

**SPECIAL OLYMPICS YUKON SOCIETY**

**FINANCIAL STATEMENTS**

Draft - October 17, 2018, 3:26 PM

**June 30, 2018**

**INDEX**

	Page
Management Responsibility Statement	1
Independent Auditor's Report	2 - 3
Statement of Operations	4
Statement of Changes in Net Assets	5
Statement of Financial Position	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 - 13

## MANAGEMENT RESPONSIBILITY STATEMENT

The management of Special Olympics Yukon Society is responsible for preparing the financial statements, the notes to the financial statements and other financial information contained in this annual report.

Management prepares the financial statements in accordance with Canadian generally accepted accounting principles. The financial statements are considered by management to present fairly the management's financial position and results of operations.

The organization, in fulfilling its responsibilities, has developed and maintains a system of internal accounting controls designed to provide reasonable assurance that management assets are safeguarded from loss or unauthorized use, and that the records are reliable for preparing the financial statements.

The financial statements have been reported on by M. McKay & Associates Ltd., Chartered Professional Accountants, the shareholders' auditors. Their report outlines the scope of their examination and their opinion on the financial statements.

Executive Director

Date to be determined

## **INDEPENDENT AUDITOR'S REPORT**

**Draft - October 17, 2018, 3:26 PM**

To the Board of Directors of Special Olympics Yukon Society

We have audited the accompanying financial statements of Special Olympics Yukon Society, which comprise the statement of financial position as at June 30, 2018, and the statements of operations, 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 qualified audit opinion.

### **Basis for qualified opinion**

In common with many not-for-profit organizations, Special Olympics Yukon Society derives a material amount of revenue from donations and fundraising activities, the completeness of which are not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the entity. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenue over expenses, and cash flows for the years ended June 30, 2018 and 2017 current assets as at June 30, 2018 and 2017, and net assets as at July 1, 2017 and June 30 for both the 2018 and 2017 years. Our audit opinion on the financial statements for the year ended June 30, 2018 was modified accordingly because of the possible effect of this limitation in scope.

## **INDEPENDENT AUDITOR'S REPORT, continued**

### **Qualified opinion**

Except as noted in the above paragraph, in our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at June 30, 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.

**M. McKay & Associates Ltd.**  
Chartered Professional Accountants

Whitehorse, Yukon  
Date to be determined

**SPECIAL OLYMPICS YUKON SOCIETY**  
**STATEMENT OF OPERATIONS**  
**For the year ended June 30, 2018**  
**Draft - October 17, 2018, 3:26 PM**

	<u>2018</u>	<u>2017</u>
<b>REVENUES</b>		
Fundraising - Events	\$ 240,680	\$ 174,979
Grants - Special Olympics Canada	174,871	155,363
Grants - Government of Yukon	100,705	101,955
Sponsorship	46,741	35,213
Grants - City of Whitehorse	2,800	3,100
Donations	2,338	3,317
Miscellaneous income	1,320	518
	<u>569,455</u>	<u>474,445</u>
<b>COST OF SALES</b>		
Program Costs	<u>147,450</u>	<u>124,338</u>
<b>GROSS PROFIT</b>	<u>422,005</u>	<u>350,107</u>
<b>EXPENSES</b>		
Wages and benefits	205,936	197,146
Fundraising Costs	122,199	65,647
Rent	30,696	10,553
Professional fees	15,135	28,231
Travel	12,189	13,912
Office	7,485	8,173
Supplies	5,740	5,179
Janitorial	4,715	2,579
Amortization	2,617	1,249
Insurance	1,305	1,156
Bookkeeping	1,230	1,200
Utilities	1,206	2,110
Telephone and utilities	662	1,177
Bad debts	-	1,725
Miscellaneous	-	700
	<u>411,115</u>	<u>340,737</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u>\$ 10,890</u>	<u>\$ 9,370</u>

**SPECIAL OLYMPICS YUKON SOCIETY**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**For the year ended June 30, 2018**  
**Draft - October 17, 2018, 3:26 PM**

	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 97,268	\$ 87,898
Excess of revenues over expenses	<u>10,890</u>	<u>9,370</u>
Balance, end of year	<u>\$ 108,158</u>	<u>\$ 97,268</u>

See accompanying notes to the financial statements

**SPECIAL OLYMPICS YUKON SOCIETY**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2018**  
**Draft - October 17, 2018, 3:26 PM**

	<b>ASSETS</b>	
	<u>2018</u>	<u>2017</u>
<b>CURRENT</b>		
Cash	\$ 51,219	\$ 66,343
Term deposits (note 5)	11,298	11,298
GST Receivable	17,001	11,321
Accounts receivable	38,393	32,308
Prepaid expenses	<u>7,587</u>	<u>3,679</u>
	<b>125,498</b>	124,949
<b>PROPERTY, PLANT AND EQUIPMENT (note 6)</b>	<u>15,704</u>	<u>7,845</u>
	<u><b>\$ 141,202</b></u>	<u><b>\$ 132,794</b></u>
 <b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 20,558	\$ 17,653
Employee Payroll Deductions Payable	3,714	5,741
Salaries payable	959	582
Deferred revenue (note 7)	<u>7,813</u>	<u>11,550</u>
	<b>33,044</b>	35,526
 <b>NET ASSETS</b>		
Net Assets	<u>108,158</u>	<u>97,268</u>
	<u><b>\$ 141,202</b></u>	<u><b>\$ 132,794</b></u>

Contingent liabilities (note 8)

Approved on behalf of the Board:

\_\_\_\_\_ Member

\_\_\_\_\_ Member

See accompanying notes to the financial statements

6.  
*M. McKay & Associates Ltd.*  
Chartered Professional Accountants

**SPECIAL OLYMPICS YUKON SOCIETY**  
**STATEMENT OF CASH FLOWS**  
**For the year ended June 30, 2018**  
**Draft - October 17, 2018, 3:26 PM**

	<b>2018</b>	<b>2017</b>
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	\$ 10,890	\$ 9,370
Adjustment for		
Amortization	2,617	1,249
Total adjustments	13,507	10,619
Change in non-cash working capital items		
GST Receivable	(5,680)	(4,567)
Accounts receivable	(6,085)	7,785
Prepaid expenses	(3,908)	25
Accounts payable and accrued liabilities	2,904	(977)
Employee Payroll Deductions Payable	(2,027)	(15)
Salaries payable	377	(411)
Deferred revenue	(3,737)	(5,638)
Cash flow (to) from operating activities	(4,649)	6,821
<b>INVESTING ACTIVITY</b>		
Purchase of property, plant and equipment	(10,475)	(2,948)
<b>NET (DECREASE) INCREASE IN CASH</b>	<b>(15,124)</b>	<b>3,873</b>
CASH, beginning of year	77,641	73,768
CASH, end of year	\$ 62,517	\$ 77,641
 <b>CASH CONSISTS OF:</b>		
Cash	\$ 51,219	\$ 66,343
Term deposits	11,298	11,298
	\$ 62,517	\$ 77,641

See accompanying notes to the financial statements



**SPECIAL OLYMPICS YUKON SOCIETY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2018**  
**Draft - October 17, 2018, 3:26 PM**

**1. Nature of operations**

Special Olympics Yukon Society (the society) was incorporated under the Societies Act of the Yukon Territories on June 9, 1981 and is a registered Canadian charity and, as such, the society is not subject to federal or provincial income tax. The society operates programs for the benefit of athletes with intellectual disabilities.

**2. Significant accounting policies**

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

**(a) Related parties**

Related party transactions are in the normal course of operations and have been measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

**(b) Accounting estimates**

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

**(c) Cash equivalents**

Cash equivalents consist principally of money market funds and other highly liquid interest-bearing instruments with original maturities of three months or less.

**(d) Deferred grants**

Capital grants are accounted for as deferred grants and amortized on the same basis as the related machinery and equipment.

Operating grants are accounted for in reduction of operating expenses.

**(e) Prior year's figures**

Prior year's figures have been restated, where applicable, to conform to current year's presentation.

**(f) Contributed materials and services**

Contributions of materials and services are recognized in the financial statements at fair value at the date of contribution, but only when a fair value can be reasonably estimated and when the materials and services are used in the normal course of operations, and would otherwise have been purchased.

**SPECIAL OLYMPICS YUKON SOCIETY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2018**  
**Draft - October 17, 2018, 3:26 PM**

**2. Significant accounting policies, continued**

**(g) Basis of accounting**

These financial statements have been prepared in accordance with Canadian accounting standards for private enterprises and are in accordance with Canadian generally accepted accounting principles.

**(h) Revenue recognition**

The society 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. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Externally restricted contributions for the purchase of property, plant and equipment that will be amortized are recorded as deferred capital contributions and recognized as revenue on the same basis as the amortization expense related to the acquired property, plant and equipment. Externally restricted contributions for the purchase of property, plant and equipment that will not be amortized are recognized as direct increases in net assets to the Investment in Capital Assets balance.

**(i) Cash and cash equivalents**

Cash consists of balances held in financial institutions

**i. Restricted Cash**

Any cash that is legally restricted from use is recorded in restricted cash. Cash is considered restricted when they are subject to contingent rights from third parties, If the restriction on cash relates to acquiring a long-term asset, liquidating a long-term liability or is unavailable for a period longer than one year from the balance sheet date, restricted cash is classified as a long-term asset. Otherwise, restricted cash is classified as a current asset.

The society maintains a restricted cash balance in a GIC as collateral for society-use credit cards.

**3. Financial instruments**

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

**SPECIAL OLYMPICS YUKON SOCIETY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2018**  
**Draft - October 17, 2018, 3:26 PM**

**3. Financial instruments, continued**

(a) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The major class of financial assets of the Society are bank deposits, accounts receivable, funding and contribution receivables and short-term GICs. To mitigate this risk, bank deposits are maintained with reputable financial institutions and the GICs are maintained to meet financial obligations.

The Society's risk on its receivables is low as the majority of them are with parent organization, Special Olympics Canada, and the Government of Yukon

(b) Liquidity risk

Liquidity risk is the risk that the society cannot repay its obligations when they become due to its creditors. The society reduces its exposure to liquidity risk by controlling expenses within available revenues and maintaining sufficient cash reserves. In the opinion of management the liquidity risk exposure to the society low and is not material.

(c) Interest rate risk

The society is exposed to interest rate risk from holding interest-bearing GICs. In the opinion of management the interest rate risk exposure to the society low and is not material.

**4. Government of Yukon Funding Detail**

The following is a breakdown of the revenue received from the Government of Yukon for periods ending June 30th, 2018 and June 30th, 2017.

	<u>2018</u>	<u>2017</u>
Contribution Agreement	\$ 74,455	\$ 74,455
Multi-Sport Games Participation	17,500	17,500
Program Support	<u>8,750</u>	<u>10,000</u>
	<u>\$ 100,705</u>	<u>\$ 101,955</u>

**5. Term deposits**

	<u>2018</u>	<u>2017</u>
Royal Bank of Canada GIC Investment	<u>\$ 11,298</u>	<u>\$ 11,298</u>

**SPECIAL OLYMPICS YUKON SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2018  
Draft - October 17, 2018, 3:26 PM**

**6. Property and equipment**

	<b>2018</b>		2017
	<b>Cost</b>	<b>Accumulated amortization</b>	Net
		<b>Net</b>	Net
Office furniture & equipment	<b>\$ 26,652</b>	<b>\$ 10,948</b>	<b>\$ 15,704</b>
	<b>\$ 7,845</b>		<b>\$ 7,845</b>

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**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2018**  
**Draft - October 17, 2018, 3:26 PM**

7. **Deferred revenue**

	<b>2018</b>	<b>2017</b>
2018 Golf Gala Sponsorships	\$ <b>4,600</b>	\$ -
Special Olympics Canada - Youth Development	<b>1,750</b>	1,750
City of Whitehorse	<b>1,463</b>	2,550
Special Olympics Canada - Sport Development	-	6,750
Keystone Kop Society	-	500
	<b>\$ 7,813</b>	<b>\$ 11,550</b>

**SPECIAL OLYMPICS YUKON SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2018**

**Draft - October 17, 2018, 3:26 PM**

**8. Contingent liabilities**

The society has entered into multiple funding agreements where any unspent funds constitute debts owed to the various funders.

**9. Economic dependence**

The society receives the majority of its revenue through a funding agreements from Special Olympics Canada and the Government of Yukon. The society's continued operations are dependent on these funding agreements and on satisfying the terms of the agreements.

**10. Comparative amounts**

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.