

Financial Statements of

**PARALYMPIC FOUNDATION
OF CANADA**

Year ended March 31, 2024

PARALYMPIC FOUNDATION OF CANADA

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Year ended March 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Directors of the Paralympic Foundation of Canada

Opinion

We have audited the financial statements of the Paralympic Foundation of Canada (the Foundation), which comprise:

- the statement of financial position as at March 31, 2024
- the statement of operations for the year then ended
- the statement of changes in fund balances for the year then ended
- the statement of cash flows 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 Foundation as at March 31, 2024, and its results of 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. 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 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 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 Foundation's internal control.



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- 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

September 3, 2024

PARALYMPIC FOUNDATION OF CANADA

Statement of Financial Position

March 31, 2024, with comparative information for 2023

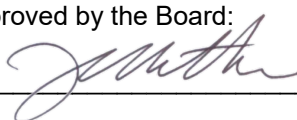
| | General Administration Fund Unrestricted | NextGen Fund Externally restricted | High Performance Fund Externally restricted | Raffle Fund Externally restricted | Endowment Fund Permanently restricted | 2024 Total | 2023 Total |
|--|---|---|---|--|--|---------------------|---------------------|
| Assets | | | | | | | |
| Current assets: | | | | | | | |
| Cash and cash equivalents | \$ 1,349,670 | \$ 400,000 | \$ 47,150 | \$ 6,000 | \$ 2,450 | \$ 1,805,270 | \$ 1,165,965 |
| Accounts receivable (note 3) | 58,076 | – | – | – | – | 58,076 | 70,547 |
| Prepaid expenses | 40,113 | – | – | – | – | 40,113 | 108 |
| Due from Canadian Paralympic Committee (note 6) | 2,160 | – | – | – | – | 2,160 | 9,161 |
| Restricted investments - Paralympic Performance Recognition Endowment (note 4) | – | – | – | – | 4,298,020 | 4,298,020 | – |
| | \$ 1,450,019 | \$ 400,000 | \$ 47,150 | \$ 6,000 | \$ 4,300,470 | \$ 6,203,639 | \$ 1,245,781 |

Liabilities and Fund Balances

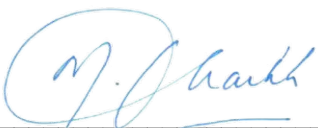
| | | | | | | | |
|--|---------------------|-------------------|------------------|-----------------|---------------------|---------------------|---------------------|
| Current liabilities: | | | | | | | |
| Accounts payable and accrued liabilities (note 5) | \$ 336,263 | \$ 400,000 | \$ 47,150 | \$ 6,000 | \$ 6,014 | \$ 795,427 | \$ 15,963 |
| Fund balances | 1,113,756 | – | – | – | 4,294,456 | 5,408,212 | 1,229,818 |
| | \$ 1,450,019 | \$ 400,000 | \$ 47,150 | \$ 6,000 | \$ 4,300,470 | \$ 6,203,639 | \$ 1,245,781 |

See accompanying notes to financial statements.

Approved by the Board:



Director



Director

PARALYMPIC FOUNDATION OF CANADA

Statement of Operations

Year ended March 31, 2024, with comparative information for 2023

| | General Administration Fund Unrestricted | NextGen Fund Externally restricted | High Performance Fund Externally restricted | Raffle Fund Externally restricted | Endowment Fund Permanently restricted | 2024 Total | 2023 Total |
|---|---|---|---|--|--|---------------------|--------------------|
| Revenue: | | | | | | | |
| Major gifts | \$ 707,101 | \$ 30,000 | \$ 15,000 | \$ – | \$ 4,039,970 | \$ 4,792,071 | \$ 70,000 |
| Events | 533,337 | – | – | – | – | 533,337 | 415,137 |
| Investment income | 5,197 | – | – | – | 266,765 | 271,962 | – |
| General donations | 136,142 | – | – | – | – | 136,142 | 728,355 |
| Campaigns | 60,158 | – | – | – | – | 60,158 | 131,026 |
| Interest revenue | 24,010 | – | – | – | – | 24,010 | 9,441 |
| Cause marketing | 21,815 | – | – | – | – | 21,815 | 64,846 |
| In-kind contributions | 3,225 | – | – | – | 17,421 | 20,646 | 3,629 |
| | 1,490,985 | 30,000 | 15,000 | – | 4,324,156 | 5,860,141 | 1,422,434 |
| Expenses: | | | | | | | |
| Events | 189,588 | – | – | – | – | 189,588 | 123,329 |
| Administration | 84,644 | – | – | – | – | 84,644 | 78,035 |
| Major gifts | 23,498 | – | – | – | 12,279 | 35,777 | – |
| Utilized value of in-kind contributions | 3,225 | – | – | – | 17,421 | 20,646 | – |
| Campaigns | 3,899 | – | – | – | – | 3,899 | 5,170 |
| Lottery | – | – | – | 42 | – | 42 | 590 |
| | 304,854 | – | – | 42 | 29,700 | 334,596 | 207,124 |
| Excess (deficiency) of revenue over expenses before contributions to Canadian Paralympic Committee | 1,186,131 | 30,000 | 15,000 | (42) | 4,294,456 | 5,525,545 | 1,215,310 |
| Contributions to Canadian Paralympic Committee | 294,000 | 1,000,001 | 47,150 | 6,000 | – | 1,347,151 | 1,240,000 |
| Excess (deficiency) of revenue over expenses | \$ 892,131 | \$ (970,001) | \$ (32,150) | \$ (6,042) | \$ 4,294,456 | \$ 4,178,394 | \$ (24,690) |

See accompanying notes to financial statements.

PARALYMPIC FOUNDATION OF CANADA

Statement of Changes in Fund Balances

Year ended March 31, 2024, with comparative information for 2023

| | General Administration Fund Unrestricted | NextGen Fund Externally restricted | High Performance Fund Externally restricted | Raffle Fund Externally restricted | Endowment Fund Permanently restricted | 2024 Total | 2023 Total |
|---|---|---|---|--|--|---------------|---------------|
| Balance, beginning of year | \$ 1,214,911 | \$ – | \$ 10,000 | \$ 4,907 | \$ – | \$ 1,229,818 | \$ 1,254,508 |
| Excess (deficiency) of revenue over expenses | 892,131 | (970,001) | (32,150) | (6,042) | 4,294,456 | 4,178,394 | (24,690) |
| Internal transfers (note 7) | (993,286) | 970,001 | 22,150 | 1,135 | – | – | – |
| Balance, end of year | \$ 1,113,756 | \$ – | \$ – | \$ – | \$ 4,294,456 | \$ 5,408,212 | \$ 1,229,818 |

See accompanying notes to financial statements.

PARALYMPIC FOUNDATION OF CANADA

Statement of Cash Flows

Year ended March 31, 2024, with comparative information for 2023

| | 2024 | 2023 |
|---|---------------------|---------------------|
| Cash provided by (used for): | | |
| Operating activities: | | |
| Excess (deficiency) of revenue over expenses | \$ 4,178,394 | \$ (24,690) |
| Unrealized gains on restricted investments | (124,617) | – |
| Change in non-cash operating working capital: | | |
| Accounts receivable | 12,471 | 58,862 |
| Prepaid expenses | (40,005) | 279 |
| Accounts payable and accrued liabilities | 779,464 | 2,288 |
| | <u>4,805,707</u> | <u>36,739</u> |
| Financing activities: | | |
| Due to/from Canadian Paralympic Committee | 7,001 | 38,656 |
| Investing activities: | | |
| Endowment contributions | (4,173,403) | – |
| Increase in cash and cash equivalents | 639,305 | 75,395 |
| Cash and cash equivalents, beginning of year | 1,165,965 | 1,090,570 |
| Cash and cash equivalents, end of year | <u>\$ 1,805,270</u> | <u>\$ 1,165,965</u> |

See accompanying notes to financial statements.

PARALYMPIC FOUNDATION OF CANADA

Notes to Financial Statements

Year ended March 31, 2024

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.

1. Significant accounting policies:

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are summarized as follows:

(a) Revenue recognition:

The Foundation follows the restricted fund method of accounting for contributions.

Unrestricted contributions are recognized as revenue of the General Administration Fund in the year received.

Externally restricted contributions are recognized as revenue of the appropriate fund in the year received.

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.

Contributions received in the form of materials and/or services are recorded at fair value when the materials and/or services would normally have been purchased. Otherwise, they are recorded at a value of nil.

Pledges are not recorded as revenue until collected.

PARALYMPIC FOUNDATION OF CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2024

1. Significant accounting policies (continued):

(b) 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.

(i) General Administration Fund:

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

(ii) NextGen Fund:

The NextGen fund was established to provide funding for the Next Generation Athlete Development program which is matched by the Government of Canada by up to \$1,000,000 per year.

(iii) High Performance Fund:

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

(iv) Raffle Fund:

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

(v) Endowment Fund:

The Endowment fund received contributions of \$4,039,970 which were permanently endowed by the donor, with restrictions on the use of investment income for this purpose.

(c) 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 measured at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Foundation has elected to carry its investments 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. These costs are amortized using the straight-line method.

PARALYMPIC FOUNDATION OF CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2024

1. Significant accounting policies (continued):

(c) 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 Foundation 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 Foundation 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 impairment charge.

(d) 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.

(e) 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.

2. 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, NextGen 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.

PARALYMPIC FOUNDATION OF CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2024

2. Capital management (continued):

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

3. Accounts receivable:

| | 2024 | 2023 |
|---------------------------|-----------|-----------|
| Trade accounts receivable | \$ 58,076 | \$ 61,106 |
| Interest receivable | – | 9,441 |
| | \$ 58,076 | \$ 70,547 |

4. Restricted investments:

| March 31, 2024 | Cost | Market value |
|-------------------------|--------------|--------------|
| Fixed income funds | \$ 1,905,940 | \$ 1,910,741 |
| Canadian equity funds | 1,019,000 | 1,080,913 |
| Global equity funds | 697,342 | 732,575 |
| US equity funds | 164,473 | 180,431 |
| Emerging markets funds | 170,343 | 176,912 |
| Short-term income funds | 216,305 | 216,448 |
| | \$ 4,173,403 | \$ 4,298,020 |

There were no restricted investments as of March 31, 2023.

5. Accounts payable and accrued liabilities:

There are no amounts included in accounts payable and accrued liabilities in the current or prior years for government remittances payable such as amounts payable for payroll-related or sales taxes.

PARALYMPIC FOUNDATION OF CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2024

6. 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 \$345,081 (2023 - \$294,833).

As at March 31, 2024 the Foundation has an amount receivable from the Canadian Paralympic Committee of \$2,160 (2023 - \$9,161). For the year ended March 31, 2024, the Foundation contributed an amount of \$1,347,151 (2023 - \$1,240,000) to the Organization. As at March 31, 2024, the Foundation had an amount payable of \$747,150 (2023 - Nil) to the Organization related to this contribution.

7. 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 2024 reflect the Foundation's direction by Canadian Paralympic Committee on the most critical priorities areas of focus.

8. Financial instruments:

The Foundation 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.

(i) Currency risk:

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Foundation is exposed to currency risk with respect to its investments in foreign currencies as disclosed in note 4.

PARALYMPIC FOUNDATION OF CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2024

8. Financial instruments (continued):

(a) Market risk (continued):

(ii) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Foundation is exposed to interest rate risk with respect to its fixed income investments as disclosed in note 4.

(iii) Other price risk:

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Foundation is exposed to other price risk with respect to its market securities as disclosed in note 4.

(b) Liquidity risk:

Liquidity risk is the risk that the Foundation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Foundation manages its liquidity risk by monitoring its operating requirements. The Foundation 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 Foundation is exposed to credit risk with respect to the accounts receivable. The Foundation 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.

The Foundation's financial risks have changed due to the purchase of the restricted investments. As a result, the Foundation has implemented new policies, procedures and methods to manage the risks related to these restricted investments. Management believes that its financial risks are appropriately mitigated and do not pose significant risk to the Foundation's operations.

9. Comparative Information:

Certain comparative information has been reclassified to conform to the financial statement presentation adopted in the current year.