

CANOE KAYAK B.C.

Financial Statements
Year Ended March 31, 2011 and 2010
and Auditors' Report

INDEPENDENT AUDITOR'S REPORT

To the Members of Canoe Kayak B.C.

We have audited the financial statements of Canoe Kayak B.C. ("the Society"), which comprise the statements of net assets as at March 31, 2011 and 2010 and the statements of operations, of cash flows and of changes in net assets for the 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 generally accepted accounting principles, 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.

Auditor's 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.

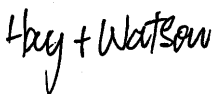
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many non-profit organizations, the Society derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts included in the recorded of the Society and we were not able to determine whether any adjustments might be necessary to such revenues, excess of revenue over expenditure, assets and net assets.

Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2011 and 2010, and its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants
Vancouver, B.C.
May 6, 2011

CANOE KAYAK B.C.

Statement of Net Assets
March 31, 2011

	2011	2010
ASSETS		
Current		
Cash	\$ 97,106	\$ 32,457
Cash - restricted (Note 5)	12,204	904
Term deposits - restricted (Note 6)	75,346	75,201
Accounts receivable	34,263	60,186
Current portion of boat loans (Note 7)	-	2,056
Prepaid expenses	53,874	7,984
	272,793	178,788
Boat Loans (Note 7)	-	2,056
Equipment (Note 8)	57,266	74,835
	330,059	255,679
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 14,170	\$ 20,606
Deferred receipts	76,101	460
	90,271	21,066
NET ASSETS		
Investment in capital assets	57,266	74,835
Restricted net assets		
Boat loans fund	40,000	33,832
Gaming fund	12,204	904
Operating contingency fund	75,346	86,000
Equipment replacement reserve	9,596	6,940
Athlete trust fund	510	-
Unrestricted net assets	44,866	32,102
	239,788	234,613
	\$ 330,059	\$ 255,679

APPROVED BY THE BOARD

Director

Director

CANOE KAYAK B.C.

Statement of Operations
Year Ended March 31, 2011

	2011	2010
RECEIPTS		
Competitions and other income (Schedule 1)	\$ 228,363	\$ 278,591
Government grants	120,030	210,112
	348,393	488,703
EXPENDITURES (Schedule 2)		
Member services	119,892	136,746
Athlete development	78,397	141,183
Coaching development	27,003	7,356
Club development	118,712	206,437
Officials development	4,574	6,144
	348,578	497,866
	(185)	(9,163)
OTHER ITEMS		
Interest income	860	1,122
Gain on sale of equipment	4,500	-
EXCESS (DEFICIT) OF RECEIPTS OVER EXPENDITURES	\$ 5,175	\$ (8,041)

CANOE KAYAK B.C.

Statement of Cash Flows
Year Ended March 31, 2011

	2011	2010
Cash Flows From (Used In) Operating Activities		
Excess (Deficit) of receipts over expenditures	\$ 5,175	\$ (8,041)
Items not involving the use of cash:		
Amortization	18,441	25,799
Boat loan interest accretion	(1,028)	1,028
Gain on sale of equipment	(4,500)	-
	18,088	18,786
Changes in non-cash working capital		
Accounts receivable	25,923	(22,038)
Prepaid expenses	(45,890)	18,775
Deferred receipts	(6,436)	(51,467)
Accounts payable and accrued liabilities	75,641	10,836
	67,326	(25,108)
Cash Flows From (Used In) Investing Activities		
Boat loans - net	5,140	4,687
Purchase of equipment	(2,372)	(7,500)
Sale of equipment	6,000	-
	8,768	(2,813)
INCREASE (DECREASE) IN CASH	76,094	(27,921)
CASH AND TERM DEPOSITS, Beginning of Year	108,562	136,483
CASH AND TERM DEPOSITS, End of Year	\$ 184,656	\$ 108,562
Cash and Term Deposits consist of:		
Cash	\$ 97,106	\$ 32,457
Cash - restricted (Note 5)	12,204	904
Term deposits – restricted (Note 6)	75,346	75,201
	\$ 184,656	\$ 108,562
Supplemental cash flow information		
Interest received	\$ 860	\$ 1,122

CANOE KAYAK B.C.

Statement of Changes in Net Assets Year ended March 31, 2011

	Investment in capital assets	Boat loans fund - restricted	Gaming fund - restricted	Operating contingency fund - restricted	Equipment replacement reserve - restricted	Athlete trust fund - restricted	Unrestricted	2011	2010
Net assets, beginning of year	\$ 74,835	\$ 33,832	\$ 904	\$ 86,000	\$ 6,940	\$ -	\$ 32,102	\$ 234,613	\$ 242,654
Excess (deficiency) of receipts over expenditures	(18,441)	-	11,300	-	-	-	12,316	5,175	(8,041)
Interfund transfer	-	6,168	-	(10,654)	2,656	510	1,320	-	-
Investment in capital assets	872	-	-	-	-	-	(872)	-	-
Net assets, end of year	\$ 57,266	\$ 40,000	\$ 12,204	\$ 75,346	\$ 9,596	\$ 510	\$ 44,866	\$ 239,788	\$ 234,613

CANOE KAYAK B.C.

Notes to Financial Statements
March 31, 2011

1. OPERATIONS

Canoe Kayak B.C. (the “Society”) is a non-profit organization, incorporated under the Society Act in the Province of British Columbia. The Society raises and receives funds for the purposes of developing canoeing and kayaking in British Columbia.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”), which include the following significant policies:

Cash and Term Deposits

Cash and term deposits consist of cash balances and investments in highly liquid short-term deposits.

Equipment

Equipment is recorded at cost and amortized over the estimated useful lives of the equipment, using the declining balance method at the following annual rates:

Boats	20%
Racing equipment	20%
Furniture and equipment	20%
Computer equipment	30%
Computer software	100%
Vehicle	30%

Financial Assets and Financial Liabilities

The Society’s financial assets, except for cash and term deposits, and financial liabilities are classified as follows:

- Term deposits are classified as “held to maturity” and are measured at amortized cost.
- Accounts receivable and boat loans are classified as “loans and receivables” and are measured at amortized cost.
- Accounts payable and accrued liabilities and term loans are classified as “other financial liabilities” and are measured at amortized cost.

The carrying amounts of these financial assets and financial liabilities as at March 31, 2011 and 2010 approximate their fair values due primarily to their short term nature and maturities. Transaction costs directly attributable to the acquisition or issue of a financial asset or financial liability are added to the carrying amount of the financial asset or financial liability, and are amortized to income using the effective interest rate method.

The Society classifies and discloses fair value measurements based on a three-level hierarchy:

- Level 1 – inputs are unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – inputs for the asset or liability that are not based on observable market data.

CANOE KAYAK B.C.

Notes to Financial Statements
March 31, 2011

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Recognition of Receipts

The Society follows the deferral method of accounting for contributions. Receipts are recognized as follows:

- Restricted contributions are deferred and recognized in the year in which the related expenses are incurred. Restricted contributions related to the purchase of equipment are amortized on the same basis as the asset acquired.
- Unrestricted contributions are recognized when received or receivable, if the amount can be reasonably estimated and collection is reasonably assured.
- Unrestricted investment income are recognized when earned.

Income Taxes

The Society, as a non-profit organization, is not subject to Federal or Provincial income taxes.

Contributed services

Volunteers contribute an undetermined number of hours annually to assist the Society in carrying out its activities. Contributed services are not recorded in the financial statements because of the difficulty in determining the time spent by volunteers and the fair value of their services.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets, liabilities and commitments at the date of the financial statements and the reported amount of revenues and expenses during the reporting periods.

Significant estimates used in these financial statements include, amongst others, the recoverability of accounts receivable and the estimated fair values of the term deposits.

Future Accounting Changes

In 2006, the Accounting Standards Board ("ASB") of the CICA ratified a strategic plan that was to result in Canadian GAAP, as used by not-for-profit organizations, evolving and being converged with International Financial Reporting Standards ("IFRS"). In March 2010, the ASB issued an Exposure Draft proposing that non-governmental not-for-profit organizations be provided with options for financial reporting. In September 2010, the ASB approved the accounting standards proposed in the Exposure Draft. The standards will be effective January 1, 2012 and allow non-governmental not-for-profit organizations to apply accounting standards for not-for-profit organizations, with a reference to standards for private enterprises where appropriate, or IFRS.

The Society has assessed the impact of these options and has determined that the implementation of either option would completely and accurately reflect the Society's operations in its financial statements.

CANOE KAYAK B.C.

Notes to Financial Statements
March 31, 2011

3. RISK MANAGEMENT

The Society's financial instruments are exposed to certain risks, which include credit risk, interest rate risk, and liquidity risk.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Society considers this risk to be limited as cash and term deposits are on deposit at major financial institutions while accounts receivable consists primarily of amounts due from related clubs and sports organizations.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate because of changes to market interest rates. The Society is exposed from time to time to interest rate risk as a result of holding fixed rate cash equivalent investments of varying maturities. The risk that the Society will realize a loss as a result of a decline in the fair value of these investments is limited as these investments are highly liquid securities with short-term maturities.

Liquidity risk

Liquidity risk is the risk that the Society will not be able to meet its financial obligations as they fall due. Accounts payable and accrued liabilities are due within the current operating period. The Society manages liquidity risk through the management of its capital structure (Note 4).

4. CAPITAL MANAGEMENT

The Society defines its capital for capital management purposes as cash. The Society's capital management objective is to maximize its cash flows from government grants and its program income and membership fees in order to maintain sufficient liquidity to fund its ongoing programs and operations.

The Society's primary source of capital are government and non-government grants.

The Society monitors and achieves its capital management objective, which is unchanged from prior years, through short and long term liquidity plans, to which it makes changes in the light of changes in economic conditions.

5. CASH – RESTRICTED

Restricted cash represents proceeds received from the B.C. Gaming Commission ("Commission") and internally restricted funds for operating contingencies. Disbursements of funds received from the Commission are restricted to expenditures acceptable to the Commission. Disbursements from the Operating Contingency Fund require prior approval of the Board of Directors.

6. TERM DEPOSITS – RESTRICTED

Restricted term deposits represent an internally restricted contingency fund for boat loans, for operating contingencies and for replacement of equipment. Disbursements from restricted term deposits require prior approval of the Board of Directors.

CANOE KAYAK B.C.

Notes to Financial Statements
March 31, 2011

7. BOAT LOANS

The Society has entered into agreements to purchase boats for member clubs. The member clubs repay the Society in four annual instalments commencing in the year the boats were purchased. The loans are interest free and ownership transfers to the member club once the loan has been fully repaid. Since the loan is interest-free, the Society has recorded it using an imputed annual interest rate of 6.5%, in accordance with Canadian GAAP. The final instalment payment was made in March 2011.

Balance, March 31, 2009	\$	9,827
Deferred interest charge		(2,056)
Interest amortization		514
Restated		8,285
Instalment payment		(4,687)
Balance, March 31, 2010		3,598
Interest amortization		514
Boat loan, March 31, 2010		4,112
Interest amortization		1,028
Instalment payment		(5,140)
Boat loan, March 31, 2011	\$	-

8. EQUIPMENT

	2011			2010		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Boats	\$ 123,385	\$ 86,142	\$ 37,243	\$ 129,385	\$ 79,456	\$ 49,929
Racing equipment	6,000	3,850	2,150	6,000	3,312	2,688
Furniture and equipment	9,248	4,450	4,798	9,248	3,251	5,997
Computer equipment	5,599	2,535	3,064	3,227	1,307	1,920
Computer software	10,262	10,262	-	10,262	10,262	-
Vehicle	24,035	14,024	10,011	24,035	9,734	14,301
	\$ 178,529	\$ 121,263	\$ 57,266	\$ 182,157	\$ 107,322	\$ 74,835

9. ECONOMIC DEPENDENCE

The Society's operations are dependent upon contributions from Sports BC and the Province of British Columbia, which the Society must qualify for on an annual basis. Should these grants not be received, the operations of the Society may be significantly affected.

10. COMPARATIVE FIGURES

The comparative figures have been reclassified where necessary to conform to the presentation used in the current year.

CANOE KAYAK B.C.Schedule of Competitions and Other Income
Year Ended March 31, 2011**Schedule 1**

	2011		2010
Receipts			
Coaching	\$ 74,682	\$	90,682
Competition income	6,189		6,025
Donations	4,468		10,618
Memberships	45,059		36,222
Other income	20,353		37,596
	150,751		181,143
Programs			
Camps and clinics	35,662		33,628
Coaching and officiating courses	23,569		17,520
Competitions	18,381		46,300
	77,612		97,448
	\$ 228,363	\$	278,591

CANOE KAYAK B.C.Schedule of Expenditures
Year Ended March 31, 2011**Schedule 2**

	2011	2010
Member Services		
Amortization	\$ 18,441	\$ 25,799
Audit and Legal	4,371	4,575
Bad debt	5,053	6,299
Equipment	3,352	3,244
Grants and scholarships	4,354	4,701
Insurance	15,795	14,968
Interest accretion	(1,028)	1,028
Meetings	8,343	3,938
Memberships	17,485	14,888
Office expenses	4,706	5,601
Professional fees	4,680	10,026
Rent	11,313	11,070
Salaries and benefits	23,027	30,609
	119,892	136,746
Programs		
Athlete Development		
Athlete Services	28,493	11,894
Camps and clinics	11,522	40,441
Competitions	17,152	76,356
Whitewater	21,230	12,492
	78,397	141,183
Coaching Development	27,003	7,356
Club Development		
Camps and clinics	47,003	21,586
Coaching salaries and benefits	52,983	159,177
Competitions	18,574	19,860
Promotion	152	5,814
	118,712	206,437
Officials Development	4,574	6,144
	228,686	361,120
	\$ 348,578	\$ 497,866