BOBSLEIGH CANADA SKELETON

FINANCIAL STATEMENTS
MARCH 31, 2009

McKinnon & Co.
Chartered Accountants

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AUDITORS' REPORT

To the Directors of
Bobsleigh Canada Skeleton

We have audited the statement of financial position of BOBSLEIGH CANADA SKELETON as at March 31, 2009 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.

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 to satisfactory audit verification. Accordingly, our verification of 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 revenues, excess of revenue over expenses 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, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

McKinnon & Co.
CHARTERED ACCOUNTANTS

July 14, 2009
Calgary, Alberta

BOBSLEIGH CANADA SKELETON

STATEMENT OF FINANCIAL POSITION
MARCH 31, 2009

ASSETS

	2009	2008
CURRENT:		
Cash	$ 355	$ 44,959
Accounts receivable (Note 11)	234,540	381,369
Prepaid expenses	39,814	22,546
	274,709	448,874
MARKETABLE SECURITIES (Note 6)	262,965	291,180
EQUIPMENT (Note 7)	661,590	550,026
	$1,199,264	$1,290,080

LIABILITIES

	2009	2008
CURRENT:		
Cheques written in excess of bank balance (Note 8)	$ 143,040	$ -
Accounts payable and accrued liabilities	296,612	479,694
	439,652	479,694
CONTINGENT LIABILITY (Note 10)		
NET ASSETS:	759,612	810,386
	$1,199,264	$1,290,080

APPROVED BY THE BOARD:

____________________________Director

____________________________Director

See Accompanying Notes.

BOBSLEIGH CANADA SKELETON

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2009

	2009				2008
	Investment In Equipment	**Unrestricted**	**Other Accumulated Comprehensive Income (Loss)**	**Total**	**Total**
Net assets, beginning of year	550,026	253,077	7,283	$ 810,386	$ 414,827
Excess (deficiency) of revenue over expenses	(159,336)	220,615	-	61,279	388,276
Comprehensive income (loss) (Note 9)	-		(112,053)	(112,053)	7,283
Investment (decrease) in equipment	270,900	(270,900)	-	-	-
NET ASSETS, END OF YEAR	$ 661,590	$ 202,792	$ (104,770)	$ 759,612	$ 810,386

See Accompanying Notes.

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2009

	2009	2008
REVENUE:		
Sport Canada (Note 11)	$2,028,990	$2,122,614
Canadian Olympic Committee	813,011	339,789
Sponsorship and donations	660,633	651,377
Events	251,923	357,637
Other income	140,443	132,080
	3,895,000	3,603,497
EXPENSES:		
Administration	172,240	177,797
Amortization	159,336	83,497
Athlete programs	-	59,204
Coaching and staffing	1,061,560	1,067,409
Events	104,538	142,047
Long term athlete development	27,818	5,094
Marketing and communications	54,164	56,485
Meetings	41,842	28,383
National development team - bobsleigh	232,986	119,940
National development team - skeleton	113,880	151,004
National team - bobsleigh	790,109	563,835
National team - skeleton	512,641	193,507
Pacific sport	46,250	14,409
Performance services	96,381	329,851
Recruitment	80,015	33,427
Research and development	195,183	118,900
Vancouver organizing committee	-	27,581
Workshop and repairs	144,778	42,851
	3,833,721	3,215,221
EXCESS OF REVENUE OVER EXPENSES	$ 61,279	$ 388,276

See Accompanying Notes.

BOBSLEIGH CANADA SKELETON

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2009

	2009	2008
CASH PROVIDED BY (USED IN) OPERATIONS:		
Operating Activities		
Excess of revenue over expenses	$ 61,279	$ 388,276
Add (deduct) items not affecting cash flow:		
Loss (gain) on sale of equipment	2,222	(14,134)
Amortization	159,336	83,497
	222,837	457,639
Changes in non-cash working capital balances related to operations	(53,521)	(160,455)
	169,316	297,184
Investing Activities		
Proceeds on sale of equipment	39,478	44,324
Increase in marketable securities	(83,838)	(119,169)
Purchase of equipment	(312,600)	(119,846)
	(356,960)	(194,691)
NET INCREASE (DECREASE) IN CASH	(187,644)	102,493
Cash (deficiency), beginning of year	44,959	(57,534)
CASH (DEFICIENCY), END OF YEAR	$ (142,685)	$ 44,959
Supplemental Information:		
Income taxes paid	$ -	$ -
Interest expense paid	$ -	$ -
Interest income received	$ 3,580	$ 769

See Accompanying Notes

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009

1. NATURE OF OPERATIONS:

The Association was incorporated 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 all 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, skeleton and luge in Canada. Accordingly, the Association is allocated its proportionate share of Sports Canada funding by Bobsleigh and Luge Canada. See Note 9.

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:

These financial statements have been prepared on the basis of accounting principles applicable to a going concern. The ability of the Association to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business 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. SIGNIFICANT ACCOUNTING POLICIES:

a) Contributions –
Contributed materials and services, which would otherwise be paid for by the Association, are recorded at fair value when provided. During the year no donations in kind were received.
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.

b) Marketable Securities –
Marketable securities represent investments in cash and publicly traded securities and are valued at market value.

c) Equipment –
Equipment is recorded at cost. Annual amortization charges on bobsleighs are computed on a net cost basis 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	20%
Tools and materials	10%
Office equipment	20%
Skeleton sleighs	20%

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

d) Impairment of Long-Lived Assets –
Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

e) Research and Development Costs –
The Association annually 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 specific 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 on the estimated useful life from the date of the completion of the project.

f) 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.

g) Use of Estimates -
The preparation of the Association's financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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 could differ from those estimates.

4. CHANGE IN ACCOUNTING POLICIES:

Financial Instruments –

Effective April 1, 2007 the Association adopted CICA handbook section 3855, "Financial Instruments – Recognition and Measurement," section 1530, "Comprehensive Income" and section 3861, "Financial Instruments – Disclosure and Presentation." The Association has adopted these standards prospectively and the comparative financial statements have not been restated. Transition amounts have been recorded in accumulated other comprehensive income.

All financial instruments must initially be recognized at fair value on the balance sheet. The Association 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 are 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.

4. CHANGE IN ACCOUNTING POLICIES (continued):

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 investments 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.

Comprehensive income consists of net earnings and OCI. OCI comprises the change in the fair value of the effective portion of available for sale financial instruments. Accumulated other comprehensive income (AOCI) is a new equity category comprised of the cumulative amounts of OCI. See Note 9 for the composition of AOCI at March 31, 2009.

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.

Fair value of financial assets and liabilities –
The fair value of financial instruments that are included in current assets and current liabilities approximate their carrying amount due to their short-term maturity. The long-term investments are subject to risk of market fluctuation. Investment advice is sought from investment advisors. Equities include publicly traded securities on the Canadian Markets.

Interest Rate Risk –
Interest rate risk arises from the possibility that the value of, or cash flows related to, a financial instrument will fluctuate as a result of changes in market interest rates.

Credit Risk –
The receivables of the Association are subject to normal trade credit risks. This is reduced by the Association's policy of follow-up on outstanding accounts receivable.

Currency Risk –
The Association manages its exposure to currency risk by operating in a manner that minimizes its exposure to the extent practical.

4. CHANGE IN ACCOUNTING POLICIES (continued):

Capital Disclosures –

In October 2007 the Canadian Institute of Chartered Accountants ("CICA") issued Handbook Section 1535, Capital Disclosures, which prescribes standards for disclosing information about an entity's capital and how it is managed. This Section is applicable to financial statements relating to fiscal years beginning on or after October 1, 2007. Accordingly, the Association adopted the new standard for its fiscal year beginning April 1, 2008 and has determined that there is no material impact on its financial statements other than increased disclosure (Note 13).

Going Concern –

Effective April 1, 2008, the Association adopted the additional requirements of the CICA Handbook Section 1400, General Standards of Financial Statement Presentation. This Section requires Management to make an assessment of the Association's ability to continue as a going concern, and to disclose any material uncertainties related to events or conditions that may cast significant doubt upon the Association's ability to continue as a going concern. There was no impact to the Association's financial statements arising from the adoption of this accounting pronouncement (see Note 2).

5. FUTURE ACCOUNTING CHANGES:

Financial statement presentation –

Several Sections of the CICA Handbook have been amended to include not-for-profit organizations within their scope. The amendments apply to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009.
The main features of the amendments are as follows:

Amendments to Section 4400, Financial Statement Presentation by Not-for Profit Organizations. This implementation requires recognition and presentation of revenue and expenses on a gross basis, given that the Association is acting as a principle in the transactions. Net assets invested in property and equipment are not shown separately as part of net assets, but instead included as a component of net assets.

Cash Flow Statements, Section 1540. This Section has been amended to include not-for-profit organizations within its scope;

Disclosure of Related Party Transactions by Not-for Profit Organizations, Section 4460. This section has been amended to make the language in Section 4460 consistent with Section 3840 Related Party Transactions;

5. FUTURE ACCOUNTING CHANGES (continued):

Disclosure of Allocated Expenses by Not-for-Profit Organizations, Section 4470. This new Section establishes disclosure standards for not-for-profit organizations that choose to classify their expenses by function and allocate expenses from one function to another. The main features of the new Section are;

A requirement for an entity that allocates its fundraising and general support expenses to other functions to disclose the policies adopted for the allocation of expenses among functions, the nature of the expenses being allocated and the basis on which such allocations have been made; and a requirement for an entity to disclose the amounts allocated from each of its fundraising and general support functions and the amounts and functions to which they have been allocated.

The Association is currently evaluating the impact of the adoption of these new Sections on its financial statements.

6. MARKETABLE SECURITIES:

Marketable securities are comprised of:

	2009	2008
Cash	$ 84,847	$ 43,125
Equities	178,118	248,055
	$ 262,965	$ 291,180

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.

7. EQUIPMENT:

	2009			2008
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Bobsleighs and skeletons	$ 896,084	$ 337,264	$ 558,820	$ 482,747
Tools and materials	134,088	106,367	27,721	27,174
Office and electronic equipment	166,685	91,636	75,049	40,105
	$ 1,196,857	$ 535,267	$ 661,590	$ 550,026

8. BANK OVERDRAFT:

The bank has provided an unsecured line of credit up to $5,000 with an interest rate at prime + 5%. As at March 31, 2009 $143,040 (2008 – NIL) was outstanding against this line of credit.

9. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS):

AOCI, including transition amounts, is comprised of the following

Balance March 31, 2008	$ 7,283
Unrealized loss on marketable securities financial instruments	(112,053)
Accumulated other comprehensive income (loss) March 31, 2009	$ (104,770)

10. CONTINGENT LIABILITY:

Contributions received from Sport Canada are subject to specific terms and conditions regarding the expenditures of the funds. The Association's accounting records are subject to a review by Sport Canada to identify instances, if any, in which 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 year 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 effect on its financial position.

11. RELATED PARTY TRANSACTIONS:

As at March 31, 2009 there was an amount receivable from an organization related by common directors. The amount receivable as at March 31, 2009 was $1,446 (the amount payable as at March 31, 2008 was $741).

During the year ended March 31, 2009 funding was received from the same related organization in the amount of $2,089,490 (2008 – $2,122,614). See Note 1.

The transactions were measured at the exchange value (the amount of consideration established and agreed to by the parties to the transaction).

12. FINANCIAL INSTRUMENTS:

The fair values of cash and equivalents, accounts receivable and accounts payable and accrued liabilities approximate their carrying values due to the short term maturity of these instruments.

Marketable securities at March 31, 2009 are recorded at their market values (Note 6).

13. MANAGEMENT OF CAPITAL:

The Association's objective when managing capital is to ensure it has adequate cash flow to maintain operations and fund capital projects. Management and the Board of Directors ensures that sufficient funds will be available to meet the Association's short and long-term objectives by operating within its budgeted revenues and receiving ongoing financial support (see Note 1).

14. 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.