

CANADIAN OLYMPIC COMMITTEE

**Non-consolidated Financial Statements
December 31, 2020**

Independent Auditor's Report

To the Members of the
Canadian Olympic Committee

Opinion

We have audited the non-consolidated financial statements of the Canadian Olympic Committee (the "C.O.C."), which comprise the non-consolidated statement of financial position as at December 31, 2020, and the non-consolidated statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the non-consolidated 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 C.O.C. as at December 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 C.O.C. 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 C.O.C.'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 C.O.C. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the C.O.C.'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 C.O.C.'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 C.O.C.'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 C.O.C. 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
April 30, 2021

CANADIAN OLYMPIC COMMITTEE

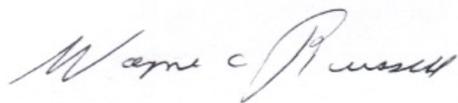
Non-consolidated Statement of Financial Position

As at December 31, 2020

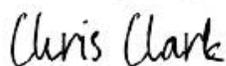
(in thousands of dollars)

	<u>2020</u>	<u>2019</u>
	\$	\$
ASSETS		
Current assets		
Cash (Note 4)	11,140	5,602
Receivables and deposits (Note 18)	10,384	8,757
	<u>21,524</u>	<u>14,359</u>
Investments (Note 5)	194,998	189,205
Capital assets (Note 6)	5,188	6,347
Total assets	<u>221,710</u>	<u>209,911</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 7)	5,779	5,927
Deferred revenue (Note 8)	996	693
Deferred capital contributions (Note 9)	976	2,001
Total liabilities	<u>7,751</u>	<u>8,621</u>
Commitments (Note 14)		
FUND BALANCES		
Externally restricted (Note 10)		
Petro-Canada Olympic Torch Scholarship Fund	9,564	9,596
Olympic Legacy Coaching fund	14,038	14,540
	<u>23,602</u>	<u>24,136</u>
General Fund		
Internally restricted		
Canadian Olympic Family Fund (Note 11)	151,397	165,162
Invested in capital assets	4,212	4,346
Unrestricted	34,748	7,646
	<u>190,357</u>	<u>177,154</u>
Total fund balances	<u>213,959</u>	<u>201,290</u>
Total liabilities and fund balances	<u>221,710</u>	<u>209,911</u>

Approved by the Board of Directors



_____, Director



_____, Director

CANADIAN OLYMPIC COMMITTEE

Non-consolidated Statement of Operations

For the year ended December 31, 2020

(in thousands of dollars)

	2020						
	Petro-Canada Olympic Torch Scholarship Fund	Olympic Legacy Coaching Fund	Total Externally Restricted Funds	Internally Restricted Funds	Unrestricted Fund	Total General Fund	Total Funds
	\$	\$	\$	\$	\$	\$	\$
Revenues (Note 12)							
Partner and marketing revenues	-	-	-	-	41,221	41,221	41,221
Investment revenue	784	1,191	1,975	12,407	795	13,202	15,177
Grants, donations and other (Note 18)	-	-	-	-	4,855	4,855	4,855
	<u>784</u>	<u>1,191</u>	<u>1,975</u>	<u>12,407</u>	<u>46,871</u>	<u>59,278</u>	<u>61,253</u>
Expenses							
Program and operating expenses (Notes 13 and 15)	-	-	-	-	45,397	45,397	45,397
Grants and related expenses	768	1,625	2,393	-	-	-	2,393
Investment management fees	48	68	116	678	-	678	794
	<u>816</u>	<u>1,693</u>	<u>2,509</u>	<u>678</u>	<u>45,397</u>	<u>46,075</u>	<u>48,584</u>
(Deficiency) excess of revenues over expenses	<u>(32)</u>	<u>(502)</u>	<u>(534)</u>	<u>11,729</u>	<u>1,474</u>	<u>13,203</u>	<u>12,669</u>

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

CANADIAN OLYMPIC COMMITTEE

Non-consolidated Statement of Operations

For the year ended December 31, 2019

(in thousands of dollars)

	2019						
	Petro-Canada Olympic Torch Scholarship Fund	Olympic Legacy Coaching Fund	Total Externally Restricted Funds	Internally Restricted Funds	Unrestricted Fund	Total General Fund	Total Funds
	\$	\$	\$	\$	\$	\$	\$
Revenues (Note 12)							
Partner and marketing revenues	-	-	-	-	35,166	35,166	35,166
Investment revenue	1,476	2,140	3,616	23,311	-	23,311	26,927
Grants, donations and other (Note 18)	-	-	-	-	4,960	4,960	4,960
	<u>1,476</u>	<u>2,140</u>	<u>3,616</u>	<u>23,311</u>	<u>40,126</u>	<u>63,437</u>	<u>67,053</u>
Expenses							
Program and operating expenses (Notes 13 and 15)	-	-	-	-	43,852	43,852	43,852
Grants and related expenses	630	524	1,154	-	-	-	1,154
Investment management fees	46	63	109	621	-	621	730
	<u>676</u>	<u>587</u>	<u>1,263</u>	<u>621</u>	<u>43,852</u>	<u>44,473</u>	<u>45,736</u>
Excess (deficiency) of revenues over expenses	<u>800</u>	<u>1,553</u>	<u>2,353</u>	<u>22,690</u>	<u>(3,726)</u>	<u>18,964</u>	<u>21,317</u>

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

CANADIAN OLYMPIC COMMITTEE

Non-consolidated Statement of Changes in Fund Balances

For the year ended December 31, 2020
(in thousands of dollars)

	General Fund				Total General Fund	2020 Total
	Externally Restricted Funds	Canadian Olympic Family Fund	Invested in Capital Assets	Unrestricted Fund		
	\$	\$	\$	\$	\$	\$
Balances, beginning of year	24,136	165,162	4,346	7,646	177,154	201,290
(Deficiency) excess of revenues over expenses	(534)	11,729	-	1,474	13,203	12,669
Interfund transfers (Note 20)	-	(25,494)	-	25,494	-	-
Amortization of deferred capital contributions	-	-	1,025	(1,025)	-	-
Purchase of capital assets	-	-	797	(797)	-	-
Amortization of capital assets	-	-	(1,956)	1,956	-	-
Balances, end of year	23,602	151,397	4,212	34,748	190,357	213,959

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

CANADIAN OLYMPIC COMMITTEE

Non-consolidated Statement of Changes in Fund Balances

For the year ended December 31, 2019

(in thousands of dollars)

	General Fund				Total General Fund	2019 Total
	Externally Restricted Funds	Canadian Olympic Family Fund	Invested in Capital Assets	Unrestricted Fund		
	\$	\$	\$	\$	\$	\$
Balances, beginning of year	21,783	148,049	4,550	5,591	158,190	179,973
Excess (deficiency) of revenues over expenses	2,353	22,690	-	(3,726)	18,964	21,317
Interfund transfers (Note 20)	-	(5,577)	-	5,577	-	-
Amortization of deferred capital contributions	-	-	1,025	(1,025)	-	-
Purchase of capital assets	-	-	635	(635)	-	-
Amortization of capital assets	-	-	(1,864)	1,864	-	-
Balances, end of year	24,136	165,162	4,346	7,646	177,154	201,290

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

CANADIAN OLYMPIC COMMITTEE

Non-consolidated Statement of Cash Flows

For the year ended December 31, 2020

(in thousands of dollars)

	2020	2019
	\$	\$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES		
Operating		
Excess of revenues over expenses	12,669	21,317
Amortization of deferred capital contributions	(1,025)	(1,025)
Amortization of capital assets	1,956	1,864
Change in unrealized gain on investments	(1,590)	(9,657)
	<u>12,010</u>	<u>12,499</u>
Changes in non-cash working capital items		
Receivables and deposits	(1,627)	(4,341)
Accounts payable and accrued liabilities	(148)	(2,293)
Deferred revenue	303	(2,291)
	<u>10,538</u>	<u>3,574</u>
Investing		
Purchase of capital assets	(797)	(635)
Change in investments, net	(4,203)	(8,948)
	<u>(5,000)</u>	<u>(9,583)</u>
Increase (decrease) increase in cash	5,538	(6,009)
Cash, beginning of year	5,602	11,611
Cash, end of year	<u>11,140</u>	<u>5,602</u>

CANADIAN OLYMPIC COMMITTEE

Notes to the Non-consolidated Financial Statements

December 31, 2020

(in thousands of dollars)

1. PURPOSE OF THE ORGANIZATION

The Canadian Olympic Committee (the "C.O.C.") is the National Olympic Committee in Canada recognized by the International Olympic Committee. As such, it 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.

The C.O.C. was incorporated on January 3, 1952 without share capital, and was continued under the Canada Not-for-Profit Corporations Act on February 6, 2014. The C.O.C. is a Registered Canadian Amateur Athletic Association as defined in the Income Tax Act and is not subject to income taxes.

2. DESCRIPTION OF THE FUNDS

The C.O.C. obtains funds from various sources, some of which are designated for specific purposes or programs and are therefore not available for general purposes. The Unrestricted Fund accounts for the C.O.C.'s program delivery and administrative activities. This fund reports unrestricted resources and receives transfers from the internally and externally restricted funds.

The Petro-Canada Olympic Torch Scholarship Fund, Olympic Legacy Coaching Fund and Canadian Olympic Family Fund are managed under the direction of an Investment Committee appointed by the Board of Directors.

Externally Restricted Funds

Petro-Canada Olympic Torch Scholarship Fund

The Petro-Canada Olympic Torch Scholarship Fund was created pursuant to an agreement between Petro-Canada Inc., the C.O.C. and the previously dissolved Canadian Olympic Foundation (the "Foundation").

Beginning in 2008, the fund began operating as Fuelling Athlete and Coaching Excellence and the objectives were modified to align with the objectives of the C.O.C. as follows:

- a) To pay and satisfy all administrative costs associated with the fund; and,
- b) To distribute the remaining income to athletes and coaches in their pursuit of Olympic podium success.

Olympic Legacy Coaching Fund

Pursuant to an agreement between the Government of Canada, the now dissolved XV Olympic Winter Games Organizing Committee (OCO'88) and the C.O.C., the C.O.C. received an amount as capital of the Olympic Legacy Coaching Fund.

The income of the fund is to be used to achieve the following objectives:

- a) To pay and satisfy all administrative costs associated with the fund;
- b) To add to the capital of the fund on an annual basis an amount as may be determined by the Allocation Committee to maintain the original purchasing value of the fund;
- c) To distribute the remaining income to:
 - (i) Support coaching and coaching-related activities, with priority emphasis on professional coaching services to high performance athletes, at the legacy facilities in Calgary attributable to the XV Olympic Winter Games;
 - (ii) Optimize high performance athlete development at the legacy facilities;
 - (iii) Such other charitable purposes as may be determined by the C.O.C. and the Government of Canada.

Grants and related expenses are calculated at 4.0% of the average fund balance at the end of each of the previous three years. Additional grants may be distributed consistent with the objectives of the fund.

CANADIAN OLYMPIC COMMITTEE
Notes to the Non-consolidated Financial Statements
December 31, 2020
(in thousands of dollars)

2. DESCRIPTION OF THE FUNDS (continued)

Internally Restricted Funds

Canadian Olympic Family Fund

The Canadian Olympic Family Fund is an internally restricted fund. This internally restricted fund is not available for unrestricted purposes without the approval of the Board of Directors.

Under the terms of arrangements pertaining to the 1988 Olympic Winter Games Calgary, an amount was received from OCO'88.

The income of the fund is to be used to achieve the following objectives:

- a) To add to the capital of the fund on an annual basis an amount in order to maintain the original purchasing value of the fund.
- b) To help finance the programs of the C.O.C.

Encroachment on the capital as protected is permissible only upon approval by not less than three-quarters (3/4) of the members of the Session (as defined below) at each of two successive and regularly constituted meetings.

"Session" is a meeting of the members of the C.O.C. and includes any meeting designated as the Annual Session or as an Extraordinary Session. "Member" means a member of the C.O.C. holding any class of voting membership.

Distributions are based upon 3.5% (2019 - 3.5%) of the average of the three previous year end fund balances, with an additional 1% (2019 - 1%) distribution based on fund performance at the recommendation of the Investment Committee of the Board of Directors.

In order to maintain the purchasing value of the Canadian Olympic Family Fund and the Olympic Legacy Coaching Fund, the capital of each fund must be increased by a transfer equal to the percentage increase in the Core Consumer Price Index. For 2020, the rate is 1.5% (2019 - 1.7%). For the Canadian Olympic Family Fund, the recapitalization to maintain purchasing power is a policy requirement approved by the Board of Directors. For the Olympic Legacy Coaching Fund, the recapitalization to maintain purchasing power is a contractual requirement.

Invested in Capital Assets Fund

The Invested in Capital Assets Fund reflects capital assets purchased and used in the C.O.C.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared by management on a non-consolidated basis in accordance with Canadian accounting standards for not-for-profit organizations. Details of the non-consolidated organization (the Foundation) are provided in Note 17.

Fund accounting

The C.O.C. follows the restricted fund method of accounting for restricted contributions.

Revenue recognition

The C.O.C. follows the practice of accounting for donations, sponsorships and licensing at the time such funds are received, or become receivable under the terms of contracts.

The value of donated goods and services received if they would otherwise have been purchased is accounted for at fair value at the time of the receipt.

Investment income earned on restricted resources is recognized as revenue of the applicable restricted fund according to the terms of the restricted contribution.

Other investment income is recognized as revenue of the General Fund.

CANADIAN OLYMPIC COMMITTEE

Notes to the Non-consolidated Financial Statements

December 31, 2020

(in thousands of dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Value-in-kind is recognized in these financial statements when the fair value can be reasonably determined and if the C.O.C. would have purchased the goods or services in the normal course of its business. The fair market value is recorded as partnership revenue and an offsetting expense is recorded in the area that the goods and services were utilized.

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

Amounts received with respect to capital assets are included as deferred capital contributions and are amortized at the same rate as the related capital assets.

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value when the C.O.C. becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost, except for investments. The C.O.C. uses fair value to measure investments, with any subsequent changes in fair value recorded in the statement of operations.

Investments

Investments are stated at fair value. Fair value is the amount of the consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

Fair value 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.

As set out in the C.O.C.'s Statement of Long-Term Investment Strategy and Policies, financial risk associated with investments is managed as follows:

- (i) Currency risk: No more than 20% of the market value of an investment manager's bond portfolio may be invested in bonds denominated in a currency other than Canadian dollars and no more than 36% 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 bonds and debentures - no more than 30% of an investment manager's bond portfolio can be invested in bonds rated below 'BBB' or equivalent; individual short term investments - 'R-1' or equivalent; individual preferred shares 'P-1' 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.

CANADIAN OLYMPIC COMMITTEE

Notes to the Non-consolidated Financial Statements

December 31, 2020

(in thousands of dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets

Capital assets are stated at cost less accumulated amortization. Amortization of capital assets is provided on the straight-line basis method at the following rates:

Furniture and fixtures	5 years
Computer equipment and software	3 years
Leasehold improvements	Term of the lease

Use of estimates

The preparation of the 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 date of the financial statements and the reported amounts of revenues and expenses during the year.

Significant estimates include investments, accrued liabilities, deferred revenue, amortization of deferred capital contributions and amortization of capital assets. Actual results could differ from those estimates.

4. CASH

	2020	2019
	\$	\$
Unrestricted General Fund	11,139	5,601
Canadian Olympic Family Fund	1	1
	<u>11,140</u>	<u>5,602</u>

5. INVESTMENTS

	2020			
	Canadian Olympic Family Fund	Petro-Canada Olympic Torch Scholarship Fund	Olympic Legacy Coaching Fund	Total
	\$	\$	\$	\$
Short-term investments	124	7	10	141
Fixed income	61,298	3,415	4,857	69,570
Canadian equities	35,076	1,954	2,779	39,809
International equities	49,761	2,772	3,943	56,476
Real estate	25,553	1,424	2,025	29,002
	<u>171,812</u>	<u>9,572</u>	<u>13,614</u>	<u>194,998</u>

CANADIAN OLYMPIC COMMITTEE

Notes to the Non-consolidated Financial Statements

December 31, 2020

(in thousands of dollars)

5. INVESTMENTS (continued)

	2019			Total
	Canadian Olympic Family Fund	Petro-Canada Olympic Torch Scholarship Fund	Olympic Legacy Coaching Fund	
	\$	\$	\$	\$
Short-term investments	119	7	11	137
Fixed income	58,505	3,650	5,346	67,501
Canadian equities	33,479	2,089	3,059	38,627
International equities	47,497	2,963	4,340	54,800
Real estate	24,390	1,522	2,228	28,140
	163,990	10,231	14,984	189,205

The fixed income securities bear a yield to maturity from 0.61% to 8.00% (2019 - 1.70% to 8.00%) with staggered maturity dates and a weighted average term to maturity from 0.8 years to 11.3 years (2019 - 0.4 years to 10.5 years).

The historical cost or book value of the investments held at December 31, 2020 was \$166,619 (2019 - \$162,416).

The Canadian Olympic Family Fund includes \$151,124 (2019 - \$151,204) in internally restricted investments and \$20,688 (2019 - \$12,786) in unrestricted investments.

6. CAPITAL ASSETS

	2020		2019	
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Furniture and fixtures	1,085	664	421	526
Computer equipment and software	6,041	4,458	1,583	2,213
Leasehold improvements	5,054	1,870	3,184	3,608
	12,180	6,992	5,188	6,347

7. GOVERNMENT REMITTANCES

Outstanding government remittances as at December 31, 2020 are \$4 (2019 - \$1).

8. DEFERRED REVENUE

	2020	2019
	\$	\$
Opening balance	693	2,984
Add: amounts received	608	693
Less: amounts recognized as revenue	305	2,984
Balance, end of year	996	693

CANADIAN OLYMPIC COMMITTEE

Notes to the Non-consolidated Financial Statements

December 31, 2020

(in thousands of dollars)

9. DEFERRED CAPITAL CONTRIBUTIONS

	2020	2019
	\$	\$
Opening balance	2,001	3,026
Less: amounts recognized as revenue	1,025	1,025
Balance, end of year	<u>976</u>	<u>2,001</u>

10. EXTERNALLY RESTRICTED FUND BALANCES

Externally restricted fund balances include the Petro-Canada Olympic Torch Scholarship Fund and the Olympic Legacy Coaching Fund. The balances are restricted as to use as outlined in Note 2. The balances are further restricted as follows:

	2020		
	Petro-Canada Olympic Torch Scholarship Fund	Olympic Legacy Coaching Fund	Total
	\$	\$	\$
Capital	5,831	9,475	15,306
Available for grants and funding programs	3,733	4,563	8,296
	<u>9,564</u>	<u>14,038</u>	<u>23,602</u>

	2019		
	Petro-Canada Olympic Torch Scholarship Fund	Olympic Legacy Coaching Fund	Total
	\$	\$	\$
Capital	5,831	9,355	15,186
Available for grants and funding programs	3,765	5,185	8,950
	<u>9,596</u>	<u>14,540</u>	<u>24,136</u>

11. INTERNALLY RESTRICTED FUND BALANCE

The internally restricted fund balance consists of the Canadian Olympic Family Fund and the Invested in Capital Assets Fund.

The Canadian Olympic Family Fund balance is restricted for use as outlined in Note 2.

The C.O.C established that the Canadian Olympic Family Fund maintain a Capital Safety Margin equal to 33% of capital to ensure an annual distribution of 3.5%.

In 2011, C.O.C. transferred \$10,000 from its Unrestricted Fund to the Canadian Olympic Family Fund investment account to be invested under the direction of the Investment Committee appointed by the Board of Directors. The amount was held as an unrestricted reserve for the 2013-2016 period to fund the National Sport Federation Enhancement Initiative (the "N.S.F. EI"). The C.O.C committed \$5,000 for the 2017-2020 period to further fund the N.S.F. EI. As at December 31, 2020, the C.O.C. has committed \$15,000 for the 2013-2020 period of which \$14,691 has been paid or is payable. As such, as at December 31, 2020, \$309 is remaining to be paid out (as at December 31, 2019 funded \$13,589 and \$1,411 remaining). In addition to the remaining balance of \$309, there is \$1,516 related to the cumulative net investment income of the funds. The total funds of \$1,825 will be used towards National Sports Organizations Programs and Return to Sport Initiatives.

CANADIAN OLYMPIC COMMITTEE

Notes to the Non-consolidated Financial Statements

December 31, 2020

(in thousands of dollars)

11. INTERNALLY RESTRICTED FUND BALANCE (continued)

In 2020, the C.O.C. transferred \$Nil (2019 - \$1,546) from the Unrestricted Fund to the Canadian Olympic Family Fund. The amount is held as an unrestricted amount and is available for funding (Note 20)

In addition, in 2020 the C.O.C transferred \$25,494 (2019 - \$7,123 transfer net against a \$1,546 voluntary distribution) from the Canadian Olympic Family Fund to the Unrestricted Fund (Note 20). This transfer is comprised of:

(a) \$12,786 (2019 - \$Nil) related to investments previously held within the Canadian Olympic Family Fund that were held as an unrestricted reserve. This amount is comprised of:

- (i) \$10,027 of investments available for funding C.O.C.'s operations, and
- (ii) \$2,759 of investments available for funding the N.S.F. EI.

As a result of this transfer, the Canadian Olympic Family Fund holds investments as an unrestricted reserve totalling \$Nil (2019 - \$12,786).

(b) \$12,708 (2019 - \$7,123 transfer net against a \$1,546 voluntary distribution) to help finance programs of the C.O.C.

The balance of the Internally Restricted Fund is broken down as follows:

	<u>2020</u>	<u>2019</u>
	\$	\$
Capital	102,138	100,628
Capital Safety Margin	33,705	33,207
Available for Funding	15,554	29,916
Available for N.S.F. EI	-	1,411
	<u>151,397</u>	<u>165,162</u>

The 2019 Available for Funding amount of \$29,916 included \$10,027 available for funding C.O.C.'s operations and \$1,348 available for funding the N.S.F EI.

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12. REVENUES - GENERAL FUND

	<u>2020</u>		<u>2019</u>	
	\$		\$	
Partner and marketing revenues				
Sponsorship (including value in kind of \$2,487; \$1,210 in 2019)	40,196		34,141	
Amortization of deferred capital contributions	<u>1,025</u>	41,221	<u>1,025</u>	35,166
Investment income				
Realized gain on investments	425		76	
Unrealized gain	1,685		8,436	
Interest and dividends	<u>11,092</u>	13,202	<u>14,799</u>	23,311
Grants	3,517		3,814	
Donations	34		82	
Other revenues (including value in kind of \$610; \$610 in 2019)	1,153		953	
Foreign exchange gain	<u>151</u>	<u>4,855</u>	111	4,960
Total revenues		<u>59,278</u>		<u>63,437</u>

In addition to the value in kind revenues noted above, goods and services of \$2,025 (2019 - \$4,651) were received and used during the year.

13. PROGRAM AND OPERATING EXPENSES - UNRESTRICTED FUND

	<u>2020</u>		<u>2019</u>	
	\$		\$	
Sport				
High Performance Sport Funding	8,863		9,541	
Next Generation Funding	2,000		-	
Olympic Preparation	4,002		3,978	
Team Operations	3,309		5,020	
Training Ground	464		867	
N.S.F. EI	729		627	
National Sport Federation Contributions	399		392	
Athlete Services	651		622	
Education, Youth and Community Outreach	<u>346</u>	20,763	<u>297</u>	21,344
Marketing and Communications		5,478		4,865
Operations		15,812		13,562
Promotional and special events		539		553
Governance		147		882
Advocacy		702		782
Amortization		<u>1,956</u>		1,864
Total expenses		<u>45,397</u>		<u>43,852</u>

The expenses noted above include value in kind good and services of \$3,097 (2019 - \$1,820).

The C.O.C. entered into an agreement with the lessor of the C.O.C.'s Montreal office for a period of 15 years from October 1, 2012 to September 30, 2027. The lessor and the C.O.C. have agreed under the terms of the agreement that the C.O.C. will not pay for the use and occupancy of the office for the duration of the lease.

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14. COMMITMENTS

The C.O.C. is committed under operating leases up to 2028 for the rental of premises. The approximate minimum future payments are as follows:

	\$
2021	767
2022	789
2023	802
2024	825
2025	848
Thereafter	<u>2,634</u>
	<u>6,665</u>

15. PENSION PLAN

The C.O.C. provides a defined contribution pension plan to eligible employees. Employer contributions were \$307 in 2020 (\$190 in 2019) and are included in program and operating expenses of the Unrestricted Fund.

16. CONTINGENCIES AND GUARANTEES

In the normal course of business, the C.O.C. enters into agreements that meet the definition of a guarantee. The C.O.C.'s primary guarantees are as follows:

- (a) The C.O.C. has provided indemnities under lease agreements for the use of various operating facilities. Under the terms of these agreements the C.O.C. agrees to indemnify the counterparties for various items including, but not limited to, all liabilities, loss, suits, and damages arising during, on or after, the term of the agreement. The maximum amount of any potential future payment cannot be reasonably estimated.
- (b) Indemnity has been provided to all directors and/or officers, employees, volunteers or members of any duly constituted committee of the C.O.C. for various items including, but not limited to, all costs to settle suits or actions due to association with the C.O.C., subject to certain restrictions. The C.O.C. has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. The term of the indemnification is not explicitly defined, but is limited to the period over which the indemnified party served as a director, officer, employee, volunteer or member of any committee of the C.O.C. The maximum amount of any potential future payment cannot be reasonably determined.
- (c) In the normal course of business, the C.O.C. has entered into agreements that include indemnities in favour of third parties, marketing agreements, confidentiality agreements, engagement letters with advisors and consultants, outsourcing agreements, leasing contracts, information technology agreements and service agreements. These indemnification agreements may require the C.O.C. to compensate counterparties for losses incurred by the counterparties as a result of breaches in representation and 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 not explicitly defined and the maximum amount of any potential reimbursement cannot be reasonably estimated.

The nature of these indemnification agreements prevents the C.O.C. 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 and the unlimited coverage offered to counterparties. Historically, the C.O.C. 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.

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17. CANADIAN OLYMPIC FOUNDATION

The C.O.C. has the right at all times to designate no less than two thirds of all members of the Foundation who elect the Board of Directors and, as such, exercises control over the Foundation. Summary information on the Foundation is disclosed below and in Note 18.

- (a) 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 Canadian 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 Foundation is incorporated under the Canada Corporations Act and is a registered charity under the Income Tax Act.
- (b) The financial statements of the Foundation have not been consolidated with the financial statements of the C.O.C. Financial summaries of the Foundation as at December 31, 2020 are as follows:

	<u>2020</u>	<u>2019</u>
	\$	\$
Financial position		
Total assets	<u>10,902</u>	10,365
Total liabilities	<u>3,244</u>	2,341
Total fund balances	<u>7,658</u>	8,024
	<u>10,902</u>	<u>10,365</u>
	<u>2020</u>	<u>2019</u>
	\$	\$
Results of operations		
Total revenues	<u>10,036</u>	7,388
Total expenses	<u>2,446</u>	1,867
Total grants	<u>7,956</u>	8,150
Deficiency of revenue over expenses	<u>(366)</u>	(2,629)
	<u>2020</u>	<u>2019</u>
	\$	\$
Cash flows		
Cash provided (used) by operating activities	<u>743</u>	(1,806)
Cash (used) provided by investing activities	<u>(350)</u>	1,177
Increase (decrease) in cash	<u>393</u>	(629)

Total fund balances include \$6,155 in endowed and restricted funds (2019 - \$5,629), and \$1,503 (2019 - \$2,395) in unrestricted funds. The deficiency of revenue over expenses includes \$892 deficiency (2019 - \$3,732 deficiency) in general funds and \$526 excess (2019 - \$1,103 excess) in endowed and restricted funds.

CANADIAN OLYMPIC COMMITTEE

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18. RELATED PARTY TRANSACTIONS

During the year, the Foundation granted \$2,410 (2019 - \$2,330) of which \$660 (2019 - \$560) was granted to the Unrestricted fund and \$1,750 (2019 - \$1,770) was designated to Own the Podium as the recipient via the C.O.C. During the year, the C.O.C. granted \$2,000 (2019 - \$Nil) to the Foundation for Next Generation Funding.

As at December 31, 2020, the C.O.C. has a net receivable from the Foundation of \$2,625 (2019 - \$1,858). The C.O.C. provides administrative support to the Foundation at no charge.

19. CREDIT FACILITIES

The C.O.C. has arranged credit facilities to fund the requirements of the Unrestricted Fund of \$2,500, of which \$Nil has been drawn at December 31, 2020 and 2019. The credit facilities are secured by a General Security Agreement.

20. INTERFUND TRANSFERS

During the year, \$12,786 (2019 - \$Nil) were transferred from the Canadian Olympic Family Fund to the Unrestricted Fund to help finance the C.O.C.'s operations and the N.S.F. E.I.

In addition, the Board of Directors approved a transfer of \$12,708 (2019 - \$7,123 transfer net against a \$1,546 voluntary distribution) from the Canadian Olympic Family Fund to the Unrestricted fund to help finance the programs of the C.O.C.

21. SPORT CANADA

Sport Canada provides funding for the purposes of Official Languages and Operations and Programming.

	2020	2019
	\$	\$
Revenues		
Official Languages	12	12
Operations and Programming	740	558
Total	<u>752</u>	<u>570</u>
Expenses		
Official Languages	188	264
Operations and Programming	1,516	2,313
Total	<u>1,704</u>	<u>2,577</u>

22. SIGNIFICANT EVENT - COVID-19

The outbreak of a novel strain of coronavirus ("COVID-19") was declared a global pandemic by the World Health Organization in March 2020. COVID-19 has severely impacted many economies around the globe. In many countries, including Canada, businesses were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. The C.O.C. has implemented procedures and protocols to mitigate the impact of COVID-19 on operations.

The primary impact to the C.O.C. was the postponement of the Tokyo 2020 Olympic Games. As at the date of approval of these non-consolidated financial statements by the Board of Directors, Tokyo 2020 Olympic Games are scheduled to take place from July 23 to August 8, 2021.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of governments and central banks responses, remains unclear at this time. As such, it is not possible to reliably estimate the ongoing impact the pandemic will have on the financial position, results of operations and cash flows of the C.O.C. in future periods.