

Canadian Curling Association
(operating as "Curling Canada")

Financial Statements
For the year ended April 30, 2021

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Independent Auditor's Report

To the Members of the Canadian Curling Association

Opinion

We have audited the financial statements of the Canadian Curling Association (the "Association"), which comprise the statement of financial position as at April 30, 2021, 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, 2021, 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.

Supplementary Financial Information

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the schedules on pages 16 - 17 of the Association's financial statements.

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
August 24, 2021

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

For the year ended April 30 **2021** **2020**

Assets

Current

Cash	\$ 5,773,859	\$ 4,919,946
Accounts receivable (Note 2)	2,825,538	1,583,425
Prepaid expenses	350,490	146,439
Loans receivable (Note 3)	24,500	18,500
Investments (Note 4)	1,161,173	737,476

10,135,560 7,405,786

Tangible capital assets and intangible assets (Note 5) **1,216,327** **1,392,070**

Loans receivable (Note 3) **74,000** **92,500**

\$ 11,425,887 \$ 8,890,356

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities	\$ 829,790	\$ 560,221
Due to partners	-	593,235
Deferred contributions (Note 6)	2,659,292	1,067,335

3,489,082 2,220,791

Contractual obligations (Note 7)

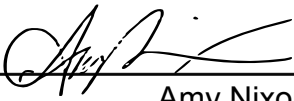
Net Assets

Invested in tangible capital assets and intangible assets	1,216,327	1,392,070
Internally restricted reserve (Note 8)	5,453,867	5,453,867
Unrestricted	1,266,611	(176,372)

7,936,805 6,669,565

\$ 11,425,887 \$ 8,890,356

On behalf of the Board:



Amy Nixon Governor



Chana Martineau Governor

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

For the year ended April 30	Invested in Tangible and Intangible Capital Assets	Internally Restricted Reserve	Unrestricted	2021	2020
Balance, beginning of the year	\$ 1,392,070	\$ 5,453,867	\$ (176,372)	\$ 6,669,565	\$ 6,841,964
Excess (deficiency) of revenues over expenses	(195,091)	-	1,462,331	1,267,240	(172,399)
Purchase of tangible capital assets	19,348	-	(19,348)	-	-
Balance, end of the year	\$ 1,216,327	\$ 5,453,867	\$ 1,266,611	\$ 7,936,805	\$ 6,669,565

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

For the year ended April 30	2021	2021	2020
	Budget	Actual	Actual
	(unaudited)		
Revenues			
Season of Champions events			
Direct (Note 9)	\$ 1,325,000	\$ 3,356,261	\$ 9,274,854
National and local sponsorships	3,499,000	3,251,299	4,659,697
National team programs (Note 9)	2,636,000	1,845,913	2,489,700
Sport Canada core funding	1,263,500	1,263,500	1,263,500
Philanthropic programs	591,000	285,737	452,109
Competitor and affiliation fees	132,000	62,821	463,000
Investment income (loss)	448,000	440,471	(191,132)
Other	951,000	88,833	301,391
Non Season of Champions events	105,000	65,360	70,125
Canadian Emergency Wage Subsidy	-	676,709	-
	10,950,500	11,336,904	18,783,244
Expenses			
Season of Champions events			
Direct	3,198,000	3,902,231	6,396,819
Sponsorship commissions	-	-	1,371,713
Non Season of Champions events	322,000	214,384	3,330,492
National team programs	2,894,000	1,721,599	2,366,939
Salaries and benefits	2,750,000	2,815,309	2,781,504
Administration	2,415,000	893,630	1,450,576
Distribution to Provincial Member Association	40,000	41,683	593,235
Philanthropic program	591,000	285,737	452,109
Amortization of tangible capital assets and intangible assets	140,000	195,091	212,256
	12,350,000	10,069,664	18,955,643
Excess (deficiency) of revenues over expenses	\$ (1,399,500)	\$ 1,267,240	\$ (172,399)

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

For the year ended April 30	2021	2020
Cash flows from operating activities		
Excess (deficiency) of revenues over expenses	\$ 1,267,240	\$ (172,399)
Item not affecting cash:		
Amortization of tangible capital assets and intangible assets	195,091	212,256
Unrealized (gain) loss on investments	<u>(392,956)</u>	<u>258,020</u>
	1,069,375	297,877
Changes in non-cash working capital:		
Accounts receivable	(1,242,113)	280,193
Prepaid expenses	(204,051)	(29,210)
Accounts payable and accrued liabilities	269,569	(718,992)
Due to partners	(593,235)	(652,721)
Deferred contributions	<u>1,591,957</u>	<u>(108,040)</u>
	891,502	(930,893)
Cash flows from investing activities		
Increase in investments	(30,741)	(195,496)
Advances of loans	-	(86,000)
Repayment of loans	12,500	-
Acquisition of tangible capital assets	<u>(19,348)</u>	<u>(661,145)</u>
	(37,589)	(942,641)
Net increase (decrease) in cash	853,913	(1,873,534)
Cash, beginning of the year	4,919,946	6,793,480
Cash, end of the year	\$ 5,773,859	\$ 4,919,946

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

April 30, 2021

1. Accounting Policies

Purpose of Association 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.

The Association co-ordinates the activities and programs of amateur Canadian curlers nationally and internationally.

Basis of Accounting The Association applies the Canadian accounting standards for not-for-profit organizations.

Use of Estimates 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 and intangible assets, the collectibility of accounts receivable, and possible allowance for doubtful accounts.

Revenue Recognition The Association follows the deferral method of accounting for contributions. Under this method, restricted contributions are recognized as revenue in the year in which the related expense is incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably assured.

Ticket sales, sponsorships and volunteer fees are recognized when the event occurs.

Bar services and merchandising sales are recognized when the goods have been transferred and collection is reasonably assured.

Philanthropic program revenue is comprised of donations and fundraising revenue and recognized when the amounts are received or receivable if the amounts can be reasonably estimated and collection is reasonably assured.

Competitor and affiliation fees are recognized as revenue proportionately over the year to which they relate.

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

April 30, 2021

1. Accounting Policies (continued)

Financial Instruments

Initial and subsequent measurement

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 are measured at fair value. Changes in fair value of these financial instruments are recognized in the statement of operations in the year incurred.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indications of possible impairment.

Transaction costs

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.

Tangible Capital Assets

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:

Building	25 years
Equipment	3-15 years
Furniture	15 years
Roof	15 years

Intangible Assets

Intangible assets are recognized at cost and amortized on the basis of their useful life using the straight-line method and following duration:

Website	5 years
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Contributed Services

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.

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

April 30, 2021

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.
Canadian Emergency Wage Subsidy	Funding received from the the government of Canada is subject to specific terms and conditions regarding the revenue and expenses of the applicable program. The Association's accounting records may be subject to audit by the Canada Revenue Agency ("CRA") to identify instances, if any, of amounts claimed that are not in compliance with the terms and conditions of the incentive program and which would therefore be refundable to the CRA.

2. Accounts Receivable

	<u>2021</u>	<u>2020</u>
Accounts receivable	\$ 2,212,272	\$ 781,278
Grants receivable	71,200	135,391
Sales tax receivable	542,066	666,756
	<u>\$ 2,825,538</u>	<u>\$ 1,583,425</u>

3. Loans Receivable

	<u>2021</u>	<u>2020</u>
Loans receivable under the Curling Assistance Program, bearing interest at half the prime rate, maturing between October 2024 and April 2026.	\$ 98,500	\$ 111,000
Less : current portion	24,500	18,500
	<u>\$ 74,000</u>	<u>\$ 92,500</u>

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

April 30, 2021

4. Investments

	2021	2020
Preferred shares	\$ 1,139,694	\$ 712,759
Mutual funds	2,432	4,673
Cash	19,047	12,044
Guaranteed investment certificate, 1%, matured during the year.	-	8,000
	\$ 1,161,173	\$ 737,476

5. Tangible Capital Assets and Intangible Assets

	2021		2020	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Tangible Capital Assets				
Land	\$ 66,227	-	\$ 66,227	-
Building	852,600	595,536	857,199	562,215
Equipment	1,323,041	665,362	1,313,174	566,162
Furniture	90,937	52,214	92,549	48,785
Roof	104,252	12,912	108,360	8,669
	2,437,057	1,326,024	2,437,509	1,185,831
Intangible Assets				
Website	175,490	70,196	175,490	35,098
	\$ 2,612,547	\$ 1,396,220	\$ 2,612,999	\$ 1,220,929
Net carrying amount		\$ 1,216,327		\$ 1,392,070

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

April 30, 2021

6. 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:

	<u>2021</u>	<u>2020</u>
Philanthropic		
Balance, beginning of the year	\$ 151,793	\$ -
Plus: amounts received during the year	550,059	443,519
Less: amounts recognized as revenue in the year	<u>(285,737)</u>	<u>(291,726)</u>
Balance, end of the year	<u>416,115</u>	<u>151,793</u>
Grants		
Balance, beginning of the year	102,292	315,875
Plus: amounts received during the year	6,140,531	3,485,549
Less: amounts recognized as revenue in the year	<u>(5,439,996)</u>	<u>(3,699,132)</u>
Balance, end of the year	<u>802,827</u>	<u>102,292</u>
Events		
Balance, beginning of the year	702,500	859,500
Plus: amounts received during the year	813,350	702,500
Less: amounts recognized as revenue in the year	<u>(77,500)</u>	<u>(859,500)</u>
Balance, end of the year	<u>1,438,350</u>	<u>702,500</u>
Cancelled Event - 2020 World Women's		
Balance, beginning of the year	110,750	-
Plus: amounts received during the year	-	110,750
Less: amounts recognized as revenue in the year	<u>(108,750)</u>	<u>-</u>
Balance, end of the year	<u>2,000</u>	<u>110,750</u>
Total deferred contributions, end of the year	<u>\$ 2,659,292</u>	<u>\$ 1,067,335</u>

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

April 30, 2021

7. Contractual Obligations

The Association has committed to various contracts for the season of champion events, stakeholders, and high performance consultant and contractors. Future payments total \$1,019,400 over the next three fiscal years:

2022	\$	424,200
2023	\$	355,200
2024	\$	240,000

8. Internally Restricted Reserve

The Association's Board of Governors has established a long-term financial reserve to protect against future financial jeopardy. The Board must approve any transfers to or from the long-term reserve. In addition, 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 year, the Board approved to transfer \$nil (2020 - \$672,224) 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.

9. Season of Champions Event and National Team Programs Revenues

Included in National Team Programs revenue is an amount contributed by Sport Canada of \$1,658,913 (2020 - \$1,957,000). Included in the Season of Champion events - direct revenues are amounts contributed by Sport Canada and Tourism Calgary of \$1,198,618 and \$1,000,000 respectively (2020 - \$nil and \$nil).

10. Contributed Materials and Services

Administration expenses include \$nil (2020 - \$62,280) of contributed in-kind services for insurance and storage. The Season of Champions direct expenses for facilities include \$nil (2020 - \$1,514,656) of contributed in-kind service for media. The Season of Champions expenses include \$30,000 (2020 - \$234,090) of contributed goods and services provided during the events.

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

April 30, 2021

11. Uncertainty due to COVID-19

The global pandemic, COVID-19, has disrupted economic activities and supply chains. Although, the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of business disruption and the related financial impact cannot be reasonably estimated at this time. The Association's ability to continue to operate and meet its contractual obligations as they come due is dependent on the continued ability to generate revenues and cash flows. The Association is monitoring their financial health in light of COVID-19 but is not able to estimate the effects on the existing events and programs, which is a significant revenue source.

COVID-19 public health guidelines led to major lockdowns and restrictions across the country. As the pandemic progressed and live events with fans seemed undoubtedly out of the equation, the Association's senior management team, with the leadership of the Board of Governors, proposed a radical solution to ensure continuity of events and enable the fulfillment of major obligations including, securing berths for the Olympics across all Olympic disciplines, delivery of broadcast and sponsorship obligations, and competition opportunities for athletes and fans. The proposal of a Hub city model to host events, while following strict adherence to public health guidelines for COVID-19 protocols, allowed a successful roll out of all planned events which also included establishing national and global alliances to allow a fuller competitive season to occur. These key events unfolded to pave the way to the Olympics.

Sound management, risk-based scenario planning, day-to-day operational thinking, on-going cost control, and the flexibility to adapt to an ever-changing environment, given the pandemic, allowed the Association to leverage its broadcasting position to exceed its sponsorship targets to offset the loss of live fan based revenue.

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

April 30, 2021

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 investing in preferred equities of the Canadian financial sector.

Changes in risk

There have not been any changes in the Association's risk exposures from the prior year, except for the potential impact the uncertainty cause by COVID-19 may have on the Association in the future.

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

For the year ended April 30, 2021	Hub City Events Alberta
Revenues	
Sponsorship and grants	\$3,065,083
Other income	291,178
	<u>3,356,261</u>
Expenses	
Administration	805,042
Bar services	-
Facilities	1,076,995
Hosting	1,861,149
Media and publications	55,999
Sponsor fulfillment	80,298
Tickets	-
Volunteers	22,748
	<u>3,902,231</u>
Distributions	
Provincial membership association	41,683
	<u>41,683</u>
Deficiency of revenues over expenses	\$ (587,653)

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

For the year ended April 30, 2020	Ok Tire Continental Cup Ontario	Ford's World Women's Curling Championship British Columbia	Tim Hortons Brier Ontario	Scotties Tournament of Hearts Saskatchewan	Home Hardware Canada Cup Alberta	Total
Revenues						
Tickets	\$ 284,285	\$ -	\$ 2,011,240	\$ 985,522	\$ 201,467	\$ 3,482,514
Sponsorship and grants	492,023	1,069,592	1,906,436	1,014,462	365,355	4,847,868
Bar services	5,020	-	263,057	167,168	29,011	464,256
Merchandising	6,196	400	53,130	26,284	5,174	91,184
Volunteer fees	15,700	35,100	39,300	40,929	14,900	145,929
Other income	15,713	486	188,437	32,496	5,971	243,103
	<u>818,937</u>	<u>1,105,578</u>	<u>4,461,600</u>	<u>2,266,861</u>	<u>621,878</u>	<u>9,274,854</u>
Expenses						
Administration	170,204	383,736	398,965	353,204	240,484	1,546,593
Bar services	7,203	53,399	375,786	117,976	41,294	595,658
Facilities	133,236	107,513	609,472	570,912	116,565	1,537,698
Hosting	251,744	63,462	346,292	190,717	32,539	884,754
Media and publications	10,495	5,592	24,310	17,825	18,245	76,467
Sponsor fulfillment	7,275	142,224	9,625	10,658	4,790	174,572
Tickets	80,576	331,591	542,420	352,414	70,021	1,377,022
Volunteers	21,729	49,611	50,597	56,091	26,027	204,055
	<u>682,462</u>	<u>1,137,128</u>	<u>2,357,467</u>	<u>1,669,797</u>	<u>549,965</u>	<u>6,396,819</u>
Distributions						
Host committees	28,140	-	189,324	98,552	19,884	335,900
Provincial membership associations	10,834	-	191,481	49,817	5,203	257,335
	<u>38,974</u>	<u>-</u>	<u>380,805</u>	<u>148,369</u>	<u>25,087</u>	<u>593,235</u>
Excess (deficiency) of revenues over expenses	<u>\$ 97,501</u>	<u>\$ (31,550)</u>	<u>\$ 1,723,328</u>	<u>\$ 448,695</u>	<u>\$ 46,826</u>	<u>\$ 2,284,800</u>