
SPECIAL OLYMPICS ONTARIO INC.
FINANCIAL STATEMENTS
JUNE 30, 2010

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AUDITORS' REPORT

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

We have audited the statement of financial position of Special Olympics Ontario Inc. as at June 30, 2010 the statements of operations and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Organization as at June 30, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



NORTON MCMULLEN & CO. LLP
Chartered Accountants, Licensed Public Accountants

MARKHAM, Canada
August 17, 2010

DAVID J. NORTON CA
WILLIAM L. McMULLEN CA
JOHN C. KARRAM CA
RODNEY J. RUSSELL CA
PAUL A. SIMPSON CA
PAUL W. McMULLEN CA
MARK D. POTTER CA

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

As at June 30,

2010

2009

ASSETS**Current**

Unrestricted cash and cash equivalents	\$ 2,513,778	\$ 3,065,750
Accounts receivable	154,475	16,097
Prepaid expenses and sundry assets	144,599	8,382
	<u>\$ 2,812,852</u>	<u>\$ 3,090,229</u>

Other

Internally restricted cash and cash equivalents (Note 6)	<u>1,500,000</u>	<u>1,045,000</u>
	<u>\$ 4,312,852</u>	<u>\$ 4,135,229</u>

LIABILITIES**Current**

Accounts payable and accrued liabilities	\$ 577,371	\$ 747,703
Deferred contributions (Note 4)	453,532	583,791
	<u>\$ 1,030,903</u>	<u>\$ 1,331,494</u>

NET ASSETS

Internally restricted (Note 6)	\$ 1,500,000	\$ 1,045,000
Unrestricted	1,781,949	1,758,735
	<u>\$ 3,281,949</u>	<u>\$ 2,803,735</u>
	<u>\$ 4,312,852</u>	<u>\$ 4,135,229</u>

Commitments (Note 8)

Approved by the Board:

Director_____
Director

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

For the year ended June 30,

2010

2009

REVENUES (Note 5)

Programs	\$ 3,524,018	\$ 2,416,683
Fundraising	2,472,994	3,337,383
Nevada Tickets	313,332	503,846
Government grants	276,503	183,877
Memoriums	181,982	39,292
Interest	111,622	85,499
General	49,496	36,503
Gifts-in-kind	10,500	-
	<u>\$ 6,940,447</u>	<u>\$ 6,603,083</u>

EXPENDITURES (Note 5)

Programs	\$ 5,070,239	\$ 4,804,922
Administrative	441,571	410,722
Marketing and advertising	403,398	352,755
Fundraising	375,379	719,673
Nevada tickets	171,646	269,381
	<u>\$ 6,462,233</u>	<u>\$ 6,557,453</u>

EXCESS OF REVENUES OVER EXPENDITURES

\$ 478,214 \$ 45,630

Transfer to internally restricted net assets (Note 6)

(455,000) -**NET INCREASE IN UNRESTRICTED NET ASSETS**

\$ 23,214 \$ 45,630

UNRESTRICTED NET ASSETS – Beginning of year1,758,735 1,713,105**UNRESTRICTED NET ASSETS** – End of year\$ 1,781,949 \$ 1,758,735**INTERNALLY RESTRICTED NET ASSETS** – Beginning of year

\$ 1,045,000 \$ 1,045,000

Transfer from unrestricted net assets (Note 6)

455,000 -**INTERNALLY RESTRICTED NET ASSETS** – End of year\$ 1,500,000 \$ 1,045,000

See accompanying notes

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

For the year ended June 30,

2010

2009

**UNRESTRICTED CASH AND CASH EQUIVALENTS
WERE PROVIDED BY (USED IN):****OPERATING ACTIVITIES**

Excess of revenues over expenditures	\$ 478,214	\$ 45,630
Less: Net allocation to program reserves	<u>(455,000)</u>	<u>-</u>
	\$ 23,214	\$ 45,630
Net change in non-cash working capital balances		
Accounts receivable	(138,378)	274,517
Prepaid expenses and sundry assets	(136,218)	4,971
Accounts payable and accrued liabilities	(170,331)	(161,546)
Deferred contributions	<u>(130,259)</u>	<u>441,318</u>
INCREASE (DECREASE) IN UNRESTRICTED CASH AND CASH EQUIVALENTS	\$ (551,972)	\$ 604,890
UNRESTRICTED CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>3,065,750</u>	<u>2,460,860</u>
UNRESTRICTED CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,513,778</u>	<u>\$ 3,065,750</u>

SUPPLEMENTARY CASH FLOW INFORMATION

Unrestricted cash and cash equivalents consist of the following:

Cash	\$ 1,001,780	\$ 1,310,750
Investments	<u>1,511,998</u>	<u>1,755,000</u>
	<u>\$ 2,513,778</u>	<u>\$ 3,065,750</u>

See accompanying notes

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SPECIAL OLYMPICS ONTARIO INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

1. 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.

2. ADOPTION OF NEW ACCOUNTING STANDARDS

Disclosure of Allocated Expenses by Not-For-Profit Organizations

Effective fiscal years beginning April 1, 2009 or later, the amendment to the existing CICA Handbook Section 4470 establishes new disclosure requirements for not-for-profit organizations that report expenses by function and allocate expenses to a number of functions to which the expenses relate. Additional information is required on the accounting policies adopted, the allocation of expenses among functions, the nature of these expenses, the basis on which the allocations are being made, and the value of the allocations.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue Recognition

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 if the amount to be received can be reasonably estimated and collection is reasonably assured.

(b) Equipment

Equipment is recorded at cost less accumulated amortization. At present the equipment has been fully amortized. Amortization would be provided annually at rates intended to write off the assets over their estimated useful lives as follows:

Vehicles	4 years – straight-line
Furniture and fixtures	5 years – straight-line

(c) Donated Services

The Organization's activities include time donated by a substantial number of volunteers. Since no objective basis exists for recording and assigning values to these services, they are not reflected in the accompanying financial statements.

(d) Regional Organizations

The regional organizations operate principally on an autonomous basis and their assets, liabilities and expenses are not included in these financial statements.

SPECIAL OLYMPICS ONTARIO INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) **Use of Estimates**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions based on currently available information. Such estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of income and expenses during the year. Actual results could differ from the estimates used.

(f) **Cash and Cash Equivalents**

Cash and cash equivalents consist of cash held in chequing and money market accounts as well as highly liquid investment instruments such as government savings and corporate bonds. No one instrument comprises more than 20% of the total available cash and cash equivalents of the Organization.

(g) **Financial Instruments**

The Organization's financial instruments consist of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities. The carrying value of these financial instruments approximates fair value due to their short-term maturities.

(h) **Allocation of Expenses**

The Organization engages in programs, fundraising, marketing and advertising functions. 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 the administration of the Organization and some of its functions. The Organization allocates certain general support expenses to its programs, fundraising and administrative functions as follows:

Rent and Utilities	-	50% Programs (Including Torch Run), 25% Fundraising, 25% Administrative
Computers and equipment	-	50% Programs (Including Torch Run), 25% Fundraising, 25% Administrative
Telephones	-	50% Programs (Including Torch Run), 25% Fundraising, 25% Administrative
Bank charges	-	34% Programs, 33% Fundraising, 33% Administrative
Paper and Printing	-	34% Programs, 33% Fundraising, 33% Administrative

4. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent resources restricted for future programs or events to be undertaken.

SPECIAL OLYMPICS ONTARIO INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

5. REVENUES AND EXPENDITURES

The Statement of Operations contains the following revenue and expenditure information. Each category of revenue contains specific provisions and restrictions regarding their use.

(a) Nevada Ticket Lottery

	2010	2009
Ticket revenue	\$ 313,332	\$ 503,846
Ticket expenses	<u>(171,646)</u>	<u>(269,381)</u>
Net Proceeds	<u>\$ 141,686</u>	<u>\$ 234,465</u>

Net proceeds were used to fund expenses and programs specifically related to athlete involvement in Special Olympics.

(b) Law Enforcement Torch Run

	2010	2009
Contributions		
Fundraising	\$ 831,489	\$ 1,494,590
General	<u>396,653</u>	<u>148,736</u>
	<u>\$ 1,228,142</u>	<u>\$ 1,643,326</u>

Contributions were used to fund the program activities of the Organization.

(c) Fundraising and Programs

Included in fundraising and programs are activities operated by the following categories of entities which operate on an autonomous basis using generated funds for their sole use.

	2010	2009
Communities	\$ 1,590,865	\$ 1,467,276
Games/registrations	1,170,244	659,456
Affiliates/other	594,035	298,391
Clubs	298,491	439,935
Regions	41,480	32,945

SPECIAL OLYMPICS ONTARIO INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

6. INTERNALLY RESTRICTED CASH AND CASH EQUIVALENTS

Cash and cash equivalents have been internally restricted to fund program reserves as follows:

	2010	2009
Balance – Beginning of year	\$ 1,045,000	\$ 1,045,000
Net transfers	<u>455,000</u>	<u>-</u>
Balance – End of year	<u>\$ 1,500,000</u>	<u>\$ 1,045,000</u>

The Organization has segregated the amount of \$455,000 (2009 - \$ Nil) in the current year for program reserves to ensure adequate funding of its future events and programs.

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 2010 is \$32,000 (2009 - \$30,000).

8. COMMITMENTS

The Organization has entered into a lease agreement for its premises expiring in October 2012 with an option for two further years. Minimum aggregate annual payments for the lease term up to and including the first option term are as follows:

2011	\$ 64,558
2012	\$ 64,559
2013	\$ 64,558
2014	\$ 21,519

9. FINANCIAL INSTRUMENTS

a) Interest Rate Risk

The Organization is exposed to interest rate risk due to the use of fixed rate investments. The Organization mitigates this risk by spreading available invested funds amongst low risk, insurable financial investments.

b) Credit Risk

The Organization is not exposed to significant credit risk.

c) Currency Risk

The Organization is not exposed to significant currency risk.

SPECIAL OLYMPICS ONTARIO INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

10. CAPITAL MANAGEMENT

In managing capital, the Organization focuses on liquid resources available to support its operations and objectives. The Organization's objective is to have sufficient liquid resources to continue operating despite adverse financial events. The need for sufficient liquid resources is considered in the preparation of annual budgets and in the continuous monitoring of fundraising events held by various communities, regions and entities that provide support for the Organization. The Organization also maintains an internally restricted fund supported by cash and cash equivalents to provide for any contingency that may arise. As at June 30, 2010, the Organization has met its objective of maintaining sufficient liquid resources to meet its current operating obligations.

11. ALLOCATION OF EXPENSES

Administrative support expenses – which include rent and utilities, computers and equipment, telephone, bank charges, paper and printing costs totaling \$232,033 (2009 - \$201,868) have been allocated to the following functions:

	2010	2009
Programs	\$ 105,743	\$ 88,178
Fundraising	63,145	55,623
Administrative	<u>63,145</u>	<u>58,067</u>
	<u>\$ 232,033</u>	<u>\$ 201,868</u>

12. FINANCIAL STATEMENT PRESENTATION

Certain comparative figures have been restated to conform to the presentation adopted in the current year.