

Financial statements of the

**Canadian Paralympic
Committee**

March 31, 2015

Canadian Paralympic Committee

March 31, 2015

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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, 2015, 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, 2015, 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 25, 2015


Canadian Paralympic Committee

Statement of financial position as at March 31, 2015

| | 2015 | 2014 |
|---|------------------|------------------|
| | \$ | \$ |
| Assets | | |
| Current assets | | |
| Cash and cash equivalents (Note 3) | 4,202,787 | 2,915,335 |
| Accounts receivable (Note 4) | 774,177 | 1,994,446 |
| In-kind contributions receivable | 395,428 | 387,250 |
| Prepaid expenses | 454,968 | 52,306 |
| | 5,827,360 | 5,349,337 |
| Capital assets (Note 5) | 119,640 | 126,307 |
| Intangible assets (Note 6) | 241,819 | 225,132 |
| | 6,188,819 | 5,700,776 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | 2,210,743 | 2,254,682 |
| Deferred revenue | 1,702,634 | 1,281,929 |
| Deferred in-kind contributions (Note 8) | 395,428 | 387,250 |
| | 4,308,805 | 3,923,861 |
| Deferred contributions related to capital and intangible assets (Note 9) | 361,459 | 351,439 |
| | 4,670,264 | 4,275,300 |
| Net assets | | |
| Unrestricted net assets | 1,518,555 | 1,425,476 |
| | 6,188,819 | 5,700,776 |

On behalf of the Board

 Director

 Director

Canadian Paralympic Committee

Statement of revenue and expenses year ended March 31, 2015

| | 2015 | 2014 |
|---|------------------|------------------|
| | \$ | \$ |
| Revenue | | |
| Government contributions (Note 10) | 5,301,767 | 6,018,930 |
| Sponsorships | 1,785,068 | 2,618,720 |
| Other | 200,928 | 188,339 |
| Interest | 13,427 | 23,544 |
| Amortization of deferred contributions related to capital and intangible assets (Note 9) | 214,111 | 222,456 |
| In-kind contributions (Note 8) | 737,460 | 764,838 |
| | 8,252,761 | 9,836,827 |
| Expenses | | |
| Administration and leadership | 1,139,331 | 1,224,950 |
| Amortization of capital and intangible assets | 214,111 | 222,456 |
| Communications | 1,676,136 | 1,953,651 |
| Franchise Holders Working Group | 257,398 | 376,684 |
| Games | 675,512 | 1,704,233 |
| High performance | 1,636,761 | 1,377,261 |
| Paralympic development | 1,126,878 | 1,274,452 |
| Partnership | 696,095 | 959,165 |
| Utilized value, in-kind contributions (Note 8) | 737,460 | 764,838 |
| | 8,159,682 | 9,857,690 |
| Excess (deficiency) of revenue over expenses | 93,079 | (20,863) |

Canadian Paralympic Committee

Statement of changes in net assets year ended March 31, 2015

| | Invested in capital and intangible assets | Unrestricted | <u>Total</u> | |
|---|---|--------------|--------------|-----------|
| | 2015 | 2015 | 2015 | 2014 |
| | \$ | \$ | \$ | \$ |
| Balance, beginning of year | - | 1,425,476 | 1,425,476 | 1,446,339 |
| Excess (deficiency) of revenue over expenses | - | 93,079 | 93,079 | (20,863) |
| Amortization of capital and intangible assets | (214,111) | 214,111 | - | - |
| Purchase of capital and intangible assets | 224,131 | (224,131) | - | - |
| Increase of deferred contributions related to capital and intangible assets | (224,131) | 224,131 | - | - |
| Amortization of deferred contributions related to capital and intangible assets | 214,111 | (214,111) | - | - |
| Balance, end of year | - | 1,518,555 | 1,518,555 | 1,425,476 |

Canadian Paralympic Committee

Statement of cash flows year ended March 31, 2015

| | 2015 | 2014 |
|--|------------------|------------------|
| | \$ | \$ |
| Net inflow (outflow) of cash related to the following activities: | | |
| Operating | | |
| Excess (deficiency) of revenue over expenses | 93,079 | (20,863) |
| Items not affecting cash | | |
| Amortization of capital assets | 36,992 | 36,221 |
| Amortization of intangible assets | 177,119 | 186,235 |
| Amortization of deferred contributions related to capital and intangible assets | (214,111) | (222,456) |
| | 93,079 | (20,863) |
| Changes in non-cash operating working capital items (Note 13) | 1,194,373 | 412,947 |
| | 1,287,452 | 392,084 |
| Financing | | |
| Increase in deferred contributions related to capital and intangible assets (Note 9) | 224,131 | 157,931 |
| Investing | | |
| Acquisition of capital assets | (30,325) | (12,415) |
| Acquisition of intangible assets | (193,806) | (145,516) |
| | (224,131) | (157,931) |
| Net cash inflow | 1,287,452 | 392,084 |
| Cash and cash equivalents, beginning of year | 2,915,335 | 2,523,251 |
| Cash and cash equivalents, end of year | 4,202,787 | 2,915,335 |

Canadian Paralympic Committee

Notes to the financial statements

March 31, 2015

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.

Revenue recognition

The Organization follows the deferral method of accounting for revenue. Unrestricted contribution 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.

Canadian Paralympic Committee

Notes to the financial statements

March 31, 2015

2. Significant accounting policies (continued)

Revenue recognition (continued)

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.

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

| | 2015 | 2014 |
|------------------------------------|------------------|------------------|
| | \$ | \$ |
| Cash | 4,197,883 | 2,910,469 |
| Guaranteed investment certificates | 4,904 | 4,866 |
| | 4,202,787 | 2,915,335 |

The effective interest rate of the guaranteed investment certificates is 1.30%. Due to the nature of these investments, the Organization is not exposed to any significant interest, currency or credit risks.

4. Accounts receivable

| | 2015 | 2014 |
|----------------------------------|----------------|------------------|
| | \$ | \$ |
| Sport Canada | 100,000 | 34,018 |
| HST receivable | 183,393 | 217,195 |
| Sponsorship and other receivable | 490,784 | 1,743,233 |
| | 774,177 | 1,994,446 |

5. Capital assets

| | 2015 | | | 2014 |
|------------------------|----------------|-----------------------------|-------------------|----------------|
| | Cost | Accumulated amortization | Net book value | Net value |
| | \$ | \$ | \$ | \$ |
| Office furniture | 73,028 | 46,108 | 26,920 | 33,652 |
| Computer equipment | 133,820 | 102,815 | 31,005 | 20,041 |
| Leasehold improvements | 108,992 | 47,277 | 61,715 | 72,614 |
| | 315,840 | 196,200 | 119,640 | 126,307 |

Canadian Paralympic Committee

Notes to the financial statements

March 31, 2015

6. Intangible assets

| | 2015 | | 2014 |
|--------------------------|----------------|--------------------------|----------------|
| | Cost | Accumulated amortization | Net value |
| | \$ | \$ | \$ |
| Website development | 435,556 | 235,356 | 132,646 |
| Spatial mapping database | 459,351 | 417,732 | 92,486 |
| | 894,907 | 653,088 | 225,132 |

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, 2015 (2014 – not used).

8. Deferred in-kind contributions

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

| | 2015 | 2014 |
|---|----------------|----------------|
| | \$ | \$ |
| Balance, beginning of year | 387,250 | 362,580 |
| In-kind contributions received | 745,638 | 789,508 |
| In-kind contributions recognized to revenue | (737,460) | (764,838) |
| Balance, end of year | 395,428 | 387,250 |

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:

| | 2015 | 2014 |
|-------------------------------------|----------------|----------------|
| | \$ | \$ |
| Balance, beginning of year | 351,439 | 415,964 |
| Contributions received | 224,131 | 157,931 |
| Contributions recognized to revenue | (214,111) | (222,456) |
| Balance, end of year | 361,459 | 351,439 |

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.

Canadian Paralympic Committee

Notes to the financial statements

March 31, 2015

10. Government contributions (continued)

Government contributions for the year ended March 31, 2015 consist of the following:

| | 2015 | 2014 |
|--|------------------|------------------|
| | \$ | \$ |
| Sport Canada | 4,890,067 | 5,443,070 |
| Sport Canada - Franchise Holders Working Group | 216,700 | 375,860 |
| Ontario Legacy TO2015 | 100,000 | - |
| Canadian Heritage | 50,000 | - |
| Accessibility Directorate of Ontario | 45,000 | 200,000 |
| | 5,301,767 | 6,018,930 |

11. Commitment

The Organization has leased premises in Ottawa. The lease agreement expires on December 31, 2015. The monthly payments are \$13,548 for a total of \$121,932 until the end of the lease.

12. 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.

13. Changes in non-cash operating working capital items

| | 2015 | 2014 |
|--|------------------|----------------|
| | \$ | \$ |
| Accounts receivable | 1,220,269 | (1,465,495) |
| Prepaid expenses | (402,662) | (38,496) |
| Accounts payable and accrued liabilities | (43,939) | 1,071,784 |
| Deferred revenue | 420,705 | 845,154 |
| | 1,194,373 | 412,947 |

14. Related party

In June 2013, the Board of Directors of the Canadian Paralympic Foundation (the "Foundation") decided to wind up the foundation. The wind up process is in its final stages. To date the Foundation has transferred \$ 46,500 in assets to the Canadian Paralympic Committee. It is anticipated that a small reconciling payment will be issued to the Canadian Paralympic Committee upon final windup of the Foundation.

The Canadian Paralympic Committee Board of Directors has approved the creation of a new Foundation: the Paralympic Foundation of Canada that was officially incorporated on February 19, 2015. The Foundation received its charitable status on July 31, 2015. There were no activities for the 2014/2015 fiscal year.