

Fiscal Year Ended July 31, 2019

Greetings & Overview

Once again, it is my honor, to present the Treasurer's report for Special Olympics Prince Edward Island for the year ended July 31, 2019. It is with great pride that I can say that this AGM concludes my fourth full year as a treasurer of Special Olympics Prince Edward Island. The treasurer's report for Special Olympics Prince Edward Island for the year ended July 31, 2019 is presented below.

2019 Financials

Grant Thornton LLP were engaged to conduct the annual financial statements audit. I have attached a copy of their draft audited statements to this report.

During the year, SOPEI achieved revenue in excess of expenditures, totaling \$119,467. The Enriching Lives Gala, which is our major fundraiser, netted \$157,496 (2018 - \$88,294) in June 2019 and as consistent with previous years, has single-handedly accounted for our excess of revenue over expenditures. The 2019 Gala was a truly special event as we benefited from the contributions from Evan Kosiner from Kosiner Philanthropy, the many celebrities, including Dion and Elisha Phaneuf and of course the very generous PEI community. The importance of this event continues to be crucial to the current and future viability of the organization, as the organization continues to grow and expand their programs.

Fiscal 2019 was not a games year and therefore Team PEI revenue and expenses (including competition costs as shown in schedule 2) are down as a result. The organization continues to receive grants from its many partners, including provincial and municipal governments and Special Olympics Canada. In addition, SOPEI continues to be a leader in the Healthy Communities Program and received some additional grants to offset these costs. Contributions from the LETR organization also increased by 35% in comparison to the previous year.

The organization continues to balance providing high quality sporting experiences as well as ensuring fiscal responsibility. In addition to keeping registration fees minimal, providing barrier-free school programs and assisting with local and national competitions, the organization also has several months of operations available in cash to mitigate risk against future funding uncertainty. SOPEI also continues to be proactive in budgeting and planning for the future as investments, which are balanced among short and long term, have been increased to \$307,713 in an effort to ensure the quality of services maintains or improves, despite the fact that Hill day funding (\$1.7 million nationally) is expected to cease in 2021.

Overall, 2019 was a successful year and this success will help protect against some of the uncertainty relating to future funding so that the organization can continue to be successful in achieving its mandate.

Respectfully submitted,



Robert Horne, CPA, CA
Treasurer



Financial Statements

Special Olympics Prince Edward Island Inc.

July 31, 2019

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Independent Auditor's Report

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

Qualified opinion

We have audited the financial statements of Special Olympics Prince Edward Island Inc., which comprise the statement of financial position as at July 31, 2019, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at July 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for qualified opinion

In common with many not-for-profit organizations, the Organization derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended July 31, 2019, current assets as at July 31, 2019, and net assets as at August 1, 2018 and July 31, 2019.

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 Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical 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 the 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 Organization'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 Organization'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 Organization 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.

Charlottetown, Canada
October 29, 2019

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	2019	2018
Revenues		
Donations	\$ 17,138	\$ 9,477
Province of Prince Edward Island, Department of Health and Wellness	30,000	28,000
Other grants	299,316	302,216
Team P.E.I.	16,348	61,836
P.E.I. ADA Campaign	13,470	12,090
Fundraising	11,413	11,694
Sponsorships	22,500	18,500
Registration fees	8,362	4,685
Events		
Bowling Tournament	16,778	14,989
Law Enforcement Torch Relay	53,165	39,379
Sports Celebrities Festival (Schedule 1)	157,496	88,294
Interest and miscellaneous	6,133	1,474
	652,119	592,634
Expenses		
Advertising and promotion	-	2,421
Amortization	3,198	4,089
Conferences and meetings	15,944	13,127
Fundraising	18,325	25,934
Office and miscellaneous	35,863	27,109
Professional fees	11,961	8,519
Rent	6,471	6,391
Sports Canada	96,552	96,470
Sports programs (Schedule 2)	264,863	279,738
Telephone	2,489	2,765
Travel	1,865	2,108
Wages and benefits	75,123	71,798
	532,654	540,469
Excess of revenues over expenses	\$ 119,465	\$ 52,165
<hr/>		
Balance, beginning of year	\$ 486,205	\$ 434,040
Excess of revenues over expenses	119,465	52,165
Balance, end of year	\$ 605,670	\$ 486,205

Special Olympics Prince Edward Island Inc.

Statement of Financial Position

July 31

2019

2018

Assets

Current

Cash	\$ 258,232	\$ 145,018
Short-term investments	197,669	151,924
Accounts receivable		
Harmonized sales tax	13,863	15,107
Grants	95,515	96,577
Trade	8,880	32,811
Prepaid expenses	2,220	1,977
	<u>576,379</u>	<u>443,414</u>
Long-term investments	110,044	84,657
Property and equipment (Note 3)	11,958	15,156
	<u>\$ 698,381</u>	<u>\$ 543,227</u>

Liabilities

Current

Accounts payable and accrued liabilities		
Trade	\$ 33,462	\$ 44,827
Government remittances	5,703	4,945
Deferred revenue	53,546	7,250
	<u>92,711</u>	<u>57,022</u>
Unrestricted net assets	<u>605,670</u>	<u>486,205</u>
	<u>\$ 698,381</u>	<u>\$ 543,227</u>

On behalf of the Board



Member



Member

Special Olympics Prince Edward Island Inc.

Statement of Cash Flows

Year ended July 31

2019

2018

Increase (decrease) in cash

Operating

Excess of revenues over expenses	\$ 119,465	\$ 52,165
Item not affecting cash		
Amortization	<u>3,198</u>	<u>4,089</u>
	122,663	56,254
Change in non-cash working capital items		
Short-term investments	(45,745)	(87,097)
Accounts receivable	26,237	(78,811)
Prepaid expenses	(243)	266
Accounts payable and accrued liabilities	(10,607)	(56,612)
Deferred revenue	<u>46,296</u>	<u>(21,717)</u>
	138,601	(187,717)

Investing

(Increase) decrease in long-term investments	<u>(25,387)</u>	<u>643</u>
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Increase (decrease) in cash **113,214** (187,074)

Cash

Beginning of year	<u>145,018</u>	<u>332,092</u>
End of year	<u>\$ 258,232</u>	<u>\$ 145,018</u>

Special Olympics Prince Edward Island Inc.

Notes to the Financial Statements

July 31, 2019

1. Status and purpose of organization

The Organization, which provides sport training and competitive experiences for individuals with intellectual disabilities, was incorporated under the Companies Act of Prince Edward Island and is a registered charity under the Income Tax Act.

2. Significant accounting policies

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

Cash and cash equivalents

Short-term investments consist of investments with an initial maturity of three months or less.

Long-term investments

Long-term investments consist of investments with an initial maturity of three months or greater.

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

Each class of property and equipment is carried at cost less, where applicable, any accumulated amortization and impairment losses.

The amortization rates used for each class of property and equipment are:

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, 2019

2. Significant accounting policies (continued)

Financial instruments

The Organization considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Association accounts for the following as financial instruments:

- Cash and cash equivalents
- Short-term investments
- Accounts receivable
- Long-term investments
- Accounts payable and accrued liabilities

A financial asset or liability is recognized when the Organization becomes party to contractual provisions of the instrument.

Financial assets or liabilities obtained in arm's length transactions are initially measured at their fair value. In the case of a financial asset or liability not being subsequently measured at fair value, the initial fair value will be adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption.

Financial assets or liabilities obtained in related party transactions are measured in accordance with the accounting policy for related party transactions except for those transactions that are with a person or entity whose sole relationship with the Organization is in the capacity of management in which case they are accounted for in accordance with financial instruments.

Financial assets and financial liabilities are subsequently measured according to the following methods:

<u>Financial instrument</u>	<u>Subsequent measurement</u>
Cash and cash equivalents	Amortized cost
Short-term investments	Amortized cost
Accounts receivable	Amortized cost
Long-term investments	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

The Organization removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in net income.

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.

Special Olympics Prince Edward Island Inc.

Notes to the Financial Statements

July 31, 2019

			<u>2019</u>	<u>2018</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Office equipment	\$ 16,215	\$ 15,043	\$ 1,172	\$ 1,674
Leasehold improvements	<u>28,634</u>	<u>17,848</u>	<u>10,786</u>	<u>13,482</u>
	<u>\$ 44,849</u>	<u>\$ 32,891</u>	<u>\$ 11,958</u>	<u>\$ 15,156</u>

4. 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 totaled \$36,220 (2018 - \$37,606), which was reflected in the income statement and on Schedule 1, Sports Celebrity Festival.

5. Related party transactions

During the year, the organization received funding of \$291,137 (2018 - \$243,301) for various activities and paid accreditation fees of \$6,375 (2018 - \$Nil) to Special Olympics Canada, a related party.

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.

6. Financial instruments

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:

(a) 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.

Special Olympics Prince Edward Island Inc.

Notes to the Financial Statements

July 31, 2019

6. Financial instruments (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting the obligations associated with its financial liabilities. The Organization is exposed to this risk mainly in respect of its 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.

Special Olympics Prince Edward Island Inc.
Schedule 1 - Sports Celebrities Festival

Year ended July 31	2019	2018
Donations in-kind	\$ 36,220	\$ 37,606
Receipts	207,530	126,412
Disbursements	<u>(86,254)</u>	<u>(75,724)</u>
	<u>\$ 157,496</u>	<u>\$ 88,294</u>

Special Olympics Prince Edward Island Inc.
Schedule 2 - Sports Programs

Year ended July 31	2019	2018
Canada Games Training Team	\$ 1,798	\$ 205
Competitions		
Local	70,864	46,930
National	9,053	87,944
Equipment	7,645	5,300
Program development	119,644	84,251
Volunteer recognition	6,087	4,173
Wages	<u>49,772</u>	<u>50,935</u>
	<u>\$ 264,863</u>	<u>\$ 279,738</u>

