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# Financial statements of Paralympic Foundation of Canada

March 31, 2020

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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, 2020, 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, 2020, 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 26, 2020

# Paralympic Foundation of Canada

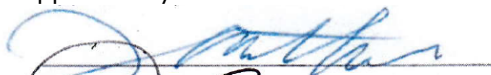
## Statement of financial position

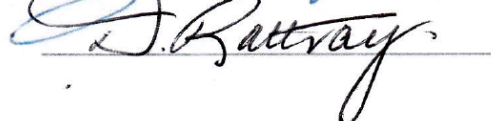
As at March 31, 2020

	Notes	2020 \$	2019 \$
<b>Assets</b>			
Current assets			
Cash		778,824	460,896
Accounts receivable		151,619	226,382
Prepaid expenses		3,031	11
		<b>933,474</b>	<b>687,289</b>
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities		5,616	39,518
Due to Canadian Paralympic Committee	5	216,923	97,896
		<b>222,539</b>	<b>137,414</b>
<b>Fund balances</b>			
Unrestricted – General Administration Fund		623,158	124,259
Externally restricted – Fall Campaign Fund		67,641	46,232
Externally restricted – ImagiNation Campaign Fund		136	379,384
Externally restricted – High Performance Fund		20,000	—
		<b>710,935</b>	<b>549,875</b>
		<b>933,474</b>	<b>687,289</b>

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, 2020

	<b>General Administration Fund</b>	<b>Circle of Champions Fund</b>	<b>Fall Campaign Fund</b>	<b>ImagiNation Campaign Fund</b>	<b>High Performance Fund</b>	<b>2020 Total</b>	<b>2019 Total</b>
	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>							
General donations	203,631	—	—	—	—	203,631	51,761
Circle of Champions	—	35,358	—	—	—	35,358	81,528
Fall Campaign	—	—	25,104	—	—	25,104	27,047
Events	392,221	—	—	—	—	392,221	295,772
Cause marketing	111,467	—	—	—	—	111,467	42,704
ImagiNation	—	—	—	791,672	—	791,672	692,231
High Performance	—	—	—	—	20,000	20,000	—
In-kind contributions	15,515	3,620	—	3,620	—	22,754	20,605
	<b>722,834</b>	<b>38,977</b>	<b>25,104</b>	<b>795,291</b>	<b>20,000</b>	<b>1,602,206</b>	1,211,648
<b>Expenses</b>							
Administration	216,436	3,910	3,694	17,106	—	241,146	237,362
Excess of revenue over expenses before contributions to Canadian Paralympic Committee	506,398	35,067	21,410	778,185	20,000	1,361,060	974,286
Contributions to Canadian Paralympic Committee	—	—	—	1,200,000	—	1,200,000	1,050,000
<b>Excess (deficiency) of revenue over expenses</b>	<b>506,398</b>	<b>35,067</b>	<b>21,410</b>	<b>(421,815)</b>	<b>20,000</b>	<b>161,060</b>	(75,714)

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, 2020

	<b>General Administration Fund Unrestricted</b>	<b>Circle of Champions Fund Externally restricted</b>	<b>Fall Campaign Fund Externally restricted</b>	<b>ImagiNation Campaign Fund Externally restricted</b>	<b>High Performance Fund Externally restricted</b>	<b>2020 Total</b>	<b>2019 Total</b>
	\$	\$	\$	\$	\$	\$	\$
<b>Balance, beginning of year</b>	<b>124,260</b>	—	<b>46,231</b>	<b>379,384</b>	—	<b>549,875</b>	625,589
(Deficiency) excess of revenue over expenses	<b>506,398</b>	<b>35,067</b>	<b>21,410</b>	<b>(421,815)</b>	<b>20,000</b>	<b>161,060</b>	(75,714)
Internal transfers	<b>(7,500)</b>	<b>(35,067)</b>	—	<b>42,567</b>	—	—	—
<b>Balance, end of year</b>	<b>623,158</b>	—	<b>67,641</b>	<b>136</b>	<b>20,000</b>	<b>710,935</b>	549,875

Notes

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

## Paralympic Foundation of Canada

### Statement of cash flows

Year ended March 31, 2020

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	Notes	2020 \$	2019 \$
<b>Operating activities</b>			
Excess (deficiency) of revenue over expenses		<b>161,060</b>	(75,714)
Changes in non-cash operating working capital items	4	<b>156,868</b>	128,995
		<b>317,928</b>	53,281
Net increase in cash		<b>317,928</b>	53,281
Cash, beginning of year		<b>460,896</b>	407,615
<b>Cash, end of year</b>		<b>778,824</b>	460,896

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



## **1. Purpose of the foundation**

Paralympic Foundation of Canada (the "Foundation") was established to help ensure that the programs, equipment and people are in place to propel more Canadians with a disability all the way from the playground to the Paralympic podium. The Foundation raises funds to solely support the programs and activities of the 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 accounting policies*

Effective April 1, 2019, the Foundation adopted Handbook Section 4433, Tangible capital assets held by not-for-profit organizations ("Section 4433") replacing Section 4431 on the same topic. Section 4433 provides additional guidance related to componentization of tangible capital assets consisting of significant separable components parts, the recognition of partial impairments when the conditions indicate a tangible capital asset is impaired and related impairment disclosures. In accordance with the transition provision, the Foundation has applied Section 4433 prospectively with no impact on the disclosures or amounts recorded in the financial statements of the Foundation.

### *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.

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

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

#### *(b) Circle of Champions Fund*

The Circle of Champions Fund was established to support targeted initiatives including coaching, training and innovation and equipment.

#### *(c) Fall Campaign Fund*

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

#### *(d) 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.

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

### *Fund accounting (continued)*

#### *(e) High Performance Fund*

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

### *Revenue recognition*

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

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.

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*

The Foundation initially measures its financial assets and financial liabilities at fair value. The Foundation subsequently measures all its financial assets and financial liabilities at amortized cost, except for cash which is measured at fair value.

### *Donations in kind*

The Foundation receives in-kind contributions from partnerships. The in-kind contributions are for auditing fees and 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 collectibility 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.

**3. Capital management (continued)**

Capital consists of the General Administration Fund, the Circle of Champions Fund, the Fall Campaign Fund and the ImagiNation Campaign 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**

	<b>2020</b>	2019
	\$	\$
Changes in non-cash operating working capital items		
Accounts receivable	<b>74,763</b>	203,883
Prepaid expenses	<b>(3,020)</b>	1,039
Accounts payable and accrued liabilities	<b>(33,902)</b>	26,213
Due to Canadian Paralympic Committee	<b>119,027</b>	(102,140)
	<b>156,868</b>	128,995

**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, the amount of which could be estimated to \$254,508 (\$312,045 in 2019).

As at March 31, 2020, the Foundation has an amount payable of \$216,923 (\$97,896 in 2019) to the Organization. For the year ended March 31, 2020, the Foundation contributed an amount of \$1,200,000 (\$1,050,000 in 2019) 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 2020 reflect the Foundation's direction by Canadian Paralympic Committee on the most critical priorities areas of focus.

**7. COVID-19**

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