
Financial statements of Paralympic Foundation of Canada

March 31, 2019

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Independent Auditor's Report

To the members of
Paralympic Foundation of Canada

Opinion

We have audited the financial statements of Paralympic Foundation of Canada (the "Foundation"), which comprise the statement of financial position as at March 31, 2019, and the statements of revenue and expenses, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2019, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
August 21, 2019

Paralympic Foundation of Canada

Statement of financial position

As at March 31, 2019

	Notes	2019 \$	2018 \$
Assets			
Current assets			
Cash		460,896	407,615
Accounts receivable		226,382	430,265
Prepaid expenses		11	1,050
		687,289	838,930
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		39,518	13,305
Due to Canadian Paralympic Committee	5	97,896	200,036
		137,414	213,341
Fund balances			
Unrestricted – General Administration Fund		124,259	320,990
Externally restricted – Circle of Champions Fund		—	36,011
Externally restricted – Fall Campaign Fund		46,232	21,827
Externally restricted – ImagiNation Campaign Fund		379,384	246,761
		549,875	625,589
		687,289	838,930

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

Approved by the Board

 , Director

 , Director

Paralympic Foundation of Canada
Statement of revenue and expenses
Year ended March 31, 2019

					2019	2018
	General Administration Fund	Circle of Champions Fund	Fall Campaign Fund	ImagiNation Campaign Fund	Total	Total
	\$	\$	\$	\$	\$	\$
Revenue						
General donations	51,761	—	—	—	51,761	112,489
Circle of Champions	—	81,528	—	—	81,528	93,296
Fall Campaign	—	—	27,047	—	27,047	26,529
Events	295,772	—	—	—	295,772	221,180
Cause marketing	42,704	—	—	—	42,704	84,477
ImagiNation	—	—	—	692,231	692,231	784,408
In-kind contributions	20,605	—	—	—	20,605	2,087
	410,842	81,528	27,047	692,231	1,211,648	1,324,466
Expenses						
Administration	207,573	1,029	2,642	26,118	237,362	178,540
Excess of revenue over expenses before contributions to Canadian Paralympic Committee	203,269	80,499	24,405	666,113	974,286	1,145,926
Contributions to Canadian Paralympic Committee	—	—	—	1,050,000	1,050,000	800,000
(Deficiency) excess of revenue over expenses	203,269	80,499	24,405	(383,887)	(75,714)	345,926

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

Paralympic Foundation of Canada
Statement of changes in fund balances
Year ended March 31, 2019

	2019				2018	
	General Administration Fund Unrestricted	Circle of Champions Fund Externally restricted	Fall Campaign Fund Externally restricted	ImagiNation Campaign Fund Externally restricted	Total	
	\$	\$	\$	\$	Total \$	
Balance, beginning of year	320,990	36,011	21,827	246,761	625,589	279,663
(Deficiency) excess of revenue over expenses	203,269	80,499	24,405	(383,887)	(75,714)	345,926
Internal transfers	(400,000)	(116,510)	—	516,510	—	—
Balance, end of year	124,259	—	46,232	379,384	549,875	625,589

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

Paralympic Foundation of Canada

Statement of cash flows

Year ended March 31, 2019

		2018	2017
	Notes	\$	\$
Operating activities			
(Deficiency) excess of revenue over expenses		(75,714)	345,926
Changes in non-cash operating working capital items	4	128,995	(465,246)
		53,281	(119,320)
Net increase (decrease) in cash		53,281	(119,320)
Cash, beginning of year		407,615	526,935
Cash, end of year		460,896	407,615

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

1. Purpose of the foundation

Paralympic Foundation of Canada (the "Foundation") was established 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 Canadian Paralympic Committee.

The Foundation was incorporated under the *Canada Corporations Act* on February 19, 2015, without share capital. The Foundation is a public foundation registered under the *Income Tax Act* (Canada) effective June 12, 2015, and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes.

2. Accounting policies

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

Fund accounting

The accounts of the Foundation are maintained in accordance with the principles of fund accounting. Resources received and expended are classified for accounting and reporting purposes into funds according to objectives specified externally by donors or internally by the Board.

(a) General Administration Fund

The General Administration Fund accounts for all the Foundation's programs and administrative activities that relate to undesignated funds.

(b) Circle of Champions Fund

The Circle of Champions Fund was established to support targeted initiatives including coaching, training and innovation and equipment.

(c) Fall Campaign Fund

The Fall Campaign Fund was established to support targeted community-level initiatives including Parasport Jumpstart Fund, Paralympic Schools Week, FUNdamentals Physical Literacy Resource and Find a Sport / Activity / Club online resource.

(d) ImagiNation Campaign Fund

The ImagiNation Campaign Fund was established to help make sport more accessible and available to all through Early Athlete Development and Next Generation Athlete Development.

Revenue recognition

The Foundation follows the restricted fund method of accounting, wherein contributions related to general operations are recognized as revenue of the General Administration Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. All other restricted contributions are recognized as revenue of the appropriate restricted fund. Restricted contributions, for which the Foundation has no corresponding restricted fund, are deferred and recognized as revenue in the General Administration Fund in the year in which the related expenses are incurred.

2. Accounting policies (continued)

Revenue recognition (continued)

Donations are recognized as received. Donated services and materials which would normally be purchased by the Foundation are accounted for at their estimated fair value. Pledges are not recorded until collected.

Financial instruments

The Foundation initially measures its financial assets and financial liabilities at fair value. The Foundation subsequently measures all its financial assets and financial liabilities at amortized cost, except for cash which is measured at fair value.

Donations in kind

The Foundation receives in-kind contributions from partnerships. The in-kind contributions are for auditing fees and are recorded as revenue and expenses in the year they are utilized.

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 reporting period. Major estimates and assumptions made by management include the collectibility of accounts receivable and the establishment of the amount of accrued liabilities. Actual results could differ from these estimates.

3. Capital management

The Foundation's objectives in managing capital are:

- (a) to ensure that sufficient financial resources are in place to deliver on priorities set by the Board of Directors during its strategic plan review;
- (b) to safeguard the Foundation's ability to continue as a charitable organization and meet the objectives of the different funds;
- (c) to invest funds in financial instruments in accordance with its investment policy; and
- (d) to manage donations with external restrictions that specify conditions for the use of financial resources.

Capital consists of the General Administration Fund, the Circle of Champions Fund, the Fall Campaign Fund and the ImagiNation Campaign Fund balances. There have been no changes to the Foundation's capital requirements and its overall strategy for capital remains unchanged since the preceding period. The Foundation has complied with requirements respecting restricted donations.

The Foundation monitors its capital by reviewing various financial metrics, including cash flows and variances to forecasts and budgets.

4. Additional information relating to the statement of cash flows

	2019	2018
	\$	\$
<i>Changes in non-cash operating working capital items</i>		
Accounts receivable	203,883	(395,844)
Prepaid expenses	1,039	2,595
Accounts payable and accrued liabilities	26,213	8,449
Due to Canadian Paralympic Committee	(102,140)	(80,446)
	128,995	(465,246)

5. Related party transactions

Canadian Paralympic Committee (the "Organization"), a separate not-for-profit organization, is responsible for all aspects of Canada's involvement in the paralympic movement, including the Summer and Winter Games and controls the Foundation.

As per the master service agreement between the Organization and the Foundation, the Organization provides the Foundation with support in regard to human resources, the amount of which could be estimated to \$312,045 (\$275,795 in 2018).

As at March 31, 2019, the Foundation has an amount payable of \$97,896 (\$200,036 in 2018) to the Organization. For the year ended March 31, 2019, the Foundation contributed an amount of \$1,050,000 (\$800,000 in 2018) to the Organization.

6. Interfund transfers

The Foundation supports the strategic initiatives of the Canadian Paralympic Committee. The ImaginaNation fund was created to support both early athlete development initiatives as well as the Government of Canada Next Generation Athlete program, through which the Government of Canada provides \$1 Million annually in matching funds. The internal funds transfers for 2019 reflect the Foundation's direction by Canadian Paralympic Committee on the most critical priorities areas of focus.