

Financial Statements of

CANADIAN PARALYMPIC COMMITTEE

And Independent Auditor's Report thereon

Year ended March 31, 2023

INDEPENDENT AUDITOR'S REPORT

To the Directors of Canadian Paralympic Committee

Opinion

We have audited the financial statements of the Canadian Paralympic Committee (the "Organization"), which comprise:

- the statement of financial position as at March 31, 2023
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter 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, 2023, and its results of operations, changes in net assets 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. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our Auditor's 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.

Other Matter – Comparative Information

The financial statements as at and for the year ended March 31, 2022 were audited by another auditor who expressed an unmodified opinion on those financial statements on August 11, 2022.

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 generally accepted auditing standards 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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, 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.
- 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.

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

CANADIAN PARALYMPIC COMMITTEE

Statement of Financial Position

March 31, 2023, with comparative information for 2022

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 9,427,793	\$ 5,152,302
Accounts receivable (note 2)	448,716	5,631,121
Prepaid expenses	406,562	264,073
	<u>10,283,071</u>	<u>11,047,496</u>
Tangible capital assets (note 4)	111,262	128,760
Intangible assets (note 4)	174,298	354,066
	<u>\$ 10,568,631</u>	<u>\$ 11,530,322</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 6)	\$ 985,477	\$ 3,408,573
Due to Paralympic Foundation of Canada (note 3)	9,161	47,817
Current portion of deferred revenue (note 7)	3,099,251	1,014,281
	<u>4,093,889</u>	<u>4,470,671</u>
Deferred revenue (note 7)	1,402,989	2,037,053
Deferred contributions related to tangible capital and intangible assets (note 8)	285,560	482,826
Lease inducement (note 9)	21,649	27,827
	<u>5,804,087</u>	<u>7,018,377</u>
Net assets:		
Restricted (note 10)	1,000,000	1,000,000
Unrestricted (note 10)	3,764,544	3,511,945
	<u>4,764,544</u>	<u>4,511,945</u>
Commitment (note 11)		
	<u>\$ 10,568,631</u>	<u>\$ 11,530,322</u>

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

CANADIAN PARALYMPIC COMMITTEE

Statement of Operations

March 31, 2023, with comparative information for 2022

	2023	2022
Revenue:		
Government contributions (note 12)	\$ 5,430,581	\$ 10,789,573
Sponsorship	3,094,382	8,994,618
Grants – Paralympic Foundation of Canada	1,240,000	1,000,000
In-kind contributions	298,942	3,803,932
Amortization of deferred contributions related to capital and intangible assets	275,782	333,965
Interest	236,882	30,180
Other	100,505	795,268
	<u>10,677,074</u>	<u>25,747,536</u>
Expenses:		
Amortization of tangible capital and intangible assets	275,782	333,965
Communications and brand	914,555	6,608,653
Corporate services	1,184,245	1,225,911
Games operations and delivery	784,152	5,783,584
Major Games Canada	75,599	126,588
Paralympic performance and pathways	2,770,627	2,729,203
Partnership	354,897	459,613
Salaries and benefits	3,765,676	3,905,141
Utilized value of in-kind contributions	298,942	3,803,932
	<u>10,424,475</u>	<u>24,976,590</u>
Excess of revenue over expenses	<u>\$ 252,599</u>	<u>\$ 770,946</u>

See accompanying notes to financial statements.

CANADIAN PARALYMPIC COMMITTEE

Statement of Changes in Net Assets

Year ended March 31, 2023, with comparative information for 2022

	Investment in capital and intangible assets	Internally restricted	Unrestricted	2023 Total	2022 Total
Balance, beginning of year	\$ –	\$ 1,000,000	\$ 3,511,945	\$ 4,511,945	\$ 3,740,999
Excess of revenue over expenses	–	–	252,599	252,599	770,946
Amortization of tangible capital and intangible assets	(275,782)	–	275,782	–	–
Purchase of tangible capital and intangible assets	78,516	–	(78,516)	–	–
Amortization of deferred contributions related to tangible capital and intangible assets	275,782	–	(275,782)	–	–
Increase in deferred contributions related to tangible capital and intangible assets	(78,516)	–	78,516	–	–
Interfund transfer				–	–
Balance, end of year	\$ –	\$ 1,000,000	\$3,764,544	\$ 4,764,544	\$ 4,511,945

See accompanying notes to financial statements.

CANADIAN PARALYMPIC COMMITTEE

Statement of Cash Flows

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 252,599	\$ 770,946
Items not involving cash:		
Amortization of tangible capital assets	64,525	54,359
Amortization of intangible assets	211,257	279,606
Amortization of deferred contributions related to capital and intangible assets	(275,782)	(333,965)
Change in non-cash operating working capital:		
Accounts receivable	5,182,405	(4,655,905)
Prepaid expenses	(142,489)	1,411,425
Accounts payable and accrued liabilities	(2,423,096)	2,581,733
Deferred revenue	1,450,906	(2,323,700)
	4,320,325	(2,215,501)
Investing activities:		
Acquisition of tangible capital assets	(47,027)	(65,580)
Acquisition of intangible assets	(31,489)	(251,047)
	(78,516)	(316,627)
Financing activities:		
Due to Paralympic Foundation of Canada	(38,656)	470
Increase in deferred contributions related to capital and intangible assets	78,516	316,627
Decrease in lease inducement	(6,178)	(6,178)
	33,682	310,449
Increase (decrease) in cash and cash equivalents	4,275,491	(2,173,392)
Cash and cash equivalents, beginning of year	5,152,302	7,325,694
Cash and cash equivalents, end of year	\$ 9,427,793	\$ 5,152,302

See accompanying notes to financial statements.

CANADIAN PARALYMPIC COMMITTEE

Notes to Financial Statements

Year ended March 31, 2023

The 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 Summer, Pan-Am and Winter Games.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook and include the following significant accounting policies:

(a) Revenue recognition:

The Organization follows the deferral method of accounting for contributions for not-for-profit organizations.

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. Restricted contributions are recognized as revenue in the year the related expense is 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.

(b) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Organization has elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

CANADIAN PARALYMPIC COMMITTEE

Notes to Financial Statements (continued)

Year ended March 31, 2023

1. Significant accounting policies (continued):

(b) Financial instruments (continued):

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(c) Tangible capital and intangible assets:

Tangible capital and intangible assets are recorded at cost. When a tangible capital and intangible asset no longer contributes to the Organization's ability to provide services, its carrying amount is written down to its residual value.

Tangible capital and intangible assets are amortized on a straight-line method over the estimated useful lives of the assets as follows:

Asset	Useful life
Office furniture	20%
Computer equipment	55%
Website development	55%
Leasehold improvements	Shorter of useful life or term of lease

(d) 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.

CANADIAN PARALYMPIC COMMITTEE

Notes to Financial Statements (continued)

Year ended March 31, 2023

1. Significant accounting policies (continued):

(e) 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.

(f) Lease inducement:

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

(g) Use of estimates:

The preparation of the 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 date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of capital assets, and assets and obligations related to employee future benefits. Actual results could differ from those estimates.

2. Accounts receivable:

	2023	2022
Harmonized sales tax receivable	\$ 147,637	\$ 532,099
Interest receivable	111,973	–
Sponsorships and other receivables	189,106	3,388,785
Sport Canada	–	1,710,237
	448,716	5,631,121
Allowance for doubtful accounts	–	–
	\$ 448,716	\$ 5,631,121

3. Related party transactions:

The primary purpose of Paralympic Foundation is to 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.

CANADIAN PARALYMPIC COMMITTEE

Notes to Financial Statements (continued)

Year ended March 31, 2023

3. Related party transactions (continued):

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:

	2023	2022
Statement of financial position		
Assets		
Current assets	\$ 1,245,781	\$ 1,268,183
Liabilities		
Current liabilities	15,963	13,675
Fund balances		
Unrestricted – General		
Administration Fund	1,214,911	1,179,011
Externally restricted – NextGen Fund	–	–
Externally restricted – High Performance Fund	10,000	50,000
Externally restricted – Raffle Fund	4,907	25,497
	1,229,818	1,254,508
	\$ 1,245,781	\$ 1,268,183

	2023	2022
Statement of Operations		
Revenue	\$ 1,422,434	\$ 1,869,692
Expenses	207,124	180,463
Excess of revenue over expenses before contributions to the Organization	1,215,310	1,689,229
Contributions to the Organization	1,240,000	1,000,000
Excess of revenue over expenses	\$ (24,690)	\$ 689,229

CANADIAN PARALYMPIC COMMITTEE

Notes to Financial Statements (continued)

Year ended March 31, 2023

3. Related party transactions (continued):

	2023	2022
Statement of Cash Flows		
Operating activities	\$ 75,395	\$ 579,860

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 \$294,833 (2022 - \$314,219).

As at March 31, 2023, the Organization has an amount payable of \$9,161 (2022 - receivable of \$47,817) to the Foundation. For the year ended March 31, 2023, the Organization received a contribution of \$1,240,000 (2022 - \$1,000,000) from the Foundation.

4. Tangible capital and intangible assets:

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Tangible capital assets:				
Office furniture	\$ 203,653	\$ 169,868	\$ 33,785	\$ 42,231
Computer equipment	160,941	100,453	60,488	63,363
Leasehold improvements	61,775	44,786	16,989	23,166
	426,370	315,107	111,262	128,760
Intangible assets:				
Website development	913,729	739,431	174,298	354,066
	\$ 1,340,098	\$ 1,054,538	\$ 285,560	\$ 482,826

5. Line of credit:

The Organization has a \$50,000 authorized line of credit which bears interest at prime plus 1.0% (2022 - prime plus 1.0%) 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, 2023 (not used in 2022) and \$44,018 was used on the corporate credit card (2022 - \$135,827).

CANADIAN PARALYMPIC COMMITTEE

Notes to Financial Statements (continued)

Year ended March 31, 2023

6. Accounts payable and accrued liabilities:

There are no government remittances included in accounts payable and accrued liabilities such as amounts payable for harmonized sales tax and payroll-related taxes.

7. Deferred revenue:

Deferred revenue consists of various event registrations and training camps collected in the current year that pertain to future years.

	2023	2022
Government contributions	\$ 1,385,693	\$ 104,212
Ontario Trillium Project	151,140	151,537
Sponsorships	2,928,281	2,758,532
Other	37,126	37,053
	4,502,240	3,051,334
Current portion	3,099,251	1,014,281
Long-term portion	\$ 1,402,989	\$ 2,037,053

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 years ended March 31 are as follows:

	2023	2022
Balance, beginning of year	\$ 482,286	\$ 500,164
Contributions received	78,516	316,627
Contributions recognized to revenue	(275,782)	(333,965)
Balance, end of year	\$ 285,560	\$ 482,826

CANADIAN PARALYMPIC COMMITTEE

Notes to Financial Statements (continued)

Year ended March 31, 2023

9. Lease inducement:

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Lease inducement	\$ 34,005	\$ 12,356	\$ 21,649	\$ 27,827

10. Internal restrictions:

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.

In 2023, the Board of Directors of the Canadian Paralympic Committee resolved to restrict \$500,000 for Enhanced Excellence with Own the Podium to be used as recommended; as well as \$500,000 to seed the investment for Performance Recognition Program for future Paralympic Games. The Canadian Paralympic Committee may not use these internally restricted amounts for any other purpose without the approval of the Board of Directors.

11. Commitment:

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

2024	\$ 324,052
2025	324,052
	<u>\$ 648,104</u>

CANADIAN PARALYMPIC COMMITTEE

Notes to Financial Statements (continued)

Year ended March 31, 2023

12. 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:

	2023	2022
Sport Canada	\$ 4,509,084	\$ 9,108,889
Sport Canada – Major Games Canada	216,700	216,700
Sport Canada – COVID-19 relief	–	992,040
Sport Canada revenue	4,725,784	10,317,629
Ontario Trillium Foundation	704,797	471,944
Balance, end of year	\$ 5,430,581	\$ 10,789,573

A contribution agreement between the Organization and Sport Canada exists for the period from April 1, 2022 to March 31, 2023. 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⁾	\$ 6,085,781	\$ 6,085,781
Disbursements ⁽²⁾		
Administration	500,000	812,973
Governance	125,000	296,959
Staff salaries	3,170,057	3,805,723
Operating programming	2,011,643	3,078,224
Above Core – Security, Safe Sport	194,333	311,892
Official languages	13,000	15,876
	\$ 6,014,033	\$ 8,321,647

CANADIAN PARALYMPIC COMMITTEE

Notes to Financial Statements (continued)

Year ended March 31, 2023

12. Government contributions (continued):

(1) Sport Canada revenue reconciliation

Approved funding received for 2023	\$ 6,085,781
Less 2022 additions to capital assets	(78,516)
Less amounts deferred as at March 31, 2023	(1,385,692)
Plus amounts recognized as revenue from 2022 deferred revenue	104,212
Less amount to be returned to Sport Canada - Recovery Funds	-
Amount recognized as revenue	\$ 4,725,785

(2) Sport Canada expense reconciliation:

Actual disbursements for 2023	\$ 8,321,647
Less 2023 additions to capital assets	(78,516)
Less amounts deferred as at March 31, 2023	(1,385,692)
Plus amounts recognized as revenue from 2022 deferred revenue	104,212
Amount recognized as expenses	\$ 6,961,651

CANADIAN PARALYMPIC COMMITTEE

Notes to Financial Statements (continued)

Year ended March 31, 2023

14. Financial instruments:

The Organization has the following financial risks from its financial instruments:

(a) Market risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: currency risk, interest rate risk and other price risk. The Organization believes it is not exposed to significant market risks from its financial instruments.

(b) Liquidity risk:

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization manages its liquidity risk by monitoring its operating requirements. The Organization prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

(c) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Organization is exposed to credit risk with respect to the accounts receivable. The Organization assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. At year-end, \$Nil was allowed for in accounts receivable.

(d) Foreign currency risk:

Foreign currency risk refers to the extent to which instruments denominated in a currency other than Canadian dollars will be affected by changes in the value of the Canadian dollar in relation to other currencies. The Organization is not subject to significant currency risk from its holdings of US cash.

The Organization's financial risks have not changed significantly in the year, nor have the processes to account for the risks.