



Financial Statements of

**CANADIAN SPORT CENTRE
CALGARY**

Year ended June 30, 2006



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AUDITORS' REPORT TO THE DIRECTORS

We have audited the balance sheet of Canadian Sport Centre Calgary as at June 30, 2006 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 Centre's management. 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 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 our opinion, these financial statements present fairly, in all material respects, the financial position of the Centre as at June 30, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Calgary, Canada
September 8, 2006

CANADIAN SPORT CENTRE CALGARY

Balance Sheet

June 30, 2006, with comparative figures for 2005

	2006	2005
Assets		
Current assets:		
Cash and interest bearing deposits	\$ 124,694	\$ 182,502
Accounts receivable	359,678	364,706
	<u>484,372</u>	<u>547,208</u>
Investment in GICs	650,000	300,000
Capital assets (note 3)	573,640	614,940
	<u>\$ 1,708,012</u>	<u>\$ 1,462,148</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 362,217	\$ 124,178
Deferred revenue	168,523	92,807
Deferred contribution	—	66,121
	<u>530,740</u>	<u>283,106</u>
Deferred capital asset contributions	522,332	589,957
Net assets:		
Net assets invested in capital assets	51,308	24,983
Unrestricted net assets	603,632	564,102
	<u>654,940</u>	<u>589,085</u>
	<u>\$ 1,708,012</u>	<u>\$ 1,462,148</u>

See accompanying notes to financial statements.

Approved by the Board of Directors

Director

Director

CANADIAN SPORT CENTRE CALGARY

Statement of Operations

Year ended June 30, 2006, with comparative figures for 2005

	2006	2005
Revenue:		
Contributions by partners (note 4)	\$ 3,374,158	\$ 1,213,387
Fundraising activities (note 6 (a))	538,509	441,550
Sport user fees	160,590	146,331
Amortization of deferred capital asset contributions	133,746	32,748
Donations in kind	92,000	72,000
Interest	36,780	20,857
Tuition	21,300	18,037
Scholarships	16,000	6,500
Special projects	9,475	15,525
Contribution by Sport Canada	—	241,832
	<u>4,382,558</u>	<u>2,208,767</u>
Expenses:		
Performance services (note 5)	3,037,667	828,054
Wages, benefits and consulting fees	591,623	561,776
Marketing and promotion	252,009	192,450
Office and administration	86,637	85,626
Lectures and educational fees	47,835	40,268
Athlete life services	38,950	26,745
Office rent and other services	35,000	35,000
Special projects	22,335	38,933
Scholarships	17,662	17,739
Professional fees	15,818	17,370
Coaching program development	13,912	6,895
Insurance	5,654	4,541
High performance expenditures	—	241,832
Depreciation	151,601	40,433
	<u>4,316,703</u>	<u>2,137,662</u>
Excess of revenue over expenses	<u>\$ 65,855</u>	<u>\$ 71,105</u>

See accompanying notes to financial statements.

CANADIAN SPORT CENTRE CALGARY

Statement of Changes in Net Assets

Year ended June 30, 2006, with comparative figures for 2005

	Net assets Invested in capital assets	Unrestricted net assets	Total 2006	Total 2005
Balance, beginning of year	\$ 24,983	\$ 564,102	\$ 589,085	\$ 517,980
Excess of revenues over expenses	(17,855)	83,710	65,855	71,105
Investment in capital assets	110,301			
Contributions for capital assets	(66,121)			
	44,180	(44,180)	-	-
Balance, end of year	\$ 51,308	\$ 603,632	\$ 654,940	\$ 589,085

See accompanying notes to financial statements.

CANADIAN SPORT CENTRE CALGARY

Statement of Cash Flows

Year ended June 30, 2006, with comparative figures for 2005

	2006	2005
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses for the year	\$ 65,855	\$ 71,105
Item not affecting cash:		
Depreciation	151,601	40,433
Amortization of deferred capital asset contributions (note 5)	(133,746)	(32,748)
	83,710	78,790
Changes in non-cash working capital items:		
Accounts receivable	5,028	(171,881)
Accounts payable and accrued liabilities	238,039	54,791
Deferred revenue	75,716	(16,243)
Deferred contribution	—	66,121
	252,662	(67,212)
Investments and financing:		
Purchase of capital assets	(110,301)	(645,144)
Decrease in deferred capital asset contributions	—	622,705
Increase in investments	(350,000)	—
	(394,180)	(22,439)
Decrease in cash and interest bearing deposits	(57,808)	(10,861)
Cash and interest bearing deposits, beginning of year	182,502	193,363
Cash and interest bearing deposits, end of year	\$ 124,694	\$ 182,502

See accompanying notes to financial statements.

CANADIAN SPORT CENTRE CALGARY

Notes to Financial Statements

Year ended June 30, 2006

1. Nature of organization:

The Canadian Sport Centre Calgary (the "Centre") commenced operations on April 1, 1994 and was incorporated on October 24, 1994 under the Societies Act of the Province of Alberta as a not-for-profit organization. The Centre is a tax exempt registered Canadian amateur athletic association within the meaning of Section 248(1) of the Income Tax Act.

The Mission of the Centre is to support high performance athletes to achieve podium performances at international competitions through a holistic development process. The primary objective of the Centre is to enhance the existing well-established training environment in the Calgary area with new and upgraded programs and services for athletes, coaches and other sport leaders.

2. Significant accounting policies:

(a) Revenue recognition:

The Centre follows the deferral method of recognizing contributions. Restricted contributions and sponsorships are recognized as revenue in the fiscal period in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

Unrestricted contributions and sponsorships are recognized as revenue when received except when the contribution or sponsorship received relates to operations of a future fiscal period in which case the contribution or sponsorship received is recorded as deferred revenue.

(b) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumption that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

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Year ended June 30, 2006

2. Significant accounting policies (continued):

(c) Capital assets:

Purchased capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation where such value can be reasonably estimated, otherwise the assets are recorded at nominal value. The capitalized value of donated capital assets is credited to donations in kind revenue. Amortization is recorded on a straight-line basis at the following annual rates prorated in the year of acquisition:

Office and high performance equipment	20%
Computer hardware	30%
Leasehold improvements	20%

(d) Donated goods and services:

A portion of the Centre's work is dependent on voluntary services and donated goods from many members and supporters. Donated goods and services are recorded as both revenue and expense when the fair market value is reasonably determinable and when they would normally be purchased and paid for by the Centre, if not donated. During the year, the Centre received \$139,000 (2005 - \$119,000) of donated goods and services, \$47,000 (2005 - \$47,000) from the Centre's partners (note 4) and \$92,000 (2005 - \$72,000) from other contributors.

(e) Collections of sports paintings:

Sports paintings consist of five paintings of prominent Canadian athletes. The cost of the paintings that are purchased is charged as an expense in the period in which they are acquired.

(f) Investment in GICs:

Investment in GICs are recorded at cost, and their approximate fair value.

(g) Financial instruments:

The Centre's financial instruments consist of cash and short-term investments, accounts receivable, investment in GICs, accounts payable and accrued liabilities. The carrying value of these instruments, excluding long-term investments approximates its market value due to the nature of the financial instrument.

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Year ended June 30, 2006

3. Capital assets:

			2006	2005
	Cost	Accumulated depreciation	Net book value	Net book value
Office equipment	\$ 145,345	\$ 106,996	\$ 38,349	\$ 2,410
Computer hardware and software	52,355	47,105	5,250	16,024
Leasehold improvements	23,516	15,806	7,710	6,549
High performance equipment	688,826	166,495	522,331	589,957
	\$ 910,042	\$ 336,402	\$ 573,640	\$ 614,940

Current year equipment additions in the amount of \$66,121 were funded in the prior year through contributions received and deferred in the prior year.

4. Contributions by partners:

	2006	2005
Sport Canada	\$ 603,000	\$ 614,922
Canadian Olympic Committee	160,000	180,000
Canadian Olympic Committee Program	—	3,000
Calgary Olympic Development Association	112,000	112,000
Alberta Sport, Recreation, Parks and Wildlife Foundation	162,000	162,000
Alberta Sport, Recreation, Parks and Wildlife Foundation Programs	15,483	23,468
Coaching Association of Canada	80,000	82,997
University of Calgary	35,000	35,000
The Funding Partners of Own the Podium 2010	2,206,675	—
	\$ 3,374,158	\$ 1,213,387

Included in contributions by partners are the following donations-in-kind:

	2006	2005
University of Calgary – office rent and other services	\$ 35,000	\$ 35,000
Calgary Olympic Development Association – accounting services	12,000	12,000
	\$ 47,000	\$ 47,000

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Year ended June 30, 2006

5. Performance services:

This balance consists of purchased services for athletes provided by several professionals including sport medicine specialists, physiologists, nutritionists, sport psychologists, massage therapists, strength consultants, and biomechanists.

6. Revenue from fundraising activities:

- (a) Revenue from fundraising activities of \$538,509 (2005 - \$441,550) includes net proceeds from a golf tournament of \$53,018 (2005 - \$27,887) (gross proceeds \$97,890 (2005 - \$75,125)).
- (b) As required by the Province of Alberta's Charitable Fundraising Act, the Centre reports that it paid approximately \$69,460 (2005 - \$72,000) to individuals primarily involved in fundraising activities, which is included in wages, benefits and consulting fees.