



Financial Statements

For the year ended April 30, 2014

**Canadian Curling Association
Financial Statements
For the year ended April 30, 2014**

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Independent Auditor's Report

**To the Members of
Canadian Curling Association**

Report on the Financial Statements

We have audited the accompanying financial statements of Canadian Curling Association which comprise the statement of financial position as at April 30, 2014 and the statement of operations, 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 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 audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance whether the financial statements are free of 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 judgement, 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 qualified audit opinion.

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Independent Auditor's Report (continued)

Basis for Qualified Opinion

In common with many not-for-profit organizations, the association reports revenues from donations the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the association. Our audit opinion on the financial statements for the year ended April 30, 2013 was also qualified because of the possible effects of this limitation in scope. Therefore we were not able to determine whether any adjustments might be necessary to donations revenues, excess of revenue over expenses for the year ended April 30, 2014 and April 30, 2013, assets as at April 30, 2014, and April 30, 2013, and net assets at both the beginning and end of the April 30, 2014 and 2013 years.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of the association as at April 30 2014, 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.

Collins Barrow Ottawa LLP

Chartered Accountants, Licensed Public Accountants

July 24, 2014

Ottawa, Ontario

Canadian Curling Association
Statement of Financial Position

<u>April 30</u>	<u>2014</u>	<u>2013</u>
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Assets

Current

Cash (Note 1)	\$ 2,804,436	\$ 2,536,167
Accounts receivable (Note 2)	1,288,751	1,456,794
Sales taxes receivable	498,603	672,395
Prepaid expenses	114,247	226,488
	<hr/>	<hr/>
	4,706,037	4,891,844
Tangible capital assets (Note 3)	586,493	633,917
Intangible assets (Note 3)	<hr/>	10,394
	<hr/>	<hr/>
	\$ 5,292,530	\$ 5,536,155

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities	\$ 1,696,028	\$ 2,175,287
Government liabilities	10,527	10,330
Deferred contribution	917,250	688,250
	<hr/>	<hr/>
	2,623,805	2,873,867

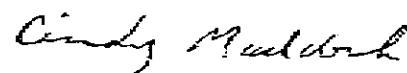
Net assets

Internally restricted for invested in tangible capital assets and intangible assets	586,493	644,311
Internally restricted reserve (Note 4)	866,942	866,942
Unrestricted	1,215,290	1,151,035
	<hr/>	<hr/>
	2,668,725	2,662,288
	<hr/>	<hr/>
	\$ 5,292,530	\$ 5,536,155

On behalf of the Board:



Governor



Governor

Canadian Curling Association
Statement of Changes in Net Assets

For the year ended April 30

2014

2013

	Invested in Capital Assets	Internally Restricted Reserve	Unrestricted	Total	Total
Balance, beginning of year	\$ 644,311	\$ 866,942	\$ 1,151,035	\$ 2,662,288	\$ 3,425,230
Excess (deficiency) of revenue over expenses for the year	(128,426)	-	134,863	6,437	(762,942)
Investment in capital assets					
Purchases	<u>70,608</u>	-	<u>(70,608)</u>	-	-
Balance, end of year	<u>\$ 586,493</u>	<u>\$ 866,942</u>	<u>\$ 1,215,290</u>	<u>\$ 2,668,725</u>	<u>\$ 2,662,288</u>

**Canadian Curling Association
Statement of Operations**

For the year ended April 30

2014

2013

	Budget	Actual	Actual
Revenue			
Domestic	\$ 6,488,000	\$ 6,943,761	\$ 6,363,075
International	189,500	122,270	148,000
High performance	2,170,000	2,231,484	1,991,000
Management	913,300	966,838	1,053,665
Other	846,050	891,156	542,544
	<u>10,606,850</u>	<u>11,155,509</u>	<u>10,098,284</u>
Expenses (Schedule 1)			
Domestic	5,100,958	5,566,898	5,820,066
International	260,500	383,898	514,883
High performance	2,758,700	2,806,688	2,251,833
Management (Note 6)	2,283,909	2,288,110	2,113,792
Other	200,000	103,478	160,652
	<u>10,604,067</u>	<u>11,149,072</u>	<u>10,861,226</u>
Excess (deficiency) of revenue over expenses for the year	\$ 2,783	\$ 6,437	\$ (762,942)

**Canadian Curling Association
Statement of Cash Flows**

For the year ended April 30 **2014** **2013**

Cash from (used in) operating activities		
Excess (deficiency) of revenue over expenses for the year	\$ 6,437	\$ (762,942)
Items not affecting cash		
Amortization of tangible capital assets	118,032	117,002
Amortization of intangible assets	<u>10,394</u>	42,631
	134,863	(603,309)
Net change in non-cash working capital items		
Decrease in accounts receivable	168,043	914,015
Decrease (increase) in sales taxes receivable	173,792	(167,501)
Decrease (increase) in prepaid expenses	112,241	(112,158)
Decrease in accounts payable and accrued liabilities	(479,259)	(67,888)
Increase in government liabilities	197	2,657
Increase in deferred contribution	<u>229,000</u>	7,000
	338,877	(27,184)
Cash from (used in) investing activities		
Acquisition of tangible capital assets	<u>(70,608)</u>	(54,749)
Cash from (used in) financing activities		
Repayment of long-term debt	-	(224,059)
Increase (decrease) in cash during the year	268,269	(305,992)
Cash, beginning of year	<u>2,536,167</u>	2,842,159
Cash, end of year	\$ 2,804,436	\$ 2,536,167

Canadian Curling Association Summary of Significant Accounting Policies

April 30, 2014

Purpose of Association	<p>The association is incorporated under Part II of the Canada Corporations Act as a registered Canadian Amateur Athletic Association and is a registered charity under the Income Tax Act. The association was continued under the Canada Not-for-profit Corporations Act on March 7, 2014.</p> <p>The association co-ordinates the activities and programs of amateur Canadian curlers nationally and internationally.</p>
Basis for Presentation	<p>These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies.</p>
Use of Estimates	<p>The preparation of financial statements in accordance 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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.</p> <p>In particular, the association estimates the profit or loss on events which have occurred before the year end as individual event financial statements are not completed by the association's year end. The anticipated net revenue or net expense is recorded as an estimate due to the uncertainty of the ultimate profitability of the events. Any adjustments required to reconcile estimated results with actual results are recorded in the year in which actual results are known. Additional estimates relate to the possible allowance for doubtful accounts and useful life of tangible capital assets and intangible assets.</p>
Financial Instruments	<p><i>Measurement of financial instruments</i></p> <p>Financial instruments are financial assets or liabilities of the organization where, in general, the organization has the right to receive cash or another financial asset from another party or the organization has the obligation to pay another party cash or other financial assets.</p> <p>The association initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions that are measured at the exchange amount.</p> <p>The association subsequently measures all its financial assets and financial liabilities at amortized cost.</p> <p>Financial assets and financial liabilities measured at amortized cost include cash, accounts receivable, sales taxes receivable, accounts payable and accrued liabilities and government liabilities.</p>

Canadian Curling Association Summary of Significant Accounting Policies

April 30, 2014

Financial Instruments (continued)

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write down, if any, is recognized in excess of revenues over expenses. The previously recognized impairment loss may be reversed, to the extent of the improvement, directly or by adjusting the allowance account. The reversal may be recorded provided it is no greater than the amount that had been previously reported as a reduction in the asset and it does not exceed original cost. The amount of the reversal is recognized in the excess of revenue over expenses.

Transaction costs

The association recognizes its transaction costs in the excess of revenue over expenses in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

Revenue Recognition

The association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collections are reasonably assured.

Excess or deficiency of revenue over expenses from events is recognized using the equity method. This method is appropriate since each event is a separate entity governed by its organizing committee.

Tangible Capital Assets

Tangible capital assets are recorded at cost. Amortization is based on the estimated useful life of the asset on a straight-line basis as follows:

Building	25 years
Furniture	15 years
Equipment	2, 3, 5, 10 and 15 years

Intangible Assets

Intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are recorded at cost. Amortization is based on the estimated useful life of the asset on a straight-line basis as follows:

Website development	2 years
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Invested in Tangible Capital Assets and Intangible Assets

Net assets internally restricted for invested in tangible capital assets and intangible assets are comprised of the net book value of tangible capital assets and intangible assets.

Canadian Curling Association Summary of Significant Accounting Policies

April 30, 2014

Contributed Materials and Services	Contributed materials and services which are used in the normal course of the association's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if fair value can be reasonably estimated. Volunteers contribute many hours each year to assist the association in carrying out its service delivery activities but fair value is not reasonably determinable so these services are not reflected in the financial statements.
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Canadian Curling Association Notes to Financial Statements

April 30, 2014

1. Cash

The association's bank accounts are held at one chartered bank and earn nominal interest.

The association has separate bank accounts for each event in process. Although local committees handle each event, the association protects their interest in, and ultimate liability for, the events by maintaining the bank accounts centrally. These accounts are not shown in these financial statements since, by contract, the entire balance does not belong to the association. Only the association's share of the profits (losses) are reflected. However, the association has a banking arrangement whereby an overdrawn balance in the association's operating account is offset by the balances in the event bank accounts. Consequently, the association does not pay interest on an overdraft position since the net balance of all accounts is positive. This cash management and treasury arrangement was recommended by the association's bank.

For the events that have not taken place yet, no share of profits (losses) have been estimated. Bank account balances for these events total \$(440,416) at April 30, 2014 (\$379,102 at April 30, 2013).

2. Accounts Receivable

The association's accounts receivable consist of the following balances:

	2014	2013
Accrued CCA events receivables	\$ 480,308	\$ 782,384
Sponsor/Supplier and other receivables	<u>808,443</u>	<u>674,410</u>
	<u>\$ 1,288,751</u>	<u>\$ 1,456,794</u>

3. Tangible Capital Assets and Intangible Assets

	2014			2013		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Tangible Capital Assets						
Land	\$ 66,227	\$ -	\$ 66,227	\$ 66,227	\$ -	\$ 66,227
Building	740,380	371,220	369,160	740,380	341,604	398,776
Furniture	35,515	32,842	2,673	35,515	29,664	5,851
Equipment	459,183	310,750	148,433	407,574	244,511	163,063
	\$ 1,301,305	\$ 714,812	\$ 586,493	\$ 1,249,696	\$ 615,779	\$ 633,917
Intangible Assets						
Website development	<u>\$ 109,093</u>	<u>\$ 109,093</u>	<u>\$ -</u>	<u>\$ 109,093</u>	<u>\$ 98,699</u>	<u>\$ 10,394</u>

Canadian Curling Association Notes to Financial Statements

April 30, 2014

4. Internally Restricted Reserve

The association's Board of Governors has established a long-term financial reserve to protect against future financial jeopardy. The association has targeted a minimum long-term reserve amount of \$2,368,411 (2013 - \$2,368,411). The Board must approve any transfers to or from the long-term reserve. Additionally, 50% of the long-term reserve is further restricted by being utilized only after passage of a Board resolution confirmed by a majority of those entitled to vote at a General Meeting.

No amount was transferred from the internally restricted reserve to the general fund during 2013/14 (2012/13 - \$113,677).

Internally restricted reserve also includes a commitment of funds towards the Curling Assistance Program (CAP) fund. As at April 30, 2014, the amount committed was \$19,543 (2013 - \$196,536). The association's CAP fund consists of the following balances:

	<u>2014</u>	<u>2013</u>
Balance, beginning of year	\$ 196,536	\$ 269,436
Funds allocated to CAP	-	250,000
Funds disbursed in year	<u>(176,993)</u>	<u>(322,900)</u>
Balance, end of year	<u>\$ 19,543</u>	<u>\$ 196,536</u>

5. Sport Canada Contributions

Sport Canada provides contributions towards specific activities of the association as follows:

	<u>2014</u>	<u>2013</u>
Domestic	\$ 172,000	\$ 185,000
International	72,270	98,000
High performance	<u>2,139,730</u>	<u>1,963,000</u>
Management	<u>641,000</u>	<u>731,000</u>
	<u>\$ 3,025,000</u>	<u>\$ 2,977,000</u>

6. Contributed Materials and Services

Management administration expenses include \$98,300 (2013 - \$130,000) of contributed services.

Canadian Curling Association Notes to Financial Statements

April 30, 2014

7. Budget Amounts

The budget amounts were provided by the association. The amount identified for disbursement during the year ending April 30, 2014 referenced in note 4 above for the Curling Assistance Program was not included in the budget amounts.

8. Risks and Concentrations

The association is exposed to various risks through its financial instruments. The following analysis provides a measure of the association's risk exposure and concentrations as at April 30, 2014.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The association is exposed to this credit risk mainly in respect of its accounts receivable and sales taxes receivable.

Liquidity risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The association is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and government liabilities.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and other price risk. The association is not exposed to any significant market risk.

Changes in risk

There have been no changes in the association's risk exposures from the prior year.

Canadian Curling Association
Schedule 1 - Statement of Expenses by Activity

<u>For the year ended April 30</u>	<u>2014</u>	<u>2013</u>
	<u>Budget</u>	<u>Actual</u>
Domestic		
Canadian championships	\$ 1,034,678	\$ 1,092,344
Curling Hall of Fame	22,000	5,132
Curling development fund / C.A.P. grants	-	326,966
Development	174,875	113,675
Championship supplies	80,000	97,452
Publications	4,500	1,325
Season of Champions	3,183,905	3,308,591
Season of Champions additional events	538,000	540,952
Sponsor/business travel	7,000	4,892
Technical	56,000	75,569
	<u>\$ 5,100,958</u>	<u>\$ 5,566,898</u>
	<u>\$ 5,820,066</u>	
International		
Championships	\$ 243,500	\$ 370,650
Meetings	14,000	10,596
WCF affiliation fees	3,000	2,652
	<u>\$ 260,500</u>	<u>\$ 383,898</u>
	<u>\$ 514,883</u>	
High Performance		
CCA Excellence	\$ 458,200	\$ 408,200
High performance development	345,000	262,813
Meetings	5,500	2,214
National development centre	-	20,000
National team program	480,000	196,329
Olympics	1,470,000	1,937,132
	<u>\$ 2,758,700</u>	<u>\$ 2,806,688</u>
	<u>\$ 2,251,833</u>	
Management		
Administration	\$ 621,500	\$ 580,556
Information technology	308,850	338,329
Meetings	115,850	105,226
Salaries and benefits	1,219,709	1,243,401
Travel	18,000	20,598
	<u>\$ 2,283,909</u>	<u>\$ 2,288,110</u>
	<u>\$ 2,113,792</u>	
Other		
Miscellaneous contingencies	\$ 50,000	\$ 6,820
Philanthropic program	150,000	96,658
	<u>\$ 200,000</u>	<u>\$ 103,478</u>
	<u>\$ 160,652</u>	