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# Financial statements of Paralympic Foundation of Canada

March 31, 2022

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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, 2022, 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, 2022, 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 23, 2022

# Paralympic Foundation of Canada

## Statement of financial position


As at March 31, 2022

	Notes	2022 \$	2021 \$
<b>Assets</b>			
Current assets			
Cash		1,090,570	510,710
Accounts receivable		129,409	60,311
Prepaid expenses		387	280
Due from Canadian Paralympic Committee	5	47,817	—
		<b>1,268,183</b>	571,301
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities		13,675	5,551
Due to Canadian Paralympic Committee	5	—	470
		<b>13,675</b>	6,021
<b>Fund balances</b>			
Unrestricted – General Administration Fund		1,179,011	453,848
Externally restricted – Fall Campaign Fund		—	80,442
Externally restricted – ImagiNation Campaign Fund		—	990
Externally restricted – High Performance Fund		50,000	30,000
Externally restricted – Raffle Fund		25,497	—
		<b>1,254,508</b>	565,280
		<b>1,268,183</b>	571,301

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, 2022

	<b>General Administration Fund Unrestricted</b>	<b>Fall Campaign Fund Externally restricted</b>	<b>ImagiNation Campaign Fund Externally restricted</b>	<b>High Performance Fund Externally restricted</b>	<b>Raffle Fund Externally restricted</b>	<b>2022 Total</b>	<b>2021 Total</b>
	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>							
General donations	1,168,631	—	—	—	—	1,168,631	426,883
ImagiNation	—	—	238,755	—	—	238,755	296,345
Events	300	—	—	—	—	300	134,831
High Performance Campaigns	—	—	—	20,000	—	20,000	50,000
Fall Campaign	3,310	—	—	—	—	3,310	—
Cause marketing	—	20,749	—	—	—	20,749	17,595
Lottery	199,104	—	—	—	—	199,104	16,907
In-kind contributions	59,154	—	—	—	148,321	207,475	—
	5,118	—	—	—	6,250	11,368	14,896
	<b>1,435,617</b>	<b>20,749</b>	<b>238,755</b>	<b>20,000</b>	<b>154,571</b>	<b>1,869,692</b>	957,457
<b>Expenses</b>							
Administration	66,694	2,559	2,136	—	—	71,389	63,112
Lottery	—	—	—	—	109,074	109,074	—
	<b>66,694</b>	<b>2,559</b>	<b>2,136</b>	<b>—</b>	<b>109,074</b>	<b>180,463</b>	63,112
Excess of revenue over expenses before to Canadian contributions Paralympic Committee	<b>1,368,923</b>	<b>18,190</b>	<b>236,619</b>	<b>20,000</b>	<b>45,497</b>	<b>1,689,229</b>	894,345
Contributions to Canadian Paralympic Committee	—	—	980,000	—	20,000	1,000,000	1,040,000
<b>Excess (deficiency) of revenue over expenses</b>	<b>1,368,923</b>	<b>18,190</b>	<b>(743,381)</b>	<b>20,000</b>	<b>25,497</b>	<b>689,229</b>	(145,655)

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, 2022

	Notes	General Administration Fund Unrestricted \$	Fall Campaign Fund Externally restricted \$	ImagiNation Campaign Fund Externally restricted \$	High Performance Fund Externally restricted \$	Raffle Fund Externally Restricted \$	2022 Total \$	2021 Total \$
<b>Balance, beginning of year</b>		453,846	80,442	991	30,000	—	565,279	710,935
Excess (deficiency) of revenue over expenses		1,368,923	18,190	(743,381)	20,000	25,497	689,229	(145,655)
Internal transfers	6	(643,758)	(98,632)	742,390	—	—	—	—
<b>Balance, end of year</b>		<b>1,179,011</b>	<b>—</b>	<b>—</b>	<b>50,000</b>	<b>25,497</b>	<b>1,254,508</b>	565,280

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

## Paralympic Foundation of Canada

### Statement of cash flows

Year ended March 31, 2022

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	Notes	2022 \$	2021 \$
<b>Operating activities</b>			
Excess (deficiency) of revenue over expenses		<b>689,229</b>	(145,655)
Changes in non-cash operating working capital items	4	<b>(109,369)</b>	(122,459)
		<b>579,860</b>	(268,114)
Net increase (decrease) in cash		<b>579,860</b>	(268,114)
Cash, beginning of year		<b>510,710</b>	778,824
<b>Cash, end of year</b>		<b>1,090,570</b>	510,710

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



## **1. Mission of the Foundation**

The Paralympic Foundation of Canada's (the "Foundation") mission is to ensure that the people, programs and equipment are in place so that Canadians with a disability can be active in sport - in their communities and all the way 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:

### *Adoption of the amendments to Section 3856, Financial Instruments, for financial instruments originated or exchanged in a related party transaction*

Effective April 1, 2021, the Foundation has adopted the amendments to Handbook Section 3856, Financial Instruments ("Section 3856") related to the recognition of financial instruments originated or exchanged in a related party transaction, referred to herein as the "related party financial instruments amendments".

These amendments to Section 3856 establish new guidance for determining the measurement of a related party financial instrument. The related party financial instruments amendments require that such a financial instrument be initially measured at cost, which is determined based on whether the instrument has repayment terms. If the instrument has repayment terms, the cost is determined using its undiscounted cash flows, excluding interest and dividend payments, less any reduction for impairment. Otherwise, the cost is determined using the consideration transferred or received by the Foundation in the transaction. Subsequent measurement is based on how the instrument was initially measured.

The Foundation has applied the related party financial instruments amendments in accordance with the transition provisions of Section 3856. The amendments should be applied retrospectively. When related party financial instruments exist at the date these amendments are applied for the first time, the cost of an instrument that has repayment terms is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment as at the beginning of the earliest comparative period, i.e. April 1, 2020. The cost of an instrument that does not have repayment terms is deemed to be its carrying amount in the Foundation's financial statements, less any impairment, as at the same date. The fair value of an instrument that is an investment in shares quoted in an active market is determined as at the same date.

When related party financial instruments do not exist at the date these amendments are applied for the first time, transition relief was provided such that the related party financial instruments do not need to be restated as at the beginning of the earliest comparative period.

The adoption of these amendments had no material impact on the amounts recognized in the Foundation's financial statements or disclosures.

### *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.

### **3. Accounting policies (continued)**

#### *Fund accounting (continued)*

##### *(a) General Administration Fund*

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

##### *(b) Fall Campaign Fund*

The fall campaign fund was established to capture revenues generated through PFC's annual fall fundraising campaign to support PFC's mission of creating more opportunities for Canadians with a disability to participate in sport.

##### *(c) 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.

##### *(d) High Performance Fund*

The High Performance Fund was established to provide support for elite equipment and high performance athlete programming.

##### *(e) Raffle Fund*

The Raffle fund was established to provide grants to Disability, National and Provincial sport organizations within Ontario.

#### *Revenue recognition*

The Foundation follows the restricted fund method of accounting, wherein donations 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 donations are recognized as revenue of the appropriate restricted fund.

Restricted donations, 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.

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*

##### *Initial measurement*

Financial assets and financial liabilities originated or exchanged in arm's length transactions are initially recognized at fair value when the Organization becomes a party to the contractual provisions of the financial instrument. Financial assets and financial liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the Organization is in the capacity of management, are initially recognized at cost.

## **2. Accounting policies (continued)**

### *Financial instruments (continued)*

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. The cost of financial instruments with repayment terms is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. The cost of financial instruments without repayment terms is determined using the consideration transferred or received by the Organization in the transaction.

#### *Subsequent measurement*

All financial instruments are subsequently measured at amortized cost with the exception of cash and investments which are recorded at fair value.

Interest earned and accrued is included in interest revenue.

### *Transaction costs*

Transaction costs related to financial instruments subsequently measured at fair value are expensed as incurred. Transaction costs related to other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the effective interest method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the effective interest method and recognized in net earnings as interest income or expense.

### *Impairment*

With respect to financial assets measured at cost or amortized cost, the Organization recognizes an impairment loss, if any, in net earnings when there are indicators of impairment and it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to net earnings in the period the reversal occurs.

### *Donations in kind*

The Foundation receives in-kind donations from partnerships. The in-kind donations 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 collectability 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 Fall Campaign Fund, the ImagiNation Campaign Fund, High Performance Fund and Raffle 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

	2022 \$	2021 \$
Changes in non-cash operating working capital items		
Accounts receivable	(69,098)	91,308
Prepaid expenses	(107)	2,751
Due from Canadian Paralympic Committee	(47,817)	—
Accounts payable and accrued liabilities	8,124	(65)
Due to Canadian Paralympic Committee	(470)	(216,453)
	<b>(109,368)</b>	<b>(122,459)</b>

### 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, which amounts to \$314,219 (\$269,485 in 2021).

As at March 31, 2022 the Foundation has an amount receivable from the Canadian Paralympic Committee of \$47,817 (payable of \$470 in 2021). For the year ended March 31, 2022, the Foundation contributed an amount of \$1,000,000 (\$1,040,000 in 2021) to the Organization.

### 6. Interfund transfers

The Foundation supports the strategic initiatives of the Canadian Paralympic Committee. The ImagiNation 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 2022 and 2021 reflect the Foundation's direction by Canadian Paralympic Committee on the most critical priorities areas of focus.