
Financial statements of Canadian Paralympic Committee

March 31, 2021

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Independent Auditor's Report

To the members of
Canadian Paralympic Committee

Opinion

We have audited the financial statements of Canadian Paralympic Committee (the "Organization"), which comprise the statement of financial position as at March 31, 2021, and the statements of revenue and expenses, changes in net assets 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 Organization as at March 31, 2021, 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 Organization 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 Organization'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 Organization'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 Organization 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 12, 2021

Canadian Paralympic Committee

Statement of financial position

As at March 31, 2021

	Notes	2021 \$	2020 \$
Assets			
Current assets			
Cash and cash equivalents	3	7,325,694	3,843,725
Accounts receivable	4	975,215	592,109
Due from Paralympic Foundation of Canada	15	470	216,923
Prepaid expenses		1,539,671	1,406,082
		9,841,050	6,058,839
Capital assets	5	117,538	144,179
Intangible assets	6	382,626	298,763
		10,341,214	6,501,781
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		691,012	810,181
Current portion of deferred revenue	8	4,876,755	867,711
		5,567,767	1,677,892
Deferred revenue	8	498,279	2,356,345
Deferred contributions related to capital and intangible assets	9	500,164	442,942
Lease inducement	11	34,005	40,183
		6,600,215	4,517,362
Commitment	12		
Net assets			
Unrestricted		3,740,999	1,984,419
		10,341,214	6,501,781

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, 2021

	Notes	2021	2020
		\$	\$
Revenue			
Government contributions	10	4,865,256	5,608,219
Sponsorships		2,796,914	2,569,968
Grants – Paralympic Foundation of Canada	15	1,040,000	1,200,000
Interest		32,622	86,355
Amortization of deferred contributions related to capital and intangible assets	9	307,449	246,454
In-kind contributions		533,814	565,519
Other		700	374,552
		9,576,755	10,651,067
Expenses			
Corporate services		2,372,678	1,801,027
Amortization of capital and intangible assets		307,449	246,454
Communications and brand		697,351	1,158,855
Major Games Canada		178,599	242,515
Games operations and delivery		500,660	2,384,322
Paralympic performance and pathways		2,603,516	3,053,908
Partnership		626,108	996,302
Utilized value of in-kind contributions		533,814	565,519
		7,820,175	10,448,902
Excess of revenue over expenses		1,756,580	202,165

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

Canadian Paralympic Committee
Statement of changes in net assets
Year ended March 31, 2021

	Invested in capital and intangible assets	Unrestricted	2021 Total	2020 Total
	\$	\$	\$	\$
Balance, beginning of year	—	1,984,419	1,984,419	1,782,254
Excess of revenue over expenses	—	1,756,580	1,756,580	202,165
Amortization of capital and intangible assets	(307,449)	307,449	—	—
Purchase of capital and intangible assets	364,671	(364,671)	—	—
Increase in deferred contributions related to capital and intangible assets	(364,671)	364,671	—	—
Amortization of deferred contributions related to capital and intangible assets	307,449	(307,449)	—	—
Balance, end of year	—	3,740,999	3,740,999	1,984,419

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

Canadian Paralympic Committee

Statement of cash flows

Year ended March 31, 2021

		2021	2020
	Notes	\$	\$
Operating activities			
Excess of revenue over expenses		1,756,580	202,165
Items not affecting cash			
Amortization of capital assets		48,991	57,307
Amortization of intangible assets		258,458	189,147
Amortization of deferred contributions related to capital and intangible assets		(307,449)	(246,454)
		1,756,580	202,165
Changes in non-cash operating working capital items	14	1,731,567	(1,838,739)
		3,488,147	(1,636,574)
Investing activities			
Acquisition of capital assets		(22,350)	(39,133)
Acquisition of intangible assets		(342,321)	(288,013)
		(364,671)	(327,146)
Financing activities			
Increase in deferred contributions related to capital and intangible assets	9	364,671	327,146
Decrease in lease inducement	11	(6,178)	(6,697)
		358,493	320,449
Net (decrease) increase in cash and cash equivalents		3,481,969	(1,643,271)
Cash and cash equivalents, beginning of year		3,843,725	5,486,996
Cash and cash equivalents, end of year		7,325,694	3,843,725

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. 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:

Revenue recognition

The Organization follows the deferral method of accounting for revenue. Unrestricted contributions are recognized as revenue when 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 they are earned or the related expenses are incurred.

Externally restricted contributions used to purchase depreciable capital or intangible assets are deferred and amortized over the useful 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.

Financial instruments

Financial instruments include, cash, accounts receivable, due from Canadian Paralympic Committee and accounts payable and accrued liabilities.

Financial assets and liabilities are initially recognized at fair value. Subsequently all financial instruments are measured at amortized cost, except for cash and cash equivalents, which is measured at fair value.

Related party transactions in the normal course of business are measured at the exchange amount.

Interest earned and accrued is included in interest revenue.

Fair value

The fair value of accounts 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 rate, 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. The in-kind contributions represent legal, communication, project management and governance services provided by corporate sponsors of the Organization.

2. Accounting policies (continued)

Prepaid expenses

Certain expenses for games occurring after the fiscal year-end, such as accommodation and flights, are paid before they occur in order to accommodate the Organization's needs. The prepaid expenses are recorded as 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.

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 the carrying value of a long-lived asset exceeds the total undiscounted cash flows expected from the use and eventual disposition of the asset and the carrying value exceeds its fair value. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value at the date of impairment.

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 reporting period. Assumptions are used in estimating the collectibility of accounts receivable, the useful life of capital and intangible assets and the amount of accrued liabilities. Actual results could differ from these estimates.

3. Cash and cash equivalents

	2021	2020
	\$	\$
Cash	7,321,403	3,839,510
Guaranteed investment certificates	4,291	4,215
	7,325,694	3,843,725

The effective interest rate of the guaranteed investment certificates is 0.60% (1.81% in 2020). Due to the nature of these investments, the Organization is not exposed to any significant interest rate, currency or credit risks.

4. Accounts receivable

	2021	2020
	\$	\$
Sport Canada	—	1,375
Harmonized Sales Tax receivable	86,228	131,411
Sponsorships and other receivables	888,987	459,323
	975,215	592,109
Allowance for doubtful accounts	—	—
	975,215	592,109

5. Capital assets

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
	\$	\$	\$	\$
Office furniture	203,653	150,864	52,789	65,986
Computer equipment	296,931	261,525	35,406	42,673
Leasehold improvements	61,775	32,432	29,343	35,520
	562,359	444,821	117,538	144,179

6. Intangible assets

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
	\$	\$	\$	\$
Website development	1,453,054	1,070,428	382,626	298,763

7. Line of credit

The Organization has a \$50,000 authorized line of credit which bears interest at prime plus 1.00% (prime plus 1.00% in 2020) 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, 2021 (not used in 2020) and \$44,113 was used on the corporate credit card (\$70,097 in 2020).

8. Deferred revenue

	2021	2020
	\$	\$
Government contributions	3,786,054	1,298,845
Sponsorships	1,390,570	1,807,500
Ontario Trillium Project	161,381	80,739
Other	37,029	36,972
	5,375,034	3,224,056
Current portion	4,876,755	867,711
Long term portion	498,279	2,356,345

9. 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 years ended March 31 are as follows:

	2021	2020
	\$	\$
Balance, beginning of year	442,942	362,250
Contributions received	364,671	327,146
Contributions recognized to revenue	(307,449)	(246,454)
Balance, end of year	500,164	442,942

10. 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 years ended March 31 consist of the following:

	2021	2020
	\$	\$
Sport Canada	3,000,260	5,216,945
Sport Canada – Innovation	73,349	-
Sport Canada – COVID19 relief	1,422,355	-
Sport Canada – Major Games Canada	216,700	239,833
Sport Canada revenue	4,712,664	5,456,778
Ontario Trillium Foundation	152,592	151,441
	4,865,256	5,608,219

10. Government contributions (continued)

A contribution agreement between the Organization and Sport Canada exists for the period from April 1, 2020 to March 31, 2021. 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 program for the period is:

	Budget approved by Sport Canada	Actuals
	\$	\$
Funding ⁽¹⁾	5,943,952	5,943,952
COVID 19	1,454,925	1,454,925
Innovation Grant	206,500	206,500
	7,605,377	7,605,377
Disbursements ⁽²⁾		
Administration	500,000	468,761
Governance	125,000	24,901
Staff salaries	2,250,000	2,446,531
Operating programming	2,931,700	637,836
Above Core - Security, Safe Sport	124,252	87,274
Official languages	13,000	13,978
COVID19 expenses	1,454,925	1,422,501
Innovation Grant	206,500	73,349
	7,605,377	5,175,131

(1) Sport Canada revenue reconciliation

	2020
	\$
Approved funding received for 2020-2021	7,605,377
Less 2020-2021 additions to capital assets	(364,671)
Less amounts deferred as at March 31, 2021	(2,600,331)
Plus amounts recognized as revenue from 2019-2020 deferred revenue	113,122
Less amount to be returned to Sport Canada - Innovation grant	(40,833)
Amount recognized as revenue	4,712,664

(2) Sport Canada expense reconciliation

	2020
	\$
Actual disbursements for 2020-2021	5,175,131
Less 2020-2021 additions to capital assets	(364,671)
Less amounts deferred as at March 31, 2021	(124,888)
Plus amounts recognized as revenue from 2019-2020 deferred revenue	113,122
Amount recognized as expenses	4,798,694

11. Lease inducement

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
	\$	\$	\$	\$
Lease inducement	40,183	6,178	34,005	40,183

12. Commitment

The Organization has a commitment for the rental of office space which expires up until 2025. Future lease payments over the next four years are as follows:

	\$
2022	322,330
2023	322,330
2024	322,330
2025	322,330
	<u>1,289,320</u>

13. 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.

14. Additional information relating to the statement of cash flows

	2021	2020
	\$	\$
Changes in non-cash operating working capital items		
Accounts receivable	(383,106)	(54,894)
Due from Paralympic Foundation of Canada	216,453	(119,027)
Prepaid expenses	(133,589)	(826,585)
Accounts payable and accrued liabilities	(119,169)	(265,336)
Deferred revenue	2,150,978	(581,036)
	<u>1,731,567</u>	<u>(1,846,878)</u>

15. Related party transactions

The primary purpose of 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.

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 of the Foundation are summarized as follows:

	2021	2020
	\$	\$
Statement of financial position		
Assets		
Current assets	571,301	933,474
Liabilities		
Current liabilities	6,021	222,539
Fund balances		
Unrestricted – General		
Administration Fund	453,848	623,158
Externally restricted – Fall Campaign Fund	80,442	67,641
Externally restricted –		
ImagiNation Campaign Fund	990	136
Externally restricted – High Performance Fund	30,000	20,000
	565,280	710,935
	571,301	933,474
Statement of revenue and expenses		
Revenue	957,457	1,602,206
Expenses	63,112	241,146
Excess of revenue over expenses before contributions to the Organization	894,345	1,361,060
Contributions to the Organization	1,040,000	1,200,000
Excess (deficiency) of revenue over expenses	(145,655)	161,060
Statement of cash flows		
Operating activities	(268 114)	317 928

15. Related party transactions (continued)

As per the master service agreement between the Organization and the Foundation, the Organization provides the Foundation with support in regard to human resources, which amounts to \$269,485 (\$254,508 in 2020).

As at March 31, 2021, the Organization has an amount receivable of \$ 470 (\$216,923 in 2020) from the Foundation. For the year ended March 31, 2021, the Organization received a contribution of \$1,040,000 (\$1,200,000 in 2020) from the Foundation.

16. COVID-19

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic, which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 are unknown at this time and it is not possible to reliably estimate the impact that the length and severity of the pandemic will have on the financial results and condition of the Organization in future periods.