

SPECIAL OLYMPICS ALBERTA ASSOCIATION

Financial Statements

Year Ended June 30, 2023

SPECIAL OLYMPICS ALBERTA ASSOCIATION

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Year Ended June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Members of Special Olympics Alberta Association

Qualified Opinion

We have audited the financial statements of Special Olympics Alberta Association (the Association), which comprise the statement of financial position as at June 30, 2023, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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 statements present fairly, in all material respects, the financial position of the Association as at June 30, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Association derives a portion of its revenue from donations, fundraising and events, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Association and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

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Independent Auditor's Report to the To the Members of Special Olympics Alberta Association
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Auditor's Responsibilities for the Audit of the Financial Statements

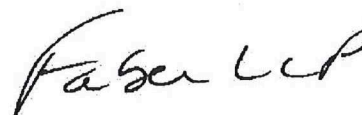
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Edmonton, Alberta
October 29, 2023



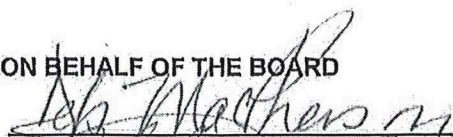
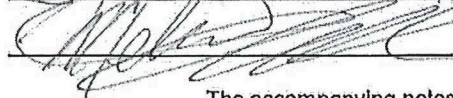
CHARTERED PROFESSIONAL ACCOUNTANTS

SPECIAL OLYMPICS ALBERTA ASSOCIATION
Statement of Financial Position
June 30, 2023

	2023	2022
ASSETS		
CURRENT		
Cash	\$ 1,029,226	\$ 1,590,822
Investments (Note 3)	2,206,952	1,968,901
Accounts receivable (Note 4)	421,539	330,013
Goods and services tax recoverable	11,000	4,324
Prepaid expenses	10,824	8,846
	3,679,541	3,902,906
CAPITAL ASSETS (Note 5)	22,092	28,310
INTANGIBLE ASSETS (Note 6)	25,075	-
	\$ 3,726,708	\$ 3,931,216
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 7)	\$ 176,449	\$ 242,719
DEFERRED CONTRIBUTIONS (Note 8)	866,059	1,104,344
	1,042,508	1,347,063
NET ASSETS		
INTERNALLY FUNDED CAPITAL ASSETS	9,927	10,200
CONTINGENCY FUND (Note 9)	1,264,730	1,196,759
UNRESTRICTED	1,409,543	1,377,194
	2,684,200	2,584,153
	\$ 3,726,708	\$ 3,931,216

LEASE COMMITMENTS (Note 10)

ON BEHALF OF THE BOARD

 Director
 Director

The accompanying notes are an integral part of these financial statements

SPECIAL OLYMPICS ALBERTA ASSOCIATION

Statement of Operations

Year Ended June 30, 2023

	2023	2022
REVENUES		
National sponsors	\$ 385,357	\$ 345,978
International sponsor	466	-
General donations	173,293	104,915
Government funding - Federal	502,259	368,994
Government funding - Provincial	100,142	123,275
Events	114,171	80,631
Alberta Gaming, Liquor and Cannabis Commission	506,042	194,243
Foundations	285,698	161,456
Other income	38,991	5,150
	2,106,419	1,384,642
EXPENSES		
Sport programs and events	304,131	259,064
Unified sports programs	223,481	103,381
Provincial games	235,815	54,969
Team Alberta (national games)	76,504	-
Affiliate services	824,293	408,789
Communications	98,433	110,097
Fund development	216,184	248,121
Law Enforcement Torch Run	87,787	63,485
Alberta Gaming, Liquor & Cannabis Commission	14,701	2,371
Administration	29,284	17,966
	2,110,613	1,268,243
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS	(4,194)	116,399
OTHER INCOME (EXPENSES)		
Dividend income	43,495	34,040
Interest income	36,269	4,400
Investment management fee	(11,318)	(11,873)
Realized and unrealized gains (losses) on investments	35,795	(106,395)
	104,241	(79,828)
EXCESS OF REVENUES OVER EXPENSES	\$ 100,047	\$ 36,571

The accompanying notes are an integral part of these financial statements

SPECIAL OLYMPICS ALBERTA ASSOCIATION

Statement of Changes in Net Assets

Year Ended June 30, 2023

	Internally funded capital assets	Contingency fund (Note 9)	Unrestricted	2023	2022
NET ASSETS - BEGINNING OF YEAR	\$ 10,200	\$ 1,196,759	\$ 1,377,194	\$ 2,584,153	\$ 2,547,582
Excess of revenues over expenses	(1,867)	-	101,914	100,047	36,571
Net investment in capital assets	1,594	-	(1,594)	-	-
Transfer to contingency fund	-	67,971	(67,971)	-	-
NET ASSETS - END OF YEAR	\$ 9,927	\$ 1,264,730	\$ 1,409,543	\$ 2,684,200	\$ 2,584,153

The accompanying notes are an integral part of these financial statements

SPECIAL OLYMPICS ALBERTA ASSOCIATION

Statement of Cash Flows

Year Ended June 30, 2023

	2023	2022
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 100,047	\$ 36,571
Item not affecting cash:		
Amortization of capital assets	7,812	13,080
	107,859	49,651
Changes in non-cash working capital:		
Accounts receivable	(91,526)	247,494
Goods and services tax payable	(6,676)	244
Prepaid expenses	(1,978)	(2,363)
Accounts payable and accrued liabilities	(66,270)	122,967
Deferred contributions	(238,285)	140,878
	(404,735)	509,220
Cash flow from (used by) operating activities	(296,876)	558,871
INVESTING ACTIVITIES		
Purchase of capital assets	(1,594)	(6,443)
Purchase of intangible assets	(25,075)	-
Change in fair value of investments	(238,051)	(730,008)
Cash flow used by investing activities	(264,720)	(736,451)
DECREASE IN CASH FLOW	(561,596)	(177,580)
Cash - beginning of year	1,590,822	1,768,402
CASH - END OF YEAR	\$ 1,029,226	\$ 1,590,822

The accompanying notes are an integral part of these financial statements

SPECIAL OLYMPICS ALBERTA ASSOCIATION

Notes to Financial Statements

Year Ended June 30, 2023

1. PURPOSE OF THE ASSOCIATION

Special Olympics Alberta Association (the "Association") operates to provide year-round athletic and sports training programs and competitions for persons with an intellectual disability.

The Association is affiliated with Special Olympics Canada Inc. as well as provincial affiliates operating as accredited chapters under the authority of the Board of Special Olympics Alberta Association. The provincial affiliates have similar objectives to the Association and operate independently under the auspices of local volunteer management committees.

The Association is a not-for-profit organization of Alberta. As a registered charity the Association is exempt from the payment of income tax under Subsection 149(1) of the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) and, in management's opinion, with consideration of materiality and within the framework of the following accounting policies:

Basis of accounting

The Association excludes the programs and events administered by provincial affiliates from consolidation. These financial statements include only those assets, liabilities, revenues and expenses of the Association and do not include the accounts or operating results of any provincial affiliates. Separate financial statements are prepared by the provincial affiliates.

Cash

Cash consists of funds held on deposit at Canadian financial institutions.

Investments

Investments for which there are quoted prices in an active market are carried at fair value. Unrealized gains or losses are reported as part of net income. Investments for which there is not an active market are carried at amortized cost except when it is established that their value is impaired. Impairment losses, or reversal of previously recognized impairment losses, are reported as part of net income.

Capital assets

Purchased tangible and intangible capital assets are recorded at acquisition cost. Contributed tangible and intangible capital assets are recorded at fair value at the date of contribution.

Capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives at the following rates and methods:

Computer equipment	30% declining balance method
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The Association regularly reviews its capital assets to eliminate obsolete items. Government grants are treated as a reduction of capital assets cost.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

Leases that transfer substantially all of the risks and benefits of ownership of assets to the Association are accounted for as capital leases. Assets under capital leases are recorded at inception of the lease together with the related long-term obligation to reflect the purchase and financing thereof. Rental payments under operating leases are expensed as incurred.

Revenue recognition

Special Olympics Alberta Association follows the deferral method of accounting for contributions, which include grants and donations. Grants are recognized in the accounts when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Other donations are recorded when received, as pledges are not legally enforceable claims. Unrestricted contributions from events and other activities are recognized as revenue when initially recorded in the accounts as the event or activities occur. Externally restricted contributions are deferred when initially recorded in the accounts and recognized as revenue in the year in which the related expenses are recognized.

Contributions specifically designated for capital purposes are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets.

Investment income, which consists of interest and dividends including income distributions from pooled funds, and realized and unrealized gains and losses, is recorded in the statement of operations.

Contributed goods and services

Contributed goods and services are reflected in the financial statements at fair value if fair value can be reasonably determined. Volunteer hours and services are not recognized in the financial statements due to the difficulty in determining their fair value.

Government assistance

Amounts received or receivable resulting from government assistance are reflected as revenue when the Association becomes eligible to receive assistance in accordance with the eligibility criteria of the respective funding programs, provided that there is reasonable assurance the benefits will be realized.

Employee benefit plans

The Association contributes to retirement savings plans based on the amount of employee contributions, subject to maximum limits per employee. The Association accounts for such contributions as an expense on an accrual basis. For the year ended June 30, 2023, an amount of \$20,489 (2022 - \$19,364) was recognized as an expense.

Allocation of expenses

The costs of each department include the costs of personnel and other expenses that are directly related to the department. The Association also incurs general support expenses that are common to the administration of the Association and are allocated to each of its departments. These allocated expenses include salaries and benefits, travel, accreditation fees, insurance and other administration costs. These expenses are allocated to departments proportionately based on the direct expenses incurred by each department.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

The Association initially records a financial instrument at its fair value, except for related party transactions, which are recorded at the carrying or exchange amount depending on the circumstances. The Association recognizes its transaction costs in the statement of operations in the period incurred.

Subsequently, the Association measures financial instruments as follows:

- financial assets including cash and cash equivalents, accounts receivable, and goods and services tax receivable, at amortized cost;
- investments are recorded at fair value. Transactions are recorded on a trade date basis and transaction costs are expenses as incurred; and
- all financial liabilities, which includes accounts payable and accrued liabilities and deferred contributions, at amortized cost.

Impairment of financial assets

When there are indications of possible impairment, the Association determines if there has been a significant adverse change to the expected timing or amount of future cash flows expected from the financial asset. The amount of any impairment loss is determined by comparing the carrying amount of the financial asset with the highest of three amounts:

- The present value of the cash flows expected to be generated by holding the asset, discounted using a current market rate of interest appropriate to that asset;
- The amount that could be realized by selling the asset at the statement of financial position date; and
- The amount the Association expects to realize by exercising its right to any collateral held to secure repayment of the asset, net of all costs necessary to exercise those rights.

A previously recognized impairment loss is reversed to the extent that the improvement can be related to an event occurring after the impairment was recognized, but the adjusted carrying amount of the financial asset shall be no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized.

Measurement uncertainty

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

SPECIAL OLYMPICS ALBERTA ASSOCIATION

Notes to Financial Statements

Year Ended June 30, 2023

3. INVESTMENTS

	2023	2022
Cash held in investments	\$ 177,186	\$ 17,367
Guaranteed investment certificates	1,017,787	847,431
Fixed income		
Canada	545,536	689,971
Equities		
Canada	252,906	247,642
United States	65,614	44,638
Other international	147,923	121,852
	\$ 2,206,952	\$ 1,968,901

Investments are carried at their fair value based on the quoted market price as at June 30, 2023.

4. ACCOUNTS RECEIVABLE

Accounts receivable includes the amounts owing from Special Olympics Canada Inc. and provincial affiliates related to program expenses the Association has incurred on their behalf.

	2023	2022
Special Olympics Canada Inc.	\$ 275,341	\$ 221,540
Special Olympics Calgary	52,669	23,442
Special Olympics Edmonton	47,918	43,517
Other receivables	45,611	41,468
Other affiliates	-	46
	\$ 421,539	\$ 330,013

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Computer equipment	\$ 49,821	\$ 27,729	\$ 22,092	\$ 28,310

6. INTANGIBLE ASSETS

Intangible assets consist of development costs related to the Association's website. The website development is still in progress, therefore they are not amortized.

SPECIAL OLYMPICS ALBERTA ASSOCIATION**Notes to Financial Statements****Year Ended June 30, 2023****7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities include amounts owing to Special Olympics Canada Inc. and provincial affiliates related to program revenues the Association received on their behalf.

	2023	2022
Provincial affiliates	\$ 119,665	\$ 139,019
Other payables and accrued liabilities	31,231	63,269
Vacation pay payable	25,553	25,467
Special Olympics Canada Inc.	-	14,964
	\$ 176,449	\$ 242,719

8. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent contributions externally restricted for various purposes and contributions received in the current year that are related to events of the subsequent year.

	2023	2022
Alberta Gaming, Liquor and Cannabis Commission	\$ 578,965	\$ 817,435
Special Olympics Canada Inc.	147,971	137,734
Community Programs on behalf of provincial affiliates	76,270	76,781
Medicine Hat Summer Games	62,853	62,853
Skate Canada	-	6,341
Bull Bustin	-	3,200
	\$ 866,059	\$ 1,104,344

Deferred contributions include \$76,270 (2022 - \$76,781) of amounts held on behalf of provincial affiliates, and \$12,167 (2022 - \$18,111) of unamortized amounts that were spent on capital items.

9. CONTINGENCY FUND

In 2008, the Association's Board of Directors internally restricted \$75,000 of net assets to be used as a contingency fund.

During the year ended June 30, 2014, the Association received an unrestricted contribution of \$600,000 from a personal estate, and during the year ended June 30, 2017, received an additional unrestricted contribution of \$347,904 from a personal estate. The Board of Directors has resolved to internally restrict these contributions, plus income earned on the investment of the funds, in the contingency fund.

10. LEASE COMMITMENTS

The Association has a long-term lease with respect to its premises and shares the operating costs with the landlord. During the year, the Association extended the lease and the lease agreement is for a fixed term from October 1, 2022 through September 30, 2026. The current monthly rent rate is \$1,666 plus GST and subject to change if both parties agree based on the usage of premises.

11. SALARIES AND BENEFITS

Total salaries and benefits included in expenses are \$744,424 (2022 - \$603,808).

SPECIAL OLYMPICS ALBERTA ASSOCIATION

Notes to Financial Statements

Year Ended June 30, 2023

12. RELATED PARTY TRANSACTIONS

During the year, the Association normally has transactions with the following related parties:

- Provincial affiliates
- Special Olympics Canada Inc., the national governing body

All related party transactions have been recorded at their agreed upon exchange amounts. Grants, revenue sharing and eligible program expenses are recorded as affiliate development expenses. Accreditation fees and insurance expenses are allocated to expense categories as outlined in Statement of Operations.

Transactions during the year were as follows:

Provincial affiliates

	2023	2022
Expenses		
Affiliate support	\$ 709,854	\$ 367,303
Grants, revenue sharing and eligible program expenses	166,422	153,109
Sport and programs and events expenses	37,343	41,774
	\$ 913,619	\$ 562,186

Special Olympics Canada Inc.

	2023	2022
Expenses		
Accreditation fees	\$ 16,240	\$ 14,964
Insurance	8,302	8,038
	\$ 24,542	\$ 23,002

13. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Association's risk exposure and concentration as of June 30, 2023.

(a) Credit risk

The Association is exposed to credit risk in connection with its accounts receivable because of risk that one party to the financial instrument may cause a financial loss for the other party by failing to discharge an obligation. The Association monitors outstanding balances regularly and allows for uncollectible amounts when determined.

(b) Liquidity risk

The Association is exposed to the risk that it will encounter difficulty in meeting obligations associated with its financial liabilities.

(c) Interest rate risk

The Association is subject to interest rate risk with respect to its short-term and fixed income investments because the fair value will fluctuate due to changes in market interest rates.

(d) Other price risk

The Association is exposed to other price risk through changes in market prices (other than changes arising from interest rate risk or currency risk) in connection with its investments in equity securities.

Unless otherwise noted, it is management's opinion that the Association is not exposed to significant other price risks arising from these financial instruments.

14. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the Board of Directors.