



Financial Statements

Special Olympics Prince Edward Island Inc.

July 31, 2018

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Independent Auditor's Report

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To the Directors of
[Special Olympics Prince Edward Island Inc.](#)

We have audited the accompanying financial statements of Special Olympics Prince Edward Island Inc., which comprise the statement of financial position as at July 31, 2018, 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Organization'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 Organization's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Special Olympics Prince Edward Island Inc. as at July 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other matter

The financial statements of Special Olympics Prince Edward Island Inc. for the year ended July 31, 2017 were reviewed by MacPherson Roche Smith who expressed an unmodified opinion on those statements on October 16, 2017. The partners and staff of MacPherson Roche Smith joined Grant Thornton LLP subsequent to October 16, 2017

Charlottetown, Canada
October 12, 2018

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Chartered Professional Accountants

Special Olympics Prince Edward Island Inc.

Statements of Operations and Changes in Net Assets

Year ended July 31	2018	2017
Revenue		
Donations	\$ 9,477	\$ 10,584
Sport, Recreation and Physical Activity, Department of Health and Wellness	28,000	29,000
Other grants	302,216	250,514
P.E.I. ADA Campaign	12,090	14,375
Registration fees	4,685	9,199
Sponsorships	18,500	23,500
Fundraising	11,694	15,667
Team P.E.I	61,836	27,300
Events		
Bowling Tournament	14,989	18,297
Law Enforcement Torch Relay	39,379	28,819
Sports Celebrities Festival (Page 10)	88,294	97,423
Interest and miscellaneous	1,474	1,114
	592,634	525,792
Expenses		
Advertising	2,421	6,435
Amortization	4,089	2,951
Conferences and meetings	13,127	13,037
Fundraising	25,934	10,879
Office and miscellaneous	27,109	30,061
Professional fees	8,519	9,498
Rent	6,391	6,346
Sports Canada	96,470	89,562
Sports programs (Page 11)	279,738	207,353
Telephone and internet	2,765	2,620
Travel	2,108	2,686
Wages and benefits	71,798	74,121
	540,469	455,549
Excess of revenue over expenses	\$ 52,165	\$ 70,243
<hr/>		
Balance, beginning of year	\$ 434,040	\$ 363,797
Excess of revenue over expenses	52,165	70,243
Balance, end of year	\$ 486,205	\$ 434,040

Special Olympics Prince Edward Island Inc.

Statement of Financial Position

July 31

2018

2017

Assets

Current

Cash	\$ 145,018	\$ 332,092
Short-term investments	151,924	64,827
Accounts receivable	144,496	65,684
Prepaid expenses	<u>1,977</u>	<u>2,243</u>

443,415 464,846

Long-term investments	84,657	85,300
Property and equipment (Note 3)	<u>15,156</u>	<u>19,245</u>

\$ 543,228 \$ 569,391

Liabilities

Current

Accounts payable and accrued liabilities	\$ 49,773	\$ 106,384
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Deferred revenue	<u>7,250</u>	<u>28,967</u>
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57,023 135,351

Unrestricted net assets	<u>486,205</u>	<u>434,040</u>
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\$ 543,228 \$ 569,391

On behalf of the Board

_____ Member

_____ Member

Special Olympics Prince Edward Island Inc.

Statement of Cash Flows

Year ended July 31

2018

2017

Increase (decrease) in cash and cash equivalents

Operating

Excess of revenue over expenses	\$ 52,165	\$ 70,243
Item not affecting cash	<u>4,089</u>	<u>2,951</u>
	56,254	73,194
Change in non-cash working capital items		
Short-term investments	(87,097)	(782)
Accounts receivable	(78,812)	(18,311)
Prepaid expenses	266	(930)
Accounts payable and accrued liabilities	(56,611)	59,322
Deferred revenue	<u>(21,717)</u>	<u>(798)</u>
	<u>(187,717)</u>	<u>111,695</u>

Investing

Acquisition of property and equipment	-	(18,303)
Decrease (increase) in long-term investments	<u>643</u>	<u>(332)</u>
	<u>643</u>	<u>(18,635)</u>

(Decrease) increase in cash and cash equivalents (187,074) 93,060

Cash and cash equivalents

Beginning of year	<u>332,092</u>	<u>239,032</u>
End of year	<u>\$ 145,018</u>	<u>\$ 332,092</u>

Special Olympics Prince Edward Island Inc.

Notes to the Financial Statements

July 31, 2018

1. Status and purpose of organization

The Organization was incorporated under the Companies Act of Prince Edward Island and is a registered charity under the Income Tax Act which provides recreational activities for the mentally and physically challenged.

2. Significant accounting policies

The Organization applies the Canadian accounting standards for not-for-profit organizations.

Capital management

The organization defines capital as net assets. The organization's objectives when managing capital are to ensure that the organization will continue as a going concern, will sustain current and future operations and growth and will preserve the long-term value of the organization. The organization manages its capital structure with objectives to achieve long-term stability and the continued capacity to grow in order to further the organization's mission.

Property and equipment

Property and equipment are recorded at cost. Amortization is computed using the following annual rates:

Office equipment	30% Declining balance
Leasehold improvements	20% Declining balance

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 collectability is reasonably assured.

Interest income is recognized in the period in which it is earned.

The organization only recognizes contributed materials and services when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the organization's operations and would otherwise have been purchased.

Special Olympics Prince Edward Island Inc.

Notes to the Financial Statements

July 31, 2018

2. Significant accounting policies (continued)

Financial instruments

Initial and subsequent measurement

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

Financial assets measured at amortized cost on a straight-line basis include cash and accounts receivable.

Financial assets measured at fair value include short-term investments and long-term investments.

Financial liabilities measured at amortized cost on a straight-line basis include accounts payable and accrued liabilities.

Management estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the reported amounts of revenues and expenses for the periods covered. The main estimates relate to the valuation of accounts receivable, impairment of financial assets and the useful life of property, plant and equipment.

3. Property and equipment

			<u>2018</u>	<u>2017</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Office equipment	\$ 16,215	\$ 14,541	\$ 1,674	\$ 2,392
Leasehold improvements	<u>28,634</u>	<u>15,152</u>	<u>13,482</u>	<u>16,853</u>
	<u>\$ 44,849</u>	<u>\$ 29,693</u>	<u>\$ 15,156</u>	<u>\$ 19,245</u>

Special Olympics Prince Edward Island Inc.

Notes to the Financial Statements

July 31, 2018

4. Financial instruments

Financial risks

The organization is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The main risks are broken down below.

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 in respect of its accounts payable and accrued liabilities. The organization ensures that it has sufficient capital to meet short term financial obligations after taking into account its operations and cash on hand. The organization actively maintains a committed credit facility to ensure that it has sufficient funds available to meet current and foreseeable future financial requirements at a reasonable cost.

Credit risk

Credit risk is the risk that one party to a financial asset will cause a financial loss for the organization by failing to discharge an obligation. The organization's credit risk is mainly related to accounts receivable. The organization mitigates credit risk associated with its trade receivables through a regular monitoring process. The organization generally considers the credit quality of its financial assets that are neither past due or impaired to be solid. Allowance for doubtful accounts is reviewed at each balance sheet date. The organization updates its estimates of allowances for doubtful accounts based on customer history.

Market risk

Market risk is the risk that the fair value or future cash flows of the organization's financial instruments will fluctuate because of changes in market prices. Some of the organization's financial instruments expose it to this risk, which comprises currency risk, interest rate risk and other price risk. The organization is mainly exposed to interest rate risk.

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 interest rates. The organization is exposed to interest rate risk on its fixed interest rate financial instruments. Fixed interest rate instruments subject the company to a fair value risk, since fair value fluctuates inversely to changes in market interest rates.

5. Related party transactions

During the year, the organization received funding of \$243,301 (2017 - \$202,640) and paid no accreditation fees (2017 - \$1,732) to Special Olympics Canada, a related party company. Special Olympics Canada also provides funding to the organization for various activities.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration agreed to by the related parties.

Special Olympics Prince Edward Island Inc.

Notes to the Financial Statements

July 31, 2018

6. Non-monetary transactions

The organization held various sponsorship agreements, whereby goods and services were received in consideration for event invitations and advertising opportunities. These transactions are accounted for at the market value of the goods and services received. During the year, these transactions totalled \$37,605 (2017 - \$36,790), which was reflected in the income statement.

7. Comparative figures

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Special Olympics Prince Edward Island Inc.
Schedule of Sports Celebrities Festival

Year ended July 31

2018**2017**

Donations in-kind	\$ 37,605	\$ 36,790
Receipts	<u>126,412</u>	<u>133,334</u>
	164,017	170,124
Disbursements	<u>75,723</u>	<u>72,701</u>
	<u>\$ 88,294</u>	<u>\$ 97,423</u>

Special Olympics Prince Edward Island Inc. Schedule of Sports Programs

Year ended July 31	2018	2017
Canada Games Training Team	\$ 205	\$ 6,673
Competitions		
Local	46,930	73,905
National	87,944	5,331
Equipment	5,300	9,468
Program development	84,251	60,469
Volunteer recognition	4,173	4,823
Wages	<u>50,935</u>	<u>46,684</u>
	<u>\$ 279,738</u>	<u>\$ 207,353</u>
