

Financial Statements of

**SPECIAL OLYMPICS CANADA**

And Independent Auditor's Report thereon

Year ended June 30, 2023



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## INDEPENDENT AUDITOR'S REPORT

To the Members of Special Olympics Canada

### ***Opinion***

We have audited the financial statements of Special Olympics Canada (the Entity), which comprise:

- the statement of financial position as at June 30, 2023
- the statement of operations and changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

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

### ***Basis for Opinion***

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 auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 Canadian accounting standards for not-for-profit organizations, 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

### ***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 the 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.



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- 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 Entity'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 Entity'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 Entity 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.
- 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.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

September 12, 2023

# SPECIAL OLYMPICS CANADA

## Statement of Financial Position

June 30, 2023, with comparative information for 2022

	2023	2022
<b>Assets</b>		
Current assets:		
Cash	\$ 2,709,663	\$ 3,108,064
Accounts receivable (notes 2, 3 and 6)	3,100,175	2,680,946
Prepaid expenses	145,237	110,563
	<u>5,955,075</u>	<u>5,899,573</u>
Capital assets (note 4)	160,061	160,162
	<u>\$ 6,115,136</u>	<u>\$ 6,059,735</u>

## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 3)	\$ 1,391,302	\$ 1,512,317
Deferred contributions (note 5)	363,080	186,957
	<u>1,754,382</u>	<u>1,699,274</u>
Net assets:		
Unrestricted	4,360,754	4,360,461
Commitments (note 10)		
	<u>\$ 6,115,136</u>	<u>\$ 6,059,735</u>

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

# SPECIAL OLYMPICS CANADA

## Statement of Operations and Changes in Net Assets

Year ended June 30, 2023, with comparative information for 2022

	2023	2022
<b>Revenue</b>		
Grants (note 6)	\$ 8,802,191	\$ 7,481,871
Sponsorships	793,950	1,064,387
In-kind donations (note 8)	1,899,301	1,336,546
Fundraising events	5,200,314	3,797,088
Foundations (note 2)	1,573,231	1,669,311
Other	103,030	95,829
	<u>18,372,017</u>	<u>15,445,032</u>
<b>Expenses</b> (notes 7, 8 and Schedule)		
Program and chapter support (note 3)	12,385,944	10,938,350
Public education	2,350,562	1,912,240
Fundraising	2,659,106	1,795,447
Administration	976,112	774,799
	<u>18,371,724</u>	<u>15,420,836</u>
Excess of revenue over expenses	293	24,196
Net assets, beginning of year	4,360,461	4,336,265
<b>Net assets, end of year</b>	<u>\$ 4,360,754</u>	<u>\$ 4,360,461</u>

See accompanying notes to financial statements.

# SPECIAL OLYMPICS CANADA

## Statement of Cash Flows

Year ended June 30, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 293	\$ 24,196
Items not involving cash:		
Amortization of capital assets	40,533	32,328
Amortization of deferred lease inducements	–	(1,045)
Change in non-cash operating working capital:		
Accounts receivable	(419,229)	(1,543,176)
Prepaid expenses	(34,674)	409
Accounts payable and accrued liabilities	(121,015)	1,085,928
Deferred contributions	176,123	(674,701)
	(357,969)	(1,076,061)
Investing activities:		
Purchase of capital assets	(40,432)	–
Decrease in cash	(398,401)	(1,076,061)
Cash, beginning of year	3,108,064	4,184,125
Cash, end of year	\$ 2,709,663	\$ 3,108,064

See accompanying notes to financial statements.

# SPECIAL OLYMPICS CANADA

## Notes to Financial Statements

Year ended June 30, 2023

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Special Olympics Canada (the "Organization" or "SOC") is a national organization dedicated to enriching the lives of Canadians with an intellectual disability through active participation in sports. The Organization is incorporated under the Corporations Act (Ontario) as a not-for-profit organization and is a registered charity under the Income Tax Act (Canada) and, accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act (Canada) are met.

### 1. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the Chartered Professional Accountants of Canada Handbook. The most significant accounting policies are as follows:

#### (a) Revenue recognition:

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

All other revenue is recognized when delivery has occurred or services have been rendered and measurement and collection are reasonably assured.

#### (b) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded only if the fair value can be reasonably estimated on the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated useful life of an asset are capitalized. When a capital asset no longer contributes to the Organization's ability to provide services, its carrying amount is written down to its residual value. The Organization amortizes the cost of the capital assets on a straight-line basis over their estimated useful lives as follows:

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Furniture and equipment	5 years
Computer equipment	3 years
Software	3 years
Leasehold improvements	Over the lease term

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# SPECIAL OLYMPICS CANADA

Notes to Financial Statements (continued)

Year ended June 30, 2023

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## 1. Significant accounting policies (continued):

### (c) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Organization has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

### (d) Allocation and attribution of expenses:

Salaries and benefits are allocated between program and chapter support, public education, fundraising and administration. The allocation is based on a percentage-of-effort analysis performed by management to estimate the amount of time spent on each activity. Additionally, shared expenses, including expenses relating to contributed materials and services, are allocated to the same categories based on reasonable estimates of usage for each area of activity. Shared costs include rent, phones, internet and office expenses.

# SPECIAL OLYMPICS CANADA

Notes to Financial Statements (continued)

Year ended June 30, 2023

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## 1. Significant accounting policies (continued):

### (e) Contributed materials and services:

Contributed materials and services are recorded only if the fair value can be reasonably estimated at the date of contribution and when the materials and services are used in the normal course of the Organization's operations and would otherwise have been purchased. Contributed materials and services in the amount of \$1,899,301 (2022 - \$1,336,546) have been recorded as revenue and expenses.

### (f) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

## 2. Special Olympics Canada Foundation:

The Special Olympics Canada Foundation (the "Foundation") was founded in 1997 and was created to financially support the strategic objectives of the Organization. The Organization has an economic interest in the Foundation.

As at year end, the amount receivable from the Foundation is \$385,309 (2022 - \$335,664). The amount receivable from the Foundation is non-interest bearing, is unsecured and has no fixed terms of repayment. Included in Foundation revenue is \$679,046 (2022 - \$516,786) received from the Foundation during the year. The Organization also charged the Foundation \$18,000 (2022 - \$18,000) for office and rent expenses. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed between the Organization and the Foundation.

# SPECIAL OLYMPICS CANADA

Notes to Financial Statements (continued)

Year ended June 30, 2023

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### 3. Transactions with other Special Olympics organizations:

(a) Special Olympics Inc. ("SOI"):

SOI accredits the Organization to ensure the worldwide quality, and ultimately the growth, of the Organization's movement. Accreditation is a method of assuring the Organization meets the essential core requirements of the Special Olympics mission and also certain minimum management and financial requirements. Upon compliance with the Accreditation Standards, SOI signs an Accreditation License with the Organization, which grants the Organization the legal right to use the Special Olympics name, logo and other trademarks, to conduct the Special Olympics sports and related activities, and to raise funds under the Special Olympics name. The Organization is then eligible to (i) receive sports, technical and program development training and support from SOI, including in the form of grants from SOI, (ii) participate in World and Regional Games, and (iii) participate in and benefit from other Special Olympics movement activities (such as Healthy Athletes®, Project UNIFY®, United Sports® and global public awareness events). The Organization rolls forward an annual accreditation fee based on total adjusted gross revenue from the Organization and all 12 provincial/territorial chapters.

The annual accreditation fee remitted by the Organization to SOI includes amounts collected and remitted on behalf of provincial and territorial chapters. In 2023, \$205,621 (2022 - \$189,468) was paid to SOI for the Organization and all provincial/territorial chapters. Additionally, SOI and the Organization enter into funding agreements from time to time to fund program activities by one or the other organization.

During the year, the Organization provided \$450,000 of funding to SOI for youth programming (2022 - \$604,597). During the year, the Organization made transfer payments to provincial/territorial chapters on behalf of SOI of \$278,046 (2022 - \$379,075). These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to between the Organization and SOI.

# SPECIAL OLYMPICS CANADA

Notes to Financial Statements (continued)

Year ended June 30, 2023

### 3. Transactions with other Special Olympics organizations (continued):

#### (b) Due from provincial/territorial chapters:

The Organization provides annual accreditation to 12 provincial/territorial Special Olympics Chapters (the "Chapters") to ensure the national quality, and ultimately the growth, of Special Olympics in Canada. Accreditation is a method of assuring the Chapters meet the essential core requirements of the Organization's mission and also certain minimum management and financial requirements. Subject to compliance with the terms of the accreditation and upon payment of annual accreditation fees, the Organization grants the Chapters the legal right to use the Special Olympics name, logo and other trademarks, to conduct Special Olympics sports and related activities, and to raise funds under the Special Olympics name. The Chapters are then eligible to (i) to receive sports, technical and program development training and support from the Organization, including in the form of grants from the Organization, (ii) participate in National Games, and (iii) participate in and benefit from other Special Olympics movement activities (such as Healthy Athletes®, Project UNIFY®, United Sports® and national public awareness events).

At year end, the amount receivable from provincial/territorial chapters is \$268,026 (2022 - \$224,886) and the amount payable to the Chapters was \$1,007,002 (2022 - \$969,924). Amounts due from provincial/territorial chapters are non-interest bearing, are unsecured and have no fixed terms of repayment. The statement of operations includes \$7,190,896 (2022 - \$6,288,398) paid in the Chapter support. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to between the Organization and the Chapters.

### 4. Capital assets:

			2023	2022
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and equipment	\$ 185,728	\$ 176,294	\$ 9,434	\$ 12,670
Computer equipment	159,013	154,684	4,329	6,167
Software	353,388	327,195	26,193	—
Leasehold improvements	409,530	289,425	120,105	141,325
	\$ 1,107,659	\$ 947,598	\$ 160,061	\$ 160,162

# SPECIAL OLYMPICS CANADA

Notes to Financial Statements (continued)

Year ended June 30, 2023

## 5. Deferred contributions:

Deferred contributions related to expenses of future years represent unspent externally restricted grants and donations for specific programs. Changes in the deferred contributions balance during the year are as follows:

	2023	2022
Balance, beginning of year	\$ 186,957	\$ 861,658
Amounts received	8,949,670	7,871,721
Amounts recognized as revenue	(8,773,547)	(8,546,422)
Balance, end of year	\$ 363,080	\$ 186,957

## 6. Grants:

(a) Minister of Sport ("Sport Canada"):

In fiscal 2023, the Organization signed the following contribution agreements with Sport Canada:

- (i) MSO 2022-24 SOC Above-Reference Program for the period from April 1, 2022 to March 31, 2024 in the total amount of \$7,600,000;
- (ii) MSO 2022-23 SOC Reference Level Program for the period April 1, 2022 to March 31, 2023 in the amount of \$3,275,760;
- (iii) MSO 2023-24 SOC Reference Level Program for the period April 1, 2023 to March 31, 2024 in the amount of \$2,875,760; and
- (iv) Safety in Sport Program for the period April 1, 2022 to March 31, 2023 in the amount of \$17,000.

As at June 30, 2023, included in accounts receivable is \$853,237 (2022 - \$289,068), from Sport Canada comprised of: MSO 22-24 SOC Above-Reference Program \$611,215; MSO 2023-24 SOC Reference Level Program \$242,022.

# SPECIAL OLYMPICS CANADA

Notes to Financial Statements (continued)

Year ended June 30, 2023

## 6. Grants (continued):

During the fiscal year, the Organization recognized \$8,799,191 (2022 - \$7,431,078) as revenue comprised of: MSO 22-24 SOC Above-Reference Program \$4,267,665; MSO 2022-23 SOC Reference Level Program \$4,272,504; MSO 2023-24 SOC Reference Level Program \$242,022; and Safety in Sport Program \$17,000.

(b) Other:

The remaining grants of \$3,000 (2022 - \$3,000) were for other projects and received from other sources.

## 7. Allocated expenses:

Salaries and benefits for the year totalled \$3,371,845 (2022 - \$2,735,949) and have been allocated as follows:

	2023	2022
Program and chapter support	\$ 1,504,821	\$ 1,114,759
Public education	717,708	665,581
Fundraising	612,754	570,656
Administration	536,562	384,953
	<u>\$ 3,371,845</u>	<u>\$ 2,735,949</u>

Included in program and chapter support are salaries and benefits of \$652,652 (2022 - \$289,180) for the Above Core 2014 budget announcement.

Shared expenses for the year totaled \$1,289,234 (2022 - \$786,210) and have been allocated as follows:

	2023	2022
Program and chapter support	\$ 671,735	\$ 288,990
Public education	78,807	70,172
Fundraising	173,141	111,544
Administration	365,551	315,504
	<u>\$ 1,289,234</u>	<u>\$ 786,210</u>

# SPECIAL OLYMPICS CANADA

Notes to Financial Statements (continued)

Year ended June 30, 2023

## 8. In-kind donations:

During the year, the Organization received in-kind donations from various entities for funding core program activities, promoting events and the operation of the Organization. The full amount of the donation has been recognized in in-kind donations revenue and the following expense categories:

	2023	2022
Program and chapter support	\$ 991,238	\$ 361,550
Public education	826,263	900,598
Fundraising	30,574	11,510
Administration	51,226	62,888
	<u>\$ 1,899,301</u>	<u>\$ 1,336,546</u>

## 9. Financial risks:

### (a) Credit risk:

Credit risk refers to the risk that the counterparty may default on its contractual obligations, resulting in a financial loss. The Organization is exposed to credit risk with respect to cash and accounts receivable. Cash consists of deposits with a major Canadian chartered bank.

The Organization assesses, on a continuous basis, the accounts receivable and provides for any amount that is not collectible in the allowance for doubtful accounts. There has been no change to risk exposures from 2022.

### (b) Liquidity risk:

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization manages its liquidity risk by monitoring its operating requirements. There has been no change to this risk exposure from 2022.

# SPECIAL OLYMPICS CANADA

Notes to Financial Statements (continued)

Year ended June 30, 2023

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## 10. Commitments:

The Organization is committed under operating leases for rental of equipment and office premises, which include an estimate of the proportionate share of property taxes and operating expenses. The minimum annual payments are as follows:

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2024	\$	317,289
2025		329,582
2026		330,489
2027		340,774
2028		340,324
Thereafter		283,529
	\$	1,941,987

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# SPECIAL OLYMPICS CANADA

## Schedule of Expenses

Year ended June 30, 2023, with comparative information for 2022

						2023	2022
	Program and chapter support	Above Core 2014 budget announcement	Public education	Fundraising	Administration	Total	Total
Chapter support	\$ 4,504,331	\$ 2,602,190	\$ 84,375	\$ –	\$ –	\$ 7,190,896	\$ 6,288,398
Program support	1,993,544	10,250	–	–	–	2,003,794	2,147,901
Salaries and benefits	852,169	652,652	717,708	612,754	536,562	3,371,845	2,735,949
Marketing campaign	153,979	296,383	785,116	30,574	–	1,266,052	1,223,453
National games	376,713	105,000	–	–	–	481,713	737,729
Fundraising	–	–	589,597	1,747,587	–	2,337,184	1,287,966
Office	2,814	106,277	140	91,196	170,529	370,956	398,129
Television broadcast	17,209	8,000	–	–	–	25,209	1,614
Rent	101,611	–	78,667	81,945	66,931	329,154	314,368
Sponsorship	–	–	94,959	94,960	–	189,919	32,646
Meetings and training	76,333	12,057	–	90	22,595	111,075	94,223
Professional fees	461,031	–	–	–	87,048	548,079	33,414
Amortization	–	–	–	–	40,533	40,533	32,328
Accreditation fees	–	–	–	–	51,405	51,405	47,391
Official language	40,796	12,605	–	–	–	53,401	37,357
Travel and accommodation	–	–	–	–	509	509	7,970
	\$ 8,580,530	\$ 3,805,414	\$ 2,350,562	\$ 2,659,106	\$ 976,112	\$ 18,371,724	\$ 15,420,836