

Schedule of Revenues and Expenses

**HALIFAX 2014 COMMONWEALTH GAMES CANDIDATE
CITY SOCIETY**

For the period from December 16, 2005 to May 31, 2007

Independent Auditors' Report on the Schedule of Revenues and Expenses

To the Directors of
Halifax 2014 Commonwealth Games Candidate City Society

At the request of Halifax 2014 Candidate City Society, we have audited the schedule of revenues and expenses for the period from December 16, 2005 to May 31, 2007 calculated in accordance with the accounting policies disclosed in Note 2. The schedule of revenues and expenses is the responsibility of the Society's management. Our responsibility is to express an opinion on the schedule of revenues and expenses based on our audit.

We conducted our audit in accordance with the Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the schedule of revenues and expenses is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the schedule of revenues and expenses. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the schedule of revenues and expenses.

In our opinion, this schedule presents fairly, in all material respects, the schedule of revenues and expenses of Halifax 2014 Candidate City Society in accordance with the accounting policies disclosed in the Note 2 to the schedule of revenues and expenses.



Chartered Accountants
Halifax, Nova Scotia
June 29, 2007

HALIFAX 2014 COMMONWEALTH GAMES CANDIDATE CITY SOCIETY

Schedule of Revenues and Expenses

Period from December 16, 2005 to May 31, 2007

	Budget (Unaudited)	Actual
REVENUES		
Public Financing		
Federal Government (Note 3)	\$ 3,500,000	\$ 2,012,702
Nova Scotia Government	3,500,000	3,500,000
Halifax Regionality Municipality	3,000,000	3,000,000
Employment Program	25,200	-
	10,025,200	8,512,702
Sponsorships (Note 5)	3,230,000	508,184
Lottery	500,000	500,000
Friends' Program	500,000	-
Other Revenue	30,000	67,995
Interest Revenue	25,000	45,362
Total revenues	\$ 14,310,200	\$ 9,634,243
EXPENSES		
Bid Marketing		
Partnership		
Visit to Countries/Events	\$ 1,099,955	\$ 1,010,548
Site Visit by the CGA's	515,356	53,195
CGA Support Program	700,000	8,956
Gifts	10,000	5,323
Meeting Costs and Other Expenses	48,000	11,108
Uniforms	54,065	17,338
	2,427,376	1,106,468
Sponsorship		
Pageantry and Signage Warehouse	232,928	-
Research	23,680	23,680
Services to Sponsor	295,000	163,852
Friends' Program	50,000	33
Merchandise	7,500	2,351
Meeting Costs and Other Expenses	2,000	124
Promotional Events	141,500	40,730
Exhibition, Salon and Gala	24,000	1,731
Educational Program and Press Conference	58,500	32,976
Promotional Tool Production	401,050	285,343
Advertising	144,000	86,178
Corporate Image	95,000	68,069
Publications	181,400	112,674
Meeting Costs and Other Expenses	2,000	1,708
Communication Materials	410,000	7,753
	2,068,558	827,201

**HALIFAX 2014 COMMONWEALTH GAMES CANDIDATE
CITY SOCIETY**

Schedule of Revenues and Expenses (continued)

Period from December 16, 2005 to May 31, 2007

	<u>Budget</u> (Unaudited)	<u>Actual</u>
Core Services		
People		
Salaries & Benefits	3,406,500	2,726,569
Meeting Costs and Other expenses	311,612	184,660
	<u>3,718,112</u>	<u>2,911,229</u>
Finance, Administration		
Employment Program	25,200	-
Financial Services	79,025	150,602
Legal Services	85,035	68,209
Insurance	49,000	26,334
Human Resources	84,410	29,723
Equipment and Office Supplies	182,150	158,473
Office Space Management (Note 5)	316,370	382,273
Volunteer Meals	12,500	-
Telecommunications	107,688	111,917
Computers	195,700	46,495
Photocopier and Audio - Visual Equipment	21,500	12,477
Meeting Costs and Other Expenses	2,000	714
Contingencies	689,998	-
Non-recoverable Harmonized Sales Tax	788,996	369,577
	<u>2,639,572</u>	<u>1,356,794</u>
Games Planning		
Venues, Games Operations and Bid Book		
Professional Fees	1,938,750	2,168,311
Bid Book Production	270,500	121,579
Consultants	1,074,514	997,341
Meetings and Other Expenses	97,818	99,766
Bid Legacies	75,000	-
	<u>3,456,582</u>	<u>3,386,998</u>
Total expenses	\$ 14,310,200	\$ 9,588,690
Excess of revenues over expenses	\$ -	\$ 45,553

HALIFAX 2014 COMMONWEALTH GAMES CANDIDATE CITY SOCIETY

Notes to the Schedule of Revenues and Expenses

Period from December 16, 2005 to May 31, 2007

1. DESCRIPTION OF THE OPERATIONS

Halifax 2014 Commonwealth Games Candidate City Society (“the Society”) was established under the Societies Act of the Province of Nova Scotia with a primary mandate of winning the right to host the 2014 Commonwealth Games on behalf of Canada.

2. ACCOUNTING POLICIES

The schedule of revenues and expenses has been prepared in accordance with the following significant accounting policies set out below. The schedule of revenues and expenses presented differs materially from Canadian generally accepted accounting principles because it is not prepared on a going concern basis.

Revenue recognition

The Society recognizes revenue from the federal government contribution agreement when persuasive evidence of an agreement exists and the terms and conditions of the agreement have been met. The Society recognizes revenue from unconditional grants such as the Nova Scotia Government Grant and the Halifax Regional Municipality Grant when committed and received. All other revenues are recognized substantially on a cash basis.

Expenses

The schedule of revenues and expenses only includes expenses paid and accrued by the Society.

Use of estimates

The preparation of the schedule of revenues and expenses requires management to make estimates and assumptions that affect the reported amounts of revenue and expenses during the reporting period. Significant estimates include certain accruals. Actual results could differ from these estimates.

3. CONTRIBUTION AGREEMENT

A contribution agreement was signed between the Society and the Federal Government that contains a number of clauses addressing the maximum federal contribution in relation to eligible expenditures and other sources of funding. Subsequent correspondence from the Federal Government has advised that there will be no additional funds paid beyond the Federal Government’s initial \$2 million contribution plus accrued interest.

The schedule of revenues and expenses does not reflect any adjustment for a potential reallocation of the sources of funding between the three levels of government and the Society is not in a position to determine if a reallocation will be required. With regard to any surplus of the Society, the Society's Memorandum of Association states that if for any reason the operations of the Society are terminated or are wound up, or are dissolved and there remains, at that time, after satisfaction of all its debts and liabilities, any property whatsoever, the same shall be paid to the Halifax Regional Municipality.

HALIFAX 2014 COMMONWEALTH GAMES CANDIDATE CITY SOCIETY

Notes to the Schedule of Revenues and Expenses

Period from December 16, 2005 to May 31, 2007

4. INCOME TAXES

The Society is a registered non-profit organization under the Societies Act of the Province of Nova Scotia and is exempt from income tax on its operations.

5. CONTRIBUTED GOODS AND SERVICES

During the period, the Society recorded \$140,184 in contributed goods and services. The majority of these contributions relate to in-kind rent and office furnishings. These contributions have been recorded at their fair market value on the date of contribution.

6. TRANSACTIONS WITH FUNDING PARTNERS

In the normal course of business, there were transactions between the various levels of government and the Society, including staff secondment and purchases of goods and services. All amounts paid by the Society to the various levels of government were done on a cost-recovery basis.