

SPECIAL OLYMPICS YUKON SOCIETY

FINANCIAL STATEMENTS

Draft - October 13, 2020, 2:18 PM

June 30, 2020

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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 13, 2020, 2:18 PM

To the Board of Directors of Special Olympics Yukon Society

Qualified opinion

We have audited the financial statements of Special Olympics Yukon Society, which comprise the statement of financial position as at June 30, 2020, and the statements of operations, 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.

Except as noted in the following paragraph, in our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at June 30, 2020 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 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 June 30, 2020 and 2019, current assets as at June 30, 2020 and 2019, and net assets as at July 1 and June 30 for both the 2020 and 2019 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 limitation in scope.

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 qualified opinion.

Emphasis of matter

Without modifying our opinion, we draw attention to note 8 to the financial statements, concerning the worldwide spread of a novel coronavirus known as COVID-19 subsequent to year-end and its effect on the global economy. Our opinion is not modified in respect of this matter.

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 ASNPO, 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 society 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.

INDEPENDENT AUDITOR'S REPORT, continued

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 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.

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, 2020
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	2020	2019
REVENUES		
Fundraising - Events	\$ 161,612	\$ 216,483
Grants - Special Olympics Canada	188,345	214,100
Grants - Government of Yukon	101,955	102,084
Sponsorship	57,528	50,300
Donations	2,619	4,857
Miscellaneous income	1,972	3,318
Grants - City of Whitehorse	2,300	1,700
	516,331	592,842
EXPENSES		
Wages and benefits	236,910	214,863
Program costs	139,476	182,665
Fundraising Costs	61,591	83,675
Rent	40,800	40,800
Travel and accommodation	8,422	13,942
Supplies	3,697	8,172
Professional fees	8,231	6,868
Janitorial	5,246	5,105
Office	4,291	4,502
Amortization	3,545	2,878
Bad debts	-	2,860
Insurance	1,363	1,318
Bookkeeping	1,260	1,230
Utilities	967	908
Telephone and utilities	2,287	248
	518,086	570,034
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES	\$ (1,755)	\$ 22,808

See accompanying notes to the financial statements

SPECIAL OLYMPICS YUKON SOCIETY
STATEMENT OF CHANGES IN NET ASSETS
For the year ended June 30, 2020
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	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 130,966	\$ 108,158
(Deficiency) excess of revenues over expenses	<u>(1,755)</u>	<u>22,808</u>
Balance, end of year	<u>\$ 129,211</u>	<u>\$ 130,966</u>

See accompanying notes to the financial statements

SPECIAL OLYMPICS YUKON SOCIETY
STATEMENT OF FINANCIAL POSITION
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	ASSETS	
	<u>2020</u>	<u>2019</u>
CURRENT		
Cash	\$ 56,164	\$ 21,722
Restricted term deposits (note 5)	11,883	11,761
GST Receivable	24,429	19,579
Accounts receivable	53,910	79,501
Prepaid expenses	<u>6,209</u>	<u>6,209</u>
	152,595	138,772
PROPERTY, PLANT AND EQUIPMENT (note 6)	<u>16,207</u>	<u>15,696</u>
	<u>\$ 168,802</u>	<u>\$ 154,468</u>
 LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 15,414	\$ 15,317
Employee Payroll Deductions Payable	4,647	4,647
Salaries payable	2,357	-
Deferred revenue (note 7)	<u>17,173</u>	<u>3,538</u>
	39,591	23,502
 NET ASSETS		
Net Assets	<u>129,211</u>	<u>130,966</u>
	<u>\$ 168,802</u>	<u>\$ 154,468</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, 2020
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	2020	2019
OPERATING ACTIVITIES		
(Deficiency) excess of revenues over expenses	\$ (1,755)	\$ 22,808
Adjustment for		
Amortization	3,545	2,878
Total adjustments	1,790	25,686
Change in non-cash working capital items		
GST Receivable	(4,850)	(2,578)
Accounts receivable	25,591	(41,108)
Prepaid expenses	-	1,378
Accounts payable and accrued liabilities	97	(5,241)
Employee Payroll Deductions Payable	-	933
Salaries payable	2,357	(959)
Deferred revenue	13,635	(4,275)
Cash flow from (to) operating activities	38,620	(26,164)
INVESTING ACTIVITY		
Purchase of property, plant and equipment	(4,056)	(2,870)
NET INCREASE (DECREASE) IN CASH	34,564	(29,034)
CASH, beginning of year	33,483	62,517
CASH, end of year	\$ 68,047	\$ 33,483
CASH CONSISTS OF:		
Cash	\$ 56,164	\$ 21,722
Restricted term deposits	11,883	11,761
	\$ 68,047	\$ 33,483

See accompanying notes to the financial statements

SPECIAL OLYMPICS YUKON SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
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1. Nature of operations

Special Olympics Yukon Society (the society) was incorporated under the Societies Act of the Yukon Territory on June 9, 1981 and is a registered Canadian charity. 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 society 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) Financial instruments

The society initially measures its financial assets and liabilities at fair value. The society subsequently measures its financial assets and financial liabilities at amortized cost, except for securities quoted in an active market, which are subsequently measured at fair value.

Financial assets measured at amortized cost include cash, cash equivalents and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

(d) 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.

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.

SPECIAL OLYMPICS YUKON SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
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2. Significant accounting policies, continued

(d) Revenue recognition, continued

Other revenue is recognized when received or receivable.

(e) Cash and cash equivalents

Cash consists of balances held in financial institutions.

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

Restricted Cash

Any cash that is legally restricted from use is recorded in restricted cash. Cash is considered restricted when it is 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.

(f) Property, plant and equipment

Property, plant and equipment are recorded at cost. The society provides for amortization using the declining balance method at rates designed to amortize the cost of the property, plant and equipment over their estimated useful lives. The annual amortization rates are as follows:

Office furniture & equipment	20%
Sporting equipment	20%

(g) Deferred revenue

Deferred revenue consists of unexpended balances of various grants recognized as restricted contributions.

(h) 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.

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.

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NOTES TO THE FINANCIAL STATEMENTS
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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 the 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, 2020 and June 30th, 2019.

	2020	2019
Contribution Agreement - Sport & Recreation Branch, Department of Community Services	\$ 74,455	\$ 74,455
Multi-Sport Games Participation, Department of Community Services	17,500	17,629
Program Support, Department of Community Services	10,000	10,000
	\$ 101,955	\$ 102,084

5. Restricted term deposits

	2020	2019
Bank of Montreal GIC	\$ 11,883	\$ 11,761

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

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6. Property and equipment

	2020			2019
	Cost	Accumulated amortization	Net	Net
Office furniture & equipment	\$ 28,304	\$ 16,096	\$ 12,208	\$ 13,400
Sporting equipment	<u>5,272</u>	<u>1,273</u>	<u>3,999</u>	<u>2,296</u>
	<u><u>\$ 33,576</u></u>	<u><u>\$ 17,369</u></u>	<u><u>\$ 16,207</u></u>	<u><u>\$ 15,696</u></u>

7. Deferred revenue

	2020	2019
Golf Gala Sponsorships	\$ -	\$ 3,538
Special Olympics Canada - Volunteer Development	2,710	-
Special Olympics Canada - Program Support	2,000	-
Special Olympics Canada - Athlete Leadership	2,463	-
Tenaquip Canada - office equipment funding	<u>10,000</u>	<u>-</u>
	<u><u>\$ 17,173</u></u>	<u><u>\$ 3,538</u></u>

8. Contingent liabilities

Before year-end, there was a global outbreak of a novel coronavirus known as COVID-19, which has had a significant impact on organizations through the restrictions put in place by the Canadian and U.S. governments regarding travel, business operations and isolation/quarantine orders. The extent of the impact the COVID-19 outbreak may have on the society will depend on future developments that are highly uncertain, and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, the duration of the outbreak, including the length of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are, or may, be put in place by Canada, U.S. or other countries to fight the virus. The society's activities have not been significantly impacted thus far; however, the society continues to assess the impact COVID-19 will have on its operations.

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

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9. Economic dependence

The society receives the majority of its revenue through 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.