

## Notes to Financial Statements

Year Ended March 31, 2010

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Research and development costs

The Association incurs costs on activities that relate to research and development of composition of runners and sled materials. Research costs are expensed as they are incurred. Development costs are also expensed unless they meet the specified criteria related to technical, market and financial feasibility, in which case they are deferred until use has begun. Upon commencement of commercial production or use, the related costs are amortized over the estimated useful life from the date of completion of the project.

#### Revenue recognition

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

#### 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 include providing for amortization of property and equipment. Actual results could differ from these estimates.

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# BOBSLEIGH CANADA SKELETON

## Notes to Financial Statements

Year Ended March 31, 2010

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Financial instruments

The Association adopted CICA Handbook Section 3855, "Financial Instruments - Recognition and Measurement," section 1530, "Comprehensive Income" and section 3861, "Financial Instruments - Disclosure and Presentation" on April 1, 2007. The Association adopted these standards prospectively. The organization has classified each financial instrument into the following categories: held for trading financial assets and financial liabilities, loans and receivables, held to maturity investments, available for sale financial assets, and other financial liabilities. Subsequent measurement of the financial instruments is based on their classification. Unrealized gains and losses on held for trading financial instruments are recognized in earnings. Gains and losses on available for sale financial assets are recognized in other comprehensive income ("OCI") and transferred to earnings when the asset is disposed of. The other categories of financial instruments are recognized at amortized cost using the effective interest rate method. Transaction costs that are directly attributable to the acquisition or issue of a financial asset or financial liability are added to the cost of the instrument at its initial carrying amount.

The Association has made the following classifications:

- Cash and cash equivalents are classified as financial assets held for trading and are measured at fair value. Gains and losses related to periodical revaluation are recorded in net income.
- Accounts receivable is classified as loans and receivables and is initially measured at fair value and subsequent periodical revaluations are recorded at amortized cost using the effective interest rate method.
- Marketable securities are classified as available for sale financial instruments. Gains and losses related to periodic revaluation are recognized in other comprehensive income and are transferred to net income when disposed of.
- Accounts payable and accrued liabilities are classified as other liabilities and are initially measured at fair value and subsequent periodical revaluations are recorded at amortized cost using the effective interest rate method.

As at the transition date of April 1, 2007, the Association recorded a \$12,308 increase in operating surplus with a corresponding increase in marketable investments.

OCI comprises the change in the fair value of the effective portion of available for sale financial instruments. Accumulated other comprehensive income ("AOCI") is an equity category comprised of the cumulative amounts of OCI. See Note xxxx for the composition of AOCI at March 31, 2010.

The Association's financial instruments that are included in the statement of financial position are comprised of cash, receivables, marketable investments and accounts payable and accrued liabilities. The fair value of the cash, receivables and accounts payable and accrued liabilities approximate their carrying values due to the short term maturity of these instruments. Marketable securities are presented at their market value.

The Association's risk management policies are established to identify and analyze the risks faced by the Association, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Association's activities. The Association may have exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments. The Board has overall responsibility for the establishment and oversight of the Association's risk management framework. The Board has implemented and monitors compliance with risk management policies as set out herein.

- a) Credit risk

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# BOBSLEIGH CANADA SKELETON

## Notes to Financial Statements

Year Ended March 31, 2010

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Credit risk is the risk of financial loss to the Association if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Association's accounts receivable are typically with organizations related to Bobsleigh Canada Skeleton's activities in that they provide funding for the athletes. Therefore, credit risk is deemed to be low.

#### b) Liquidity risk

Liquidity risk is the risk that the Association will incur difficulties meeting its financial obligations as they are due. The Association's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. This is done through careful budgeting to operate within the funding expectations for the year.

#### c) Market risk

Market risk consists of currency risk, commodity price risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns. The Association is exposed to some foreign currency fluctuations as some of its payables are in foreign currency. The Association does not hedge against these currency fluctuations as the turnover of the related foreign payables is relatively short. Commodity price risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in commodity prices. The Association is exposed to changes in commodity prices impacted by world economic events as they rely on some funding from external companies that may be affected by these world events and the fair value of the marketable securities is subject to fluctuations based on commodity prices. Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Association is not exposed to interest rate risk.

#### Capital disclosures

Capital Disclosures - In December 2006, the CICA issued Section 1535, "Capital Disclosures" which establish disclosure requirements concerning capital that is effective for fiscal years beginning on or after October 1, 2007. The Accounting Standards Board amended this section in July 2008 to reduce disclosure requirements of non-publicly accountable enterprises ("NPAE's") so that only NPAE's with externally imposed capital requirements need to disclose information about those requirements. The Association does not have any externally imposed capital requirements.

#### Future changes in significant accounting policies

The accounting standards board of the CICA confirmed that the changeover to International Financial Reporting Standards ("IFRS") from Canadian generally accepted accounting principals ("GAAP") will be required for publicly accountable enterprises. In addition, the Accounting Standards Board has also approved final accounting standards for private enterprises in Canada which allow private entities the ability to choose between IFRS and the accounting standards for private enterprises. The Accounting Standards Board is currently developing standards specific for private not-for-profit organizations. The selection of which set of standards to adopt will apply to fiscal years beginning on or after January 1, 2011. The effect of adopting either standard has not yet been determined.

# BOBSLEIGH CANADA SKELETON

## Notes to Financial Statements

Year Ended March 31, 2010

### 4. MARKETABLE SECURITIES

	2010	2009
Cash and cash equivalents	\$ 9,945	\$ 84,847
	<u>380,868</u>	<u>178,118</u>
	<u>\$ 390,813</u>	<u>\$ 262,965</u>

Equities include stocks and mutual funds publicly traded on Canadian Markets. The investments are managed by a board of trustees appointed by the Bobsleigh Canada Fund. They are held by the Association in trust for the Bobsleigh Canada Fund to further the objectives of the Canadian Bobsleigh Team, namely to grant funds to the national team or its associated provincial teams to support the development of athletes and acquisition of racing equipment.

### 5. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2010 Net book value	2009 Net book value
Bobsleighs and skeletons	\$ 1,202,263	\$ 548,374	\$ 653,889	\$ 558,820
Office and electronic equipment	190,916	123,266	67,650	75,048
Tools and materials	137,392	119,941	17,451	27,722
	<u>\$ 1,530,571</u>	<u>\$ 791,581</u>	<u>\$ 738,990</u>	<u>\$ 661,590</u>

### 6. BANK OVERDRAFT

The bank has provided a secured line of credit of up to \$300,000 with an interest rate at prime plus 1.1%. As at March 31, 2010 \$29,277 (2009 - \$142,685) was outstanding against this line of credit. The overdraft is secured by a general security agreement for all property.

### 7. CONTINGENT LIABILITY

Contributions received from Sport Canada are subject to specific terms and conditions regarding the expenditure of the funds. The Association's accounting records are subject to review by Sport Canada to identify instances, if any, where amounts charged against contributions have not complied with the agreed terms and conditions and which therefore would be refundable to Sport Canada. Adjustments to prior years' contributions are recorded in the year in which Sport Canada authorizes the adjustment. The Association believes a review will not produce any material adverse financial effects on its financial position.

### 8. ECONOMIC DEPENDENCE

The Association's purpose is to develop and administer the sport of bobsleigh and skeleton in Canada. The majority of revenue is earned under renewable contracts with the Government of Canada.

### 9. COMPARATIVE FIGURES

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