PROTECTED B

Financial Statements of

MULTISPORT CENTRE OF EXCELLENCE FOUNDATION

Year ended September 30, 2009

[redacted]

[redacted]

AUDITORS' REPORT

To the Members of the
MultiSport Centre of Excellence Foundation

We have audited the statement of financial position of MultiSport Centre of Excellence Foundation (the "Foundation") as at September 30, 2009 and the statements of operations and deficiency in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. 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 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 our opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at September 30, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

[redacted]

Chartered Accountants

Burnaby, Canada
[redacted]

[redacted]

MULTISPORT CENTRE OF EXCELLENCE FOUNDATION

Statement of Financial Position

September 30, 2009, with comparative figures for 2008

	2009	2008
Assets		
Current assets:		
Cash and cash equivalents	$ 15,213	$ 266,412
Short-term investments and marketable securities (note 3)	19,104	664,593
Deposits	1,798,622	2,686,422
GST receivable	96,419	537,646
Accounts receivable	1,626	-
Prepaids	16,914	-
	1,947,898	4,155,073
Capital assets (note 4):		
Land	3,098,439	3,098,439
Building construction in process	13,136,989	12,194,741
	16,235,428	15,293,180
	$ 18,183,326	$ 19,448,253
Liabilities and Deficiency in Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 183,927	$ 2,584,089
Deferred revenue	1,200	-
	185,127	2,584,089
Notes payable to related parties (note 5)	23,516,517	17,392,300
Due to related party (note 6)	11,000	11,000
Deficiency in net assets	(5,529,318)	(539,136)
	$ 18,183,326	$ 19,448,253

See accompanying notes to financial statements.

Approved on behalf of the Board:

____________________ Director ____________________ Director

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MULTISPORT CENTRE OF EXCELLENCE FOUNDATION

Statement of Operations and Deficiency in Net Assets

	Year ended September 30, 2009	Period from incorporation on October 18, 2007 to September 30, 2008
Revenue:		
Rental income	$ 16,140	$ -
Interest	6,205	46,356
Investment income (loss)	8,304	(264,370)
	30,649	(218,014)
Expenses:		
Accounting and legal	67,188	-
Administration	16,325	1,229
Banking	578	130
Brokerage fees	-	49,562
Contract consulting	20,582	-
Donations	-	1,500
Insurance	19,240	-
Interest on note payable (note 5)	4,488,392	268,701
Property taxes	182,211	-
Rent	12,099	-
Salaries and benefits	212,523	-
Travel	1,693	-
	5,020,831	321,122
Deficiency of revenue over expenses	(4,990,182)	(539,136)
Deficiency in net assets, beginning of period	(539,136)	-
Deficiency in net assets, end of period	$ (5,529,318)	$ (539,136)

See accompanying notes to financial statements.

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MULTISPORT CENTRE OF EXCELLENCE FOUNDATION

Statement of Cash Flows

	Year ended September 30, 2009	Period from incorporation on October 18, 2007 to September 30, 2008
Cash provided by (used in):		
Operations:		
Deficiency of revenue over expenses	$ (4,990,182)	$ (539,136)
Items not involving cash:		
Investment loss (income)	(8,304)	17,292
Interest accrued on notes payable	4,489,217	268,701
Changes in non-cash operating working capital:		
Deposits	887,800	-
GST receivable	441,227	(537,646)
Accounts receivable	(1,626)	5,219
Prepaids	(16,914)	-
Accounts payable and accrued liabilities	(2,400,162)	(571,011)
Deferred revenue	1,200	-
	(1,597,744)	(1,356,581)
Investments:		
Decrease in short-term investments and marketable securities	653,793	-
Additions to capital assets	(942,248)	(7,343,662)
Acquisition of cash for note payable	-	152,747
	(288,455)	(7,190,915)
Financing:		
Increase in note payable	1,635,000	-
Increase in investments	-	8,802,908
Increase in due to related party	-	11,000
	1,635,000	8,813,908
Increase (decrease) in cash	(251,199)	266,412
Cash, beginning of period	266,412	-
Cash, end of period	$ 15,213	$ 266,412
Supplementary information:		
Acquisition of capital assets in exchange for note payable to related party (note 5)	$ -	$ 7,949,518
Investments acquired in exchange for note payable to related party (note 5)	-	9,484,793
Net working capital transferred from related party	-	(462,632)

See accompanying notes to financial statements.

MULTISPORT CENTRE OF EXCELLENCE FOUNDATION

Notes to Financial Statements

Year ended September 30, 2009

1. **Operations:**

   The Multisport Centre of Excellence Foundation (the "Foundation") was incorporated under Part II of the Canada Corporations Act by Letters Patent on October 18, 2007. As a registered public foundation, the Foundation is exempt from tax under the Income Tax Act. The Foundation is in the process of constructing a sporting facility to be used in providing service to the community.

   These financial statements have been prepared on a going concern basis, which assumes the assets will be realized and used and liabilities discharged in the normal course of operations. Should the going concern assumption not be appropriate, stated amounts of assets and liabilities may not be valid. The holders of the notes payable aggregating $23,516,517 have provided written confirmation that they will not demand payment during the year ending September 30, 2010. Should this commitment not extend past that date, and new sources of funding are not secured, the going concern assumption may no longer be appropriate.

2. **Significant accounting policies:**

   These financial statements are prepared in accordance with Canadian generally accepted accounting principles for not-for-profit entities and include the following significant accounting policies:

   (a) Revenue recognition:

   The Foundation follows the deferral method of accounting for contributions. Restricted contributions are initially deferred and recognized as revenue in the year in which the related expenses are incurred or the restrictions are met. Unspent amounts are included in deferred revenue and contributions. 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.

   (b) Capital assets:

   Land is recorded at its historical cost at the date of its acquisition. Depreciable capital assets are recorded at cost less accumulated amortization and are amortized over their estimated useful lives, commencing the date they are available for use. No amortization has been charged to date on building construction in process as these assets are not yet available for use. The Foundation does not capitalize interest on debt related to construction.

   (c) Deposits:

   Deposits consist of amounts paid to local government for land planning and construction bonds.

MULTISPORT CENTRE OF EXCELLENCE FOUNDATION

Notes to Financial Statements (continued)

Year ended September 30, 2009

2. Significant accounting policies (continued):

(d) 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 disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from these estimates.

(e) Financial instruments:

The Foundation accounts for its financial instruments in accordance with Section 3855 of the Canadian Institute of Chartered Accountants ("CICA") Handbook, "*Financial Instruments - Recognition and Measurement*". This section requires that all non-derivative financial assets and liabilities be measured at fair value with the exception of (i) loans and receivables and held-to-maturity investments, which should be measured at amortized cost; and (ii) investments in equity instruments that do not have a quoted market price in an active market, which should be measured at cost, other than such instruments that are classified as held for trading. This section also requires that gains and losses on financial instruments measured at fair value be recognized in net income in the periods in which they arise, with the exception of (i) unrealized gains and losses on financial assets classified as available-for-sale, which are recognized directly in net assets until the financial asset is derecognized or becomes impaired; and (ii) certain financial instruments that are part of a designated hedging relationship.

The Foundation classifies its deposits and accounts receivable as loans and receivables and has measured these instruments at amortized cost. Impairment losses are recorded in the period they arise. Accounts payable and notes payable are classified as other liabilities and measured at amortized cost.

Short-term investments and marketable securities have been designated as held for trading and measured at fair value. Changes in fair value are recorded in statement of operations in the period they arise.

(f) Adoption of accounting policies:

(i) Assessing going concern:

Effective October 1, 2008, the Foundation adopted CICA Handbook Section 1400, *General Standards of Financial Statement Presentation,* which includes requirements for management to assess and disclose an entity's ability to continue as a going concern. Management's assessment of the going concern assumption is disclosed in note 1.

MULTISPORT CENTRE OF EXCELLENCE FOUNDATION

Notes to Financial Statements (continued)

Year ended September 30, 2009

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2. Significant accounting policies (continued):

(f) Adoption of accounting policies (continued):

(ii) Capital disclosures:

Effective October 1, 2009, the Foundation adopted CICA Handbook Section 1535, *Capital Disclosures*. Under this new standard, the Foundation is required to disclose both qualitative and quantitative information that enables users of the financial statements to evaluate the Foundation's objectives, policies, and processes for managing capital. It also includes disclosure regarding what the Foundation regards as capital, whether the Foundation has complied with any external requirements and in the event of non-compliance, the consequences of not complying with these capital requirements.

The Foundation defines capital to be net assets and notes payable to related parties. There are no external restrictions on the Foundation's capital.

(g) Future accounting pronouncements:

(i) Revisions to Not-for-Profit accounting standards:

In September 2008, the CICA issued amendments to Handbook Sections 4400, *Financial Statement Presentation by Not-for-Profit Organizations*, and 4470, *Disclosure of Allocated Expenses by Not-for-Profit Organizations*. The amendments are effective for the Foundation's fiscal year commencing October 1, 2009 and remove the requirement to disclose net assets invested in capital assets, clarify capital asset recognition criteria and amortization, expand interim financial statement requirements to not-for-profit organizations that prepare interim financial statements, require disclosure of allocated fundraising and general support expenses by not-for-profit organizations, and include the requirement to follow Handbook Section 1540, *Cash Flow Statements*. The Foundation does not believe the adoption of these standards will have a material impact on its financial statements.

(ii) Changes in accounting framework:

The CICA has decided to transition Canadian GAAP for publicly accountable entities to International Financial Reporting Standards effective January 1, 2011. The Foundation is classified as a not-for-profit organization. The Accounting Standards Board and Public Sector Accounting Board jointly issued an Invitation to Comment inviting feedback on the future of financial reporting by not-for-profit organizations. An exposure draft is expected in 2010. The Foundation is in the process of reviewing the potential impact of these documents on its reporting framework and financial statements.

MULTISPORT CENTRE OF EXCELLENCE FOUNDATION

Notes to Financial Statements (continued)

Year ended September 30, 2009

3. Short-term investments and marketable securities:

	2009	2008
Term deposits	$ -	$ 653,793
Marketable securities	19,104	10,800
	$ 19,104	$ 664,593

4. Capital assets:

Building construction in process relates to a multi-sport centre. No amortization has been charged in the year as the facility was not complete.

5. Notes payable to related parties:

(a) Elysium Foundation:

A note payable in the amount of $17,124,424 plus accrued interest of $4,541,521 is due to Elysium Foundation, a party related by virtue of common control and board membership. The note was transferred via deed of gift from New Dimensions Foundation to Elysium Foundation on May 15, 2009.

The note is interest bearing at 20% per annum and is secured by a first charge mortgage on the land and buildings of the Foundation and a general security agreement.

The note is repayable on demand, with 90 days notice.

(b) Note payable to director:

At September 30, 2009, the Foundation had an outstanding note to a director of the Foundation bearing interest at 20% per annum, with a principal of $1,635,000 in addition to accrued interest of $215,572.

The note is unsecured and is repayable on demand, with 90-days notice.

6. Due to related party:

At September 30, 2009, the Foundation had an outstanding amount payable to its sole member in the amount of $11,000.

7. Financial instruments:

The carrying amounts of accounts receivable, accounts payable and notes payable are recorded at amortized cost which approximates their fair value.