

# Special Olympics Alberta Association

June 30, 2017



Building a better  
working world

# Independent auditors' report

To the Members of  
**Special Olympics Alberta Association**

We have audited the accompanying financial statements of **Special Olympics Alberta Association**, which comprise the statement of financial position as at June 30, 2017, and the statements of changes in net assets, operations 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 auditors' 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 auditors consider 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 qualified audit opinion.

## Basis for qualified opinion

As is common with not-for-profit organizations, certain revenue is not subject to complete audit verification. Our examination of revenue was restricted to testing deposited revenue and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses, current assets and net assets.

## Qualified opinion

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of **Special Olympics Alberta Association** 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.

Edmonton, Canada,  
September 13, 2017

*Ernst & Young LLP*

Chartered Professional Accountants



# Special Olympics Alberta Association

## Statement of financial position

As at June 30

	2017	2016
	\$	\$
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	1,593,698	1,345,237
Accounts receivable <i>[note 8]</i>	322,633	155,587
Goods and Services Tax recoverable	11,986	21,863
Prepaid expenses	109,481	4,140
<b>Total current assets</b>	<b>2,037,798</b>	<b>1,526,827</b>
Long-term investments <i>[note 3]</i>	1,006,720	613,763
Capital assets <i>[note 4]</i>	29,262	51,857
<b>Total assets</b>	<b>3,073,780</b>	<b>2,192,447</b>
<b>Liabilities and net assets</b>		
<b>Current</b>		
Accounts payable and accrued liabilities <i>[note 8]</i>	86,666	43,618
Deferred contributions <i>[note 5]</i>	925,538	463,571
Current portion of capital lease obligation	1,557	1,557
<b>Total current liabilities</b>	<b>1,013,761</b>	<b>508,746</b>
Capital lease obligation	450	2,076
<b>Total liabilities</b>	<b>1,014,211</b>	<b>510,822</b>
<b>Net assets</b>		
Internally funded capital assets	27,255	48,224
Contingency fund	1,081,720	688,763
Unrestricted	950,594	944,638
<b>Total net assets</b>	<b>2,059,569</b>	<b>1,681,625</b>
	<b>3,073,780</b>	<b>2,192,447</b>

See accompanying notes

On behalf of the Board:

Director

Director

## Special Olympics Alberta Association

### Statement of changes in net assets

Year ended June 30

	2017			
	Internally restricted			
	Internally funded capital assets	Contingency fund	Unrestricted	Total
	\$	\$	\$	\$
	<i>[note 6]</i>			
<b>Balance, beginning of the year</b>	48,224	688,763	944,638	1,681,625
Excess of revenue over expenses	—	—	377,944	377,944
Purchases of capital assets	2,386	—	(2,386)	—
Amortization of capital assets	(24,981)	—	24,981	—
Repayment of capital lease obligation	1,626	—	(1,626)	—
Transfer to contingency fund	—	392,957	(392,957)	—
<b>Balance, end of the year</b>	<b>27,255</b>	<b>1,081,720</b>	<b>950,594</b>	<b>2,059,569</b>

  

	2016			
	Internally restricted			
	Internally funded capital assets	Contingency fund	Unrestricted	Total
	\$	\$	\$	\$
	<i>[note 6]</i>			
<b>Balance, beginning of the year</b>	17,224	686,854	1,100,063	1,804,141
Deficiency of revenue over expenses	—	—	(122,516)	(122,516)
Purchases of capital assets	43,170	—	(43,170)	—
Amortization of capital assets	(13,726)	—	13,726	—
Repayment of capital lease obligation	1,556	—	(1,556)	—
Transfer to contingency fund	—	1,909	(1,909)	—
<b>Balance, end of the year</b>	<b>48,224</b>	<b>688,763</b>	<b>944,638</b>	<b>1,681,625</b>

See accompanying notes

## Special Olympics Alberta Association

### Statement of operations

Year ended June 30

	2017	2016
	\$	\$
<b>Revenue</b> <i>[Schedule 1]</i>		
Events	198,427	152,602
Government funding	428,846	298,625
Casino and raffle	179,297	194,037
National revenue	244,430	392,445
General <i>[note 7]</i>	594,787	272,117
Sport programs and events	12,232	65,253
	<u>1,658,019</u>	<u>1,375,079</u>
<b>Expenses</b> <i>[Schedule 2]</i>		
Sport programs and events	557,287	562,164
Affiliate development	442,358	663,785
Resource development	201,257	159,385
Communications	42,025	49,359
Operations	86,433	70,570
	<u>1,329,360</u>	<u>1,505,263</u>
<b>Excess (deficiency) of revenue over expenses, before other</b>	<u>328,659</u>	<u>(130,184)</u>
<b>Other revenue (expenses)</b>		
Investment income <i>[note 3]</i>	55,660	13,350
Investment management fees	(6,375)	(5,682)
	<u>49,285</u>	<u>7,668</u>
<b>Excess (deficiency) of revenue over expenses</b>	<u>377,944</u>	<u>(122,516)</u>

See accompanying notes

## Special Olympics Alberta Association

### Statement of cash flows

Year ended June 30

	2017	2016
	\$	\$
<b>Cash provided by (used in) operating activities</b>		
Excess (deficiency) of revenue over expenses	377,944	(122,516)
Add (deduct) items not affecting cash:		
Unrealized losses (gains) on long-term investments	(25,200)	12,608
Amortization of capital assets	24,981	13,726
	<u>377,725</u>	<u>(96,182)</u>
Changes in non-cash working capital balances:		
Accounts receivable	(167,046)	105,863
Goods and Services Tax recoverable	9,877	(3,163)
Prepaid expenses	(105,341)	2,354
Accounts payable and accrued liabilities	43,048	(111,805)
Deferred contributions	461,967	168,371
	<u>620,230</u>	<u>65,438</u>
<b>Cash used in investing activities</b>		
Purchases of long-term investments	(367,757)	(626,371)
Purchases of capital assets	(2,386)	(43,170)
	<u>(370,143)</u>	<u>(669,541)</u>
<b>Cash used in financing activities</b>		
Repayment of capital lease obligation	(1,626)	(1,556)
<b>Net increase (decrease) in cash and cash equivalents during the year</b>	<b>248,461</b>	<b>(605,659)</b>
Cash and cash equivalents, beginning of the year	1,345,237	1,950,896
<b>Cash and cash equivalents, end of the year</b>	<b><u>1,593,698</u></b>	<b><u>1,345,237</u></b>

See accompanying notes

## Schedule of revenue

Year ended June 30

	2017	2016
	\$	\$
<b>Events</b>		
Law Enforcement Torch Run	135,267	152,602
BMW Raffle	4,209	—
MDA Golf Classic	2,895	—
Provincial Games	56,056	—
	<u>198,427</u>	<u>152,602</u>
<b>Government funding</b>		
Alberta Sport Connection – annual	92,528	92,528
Alberta Sport Connection – other [note 9]	30,000	30,000
Alberta Lottery Fund	—	10,000
Federal	306,318	166,097
	<u>428,846</u>	<u>298,625</u>
<b>Casino and raffle</b>		
Casino	54,000	117,985
Raffle	125,297	76,052
	<u>179,297</u>	<u>194,037</u>
<b>National revenues</b>		
Staples	64,372	63,644
Home Hardware	14,000	14,000
Wolseley	5,000	—
Sobeys	25,427	—
Safeway	—	199,657
Signature Authentics	95,813	84,557
Tim Horton's	18,500	—
Other	21,318	30,587
	<u>244,430</u>	<u>392,445</u>
<b>General</b>		
Foundations [note 9]	196,065	179,086
Corporate campaign	—	45,534
Service clubs	4,500	1,500
Rent (gift-in-kind) [note 7]	15,000	15,000
Memorial contributions	348,776	125
Other	30,446	30,872
	<u>594,787</u>	<u>272,117</u>
<b>Sport programs and events</b>		
Miscellaneous	12,232	65,253
<b>Total revenue</b>	<u>1,658,019</u>	<u>1,375,079</u>

See accompanying notes

## Schedule of expenses by department

Year ended June 30

	2017	2016
	\$	\$
<b>Total revenue</b>	<b>1,658,019</b>	1,375,079
<b>Expenses</b>		
Direct sport programs and events expenses <i>[note 8]</i>	189,445	243,432
Sport programs and events salaries and benefits	111,496	113,953
Allocated costs	256,346	204,779
<b>Total sport programs and events</b>	<b>557,287</b>	562,164
Direct affiliate development expenses <i>[note 8]</i>	187,986	360,514
Allocated costs	254,372	303,271
<b>Total affiliate development</b>	<b>442,358</b>	663,785
Direct resource development expenses	85,527	86,565
Allocated costs	115,730	72,820
<b>Total resource development</b>	<b>201,257</b>	159,385
Direct communications expenses	17,859	26,808
Allocated costs	24,166	22,551
<b>Total communications</b>	<b>42,025</b>	49,359
Direct operations expenses	36,731	38,328
Allocated costs	49,702	32,242
<b>Total operations</b>	<b>86,433</b>	70,570
<b>Total expenses</b>	<b>1,329,360</b>	1,505,263
<b>Excess (deficiency) of revenue over expenses, before other</b>	<b>328,659</b>	(130,184)
<b>Summary</b>		
	\$	\$
<b>Total revenue</b>	<b>1,658,019</b>	1,375,079
Total direct expenses	517,548	755,647
Total sport programs and events salaries and benefits	111,496	113,953
Total allocated costs <i>[notes 7, 8 and 10]</i>	700,316	635,663
<b>Total expenses</b>	<b>1,329,360</b>	1,505,263
<b>Excess (deficiency) of revenue over expenses, before other</b>	<b>328,659</b>	(130,184)

See accompanying notes



# Special Olympics Alberta Association

## Notes to financial statements

June 30, 2017

### 1. The organization

Special Olympics Alberta Association [the "Association"] provides year-round athletic and sports training programs and competitions for persons with an intellectual disability. The Association is a registered charity, exempt from income taxes under the Income Tax Act (Canada), and incorporated under the Societies Act of the Province of Alberta.

The Association is affiliated with Special Olympics Canada Inc. as well as provincial affiliates operating as accredited chapters under the authority of the Board of Special Olympics Alberta Association. The provincial affiliates have similar objectives to the Association and operate independently under the auspices of local volunteer management committees.

### 2. Significant accounting policies

These financial statements are prepared in accordance with Part III of the *CPA Canada Handbook – Accounting*, "Accounting Standards for Not-for-Profit Organizations", which sets out generally accepted accounting principles for not-for-profit organizations in Canada, and includes the significant accounting policies summarized below.

#### Basis of accounting

These financial statements include only those assets, liabilities, revenue and expenses of the Association and do not include the accounts or operating results of any provincial affiliates. Separate financial statements are prepared by the provincial affiliates.

#### Revenue recognition

The Association follows the deferral method of accounting for contributions, which include grants and donations. Grants are recognized in the accounts when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Other donations are recorded when received, as pledges are not legally enforceable claims. Unrestricted contributions from events and other activities are recognized as revenue when initially recorded in the accounts. Externally restricted contributions are deferred when initially recorded in the accounts and recognized as revenue in the year in which the related expenses are recognized.

Contributions specifically designated for capital purposes are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets.

Contributed goods and services are reflected in the financial statements at fair value, if fair value can be reasonably determined. Volunteer hours and services are not recognized in the financial statements due to the difficulty in determining their fair value.

Investment income, which consists of interest and dividends including income distributions from pooled funds, and realized and unrealized gains and losses, is recorded in the statement of operations.

# Special Olympics Alberta Association

## Notes to financial statements

June 30, 2017

### Allocation of expenses

The costs of each department include the costs of personnel and other expenses that are directly related to the department. The Association also incurs general support expenses that are common to the administration of the Association and are allocated to each of its departments. These allocated expenses include salaries and benefits, travel, accreditation fees, insurance and other administration costs. These expenses are allocated to departments proportionately based on the direct expenses incurred by each department.

### Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances with banks and short-term investments held for liquidity purposes that are immediately cashable or have initial maturity dates of less than 91 days.

### Capital assets

Purchased tangible and intangible capital assets are recorded at acquisition cost. Contributed tangible and intangible capital assets are recorded at fair value at the date of contribution.

Amortization is determined using the following methods over the estimated useful lives of the assets as follows:

#### Tangible

Computer equipment	3 years straight-line
Office equipment	10% declining balance and 5 years straight-line

#### Intangible

Website	3 years straight-line
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### Employee benefit plans

The Association contributes to retirement savings plans based on the amount of employee contributions, subject to maximum limits per employee. The Association accounts for such defined contributions as an expense on an accrual basis.

### Leases

Leases that transfer substantially all of the risks and benefits of ownership of assets to the Association are accounted for as capital leases. Assets under capital leases are recorded at inception of the lease together with the related long-term obligation to reflect the purchase and financing thereof. Rental payments under operating leases are expensed as incurred.

### Financial instruments

Investments are recorded at fair value. Transactions are recorded on a trade date basis and transaction costs are expensed as incurred.

Other financial instruments, including accounts receivable and accounts payable and accrued liabilities, are initially recorded at fair value and subsequently measured at amortized cost.

## Special Olympics Alberta Association

### Notes to financial statements

June 30, 2017

#### 3. Long-term investments

	2017 \$	2016 \$
Cash	15,419	230,144
<b>Fixed income</b>		
Canada	529,903	117,344
<b>Equities</b>		
Canada	345,298	185,336
United States	69,087	28,028
Other international	47,013	52,911
	461,398	266,275
	1,006,720	613,763
	2017 \$	2016 \$
Investment income consists of the following:		
Interest	4,231	6,377
Dividends	24,402	18,806
Realized and unrealized gains (losses)	27,027	(11,833)
	55,660	13,350

#### 4. Capital assets

	2017		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
<b>Tangible</b>			
Computer equipment	33,257	15,833	17,242
Office equipment	14,552	6,814	7,738
	40,804	18,574	25,162
<b>Intangible</b>			
Website	12,300	8,200	4,100
	53,104	26,774	29,262

## Special Olympics Alberta Association

### Notes to financial statements

June 30, 2017

	2016		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
<b>Tangible</b>			
Computer equipment	70,272	36,289	33,983
Office equipment	14,552	4,878	9,674
	<u>84,824</u>	<u>41,167</u>	<u>43,657</u>
<b>Intangible</b>			
Website	12,300	4,100	8,200
	<u>97,124</u>	<u>45,267</u>	<u>51,857</u>

Assets under capital lease with a cost of \$7,005 [2016 – \$7,005] and accumulated amortization of \$4,072 [2016 – \$2,671] are included in office equipment.

#### 5. Deferred contributions

Deferred contributions represent unspent contributions externally restricted for various purposes and contributions received in the current year that are related to events of the subsequent year.

	2017	2016
	\$	\$
Casino	<b>281,810</b>	149,993
Harley Raffle	<b>87,805</b>	169,184
LETR Raffle	<b>27,214</b>	—
BMW Raffle	<b>36,081</b>	—
MDA Raffle	—	1,508
Medicine Hat Summer Games	<b>406,314</b>	—
Community Programs	<b>66,473</b>	66,773
Alberta Sport Connection	—	25,475
SO Canada	<b>13,500</b>	44,297
Skate Canada	<b>6,341</b>	6,341
	<u><b>925,538</b></u>	<u>463,571</u>

#### 6. Contingency fund

In 2008, the Association's Board of Directors internally restricted \$75,000 of net assets to be used as a contingency fund.

During the year ended June 30, 2014, the Association received an unrestricted contribution of \$600,000 from a personal estate, and during the year ended June 30, 2017, received an additional unrestricted contribution of \$347,904 from a personal estate. The Board of Directors has resolved to internally restrict these contributions, plus income earned on the investment of the funds, in the contingency fund.

## Special Olympics Alberta Association

### Notes to financial statements

June 30, 2017

#### 7. Contributed services

The Association's office premises are provided by an unrelated party on a rent-free basis. The Association has attributed a fair value of \$15,000 [2016 – \$15,000] to these services. The amount recorded in general revenue is offset by the cost, which is allocated to expense categories as outlined in Schedule 2.

#### 8. Related party transactions

During the year, the Association normally has transactions with the following related parties:

- Provincial affiliates
- Special Olympics Canada Inc., the national governing body

All related party transactions have been recorded at their agreed upon exchange amounts. Grants, revenue sharing and eligible program expenses are recorded as affiliate development expenses. Accreditation fees and insurance expenses are allocated to expense categories as outlined in Schedule 2.

Transactions during the year were as follows:

##### Provincial affiliates

	2017 \$	2016 \$
<b>Expenses</b>		
Direct sport programs and events expenses	22,442	6,272
Grants, revenue sharing and eligible program expenses	140,673	318,337
	<b>163,115</b>	<b>324,609</b>

##### Special Olympics Canada Inc.

	2017 \$	2016 \$
<b>Expenses</b>		
Accreditation fees	5,689	14,718
Insurance	5,472	5,099
	<b>11,161</b>	<b>19,817</b>

## Special Olympics Alberta Association

### Notes to financial statements

June 30, 2017

#### Accounts receivable

The following amounts are owing from Special Olympics Canada Inc. and provincial affiliates related to program expenses the Association has incurred on their behalf:

	2017 \$	2016 \$
Special Olympics Canada Inc.	184,596	59,116
Special Olympics Edmonton	30,322	24,884
Special Olympics Calgary	51,686	38,826
Other affiliates	12,325	26,768
	<u>278,929</u>	<u>149,594</u>

#### Accounts payable and accrued liabilities

Accounts payable and accrued liabilities include \$27,749 [2016 – nil] owing to provincial affiliates as at June 30, 2017.

#### 9. Revenue

	2017 \$	2016 \$
<b>Government funding revenue -</b>		
<b>Alberta Sport Connection – other</b>		
High Performance	<u>30,000</u>	30,000
<b>General revenue -</b>		
<b>Foundations</b>		
Special Olympics Canada Foundation	163,565	143,836
Other foundations	32,500	35,250
	<u>196,065</u>	<u>179,086</u>

## Special Olympics Alberta Association

### Notes to financial statements

June 30, 2017

#### 10. Allocated costs

	2017	2016
	\$	\$
Salaries and benefits	593,317	530,816
Administrative expenses	55,556	54,549
Telephone and technology	20,773	21,854
Accreditation fees	5,689	14,718
Amortization of capital assets	24,981	13,726
	<u>700,316</u>	<u>635,663</u>

#### 11. Financial instruments

The Association is exposed to various financial risks through transactions in financial instruments.

##### Credit risk

The Association is exposed to credit risk in connection with its accounts receivable because of the risk that one party to the financial instrument may cause a financial loss for the other party by failing to discharge an obligation. The Association monitors outstanding balances regularly and allows for uncollectible amounts when determined.

##### Interest rate risk

The Association is subject to interest rate risk with respect to its short-term and fixed income investments because the fair value will fluctuate due to changes in market interest rates.

##### Liquidity risk

The Association is exposed to the risk that it will encounter difficulty in meeting obligations associated with its financial liabilities.

##### Other pricing risk

The Association is exposed to other price risk through changes in market prices [other than changes arising from interest rate or currency risks] in connection with its investments in equity securities.

#### 12. Comparative figures

Certain comparative figures have been reclassified to conform to the presentation adopted for the current year.

