

Financial statements of

Canadian Paralympic Committee

March 31, 2016

Canadian Paralympic Committee

March 31, 2016

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Independent Auditor's Report

To the Members of the
Canadian Paralympic Committee

We have audited the accompanying financial statements of the Canadian Paralympic Committee, which comprise the statement of financial position as at March 31, 2016 and the statements of revenue and expenses, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Canadian Paralympic Committee as at March 31, 2016, 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.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants

August 18, 2016

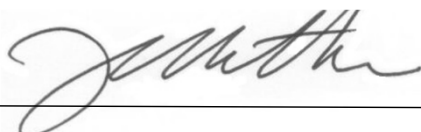
Canadian Paralympic Committee

Statement of financial position


as at March 31, 2016

	2016	2015
	\$	\$
Assets		
Current assets		
Cash and cash equivalents (Note 3)	2,787,576	4,202,787
Accounts receivable (Note 4)	492,303	774,177
In-kind contributions receivable	344,460	395,428
Prepaid expenses	1,501,889	454,968
	5,126,228	5,827,360
Capital assets (Note 5)	206,400	119,640
Intangible assets (Note 6)	99,510	241,819
	5,432,138	6,188,819
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	1,631,948	2,210,743
Deferred revenue	1,432,161	1,702,634
Deferred in-kind contributions (Note 8)	344,460	395,428
	3,408,569	4,308,805
Deferred contributions related to capital and intangible assets (Note 9)	305,910	361,459
Lease Inducement (Note 11)	66,971	-
	3,781,450	4,670,264
Commitment (Note 12)		
Net assets		
Unrestricted	1,650,688	1,518,555
	5,432,138	6,188,819

On behalf of the Board



Director



Director

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

Canadian Paralympic Committee

Statement of revenue and expenses year ended March 31, 2016

	2016	2015
	\$	\$
Revenue		
Government contributions (Note 10)	6,349,007	5,301,767
Sponsorships	1,873,647	1,785,068
Other	192,573	200,928
Interest	12,182	13,427
Amortization of deferred contributions related to capital and intangible assets (Note 9)	187,824	214,111
Write-off of deferred contributions related to capital and intangible assets (Note 9)	69,544	-
In-kind contributions (Note 8)	1,303,292	737,460
	9,988,069	8,252,761
Expenses		
Administration and leadership	1,324,119	1,139,331
Write-off of capital and intangible assets	69,544	-
Amortization of capital and intangible assets	187,824	214,111
Communications	1,807,635	1,676,136
Franchise Holders Working Group	216,700	257,398
Games	1,406,574	675,512
High performance	1,889,071	1,636,761
Paralympic development	679,188	1,126,878
Partnership	971,989	696,095
Utilized value, in-kind contributions (Note 8)	1,303,292	737,460
	9,855,936	8,159,682
Excess of revenue over expenses	132,133	93,079

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

Canadian Paralympic Committee

Statement of changes in net assets year ended March 31, 2016

	Invested in capital and intangible assets	Unrestricted	<u>Total</u>	
			2016	2015
	\$	\$	\$	\$
Balance, beginning of year	-	1,518,555	1,518,555	1,425,476
Excess of revenue over expenses	-	132,133	132,133	93,079
Amortization of capital and intangible assets	187,824	(187,824)	-	-
Purchase of capital and intangible assets	201,819	(201,819)	-	-
Write-off of capital and intangible assets	(69,544)	69,544	-	-
Increase of deferred contributions related to capital and intangible assets	(201,819)	201,819	-	-
Write-off of deferred contributions related to capital and intangible assets	69,544	(69,544)	-	-
Amortization of deferred contributions related to capital and intangible assets	(187,824)	187,824	-	-
Balance, end of year	-	1,650,688	1,650,688	1,518,555

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

Canadian Paralympic Committee

Statement of cash flows year ended March 31, 2016

	2016	2015
	\$	\$
Operating activities		
Excess of revenue over expenses	132,133	93,079
Items not affecting cash		
Write-off capital assets	50,815	-
Write-off intangible assets	18,729	-
Amortization of capital assets	51,251	36,992
Amortization of intangible assets	136,573	177,119
Amortization of deferred contributions related to capital and intangible assets	(187,824)	(214,111)
	201,677	93,079
Changes in non-cash operating working capital items (Note 14)	(1,614,315)	1,194,373
	(1,412,638)	1,287,452
Financing activities		
Increase in deferred contributions related to capital and intangible assets (Note 9)	201,819	224,131
Write-off of deferred contributions related to capital and intangible assets (Note 9)	(69,544)	-
Increase in lease inducement (Note 11)	66,971	-
	199,246	224,131
Investing activities		
Acquisition of capital assets	(188,826)	(30,325)
Acquisition of intangible assets	(12,993)	(193,806)
	(201,819)	(224,131)
Net cash inflow (outflow)	(1,415,211)	1,287,452
Cash and cash equivalents, beginning of year	4,202,787	2,915,335
Cash and cash equivalents, end of year	2,787,576	4,202,787

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

Canadian Paralympic Committee

Notes to the financial statements

March 31, 2016

1. Purpose of the organization

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 the Summer and Winter Games.

2. Significant accounting policies

Basis of presentation

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

Financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for cash and cash equivalents, which are measured at fair value. Realized and unrealized changes in fair value are recognized in the statement of revenue and expenses.

Fair value

The fair value of accounts receivable, in-kind contributions receivable and accounts payable and accrued liabilities approximate their carrying value due to their short-term maturity. It is management's opinion that the Organization is not exposed to significant interest, 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. These are mainly travel vouchers. In-kind contributions are recorded at fair value in the year vouchers are granted as an in-kind contribution receivable and as deferred in-kind contributions. The in-kind contributions are recorded as revenue and expenses in the year they are utilized.

Capital assets and intangible assets

Capital assets and 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%
Spatial mapping database	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 their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

Canadian Paralympic Committee

Notes to the financial statements

March 31, 2016

2. Significant accounting policies (continued)

Revenue recognition

The Organization follows the deferral method of accounting for revenue. Unrestricted contributions are recognized as revenue in the year in received or receivable if the amount to be received can be reasonably assured. Restricted contributions are deferred and are recognized as revenue in the year in which it is earned or the related expenses are incurred.

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

Lease inducement

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

3. Cash and cash equivalents

	2016	2015
	\$	\$
Cash	2,782,604	4,197,883
Guaranteed investment certificates	4,972	4,904
	<u>2,787,576</u>	<u>4,202,787</u>

The effective interest rate of the guaranteed investment certificates is 1.15%. Due to the nature of these investments, the Organization is not exposed to any significant interest, currency or credit risks.

4. Accounts receivable

	2016	2015
	\$	\$
Sport Canada	2,222	100,000
Harmonized Sales Tax receivable	285,279	183,393
Sponsorship and other receivable	204,802	490,784
	<u>492,303</u>	<u>774,177</u>

Canadian Paralympic Committee

Notes to the financial statements

March 31, 2016

5. Capital assets

			2016	2015
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Office furniture	179,136	62,103	117,033	26,920
Computer equipment	154,763	125,627	29,136	31,005
Leasehold improvements	61,775	1,544	60,231	61,715
	395,674	189,274	206,400	119,640

6. Intangible assets

			2016	2015
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Website development	448,549	349,039	99,510	200,200
Spatial mapping database	-	-	-	41,619
	448,549	349,039	99,510	241,819

7. Line of credit

The Organization has a \$50,000 authorized line of credit which bears interest at prime plus 2.850%, secured by a general security agreement and renewable annually. The line of credit was not used as of March 31, 2016 (2015 - not used).

8. Deferred in-kind contributions

The movement of the deferred in-kind contributions is as follows:

	2016	2015
	\$	\$
Balance, beginning of year	395,428	387,250
In-kind contributions received	1,252,324	745,638
In-kind contributions recognized to revenue	(1,303,292)	(737,460)
Balance, end of year	344,460	395,428

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 year are as follows:

	2016	2015
	\$	\$
Balance, beginning of year	361,459	351,439
Contributions received	201,819	224,131
Write-off of deferred contributions related to capital and intangible assets	(69,544)	-
Contributions recognized to revenue	(187,824)	(214,111)
Balance, end of year	305,910	361,459

Canadian Paralympic Committee

Notes to the financial statements

March 31, 2016

10. Government contributions

Contributions received from the Government of Canada are subject to specific terms and conditions regarding the expenditures 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 year ended March 31, 2016 consist of the following:

	2016	2015
	\$	\$
Sport Canada	5,877,307	4,890,067
Sport Canada - Franchise Holders Working Group	216,700	216,700
Ministry of Heritage	100,000	-
Ministry Tourism, Culture and Sport	100,000	-
Ontario Legacy TO2015	-	100,000
Canadian Heritage	-	50,000
Accessibility Directorate of Ontario	55,000	45,000
	6,349,007	5,301,767

11. Lease Inducement

	2016	2015		
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Lease Inducement	66,971	-	66,971	-
	66,971	-	66,971	-

12. Commitment

The Organization leases certain office equipment under operating leases which expires up until 2025. Future lease payments over the next five years are as follows:

	\$
2017	291,354
2018	291,354
2019	291,354
2020	291,354
2021	291,354
	1,456,770

Canadian Paralympic Committee

Notes to the financial statements

March 31, 2016

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. Changes in non-cash operating working capital items

	2016	2015
	\$	\$
Accounts receivable	281,874	1,220,269
Prepaid expenses	(1,046,921)	(402,662)
Accounts payable and accrued liabilities	(578,795)	(43,939)
Deferred revenue	(270,473)	420,705
	(1,614,315)	1,194,373

15. Related party

The Organization's Board of Directors has approved the creation of a new Foundation: the Paralympic foundation of Canada (the "Foundation") that was officially incorporated on February 19, 2015. The Foundation received its charitable status on July 31, 2015. The Organization is related to the Foundation by virtue of representation on the Foundation's Board. The Organization does not have control over the Foundation and consequently, the net assets and results of operations are not included in the Organization's financial statements

The Organization provides the Foundation support with the human resources, marketing and communications, as well as finance & administration, the amounts of which could be estimated to the following:

	2016	2015
	\$	\$
Salary	171,291	-
General Expenses	78,172	-
	249,463	-

At March 31, 2016, the Foundation has an amount receivable of \$23,549 (2015 - \$Nil) from the Organization and an amount payable of \$7,000 (2015 - \$Nil) to the Organization.