
Special Olympics Australia

ABN 28 050 738 728

Annual Report

31 December 2015

Special Olympics Australia

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Special Olympics Australia

Directors' report

For the year ended 31 December 2015

The directors present their report together with the financial statements of Special Olympics Australia (the Company) for the financial year ended 31 December 2015 and the auditor's report thereon.

1. Directors

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

Nigel Milan AM GAICD (Chairman)

Nigel has had a long and distinguished career in television and broadcasting, in both the public and private sectors, in Australia and New Zealand. Nigel has also held CEO roles in service delivery organisations and has sat on the Board of numerous not for profit, Government and private organisations. Nigel has been the chairman of Special Olympics Australia since 2014 and brings to the Special Olympics Australia Board his vast governance experience. Nigel aims to tap into his area of knowledge to support Special Olympics Australia.

Appointed on 9 July 2012.

Michael Hogan (Vice Chairman)

Michael Hogan has completed a long career in the areas of public affairs, public profile management, policy analysis and government relations, and he is a wise counsel. He is a passionate believer in the work of Special Olympics Australia with over thirty years of exposure as the parent of a Down Syndrome son who has been a long term SOA athlete. Now "retired" Michael believes "Special Olympics Australia provides and nourishes an important set of opportunities in the sport and recreational arenas enabling people with an intellectual disability and our supportive volunteer to thrive and grow and sustain networks and skills that were unheard of 20-30 years ago."

Appointed on 9 July 2012.

Cameron Brownjohn

Cameron is a career investment banker and is currently Division Director of Macquarie Capital's Principal Investments division. Prior to joining the corporate world, Cameron was competitive at a state and national level across a range of sports. In addition to combining his passions for sport & the community, Cameron brings his business acumen, corporate knowledge and fiscal skills to the Board. Cameron is a member of Finance and Audit committee.

Appointed on 2 May 2014.

Benjamin James Haack

As a Special Olympics athlete, coach, volunteer and leader, Ben brings vast experience to his role on the Board. He has played sport at all levels, completed athlete leadership training and has already served on his regional committee as well as international committees and sports panels. Ben is the third athlete representative to the National Board continuing the good work of Kim Flannigan (SA) and Andrew Williams (VIC).

Appointed on 26 May 2012.

Maxwell Jackson

Max is a highly experienced consultant, providing training and consultancy services to government-funded, voluntary and private sector organisations in Victoria. Prior to consulting, Max was Manager Client Services/Manager Disability Services in Melbourne where over 800 staff serviced the largest region in Victoria. Max was Chair, Special Olympics Victoria for a short period prior to standing for a seat in the Victorian State Parliament and has been an active supporter of Special Olympics for many years.

Appointed on 14 April 2007.

Ceased on 12 March 2015.

Anthony McGrath

Tony brings considerable financial expertise and a network of contacts to Special Olympics Australia and he can be often found working with a committee or attending an event or function. He is currently a Partner and Chairman of McGrath Nicol. Prior to that Tony was Partner & Head of KPMG's Corporate Recovery Team where he was involved in major liquidation work. From 1993 to 1999 he was involved in establishing the Corporate Recovery Practice in the ACT. Tony was a chair of Finance and Audit committee.

Appointed on 14 April 2007.

Ceased on 21 July 2015.

Special Olympics Australia

Directors' report (continued)

For the year ended 31 December 2015

1. Directors (continued)

Luke Sayers

Luke Sayers is the CEO of PwC Australia and Vice Chairman of PwC Asia, PwC's network of firms across the Asia Pacific region. Luke leads the strategic direction of the firm and provides leadership to a team of over 5,000 people, who partner with global, Asian and Australian businesses, governments, high net worth individuals and entrepreneurs to help them grow and succeed. In addition, Luke has a long term commitment to community organisations and external Boards. He is currently on the Board of Special Olympics Australia, the Carlton Football Club, and the Australian Business and Community Network (ABCN), where he also chairs the Melbourne chapter. He is also a member of Monash University's Industry Council of Advisors (MICA), the Genazzano FCJ College Council, and the Victorian branch of the Male Champions of Change.

Appointed on 16 June 2011.

Ceased on 30 May 2015.

Shaun Fraser

Shaun is a Chartered Accountant with over 26 years' experience including over 14 years with one of the Big 4 Accounting firms where he worked in both Australia and the United States. Shaun was a founding partner of a boutique advisory firm McGrathNicol in 2004 where he is currently a Partner and leads the firm's Corporate Advisory business. Shaun has spent the majority of his career assisting companies, boards and stakeholders through difficult situations and he has been involved in some of Australia's largest and most complex insolvency and restructuring assignments. He has been responsible for the growth and development of various aspects of McGrathNicol's business including the establishment of the firm's corporate Advisory practice which provides support to market leading Australian corporates on strategy, governance and performance improvement. Shaun is a chair of Finance and Audit committee. Appointed on 30 May 2015.

Irena Reiss

Irena is a practising lawyer with an extensive career having provided high level commercial advice and dispute resolution services to a broad client base including the corporate, private and public sectors. Irena has a demonstrated understanding of the needs of people with an intellectual disability having served at an executive regional level and as a parent of a Special Olympics Athlete. Irena's passion for Special Olympics Australia is driven by a long standing commitment to human rights, social responsibility and cultural diversity. This combined with Irena's diverse networks and legal skills places her in a unique position to represent and help empower people with intellectual disabilities. Irena is a member of Finance and Audit committee.

Appointed on 30 May 2015.

Anna-Louise Kassulke

Anna-Louise is the Service Manager for Gold Coast Recreation and Sport Inc. She has worked in the sport and disability sector for 30 years and has experience in project development and leadership. Anna-Louise was instrumental in establishing Special Olympics Australia in Queensland and has served Special Olympics Australia in a variety of capacities since 1988, including State Director of Sport and Training and Head of Delegation for the Australian team at the 2007 World Games in Shanghai and 2011 World Games in Athens. Anna-Louise was originally appointed to the Board in 2009 and stepped down as a Director in 2014 to take up the position of Head of Delegation for the 2015 World Games in Los Angeles. Anna-Louise rejoined the Board as a Director after the World Games.

Appointed 30 October 2015.

Allison O'Shea

Allison has an extensive and diverse professional background with over 25 years in the Finance, Law, Insurance, Tourism Technology, Health and Sports industries and Philanthropy. Currently she runs her own leadership consultancy business. Previously she has held senior management and executive roles and has been integral in managing stakeholder and client relationships as well as business and team leadership and performance with a particular focus on positivity, fairness and diversity. Allison is passionate about the key mission and purpose of the Special Olympics globally to provide sporting opportunities to motivate and inspire participants to develop the skills and networks to flourish and achieve physical and mental wellbeing.

Appointed 17 February 2016.

Special Olympics Australia

Directors' report (continued)

For the year ended 31 December 2015

2. Directors' meetings

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

Director	Board Meetings		Finance and Audit Committee Meetings	
	A	B	A	B
Nigel Milan	3	4	-	-
Michael Hogan	4	4	-	-
Cameron Brownjohn	3	4	4	4
Benjamin Haack	4	4	-	-
Maxwell Jackson*	1	1	-	-
Anthony McGrath*	3	3	3	3
Luke Sayers*	0	1	-	-
Shaun Fraser*	3	3	2	2
Irena Reiss*	3	3	1	1
Anna-Louise Kassulke*	1	1	-	-

A - Number of meetings attended

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

* Shaun Fraser appointed 30 May 2015

* Irena Reiss appointed 30 May 2015

* Anna Louise-Kassulke appointed 30 October 2015

* Maxwell Jackson ceased 12 March 2015

* Anthony McGrath ceased 21 July 2015

* Luke Sayers ceased 30 May 2015

3. Principal activities

The principal activities of the Company during the course of the financial year were 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. ("SOI")

There were no other significant changes in the nature of the activities of the Company 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.

2016 heralds a new SOI strategy built on feedback from the programs around the world with final input given by CEO's at the World Games in Los Angeles, USA in July 2015.

As part of the business planning process for 2016, the Special Olympics Australia Strategy has been reviewed to ensure it aligns with the new SOI strategy. The SOI Strategic cycle is from January 2016 – December 2020 (5 years) whereas the Special Olympics Australia strategic cycle is from January 2015 – December 2018, the four years of the Australian program culminating with our National Games.

Our business planning approach continues to be one where we focus on the four key pillars of One Team; Stakeholders; Excellence; Athletes and Membership. A visioning exercise is undertaken for each of the pillars, outcome statements agreed and KPI's identified which will demonstrate whether the outcome statement has been achieved.

4. Objectives and strategies (continued)

This approach is undertaken initially for the last year of the four year cycle, then for the first year and then each subsequent year as they fall due. Once the plan is approved by the Board quarterly milestones are then established by each team per pillar so that progress can be measured.

5. Performance measurement

Management, monitoring and performance measurement of the objectives of the Company occur through detailed operational plans and budgetary processes that are directly linked to the entire corporate strategy of the Company. 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 Company for the year ended 31 December 2015 was \$108,745 (2014: \$272,680).

During the year the Company's income was derived primarily from donations, government grants, corporate sponsorship, fundraising activities including gift voucher and event programmes, cause-related marketing and 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

On 25 August 2015, Special Olympics Australia Board resolved to cease the gift voucher program based on a detailed review of its fundraising activities. Special Olympics Australia will now focus on more fundraising activities that drive long-term sustainability which integrate with Special Olympics Australia's new strategy.

In the opinion of the directors, other than the above, there were no significant changes in the state of affairs of the Company that occurred during the financial year under review.

8. Environmental regulation

The Company's operation is not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Board believe that the Company 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 Company during the period covered by this report.

9. Dividends

No dividends were paid or declared by the Company to members in respect of the year ended 31 December 2015 (2014: nil). Section 254SA of the *Corporations Act 2001* prohibits Companies Limited by Guarantee to pay any dividends.

10. Events subsequent to reporting date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

11. Likely developments

In the current and future years, Special Olympics Australia will continue its sporting and development programmes, 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 Company 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 Company.

Insurance premiums

During the financial year, the Company has paid premiums in respect of directors' and officers' liability and legal expenses insurance contracts for the year ended 31 December 2015 and since the financial year, the Company has paid or agreed to pay premiums in respect of such insurance contracts for the year ending 31 December 2016. Such insurance contracts insure against certain liability (subject to specific exclusions) persons who are or have been directors or executive officers of the Company.

The directors have not included details of the nature of the liabilities covered or 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 Company

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

14. Members' guarantee

The Company is a company limited by guarantee. If the Company 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 Company. The number of members is 61 as at 31 December 2015 (2014: 61). The total amount that members of the Company are liable to contribute if the Company is wound up is \$6,100 (2014: \$6,100).

15. Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 8 and forms part of the directors' report for the financial year ended 31 December 2015. This report is made in accordance with a resolution of the directors:



Nigel Milan

Chairman



Cameron Brownjohn
Shaun Fraser

Director

Dated at Sydney this 29 day of APRIL 2016



Auditor's Independence Declaration under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

To: the directors of Special Olympics Australia

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 December 2015 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Cameron Roan
Partner

Sydney

29 April 2016

Special Olympics Australia

Statement of comprehensive income

For the year ended 31 December 2015

<i>In AUD</i>	Note	2015	2014
Revenue			
Fundraising revenue	4	6,810,719	13,418,902
Sports and program income	5	2,272,003	5,659,012
2013 Asia Pacific Games income		5,814	338,273
Programs support and administration	6	262,020	336,334
		<u>9,350,556</u>	<u>19,752,521</u>
Expenses			
Fundraising expenses	7	(5,424,936)	(11,880,842)
Sports and program expenses		(2,515,811)	(6,080,920)
Programs support and administration		(1,301,064)	(1,518,079)
		<u>(9,241,811)</u>	<u>(19,479,841)</u>
Surplus before tax		108,745	272,680
Tax expense		-	-
Surplus for the year		<u>108,745</u>	<u>272,680</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u>108,745</u>	<u>272,680</u>

The notes on pages 13 to 23 are an integral part of these financial statements.

Special Olympics Australia

Statement of financial position For the year ended 31 December 2015

In AUD

	Note	2015	2014
Assets			
Cash and cash equivalents	9	2,867,934	2,310,154
Receivables	10	180,744	249,106
Other assets		37,969	626
Prepayments		77,897	58,213
Total current assets		<u>3,164,544</u>	<u>2,618,099</u>
Property, plant and equipment	11	14,123	13,210
Total non-current assets		<u>14,123</u>	<u>13,210</u>
Total assets		<u>3,178,667</u>	<u>2,631,309</u>
Liabilities			
Trade and other payables	12	423,254	344,255
Unearned income	13	890,722	561,445
Employee benefits	14	136,238	120,695
Total current liabilities		<u>1,450,214</u>	<u>1,026,395</u>
Employee benefits	14	42,488	27,694
Total non-current liabilities		<u>42,488</u>	<u>27,694</u>
Total liabilities		<u>1,492,702</u>	<u>1,054,089</u>
Net assets		<u>1,685,965</u>	<u>1,577,220</u>
Members' funds		<u>1,685,965</u>	<u>1,577,220</u>
Members' funds		<u>1,685,965</u>	<u>1,577,220</u>

The notes on pages 13 to 23 are an integral part of these financial statements.

Special Olympics Australia

Statement of changes in members' funds For the year ended 31 December 2015

<i>In AUD</i>	Members' fund
Balance as at 1 January 2014	<u>1,304,540</u>
Total comprehensive income for the year	
Surplus for the year	272,680
Other comprehensive income	-
Total comprehensive income for the year	<u>272,680</u>
Balance as at 31 December 2014	<u>1,577,220</u>
Balance as at 1 January 2015	<u>1,577,220</u>
Total comprehensive income for the year	
Surplus for the year	108,745
Other comprehensive income	-
Total comprehensive income for the year	<u>108,745</u>
Balance as at 31 December 2015	<u>1,685,965</u>

The notes on pages 13 to 23 are an integral part of these financial statements.

Special Olympics Australia

Statement of cash flows for the year ended 31 December 2015

In AUD

	Note	2015	2014
Cash flows from operating activities			
Cash receipts from supporters		8,434,880	18,382,702
Cash receipts from government and non-government grants		1,334,385	1,820,961
Cash paid to suppliers and employees		(9,245,106)	(22,317,051)
Cash generated from/(used in) operations		524,159	(2,113,388)
Interest received		44,338	53,756
Net cash from/(used in) operating activities		568,497	(2,059,632)
Cash flows from investing activities			
Acquisition of property, plant and equipment		(10,717)	(7,542)
Net cash used in investing activities		(10,717)	(7,542)
Cash flows from financing activities			
Net cash from financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		557,780	(2,067,174)
Cash and cash equivalents at beginning of year		2,310,154	4,377,328
Cash and cash equivalents at end of year	9	2,867,934	2,310,154

The notes on pages 13 to 23 are an integral part of these financial statements.

Special Olympics Australia

Notes to accounts

for the year ended 31 December 2015

1. Reporting entity

Special Olympics Australia (the Company) is a company limited by guarantee, incorporated and domiciled in Australia. The address of the Company'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 Binary Centre, Building 1, Level 3, Suite 3.02, 3 Richardson Place, North Ryde NSW 2113. These financial statements are individual financial statements of the Company and are as at and for the year ended 31 December 2015.

The Company 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 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 *29 April* 2016.

(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 Company'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 accounts (continued) for the year ended 31 December 2015

3. Significant accounting policies

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

(a) Financial instruments

(i) *Non-derivative financial assets*

The Company initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company has the following category of non-derivative financial assets: loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

(ii) *Non-derivative financial liabilities*

Financial liabilities are recognised initially on the date the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise trade and other payables.

Special Olympics Australia

Notes to accounts (continued) for the year ended 31 December 2015

3. Significant accounting policies (continued)

(b) 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.

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) Subsequent costs

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

(iii) 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.

3. Significant accounting policies (continued)

(c) Impairment

(i) *Non-derivative financial assets*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Company, or economic conditions that correlate with defaults.

The Company considers evidence of impairment for financial assets measured at amortised cost at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. All individually significant assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) *Non-financial assets*

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Depreciated replacement cost is used to determine value in use. Depreciated replacement cost is the current replacement cost of the item less, where applicable, accumulated depreciation to date, calculated on the basis of such cost. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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 Company 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 Company'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 Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

(iii) *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expenses in profit or loss in the periods during which services are rendered by employees.

(e) Revenue and expenses

Revenue

Revenue is presented by each function of the Company namely:

Fundraising revenue

(i) *Gift voucher program*

Revenue from the gift voucher program is recognised when the gift voucher is sold.

(ii) *Donations and sponsorship*

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

(iii) *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 programmes are supported by Government and Non-government grant, such grants are initially recognised as a liability (unearned income), and revenue is recognised as program are performed or conditions fulfilled.

Program support and administration

Program support and administration revenue are recognised when received or agreed commitment.

Special Olympics Australia

Notes to accounts (continued) for the year ended 31 December 2015

3. Significant accounting policies (continued)

(e) Revenue and expenses (continued)

Expenses

Expenses is presented by each function of the Company namely:

- (i) *Fundraising expense*
Fundraising expenses from gift voucher and other fundraising activities is recognised when the gift voucher is sold, the event is completed or 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 commitment is made.
- (iv) *Employee benefit expenses*
Employee benefit expenses are allocated across fundraising, sport and program support function.

(f) Income tax

The Company 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.

Special Olympics Australia

Notes to accounts (continued) for the year ended 31 December 2015

4. Fundraising revenue

<i>In AUD</i>	2015	2014
Gift voucher program	4,315,975	10,578,077
Donations and sponsorships	474,605	566,247
Fundraising events and other fundraising activities	2,020,139	2,274,578
	<u>6,810,719</u>	<u>13,418,902</u>

5. Sports and program income

<i>In AUD</i>	2015	2014
Participation and competition income	1,313,083	4,134,698
Government grant	792,420	1,244,110
Non-government grant	166,500	280,204
	<u>2,272,003</u>	<u>5,659,012</u>

6. Program support and administration

<i>In AUD</i>	2015	2014
Athletes fees	185,826	207,381
Interest income	52,752	53,756
Sundry income	23,442	75,197
	<u>262,020</u>	<u>336,334</u>

7. Fundraising expenses

<i>In AUD</i>	2015	2014
Gift voucher program - 3rd party selling, data and donor acquisition	2,580,786	6,316,737
Gift voucher program - cost of product	1,455,994	3,581,957
Gift voucher program - marketing and leasing expenses	7,047	148,937
Fundraising events and other fundraising activities	825,147	1,024,292
	<u>4,868,974</u>	<u>11,071,923</u>
Fundraising expenses – employment costs	555,962	808,919
	<u>5,424,936</u>	<u>11,880,842</u>

8. Employee benefit expenses

<i>In AUD</i>	2015	2014
Wages and salaries	1,977,388	2,528,531
Superannuation	150,885	172,817
Other employee expenses	145,127	227,993
	<u>2,273,400</u>	<u>2,929,341</u>

Special Olympics Australia

Notes to accounts (continued) for the year ended 31 December 2015

9. Cash and cash equivalents

<i>In AUD</i>	2015	2014
Cash at bank	1,274,917	2,253,328
Term deposit	1,584,485	48,708
Petty cash	8,532	8,118
Cash and cash equivalents in the statement of cash flows	<u>2,867,934</u>	<u>2,310,154</u>

10. Receivables

<i>In AUD</i>	2015	2014
Current		
Receivables	180,744	266,356
Allowance for impairment	-	(17,250)
	<u>180,744</u>	<u>249,106</u>

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

<i>In AUD</i>	2015	2014
Balance at 1 January	17,250	83,459
Amounts reversed for during the year	(17,250)	(66,209)
Balance at 31 December	<u>-</u>	<u>17,250</u>

11. Property, plant and equipment

<i>In AUD</i>	Office equipment
Cost	
Balance at 1 January 2015	157,167
Additions	10,717
Disposals	(8,635)
Balance at 31 December 2015	<u>159,249</u>
Accumulated depreciation	
Balance at 1 January 2015	143,957
Depreciation for the year	9,804
Disposals	(8,635)
Balance at 31 December 2015	<u>145,126</u>
Carrying amounts	
At 1 January 2015	<u>13,210</u>
At 31 December 2015	<u>14,123</u>

Depreciation expense recognised is included in 'programs support and administration' in the statement of comprehensive income.

Special Olympics Australia

Notes to accounts (continued) for the year ended 31 December 2015

12. Trade and other payables

In AUD

2015 **2014**

Current

Trade payables

225,922 141,923

Asia Pacific Games payables

197,332 202,332

423,254 344,255

13. Unearned income

In AUD

2015 **2014**

Current

Reciprocal government and non-government grants to be acquitted

579,876 440,665

Other income received in advance

310,846 120,780

890,722 561,445

14. Employee benefits

In AUD

2015 **2014**

Current

Liability for annual leave

136,238 120,695

Non-current

Liability for long service leave

42,488 27,694

15. Related parties

Key management personnel compensation

The total key management personnel compensation was \$773,491 for the year ended 31 December 2015 (2014: \$555,888). The following staff are included-

Apart from the details disclosed in this note, no director has entered into a material contract with the Company since the end of the previous financial year and there were no material contracts involving directors' interests existing at year-end.

Other related party transactions

There were no other related party transactions for the year ended 31 December 2015 (2014: nil).

Special Olympics Australia

Notes to accounts (continued) for the year ended 31 December 2015

16. Events after the reporting date

There have been no events subsequent to reporting date which would have a material effect on the Company's financial statements at 31 December 2015.

17. Fundraising activities

Below is additional financial information for the year ended 31 December 2015 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

<i>In AUD</i>	2015	2014
Revenue recognised from gift voucher program, donations, and other fundraising activities	6,810,719	13,418,902
Total cost of gift voucher program, donations, and other fundraising activities	(5,424,936)	(11,880,842)
Net surplus from fundraising appeals	1,385,783	1,538,060
Net margin from fundraising activities	20%	11%

On 25 August 2015, Special Olympics Australia Board resolved to cease the gift voucher program based on a detailed review of its fundraising activities. Special Olympics Australia will now focus on more fundraising activities that drive long-term sustainability which integrate with Special Olympics Australia's new strategy.

Net margin from fundraising activities when adjusted for the impact of the gift voucher program on revenue and costs is as follows:

<i>In AUD</i>	2015	2014
Revenue recognised from fundraising appeals, events and donations (excluding gift voucher program)	2,494,744	2,840,825
Total cost of fundraising appeals, events and donations (excluding gift voucher program)	(1,381,109)	(1,833,211)
Net surplus from fundraising appeals (excluding gift voucher program)*	1,113,635	1,007,614
Net margin from fundraising activities (excluding gift voucher program)*	45%	35%

* The above includes the total costs of fundraising activities (excluding gift voucher program). If employment related costs relating to fundraising appeals, events and donations are excluded, the net margin from fundraising activities (excluding gift voucher program) is 67% (2014: 64%).

(b) Application of funds for charitable purposes

During 2015, the Company achieved a net surplus of \$1,385,783 (2014: \$1,538,060) 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.

Special Olympics Australia

Notes to accounts (continued) for the year ended 31 December 2015

17. Fundraising activities (continued)

(c) Comparison of certain monetary figures and percentages

Comparison of certain monetary figures and percentages

	2015	2015	2014	2014
	\$	%	\$	%
Direct cost of fundraising/ Gross Income from fundraising	5,424,936 6,810,719	80%	11,880,842 13,418,902	88.54%
Net surplus from fundraising/ Gross Income from fundraising	1,385,783 6,810,719	20%	1,538,060 13,418,902	11.46%
Total cost of services/ Total expenditure	3,816,875 9,241,811	41%	7,598,999 19,479,841	39.01%
Total cost of services/ Total income received	3,816,875 9,350,556	41%	7,598,999 19,752,521	38.47%

18. Contingent liabilities

In relation to the gift voucher program (refer note 17(a)), the Company has relied on specific provisions of the GST legislation available for recognised charities in relation to the treatment of GST on its gift voucher program. In view of the gross revenue that this program has produced since inception, the Directors believe it is prudent to apply for a Private Binding Ruling to confirm the treatment adopted with respect to this program, notwithstanding that the program has now ceased.

Based on advice received, the Directors expect the Private Binding Ruling to confirm the adopted treatment, and as such do not believe the Company will have a liability to the Australian Taxation Office as a result of this matter.

In the event that the Private Binding Ruling requires a different treatment to the one adopted, then a liability for GST and potential penalties and interest will be due to the Australian Taxation Office. It is not practical to determine the potential GST liability and penalties and interest in the event the Private Binding Ruling is not in favour of the Company given the complexity of the potential application of GST legislation and uncertainty in relation to specific elements of the gift voucher program.

Special Olympics Australia

Directors' declaration for the year ended 31 December 2015

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

- (a) the Company is not publicly accountable;
- (b) the financial statements and notes that are set out on pages 9 to 23 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 Company's financial position as at 31 December 2015 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 Company 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.
- (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.



Nigel Milan

Chairman



Cameron Brownjohn
Shaun Fraser

Director

Dated at Sydney this 24 day of April 2016

Special Olympics Australia

Declaration by Director in respect of fundraising appeals

Cameron Brownjohn

I, ~~Shaun Fraser~~, Director of Special Olympics Australia, declare in my opinion:

- (a) the financial report gives a true and fair view of all income and expenditure of Special Olympics Australia with respect to fundraising appeal activities for the financial year ended 31 December 2015;
- (b) the statement of financial position gives a true and fair view of the state of affairs with respect to fundraising appeal activities as at 31 December 2015;
- (c) the provisions of the *Charitable Fundraising Act (NSW) 1991* and Regulations and the conditions attached to the authority have been complied with for the financial year ended 31 December 2015; and
- (d) the internal controls exercised by Special Olympics Australia are appropriate and effective in accounting for all income received and applied from any fundraising appeals.



Director

Dated at Sydney this 29 day of April 2016

Declaration by Director in respect of Office Bearer's Statement

Cameron Brownjohn

I, ~~Shaun Fraser~~, Director of Special Olympics Australia, declare in my opinion:

Statement of Accounts

- 1 The accounts give a true and fair view of all income and expenditure of the licence holder as at the end of the financial year and of the results of its operations and its cash flows for the financial year.
- 2 The Statement of Financial Position gives a true and fair view of the state of affairs of the licence holder as at the end of the financial year.
- 3 The Statement of Comprehensive Income is sufficiently detailed to enable identification of all charitable collections received and the manner in which the collections have been dealt with.
- 4 Fundraising expenses (i.e. salaries, wages, commissions and any professional fundraising fees) are disclosed separately in the accounts.

Financial Control Requirements

- 5 The internal controls of the licence holder are appropriate and effective in accounting for all income received.
- 6 Receipts are completed for all monies received.
- 7 All income and expenditure is in accordance with the objectives of the licence holder.
- 8 As at the date of this statement, the licence holder will be able to pay its debts as and when they fall due.

Requirements of the Charitable Collections Act, (1946) and the Charitable Collections Regulations (1947)

- 9 The license holder has complied with the requirements of the *Charitable Collections Act (1946)*.
- 10 The financial management and fund raising activities of the license holder have been conducted in accordance with, but have not been limited to, the following provisions of the *Charitable Collections regulations (1947)*.
 - (a) All monies received are banked within seven (7) days of receipt in accordance with regulation 11(1);
 - (b) All monies received from collectors and fundraisers are paid to the licence holder within fourteen (14) days of receipt in accordance with regulation 11(2) of the Regulations;
 - (c) An asset register has been maintained in accordance with regulation 11(3);
 - (d) Every bank account is operated by two (2) officers of the organisation in accordance with regulation 11(4); and
 - (e) Investments are in accordance with regulation 16 of the Charitable Collections Amendment Regulations (1998)



Director

Dated at Sydney this 29 day of April 2016



Independent auditor's report to the members of Special Olympics Australia

Report on the financial report

We have audited the accompanying financial report of Special Olympics Australia (the Company), which comprises the statement of financial position as at 31 December 2015, and statement of comprehensive income, statement of changes in members' funds and statement of cash flows for the year ended on that date, notes 1 to 18 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Company.

This audit report has also been prepared for the members of the Company pursuant to the *Australian Charities and Not-for-profits Commission Act 2012* and the *Australian Charities and Not-for-profits Commission Regulation 2013* (ACNC) and Section 24(2) of the *Charitable Fundraising (NSW) Act 1991* and Regulations and with Section 15(1) and 15(2) of the *WA Charitable Collections Act 1946* and Regulations 1947 (collectively the Acts and Regulations).

Directors' responsibility 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, the ACNC, the Acts and Regulations. The Directors' responsibility also includes such internal control as the Directors determine 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.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report gives a true and fair view, in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, and the ACNC, which is consistent with our understanding of the Company's

financial position and of its performance.

In addition, our audit report has also been prepared for the members of the Company to meet the requirements of the Acts and Regulations. Accordingly, we have performed additional work beyond that which is performed in our capacity as auditors pursuant to the ACNC. These additional procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the Acts and Regulations.

It should be noted that the accounting records and data relied upon for reporting on fundraising appeal activities are not continuously audited and do not necessarily reflect after the event accounting adjustments and the normal year end financial adjustments for such matters as accruals, prepayments, provisioning and valuations necessary for year end financial report preparation.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Basis for qualified auditor's opinion

Receipt of donations and fundraising activities

Donations and fundraising activities are a significant source of revenue for Special Olympics Australia. However, with some revenue generated by club operations across Australia, Special Olympics Australia have been unable to establish effective and consistent controls over the collection of charitable donations and fundraising income generated at a club level prior to entry into its financial records. Accordingly, as the evidence available to us regarding donations and fundraising revenue from this source was limited, our audit procedures with respect to fundraising revenue and donations had to be restricted to the amounts recorded in the financial records. We therefore are unable to express an opinion whether the fundraising revenue and donations reported in the financial report is complete having regard to the above matter as it relates to collection of charitable donations and fundraising income generated at a club level.

In respect of the qualification however, based on our understanding of the internal controls, nothing has come to our attention which would cause us to believe that the internal controls over revenue from donations and fundraising activities by the Company, are not appropriate given the size and nature of the Company.

Compliance with Charitable Fundraising (NSW) Act 1991

As noted in the above matter, Special Olympics Australia have been unable to establish effective and consistent controls in relation to expenditure by clubs' operations across Australia.

Accordingly, as the evidence available to us regarding the Company's compliance with the requirements of the Charitable Fundraising Act (NSW) 1991 and Regulations was limited, we are unable to express an opinion whether the Company has complied with the Charitable Fundraising Act (NSW) 1991 and Regulations as it relates to whether money received as a result of fundraising appeal activities conducted by the clubs has been properly accounted for and applied in accordance with the Charitable Fundraising Act (NSW) 1991 and Regulations.

Qualified Auditor's opinion

In our opinion except for the possible effects of the matter described in the basis for qualified opinion paragraph, the financial report of Special Olympics Australia is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* including:

- (a) giving a true and fair view of the Company's financial position as at 31 December 2015 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

NSW – Reporting under Charitable Fundraising (NSW) Act 1991

Qualified Audit opinion pursuant to the Charitable Fundraising Act (NSW) 1991

In our opinion, except for the possible effects of matter described in the basis for qualified opinion paragraph:

- (a) the financial report gives a true and fair view of the Company's financial result of fundraising appeal activities for the financial year ended 31 December 2015;
- (b) the financial report has been properly drawn up, and the associated records have been properly kept for the period from 1 January 2015 to 31 December 2015, in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations;
- (c) money received as a result of fundraising appeal activities conducted during the period from 1 January 2015 to 31 December 2015 has been properly accounted for and applied in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations; and
- (d) there are reasonable grounds to believe that the Special Olympics Australia will be able to pay its debts as and when they fall due.

WA – Reporting under Charitable Collections Act (WA) 1946

Audit opinion pursuant to the Charitable Collections Act (WA) 1946 and Charitable Collections Regulations (WA) 1947

In accordance with the requirements of Section 15(2) of the *Charitable Collections Act (WA) 1946* and *Charitable Collections Regulations (WA) 1947* (the Act and Regulations), we have reviewed the Act and Regulations for the purpose of reporting whether, as a result of completing our audit procedures on the financial report of the Company for the year ended 31 December



2015, we have not become aware of any condition or event that constitute a material default by the Company in the performance of, or compliance with, any requirements of the Act or Regulations.

In our opinion, the Company, for the year ended 31 December 2015, has complied in all material respects with the requirements of the *Charitable Collections Act (WA) 1946 and Charitable Collections Regulations (WA) 1947*.

Emphasis of Matter

We draw attention to note 18 to the financial statements. The Company has relied on specific provisions of the GST legislation available for recognised charities in relation to the treatment of GST on its gift voucher program. In view of the gross revenue that this program has produced since inception, the Directors believe it is prudent to apply for a Private Binding Ruling to confirm the treatment adopted with respect to this program, notwithstanding that the program has now ceased.

There is uncertainty with respect to the outcome of the Private Binding Ruling process and to the extent this does not support the treatment adopted by the Company, this may result in a material liability to the Australia Taxation Office. Our opinion is not modified in respect to this matter.

KPMG

KPMG

Cameron Roan
Partner

Sydney

29 April 2016