



# 2017 Financial Statements

**Special  
Olympics**  
Ontario



**50** YEARS  
1968 - 2018

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**SPECIAL OLYMPICS ONTARIO INC.**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Members of  
Special Olympics Ontario Inc.  
TORONTO  
Ontario

### *Report on the Financial Statements*

We have audited the accompanying financial statements of Special Olympics Ontario Inc. which comprise the statement of financial position as at June 30, 2017 and the statements of operations and 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.

### *Auditors' 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 auditor's 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, these financial statements present fairly, in all material respects, the financial position of Special Olympics Ontario Inc. as at June 30, 2017 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.



NORTON McMULLEN LLP  
Chartered Professional Accountants, Licensed Public Accountants

MARKHAM, Canada  
September 28, 2017

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**SPECIAL OLYMPICS ONTARIO INC.****STATEMENT OF FINANCIAL POSITION**

As at June 30,

**2017****2016**

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**ASSETS****Current**

Unrestricted cash, cash equivalents, and short-term investments (Note 2)	\$ 2,546,183	\$ 2,638,850
Accounts receivable	56,381	51,000
HST refundable	99,859	151,468
Prepaid expenses	<u>372,377</u>	<u>101,927</u>
	\$ 3,074,800	\$ 2,943,245

Internally Restricted Investments (Note 2)	2,200,000	2,125,000
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Capital Assets (Note 3)	<u>85,597</u>	<u>102,716</u>
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	<u>\$ 5,360,397</u>	<u>\$ 5,170,961</u>
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**LIABILITIES****Current**

Accounts payable and accrued liabilities	\$ 542,239	\$ 563,496
Program funds segregated (Note 4)	306,052	269,939
Deferred contributions (Note 5)	<u>285,919</u>	<u>233,714</u>
	\$ 1,134,210	\$ 1,067,149

**NET ASSETS**

Internally restricted	\$ 2,200,000	\$ 2,125,000
Unrestricted	<u>2,026,187</u>	<u>1,978,812</u>
	\$ 4,226,187	\$ 4,103,812

	<u>\$ 5,360,397</u>	<u>\$ 5,170,961</u>
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**Commitments (Note 8)**

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Approved by the Board:

  
Director  
Director

See accompanying notes

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**SPECIAL OLYMPICS ONTARIO INC.****STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**

For the year ended June 30,

2017

2016

**REVENUES**

Programs	\$ 3,852,135	\$ 4,666,355
Fundraising	3,512,770	3,005,454
Government grants	608,175	384,033
Nevada tickets	327,119	339,337
Interest	105,715	96,593
General	42,497	108,452
Memoriam	2,267	274,495
Gifts-in-kind	1,775	17,500
	<u>\$ 8,452,453</u>	<u>\$ 8,892,219</u>

**EXPENSES**

Programs	\$ 6,951,610	\$ 7,465,569
Fundraising	419,637	401,038
Administrative	410,362	370,125
Marketing and advertising	355,498	386,689
Nevada tickets	192,971	180,323
	<u>\$ 8,330,078</u>	<u>\$ 8,803,744</u>

**EXCESS OF REVENUES OVER EXPENSES**

\$ 122,375 \$ 88,475

Transfer to internally restricted net assets (Note 2)

75,000 48,626**NET INCREASE IN UNRESTRICTED NET ASSETS**

\$ 47,375 \$ 39,849

**UNRESTRICTED NET ASSETS - Beginning**1,978,812 1,938,963**UNRESTRICTED NET ASSETS - Ending**\$ 2,026,187 \$ 1,978,812**INTERNALLY RESTRICTED NET ASSETS - Beginning**

\$ 2,125,000 \$ 2,076,374

Transfer from unrestricted net assets (Note 2)

75,000 48,626**INTERNALLY RESTRICTED NET ASSETS - Ending**\$ 2,200,000 \$ 2,125,000

See accompanying notes

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**SPECIAL OLYMPICS ONTARIO INC.****STATEMENT OF CASH FLOWS**

For the year ended June 30,

2017

2016

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**UNRESTRICTED CASH, CASH EQUIVALENTS  
AND SHORT-TERM INVESTMENTS WERE PROVIDED BY (USED IN):****OPERATING ACTIVITIES**

Excess of revenues over expenses	\$ 122,375	\$ 88,475
Items not affecting cash:		
Amortization	<u>17,119</u>	<u>17,119</u>
	\$ 139,494	\$ 105,594
Net change in non-cash working capital balances:		
Accounts receivable	(5,381)	(50,000)
HST refundable	51,609	4,949
Prepaid expenses	(270,450)	(88,057)
Accounts payable and accrued liabilities	(21,257)	305,197
Program funds segregated	36,113	(158,670)
Deferred contributions	<u>52,205</u>	<u>213,714</u>
	\$ (17,667)	\$ 332,727

**INVESTING ACTIVITIES**

Increase in internally restricted investments	<u>(75,000)</u>	<u>(48,626)</u>
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**INCREASE (DECREASE) IN UNRESTRICTED CASH,  
CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS**

\$ (92,667)	\$ 284,101
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**UNRESTRICTED CASH, CASH EQUIVALENTS AND  
SHORT-TERM INVESTMENTS - Beginning**

<u>2,638,850</u>	<u>2,354,749</u>
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**UNRESTRICTED CASH, CASH EQUIVALENTS AND  
SHORT-TERM INVESTMENTS - Ending**

<u>\$ 2,546,183</u>	<u>\$ 2,638,850</u>
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**SUPPLEMENTARY CASH FLOW INFORMATION**

Unrestricted cash, cash equivalents and short-term investments consist of the following:

Cash in bank	\$ 281,729	\$ 372,943
Cash and cash equivalents in investment account	1,061,405	1,788,989
Allocated short-term investments	<u>1,203,049</u>	<u>476,918</u>
	<u>\$ 2,546,183</u>	<u>\$ 2,638,850</u>

See accompanying notes

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# **SPECIAL OLYMPICS ONTARIO INC.**

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017**

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### **PURPOSE OF THE ORGANIZATION**

Special Olympics Ontario Inc. (the "Organization") is a provincial organization that provides athletes with intellectual disabilities the opportunity to experience and succeed in sport. The Organization was incorporated in 1979 without share capital under the Corporations Act (Ontario) and is a registered charity under the Income Tax Act (Canada). The Organization is exempt from income taxes and may issue tax-deductible receipts to donors.

### **1. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

#### **a) Consolidation**

The Organization meets its objective of providing intellectually disabled athletes with opportunities in sport through the cooperation of many local programs in organizing events and providing support to athletes throughout Ontario. The Organization acts as a governing body over these programs.

The Organization has excluded these local programs from consolidation since the results of their activities are individually immaterial to the Organization, the Organization does not exercise financial control over these programs and the cost of preparing consolidated financial statements would exceed any benefits from doing so. These financial statements include only those assets, liabilities, revenues and expenses directly attributable to the Organization and do not include the operating results of the local programs.

#### **b) 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 based on currently available information. Such estimates and assumptions affect the reported amounts of assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from the estimates used.

Significant estimates include the estimated useful life of capital assets and certain accrued liabilities.

#### **c) Foreign Currency Translation**

Accounts in foreign currencies have been translated into Canadian dollars using the temporal method. Under this method, monetary assets and liabilities are translated at the year-end exchange rate, while non-monetary assets are translated at the rate of exchange prevailing at the date of the transaction. Revenues and expenses are translated at the rate of exchange in effect on the transaction date, except for amortization, which has been translated at the same foreign exchange rate as was used to record the cost of the related assets.

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# SPECIAL OLYMPICS ONTARIO INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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### 1. SIGNIFICANT ACCOUNTING POLICIES - Continued

#### d) Cash, Cash Equivalents and Investments

Cash and cash equivalents consist of cash held in bank balances and investments readily convertible to cash. Investments consist of government bonds and guaranteed investment certificates. Investments held for the purposes of meeting short-term unrestricted commitments are shown as current assets and included in the reconciliation of unrestricted cash flows. Investments held for the purposes of supporting internally restricted net assets are shown as long-term assets.

#### e) Capital Assets

Capital assets are recorded at cost. Amortization is provided over the estimated useful life of the assets using the following annual rates and methods:

Furniture and fixtures	10 years straight-line
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#### f) Impairment of Capital Assets

When a capital asset no longer has any long-term service potential to the Organization, the excess of its net carrying amount over any residual value is recognized as an expense in the excess of revenues over expenses.

#### g) Revenue Recognition

The Organization follows the deferral method of accounting for contributions related to programs, fundraising and grant revenue. Restricted contributions, including grants, are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions, including grants, are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Proceeds from Nevada tickets, memoriam and general revenues are recognized as revenue upon receipt. Interest revenue is recognized as earned on the cash and cashable money market accounts.

#### h) Contributed Services

Volunteers contribute a significant number of hours per year to assist the Organization in carrying out its activities. Because of the difficulty in determining their fair market value, contributed services are not recognized in the financial statements.

#### i) Financial Instruments

##### Measurement of Financial Instruments

The Organization initially measures its financial assets and liabilities at fair value. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost.



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# SPECIAL OLYMPICS ONTARIO INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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### 1. SIGNIFICANT ACCOUNTING POLICIES - Continued

#### i) Financial Instruments - Continued

Financial assets measured at amortized cost include cash and cash equivalents, investments, and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and program funds segregated.

The Organization has no financial assets measured at fair value and has not elected to carry any financial asset or liability at fair value.

#### Impairment

Financial assets measured at amortized cost are tested for impairment when events or circumstances indicate possible impairment. Write-downs, if any, are recognized in the excess of revenues over expenses and may be subsequently reversed to the extent that the net effect after the reversal is the same as if there had been no write-down. There are no impairment indicators in the current year.

#### j) Allocation of Expenses

The Organization reports expenses based on various operating functions as disclosed on the statement of operations. The costs of each function include salaries and benefits, supplies and other expenses that are directly related to the function. The Organization also incurs a number of administrative support expenses that are common to various functions, and allocates certain common administrative support expenses based on the following:

	Programs	Administrative	Fundraising
Rent and utilities	75%	10%	15%
General office expenses	75%	10%	15%
Telephones	75%	10%	15%
Bank charges	75%	10%	15%
Paper and printing	75%	10%	15%

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## SPECIAL OLYMPICS ONTARIO INC.

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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#### 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, cash equivalents and investments consist of the following:

	2017	2016
Cash and cash equivalents:		
Cash in bank	\$ 281,729	\$ 372,943
Cash and cash equivalents in investment account	<u>1,061,405</u>	<u>1,788,989</u>
	<u>\$1,343,134</u>	<u>\$2,161,932</u>
Investments (at cost):		
RBC GIC, 1.40%, due April 30, 2018	\$1,500,000	\$ -
Scotia Bank GIC, 1.10%, due June 16, 2018	400,000	-
Ontario Savings Bond 2014, 2.25% (2.00%), due June 21, 2019	300,000	300,000
RBC GIC, 1.40%, due April 30, 2018	250,000	-
RBC GIC, 1.40%, due April 30, 2018	250,000	-
State of India GIC, 1.86%, due July 10, 2017	100,000	100,000
Equitable Bank GIC, 1.85%, due November 6, 2017	100,000	100,000
ICICI Bank GIC, 1.85%, due November 6, 2017	100,000	100,000
Natcan Trust Company GIC, 1.60%, due November 6, 2017	100,000	100,000
National Bank of Canada GIC, 1.60%, due November 6, 2017	100,000	100,000
Manulife Bank CDA GIC, 1.45%, due January 29, 2018	100,000	100,000
Scotia Bank GIC, 1.85%, due February 20, 2018	51,918	51,918
Scotia Bank GIC, 1.35%, due June 7, 2018	51,131	50,000
Tangerine Bank GIC, 2.00%, due September 30, 2016	-	200,000
Canadian Western Bank GIC, 1.95%, due September 30, 2016	-	100,000
Canadian Western Trust GIC, 2.00%, due September 30, 2016	-	100,000
Pacific & Western GIC, 1.95%, due September 30, 2016	-	100,000
BMO Mortgage Corp GIC, 1.40%, due November 4, 2016	-	100,000
Bank of Montreal GIC, 1.40%, due November 4, 2016	-	100,000
HSBC Bank Canada GIC, 1.45%, due November 4, 2016	-	100,000
Peoples Trust GIC, 1.50%, due November 4, 2016	-	100,000
Vancity Credit Union GIC, 1.30%, due January 28, 2017	-	100,000
Home Trust Company GIC, 1.91%, due June 30, 2017	-	100,000
Laurentian Bank GIC, 2.10%, due June 30, 2017	-	100,000
LBC Trust GIC, 1.85%, due June 30, 2017	-	100,000
Montreal Trust CDA GIC, 1.80%, due June 30, 2017	-	100,000
B2B Bank GIC, 1.85%, due June 30, 2017	-	100,000
Pacific & Western GIC, 1.8%, due June 30, 2017	-	100,000
	<u>\$3,403,049</u>	<u>\$2,601,918</u>
Total cash, cash equivalents and investments	<u>\$4,746,183</u>	<u>\$4,763,850</u>

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# SPECIAL OLYMPICS ONTARIO INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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### 2. CASH, CASH EQUIVALENTS AND INVESTMENTS - Continued

Cash, cash equivalents and investments have been allocated as follows:

	2017	2016
Unrestricted cash, cash equivalents and short-term investments	\$2,546,183	\$2,638,850
Internally restricted investments	<u>2,200,000</u>	<u>2,125,000</u>
	<u>\$4,746,183</u>	<u>\$4,763,850</u>

The Organization allocated \$75,000 (2016 - \$48,626) from the current year's excess of revenues over expenses to the internally restricted reserve. A corresponding amount was added to internally restricted investments.

### 3. CAPITAL ASSETS

Capital assets consist of the following:

	2017		2016
	Cost	Accumulated Amortization	Net Book Value
Furniture and fixtures	<u>\$ 171,194</u>	<u>\$ 85,597</u>	<u>\$ 85,597</u>
			<u>\$ 102,716</u>

### 4. PROGRAM FUNDS SEGREGATED

From time to time the Organization will hold funds from local programs when a program has become inactive. These funds must be returned when program activities resume.

### 5. DEFERRED CONTRIBUTIONS

Deferred contributions consist of unspent contributions restricted for future programs and events. The change in deferred contributions is as follows:

	2017	2016
Balance - Beginning	\$ 233,714	\$ 20,000
Add: Amounts received related to the following year	285,919	306,650
Less: Amounts recognized as revenue in the year	<u>(233,714)</u>	<u>(92,936)</u>
Balance - Ending	<u>\$ 285,919</u>	<u>\$ 233,714</u>

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# SPECIAL OLYMPICS ONTARIO INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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### 6. REVENUES AND EXPENSES

The statement of operations contains the following information included in revenues and expenses. Each category of revenue contains specific provisions and restrictions regarding their use.

#### a) Nevada Ticket Lottery

Net proceeds are used to fund expenses and programs specifically related to athlete involvement in Special Olympics as follows:

	2017	2016
Ticket revenue	\$ 327,119	\$ 339,337
Ticket expenses	<u>(192,971)</u>	<u>(180,323)</u>
<b>Net Proceeds</b>	<b><u>\$ 134,148</u></b>	<b><u>\$ 159,014</u></b>

#### b) Law Enforcement Torch Run

Law Enforcement Torch Run contributions are used to fund the program activities of the Organization and are included in the following revenue categories:

	2017	2016
Fundraising	\$1,435,092	\$1,539,036
Program	<u>309,614</u>	<u>405,789</u>
	<b><u>\$1,744,706</u></b>	<b><u>\$1,944,825</u></b>

#### c) Fundraising and Programs

Included in fundraising and programs are activities operated by the following categories of entities operating on an autonomous basis using generated funds for their sole use as follows:

	2017	2016
Communities	\$2,250,306	\$2,368,764
Games / registrations	499,992	1,060,454
Clubs	362,631	290,343
Regions	61,705	44,061
Adopt-A-Cop	47,742	47,653
Affiliates / other	12,634	376,162

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# SPECIAL OLYMPICS ONTARIO INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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### 7. ACCREDITATION FEE

The Organization pays an annual accreditation fee to Special Olympics International based on a prescribed formula of unrestricted net funds. The accrued fee for 2017 is \$40,000 (2016 - \$32,000).

### 8. COMMITMENTS

The Organization's lease agreement for its premises expires April 30, 2023. Future minimum annual rental payments (excluding property taxes, maintenance, and insurance) for each of the next five years and thereafter are as follows:

2018	\$	58,471
2019		66,824
2020		66,824
2021		66,824
2022		66,824
Thereafter		<u>55,687</u>
	\$	<u>381,454</u>

### 9. FINANCIAL INSTRUMENTS

#### Risks and Concentrations

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's exposure to and concentrations of risk at June 30, 2017:

#### a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation. The Organization's main credit risk relates to its accounts receivable. The Organization is not significantly exposed to credit risk. There has been no change in the assessment of credit risk from the prior year.

#### b) Liquidity Risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly with respect to its accounts payable and accrued liabilities and program funds segregated. The Organization manages this risk by managing its working capital and by generating sufficient cash flow from operations. There has been no change in the assessment of liquidity risk from the prior year.

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# SPECIAL OLYMPICS ONTARIO INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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### 9. FINANCIAL INSTRUMENTS - Continued

#### c) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and price risk. The Organization is mainly exposed to currency and interest rate risk as follows:

#### i) Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Approximately Nil% (2016 - 3%) of the Organization's revenues are in US dollars. Consequently, some assets are exposed to foreign exchange fluctuations. As at June 30, 2017, cash and cash equivalents of \$101,924 (2016 - \$126,861) are denominated in US dollars and have been converted into equivalent Canadian dollars at the exchange rate in effect at the year end. The exposure to this risk changes as the transaction amounts change and as the exchange rate fluctuates. The average US exchange rate for 2017 was 1.33 (2016 - 1.33).

#### ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As described in Note 2, the Organization is exposed to interest rate risk with respect to its short-term and long-term investments. The exposure to this risk fluctuates as the investments and related interest rates change from year to year.

### 10. ALLOCATION OF EXPENSES

Administrative support expenses including rent, utilities and general office and overhead costs totaling \$294,889 (2016 - \$306,844) have been allocated to the following functions:

	2017	2016
Programs	\$ 221,167	\$ 230,133
Fundraising	44,233	46,027
Administrative	29,489	30,684
	<u>\$ 294,889</u>	<u>\$ 306,844</u>





***Special  
Olympics  
Ontario***

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