

Canadian Curling Association
(operating as "Curling Canada")

Financial Statements
For the year ended April 30, 2019

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Independent Auditor's Report

To the Members of
Canadian Curling Association

Opinion

We have audited the financial statements of Canadian Curling Association (the Association), which comprise the statement of financial position as at April 30, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at April 30, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Association internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matter

The financial statements of the Association for the year ended April 30, 2018 were audited by another auditor who expressed an unmodified opinion on those statements on August 30, 2018.

Supplementary Financial Information

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the schedules on pages 15 - 16 of the Association's financial statements.

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
August 25, 2019

Canadian Curling Association
(operating as "Curling Canada")
Statement of Financial Position

For the year ended April 30	2019	2018
Assets		
Current		
Cash	\$ 6,793,480	\$ 5,448,177
Accounts receivable (Note 2)	1,863,618	2,593,109
Prepaid expenses	142,229	151,352
Investments (Note 3)	800,000	600,000
	9,599,327	8,792,638
Tangible capital assets and intangible assets (Note 4)	943,181	861,371
	\$ 10,542,508	\$ 9,654,009
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 1,279,213	\$ 1,003,786
Due to partners	1,245,956	1,058,580
Deferred contributions (Note 5)	1,175,375	1,421,904
	3,700,544	3,484,270
Contractual obligations (Note 6)		
Net Assets		
Invested in tangible capital assets	943,181	861,371
Internally restricted reserve (Note 7)	4,781,643	3,829,847
Unrestricted	1,117,140	1,478,521
	6,841,964	6,169,739
	\$ 10,542,508	\$ 9,654,009

On behalf of the Board:

_____ Governor

_____ Governor

Canadian Curling Association
(operating as "Curling Canada")
Statement of Changes in Net Assets

For the year ended April 30	Invested in Tangible Capital Assets	Internally Restricted Reserve	Unrestricted	2019	2018
Balance, beginning of the year	\$ 861,371	\$ 3,829,847	\$ 1,478,521	\$ 6,169,739	\$ 4,897,004
Excess (deficiency) of revenues over expenses	(134,573)	-	806,798	672,225	1,272,735
Purchase of tangible capital assets	216,383	-	(216,383)	-	-
Interfund transfer (Note 7)	-	951,796	(951,796)	-	-
Balance, end of the year	\$ 943,181	\$ 4,781,643	\$ 1,117,140	\$ 6,841,964	\$ 6,169,739

Canadian Curling Association
(operating as "Curling Canada")
Statement of Operations

For the year ended April 30	2019	2019	2018
	Budget	Actual	Actual
	(unaudited)		
Revenues			
Season of Champions events			
Direct	\$ 9,027,000	\$ 9,047,642	\$ 11,754,490
National and local sponsorships	5,220,500	5,198,947	6,312,815
National team programs (Note 8)	2,546,000	2,346,733	2,299,570
Sport Canada core funding	1,263,500	1,263,500	1,263,500
Philanthropic programs	591,000	494,755	568,925
Competitors and affiliation fees	570,000	563,001	552,336
Grants and other	255,000	234,247	284,888
Non Season of Champions events	294,000	91,106	239,528
	19,767,000	19,239,931	23,276,052
Expenses			
Season of Champions events			
Direct	5,636,000	5,584,160	8,318,124
Sponsorship commissions	1,574,000	1,477,805	2,188,804
Non Season of Champions events	3,169,000	3,641,852	3,558,200
National team programs	2,546,000	2,335,753	2,277,133
Salaries and benefits	2,391,000	2,451,160	2,255,204
Administration	2,100,000	1,318,116	1,659,499
Distribution to Host Committees, World Curling Federation, and Provincial Member Association	412,000	1,245,956	1,058,582
Philanthropic program	591,000	494,755	564,940
Amortization of tangible capital assets	150,000	134,573	122,831
	18,569,000	18,684,130	22,003,317
Excess of revenues over expenses before other item	1,198,000	555,801	1,272,735
Other item			
Profit from jointly controlled operation (Note 11)	-	116,424	-
Excess of revenues over expenses	\$ 1,198,000	\$ 672,225	\$ 1,272,735

Canadian Curling Association
(operating as "Curling Canada")
Statement of Cash Flows

For the year ended April 30	2019	2018
Cash flows from operating activities		
Excess of revenues over expenses	\$ 672,225	\$ 1,272,735
Item not affecting cash:		
Amortization of tangible capital assets	134,573	122,831
	<u>806,798</u>	<u>1,395,566</u>
Changes in non-cash working capital:		
Accounts receivable	729,491	1,087,627
Prepaid expenses	9,123	176,765
Accounts payable and accrued liabilities	275,427	(790,931)
Due to partners	187,376	186,648
Deferred contributions	(246,529)	631,186
	<u>1,761,686</u>	<u>2,686,861</u>
Cash flows from investing activities		
Change in investments	(200,000)	(600,000)
Acquisition of tangible capital assets	(216,383)	(468,409)
	<u>(416,383)</u>	<u>(1,068,409)</u>
Net increase in cash	1,345,303	1,618,452
Cash, beginning of the year	<u>5,448,177</u>	<u>3,829,725</u>
Cash, end of the year	<u>\$ 6,793,480</u>	<u>\$ 5,448,177</u>

Canadian Curling Association
(operating as "Curling Canada")
Notes to Financial Statements

April 30, 2019

1. Accounting Policies

Purpose of Association	<p>Canadian Curling Association ("the Association") is a not-for-profit organization incorporated under the Canada Not-for-profit Corporations Act and is a Registered Canadian Amateur Athletic Association under the Income Tax Act and as such is exempt from income tax.</p> <p>The Association co-ordinates the activities and programs of amateur Canadian curlers nationally and internationally.</p>
Basis of Accounting	<p>The Association applies the Canadian accounting standards for not-for-profit organizations.</p>
Jointly Controlled Operation	<p>The Association accounts for its jointly controlled operation using the equity method.</p>
Use of Estimates	<p>The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses for the year covered. The main estimates relate to useful lives of tangible capital assets, the collectibility of sponsorships, and possible allowance for doubtful accounts.</p>
Revenue Recognition	<p>The Association follows the deferral method of accounting for contributions. Under this method, restricted contribution are recognized as revenue in the year in which the related expense incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably assured.</p> <p>Ticket sales, sponsorships and volunteer fees are recognized when the event occurs.</p> <p>Bar sales are recognized when the goods have been transferred and collection is reasonably assured.</p> <p>Donations and fundraising revenue are recognized when the amounts are received or receivable if the amounts can be reasonably estimated and collection is reasonably assured.</p> <p>Competitors and affiliation fees are recognized as revenue proportionately over the year to which they relate.</p>

Canadian Curling Association
(operating as "Curling Canada")
Notes to Financial Statements

April 30, 2019

1. Accounting Policies (continued)

Financial Instruments	<p><u>Initial and subsequent measurement</u> The Association initially measures its financial assets and liabilities at fair value. The Association subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments, which consist of equities, money market interest accounts and fixed income investments, and are measured at fair value. Changes in fair value of these financial instruments are recognized in the statement of operations in the year incurred.</p> <p><u>Impairment</u> Financial assets measured at amortized cost are tested for impairment when there are indications of possible impairment.</p> <p><u>Transaction costs</u> Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in the statement of operations in the year incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in the statement of operations over the life of the instrument using the straight-line method.</p>								
Tangible Capital Assets	<p>Tangible capital assets are accounted for at cost less accumulated amortization. Amortization is provided on the basis of their useful lives using the straight-line method and following durations.</p> <table><tr><td>Building</td><td>25 years</td></tr><tr><td>Equipment</td><td>2-15 years</td></tr><tr><td>Furniture</td><td>15 years</td></tr><tr><td>Roof</td><td>15 years</td></tr></table>	Building	25 years	Equipment	2-15 years	Furniture	15 years	Roof	15 years
Building	25 years								
Equipment	2-15 years								
Furniture	15 years								
Roof	15 years								
Intangible Assets	<p>Intangible assets are recognized at cost and amortized on the basis of their useful life using the following methods and annual rates or duration:</p> <table><tr><td>Website development</td><td>2 years straight-line basis</td></tr></table>	Website development	2 years straight-line basis						
Website development	2 years straight-line basis								
Contributed Services	<p>Volunteers contribute many hours per year to assist the Association in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.</p>								

Canadian Curling Association
(operating as "Curling Canada")
Notes to Financial Statements

April 30, 2019

1. Accounting Policies (continued)

Contributed Materials	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 the fair value is known.
Sport Canada Contribution	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 audit 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 years' contributions are recorded in the year Sport Canada requests the adjustment.

2. Accounts Receivable

	2019	2018
Accounts receivable	\$ 999,015	\$ 1,069,483
Grants receivable	32,450	667,531
Sales tax receivable	832,153	856,095
	\$ 1,863,618	\$ 2,593,109

3. Investments

	2019	2018
Short-term investments		
Marketable securities	\$ 674,290	\$ 434,950
Cash in savings	125,710	165,050
	\$ 800,000	\$ 600,000

Canadian Curling Association
(operating as "Curling Canada")
Notes to Financial Statements

April 30, 2019

4. Tangible Capital Assets and Intangible Assets

	2019		2018	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Tangible Capital Assets				
Land	\$ 66,227	-	\$ 66,227	\$ -
Building	857,199	527,927	831,338	493,639
Equipment	827,519	431,429	753,907	339,281
Furniture	92,549	44,983	83,999	41,180
Roof	108,360	4,334	-	-
	<u>1,951,854</u>	<u>1,008,673</u>	<u>1,735,471</u>	<u>874,100</u>
Intangible Assets				
Website development	-	-	109,093	109,093
	<u>\$ 1,951,854</u>	<u>\$ 1,008,673</u>	<u>\$ 1,844,564</u>	<u>\$ 983,193</u>
Net carrying amount		<u>\$ 943,181</u>		<u>\$ 861,371</u>

Canadian Curling Association
(operating as "Curling Canada")
Notes to Financial Statements

April 30, 2019

5. Deferred Contributions

Deferred contributions represents externally restricted contributions received in the current year that relate to the subsequent year or for which the related expenses have not yet been incurred. The major components are as follows:

	2019	2018
Philanthropic		
Balance, beginning of the year	\$ 50,229	\$ 66,003
Plus: amounts received during the year	-	50,229
Less: amounts recognized as revenue in the year	<u>(50,229)</u>	<u>(66,003)</u>
Balance, end of the year	<u>-</u>	<u>50,229</u>
Grants		
Balance, beginning of the year	\$ 315,875	\$ 8,000
Plus: amounts received during the year	2,982,625	3,083,000
Less: amounts recognized as revenue in the year	<u>(2,982,625)</u>	<u>(2,775,125)</u>
Balance, end of the year	<u>315,875</u>	<u>315,875</u>
Events		
Balance, beginning of the year	\$ 1,055,800	\$ 716,715
Plus: amounts received during the year	859,500	1,055,800
Less: amounts recognized as revenue in the year	<u>(1,055,800)</u>	<u>(716,715)</u>
Balance, end of the year	<u>859,500</u>	<u>1,055,800</u>
Total deferred contributions, end of the year	<u>\$ 1,175,375</u>	<u>\$ 1,421,904</u>

6. Contractual Obligations

The Association has committed to various contracts for season of champion events, stakeholders, and high performance consultant and contractors. Future payments total \$3,016,084 over the next two years:

2020	\$ 2,344,496
2021	\$ 671,588

Canadian Curling Association
(operating as "Curling Canada")
Notes to Financial Statements

April 30, 2019

7. 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 \$5,000,000 by the end of the April 30, 2021. 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.

During the the year, the Board approved to transfer \$973,000 (2018 - \$972,735) from unrestricted net assets to the internally restricted reserve.

The internally restricted reserve also included a commitment of funds towards the Curling Assistance Program (CAP) fund. During the year, the Board approved to fund CAP from the operating budget. Therefore, the balance of the CAP from April 30, 2018 of \$21,204 was transferred to the unrestricted net assets.

8. National Team Programs Revenue

Included in National Team Programs revenue is an amount contributed by Sports Canada of \$2,035,000 (2018 - \$1,827,500).

9. Contributed Materials and Services

Administration expenses includes \$62,280 (2018 - \$93,936) of contributed in-kind services for insurance and storage.

10. World Financial Group Continental Cup (Las Vegas)

The 2019 World Financial Group Continental Cup tournament was held in Las Vegas, Nevada. The event incurred expenses in excess of revenues of \$ 232,258 after taking into account internal event expenses of \$348,682 incurred by the Association.

Canadian Curling Association
(operating as "Curling Canada")
Notes to Financial Statements

April 30, 2019

11. Jointly Controlled Operation

The World Financial Group Continental Cup is an annual tournament between curling teams from North America and teams from the rest of the world. The event has been put on solely by the Association in the past.

The 2019 Continental Cup of Curling was held from January 17 to January 20, 2019 in Las Vegas, Nevada under a special organizational agreement involving three parties. The event was jointly controlled by the Association and another party.

For the year ended April 30, 2019, the Association recorded a profit from the jointly controlled operation of \$116,424 in respect of the 2019 Continental Cup of Curling Tournament.

12. Financial Instruments Risks

Credit risk

The Association is exposed to credit risk for its accounts receivable. The Association assesses, on a continuous basis, its receivables on the basis of amounts it is virtually certain to receive, and will setup an appropriate allowance for doubtful accounts when needed.

Interest rate risk

The Association is exposed to interest rate risk on its fixed interest rate financial instruments. Fixed interest instruments subject the Association to a fair value risk, since fair value fluctuates inversely to changes in market interest rates.

Other price risk

The Association is exposed to other price risk through its investments for which the value fluctuates with the quoted market price. This risk is reduced to a minimum since the Association mitigates the risk by regularly rebalancing its portfolio and investing in the Canadian financial sector.

Changes in risk

There have not been any changes in the Association's risk exposures from the prior year.

13. Comparative Figures

Certain figures for the previous year have been reclassified to conform to the presentation adopted in the current year.

Canadian Curling Association
(operating as "Curling Canada")
Schedule of Operations
Season of Champions
(Unaudited)

For the year ended April 30 2019	World Financial Group Continental Cup Las Vegas	Pioneer World Men's Curling Championship Lethbridge	Tim Hortons Brier Brandon	Scotties Tournament of Hearts Sydney	Home Hardware Canada Cup Saskatchewan	Total
Revenue						
Tickets	\$ -	\$ 1,085,725	\$ 1,565,018	\$ 666,319	\$ 178,425	\$ 3,495,487
Sponsorship and grants	-	1,526,769	1,804,549	813,873	307,155	4,452,346
Bar Services	-	122,489	289,759	39,127	27,270	478,645
Volunteer fees	-	1,782	3,872	261	86	6,001
Merchandising	-	39,700	41,976	33,300	18,500	133,476
Other income	-	125,395	201,063	130,809	24,420	481,687
	-	2,901,860	3,906,237	1,683,689	555,856	9,047,642
Expenses						
Administration	144,918	343,981	410,470	346,498	272,653	1,518,520
Bar services	140	167,662	221,850	82,539	44,358	516,549
Facilities	33,495	289,371	236,988	174,244	136,969	871,067
Hosting	75,288	193,599	417,356	172,667	45,557	904,467
Media and Publications	15,762	27,781	26,498	17,214	16,911	104,166
Sponsor fulfillment	79,079	29,145	34,416	9,376	3,578	155,594
Tickets	-	293,077	542,789	316,105	129,480	1,281,451
Volunteers	-	69,456	64,837	69,818	28,235	232,346
	348,682	1,414,072	1,955,204	1,188,461	677,741	5,584,160
Distributions						
Host Committees	-	108,349	156,502	66,632	17,842	349,325
World Curling Federation	-	545,747	-	-	-	545,747
Provincial Membership Associations	-	137,944	171,628	39,528	1,784	350,884
	-	792,040	328,130	106,160	19,626	1,245,956
Other item						
Profit from joint arrangement	116,424	-	-	-	-	116,424
Excess (deficiency) of revenue over expenses	\$ (232,258)	\$ 695,748	\$ 1,622,903	\$ 389,068	\$ (141,511)	\$ 2,333,950

Canadian Curling Association
(operating as "Curling Canada")
Schedule of Operations
Season of Champions
(Unaudited)

For the year ended April 30 2018	World Financial Group Continental Cup London	Ford World's Women's Curling Championship North Bay	Tim Hortons Brier Regina	Scotties Tournament of Hearts Penticton	Tim Hortons Canadian Curling Trials (Roar of the Rings) Ottawa	Total
Revenue						
Tickets	\$ 328,413	\$ 1,098,346	\$ 2,169,944	\$ 728,804	\$ 2,113,780	\$ 6,439,287
Sponsorship and grants	350,907	920,996	1,652,704	737,500	360,550	4,022,657
Bar services	12,563	49,031	159,697	64,027	102,329	387,647
Volunteer fees	17,400	40,400	55,710	31,600	49,000	194,110
Merchandising	7,756	34,366	55,007	22,910	67,856	187,895
Other income	18,134	12,185	163,197	51,224	278,154	522,894
	735,173	2,155,324	4,256,259	1,636,065	2,971,669	11,754,490
Expenses						
Administration	122,035	387,081	505,344	373,748	332,401	1,720,609
Bar Services	23,145	99,584	231,017	151,953	184,529	690,228
Facilities	133,450	393,697	512,286	259,566	554,895	1,853,894
Hosting	137,973	233,604	508,503	131,529	396,630	1,408,239
Media and Publications	16,574	30,666	58,109	22,836	38,854	167,039
Sponsor fulfillment	5,991	44,520	60,209	43,772	51,054	205,546
Tickets	24,546	276,696	577,509	365,880	674,011	1,918,642
Volunteers	37,172	81,849	90,441	65,168	79,297	353,927
	500,886	1,547,697	2,543,418	1,414,452	2,311,671	8,318,124
Distributions						
Host Committees	33,191	108,143	216,994	72,331	211,378	642,037
World Curling Federation	-	149,768	-	-	-	149,768
Provincial Membership Associations	20,110	49,950	139,820	12,035	44,862	266,777
	53,301	307,861	356,814	84,366	256,240	1,058,582
Excess of revenue over expenses	\$ 180,986	\$ 299,766	\$ 1,356,027	\$ 137,247	\$ 403,758	\$ 2,377,784