
Financial of
Special Olympics British
Columbia Society

June 30, 2021

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Independent Auditor's Report

To the Board of Directors of
Special Olympics British Columbia Society

Qualified Opinion

We have audited the financial statements of Special Olympics British Columbia Society (the "Society"), which comprise the statement of financial position as at June 30, 2021, and the statements of operations and changes in fund balances for the unrestricted fund, endowment and internally restricted funds, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, except for the possible 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 Society as at June 30, 2021, 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 Qualified Opinion

In common with many not-for-profit organizations, the Society derives revenue from donations the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Society and we were not able to determine whether any adjustments might be necessary to recorded contributions, the excess of revenues over expenses, and cash flows from operations for the years ended June 30, 2021 and 2020, current assets as at June 30, 2021 and 2020, and net assets as at July 1 and June 30 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended June 30, 2020 was modified accordingly because of the possible effects of this scope limitation.

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 Society 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 qualified audit 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society'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 GAAS 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 GAAS, 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 Society'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 Society'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 Society 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.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Deloitte LLP

Chartered Professional Accountants
September 16, 2021

Special Olympics British Columbia Society

Statement of financial position

As at June 30, 2021

	Notes	2021 \$	2020 \$
Assets			
Current assets			
Cash - operating fund	4	3,078,805	2,727,739
Cash - internally restricted fund	6	500,000	—
Accounts receivable	2	373,076	228,495
Inventory		16,227	12,680
Prepaid expenses		11,731	23,466
		3,979,839	2,992,380
Investments - endowment funds	5	2,239,950	1,869,358
Other long-term investments	7	905,482	746,449
Equipment	8	7,478	13,070
Deposit		5,475	5,475
		7,138,224	5,626,732
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		120,294	234,258
Deferred revenue	9	351,121	250,705
		471,415	484,963
Contingency	11		
Commitments	12		
Net assets			
Unrestricted fund	10	3,926,859	3,272,411
Internally restricted fund	6	500,000	—
Endowment funds	5	2,239,950	1,869,358
		6,666,809	5,141,769
		7,138,224	5,626,732

The accompanying notes are an integral part of the financial statements.

Approved by the Board



_____, Director



_____, Director

Special Olympics British Columbia Society

Statement of operations and changes in fund balance - unrestricted fund

Year ended June 30, 2021

	Notes	2021 \$	2020 \$
Revenue			
Grants, donations and sponsorships		1,710,376	1,441,611
Event revenue		876,285	934,398
Interest and other		114,499	84,736
Gaming		151,480	126,230
Merchandise and service sales		13,112	4,804
		2,865,752	2,591,779
Expenses			
Operations			
Direct operating costs		402,190	1,015,442
Personnel	14, 15 and 2	947,007	1,171,293
		1,349,197	2,186,735
General and administrative			
General and administrative		280,001	236,853
Personnel	14, 15 and 2	154,355	173,803
Amortization of equipment		5,592	6,199
		439,948	416,855
		1,789,145	2,603,590
Excess (deficiency) of revenue over expenses before the undernoted		1,076,607	(11,811)
Gain on other long-term investments		62,714	5,891
Excess (deficiency) of revenue over expenses for the year		1,139,321	(5,920)
Unrestricted fund balance, beginning of year		3,272,411	2,863,486
Transfer to the unrestricted fund from the SOBC Foundation		15,127	14,845
Transfer (to) from internally restricted fund to unrestricted fund	6	(500,000)	400,000
Unrestricted fund balance, end of year		3,926,859	3,272,411

The accompanying notes are an integral part of the financial statements.

Special Olympics British Columbia Society

Statement of operations and changes in fund balances - endowment and internally restricted funds

Year ended June 30, 2021

	Howard G. Carter Fund	Bob and Marge McNary Fund	Gordon Walker Memorial Fund	John M. Sims Fund	Special Olympics British Columbia Foundation	Endowment Total endowment	Internally restricted
	\$	\$	\$	\$	\$	\$	\$
Fund balance, June 30, 2019	871,193	71,585	195,481	222,246	383,059	1,743,564	400,000
Revenue							
Interest and other	46,442	3,817	10,421	11,848	14,845	87,373	—
Gain (loss) on long term investments	6,869	599	1,637	1,840	(10,179)	766	—
Excess of revenue over expenses	53,311	4,416	12,058	13,688	4,666	88,139	—
Transfer to unrestricted fund	—	—	—	—	(14,845)	(14,845)	(400,000)
Capital contribution	50,000	—	—	2,500	—	52,500	—
Fund balance, June 30, 2020	974,504	76,001	207,539	238,434	372,880	1,869,358	—
Revenue							
Interest and other	33,613	2,622	7,159	8,224	15,127	66,745	—
Gain (loss) on long term investments	174,007	13,571	37,059	42,572	51,764	318,973	—
Excess of revenue over expenses	207,620	16,193	44,218	50,796	66,891	385,718	—
Transfer from unrestricted fund	—	—	—	—	(15,126)	(15,126)	500,000
Capital contribution	—	—	—	—	—	—	—
Fund balance, June 30, 2021	1,182,124	92,194	251,757	289,230	424,645	2,239,950	500,000

The accompanying notes are an integral part of the financial statements.

Special Olympics British Columbia Society

Statement of cash flows

Year ended June 30, 2021

	2021	2020
	\$	\$
Operating activities		
Unrestricted fund - excess (deficiency) of revenue over expenses for the year	1,139,321	(5,920)
Endowment and internally restricted funds - excess of revenue over expenses for the year	385,718	88,139
Add back non-cash items		
Amortization	5,592	6,199
Gain on long-term investments	(381,687)	(6,657)
	1,148,944	81,761
Changes in non-cash working capital items		
Accounts receivable	(144,581)	(6,926)
Inventory	(3,547)	(3,961)
Prepaid expenses	11,735	(9,033)
Accounts payable and accrued liabilities	(113,964)	(59,362)
Deferred revenue	100,416	59,135
	999,003	61,614
Investing activities		
Proceeds on capital contributions	—	52,500
Proceeds on sale of investments	2,354,532	—
Purchase of investments, endowment funds	(1,622,557)	(125,028)
Purchase of other long-term investments	(879,912)	(37,480)
	(147,937)	(110,008)
Net increase (decrease) in cash	851,066	(48,394)
Cash, beginning of year	2,727,739	2,776,133
Cash, end of year	3,578,805	2,727,739
Cash - unrestricted fund	3,078,805	2,727,739
Cash - internally restricted fund	500,000	—
	3,578,805	2,727,739

The accompanying notes are an integral part of the financial statements.

Special Olympics British Columbia Society

Notes to the financial statements

June 30, 2021

1. Description of the organization

Special Olympics British Columbia Society (the "Society") is a provincial organization operating programs for the benefit of athletes with an intellectual disability. It is incorporated under the Society Act of British Columbia as a not-for-profit organization and is a registered charity under the Canadian Income Tax Act.

The Society meets its objectives with the cooperation of many local committees that organize programs and events held throughout British Columbia. The Society acts as a governing body over those committees.

The Society excludes the programs and events administered by local committees from consolidation as the control over those activities is exercised by the locally elected committees. These financial statements include only those assets, liabilities, revenues and expenditures directly attributable to the Society and does not include the operating results of the local committees.

Summarized unaudited financial statement information of these committees is as follows:

	2021	2020
	\$	\$
Total assets	3,254,631	2,765,955
Net assets	3,254,631	2,765,955
Revenue	739,665	1,361,655
Expenses	295,206	1,070,892
Excess of revenue over expenses	444,459	290,763

2. Impact of COVID-19

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The restrictions put in place by the Canadian, provincial and municipal governments regarding travel, social distancing, isolation/ quarantine, and closures of non-essential services have had a significant impact on the public, businesses and not for profit/charities.

Effective March 13, 2020 the Society paused all in-person activities, including programs, services and fundraising events and continued through the 2021 year with both virtual and in person programs, when permitted and in compliance with Provincial Health orders. As a result of this pandemic, the Society has experienced a significant decrease in expenses.

The Society has applied for, and received, the Canadian Emergency Wage Subsidy (CEWS) program as administered by the Canada Revenue Agency. Under the CEWS program, the Society is entitled to receive a subsidy equal to 75% of eligible employee wages – up to a set amount per week. The Society applied for and received \$410,944 during 2021 (\$193,940 in 2020).

Special Olympics British Columbia Society

Notes to the financial statements

June 30, 2021

2. Impact of COVID-19 (continued)

	2021 \$	2020 \$
Personnel – Operations	1,297,907	1,339,699
CEWS	(350,900)	(168,406)
Net Personnel – Operations	947,007	1,171,293
Personnel – General and Administrative	214,399	192,064
CEWS	(60,044)	(18,261)
Net Personnel – General and Administrative	154,355	173,803

The Society will continue to apply for the subsidy so long as they remain eligible.

While the full extent of the COVID-19 impact is unknown, management anticipate this pandemic may continue to cause postponements and/or cancellations of a number of the Society's programs, services and fundraising events.

3. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and reflect the following significant policies:

Financial instruments

The Society initially measures its financial assets and financial liabilities at fair value when the Society becomes a party to the contractual provisions of the financial instrument. Subsequently, Investments - restricted for endowment purposes and other long-term investments are measured at fair value and all other financial instruments are measured at amortized cost.

Transaction costs related to financial instruments measured at fair value are expensed as incurred. Transaction costs related to the other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in the statement of operations as interest income or expense.

With respect to financial assets measured at amortized cost, the Society recognizes in the statement of operations an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed in the statement of operations in the period the reversal occurs.

Cash

Cash includes cash and short term deposits with a term to maturity of 90 days or less at the date of deposit.

Special Olympics British Columbia Society

Notes to the financial statements

June 30, 2021

3. Significant accounting policies (continued)

Inventory

Inventory is recorded at the lower of cost and current replacement cost with the cost being determined on a first-in, first-out basis.

Equipment

Purchased equipment is recorded at cost, and donated equipment is recorded at fair value. Equipment is amortized on a straight-line basis over its estimated useful life as follows:

Vehicles	5 years
Photocopier	5 years
Computer and other equipment	3 years

When conditions indicate that a tangible capital asset is impaired, the net carrying amount of the tangible capital asset shall be written down to the asset's fair value or replacement cost. The write-downs of tangible capital assets shall be accounted for as expenses in the statement of operations. A write-down shall not be reversed. No impairment losses have been identified by the Society for the year ended June 30, 2021.

Revenue and expense recognition

The Society follows the deferral method of accounting for revenues. Revenues restricted for specific expenditures are recognized as revenue in the year in which the related expenses are incurred. Unrestricted revenues are recognized when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets in the year.

Revenue in the endowment funds includes interest income and gains and losses on investments measured at fair value.

Donations are recorded when collection is reasonably assured.

Event and gaming revenues are recorded on an accrual basis with amounts recognized during the respective periods in which the underlying activities occur.

Direct costs related to certain fundraising activities which the Society does not directly control are recorded net of the related revenue.

Expenditures are recorded on an accrual basis. A portion of salaries and wages of certain administrative personnel are allocated to operations expenses based on the time spent by those individuals on games and other operations related to events of the Society. Additional disclosures are included in Note 14.

Donated materials and services

Donated materials are recorded at fair value where fair value can be reasonably estimated. Donated services are not recorded as their fair value cannot be reasonably estimated.

Special Olympics British Columbia Society

Notes to the financial statements

June 30, 2021

3. Significant accounting policies (continued)

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates are used for, but not limited to the fair value of investments, accrued liabilities and contingencies. Actual results may differ from those estimates.

4. Externally restricted funds

As at June 30, 2021, \$136,507 (\$3,500 in 2020) is included in cash which relates to proceeds received from gaming activities. The use of funds realized from gaming activities is restricted under the Provincial Gaming Control Act to certain eligible charitable activities and specified overhead expenditures.

5. Investments - endowment funds

	2021	2020
	\$	\$
Howard G. Carter Fund (a)	1,182,124	974,504
Bob and Marge McNary Fund (b)	92,194	76,001
Gordon Walker Memorial Fund (c)	251,756	207,539
John M. Sims Fund (d)	289,231	238,434
	1,815,305	1,496,478
Special Olympics British Columbia Foundation (e)	424,645	372,880
	2,239,950	1,869,358

- (a) This fund was established in 1988 as a memorial endowment fund in recognition of Howard G. Carter's years of work and dedication to the Society. The primary investment objective of this fund is to provide long-term continuance of the purpose of the Society.

In addition, during 1990 the Society established a permanent endowment fund under the auspices of the Vancouver Foundation, the interest of which is for the account of the Howard G. Carter Fund. The Society paid the Vancouver Foundation a non-refundable deposit of \$10,000 and cumulative contributions to date of \$75,000. The Vancouver Foundation has matched the contributions and the Society receives quarterly interest payments based on a principal balance of \$160,000. This principal balance is not shown in these financial statements.

- (b) During the year ended June 30, 2003, the Society received a contribution which was designated as a memorial endowment fund. The primary investment objective of this fund is to provide long-term continuance of the purpose of the Society. The restricted fund was formally established as the Marge McNary Memorial Fund on July 17, 2003 and renamed as the Bob and Marge McNary Fund on March 14, 2018.
- (c) During the years ended June 30, 2012 and June 30, 2015, the Society received contributions from the estate of a former Special Olympics athlete, Gordon Walker, which were designated as a memorial endowment fund. The primary investment objective of this fund is to provide long-term continuance of the purpose of the Society.

Special Olympics British Columbia Society

Notes to the financial statements

June 30, 2021

5. Investments - endowment funds (continued)

- (d) During the years ended June 30, 2012 and June 30, 2015, the Society received capital contributions from a group of donors in honour of John M. Sims which were designated as a memorial endowment fund. The primary investment objective of this fund is to provide long-term continuance of the purpose of the Society.

The assets in these funds consist of long-term investments in bonds and equities pooled funds and are administered by Connor, Clark and Lunn Financial Group under the direction of the Society's Board of Directors.

- (e) During the year ended June 30, 2005, the Society received a contribution which was designated as a memorial endowment fund (the "SOBC Foundation"). The primary investment objective of this fund is to provide long-term continuance of the purpose of the Society. The fund is held and invested by the Vancouver Foundation. Income generated from the SOBC Foundation is disbursed to the Society as long as the Society is a registered charity. The Society has the right to retract the amount subject to certain restrictions, after at least three years from the date that the aggregate amount contributed to the fund exceeds \$100,000. If the Society ceases to exist, the Vancouver Foundation will disburse the funds to Special Olympics Canada. The endowment fund was formally established as the Special Olympics British Columbia Foundation Fund on June 27, 2005.

6. Cash – internally restricted fund

In June 2021, the Society established an internally restricted fund to help cover costs incurred in the reopening of programs, operations, and competitions up to June 30, 2023. Previously, the internally restricted fund, established effective June 30, 2016, was for hosting, preparing for, or participation in Provincial or National Games and other specified projects up to and including the 2021 Summer Games.

7. Other long-term investments

Other long-term investments consist of bonds and equities that are administered by Connor, Clark & Lunn Financial Group under the direction of the Society's Board of Directors. At June 30, 2021, the market value of these investments was \$905,482 (\$746,449 in 2020).

8. Equipment

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
	\$	\$	\$	\$
Vehicles	99,394	91,916	7,478	12,464
Photocopier	16,115	16,115	—	—
Computer and other equipment	3,639	3,639	—	606
	119,148	111,670	7,478	13,070

Special Olympics British Columbia Society

Notes to the financial statements

June 30, 2021

9. Deferred revenue

Deferred revenue includes event revenues relating to registration fees, fundraising receipts and grants that have been received in advance. The amounts will be recognized as revenue in subsequent years when the related expenditures have been incurred.

	2021	2020
	\$	\$
Beginning balance	250,705	191,569
Add: amount received related to subsequent years	351,121	219,125
Less: amount recognized as revenue in the year	(250,705)	(159,989)
Ending balance	<u>351,121</u>	<u>250,705</u>

As at June 30, 2021, the significant categories of deferred revenue are funds received relating to registration, donation and sponsorship relating to the Newmont Golf Tournament \$123,500, and the Community Gaming Grant of \$120,000. The funds relating to the Newmont Golf Tournament will be recognized when the event occurs. The Community Gaming grant is subject to restrictions outlined in the Provincial Gaming regulations (Note 4).

10. Fund balances

Should the Society be wound up, the Directors have resolved to donate the unrestricted and restricted fund balances to one or more recognized charitable organizations having the same or similar purposes as the Society. There are no plans to wind up the Society.

11. Contingency

In the event that any local branch of the Special Olympics British Columbia Society incurs liabilities in excess of available assets, the Society is obligated to repay any resulting indebtedness.

At June 30, 2021, management estimates that there is no existing liability under this contingent obligation.

12. Commitments

The Society has entered into a lease for its office premises which expires on March 31, 2023. The future minimum lease payments are as follows:

	\$
2022	63,866
2023	47,899
	<u>111,765</u>

Special Olympics British Columbia Society

Notes to the financial statements

June 30, 2021

13. Financial instruments

Interest rate risk

The Society's investments are exposed to interest rate risk as the value of the financial instruments will fluctuate due to changes in interest rates and the volatility of these rates. The Society does not use derivative instruments to reduce its exposure to interest rate risk.

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Society by failing to discharge its obligations. Credit risk is primarily associated with accounts receivables; however, it also arises on cash, investments and deposits.

The Society manages its credit risk by maintaining cash and investments with large financial institutions.

Liquidity risk

Liquidity risk is the risk that the Society will not be able to meet a demand for cash or fund its obligations as they become due. The Society meets its liquidity requirements by preparing and monitoring forecasts of cash flows from operations, anticipating investing and financing activities and holding assets that can be readily converted into cash.

Market risk

The risk associated with the pooled funds are the risks associated with the bonds and equities in which the pooled funds are invested. The value of equity securities changes with stock market conditions, which are affected by general economic and market conditions. The value of securities will vary with developments within the specific companies or governments which issue the securities. The Society manages this risk through controls to monitor and limit concentration levels.

14. Allocation of expenses

A portion of salaries and wages relating to certain administrative personnel have been allocated to operations expense based on the proportion of time spent by those individuals on games and other events of the Society as follows:

	2021	2020
	\$	\$
Personnel	97,757	100,959

15. Disclosure of Director and employee remuneration

For the fiscal year ended June 30, 2021, the Society did not remunerate the directors for attending meetings as these are volunteer positions. The Society paid total remuneration of \$331,930 (\$430,870 in 2020) to 3 employees (4 in 2020) who received total annual remuneration \$75,000 or greater.