

CANADIAN OLYMPIC FOUNDATION

**Financial Statements
December 31, 2022**

Independent Auditor's Report

To the Members of
The Canadian Olympic Foundation

Opinion

We have audited the financial statements of the Canadian Olympic Foundation (the "Foundation"), which comprise the statement of financial position as at December 31, 2022, and the statements of operations, 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 December 31, 2022, 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 audit 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
May 5, 2023

CANADIAN OLYMPIC FOUNDATION

Statement of Financial Position

as at December 31, 2022

(in thousands of dollars)

	2022	2021
	\$	\$
ASSETS		
Current assets		
Cash	3,502	1,535
Receivables and deposits (Note 4)	528	403
Short-term investments (Note 5)	74	136
	<u>4,104</u>	<u>2,074</u>
Investments (Note 5)	<u>9,860</u>	<u>10,042</u>
Total assets	<u>13,964</u>	<u>12,116</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Notes 4 and 7)	<u>1,541</u>	974
Total liabilities	<u>1,541</u>	<u>974</u>
FUND BALANCES		
Endowment Funds	8,265	7,953
Restricted Funds	2,254	1,583
Unrestricted Funds	<u>1,904</u>	<u>1,606</u>
Total fund balances	<u>12,423</u>	<u>11,142</u>
Total liabilities and fund balances	<u>13,964</u>	<u>12,116</u>

Approved by the Board of Directors



Director



Director

CANADIAN OLYMPIC FOUNDATION

Statement of Operations
for the year ended December 31, 2022
(in thousands of dollars)

	2022			2021		
	Restricted Funds (Note 8(a)) \$	Unrestricted Funds \$	Total Funds \$	Restricted Funds (Note 8(a)) \$	Unrestricted Funds \$	Total Funds \$
Revenues						
Fundraising (Note 11)	8,801	2,266	11,067	6,001	1,655	7,656
Grants (Notes 4 and 10)	2,000	-	2,000	2,400	-	2,400
Interest and dividend income	552	118	670	1,310	277	1,587
Investment gain	-	-	-	7	15	22
	11,353	2,384	13,737	9,718	1,947	11,665
Expenses						
Program and operating (Note 9)	-	1,431	1,431	2	1,241	1,243
Investment loss	46	34	80	-	-	-
Unrealized investment loss	944	148	1,092	378	47	425
Investment management fees	82	6	88	82	11	93
	1,072	1,619	2,691	462	1,299	1,761
Excess of revenues over expenses before grants	10,281	765	11,046	9,256	648	9,904
Grants (Notes 4 and 10)	9,298	467	9,765	5,875	545	6,420
Excess of revenues over expenses and grants	983	298	1,281	3,381	103	3,484

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

CANADIAN OLYMPIC FOUNDATION

Statement of Changes in Fund Balances
for the year ended December 31, 2022
(in thousands of dollars)

	2022			2021		
	Restricted Funds (Note 8(b))	Unrestricted Funds	Total Funds	Restricted Funds (Note 8(b))	Unrestricted Funds	Total Funds
	\$	\$	\$	\$	\$	\$
Balance, beginning of year	9,536	1,606	11,142	6,155	1,503	7,658
Excess of revenues over expenses and grants	983	298	1,281	3,381	103	3,484
Balance, end of year	10,519	1,904	12,423	9,536	1,606	11,142

CANADIAN OLYMPIC FOUNDATION

Statement of Cash Flows
for the year ended December 31, 2022
(in thousands of dollars)

	2022	2021
	\$	\$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES		
Operating		
Excess of revenues over expenses and grants	1,281	3,484
Unrealized investment loss	1,092	425
	<u>2,373</u>	<u>3,909</u>
Changes in non-cash working capital items		
Receivables and deposits	(125)	701
Accounts payable and accrued liabilities	567	(2,270)
	<u>2,815</u>	<u>2,340</u>
Investing		
Change in investments, net	(848)	(1,609)
Increase in cash	1,967	731
Cash, beginning of year	1,535	804
Cash, end of year	<u>3,502</u>	<u>1,535</u>

CANADIAN OLYMPIC FOUNDATION

Notes to the Financial Statements

December 31, 2022

(in thousands of dollars)

1. PURPOSE OF THE ORGANIZATION

The Canadian Olympic Foundation, (the "Foundation") was incorporated without share capital under the Canada Corporations Act on October 25, 2005, and was continued under the Canadian Not-For-Profit Corporations Act on August 28, 2014. The Foundation is a public foundation registered under the Income Tax Act (Canada) effective January 1, 2006 and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes.

As the official charitable organization of the Canadian Olympic Committee (the "C.O.C"), the Foundation is a national charitable organization established to raise funds to support high performance athletes and to promote sports, healthy living and the pursuit of excellence in Canada. The mission of the Foundation is to generate support to meet the technical, scientific, medical and coaching needs of Canada's high performance sport system and assist current and future Canadian Olympic athletes in becoming ambassadors for sport, healthy living and the pursuit of excellence across Canada.

The Foundation receives, accumulates and distributes funds to support the high performance sport excellence programs in Canada of the C.O.C. and other organizations endorsed by the C.O.C. that support high performance sport excellence.

The C.O.C. is an independent corporation without share capital. The C.O.C. is responsible for the selection and entry of all Canadian athletes in the Olympic and Pan American Games and is charged with the development and promotion of the Olympic Movement in Canada.

2. DESCRIPTION OF THE FUNDS

The Restricted Fund includes funds that are externally or internally restricted. Externally restricted funds are comprised of resources that are to be used for specific purposes as specified by the donor or fund holder. Internally restricted funds are comprised of resources that are to be used for specific purposes as specified by the Board of Directors. The Board of Directors exercises discretionary control over the investment of these funds through external investment fund managers. Income earned on these funds is reported in the Restricted Fund and is either retained in the Restricted Fund, internally transferred, or granted in the year.

The Unrestricted Funds are comprised of unrestricted resources. At such time as any of these funds are restricted by the Board of Directors, the resources are internally transferred to the Restricted Fund and administered according to their restrictions. Unrestricted funds include resources available for the Foundation's general operating activities. These activities include donor services, grant support and administration. The cost of these activities is reported in the operating expenses of the Unrestricted Funds.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations using the restricted fund method of accounting for contributions.

Revenue recognition

The Foundation follows the practice of accounting for grants, donations and fundraising activities at the time such funds are received, or become receivable under the terms of contracts.

Grants for which no restricted fund has been established are deferred and recognized as revenue of the Unrestricted Funds in the year in which the related expenses are incurred.

Grants

Grants are recognized as an expense and a payable when approved.

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value when the Foundation becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost.

CANADIAN OLYMPIC FOUNDATION

Notes to the Financial Statements

December 31, 2022

(in thousands of dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

The fair value of investments is determined as follows:

- (i) Quoted closing bid prices for publicly traded equities and unit values for public equity funds are used to represent fair value for these investments. Unit values reflect the quoted bid prices of the underlying securities.
- (ii) Quoted bid prices are used to represent the fair value for inflation linked bonds.
- (iii) Money market securities are recorded at cost together with accrued interest income, which approximates fair value.

Financial risk associated with investments is managed as follows:

- (i) Currency risk: No more than 46% of the portfolio may be invested in Global equities.
- (ii) Interest rate risk: An analysis of maturity dates and interest rates for fixed income securities is included in Note 5.
- (iii) Market, credit and liquidity risk: Investment managers are required to hold prudently diversified portfolios with exposure to the intended markets meeting specified minimum quality requirements as follows: individual short term investments 'R-1' or equivalent; individual preferred shares 'P-3' or equivalent; all investments shall, in normal circumstances, be capable of liquidation within one month; and Canadian commercial real estate should be capable of liquidation on a quarterly basis.

Use of estimates

The preparation of financial statements in accordance 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 disclosure of contingent assets and liabilities at the statement of financial position date and the reported amounts of revenues and expenses during the year. Accounts requiring significant estimates and assumptions include investments and accrued liabilities. Actual results could differ from those estimates.

4. RELATED PARTY TRANSACTIONS

The Foundation is responsible for fundraising activities carried out on behalf of the C.O.C.

During the year, the Foundation granted to the C.O.C. \$1,136 (2021 - \$777) of which \$905 (2021 - \$567) is from the Foundation's Internally Restricted Fund, and \$411 (2021 - \$210) is from the Foundation's Externally Restricted Fund. During the year, the C.O.C. granted \$2,000 (2021 - \$2,400) to the Foundation for Next Generation Initiative.

As at December 31, 2022, the Foundation has a net receivable from the C.O.C. of \$12 (2021 - \$62 payable). The C.O.C. provided administrative support to the Foundation during the year at no charge.

CANADIAN OLYMPIC FOUNDATION

Notes to the Financial Statements

December 31, 2022

(in thousands of dollars)

5. INVESTMENTS

	2022 \$	2021 \$
Short-term investments	74	136
Long-term investments		
Fixed income	3,049	2,881
Equity	5,030	5,473
Real Estate	1,781	1,688
	9,860	10,042
Total	9,934	10,178

Investments include \$8,675 (2021 - \$8,799) in restricted investments and \$1,259 (2021 - \$1,379) in unrestricted investments.

The fixed income securities bear a yield to maturity from 3.89% to 8.00% (2021 - from 1.13% to 8.00%) with staggered maturity dates and a weighted average term to maturity from 1 year to 9.4 years (2021 - from 2 years to 9.9 years).

The historical cost or book value of the investments held at December 31, 2022 was \$11,377 (2021 - \$10,529).

6. CONTINGENCIES AND GUARANTEES

In the normal course of business, the Foundation has entered into agreements that include indemnities in favour of counterparties and third parties, including but not limited to confidentiality agreements, engagement letters with advisors and consultants, outsourcing agreements and service agreements. These indemnification agreements may require the Foundation to compensate counterparties and/or third parties for losses or potential losses incurred by such parties as a result of breaches of contract, in representation or warranties, and/or violations of laws or regulations or as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction. The terms of these indemnities are varied and potential claims have not yet arisen, as such the maximum amount of any potential reimbursement cannot be reasonably estimated.

The nature of these indemnification agreements prevents the Foundation from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability which stems from the unpredictability of future events. Historically, the Foundation has not made any significant payments under such or similar indemnification agreements and therefore no amount has been accrued in the financial statements with respect to these agreements.

7. GOVERNMENT REMITTANCES

Accounts payables and accrued liabilities include \$Nil with respect to government remittances as at December 31, 2022 (2021 - \$Nil).

CANADIAN OLYMPIC FOUNDATION

Notes to the Financial Statements

December 31, 2022

(in thousands of dollars)

8. RESTRICTED FUNDS

a) Statement of operations

	2022				2021			
	Internally restricted	Externally restricted	Endowment	Total	Internally restricted	Externally restricted	Endowment	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue								
Fundraising (Note 11)	750	7,234	817	8,801	2,166	1,432	2,403	6,001
Grants (Notes 4 and 10)	2,000	-	-	2,000	2,400	-	-	2,400
Interest and dividend income	31	-	521	552	89	-	1,221	1,310
Investment gain	-	-	-	-	2	-	5	7
	2,781	7,234	1,338	11,353	4,657	1,432	3,629	9,718
Expenses								
Program and operating	-	-	-	-	-	-	2	2
Investment loss	19	-	27	46	-	-	-	-
Unrealized Investment loss	41	-	903	944	25	-	353	378
Investment management fees	4	-	78	82	5	-	77	82
	64	-	1,008	1,072	30	-	432	462
Excess of revenue over expenses before grants	2,717	7,234	330	10,281	4,627	1,432	3,197	9,256
Grants (Notes 4 and 10)	2,905	6,375	18	9,298	4,448	1,015	412	5,875
(Deficiency) excess of revenue over expenses and grants	(188)	859	312	983	179	417	2,785	3,381

CANADIAN OLYMPIC FOUNDATION

Notes to the Financial Statements

December 31, 2022

(in thousands of dollars)

8. RESTRICTED FUNDS (continued)

b) Statement of changes in fund balances

	2022				2021			
	Internally restricted \$	Externally restricted \$	Endowment \$	Total \$	Internally restricted \$	Externally restricted \$	Endowment \$	Total \$
Balance, beginning of year	900	683	7,953	9,536	721	266	5,168	6,155
(Deficiency) excess of revenue over expenses and grants	(188)	859	312	983	179	417	2,785	3,381
Interfund transfers	(275)	275	-	-	-	-	-	-
Balance, end of year	437	1,817	8,265	10,519	900	683	7,953	9,536

CANADIAN OLYMPIC FOUNDATION

Notes to the Financial Statements

December 31, 2022

(in thousands of dollars)

9. PENSION PLAN

The Foundation provides a defined contribution pension plan to eligible employees. Employer contributions were \$23 in 2022 (2021 - \$24) and are included in program and operating expenses of the Unrestricted Funds.

10. NEXT GENERATION INITIATIVE

During the year, the Foundation granted \$4,000 (2021 - \$4,000) for the Next Generation Initiative. Of this amount, \$2,000 (2021 - \$2,400) was granted by the C.O.C., as detailed in Note 4, with no requirement of repayment.

11. CHARITABLE GAMING PROGRAM

During the year, the Foundation ran a Charitable Gaming program (the "Program") which consisted of seven provincially (2021 – twelve provincially and territorially) run 50/50 lotteries and a national sweepstakes that were held throughout the duration of the Beijing 2022 Olympic Winter Games (2021 - the Tokyo 2020 Summer Olympic Games). The net proceeds of the Program are presented as fundraising revenue of the Externally Restricted and Unrestricted Funds in the Statement of Operations.

The Program's details are as follows:

	2022			2021		
	Externally Restricted \$	Unrestricted \$	Total \$	Externally Restricted \$	Unrestricted \$	Total \$
Revenue	292	435	727	574	1,367	1,941
Expenses						
Prizes	154	206	360	300	975	1,275
Marketing and other	105	129	234	146	203	349
	259	335	594	446	1,178	1,624
Net proceeds	33	100	133	128	189	317
Grants	33	84	117	128	189	317
Net proceeds after grants	-	16	16	-	-	-

In addition to the above, promotional services of \$93 (2021 - \$Nil) related to the charitable gaming program were received and used during the year. The value of these donated services are not included in the Statement of Operations given they would not have otherwise been purchased.