

Special Olympics Australia

ABN 28 050 738 728

Annual Report 31 December 2019

Special Olympics Australia

Contents

Directors' report.....	3
Auditor's independence declaration.....	11
Consolidated Statement of Comprehensive Income	12
Consolidated Statement of Financial Position	13
Consolidated Statement of Changes in Members' Funds	14
Consolidated Statement of Cash Flows.....	15
Notes to the accounts.....	16
Directors' declaration.....	30
Independent audit report to the members of Special Olympics Australia.....	31

Special Olympics Australia

Directors' report

For the year ended 31 December 2019

The directors present their report on the consolidated entity (referred to hereafter as the Group) comprising Special Olympics Australia and its subsidiary for the financial year ended 31 December 2019.

1. Directors

The directors of the Group at any time during or since the end of the financial year are:

Cameron Brownjohn (Chairman)

Cameron chairs Special Olympics Australia and serves on the Board's Finance, Audit and Risk sub-committee and Governance sub-committee. The founder and CEO of Federation Asset Management, Cameron brings to the Board his lengthy experience in financial services garnered here and overseas. He has competed in sports at state and national level and brings to the Board his passion for sport and the community as well as his fiscal skills.

Appointed on 2 May 2014 and was appointed as Chairman on 30 November 2016.

Michael Hogan (Vice Chairman)

A retired public affairs consultant, Michael chairs the Nomination Committee and sits on the Finance, Audit and Risk Committee. Michael has more than 30 years' involvement in Special Olympics Australia, as his son has been a long-term Special Olympics athlete. He is a fervent supporter of Special Olympics as a pathway to greater community inclusion for athletes and their families and carers.

Appointed on 9 July 2012.

Shaun Fraser

Shaun is a chartered accountant with 30 years' experience in corporate insolvency and restructuring gained here and overseas. He is a founding partner of corporate advisory firm McGrathNicol, where he established its Perth corporate advisory service, counselling leading businesses on strategy, governance and performance improvements. Shaun is the Chair of the Finance, Audit and Risk committee.

Appointed on 30 May 2015.

Tanya Brown

Tanya is a Director of Hardie Finance Corporation and Entertainment Enterprises, a business comprising commercial property and hospitality venues in Western Australia. A Harvard Business School graduate, she previously chaired the Special Olympics Western Australia Fundraising Committee, a subcommittee of the Western Australia State Sports Committee.

Appointed on 25 February 2020

Dave Fenlon

Dave Fenlon is a CEO/Senior Executive with extensive experience across Europe and Oceania in private equity, public and privately held retail, supply, manufacturing and client facing businesses. Dave has exceptional leadership capabilities and change management skills with a strong emphasis on delivering strong operational results through superior financial and strategic capabilities. Dave has an emphasis on building strong organizational foundations. Dave is a member of the Development Committee.

Appointed 10 February 2017.

Ceased 5 July 2019.

Special Olympics Australia

Directors' report

For the year ended 31 December 2019

1. Directors (continued)

Benjamin Haack

A Special Olympics athlete, coach, volunteer and Athlete Leader, Ben brings a full spectrum of participant experience to the Board. Ben has played sport at all levels and is a member of the Special Olympics Asia Pacific (SOAP) Leadership Council, the Special Olympics International (SOI) International Advisory Committee and the SOI Research and Public Policy Committee. He co-chairs the SOAP Athlete Input Council and is a SOI Board Director.

Appointed on 26 May 2012.

Anna-Louise Kassulke

Anna-Louise is the CEO of Gold Coast Recreation and Sport and has 30 years' experience in the sport and disability sector. She was instrumental in establishing Special Olympics Australia in Queensland and has served as State Director of Sport and Training and Head of Delegation for the Australian team at the 2007 World Games in Shanghai, 2011 World Games in Athens and 2015 World Games in Los Angeles. Anna-Louise is a member of the Nomination Committee.

Appointed 30 October 2015.

Megan Lavender

Megan has 30 years' experience as a public company director and government board member. She is a University Dean and college director and has previously held CEO and city councillor positions and served as ministerial advisor to the Australian Minister for Sport and the Sydney 2000 Games. Megan is a member of the Governance Committee.

Appointed 29 April 2016.

Ruby Lawler

Ruby is an athlete at Special Olympics' Gladstone Club and a member at her local swim club. Ruby volunteers at the RSPCA and is a Youth Ambassador with Gladstone Community Linking Agency. She is enthusiastic about representing Special Olympics athletes, alongside Ben and having the opportunity to share ideas, good news stories and opinions of importance to athletes.

Appointed 04 November 2016.

Donald McGauchie AO

Don is a farmer and businessman who has served as president of the National Farmers Federation and in several advisory positions within government. He has been on the boards of the Reserve Bank, Telstra and Nufarm and was appointed an Officer of the Order of Australia for services to agricultural industries in 2004. He chaired the Special Olympics National Games Board in 2014 and has a grandson with intellectual disability.

Appointed 7 January 2020

Anna Mezger

Anna has 30 years' experience in human resources, learning development, facilitation and project management. She is the founder and Director of Strategic HR Solutions. She has a sister with an intellectual disability and a son who is a Special Olympics athlete at Melbourne Inner East Club, of which Anna is the Chair. This first-hand experience motivates Anna's commitment to promoting healthy, active lifestyles for people with intellectual disabilities and to promoting Special Olympics Australia as a vehicle for achievement, community engagement and inclusion. Anna is a graduate of the AICD.

Appointed 25 February 2020

Special Olympics Australia

Directors' report

For the year ended 31 December 2019

1. Directors (continued)

Allison O'Shea

Allison has a professional background in business development in finance and tourism/technology as well as law, clinical health and sport. Currently Allison runs her own leadership and wellbeing consultancy and is strongly aligned with Special Olympics' mission to give people with intellectual disabilities greater physical and mental wellbeing and opportunities to develop the skills and networks to flourish. Allison is the Chair of the Development Committee.

Appointed 17 February 2016.

Jehad Rasheed

Jehad has a promotional marketing background and has served on the Australasian Promotional Products Association Board. Dedicated to advancing education and coaching and enhancing the community, Jehad was the Chairman of the 2018 Special Olympics National Games held in Adelaide and has held other senior roles within Special Olympics South Australia over the past 10 years.

Appointed 31 July 2019.

Dr. Jill Rathborne

Jill has 20 years' experience as an astronomy research scientist and exceptional expertise in quantitative and qualitative research and analysis. She helped establish the national program to improve gender equity in STEM in Australia's higher education and research sector. She is currently the Director of Research for The Inclusive Organisation Group of companies and brings to the Board her passion for both inclusion and sport.

Appointed 25 February 2020

Irena Reiss

Irena is a lawyer with an extensive background in commercial dispute resolution. She is a member of the NSW Law Society Human Rights Committee and Diversity and Inclusion Committee, serves on the Board of the Council for Intellectual Disability and was an expert panellist on disability for the Law Council of Australia's 'Justice Project'. The parent of a Special Olympics athlete, Irena held previous Special Olympics Australia roles at regional committee level. She brings to the Board her legal skills with a commitment to the advancement of human rights, community sport and inclusive governance. Irena is the Chair of the Governance Committee.

Appointed on 30 May 2015.

Andrew Richardson

Andrew is an Australian Institute of Company Directors Fellow and the CEO of disability service provider Aruma, (formerly House with No Steps), which supports and empowers people with a disability throughout Eastern Australia. He has strong ties to Sydney South Club and has a daughter in the Special Olympics program. Andrew has served in a variety of board and leadership roles within the disability sector, where he is a respected thought-leader. He has a passionate commitment to social inclusion and human rights and a personal connection with disability. He has been associated with Special Olympics for 25 years.

Appointed 25 February 2020.

Special Olympics Australia

Directors' report

For the year ended 31 December 2019

1. Directors (continued)

Andrew Scipione AO APM

Andrew was Commissioner of the NSW Police Force from 2007 until his retirement in 2017, before which he was Deputy Commissioner from 2002. Earlier in his career he held positions including Commander of the Special Technical Investigation Branch, Commander of Special Crime and Internal Affairs and Chief of Staff to the NSW Police Commissioner. He is a special expert advisor to The Special Commission of Inquiry into the Drug 'Ice'.

Appointed 22 January 2020

Ross Smith

Ross is a finance professional who has lead finance and corporate services teams in Australia and across APAC for US multinationals. Ross passionately believes in the benefits that can be derived from sport and physical activity for everyone. Ross is actively involved in numerous community activities and has a keen interest in helping Special Olympics athletes achieve their goals, whether they be in sport or life.

Appointed 14 September 2018.

Nicole Swaine

Nicole has over 10 years experience in the disability sector including over four years as the CEO of Spastic Centres of South Australia where she oversaw programs that included sport participation for adults with severe and multiple disabilities. Nicole is a member of AICD and has sat on numerous sporting and disability Boards. Nicole is a member of the Development Committee.

Appointed 29 April 2016.

Ceased 5 July 2019.

Special Olympics Australia

Directors' report

For the year ended 31 December 2019

2. Directors' Meetings

The number of directors' meetings and number of meetings attended by each of the directors of the Group during the financial year are:

Director	Board Meetings		Finance and Audit Committee Meetings	
	A	B	A	B
Cameron Brownjohn	5	5	6	6
Michael Hogan	5	5	6	6
Shaun Fraser	5	5	6	6
Dave Fenlon*	2	2		
Benjamin Haack	5	5		
Anna-Louise Kassulke	4	5		
Megan Lavender	5	5		
Ruby Lawler	3	5		
Allison O'Shea	4	5		
Jehad Rasheed*	2	2		
Irena Reiss	5	5		
Ross Smith	5	5	6	6
Nicole Swaine*	2	2		

A - Number of meetings attended

B - Number of meetings held during the time the director held office during the year.

* Dave Fenlon ceased on 5 July 2019

* Jehad Rasheed appointed on 5 July 2019

* Nicole Swaine ceased on 5 July 2019

3. Principal activities

The principal activities of the Group during the course of the financial year were promoting and supporting people with an intellectual disability in the development of sports training and competition in accordance with the license granted by Special Olympics Inc. ("SOI"). There were no other significant changes in the nature of the activities of the Group during the year.

4. Objectives and strategies

The Special Olympics Global Mission is to provide year-round sports training and athletic competition in a variety of Olympic-type sports for children and adults with intellectual disabilities giving them continuing opportunities to develop physical fitness, demonstrate courage, experience joy and participate in a sharing of gifts, skills and friendship with their families, other Special Olympics athletes and the community.

The three key primary strategies for 2019 remained sustainable fundraising, growth in athlete numbers and increasing brand awareness. Underpinning this is an effort to make Special Olympics Australia easy to do business with and simplifying the organisation as part of the focus on continuous improvement.

Special Olympics Australia

Directors' report

For the year ended 31 December 2019

5. Performance measurement

Management, monitoring and performance measurement of the objectives of the Group occur through detailed operational plans and budgetary processes that are directly linked to the entire corporate strategy of the Group. Actual performance is monitored on a monthly basis as a direct comparison to the budgeted operational plan.

6. Operating and financial review

The Surplus of the Group for the year ended 31 December 2019 was \$493,729 (2018: deficit of \$50,449).

During the year the Group's income was derived primarily from donations, government grants, corporate sponsorship, fundraising activities including event programs, athlete levies and registration fees. Costs were primarily incurred in sports delivery and head office and state office costs in managing the operations.

7. Significant changes in the state of affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Group or its ability to deliver on its mission that occurred during the financial year under review.

8. Environmental regulation

The Group's operation is not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Board believe that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they may apply to the Group during the period covered by this report.

9. Dividends

No dividends were paid or declared by the Group to members in respect of the year ended 31 December 2019 (2018: nil). Section 254SA of the *Corporations Act 2001* prohibits Companies Limited by Guarantee to pay any dividends.

10. Events subsequent to reporting date

As at 31 December 2019, a limited number of cases of an unknown virus had been reported to the World Health Organisation. Following the subsequent spread of the virus, on 11 March 2020 the World Health Organisation declared the COVID-19 outbreak to be a pandemic. The identification of the virus post 31 December 2019 as a new coronavirus, and its subsequent spread, is considered a non-adjusting subsequent event.

Special Olympics Australia

Directors' report

For the year ended 31 December 2019

10. Events subsequent to reporting date (continued)

Further, Management and the Board have instigated actions to protect the financial stability of the organisation including requesting numerous personnel to work part time for a period of time whilst obtaining funding via the Federal Government's Job Seeker program and Stimulus Package.

From 6 March 2020 all sport was postponed and will re-commence when approved by the various levels of Government and the individual sporting authorities and the individual Clubs.

The organisation has operated on a positive cash flow basis since 31 December 2019 and as at 31 May 2020 held cash at bank of \$4.19 million.

11. Likely developments

In the current and future years, Special Olympics Australia will continue its sporting and development programs, financed by sponsorship, donations, fundraising and non-government and government grants.

12. Indemnification and insurance of officers and auditors

Indemnification

Since the end of the previous financial year, the Group has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer or auditor of the Group.

Insurance premiums

During the financial year, the Group has paid premiums in respect of directors' and officers' liability and legal expenses insurance contracts for the year ended 31 December 2019 and since the financial year, the Group has paid or agreed to pay premiums in respect of such insurance contracts for the year ending 31 December 2019. Such insurance contracts insure against certain liability (subject to specific exclusions) persons who are or have been directors or executive officers of the Group.

The directors have not included details of the nature of the liabilities covered nor the amount of the premiums paid in respect of the directors' and officers' liability and legal expenses insurance contracts, as such disclosure is prohibited under the terms of the contract.

13. Proceedings on behalf of the Group

No person has applied for Leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

14. Members' guarantee

The Group is a company limited by guarantee. If the Group is wound up, the articles of association state that each member is required to contribute a maximum of \$100 each towards meeting any outstanding obligations of the Group. The number of members is 47 as at 31 December 2019 (2018: 47). The total amount that members of the Group are liable to contribute if the Group is wound up is \$4,700 (2018: \$4,700).

Special Olympics Australia

Directors' report

For the year ended 31 December 2019

15. Auditor's independence declaration

The auditor's independence declaration is set out on page 11 and forms part of the directors' report for the financial year ended 31 December 2019. This report is made in accordance with a resolution of the directors:



Cameron Brownjohn
Chairman



Shaun Fraser
Director

Dated at Sydney this 26 June 2020



Auditor's Independence Declaration

As lead auditor for the audit of Special Olympics Australia for the year ended 31 December 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Special Olympics Australia and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read "Aishwarya Chandran".

Aishwarya Chandran
Partner
PricewaterhouseCoopers

Sydney
26 June 2020

PricewaterhouseCoopers, ABN 52 780 433 757
One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au
Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124
T: +61 2 9659 2476, F: +61 2 8266 9999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

Special Olympics Australia

Consolidated Statement of Comprehensive Income for the year ended 31 December 2019

	Note	2019 AUD	2018 AUD
Revenue			
Fundraising Revenue	4	2,865,549	2,834,909
Sports and Program Income	5	2,557,331	5,217,490
Programs Support and Administration	6	<u>279,271</u>	<u>366,605</u>
		<u>5,702,151</u>	<u>8,419,004</u>
Expenses			
Fundraising Expenses	7	(1,331,826)	(1,438,187)
Sports and Program Expenses		(2,624,536)	(5,682,637)
Programs Support and Administration		<u>(1,248,877)</u>	<u>(1,346,947)</u>
		<u>(5,205,239)</u>	<u>(8,467,771)</u>
Surplus before Tax		496,912	(48,767)
Tax Expense		<u>(3,183)</u>	<u>(1,682)</u>
Surplus for the Year		<u>493,729</u>	<u>(50,449)</u>
Other Comprehensive Income		<u>-</u>	<u>-</u>
		<u>493,729</u>	<u>(50,449)</u>

The notes on pages 16 to 29 are an integral part of these financial statements.

Special Olympics Australia

Consolidated Statement of Financial Position As at 31 December 2019

	Note	2019 AUD	2018 AUD
Assets			
Cash and cash equivalents	9	3,947,521	2,780,895
Trade and other receivables	10	111,209	97,389
Other Assets		7,064	7,408
Prepayments	13	142,997	264,229
Total Current Assets		<u>4,208,791</u>	<u>3,149,921</u>
Property, Plant and Equipment	11	34,227	33,451
Right-of-use assets	12	99,417	-
Prepayments	13	13,135	-
Total Non-current Assets		<u>146,779</u>	<u>33,451</u>
Total Assets		<u>4,355,570</u>	<u>3,183,372</u>
Liabilities			
Trade and Other Payables	14	135,199	224,813
Unearned Income	15	1,748,342	1,123,881
Lease liabilities	12	102,679	-
Employee Benefits	16	137,557	94,205
Total Current Liabilities		<u>2,123,777</u>	<u>1,442,899</u>
Employee Benefits	16	33,323	35,732
Total Non-Current Liabilities		<u>33,323</u>	<u>35,732</u>
Total Liabilities		<u>2,157,100</u>	<u>1,478,631</u>
Net Assets		<u>2,198,470</u>	<u>1,704,741</u>
Members' Funds		<u>2,198,470</u>	<u>1,704,741</u>
Members' Funds		<u>2,198,470</u>	<u>1,704,741</u>

The notes on pages 16 to 29 are an integral part of these financial statements.

Special Olympics Australia

Consolidated Statement of Changes in Members' Funds for the year ended 31 December 2019

	Members' Funds	
		AUD
Balance as at 1 January 2018		<u>1,755,190</u>
Comprehensive Income for the Year		
Deficit for the year		(50,449)
Other comprehensive income		<u>-</u>
Total Comprehensive Income for the Year		<u>(50,449)</u>
Balance as at 31 December 2018		<u>1,704,741</u>
 Balance as at 1 January 2019		 <u>1,704,741</u>
Comprehensive Income for the Year		
Surplus for the year		493,729
Other comprehensive income		<u>-</u>
Total Comprehensive Income for the Year		<u>493,729</u>
 Balance as at 31 December 2019		 <u>2,198,470</u>

The notes on pages 16 to 29 are an integral part of these financial statements.

Special Olympics Australia

Consolidated Statement of Cash Flows for the year ended 31 December 2019

	Note	2019 AUD	2018 AUD
Cash flows from Operating Activities			
Cash receipts from supporters and participants		4,773,211	6,203,195
Cash receipts from government and non-government grants		1,505,217	908,074
Cash paid to suppliers and employees		(5,122,795)	(7,781,507)
Cash generated (used in)/from Operations		1,155,633	(670,238)
Interest received		34,364	34,067
Net Cash (used in)/from Operating Activities		1,189,997	(636,171)
Cash flows from Investing Activities			
Acquisition of property, plant and equipment		(23,371)	(5,352)
Net Cash used in Investing Activities		(23,371)	(5,352)
Net increase/(decrease) in Cash and Cash Equivalents		1,166,626	(641,523)
Cash and Cash Equivalents at beginning of year		2,780,895	3,422,418
Cash and Cash Equivalents at end of year		3,947,521	2,780,895

The notes on pages 16 to 29 are an integral part of these financial statements.

Special Olympics Australia

Notes to the accounts

For the year ended 31 December 2019

1. Reporting entity

The financial statements cover Special Olympics Australia as a group consisting of Special Olympics Australia (the Company) and the entities it controlled (the Group) at the end of, or during the year. Special Olympics Australia is a company limited by guarantee, incorporated and domiciled in Australia. The address of the Group's registered office is C/- Company Matters Pty Ltd, Level 12, 680 George St, Sydney NSW 2000 and the principal place of business is the Riverview Business Park, Building 1, Level 3, Suite 3.02, 3 Richardson Place, North Ryde NSW 2113. These financial statements are consolidated financial statements of the Group and are as at and for the year ended 31 December 2019.

The Group is a not-for-profit entity and is primarily involved in promoting and supporting members in the development of sports training and competition for persons with an intellectual disability in accordance with the license granted by Special Olympics Inc.

2. Basis of accounting

(a) Statement of compliance

In the opinion of the directors, the Company is not publicly accountable. The consolidated financial statements are Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements (AASBs) adopted by the Australian Accounting Standards Board, the Australian Charities and Not-for-profits Commission Act 2012, the Charitable Fundraising (NSW) Act 1991 and Regulations and WA Charitable Collections Act 1946 and WA Charitable Collections Regulation 1947. These financial statements comply with Australian Accounting Standards – Reduced Disclosure Requirements.

The financial statements were authorised for issue by the Board of Directors on 26 June 2020.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Group's functional currency.

(d) Use of estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no judgements made by management in the application of Australian Accounting Standards that have a significant effect on the financial report or estimates with a significant risk of material adjustment in the next year.

Special Olympics Australia

Notes to the accounts For the year ended 31 December 2019

2. Basis of accounting (continued)

(e) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Special Olympics Australia (the Company) as at 31 December 2019 and the results of all subsidiaries (the Group) for the year then ended.

Special Olympics Australia and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

(f) New and amended standards adopted by the group

The group has applied the following standard and amendment for the first time for their annual reporting period commencing 1 January 2019:

- AASB 15 Revenue from contracts with customers
- AASB 16 Leases

AASB 15 Revenue from contracts with customers

Under AASB 15, a five step model is used to account for revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer.

A performance obligation is a promise in a contract with a customer to transfer a distinct good or service to the customer. Some of the contracts with customers contain a single performance obligation, while other contracts contain multiple performance obligations. A contract's transaction price is allocated to each distinct performance obligation and recognised as revenue when, or as, the performance obligation is satisfied. When there are multiple performance obligations within a contract, the transaction price is allocated to each performance obligation based on its standalone selling price.

Special Olympics Australia

Notes to the accounts

For the year ended 31 December 2019

2. Basis of accounting (continued)

(f) New and amended standards adopted by the group

AASB 16 Leases

The Group elected to adopt the modified retrospective approach with the cumulative effect of initially applying the Standard recognized at the date of the initial application, 1 January 2019. The Group has elected to apply AASB 16 C5(b) to recognise a right-of-use asset at the date of the initial application of the standard as at 1 January 2019 for those leases previously classified as an operating lease under AASB 117. The Group has elected to apply AASB 16 C8(b) (ii) to measure the right-of-use asset at an amount equal to the lease liability.

(g) Going Concern

In light of the recent emergence of and spread of COVID-19 which is having a significant impact on financial markets with longer term macroeconomic implications, the extent of which the impact on global economic conditions is uncertain, management has updated its assessment of the Group's ability to continue as a going concern. While the impact of COVID-19 is uncertain, management considered its ability to maintain access to funding and absorb future losses and concluded, that based on its current funding arrangements, that there are no material uncertainties which would cast significant doubt on the going concern assumption.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Cash and Cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, cash in banks and deposit held at call with bank with original maturities of less than three months.

(b) Trade and other receivables

Trade and other receivables are recognised at fair value less provision for impairment.

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

(c) Property, plant and Equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Special Olympics Australia

Notes to the accounts

For the year ended 31 December 2019

3. Significant accounting policies (continued)

(c) Property, plant and Equipment (continued)

(i) Recognition and measurement (continued)

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(iii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

(iv) Depreciation

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use.

Depreciation is calculated to write off the cost of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is recognised in profit or loss, unless the amount is included in the carrying amount of another asset.

The estimated useful lives for the current and comparative years are as follows:

Office equipment	2-5 years
Vehicles	2-5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Special Olympics Australia

Notes to the accounts **For the year ended 31 December 2019**

3. Significant accounting policies (continued)

(d) Employee benefits

(i) Short term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

(e) Revenue and expenses

Revenue

Revenue is presented by each function of the Group namely:

Fundraising revenue

(i) Donations and sponsorship

Revenue from donations and sponsorship are recognised on receipt or agreed commitment.

(ii) Fundraising events and other fundraising activities

Revenue from fundraising events and other fundraising activities are recognised on the completion of the events or on receipt.

Sports and program income

Sports and program income are recognised when the program is completed.

When programs are supported by Government and Non-government grants, such grants are initially recognised as a liability (unearned income), and revenue is recognised as programs are performed or conditions fulfilled.

Program support and administration

Program support and administration revenues are recognised when received or when the agreed commitment is fulfilled.

Special Olympics Australia

Notes to the accounts **For the year ended 31 December 2019**

3. Significant accounting policies (continued)

(e) Revenue and expenses (continued)

Expenses

Expenses are presented by each function of the Group namely:

(i) Fundraising expense

Fundraising expenses are recognised when the event is completed or a commitment is made.

(ii) Sports and programs expenses

Sports and program expenses are recognised when the program is completed.

(iii) Program support and administration

Program support and administration expenses are recognised when paid or when a commitment is made.

(iv) Employee benefit expenses

Employee benefit expenses are allocated across fundraising, sport and program support functions.

(f) Income tax

The parent entity is exempt from income tax under section 50-5 of the Income Tax assessment Act 1997. However, should the activities change from its dominant purpose the Australian Taxation Office may review the situation.

Further, Special Olympics Soar and Roar Festival Pty Ltd, 100% subsidiary of Special Olympics Australia, is a profit-making company and hence would be liable to pay tax. The tax expense is recognised in profit and loss.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

4. Fundraising revenue

	2019	2018
	AUD	AUD
Donations and sponsorships	954,727	695,474
Fundraising events and other fundraising activities	1,910,822	2,139,435
	<hr/> <u>2,865,549</u>	<hr/> <u>2,834,909</u>

Special Olympics Australia

Notes to the accounts For the year ended 31 December 2019

5. Sports and program income

	2019	2018
	AUD	AUD
Participation and competition income	941,295	656,210
National Games 2018	-	3,571,788
World Games 2019	693,000	-
Government grant	824,907	811,507
Non-government grant	98,129	177,985
	2,557,331	5,217,490

6. Programs Support and Administration

	2019	2018
	AUD	AUD
Athletes fees	226,136	319,114
Interest income	34,364	34,067
Sundry income	18,771	13,424
	279,271	366,605

7. Fundraising Expenses

	2019	2018
	AUD	AUD
Fundraising events and other fundraising activities	941,604	1,147,663
Fundraising expenses – employment costs	390,222	290,524
	1,331,826	1,438,187

8. Employee Benefit Expenses

	2019	2018
	AUD	AUD
Wages and salaries	1,353,573	1,813,942
Superannuation	104,074	128,537
Other employee expenses	100,353	6,999
	1,558,000	1,949,478

Special Olympics Australia

Notes to the accounts For the year ended 31 December 2019

9. Cash and Cash Equivalents

	2019	2018
	AUD	AUD
Cash at bank	1,576,563	1,394,885
Term deposit	2,369,499	1,384,831
Petty cash	1,459	1,179
Cash and Cash Equivalents	3,947,521	2,780,895

10. Trade and other receivables

	2019	2018
	AUD	AUD
Current		
Receivables	168,319	123,939
Provision for impairment	(57,110)	(26,550)
	111,209	97,389

The movement for the provision for impairment of receivables during the year was as follows:

	2019	2018
	AUD	AUD
Balance at 1 January	26,550	22,470
Provision recognised during the year	30,560	4,080
Balance at 31 December	57,110	26,550

11. Property, Plant and Equipment

	AUD
Cost	
Balance at 31 December 2018	212,515
Additions	23,371
Balance at 31 December 2019	235,886
Accumulated Depreciation	
Balance at 31 December 2018	179,064
Depreciation for the Year	22,595
Balance at 31 December 2019	201,659
Carrying Amounts	
At 31 December 2018	33,451
At 31 December 2019	34,227

Depreciation expense recognised is included in “programs support and administration” in the Statement of Comprehensive Income.

Special Olympics Australia

Notes to the accounts For the year ended 31 December 2019

12. Leases

The rental contract for principal place of business on Level 3, 3 Richardson Place, North Ryde is for a three year period.

Within the 2018 financial year leases of office accommodation were classified as operating leases and their costs recognised as rent expense. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability.

Assets and liabilities arising from office property leases are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payment included in the lease contracts.

The lease payments are discounted using an incremental borrowing rate, being the rate that the group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The incremental borrowing rate used for the initial application is 3.17%.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liability.

Right-of-use assets are depreciated over the remaining lease term on a straight-line-basis.

Payments associated with short-term leases and leases of low-value are recognised on a straight line basis as expense in profit or loss.

Extension and terminations options

There are no extension options available under the current leases.

Amortisation

The Right-of-use asset is amortised over the remaining life of the underlying lease. The lease termination date is on 30 November 2020.

The Group as a lessee

(i) Amounts recognised in the consolidated statement of financial position

	2019	1 January 2019**
	AUD	AUD
Right-of-use assets		
Office property leases	99,417	207,873
	<u>99,417</u>	<u>207,873</u>
Lease liabilities		
Current	102,679	207,873
	<u>102,679</u>	<u>207,873</u>

Special Olympics Australia

Notes to the accounts For the year ended 31 December 2019

12. Leases (continued)

** In the previous year the Group has no leases that were classified as "finance lease" under AASB 117 leases, so no adjustment were necessary in relation to recognised lease assets or lease liabilities

There were no additions to the right-of-use assets during the 2019 financial year.

(ii) Amounts recognised in the consolidated statement of comprehensive income as programs support and administration

	2019	1 January 2019**
	AUD	AUD
Depreciation charge of right-of-use assets	108,455	-
Interest expense	5,075	-
Expense related to short-term leases	<u>34,642</u>	-
	<u>148,172</u>	-

13. Prepayments

	2019	2018
	AUD	AUD
Current		
Prepayments related to World Games 2019	-	202,714
Prepayments related to Junior National Games 2020	<u>77,128</u>	-
Prepayments - Other	<u>65,869</u>	<u>61,515</u>
	<u>142,997</u>	<u>264,229</u>
Non-Current		
Prepayments related to National Games 2022	<u>13,135</u>	-
	<u>13,135</u>	-

14. Trade and other payables

	2019	2018
	AUD	AUD
Current		
Trade and Other Payables	<u>135,199</u>	<u>224,813</u>
	<u>135,199</u>	<u>224,813</u>

Special Olympics Australia

Notes to the accounts For the year ended 31 December 2019

15. Unearned income

	2019	2018
	AUD	AUD
Current		
Reciprocal government and non-government	1,072,801	490,621
Grants to be acquitted		
Other income received in advance	675,541	633,260
	1,748,342	1,123,881

16. Employee benefits

	2019	2018
	AUD	AUD
Current		
Liability for Annual Leave	97,244	72,458
Liability for Long Service Leave	40,313	21,747
	137,557	94,205
Non-Current		
Liability for Long Service Leave	33,323	35,732
	33,323	35,732

17. Related Parties

a) Key Management Personnel Compensation

Key management personnel ("KMP") are defined as those persons having authority and responsibility for planning, managing and controlling the activities of the Group and include the Chief Executive Officer and certain other senior executives.

The totals of remuneration of the KMP of the Group are as follows:

	2019	2018
	AUD	AUD
Short Term Employee Benefits	468,879	576,529
Post-Employment Benefits	38,762	46,105
Other Long Term Benefits	17,234	11,838
Total KMP Remuneration	524,875	634,472

Short Term Employee Benefits

Short term employee benefits include salaries and benefits paid to the members of the executive team comprising the KMP. Non- executive directors are volunteers and did not receive any fee, salary, fringe benefits or cash bonuses.

Special Olympics Australia

Notes to the accounts

For the year ended 31 December 2019

17. Related Parties (continued)

a) Key Management Personnel Compensation (continued)

Post-employment benefits

Post-employment benefits are the cost of superannuation contributions made during the year.

Other Long Term Benefits

Other long term benefits represent long service leave accrued during the year. There were no long term annual leave benefits recognised during the year.

b) Other Related Party Transactions

Special Olympics Soar and Roar Festival Pty Ltd

On 23 May 2016, Special Olympics Australia acquired 100% of the shares and voting interests in Special Olympics Soar and Roar Festival Pty Ltd which was a special purpose vehicle established to operate the Soar and Roar event (Formerly known as Dream Ride event).

A Funding Agreement exists between Special Olympics Australia and Special Olympics Soar and Roar Festival Pty Ltd such that Special Olympics Australia collected an amount of \$107,102 (2018 : \$120,754) on behalf of Soar and Roar Festival Pty Ltd and transferred this amount to Soar and Roar event (formerly known as Dream Ride event) to operate the event. This amount has been eliminated on consolidation.

After funding the operating costs of Special Olympics Soar and Roar Festival Pty Ltd, Special Olympics Australia raised \$178,757 from the event during 2019 (2018 : \$164,937).

18. Events after the Reporting Date

As at 31 December 2019, a limited number of cases of an unknown virus had been reported to the World Health Organisation. Following the subsequent spread of the virus, on 11 March 2020 the World Health Organisation declared the COVID-19 outbreak to be a pandemic. The identification of the virus post 31 December 2019 as a new coronavirus, and its subsequent spread, is considered a non-adjusting subsequent event.

Further, Management and the Board have instigated actions to protect the financial stability of the organisation including requesting numerous personnel to work part time for a period of time whilst obtaining funding via the Federal Government's Job Seeker program and Stimulus Package.

From 6 March 2020 all sport was postponed and will re-commence when approved by the various levels of Government and the individual sporting authorities and the individual Clubs.

The organisation has operated on a positive cash flows basis since 31 December 2019 and as at 31 May 2020 held cash at bank of \$4.19 million.

Special Olympics Australia

Notes to the accounts For the year ended 31 December 2019

19. Fundraising Activities

Below is additional financial information for the year ended 31 December 2019 furnished under the Charitable Fundraising Act (NSW) 1991 and the Office of Liquor, Gaming and Racing Fundraising Authority conditions.

(a) Details of Aggregate Gross Income and Total expenses of Fundraising Appeals

	2019	2018
	AUD	AUD
Revenue recognized from Fundraising Activities	2,865,549	2,834,909
Total Cost from Fundraising Activities	(1,331,826)	(1,438,187)
Net Surplus from Fundraising Appeals	1,533,723	1,396,722

(b) Application of Funds for Charitable Purposes

During 2019, the Group achieved a net surplus of \$1,533,723 (2018: of \$1,396,722) from fundraising appeals and donations. The surplus was utilised to fund the deficit on sports programs and program support for providing sport opportunities for people with intellectual disabilities.

20. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary:

Name	Ownership Interest
Special Olympics Soar and Roar Festival Pty Ltd	100%

21. Parent Entity Information

Set out below is the supplementary information about the parent entity.

Statement of Comprehensive Income

	Company	
	2019	2018
	AUD	AUD
Surplus	492,924	65,870
Total Comprehensive Income	492,924	65,870

Special Olympics Australia

Notes to the accounts For the year ended 31 December 2019

21. Parent Entity Information (continued)

Statement of Financial Position

	Company	
	2019	2018
	<i>AUD</i>	<i>AUD</i>
Current Assets	4,186,248	3,123,894
Total Assets	4,333,027	3,157,345
Current Liabilities	2,114,143	1,428,976
Total Liabilities	2,147,466	1,464,708
Members' Funds	2,185,561	1,692,637
Members' Funds	2,185,561	1,692,637

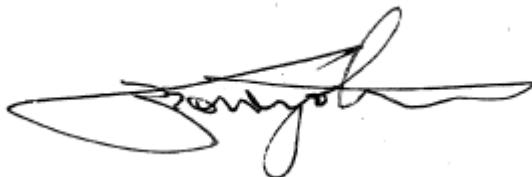
Special Olympics Australia

Directors' declaration For the year ended 31 December 2019

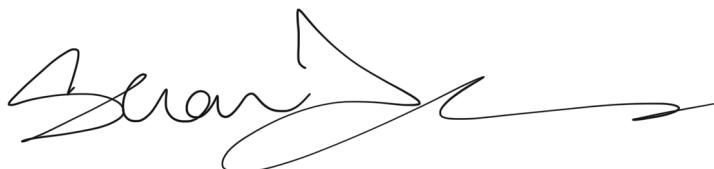
In the opinion of the directors of Special Olympics Australia (the Group):

- (a) the Group is not publicly accountable;
- (b) the financial statements and notes that are set out on pages 12 to 29 are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:
 - (i) giving a true and fair view in all respects of the Group's financial position as at 31 December 2019 and of its performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards - Reduced Disclosure Regime and the Australian Charities and Not-for-profits Commission Regulation 2013; and
- (c) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
- (d) the provision of the Charitable Fundraising Act NSW 1991 and the Regulations under the Act and the conditions attached to the authority have been complied with. The internal controls exercised by Special Olympics Australia are appropriate and effective in accounting for all income received and applied from any fundraising appeals.
- (e) the provision of the WA Charitable Collections Act 1946 and the Regulations under the Act and the conditions attached to the authority have been complied with.

Signed in accordance with a resolution of directors.



Cameron Brownjohn
Chairman



Shaun Fraser
Director

Dated at Sydney 26 June 2020



Independent auditor's report

To the members of Special Olympics Australia

Our qualified opinion

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 report of Special Olympics Australia (the Company) and its controlled entities (together the Group) is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2019 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 31 December 2019
- the consolidated statement of changes in members' funds for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of comprehensive income for the year then ended
- the notes to the consolidated financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for qualified opinion

Cash from donations and other fundraising activities are a significant source of revenue for the Group. The directors have determined that it is impracticable to establish control over the collection of revenue from these sources prior to entry into its financial records. Accordingly, as the evidence available to us regarding revenue from cash donations and other fundraising activities was limited, our audit procedures with respect to revenue from these sources had to be restricted to the amounts recorded in the Group's financial records. As a result, we are unable to express an opinion as to whether revenue from cash donations and other fundraising activities is complete.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Independence

We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants*

PricewaterhouseCoopers, ABN 52 780 433 757

One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124
T: +61 2 9659 2476, F: +61 2 8266 9999, www.pwc.com.au



(*including Independence Standards*) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Other information

The directors are responsible for the other information. The other information comprises the information included in the directors' report for the year ended 31 December 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the Australian 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 the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:
http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.



Report on the requirements of the Charitable Fundraising (NSW) Act 1991 and the Charitable Fundraising Regulation 2015 (NSW)

We have audited the financial report of Special Olympics Australia (the Company) and its controlled entities (together the Group) as required by Section 24(2) of the Charitable Fundraising Act 1991 (NSW) (the Act). The directors of the Company are responsible for the preparation and presentation of the financial report in accordance with the Act and the Charitable Fundraising Regulations 2015 (NSW) (the Regulation). Our responsibility is to express an opinion on the financial report based on our audit.

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion paragraph above, in all material respects:

- (a) the financial report of the Group represents a true and fair view of the financial result of the fundraising appeals for the year end 31 December 2019 and has been prepared in accordance with the Act
- (b) the accounts and associated records have been properly kept in accordance with the Act during the year ended 31 December 2019
- (c) money received as a result of fundraising appeals conducted by the Group during the year ended 31 December 2019 has been properly accounted for and applied in accordance with the Act and the Regulation
- (d) there are reasonable ground to believe that the Group will be able to pay its debts as and when they fall due.

Report on the requirements of the Charitable Collections Act (WA) 1946 and Charitable Collections Regulations (WA) 1947

We have audited the financial report of Special Olympics Australia (the Company) and its controlled entities (together the Group) as required by Section 15(1) and 15(2) of the Charitable Collections Act (WA) 1946 and Charitable Collections Regulations (WA) 1947 (the WA Acts and Regulations). The directors of the Company are responsible for the preparation and presentation of the financial report in accordance with the WA Act and Regulations. Our responsibility is to express an opinion on the financial report based on our audit.



In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion paragraph above, the Group has complied, in all material respects, with the requirements of the WA Acts and Regulations for the year end 31 December 2019.

PricewaterhouseCoopers

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read "Aishwarya Chandran".

Aishwarya Chandran
Partner

Sydney
26 June 2020