
Financial statements of Canadian Paralympic Committee

March 31, 2018

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Independent Auditor's Report

To the Members of
Canadian Paralympic Committee

We have audited the accompanying financial statements of Canadian Paralympic Committee, which comprise the statement of financial position as at March 31, 2018, and the statements of revenue and expenses, changes in net assets 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.

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 judgement, 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 Canadian Paralympic Committee as at March 31, 2018, 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.



Chartered Professional Accountants
Licensed Public Accountants

August 21, 2018

Canadian Paralympic Committee

Statement of financial position

As at March 31, 2018

	Notes	2018	2017
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	3	1,870,959	2,103,308
Accounts receivable	4	3,044,801	1,398,465
Due from Paralympic Foundation of Canada		200,036	280,482
Prepaid expenses		44,984	176,832
		5,160,780	3,959,087
Capital assets	5	156,427	177,573
Intangible assets	6	135,443	75,751
		5,452,650	4,212,411
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		2,331,840	660,234
Deferred revenue - current		1,089,933	1,082,090
		3,421,773	1,742,324
Deferred revenue		325,770	750,860
Deferred contributions related to capital and intangible assets	8	291,870	253,324
Lease inducement	10	53,577	60,274
		4,092,990	2,806,782
Commitment	11		
Net assets			
Unrestricted		1,359,660	1,405,629
		5,452,650	4,212,411

The accompanying notes are an integral part of the financial statements.

Approved by the Board


_____, Director


_____, Director

Canadian Paralympic Committee
Statement of revenue and expenses
Year ended March 31, 2018

	Notes	2018	2017
		\$	\$
Revenue			
Government contributions	9	5,825,051	6,095,163
Sponsorships		5,191,425	4,151,754
Grants - Paralympic Foundation of Canada		800,000	250,000
Interest		33,851	13,687
Amortization of deferred contributions related to capital and intangible assets	8	125,811	116,618
In-kind contributions		2,718,459	2,932,539
Other		137,846	311,550
		14,832,443	13,871,311
Expenses			
Corporate services		1,519,462	1,176,350
Amortization of capital and intangible assets		125,811	116,618
Communications and brand		3,644,096	3,338,288
Franchise holders' working group		213,280	223,309
Games operations and delivery		3,015,126	2,953,248
Paralympic performance and pathways		2,264,081	2,074,661
Partnership		1,378,097	1,301,357
Utilized value, in-kind contributions		2,718,459	2,932,539
		14,878,412	14,116,370
Deficiency of revenue over expenses		(45,969)	(245,059)

The accompanying notes are an integral part of the financial statements.

Canadian Paralympic Committee
Statement of changes in net assets
Year ended March 31, 2018

	2018			2017
	Invested in capital and intangible assets	Unrestricted	Total	Total
	\$	\$	\$	\$
Balance, beginning of year	—	1,405,629	1,405,629	1,650,688
Deficiency of revenue over expenses	—	(45,969)	(45,969)	(245,059)
Amortization of capital and intangible assets	125,811	(125,811)	—	—
Purchase of capital and intangible assets	164,358	(164,358)	—	—
Increase of deferred contributions related to capital and intangible assets	(164,358)	164,358	—	—
Amortization of deferred contributions related to capital and intangible assets	(125,811)	125,811	—	—
Balance, end of year	—	1,359,660	1,359,660	1,405,629

The accompanying notes are an integral part of the financial statements.

Canadian Paralympic Committee

Statement of cash flows

Year ended March 31, 2018

	Notes	2018	2017
		\$	\$
Operating activities			
Deficiency of revenue over expenses		(45,969)	(245,059)
Items not affecting cash			
Amortization of capital assets		45,703	50,140
Amortization of intangible assets		80,108	66,478
Amortization of deferred contributions related to capital and intangible assets		(125,811)	(116,618)
		(45,969)	(245,059)
Changes in non-cash operating working capital items	13	(179,683)	(432,512)
		(225,652)	(677,571)
Financing activities			
Increase in deferred contributions related to capital and intangible assets	8	164,358	64,032
Decrease in lease inducement	10	(6,697)	(6,697)
		157,661	57,335
Investing activities			
Acquisition of capital assets		(24,557)	(21,313)
Acquisition of intangible assets		(139,801)	(42,719)
		(164,358)	(64,032)
Net decrease in cash and cash equivalents		(232,349)	(684,268)
Cash and cash equivalents, beginning of year		2,103,308	2,787,576
Cash and cash equivalents, end of year		1,870,959	2,103,308

The accompanying notes are an integral part of the financial statements.

1. Purpose of the organization

Canadian Paralympic Committee (the "Organization") was incorporated under the *Canada Corporations Act* on April 1, 1982, as a not-for-profit organization and was continued under the *Canada Not-for-profit Corporations Act* on July 25, 2014. The Organization is a registered Canadian amateur athletic association under the *Income Tax Act* and, as such, is exempt from income taxes. The Organization is recognized by the International Paralympic Committee and is responsible for all aspects of Canada's involvement in the paralympic movement, including the Summer and Winter Games.

2. Significant accounting policies

Basis of presentation

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

Financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for cash and cash equivalents, which are measured at fair value. Realized and unrealized changes in fair value are recognized in the statement of revenue and expenses.

Fair value

The fair value of accounts receivable, in-kind contributions receivable and accounts payable and accrued liabilities approximates their carrying value due to their short-term maturity. It is management's opinion that the Organization is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Contributed goods and services

The Organization records the value of contributed goods and services when a fair value can be reasonably estimated and when the goods and services would normally be purchased by the Organization.

The Organization receives in-kind contributions from different partners. The in-kind contributions are recorded as revenue and expenses in the year they are utilized.

Capital assets and intangible assets

Capital assets and intangible assets purchased or internally developed intangible assets are recorded at cost. These assets are amortized based on their estimated useful life on a declining balance basis using the following rates:

Office furniture	20%
Computer equipment	55%
Website development	55%

Leasehold improvements are amortized over the term of the lease.

2. Significant accounting policies (continued)

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.

Revenue recognition

The Organization follows the deferral method of accounting for revenue. Unrestricted contributions are recognized as revenue in the year they are received or receivable if the amount to be received can be reasonably assured. Restricted contributions are deferred and recognized as revenue in the year in which it is earned or the related expenses are incurred.

Externally restricted contributions used to purchase depreciable capital or intangible assets are deferred and amortized over the life of the related asset.

Sponsorships for multi-year agreements are deferred and recognized as revenue on a straight-line basis over the terms of the agreements.

Lease inducement

The lease inducement is initially recorded at cost and amortized over the term of the lease.

Use of estimates

The preparation of 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from these estimates. Assumptions are used in estimating the collectibility of accounts receivable, the useful life of capital and intangible assets and the amount of accrued liabilities.

3. Cash and cash equivalents

	2018	2017
	\$	\$
Cash	1,866,872	2,098,278
Guaranteed investment certificates	4,087	5,030
	1,870,959	2,103,308

The effective interest rate of the guaranteed investment certificates is 1.15% (1.15% in 2017). Due to the nature of these investments, the Organization is not exposed to any significant interest, currency or credit risks.

4. Accounts receivable

	2018	2017
	\$	\$
Sport Canada	61 497	1 000
Harmonized Sales Tax receivable	330 419	206 761
Sponsorships and other receivables	2 652 885	1 190 704
	3 044 801	1 398 465

5. Capital assets

	2018			2017
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Office furniture	186,736	106,363	80,373	100,467
Computer equipment	193,033	164,855	28,178	23,053
Leasehold improvements	61,775	13,899	47,876	54,053
	441,544	285,117	156,427	177,573

6. Intangible assets

	2018			2017
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Website development	631,069	495,625	135,443	75,751

7. Line of credit

The Organization has a \$50,000 authorized line of credit which bears interest at prime plus 1.00% (prime plus 2.85% in 2017) and a Corporate credit card with a \$175,000 limit, secured by a general security agreement and renewable annually. The line of credit was not used as at March 31, 2018 (not used in 2017) and \$101,483 was used on the Corporate credit card (\$72,229 in 2017).

8. Deferred contributions related to capital and intangible assets

Deferred contributions related to capital and intangible assets represent the unamortized amount of the contributions received and used for the purchase or development of the capital and intangible assets. The changes in the deferred contributions balance for the year are as follows:

	2018	2017
	\$	\$
Balance, beginning of year	253,324	305,910
Contributions received	164,357	64,032
Contributions recognized to revenue	(125,811)	(116,618)
Balance, end of year	291,870	253,324

9. Government contributions

Contributions received from the government of Canada are subject to specific terms and conditions regarding the expenses of the funds. The Organization's records are subject to audit by the government of 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 the government of Canada. In the event that adjustments to prior years' contributions are requested, they would be recorded in the year in which the government of Canada requests the adjustments.

Government contributions for the year ended March 31, 2018, consist of the following:

	2018	2017
	\$	\$
Sport Canada	5,534,767	5,873,463
Sport Canada - Franchise holders' working group	213,794	221,700
Sport Canada revenue	5,748,561	6,095,163
Ontario Trillium Foundation	26,490	—
Ontario Parasport Strong	50,000	—
	5,825,051	6,095,163

9. Government contributions (continued)

A contribution agreement between the Organization and Sport Canada exists for the period from April 1, 2017 to March 31, 2020. General administration, governance expenses, salaries, fees and benefits and operations/programming are allocated to programs according to management's best estimate based on project activities. The schedule of funding and disbursements from the Sport Canada Support Program for the period is:

	Budget approved by Sport Canada	Actuals
	\$	\$
Funding ⁽¹⁾	5,839,191	5,839,191
Disbursements ⁽²⁾		
Administration	500,000	604,594
Governance	100,000	133,126
Staff salaries	2,100,000	2,953,275
Operating programming	3,126,191	4,874,684
Official languages	13,000	67,927
	5,839,191	8,633,606

(1) Sport Canada revenue reconciliation

	\$
Approved funding received for 2017-2018	5,839,191
Less 2017-2018 additions to capital assets	(164,358)
Less amounts deferred as at March 31, 2018	(22,397)
Plus amounts recognized as revenue from 2016-2017 deferred revenue	96,125
Amount recognized as revenue	5,748,561

(2) Sport Canada expense reconciliation

	\$
Actual disbursements for 2017-2018	8,633,606
Less 2017-2018 additions to capital assets	(164,358)
Less amounts deferred as at March 31, 2018	(22,397)
Plus amounts recognized as revenue from 2016-2017 deferred revenue	96,125
Amount recognized as expenses	8,542,976

10. Lease inducement

	2018			2017
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Lease inducement	66,971	13,394	53,577	60,274

11. Commitment

The Organization leases certain office equipment under operating leases which expire up until 2025. Future lease payments over the next five years are as follows:

	\$
2019	291,354
2020	291,354
2021	293,958
2022	301,770
2023	301,770
	<u>1,480,206</u>

12. Capital management

The Organization defines its capital as its net assets, which are subject to a general security agreement signed under the line of credit arrangement. Management's objectives, when managing capital, are to safeguard the Organization's ability to continue as a going concern, so that it can continue to provide services in accordance with its mission and to manage grants and contributions with external restrictions that comply with the conditions for using the financial resources. The Organization monitors its capital by reviewing various financial metrics, including cash flows and variances to forecasts and budgets.

Capital management objectives, policies and procedures are unchanged since the preceding year.

The Organization has complied with all the capital requirements, including the requirements respecting external restrictions.

13. Changes in non-cash operating working capital items

	2018	2017
	\$	\$
Accounts receivable	(1,485,444)	(1,383,675)
Due from/to the Paralympic Foundation of Canada	(80,446)	197,031
Prepaid expenses	131,848	1,325,057
Accounts payable and accrued liabilities	1,671,606	(971,714)
Deferred revenue	(417,247)	400,789
	<u>(179,683)</u>	<u>(432,512)</u>

14. Related party transactions

The primary purpose of the Paralympic Foundation of Canada (the "Foundation") is to help ensure that the programs, equipment and people are in place to propel more Canadians with a disability all the way from the playground to the paralympic podium. The Foundation raises funds to solely support the programs and activities of the Organization. The Foundation is controlled by the Organization.

The Foundation is a public foundation exempt from income taxes and is able to issue donation receipts for income tax purposes.

14. Related party transactions (continued)

The Organization's financial statements have not been prepared on a consolidated basis. The statement of financial position, statement of revenue and expenses and statement of cash flows are summarized as follows:

	2018	2017
	\$	\$
Statement of financial position		
Assets		
Current assets	838,930	565,001
Liabilities		
Current liabilities	213,341	285,338
Fund balances		
Unrestricted - General Administration Fund	320,990	279,663
Externally restricted - Circle of Champions Fund	36,011	—
Externally restricted - Fall Campaign Fund	21,827	—
Externally restricted - ImagiNation Campaign Fund	246,761	—
	625,589	279,663
	838,930	565,001

	2018	2017
	\$	\$
Statement of revenue and expenses		
Revenue	1,324,466	542,729
Expenses	178,540	111,691
Excess of revenue over expenses before contribution to the Organization	1,145,926	431,038
Contribution to the Organization	800,000	250,000
Excess of revenue over expenses	345,926	181,038

	2018	2017
	\$	\$
Statement of cash flows		
Operating activities	(119,320)	444,986
Net (decrease) increase in cash	(119,320)	444,986

14. Related party transactions (continued)

The Organization provides the Foundation support with the human resources , the amount of which could be estimated to \$275,795 (\$168,106 in 2017)

As at March 31, 2018, the Organization has an amount receivable of \$200,036 (\$280,482 in 2017) from the Foundation. For the year ended March 31, 2018, the Organization received a contribution of \$800,000 (\$250,000 in 2017) from the Foundation.

15. Comparative figures

In certain instances, the corresponding amounts have been reclassified to conform to the financial statement presentation adopted in the current year.