

MANITOBA CURLING ASSOCIATION INC.

Financial Statements

Year Ended March 31, 2011

MANITOBA CURLING ASSOCIATION INC.

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Year Ended March 31, 2011

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Manitoba Curling Association Inc.

We have audited the accompanying financial statements of Manitoba Curling Association Inc., which comprise the statement of financial position as at March 31, 2011, and the statements of revenues and expenses, changes in net assets and cash flow 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.

(continues)

Independent Auditor's Report to the Directors of Manitoba Curling Association Inc. *(continued)*

Basis for Opinion

In common with many non-profit organizations, the association derives revenue, 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.

Opinion

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 revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of Manitoba Curling Association Inc. as at March 31, 2011 and the results of its operations and its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements for the year ended March 31, 2010 were audited by another accounting firm and are presented for comparative purposes only.

A handwritten signature in black ink that reads "Lazer Grant LLP". The signature is written in a cursive, flowing style.

Winnipeg, MB
June 1, 2011

CHARTERED ACCOUNTANTS

MANITOBA CURLING ASSOCIATION INC.

Statement of Financial Position

March 31, 2011

	2011	2010
ASSETS		
CURRENT		
Cash	\$ 660,196	\$ 27,717
Accounts receivable	251,335	225,239
Inventory	35,657	36,386
Prepaid expenses	8,155	3,448
	955,343	292,790
LONG TERM INVESTMENTS (Note 4)	123,698	119,033
CAPITAL ASSETS (Note 5)	51,032	40,646
OLYMPIC CURLING TRIALS HOSTING BID (Note 6)	1,000,000	-
	\$ 2,130,073	\$ 452,469
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 897,461	\$ 185,915
Deferred revenue (Note 8)	34,932	36,672
	932,393	222,587
LONG TERM DEBT (Notes 6, 7, 10)	150,000	-
DEFERRED REVENUE (Note 6)	850,000	-
DEFERRED CAPITAL GRANTS (Note 9)	30,943	28,664
	1,963,336	251,251
NET ASSETS		
Invested in capital assets	49,079	40,646
Unrestricted	117,658	160,572
	166,737	201,218
	\$ 2,130,073	\$ 452,469

RENTAL AGREEMENT (Note 11)

ON BEHALF OF THE BOARD

Director

Director

MANITOBA CURLING ASSOCIATION INC.

Statement of Revenues and Expenses

Year Ended March 31, 2011

	2011	2010
REVENUES		
Bingo <i>(Note 12)</i>	\$ 53,400	\$ 56,400
Competition fees	46,734	60,157
Course fees	26,443	54,003
Entry fees	230,576	202,771
Hosting fees	28,572	32,384
Investment income	4,751	685
Manitoba Curling Foundation Assistance	19,940	23,556
Manitoba Development Fund Assistance	10,276	21,916
Memberships	119,472	108,115
Other grants	15,000	28,600
Other income	13,676	9,077
Rental	23,852	26,725
Sales	8,491	8,478
Special events	-	12,070
Sponsorships	243,000	222,642
Sport Manitoba grants <i>(Note 12)</i>	167,950	166,585
	1,012,133	1,034,164
EXPENSES <i>(Schedule 1)</i>	1,046,614	1,096,502
DEFICIENCY OF REVENUES OVER EXPENSES	\$ (34,481)	\$ (62,338)

MANITOBA CURLING ASSOCIATION INC.

Statement of Changes in Net Assets

Year Ended March 31, 2011

	Invested in capital assets	Unrestricted	2011	2010
NET ASSETS - BEGINNING OF YEAR	\$ 40,646	\$ 160,572	\$ 201,218	\$ 263,556
Deficiency of revenues over expenses	(25,056)	(9,425)	(34,481)	(62,338)
Purchase of capital assets	33,489	(33,489)	-	-
NET ASSETS - END OF YEAR	\$ 49,079	\$ 117,658	\$ 166,737	\$ 201,218

MANITOBA CURLING ASSOCIATION INC.

Statement of Cash Flow

Year Ended March 31, 2011

	2011	2010
OPERATING ACTIVITIES		
Deficiency of revenues over expenses	\$ (34,481)	\$ (62,338)
Items not affecting cash:		
Amortization	23,103	10,490
Change in fair value of long term investments	(4,664)	-
	(16,042)	(51,848)
Changes in non-cash working capital:		
Accounts receivable	(26,096)	32,298
Inventory	729	74
Accounts payable and accrued liabilities	711,545	49,013
Deferred revenue	(1,740)	(40,421)
Prepaid expenses	(4,707)	293
	679,731	41,257
Cash flow from (used by) operating activities	663,689	(10,591)
INVESTING ACTIVITIES		
Purchase of capital assets	(33,489)	-
Purchase of long term investments	-	(610)
Olympic curling trials hosting bid	(1,000,000)	-
Cash flow used by investing activities	(1,033,489)	(610)
FINANCING ACTIVITIES		
Deferred revenue	850,000	-
Deferred capital grants	2,279	28,664
Proceeds from long term financing	150,000	-
Cash flow from financing activities	1,002,279	28,664
INCREASE IN CASH	632,479	17,463
Cash - beginning of year	27,717	10,254
CASH - END OF YEAR	\$ 660,196	\$ 27,717

1. DESCRIPTION OF ASSOCIATION

The Manitoba Curling Association Inc. is committed to promote and develop the game of curling as a recreational and competitive sport in the Province of Manitoba; to unite the curling community, foster good relations with other curling associations, and maintain affiliation with the Canadian Curling Association; and to arrange and conduct provincial playdowns for the purpose of determining Provincial Championship teams.

The Association is a not for profit organization under subsection 149(1) of the Income Tax Act and as such, is exempt from income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the first-in, first-out method.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Clocks	20%	declining balance method
Computer equipment	50%	declining balance method
Furniture and fixtures	10%	declining balance method
Scoreboards	20%	declining balance method
Video and audio equipment	20%	declining balance method
Website	30%	declining balance method

The Association regularly reviews its capital assets to eliminate obsolete items. Grants are treated as deferred revenue and amortized at a rate equal to the capital asset they were used to purchase.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

One-half the normal rate of amortization is recorded in the year of acquisition.

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 collection is reasonably assured.

3. FINANCIAL INSTRUMENTS

Held for trading:

The Association has classified cash and investments as held for trading. These instruments are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties.

Held for trading financial instruments are subsequently measured at their fair value. Gains and losses arising from changes in fair value are recognized immediately in operations.

Loans and receivables:

The Association has classified accounts receivable as loans and receivables. These assets are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties.

Loans and receivables are subsequently measured at their amortized cost. Amortized cost is the amount at which the financial asset is measured at initial recognition less principal repayments and any reduction for impairment or uncollectability. Gains and losses arising from changes in fair value are recognized in operations upon derecognition or impairment.

Other financial liabilities:

The Association has classified accounts payable, accruals and long term debt as other financial liabilities. These liabilities are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties.

Other financial liabilities are subsequently measured at amortized cost. Amortized cost is the amount at which the financial liability is measured at initial recognition less principal repayments. Gains and losses arising from changes in fair value are recognized in operations upon derecognition or impairment.

Credit risk:

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from customers. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The organization has a significant number of customers which minimizes concentration of credit risk.

Interest rate:

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its long term investments.

MANITOBA CURLING ASSOCIATION INC.

Notes to Financial Statements

Year Ended March 31, 2011

4. LONG TERM INVESTMENTS

	2011	2010
Assiniboine Credit Union guaranteed investment certificate bearing interest at 2.50%, matures March 2013	\$ 10,717	\$ 10,395
CIBC Wood Gundy broker account	17,185	16,902
Investors Group Mortgage Fund	41,679	40,811
Investors Group Property Fund	54,117	50,924
	\$ 123,698	\$ 119,032

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2011 Net book value	2010 Net book value
Clocks	\$ 68,745	\$ 46,214	\$ 22,531	\$ 30,666
Computer equipment	49,533	45,825	3,708	7,757
Furniture and fixtures	13,721	2,283	11,438	-
Scoreboards	17,347	12,404	4,943	1,196
Video and audio equipment	5,165	5,165	-	1,027
Website	17,955	9,543	8,412	-
	\$ 172,466	\$ 121,434	\$ 51,032	\$ 40,646

6. OLYMPIC CURLING TRIALS HOSTING BID

During the year, the organization secured the bid for the Canadian Olympic Curling Trials to be held in December 2013. The bid consists of a \$1,000,000 rights fee to the Canadian Curling Association. The bid was financed in full by several organizations both related and unrelated to the Association.

Olympic trials hosting bid	\$ 1,000,000
Loans from associated parties	(150,000)
Grants from unrelated parties	(850,000)
	\$ -

7. LONG TERM DEBT

	2011	2010
MCA Development Fund Inc.	\$ 75,000	\$ -
Manitoba Curling Foundation Inc.	75,000	-
	\$ 150,000	\$ -

The amounts included above are non-interest bearing and have no set repayment terms.

MANITOBA CURLING ASSOCIATION INC.

Notes to Financial Statements

Year Ended March 31, 2011

8. DEFERRED REVENUE

	2011	2010
Athlete assistance	\$ 1,500	\$ 7,125
Canada Winter Games	-	8,100
Civic Caledonian Past Presidents Association donation	4,000	6,000
Grey Cup	-	3,000
Other	1,012	527
The Dominion	10,500	-
Travel Manitoba	7,500	-
Valour Road Curling Club - subsidy and sponsorship	10,420	11,920
	\$ 34,932	\$ 36,672

9. DEFERRED CAPITAL GRANTS

	2011	2010
Manitoba Curling Association Development Fund Inc.	\$ 30,943	\$ 28,664

According to the Association's revenue recognition policy, capital grants must be allocated to deferred revenue and amortized into revenue using the same rate as the corresponding capital asset. In 2011 the organization recognized \$10,276 of revenue from the amortization of the deferred capital grants.

10. RELATED PARTIES

	2011	2010
<u>Related party transactions</u>		
Manitoba Curling Foundation Inc. <i>(An organization under significant influence)</i>		
Grant funding	\$ 19,940	\$ 23,556
Loan payable	75,000	-
Accounts receivable	19,940	-
Manitoba Curling Association Development Fund Inc. <i>(An organization under significant influence)</i>		
Grant funding	\$ 10,276	\$ 21,916
Loan payable	75,000	-
Accounts payable	2,086	-
Manitoba Curling Hall of Fame <i>(An organization under significant influence)</i>		
Accounts receivable	\$ 2,520	\$ -
Accounts payable	1,581	-
	\$ 4,101	\$ -

As at March 31, 2011, accounts receivable are due from related parties and are subject to normal trade terms. These amounts are included in accounts receivable.

As at March 31, 2011, accounts payable are due to related parties and are subject to normal trade terms. These amounts are included in accounts payable.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Loans are unsecured and have no specified interest or repayment terms. The related parties have indicated there is no intent to demand repayment in the next year and accordingly the advances have been classified as long-term.

11. RENTAL AGREEMENT

The Association has a four year rental agreement with respect to its premises. The estimated annual lease payments for the upcoming year are \$24,098, including GST.

MANITOBA CURLING ASSOCIATION INC.

Notes to Financial Statements

Year Ended March 31, 2011

12. SPORT MANITOBA GRANTS

	2011	2010
Annual base grant	\$ 80,000	\$ 90,000
Athlete assistance	8,875	19,000
Direct funding	37,000	31,000
Development and high performance centres	42,075	26,585
Subtotal	167,950	166,585
Manitoba Lotteries	53,400	56,400
	\$ 221,350	\$ 222,985

13. CAPITAL MANAGEMENT

The Association's objective when managing its assets is to safeguard its ability to continue as a going concern.

The Association's net assets are comprised of invested in capital assets and unrestricted net assets. This amount is disclosed in the Statement of Changes in Net Assets. The Association is not subject to externally imposed requirements on capital.

14. COMPARATIVE FIGURES

The prior year comparative figures were audited by another firm of public accountants. Some of the figures have been reclassified to conform with the current year presentation.

MANITOBA CURLING ASSOCIATION INC.

Expenses (Schedule 1)

Year Ended March 31, 2011

	2011	2010
Administration	\$ 12,082	\$ 6,243
Amortization	23,103	10,490
Athlete assistance	10,643	15,375
Bad debts	-	4,171
Bingo payments	29,950	26,496
Canadian Curling Association fees	72,549	82,963
Championship officiating	11,682	8,538
Club	7,514	7,618
Consultants	31,974	32,195
Development equipment	3,065	13,327
Events	85,769	97,455
Hosting	33,777	38,345
Ice rental	58,942	78,029
Insurance	3,025	3,100
Interest and bank charges	8,575	7,287
Marketing	113,738	114,052
Meetings	7,150	18,539
Miscellaneous	4,893	7,404
Office	43,855	55,498
Prizes	123,692	109,123
Professional fees	13,802	17,711
Purchases	25,535	19,863
Rent	22,950	14,870
Repairs and maintenance	-	636
Telephone	13,674	12,606
Training and education	1,356	-
Travel	17,983	22,512
Wages and employee benefits	265,336	272,056
	\$ 1,046,614	\$ 1,096,502

MANITOBA CURLING ASSOCIATION INC.
Schedule of Program Revenues (Schedule 2)

Year Ended March 31, 2011

	Budget (Unaudited) 2011	(Unaudited) 2011	(Unaudited) 2010
Bonspiels			
8-Ender Youth Jamboree	\$ 10,816	\$ 13,617	\$ 10,158
Chicken Chef Masters Men	8,220	5,843	7,514
Masters Women	-	-	914
Christmas Junior Men and Women	13,906	13,660	11,188
MCA Women	13,670	10,974	10,167
MCA Men	137,132	123,782	121,153
McDiarmid Lumber Senior Men	10,233	9,922	10,143
Senior Women Bonspiel	-	-	1,829
Unallocated	-	-	1,783
	193,977	177,798	174,849
Championships			
Dominion	21,125	20,386	14,791
Junior Men	11,420	10,502	11,700
Junior Women	9,380	9,334	9,800
Manitoba's Credit Unions Master Men	5,000	8,744	8,712
Manitoba's Credit Unions Master Women	6,840	5,595	6,600
Meyers Norris Penny Mixed	9,400	8,828	7,800
Senior Women	5,580	6,204	1,600
Safeway Championship	180,900	171,946	168,650
Scotties Tournament of Hearts	47,480	52,642	46,720
Stathcona Senior Men	15,400	19,576	16,072
Unallocated	4,500	9,701	7,495
	317,025	323,458	299,940
Administration			
2008-09 Safeway surplus	-	-	12,070
Club and Member	208,950	203,327	200,880
Marketing	9,195	9,648	16,217
Office	146,400	134,833	137,455
	364,545	347,808	366,622
Development			
Excellence Camp	10,600	-	10,344
Experience the Ice Camp	7,000	-	9,298
Clinics	4,800	5,605	9,993
Ice Technicians Course	7,500	5,225	5,502
Manitoba Winter Games	39,000	25,223	23,842
Official Mentorship	18,400	15,938	-
Spring Camp	5,950	-	-
Officiating	5,700	6,030	7,104
Regional Directors	-	-	6,000
Technical Courses	14,550	16,025	17,796
Wheelchair Curling	1,850	3,457	152
Unallocated	2,000	3,999	-
	117,350	81,502	90,031

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MANITOBA CURLING ASSOCIATION INC.
Schedule of Program Revenues (continued) (Schedule 2)

Year Ended March 31, 2011

	Budget (Unaudited) 2011	(Unaudited) 2011	(Unaudited) 2010
High Performance Division			
High Performance Centre	68,288	72,692	87,347
Athlete Assistance	10,000	8,875	15,375
	78,288	81,567	102,722
	\$ 1,071,185	\$ 1,012,133	\$ 1,034,164

MANITOBA CURLING ASSOCIATION INC.
Schedule of Program Expenses (Schedule 3)

Year Ended March 31, 2011

	Budget (Unaudited) 2011	(Unaudited) 2011	(Unaudited) 2010
Bonspiels			
8-Ender Youth Jamboree	\$ 7,820	\$ 9,549	\$ 11,767
Chicken Chef Masters Men	5,340	5,519	4,136
Masters Women	-	-	1,135
Christmas Junior Men and Women	8,022	9,977	10,410
MCA Men	107,785	97,135	108,685
MCA Women	10,790	6,525	7,703
McDiarmid Lumber Senior Men	5,652	5,606	4,857
Senior Women Bonspiel	-	-	1,889
Unallocated	2,382	1,345	184
	147,791	135,656	150,766
Championships			
Dominion	18,473	18,553	17,067
Junior Men	12,313	13,122	12,036
Junior Women	9,271	10,834	10,249
Manitoba's Credit Unions Master Men	7,110	12,935	9,759
Manitoba's Credit Unions Master Women	6,840	6,569	7,322
Meyers Norris Penny Mixed	10,032	12,685	12,591
Senior Women	6,822	7,847	8,010
Safeway Championship	148,765	126,886	145,426
Scotties Tournament of Hearts	25,296	26,466	29,164
Stathcona Senior Men	13,920	17,075	15,443
Unallocated	51,593	52,222	19,138
	310,435	305,194	286,205
Administration			
Board	11,450	10,021	12,151
Club and Member	145,250	114,014	121,313
Marketing	22,784	43,969	28,774
Office	221,211	265,969	319,865
	400,695	433,973	482,103
Development			
Excellence Camp	10,515	-	9,795
Experience the Ice Camp	6,450	-	6,676
Clinics	4,800	3,990	3,178
Ice Technicians Course	8,400	4,306	4,947
Manitoba Winter Games	37,150	24,781	21,199
Officiating	10,250	6,526	5,896
Training Days	18,460	2,920	-
Spring Camps	5,700	-	-
Regional Directors	-	-	5,790
Technical Courses	24,185	8,995	15,921
Wheelchair Curling	1,850	1,537	718
Unallocated	5,605	37,178	639
	133,365	90,233	74,759

(continues)

MANITOBA CURLING ASSOCIATION INC.
Schedule of Program Expenses (continued) (Schedule 3)

Year Ended March 31, 2011

	Budget (Unaudited) 2011	(Unaudited) 2011	(Unaudited) 2010
High Performance Division			
High Performance Centre	68,288	71,058	87,295
Athlete Assistance	10,000	10,500	15,375
	78,288	81,558	102,670
	\$ 1,070,574	\$ 1,046,614	\$ 1,096,503