

Financial Statements

**Special Olympics Alberta Association**  
June 30, 2009

## AUDITORS' REPORT

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

We have audited the statement of financial position of **Special Olympics Alberta Association** as at June 30, 2009 and the statements of changes in net assets, operations and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as disclosed in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

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.

In our opinion, except for adjustments, if any, which may have been necessary had we been able to completely verify revenue, these financial statements present fairly, in all material respects, the financial position of the Association as at June 30, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Edmonton, Canada,  
August 18, 2009.

*Ernst & Young LLP*

Chartered Accountants

## Special Olympics Alberta Association

### STATEMENT OF FINANCIAL POSITION

As at June 30

	2009	2008
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	786,550	422,462
Accounts receivable <i>[note 8]</i>	385,365	556,401
Goods and services tax recoverable	13,296	12,133
Prepaid expenses	7,757	7,000
<b>Total current assets</b>	<b>1,192,968</b>	<b>997,996</b>
Long-term prepaid expenses	2,714	—
Capital assets <i>[note 3]</i>	21,434	11,573
	<b>1,217,116</b>	<b>1,009,569</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities <i>[note 8]</i>	142,081	108,739
Deferred revenue <i>[note 4]</i>	91,724	81,489
<b>Total current liabilities</b>	<b>233,805</b>	<b>190,228</b>
Contingent liabilities <i>[note 5]</i>		
<b>Net assets</b>		
Invested in capital assets	21,434	11,573
Internally restricted <i>[note 6]</i>	75,000	75,000
Unrestricted	886,877	732,768
<b>Total net assets</b>	<b>983,311</b>	<b>819,341</b>
	<b>1,217,116</b>	<b>1,009,569</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

	2009			2008	
	Invested in capital assets	Internally restricted	Unrestricted	Total	Total
	\$	\$	\$	\$	\$
<b>Balance, beginning of the year</b>	11,573	75,000	732,768	819,341	533,447
Excess of revenue over expenses for the year	(9,936)	—	173,906	163,970	285,894
Purchases of capital assets	19,797	—	(19,797)	—	—
<b>Balance, end of the year</b>	<b>21,434</b>	<b>75,000</b>	<b>886,877</b>	<b>983,311</b>	<b>819,341</b>

*See accompanying notes*

## Special Olympics Alberta Association

### STATEMENT OF OPERATIONS

Year ended June 30

	2009	2008
	\$	\$
<b>REVENUE</b> (Schedule 1)		
Events	804,987	786,458
Government funding	255,085	195,604
Casino and raffle	296,057	115,863
National sponsorships	191,814	124,476
General <i>[note 7]</i>	70,780	89,060
Programs <i>[note 8]</i>	3,972	13,636
Interest	7,436	14,189
	<u>1,630,131</u>	<u>1,339,286</u>
<b>EXPENSES</b> (Schedule 2)		
Programs	749,094	487,368
Affiliate development <i>[note 8]</i>	524,198	362,812
Operations	94,530	101,293
Communications	20,387	28,187
Resource development	77,952	73,732
	<u>1,466,161</u>	<u>1,053,392</u>
<b>Excess of revenue over expenses for the year</b>	<u>163,970</u>	<u>285,894</u>

*See accompanying notes*

## Special Olympics Alberta Association

### STATEMENT OF CASH FLOWS

Year ended June 30

	<b>2009</b>	<b>2008</b>
	\$	\$
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses for the year	<b>163,970</b>	285,894
Items not affecting cash:		
Amortization of capital assets	<b>4,459</b>	3,830
Loss on disposal of capital assets	<b>5,477</b>	—
	<b>173,906</b>	289,724
Changes in non-cash working capital accounts:		
Accounts receivable	<b>171,036</b>	(300,765)
Goods and services tax recoverable	<b>(1,163)</b>	2,021
Prepaid expenses	<b>(757)</b>	(2,243)
Accounts payable and accrued liabilities	<b>33,342</b>	(90,466)
Deferred revenue	<b>10,235</b>	46,934
	<b>386,599</b>	(54,795)
<b>CASH USED IN INVESTING AND</b>		
<b>FINANCING ACTIVITIES</b>		
Long-term prepaid expenses	<b>(2,714)</b>	—
Purchases of capital assets	<b>(19,797)</b>	(3,320)
	<b>(22,511)</b>	(3,320)
<b>Increase (decrease) in cash and cash equivalents</b>		
<b>    during the year</b>	<b>364,088</b>	(58,115)
Cash and cash equivalents, beginning of the year	<b>422,462</b>	480,577
<b>Cash and cash equivalents, end of the year</b>	<b>786,550</b>	422,462

*See accompanying notes*

## SCHEDULE OF REVENUE

Year ended June 30

	2009	2008
	\$	\$
<b>Events</b>		
Law Enforcement Torch Run	270,000	347,000
MDA Golf Classic	397,007	436,506
Provincial Games	137,980	2,952
	<b>804,987</b>	<b>786,458</b>
<b>Government funding</b>		
ASRPW Foundation - annual	92,528	92,528
Alberta Lottery Fund	126,682	58,496
ASRPW Foundation - other <i>[note 9]</i>	35,875	44,580
	<b>255,085</b>	<b>195,604</b>
<b>Casino and raffle</b>		
Casino	229,248	48,972
Raffle	66,809	66,891
	<b>296,057</b>	<b>115,863</b>
<b>National sponsorships</b>		
Subway	17,233	11,399
Staples	37,600	51,961
Home Hardware	14,000	14,000
Wolseley	13,500	13,500
Safeway	72,606	—
Other	36,875	33,616
	<b>191,814</b>	<b>124,476</b>
<b>General</b>		
Corporate Campaign	11,268	29,253
Service clubs	14,362	18,048
Rent (gift-in-kind) <i>[note 7]</i>	15,000	12,000
Other	30,150	29,759
	<b>70,780</b>	<b>89,060</b>
<b>Programs</b>		
Miscellaneous	3,972	13,636
<b>Interest</b>		
	7,436	14,189
<b>Total revenue</b>	<b>1,630,131</b>	<b>1,339,286</b>

*See accompanying notes*

## SCHEDULE OF EXPENSES BY DEPARTMENT

Year ended June 30

	<b>2009</b>	<b>2008</b>
	\$	\$
<b>Total revenue</b>	<b>1,630,131</b>	<b>1,339,286</b>
<b>Expenses</b>		
Direct program expenses	332,489	190,535
Program salaries and benefits	176,741	115,782
Allocated costs	239,864	181,051
<b>Total programs</b>	<b>749,094</b>	<b>487,368</b>
Direct affiliate development expenses <i>[note 8]</i>	272,361	160,996
Affiliate development salaries and benefits	55,351	48,834
Allocated costs	196,486	152,982
<b>Total affiliate development</b>	<b>524,198</b>	<b>362,812</b>
Direct operations expenses	54,914	51,939
Allocated costs	39,616	49,354
<b>Total operations</b>	<b>94,530</b>	<b>101,293</b>
Direct communications expenses	11,843	14,453
Allocated costs	8,544	13,734
<b>Total communications</b>	<b>20,387</b>	<b>28,187</b>
Direct resource development expenses	45,283	37,807
Allocated costs	32,669	35,925
<b>Total resource development</b>	<b>77,952</b>	<b>73,732</b>
<b>Total expenses</b>	<b>1,466,161</b>	<b>1,053,392</b>
<b>Excess of revenue over expenses for the year</b>	<b>163,970</b>	<b>285,894</b>
<b>Summary</b>		
	\$	\$
<b>Total revenue</b>	<b>1,630,131</b>	<b>1,339,286</b>
Total direct expenses	716,890	455,730
Total salaries and benefits	232,092	164,616
Total allocated costs <i>[notes 7 and 8]</i>	517,179	433,046
<b>Total expenses</b>	<b>1,466,161</b>	<b>1,053,392</b>
<b>Excess of revenue over expenses for the year</b>	<b>163,970</b>	<b>285,894</b>

See accompanying notes

## **Special Olympics Alberta Association**

# **NOTES TO FINANCIAL STATEMENTS**

June 30, 2009

## **1. OPERATIONS**

### **Purpose**

The purpose of Special Olympics Alberta Association [the “Association”] is to provide year-round athletic and sports training programs and competitions for persons with an intellectual disability. The Association is affiliated with Special Olympics Canada Inc. and operates in Alberta through a branch structure of local affiliates operated under the auspices of local volunteer management committees. These committees operate under the authority of the Board of Special Olympics Alberta Association. The results of operations of the affiliates are not included in these financial statements. 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.

## **2. ACCOUNTING POLICIES**

### **Basis of accounting**

These financial statements include only those assets, liabilities, revenue and expenses of the Association and do not include the accounts of any affiliates or projects which are not part of the Association’s budget. Separate financial statements are prepared by the local affiliates.

### **Accounting estimates**

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. The precise determination of many assets and liabilities is dependent on future events. As a result, the preparation of financial statements for a period involves the use of estimates and approximations which have been made using careful judgment. Actual results could differ from those estimates and approximations. The financial statements have, in management’s opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies.

## Special Olympics Alberta Association

# NOTES TO FINANCIAL STATEMENTS

June 30, 2009

## 2. ACCOUNTING POLICIES (CONTINUED)

### Financial instruments

The Association has chosen to apply Canadian Institute of Chartered Accountants [“CICA”] Handbook Section 3861, *Financial Instruments – Disclosure and Presentation*, in place of CICA 3862, *Financial Instruments – Disclosures*, and CICA 3863, *Financial Instruments – Presentation*.

Financial assets and liabilities are classified as either held-for-trading, available-for-sale, loans and receivables, investments held-to-maturity, and other financial liabilities. Financial assets classified as held-for-trading are measured on the statement of financial position at fair value. Subsequent changes in the fair value of held-for-trading financial assets are recognized in excess of revenue over expenses immediately. Receivables and other financial liabilities are measured on the statement of financial position at amortized cost using the effective interest method.

The Association has designated its cash and cash equivalents as held-for-trading. Accounts receivable and goods and services tax recoverable are classified as loans and receivables. Accounts payable and accrued liabilities are classified as other financial liabilities.

It is management’s opinion that the Association is not exposed to significant interest, currency or credit risks arising from these financial instruments.

### Revenue recognition

The Association follows the deferral method of accounting for government and other externally restricted contributions. These restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Unrestricted revenue is recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions received for the acquisition of capital assets are deferred and amortized on the same basis as the related capital assets are amortized.

Unrestricted revenue from events and other activities is recorded as revenue in the period of completion.

## Special Olympics Alberta Association

### NOTES TO FINANCIAL STATEMENTS

June 30, 2009

#### 2. ACCOUNTING POLICIES (CONTINUED)

##### Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at estimated fair value at the date of contribution.

Amortization is recorded on a declining balance basis using the following annual rates:

Computer equipment	30%
Equipment	10%

##### Contributed services and materials

Volunteers contribute time each year to aid the Association in carrying out its service delivery activities. Because of the difficulty in determining their fair value, the financial value of these contributed services is not recognized in these financial statements.

Other contributed services and materials are recognized only to the extent that they would have been purchased in the normal course of operations and their value is reasonably determinable.

##### Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances with banks and short-term investments with maturities of three months or less.

##### 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 in the period in which the contributions are made. The expense recorded during the period was \$20,579 (2008 - \$20,272). The Association does not provide post-employment or post-retirement benefits.

## Special Olympics Alberta Association

### NOTES TO FINANCIAL STATEMENTS

June 30, 2009

#### 2. ACCOUNTING POLICIES (CONTINUED)

##### Change in accounting policy

Effective July 1, 2008, the Association adopted the recommendations of CICA 1535, *Capital Disclosures*, which require the disclosure of qualitative and quantitative information that enables users of the financial statements to evaluate the Association's objectives, policies and processes for managing capital. The adoption of these recommendations only required additional disclosures, which are provided in note 10.

##### Recent accounting pronouncements

Effective July 1, 2009, the Association will be required to comply with certain amendments made to the series 4400 sections of the CICA Handbook related to not-for-profit organizations. Where applicable, management expects that these amendments will primarily impact only disclosures in and presentation of the financial statements.

#### 3. CAPITAL ASSETS

	2009		2008	
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Computer equipment	25,652	6,120	19,532	10,255
Equipment	4,067	2,165	1,902	1,318
	<b>29,719</b>	<b>8,285</b>	<b>21,434</b>	<b>11,573</b>

#### 4. DEFERRED REVENUE

	2009	2008
	\$	\$
Casino	77,949	34,339
Harley Raffle	13,775	47,150
	<b>91,724</b>	<b>81,489</b>

## Special Olympics Alberta Association

### NOTES TO FINANCIAL STATEMENTS

June 30, 2009

#### 5. CONTINGENT LIABILITIES

The Association is responsible for legally binding agreements made on behalf of, or by, affiliates or games committees. Further, the Association is responsible for assuming deficits incurred should an affiliate or games committee be unable to continue to operate. At June 30, 2009, management is of the opinion that no such contingent liabilities exist.

#### 6. INTERNALLY RESTRICTED NET ASSETS

In 2008, the Association's board of directors internally restricted \$75,000 of net assets to be used as a contingency fund. No additional net assets were restricted in 2009.

#### 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 [2008 - \$12,000] 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 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.

## Special Olympics Alberta Association

### NOTES TO FINANCIAL STATEMENTS

June 30, 2009

#### 8. RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions during the year were as follows:

##### Provincial affiliates

	2009 \$	2008 \$
<b>Revenue</b>		
Programs	<u>3,972</u>	<u>13,636</u>
<b>Expenses</b>		
Grants, revenue sharing and eligible program expenses	<u>232,473</u>	<u>121,956</u>

##### Special Olympics Canada Inc.

	2009 \$	2008 \$
<b>Expenses</b>		
Accreditation fees	21,018	16,487
Insurance	<u>6,619</u>	<u>8,183</u>
	<u>27,637</u>	<u>24,670</u>

##### 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:

	2009 \$	2008 \$
Special Olympics Canada Inc.	25,887	—
Special Olympics Edmonton	12,482	8,777
Special Olympics Calgary	26,640	29,441
Special Olympics – other affiliates	<u>10,678</u>	<u>—</u>

## Special Olympics Alberta Association

### NOTES TO FINANCIAL STATEMENTS

June 30, 2009

#### 8. RELATED PARTY TRANSACTIONS (CONTINUED)

##### Accounts payable and accrued liabilities

Accounts payable and accrued liabilities includes \$1,190 [2008 - \$39,063] owing to provincial affiliates at June 30, 2009.

#### 9. ASRPW REVENUE – OTHER

	<b>2009</b>	<b>2008</b>
	\$	\$
High Performance	<b>30,000</b>	30,000
Integrated games [Skate Canada, Athletics AB, Swim AB]	<b>5,875</b>	4,580
Young Athletes	—	10,000
	<b>35,875</b>	44,580

#### 10. CAPITAL MANAGEMENT

The Association's objective when managing capital is to provide sufficient resources to cover normal operating and future capital expenditure requirements, as well as the opportunity to take advantage of strategic opportunities that arise. The Association defines its capital as net assets.

Resource needs are considered in the preparation of annual budgets and in the monitoring of cash flows and actual operating results compared to budgets. The Association manages its capital structure to maintain flexibility to adjust to changes in economic conditions and to respond to interest rate, credit and other risks. In order to maintain or adjust its capital structure, the Association may adjust controllable revenues and expenses accordingly, or raise debt.

At June 30, 2009, the Association has met its capital management objectives.

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