BOBSLEIGH CANADA SKELETON

FINANCIAL STATEMENTS
MARCH 31, 2008

McKinnon & Co.
Chartered Accountants

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AUDITORS' REPORT

To the Directors of
Bobsleigh Canada Skeleton

We have audited the statement of financial position of BOBSLEIGH CANADA SKELETON as at March 31, 2008 and the statements of operations, changes in net assets, comprehensive income and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, 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 common with many non-profit organizations, the association derives revenue from donations, grants and entry fees the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of revenues was limited to the amounts recorded in the records of the Association and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenue over expenses and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

McKinnon & Co.
CHARTERED ACCOUNTANTS

June 26, 2008

Calgary, Alberta

BOBSLEIGH CANADA SKELETON

STATEMENT OF FINANCIAL POSITION
MARCH 31, 2008

ASSETS

	2008	2007
CURRENT:		
Cash	$ 44,959	$ 1,809
Accounts receivable	381,369	379,145
Prepaid expenses	22,546	1,282
	448,874	382,236
MARKETABLE SECURITIES (Note 6)	291,180	164,728
EQUIPMENT (Note 7)	550,026	543,866
	$1,290,080	$1,090,830

LIABILITIES

	2008	2007
CURRENT:		
Cheques written in excess of bank balance	$ -	$ 59,343
Accounts payable and accrued liabilities (Note 10)	479,694	616,660
	479,694	676,003
CONTINGENT LIABILITY (Note 9)		
NET ASSETS:		
Investment in equipment	550,026	543,866
Unrestricted net assets (deficiency)	260,360	(129,039)
	810,386	414,827
	$1,290,080	$1,090,830

APPROVED BY THE BOARD:

____________________________Director

____________________________Director

See Accompanying Notes.

BOBSLEIGH CANADA SKELETON

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2008

	2008			2007
	Investment In Equipment	**Unrestricted**	**Total**	**Total**
Net assets, beginning of year	$ 543,866	$ (129,039)	$ 414,827	$ 812,569
Transitional adjustment (Notes 5 & 8)	-	12,308	12,308	-
Adjusted net assets, beginning of year	543,866	(116,731)	427,135	812,569
Excess (deficiency) of revenue over expenses before accumulated other comprehensive loss	(83,497)	471,773	388,276	(397,742)
Accumulated other comprehensive loss (Note 8)	-	(5,025)	(5,025)	-
Investment (decrease) in equipment	89,657	(89,657)	-	-
NET ASSETS, END OF YEAR	$ 550,026	$ 260,360	$ 810,386	$ 414,827

See Accompanying Notes.

BOBSLEIGH CANADA SKELETON
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED MARCH 31, 2008

	2008	2007
Excess (Deficiency) of Revenue Over Expense	$ 388,276	$ (397,742)
Other comprehensive income (loss)		
Unrealized (loss) on marketable investments	(5,025)	-
Comprehensive income (loss)	$ 383,251	$ (397,742)

See Accompanying Notes

BOBSLEIGH CANADA SKELETON

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2008

	2008	2007
REVENUE:		
Sport Canada (Note 10)	$2,122,614	$1,717,673
Canadian Olympic Committee	339,789	418,070
Sponsorship and donations	651,377	416,000
Events	357,637	162,369
Other income	132,080	112,970
	3,603,497	2,827,082
EXPENSES:		
Administration	177,797	269,172
Amortization	83,497	91,245
Athlete programs	59,204	122,015
Coaching and staffing	1,067,409	906,522
Events	142,047	159,001
Long term athlete development	5,094	-
Marketing and communications	56,485	48,155
Meetings	28,383	12,630
National development team - bobsleigh	119,940	171,724
National development team - skeleton	151,004	330,283
National team - bobsleigh	563,835	412,101
National team - skeleton	193,507	209,769
Pacific sport	14,409	4,102
Performance services	329,851	280,831
Recruitment	33,427	150,599
Research and development	118,900	28,101
Vancouver organizing committee	27,581	-
Workshop	42,851	28,574
	3,215,221	3,224,824
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	$ 388,276	$ (397,742)

See Accompanying Notes.

BOBSLEIGH CANADA SKELETON

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2008

	2008	2007
CASH PROVIDED BY (USED IN) OPERATIONS:		
Operating Activities		
Excess (deficiency) of revenue over expenses	$ 388,276	$ (397,742)
Add (deduct) items not affecting cash flow:		
Gain on sale of equipment	(14,134)	-
Amortization	83,497	91,245
	457,639	(306,497)
Changes in non-cash working capital balances related to operations	(160,455)	296,103
	297,184	(10,394)
Investing Activities		
Proceeds on sale of equipment	44,324	-
Increase in marketable securities	(119,169)	(59,378)
Purchase of equipment	(119,846)	(269,819)
	(194,691)	(329,197)
NET INCREASE (DECREASE) IN CASH	102,493	(339,591)
Cash, beginning of year	(57,534)	282,057
CASH (DEFICIENCY), END OF YEAR	$ 44,959	$ (57,534)
Supplemental Information:		
Income taxes paid	$ -	$ -
Interest expense paid	$ -	$ -
Interest income received	$ 769	$ 2,603

See Accompanying Notes

BOBSLEIGH CANADA SKELETON

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

1. NATURE OF OPERATIONS:

The Association was incorporated March 22, 1990 under the Canada Corporations Act and commenced operations effective April 1, 1990. The Association is a non-profit organization whose purpose is to develop and administer the sport of bobsleigh and skeleton in Canada in order to ensure opportunities for participation at all domestic levels and to foster international excellence. It receives funding from Sport Canada, the Canadian Olympic Committee, the Calgary Olympic Development Association and other sources.

Bobsleigh and Luge Canada, an organization that acts to coordinate the activities of Bobsleigh Canada Skeleton and the Canadian Luge Association, provide administration and fundraising support. Bobsleigh and Luge Canada applies for and administers all Sport Canada funding on behalf of the sports of bobsleigh, skeleton and luge in Canada. Accordingly, the Association is allocated its proportionate share of Sports Canada funding by Bobsleigh and Luge Canada. See Note 9.

As a non-profit organization, the Association is exempt from income taxes under Section 149(1)(L) of the Income Tax Act.

2. BASIS OF PRESENTATION:

These financial statements have been prepared on the basis of accounting principles applicable to a going concern. The ability of the Association to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business is dependent upon its ability to operate within its budgeted revenues and receive ongoing financial support in the form of loans or additional funding.

3. SIGNIFICANT ACCOUNTING POLICIES:

a) Contributions –
Contributed materials and services, which would otherwise be paid for by the Association, are recorded at fair value when provided. During the year no donations in kind were received.

The Association receives contributions for reimbursement of certain specified technical and administrative expenses during the year. Unexpended portions of contributions are refundable to the contributor.

b) Marketable Securities –
Marketable securities represent investments in cash and publicly traded securities and are valued at market value.

c) Equipment –
Equipment is recorded at cost. Annual amortization charges on bobsleighs are computed on a net cost basis after allowing for salvage of $10,000 and $7,500 for four-man and two-man sleds respectively. Amortization is provided on a straight-line basis at the following rates:

Bobsleighs	20%
Tools and materials	10%
Office equipment	20%
Skelton sleighs	20%

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

d) Impairment of Long-Lived Assets –
Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

e) Revenue Recognition –
Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

f) Use of Estimates -
The preparation of the Association's financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

4. FUTURE ACCOUNTING CHANGES:

In December 2006. The CICA issued Section 3862, Financial Instruments - Disclosures, Section 3863, Financial Instruments – Presentation; and Section 1535, Capital Disclosures. These three sections will be applicable to financial statements relating to fiscal years beginning on or after October 1, 2007. Accordingly, the Association will adopt the new standards for its fiscal year beginning April 1, 2008.

Section 3862 on financial instruments disclosures, requires the disclosure of information about: a) the significance of financial instruments for the entity's financial position and performance and b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. Section 3863on the presentation of financial instruments is unchanged from the presentation requirements included in Section 3861. Section 1535 on capital disclosures requires the disclosure of information about an entity's objectives, policies and processes for managing capital.

The Association is currently evaluating the impact of the adoption of these new sections and does not expect them to have a material impact on its financial statements.

5. CHANGE IN ACCOUNTING POLICY AND FINANCIAL INSTRUMENTS:

Effective April 1, 2007 the Association adopted CICA handbook section 3855, "Financial Instruments – Recognition and Measurement," section 1530, "Comprehensive Income" and section 3861, "Financial Instruments – Disclosure and Presentation." The Association has adopted these standards prospectively and the comparative financial statements have not been restated. Transition amounts have been recorded in accumulated other comprehensive income as shown in Note 8.

5. CHANGE IN ACCOUNTING POLICY AND FINANCIAL INSTRUMENTS (continued)

All financial instruments must initially be recognized at fair value on the balance sheet. The Association has classified each financial instrument into the following categories: held for trading financial assets and financial liabilities, loans and receivables, held to maturity investments, available for sale financial assets, and other financial liabilities. Subsequent measurement of the financial instruments is based on their classification. Unrealized gains and losses on held for trading financial instruments are recognized in earnings. Gains and losses on available for sale financial assets are recognized in other comprehensive income (OCI) and are transferred to earnings when the asset is disposed of. The other categories of financial instruments are recognized at amortized cost using the effective interest rate method. Transaction costs that are directly attributable to the acquisition or issue of a financial asset or financial liability are added to the cost of the instrument at its initial carrying amount.

The Association has made the following classifications:

– Cash and cash equivalents are classified as financial assets held for trading and are measured at fair value. Gains and losses related to periodical revaluation are recorded in net income.

– Accounts receivable is classified as loans and receivables and is initially measured at fair value and subsequent periodical revaluations are recorded at amortized cost using the effective interest rate method.

– Marketable investments are classified as available for sale financial instruments. Gains and losses related to periodic revaluation are recognized in other comprehensive income and are transferred to net income when disposed of.

– Accounts payable and accrued liabilities are classified as other liabilities and are initially measured at fair value and subsequent periodical revaluations are recorded at amortized cost using the effective interest rate method.

As at the transition date of April 1, 2007, the Association recorded a $12,308 increase in operating surplus with a corresponding increase in marketable investments.

Comprehensive income consists of net earnings and OCI. OCI comprises the change in the fair value of the effective portion of available for sale financial instruments. Accumulated other comprehensive income (AOCI) is a new equity category comprised of the cumulative amounts of OCI. See Note 8 for the composition of AOCI at March 31, 2008.

The Association's financial instruments that are included in the statement of financial position are comprised of cash, receivables, marketable investments and accounts payable and accrued liabilities.

Fair value of financial assets and liabilities -
The fair value of financial instruments that are included in current assets and current liabilities approximate their carrying amount due to their short-term maturity. The long-term investments are subject to risk of market fluctuation. Investment advice is sought from investment advisors. Equities include publicly traded securities on the Canadian Markets.

Interest Rate Risk –
Interest rate risk arises from the possibility that the value of, or cash flows related to, a financial instrument will fluctuate as a result of changes in market interest rates.

5. CHANGE IN ACCOUNTING POLICY AND FINANCIAL INSTRUMENTS (continued

Credit Risk –
The receivables of the Association are subject to normal trade credit risks. This is reduced by the Association's policy of follow-up on outstanding accounts receivable.

Currency Risk –
The Association manages its exposure to currency risk by operating in a manner that minimizes its exposure to the extent practical.

6. MARKETABLE SECURITIES:

Marketable securities are comprised of:

	2008	2007
Cash	$ 43,125	$ 2,129
Equities	248,055	162,599
	$ 291,180	$ 164,728

Equities include stocks and mutual funds publicly traded on Canadian Markets.

7. EQUIPMENT:

	2008			2007
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Bobsleighs and skeletons	$ 732,501	$ 249,754	$ 482,747	$ 466,360
Tools and materials	126,755	99,581	27,174	31,257
Office equipment	101,001	60,896	40,105	46,249
	$ 960,257	$ 410,231	$ 550,026	$ 543,866

8. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS):

AOCI, including transition amounts, is comprised of the following

Balance March 31, 2007	$ -
Transitional adjustments on adoption of new accounting policies (Note 5): Unrealized gain on marketable securities financial instruments	12,308
Opening balance April 1, 2007	12,308
Unrealized loss on marketable securities financial instruments	(5,025)
Accumulated other comprehensive income (loss) March 31, 2008	$ 7,283

9. CONTINGENT LIABILITY:

Contributions received from Sport Canada are subject to specific terms and conditions regarding the expenditures of the funds. The Association's accounting records are subject to a review 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 year contributions are recorded in the year in which Sport Canada authorizes the adjustment. The Association believes a review will not produce any material adverse financial effect on its financial position.

10. RELATED PARTY TRANSACTIONS:

As at March 31, 2008 there was an amount payable to an organization related by common directors. The amount payable as at March 31, 2008 was $5,066 (2007 – $121,581).

During the year ended March 31, 2008 funding was received from the same related organization in the amount of $2,122,614 (2007 – $1,717,673). See Note 1.

The transactions were measured at the exchange value (the amount of consideration established and agreed to by the parties to the transaction).

11. FINANCIAL INSTRUMENTS:

The fair values of cash and equivalents, accounts receivable and accounts payable and accrued liabilities approximate their carrying values due to the short term maturity of these instruments.

Marketable investments at March 31, 2008 are recorded at their market values (Note 5).

12. ECONOMIC DEPENDENCE:

The Association's purpose is to develop and administer the sport of bobsleigh and skeleton in Canada. The majority of revenue is earned under renewable contracts with the Government of Canada.

13. COMPARATIVE FIGURES:

Amounts for 2007 have been restated to conform with current year presentation.