



**Special
Olympics**
Ontario



2020 Financial Statements

SPECIAL OLYMPICS ONTARIO INC.
FINANCIAL STATEMENTS
JUNE 30, 2020

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Special Olympics Ontario Inc. which comprise the statement of financial position as at June 30, 2020 and the statement of operations and changes in net assets and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the entity as at June 30, 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. 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 entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other 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 opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the entity'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 entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity'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 generally accepted auditing standards 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 generally accepted auditing standards, 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 entity'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 entity'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 entity 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.



NORTON McMULLEN LLP

Chartered Professional Accountants, Licensed Public Accountants

MARKHAM, Canada

September 23, 2020

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

As at June 30,

2020

2019

ASSETS**Current**

Unrestricted cash, cash equivalents, and short-term investments (Note 2)	\$ 2,294,858	\$ 2,511,948
Accounts receivable	1,443	98,994
Government subsidy receivable (Note 7b)	337,873	-
HST refundable	171,970	298,231
Prepaid expenses	410,548	320,210

\$ 3,216,692 **\$ 3,229,383****Internally Restricted Investments (Note 2)****2,450,000** **2,450,000****Capital Assets (Note 3)****34,240** **51,359**

\$ 5,700,932 **\$ 5,730,742**

LIABILITIES**Current**

Accounts payable and accrued liabilities (Note 8)	\$ 633,527	\$ 645,839
Program funds segregated (Note 4)	307,797	249,751
Deferred contributions (Note 5)	373,708	334,674

\$ 1,315,032 **\$ 1,230,264****NET ASSETS**

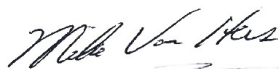
Internally restricted	\$ 2,450,000	\$ 2,450,000
Unrestricted	1,935,900	2,050,478

\$ 4,385,900 **\$ 4,500,478**

\$ 5,700,932 **\$ 5,730,742**

Commitments (Note 9)

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,	2020	2019
COMMUNITY ENDEAVOURS (Note 6)	\$ 2,974,813	\$ 6,069,213
Less: Community program funds	<u>(2,974,813)</u>	<u>(6,069,213)</u>
	\$ -	\$ -
PROVINCIAL REVENUES		
Fundraising	3,739,652	4,389,420
Government grants (Note 7b)	1,106,468	2,006,370
Programs	284,037	437,990
Nevada tickets (Note 7c)	280,521	350,747
Interest	219,675	184,054
General	91,520	63,085
Memoriam	23,671	204,267
Gifts-in-kind	18,113	570
	<u>\$ 5,763,657</u>	<u>\$ 7,636,503</u>
EXPENSES		
Programs	\$ 4,516,417	\$ 5,924,985
Fundraising	439,182	484,918
Administrative	432,361	450,118
Marketing and advertising	383,183	379,760
Nevada tickets (Note 7c)	107,092	196,204
	<u>\$ 5,878,235</u>	<u>\$ 7,435,985</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ (114,578)	\$ 200,518
Transfer to internally restricted net assets (Note 2)	<u>-</u>	<u>200,000</u>
NET INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	\$ (114,578)	\$ 518
UNRESTRICTED NET ASSETS - Beginning	<u>2,050,478</u>	<u>2,049,960</u>
UNRESTRICTED NET ASSETS - Ending	<u>\$ 1,935,900</u>	<u>\$ 2,050,478</u>
INTERNALLY RESTRICTED NET ASSETS - Beginning	\$ 2,450,000	\$ 2,250,000
Transfer from unrestricted net assets (Note 2)	<u>-</u>	<u>200,000</u>
INTERNALLY RESTRICTED NET ASSETS - Ending	<u>\$ 2,450,000</u>	<u>\$ 2,450,000</u>

See accompanying notes

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

For the year ended June 30,

2020

2019

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

Excess (deficiency) of revenues over expenses	\$ (114,578)	\$ 200,518
Items not affecting cash:		
Amortization	<u>17,119</u>	<u>17,119</u>
	\$ (97,459)	\$ 217,637
Net change in non-cash working capital balances:		
Accounts receivable	97,551	(8,645)
Government subsidy receivable	(337,873)	-
HST refundable	126,261	(149,425)
Prepaid expenses	(90,338)	510,788
Accounts payable and accrued liabilities	(12,312)	(203,092)
Program funds segregated	58,046	340
Deferred contributions	<u>39,034</u>	<u>(173,040)</u>
	\$ (217,090)	\$ 194,563

INVESTING ACTIVITIES

Increase in internally restricted investments	<u>-</u>	<u>(200,000)</u>
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**DECREASE IN UNRESTRICTED CASH,
CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS**

	\$ (217,090)	\$ (5,437)
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**UNRESTRICTED CASH, CASH EQUIVALENTS AND
SHORT-TERM INVESTMENTS - Beginning**

	<u>2,511,948</u>	<u>2,517,385</u>
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**UNRESTRICTED CASH, CASH EQUIVALENTS AND
SHORT-TERM INVESTMENTS - Ending**

	<u>\$ 2,294,858</u>	<u>\$ 2,511,948</u>
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SUPPLEMENTARY CASH FLOW INFORMATION

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

Cash in bank	\$ 623,789	\$ 950,537
Cash and cash equivalents in investment account	1,059	307,605
Allocated short-term investments	<u>1,670,010</u>	<u>1,253,806</u>
	<u>\$ 2,294,858</u>	<u>\$ 2,511,948</u>

See accompanying notes

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SPECIAL OLYMPICS ONTARIO INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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) Basis of Presentation

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

The Organization has excluded the operational expenses and financial positions of these community endeavours from the financial statements since they are immaterial to the Organization, the Organization does not exercise financial control over the local programs undertaken by the communities 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 community endeavours.

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.

SPECIAL OLYMPICS ONTARIO INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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 primarily of 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 or deficiency 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 and subsidies, 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.

SPECIAL OLYMPICS ONTARIO INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

Financial assets measured at amortized cost include cash and cash equivalents, investments, accounts receivable and government subsidy 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 or deficiency 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%

SPECIAL OLYMPICS ONTARIO INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, cash equivalents and investments consist of the following:

	2020	2019
Cash and cash equivalents:		
Cash in bank	\$ 623,789	\$ 950,537
Cash and cash equivalents in investment account	<u>1,059</u>	<u>307,605</u>
	<u>\$ 624,848</u>	<u>\$ 1,258,142</u>
Investments (at cost):		
RBC GIC, 0.90%, due May 11, 2021	\$ 800,000	\$ -
RBC GIC, 0.90%, due May 11, 2021	800,000	-
RBC GIC, 0.90%, due May 11, 2021	800,000	-
RBC GIC, 0.90%, due May 11, 2021	800,000	-
RBC GIC, 1.20%, due April 8, 2021	500,000	-
Scotia Bank GIC, 2.00%, due April 30, 2021	102,000	-
RBC GIC, 2.05%, due September 11, 2020	78,000	-
BMO Mortgage GIC, 2.06%, due September 11, 2020	78,000	-
Scotia Bank GIC, 2.06%, due September 11, 2020	78,000	-
BMO GIC, 2.06%, due September 11, 2020	73,605	-
Suncor Energy, common shares	10,405	4,947
RBC GIC, 2.49%, matured January 10, 2020	-	858,829
RBC GIC, 2.49%, matured January 10, 2020	-	858,829
RBC GIC, 2.49%, matured January 10, 2020	-	858,829
RBC GIC, 2.49%, matured January 10, 2020	-	772,372
RBC GIC, 2.49%, matured January 10, 2020	-	250,000
Scotia Bank GIC, 2.00%, matured October 30, 2019	-	100,000
	<u>\$ 4,120,010</u>	<u>\$ 3,703,806</u>
Total cash, cash equivalents and investments	<u>\$ 4,744,858</u>	<u>\$ 4,961,948</u>

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

	2020	2019
Unrestricted cash, cash equivalents and short-term investments	\$ 2,294,858	\$ 2,511,948
Internally restricted investments	<u>2,450,000</u>	<u>2,450,000</u>
	<u>\$ 4,744,858</u>	<u>\$ 4,961,948</u>

The Organization allocated \$Nil (2019 - \$200,000) from the unrestricted net assets to the internally restricted reserve. When such a transfer is approved, a corresponding amount is added to internally restricted investments.

SPECIAL OLYMPICS ONTARIO INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

3. CAPITAL ASSETS

Capital assets consist of the following:

	2020		2019
	Cost	Accumulated Amortization	Net Book Value
Furniture and fixtures	<u>\$ 171,194</u>	<u>\$ 136,954</u>	<u>\$ 34,240</u>
			<u>\$ 51,359</u>

4. PROGRAM FUNDS SEGREGATED

From time to time the Organization will hold program funding on behalf of various community endeavours when a program has become inactive. These funds must be returned to the community endeavour once their 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:

	2020	2019
Balance - Beginning	\$ 334,674	\$ 507,714
Add: Amounts received related to the following year	373,708	334,674
Less: Amounts recognized as revenue in the year	<u>(334,674)</u>	<u>(507,714)</u>
Balance - Ending	<u>\$ 373,708</u>	<u>\$ 334,674</u>

6. COMMUNITY ENDEAVOURS

The following programs operate individual activities autonomously through their community endeavour. The funds generated by their endeavours, in their entirety, have been provided back to each program for their sole use as follows:

	2020	2019
Communities	\$ 2,168,597	\$ 2,735,824
Games	420,102	2,753,423
Clubs	309,764	422,291
Memberships	73,034	91,364
Regions	<u>3,316</u>	<u>66,311</u>
	<u>\$ 2,974,813</u>	<u>\$ 6,069,213</u>

SPECIAL OLYMPICS ONTARIO INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

7. STATEMENT OF OPERATIONS - ADDITIONAL INFORMATION

The amounts reflected in the statement of operations contain the following information included in various categories. Certain categories are defined by specific provisions and have restrictions placed thereon regarding their use.

a) Law Enforcement Torch Run

Law Enforcement Torch Run activities are used to fund opportunities provided to intellectually challenged athletes by the Organization and local community endeavours. During the year, Law Enforcement Torch Run activities raised \$1,466,782 (2019 - \$3,421,444) in funding to assist in meeting the costs associated with these program opportunities.

b) Government Grants

The Organization received grants from various levels of government as follows:

	2020	2019
Federal	\$ 534,173	\$ 513,500
Provincial	532,401	936,088
Municipal	<u>39,894</u>	<u>556,782</u>
	<u>\$ 1,106,468</u>	<u>\$ 2,006,370</u>

Included in government grants is \$362,873 in wage subsidies related to the federal government's COVID-19 relief programs. At the year-end, \$337,873 was receivable from the government.

c) Nevada Ticket Lottery

Net proceeds from the Nevada Ticket Lottery are used to fund expenses and programs specifically related to athlete involvement in Special Olympics. The activity related to the lottery is as follows:

	2020	2019
Ticket revenue	\$ 280,521	\$ 350,747
Ticket expenses	<u>(107,092)</u>	<u>(196,204)</u>
Net Proceeds	<u>\$ 173,429</u>	<u>\$ 154,543</u>

SPECIAL OLYMPICS ONTARIO INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

8. ACCREDITATION FEE

The Organization pays an annual accreditation fee to Special Olympics International. Included in accounts payable and accrued liabilities is an estimate of the annual fee for 2020 of \$50,000 (2019 - \$40,000).

9. 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 three years are as follows:

2021	\$	66,824
2022		66,824
2023		<u>55,687</u>
	\$	<u>189,335</u>

10. 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, 2020:

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 and government subsidy receivable. The Organization is not exposed to significant 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.

SPECIAL OLYMPICS ONTARIO INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

10. 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. As at June 30, 2020, cash and cash equivalents of \$6,276 (2019 - \$13,355) 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 2020 was 1.34 (2019 - 1.32).

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 investments. The exposure to this risk fluctuates as the investments and related interest rates change from year to year.

11. ALLOCATION OF EXPENSES

Administrative support expenses including rent, utilities and general office and overhead costs totaling \$302,949 (2019 - \$280,622) have been allocated to the following functions:

	2020	2019
Programs	\$ 227,212	\$ 210,467
Fundraising	45,442	42,093
Administrative	<u>30,295</u>	<u>28,062</u>
	<u>\$ 302,949</u>	<u>\$ 280,622</u>