

**Canada Games Council**  
**Financial Statements**  
*March 31, 2018*

# Canada Games Council Contents

*For the year ended March 31, 2018*

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## Independent Auditor's Report



To the Members of the Canada Games Council:

We have audited the accompanying financial statements of the Canada Games Council, which comprise the statement of financial position as at March 31, 2018, 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 audit 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 auditors' judgment, 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 Canada Games Council as at March 31, 2018 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.

### *Other Matter*

The prior year financial statements ending March 31, 2017 were audited by the accounting firm Deloitte LLP. Deloitte LLP expressed an unmodified opinion on those statements on September 28, 2017.

Ottawa, Ontario

October 19, 2018

*MNP LLP*

Chartered Professional Accountants

Licensed Public Accountants





# Canada Games Council Statement of Financial Position

*As at March 31, 2018*

	<b>2018</b>	<b>2017</b>
<b>Assets</b>		
<b>Current</b>		
Cash	<b>906,174</b>	1,153,433
Accounts receivable (Note 3)	<b>53,787</b>	379,688
Prepaid expenses	<b>15,644</b>	5,037,819
Short term deposit (Note 4)	<b>346,468</b>	101,502
	<b>1,322,073</b>	6,672,442
<b>Long term deposit (Note 4)</b>	<b>-</b>	239,947
<b>Capital assets (Note 5)</b>	<b>26,958</b>	331
	<b>1,349,031</b>	6,912,720
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	<b>534,037</b>	674,730
Deferred contributions (Note 6)	<b>60,000</b>	5,334,591
	<b>594,037</b>	6,009,321
<b>Commitments (Note 7)</b>		
<b>Net Assets</b>		
Invested in capital assets	<b>26,958</b>	331
Unrestricted	<b>728,036</b>	903,068
	<b>754,994</b>	903,399
	<b>1,349,031</b>	6,912,720

Approved on behalf of the Members

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

**Canada Games Council**  
**Statement of Revenue and Expenses**  
*For the year ended March 31, 2018*

	<b>2018</b>	<b>2017</b>
<b>Revenue</b>		
Sport Canada contributions <i>(Note 11)</i>	1,115,820	1,115,820
Hosting	624,313	420,000
Sponsorship		
Value in-kind <i>(Note 8)</i>	311,806	128,953
Cash <i>(Note 8)</i>	161,167	197,167
Canada 150 project	123,300	870,409
Other	75,242	82,701
Interest	5,172	5,487
Tariff remissions	-	7,290
	<b>2,416,820</b>	<b>2,827,827</b>
<b>Expenses before Games Travel and Brand Profile and Awareness</b>		
Sustainability - Human resources	997,162	906,878
Unique Premium Event Marketing/Communications	585,155	270,865
Sustainability - Administration	255,513	170,486
Canada 150	242,246	870,409
Sustainability - Governance operations	134,173	89,087
Transfer of knowledge - Hosts/Chefs/Government/NSO	108,515	109,912
Transfer of knowledge - Multi-Games planning	158,814	71,484
Sustainability - Revenue generation	66,724	105,324
Leadership - Leadership activities	24,466	4,759
Leadership - Sport Technical	12,365	15,386
Leadership - Dreams and Champions	7,549	1,819
	<b>2,592,682</b>	<b>2,616,409</b>
<b>Excess of revenue over expenses (expenses over revenue) before Games Travel and Brand Profile and Awareness</b>	<b>(175,862)</b>	<b>211,418</b>
<b>Games Travel</b>		
Revenue	(5,644,595)	(1,675)
Expenses	5,626,770	19,500
<b>Excess of revenue over expenses (expenses over revenue)</b>	<b>(17,825)</b>	<b>17,825</b>
<b>Brand Awareness</b>		
Fundraising Revenue	(9,631)	(1,198)
<b>Excess of revenue over expenses (expenses over revenue)</b>	<b>(148,406)</b>	<b>194,791</b>

*The accompanying notes are an integral part of these financial statements*

**Canada Games Council**  
**Statement of Changes in Net Assets**  
*For the year ended March 31, 2018*

	<i>Invested in capital assets</i>	<i>Unrestricted</i>	<i>2018</i>	<i>2017</i>
<b>Net assets, beginning of year</b>	<b>331</b>	<b>903,069</b>	<b>903,400</b>	708,608
<b>Excess of revenue over expenses (expenses over revenue)</b>	<b>(8,122)</b>	<b>(140,284)</b>	<b>(148,406)</b>	194,791
<b>Investment in capital assets</b>	<b>34,749</b>	<b>(34,749)</b>	-	-
<b>Net assets, end of year</b>	<b>26,958</b>	<b>728,036</b>	<b>754,994</b>	903,399

*The accompanying notes are an integral part of these financial statements*

**Canada Games Council**  
**Statement of Cash Flows**  
*For the year ended March 31, 2018*

	<b>2018</b>	<b>2017</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Excess of revenue over expenses (expenses over revenue)	<b>(148,406)</b>	194,791
Amortization	<b>8,122</b>	1,618
	<b>(140,284)</b>	196,409
Changes in working capital accounts		
Accounts receivable	<b>325,901</b>	149,218
Prepaid expenses	<b>5,022,175</b>	(5,033,075)
Accounts payable and accrued liabilities	<b>(140,692)</b>	579,189
Deferred contributions	<b>(5,274,591)</b>	5,334,591
	<b>(207,491)</b>	1,226,332
<b>Investing</b>		
Redemption of term deposits	<b>341,449</b>	235,995
Purchase of term deposits	<b>(350,667)</b>	(341,449)
Purchase of capital assets	<b>(34,749)</b>	-
	<b>(43,967)</b>	(105,454)
<b>Increase (decrease) in cash resources</b>	<b>(251,458)</b>	1,120,878
<b>Cash resources, beginning of year</b>	<b>1,153,433</b>	32,555
<b>Cash resources, end of year</b>	<b>901,975</b>	1,153,433

*The accompanying notes are an integral part of these financial statements*

**1. Incorporation and nature of the organization**

Canada Games Council (the "Organization" or "CGC") is incorporated under the Canada Corporations Act as a not-for-profit organization and is a Registered Canadian Amateur Athletic Association under the Income Tax Act and as such is exempt from income tax. In 2014, the Organization received a Certificate of Continuance under the Canada Not-for-Profit Corporations Act.

The Organization provides, among other related services, a focus for the growth and development of amateur sport at the provincial/territorial level, and a multi-sport competition known as the Canada Games.

**2. Significant accounting policies**

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada, and include the following significant accounting policies:

***Financial instruments***

The Company initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The Company subsequently measures all its financial assets and financial liabilities at cost or amortized cost.

Financial assets measured at amortized cost include cash, accounts receivables and term deposits.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and deferred contributions.

The Company has not designated any financial asset or financial liability to be measured at fair value.

***Capital assets***

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided on the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

	<b>Method</b>	<b>Rate</b>
Office equipment	straight-line	5 years
Signage	straight-line	5 years

***Impairment of long-lived assets***

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the asset no longer has long-term service potential. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its residual value.

***Revenue recognition***

[i] Sponsorship revenue

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

Contributions received from Sport Canada are subject to specific terms and conditions regarding the use of funds. The Organization's accounting records are subject to audit by Sport Canada. Adjustments to prior years' contributions are recorded in the year Sport Canada requests the adjustment.

[ii] Value in-kind



**Canada Games Council**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2018*

The Organization records the value of donated goods and services (value in-kind) when a fair value can be reasonably estimated and when the materials and services would normally be purchased by the Organization.

**Canada Games legacy payment (surplus)**

Any surplus arising from any specific Canada Games Host Society will only be recognized as revenue in the Organization's financial statements in the fiscal year during which it is received.

**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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates are used in determining the provision for bad debt, the useful life of capital assets, the value of in-kind contributions and the amount of certain accrued liabilities. Actual results could differ from these estimates.

**3. Accounts receivable**

	<b>2018</b>	<b>2017</b>
Accounts receivable	<b>20,383</b>	331,443
Sales tax receivable	<b>33,404</b>	48,245
	<b>53,787</b>	379,688
	<b>53,787</b>	379,688

**4. Term deposits**

Term deposits consist of amounts of \$102,922 and \$247,745 maturing, respectively, December 24, 2018 and August 7, 2018, bearing interest at a rate of 1.45% to 1.50% (2017 - \$101,502 and \$239,947, maturing June 9, 2017 and August 7, 2018, bearing interest at a rate of 1.48% to 1.50%).

**5. Capital assets**

	<b>Cost</b>	<b>Accumulated amortization</b>	<b>2018 Net book value</b>	<b>2017 Net book value</b>
Office equipment	<b>46,422</b>	<b>22,139</b>	<b>24,283</b>	331
Signage	<b>3,344</b>	<b>669</b>	<b>2,675</b>	-
	<b>49,766</b>	<b>22,808</b>	<b>26,958</b>	331

Cost and accumulated amortization at March 31, 2017 amounted to \$31,299 and \$30,968, respectively.

**Canada Games Council**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2018*

**6. Deferred contributions**

	2018	2017
Balance, beginning of year	5,334,591	-
Add: amount received during the year for the Canada 150 project	13,709	980,000
Less: amount recognized as revenue during the year for the Canada 150 project	(123,300)	(870,409)
	5,225,000	109,591
Add: amount received during the year for the 2017 Canada Games	-	5,225,000
Less: amount recognized as revenue during the year for the 2017 Canada Games	(5,225,000)	-
	(5,225,000)	5,225,000
Add: amount received during the year for the bid for the Canada Games occurring in 2023	60,000	-
Balance, end of year	60,000	5,334,591

**7. Commitments**

The Organization has entered an operating lease agreement for office premises until July 31, 2022 with estimated minimum annual payments as follows:

2019	60,900
2020	60,900
2021	62,833
2022	63,800
2023	21,267
	269,700

**8. Administration and coordination of national sponsor / licensee solicitation and agreements for the Canada Games**

The Organization, as the Franchise Holder for the Canada Games, has been involved with the administration and coordination of national sponsor / licensee solicitation and agreements for the organization of the Canada Games for the Host Societies. As administrator of these national agreements, the Organization has accepted the responsibility of collecting funds from a sponsor / licensee and in turn issuing and allocating a specified amount to Canada Games Host Societies. During the fiscal year 2018, the Organization, through established national agreements, collected \$3,028,922 (\$837,575 cash and \$2,211,392 value-in-kind (VIK)) (2017 - \$1,264,705 (\$907,500 cash and \$357,205 VIK)) to Host Societies. The Organization's accounts receivable balance as at March 31, 2018 includes \$nil in cash (2017 - \$309,000) outstanding from supporters for national agreements completed during the year. The Organization's accounts payable balance as at March 31, 2018 includes \$0 (2017 - \$460,200) to Host Societies from supporters for national agreements completed during the year.

**Canada Games Council**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2018*

**8. Administration and coordination of national sponsor / licensee solicitation and agreements for the Canada Games**  
*(Continued from previous page)*

The following chart summarizes the national agreements in place and disbursements to the Host Societies (HS) in 2018:

	<i>HS value in-kind</i>	<i>HS cash</i>	<i>Total to HS</i>	<i>Organization value in-kind*</i>	<i>Organization cash*</i>	<i>Total 2018</i>
Forzani	-	175,000	175,000	-	25,000	25,000
TLC	136,535	-	136,535	-	-	-
Deloitte (2017)	49,695	-	49,695	6,000	-	6,000
Deloitte (2019)	34,305	-	34,305	-	-	-
KIMIK	42,420	-	42,420	25,090	-	25,090
TECK	60,000	143,000	203,000	-	25,000	25,000
Columbia	350,000	-	350,000	25,000	-	25,000
Sage (2017)	75,000	-	75,000	48,250	-	48,250
Sage (2019)	18,750	-	18,750	-	-	-
COF	-	100,000	100,000	-	25,000	25,000
Konica Minolta	250,000	-	250,000	-	25,000	25,000
Shaw (2017)	803,934	-	803,934	120,000	-	120,000
Shaw (2019)	-	10,000	10,000	-	-	-
Panago	32,947	15,833	48,780	7,966	21,667	29,663
AMEX GBT	-	-	-	15,000	25,000	40,000
OPIN	46,000	-	46,000	25,000	-	25,000
Dairy Farmers of Canada	-	62,500	62,500	-	12,500	12,500
COC	-	75,000	75,000	-	-	-
RBC	-	75,000	75,000	-	-	-
Canada's Sports Hall of Fame	-	-	-	10,000	-	10,000
Luvo Inc	-	-	-	10,000	-	10,000
ParticipACTION	-	-	-	-	2,000	2,000
MNP	-	-	-	19,500	-	19,500
	<b>1,899,586</b>	<b>656,333</b>	<b>2,555,919</b>	<b>311,806</b>	<b>161,167</b>	<b>473,003</b>

\* These amounts are included in the Organization's financial statements.

**Canada Games Council**  
**Notes to the Financial Statements**  
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**8. Administration and coordination of national sponsor / licensee solicitation and agreements for the Canada Games**  
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The following chart summarizes the national agreements in place and disbursements to the Host Societies (HS) in 2017:

	<i>HS value in-kind</i>	<i>HS cash</i>	<i>Total to HS</i>	<i>Organization value in-kind*</i>	<i>Organization cash*</i>	<i>Total 2017</i>
Forzani	-	175,000	175,000	-	25,000	25,000
TLC	75,000	-	75,000	-	-	-
Deloitte (2017)	62,395	-	62,395	6,250	-	6,250
Deloitte (2019)	33,805	-	33,805	-	-	-
KIMIK	-	-	-	25,090	-	25,090
TECK	-	147,000	147,000	-	13,000	13,000
Columbia	-	-	-	35,000	-	35,000
Sage (2017)	-	-	-	34,280	-	34,280
COF	-	100,000	100,000	-	25,000	25,000
Konica Minolta	25,000	-	25,000	-	25,000	25,000
Shaw	-	10,000	10,000	-	50,000	50,000
Panago (2017)	7,052	15,833	22,885	3,333	21,667	25,000
AMEX GBT	-	-	-	-	25,000	25,000
OPIN	25,000	-	25,000	25,000	-	25,000
Dairy Farmers of Canada	-	187,500	187,500	-	12,500	12,500
COC / RBC	-	75,000	75,000	-	-	-
	<b>228,252</b>	<b>710,333</b>	<b>938,585</b>	<b>128,953</b>	<b>197,167</b>	<b>326,120</b>

\* There amounts are included in the Organization's financial statements.

**9. Capital disclosure**

The Organization defines its capital as its net assets, which are not subject to external requirements. Management's objective, when managing capital, is 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.

There have been no changes to the Organization's capital requirements and its overall strategy for capital remains unchanged from the prior year.

**10. Financial instruments**

The fair value of cash, accounts receivable and accounts payable and accrued liabilities approximate their carrying value. It is management's opinion that the Organization is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The investment practices of the Organization are designed to avoid undue risk of loss of assets and provide a reasonable rate of return given the nature of the investments. The maximum investment risk is represented by the fair value of the term deposits.

**Canada Games Council**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2018*

**11. Sport Canada contributions**

A Contributions Agreement between the Organization and Sport Canada exists for the period of April 1, 2017 to March 31, 2018.

**Allocation of expenses**

Administration, governance expenses, salaries, operations/programming and official languages are allocated to programs according to management's best estimate based on project activities.

The schedule of revenues realized and expenses incurred from the Sport Canada Support Program for that period are:

	<i>CGC expense totals</i>	<i>Approved by Sport Canada</i>	<i>Actual Sport Canada contribution</i>
<b>Expenditures</b>			
Administration	255,231	111,585	111,585
Administration - value in-kind	25,500	-	-
Governance	82,933	7,722	7,722
Salaries	988,434	589,230	589,230
Operations/Programming	605,867	391,783	391,783
Operations/Programming value in-kind	286,306	-	-
Official languages	50,910	15,500	15,500
	<b>2,295,181</b>	<b>1,115,820</b>	<b>1,115,820</b>

A Contribution Agreement between the Organization and Sport Canada existed for the period from April 1, 2016 to March 31, 2017. The schedule of revenues realized and expenses incurred from the Sport Canada Support Program for that period are:

	<i>CGC expense totals</i>	<i>Approved by Sport Canada</i>	<i>Actual Sport Canada contribution</i>
<b>Expenditures</b>			
Administration	145,864	111,500	111,500
Administration - value in-kind	9,583	-	-
Governance	89,087	30,000	30,000
Salaries	906,878	638,820	638,820
Operations/Programming	429,067	280,000	280,000
Operations/Programming value in-kind	119,370	-	-
Official languages	46,150	55,500	55,500
	<b>1,745,999</b>	<b>1,115,820</b>	<b>1,115,820</b>