

**THE COMMONWEALTH GAMES ASSOCIATION OF CANADA INC.  
L'ASSOCIATION CANADIENNE DES JEUX DU COMMONWEALTH INC.**

FINANCIAL STATEMENTS

MARCH 31, 2014

---

## INDEPENDENT AUDITORS' REPORT

To the Members,  
**The Commonwealth Games Association of Canada Inc.**  
**L'Association canadienne des Jeux du Commonwealth Inc.:**

We have audited the accompanying financial statements of The Commonwealth Games Association of Canada Inc. - L'Association canadienne des Jeux du Commonwealth Inc., which comprise the statement of financial position as at March 31, 2014 and the statements of operations and cash flows 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 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.

### Auditors' 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.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Commonwealth Games Association of Canada Inc. - L'Association canadienne des Jeux du Commonwealth Inc. as at March 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*O H C D LLP.*

**OUSELEY HANVEY CLIPSHAM DEEP LLP**  
Licensed Public Accountants

Ottawa, Ontario  
January 22, 2015

**THE COMMONWEALTH GAMES ASSOCIATION OF CANADA INC.  
L'ASSOCIATION CANADIENNE DES JEUX DU COMMONWEALTH INC.**

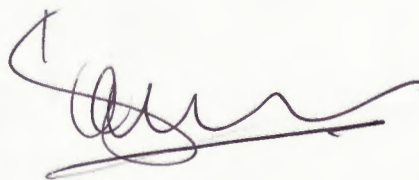
STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2014

|                                    | 2014         | 2013         |
|------------------------------------|--------------|--------------|
| <b>ASSETS</b>                      |              |              |
| <b>CURRENT</b>                     |              |              |
| Cash                               | \$ 93,693    | \$ 580,198   |
| Investments (note 4)               | 1,825,989    | 1,803,122    |
| Accounts receivable                | 215,980      | 87,281       |
| Due from related party (note 5)    | 180,249      | 236,236      |
| Prepaid expenses                   | 873,475      | 826,433      |
|                                    | 3,189,386    | 3,533,270    |
| <b>CAPITAL ASSETS (note 6)</b>     | -            | 1            |
|                                    | \$ 3,189,386 | \$ 3,533,271 |
| <b>CURRENT LIABILITIES</b>         |              |              |
| Accounts payable                   | \$ 62,378    | \$ 40,293    |
| Deferred revenue (note 7)          | 979,690      | 1,130,310    |
|                                    | 1,042,068    | 1,170,603    |
| <b>UNRESTRICTED NET ASSETS</b>     |              |              |
| Balance - beginning of year        | 2,362,668    | 2,310,018    |
| Net revenue (expense) for the year | (215,350)    | 52,650       |
| Balance - end of year              | 2,147,318    | 2,362,668    |
|                                    | \$ 3,189,386 | \$ 3,533,271 |

Approved on behalf of the Board:



Director



Director

**THE COMMONWEALTH GAMES ASSOCIATION OF CANADA INC.  
L'ASSOCIATION CANADIENNE DES JEUX DU COMMONWEALTH INC.**

STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED MARCH 31, 2014

|  | 2014                | 2013             |
|--|---------------------|------------------|
| <b>REVENUE</b>                                       |                     |                  |
| Contributions  |                     |                  |
| CIDA   | \$ -                | \$ 109,006       |
| Commonwealth Games Federation                        | 111,507             | 400,001          |
| Olympic Solidarity                                   | 111,431             | -                |
| Commonwealth Games Organizing Committees             | 98,480              | 94,211           |
| Sport Canada   | 610,154             | 553,856          |
| Sponsorship  | 175,000             | 175,000          |
| Program and Event Fees                               | 93,215              | 82,560           |
| Commonwealth Games Foundation of Canada Contribution | -                   | 165,000          |
| Interest   | 22,739              | 19,523           |
| Other  | 3,141               | 43,754           |
|  | <u>1,225,667</u>    | <u>1,642,911</u> |
| <b>EXPENSE</b>                                       |                     |                  |
| Sport excellence                                     | 173,170             | 146,157          |
| Sport for development                                | 633,745             | 700,389          |
| Branding and communications                          | 26,141              | 58,899           |
| Marketing  | -                   | 30,390           |
| National and international relations and hosting     | 12,294              | 10,602           |
| Organizational effectiveness                         | 595,667             | 643,824          |
|  | <u>1,441,017</u>    | <u>1,590,261</u> |
| <b>NET REVENUE (EXPENSE) FOR THE YEAR</b>            | <b>\$ (215,350)</b> | <b>\$ 52,650</b> |

**THE COMMONWEALTH GAMES ASSOCIATION OF CANADA INC.  
L'ASSOCIATION CANADIENNE DES JEUX DU COMMONWEALTH INC.**

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2014

|   | 2014             | 2013              |
|---|------------------|-------------------|
| <b>OPERATING ACTIVITIES</b>             |                  |                   |
| Net revenue (expense) for the year      | \$ (215,350)     | \$ 52,650         |
| Item not affecting cash:                |                  |                   |
| Amortization                            | -                | 2,333             |
| Net change in non cash working capital: |                  |                   |
| Accounts receivable                     | (128,698)        | 119,279           |
| Due from related party                  | 55,987           | (206,965)         |
| Prepaid expenses                        | (47,042)         | (793,432)         |
| Accounts payable                        | 22,085           | (2,237)           |
| Deferred revenues                       | (150,620)        | 903,496           |
|   | (463,638)        | 75,124            |
| <b>INVESTING ACTIVITIES</b>             |                  |                   |
| Purchase of investments                 | (22,867)         | (169,388)         |
| <b>DECREASE IN CASH FOR THE YEAR</b>    | <b>(486,505)</b> | <b>(94,264)</b>   |
| Cash - beginning of year                | 580,198          | 674,462           |
| <b>CASH - END OF YEAR</b>               | <b>\$ 93,693</b> | <b>\$ 580,198</b> |

**THE COMMONWEALTH GAMES ASSOCIATION OF CANADA INC.  
L'ASSOCIATION CANADIENNE DES JEUX DU COMMONWEALTH INC.**

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2014

1. PURPOSE OF THE ORGANIZATION

The Commonwealth Games Association of Canada Inc. (the "Association") strengthens sport within Canada and throughout the Commonwealth by participation in the Commonwealth Games and by using Sport as a development tool.

The Association is incorporated without share capital under the laws of Canada and is designated as a Registered Canadian Amateur Athletic Association under the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

a) Use of estimates

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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. These estimates are reviewed annually and as adjustments become necessary, they are recorded in the financial statements in the period in which they become known.

b) Financial instruments

Financial instruments are initially recognized at fair value and are subsequently measured at cost, amortized cost or cost less appropriate allowances for impairment.

c) Capital assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided on the furniture and equipment on the straight line basis over 3 years.

d) 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 expense is incurred. Unrestricted contributions are recognized as revenue when they are received or become receivable. Contributed materials and services are recorded at their fair value.

The Association records the value of donated materials and services when a fair value can be reasonably estimated and when the materials and services would normally be purchased by the Association.



**THE COMMONWEALTH GAMES ASSOCIATION OF CANADA INC.  
L'ASSOCIATION CANADIENNE DES JEUX DU COMMONWEALTH INC.**

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Contributions

The contributions received from funders are subject to specific terms and conditions regarding the expenditure of the funds. The Association's accounting records are subject to audit by the funders to identify instances, if any, in which amounts charged against the contributions have not complied with the agreed terms and conditions and which, therefore, would be refundable to the funders. In the event that adjustments are requested, they would be recorded in the year in which the funders request the adjustments.

3. FINANCIAL INSTRUMENTS

Financial instruments of the Association consist of cash, investments, accounts receivable, due from related party and accounts payable.

Unless otherwise noted, it is management's opinion that the Association is not exposed to significant interest rate, currency, credit, liquidity or market risks arising from its financial instruments and the carrying amount of the financial instruments approximate their fair value.

4. INVESTMENTS

|                                | 2014         | 2013         |
|--------------------------------|--------------|--------------|
| RBC investment savings account | \$ 1,825,989 | \$ 1,803,122 |

5. RELATED PARTY TRANSACTIONS

The Commonwealth Games Foundation of Canada Inc. (the "Foundation"), a related not-for-profit organization, raises funds to support the Association's activities.

During the year the Foundation provided a grant of \$nil (2013 - \$165,000) to the Association.

The Association has an agreement with the Foundation under which the Association provides management and administrative services to the Foundation. During the year the Association billed the Foundation \$NIL (2013 - \$nil) for services provided and expense incurred under this agreement. Amounts due from the Foundation have no fixed terms of payment.

These transactions have been recorded at the exchange amount, which is the amount established and agreed to by the related parties.



**THE COMMONWEALTH GAMES ASSOCIATION OF CANADA INC.  
L'ASSOCIATION CANADIENNE DES JEUX DU COMMONWEALTH INC.**

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2014

6. CAPITAL ASSETS

|                         |      |                             | 2014 | 2013 |
|-------------------------|------|-----------------------------|------|------|
|                         | Cost | Accumulated<br>amortization | Net  | Net  |
| Furniture and equipment | \$ - | \$ -                        | \$ - | \$ 1 |

7. DEFERRED REVENUE

Deferred revenue consists of amounts received prior to the year-end for events or programs that will be held in the future.

|   | 2014         | 2013         |
|---|--------------|--------------|
| Balance, beginning of year                          | \$ 1,130,310 | \$ 226,814   |
| Less: amount recognized as revenue in the year      | (287,915)    | (226,814)    |
| Plus: amount received related to the following year | 137,295      | 1,130,310    |
| Balance, end of year                                | \$ 979,690   | \$ 1,130,310 |

Deferred revenue balance consist of:

|                               | 2014       | 2013         |
|-------------------------------|------------|--------------|
| Commonwealth Games Federation | \$ 179,690 | \$ 181,916   |
| Game of Life                  | -          | 22,120       |
| Glasgow 2014                  | -          | 98,480       |
| Sport Canada                  | 800,000    | 827,794      |
|                               | \$ 979,690 | \$ 1,130,310 |

8. COMMITMENT

The Association has leased premises to April 2015 at approximately \$60,000 per annum.

