

Financial Statements of

SPECIAL OLYMPICS CANADA

And Independent Auditor's Report thereon

Year ended June 30, 2024



KPMG LLP

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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, 2024
- 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, 2024, 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.

- 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.



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- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

September 9, 2024

SPECIAL OLYMPICS CANADA

Statement of Financial Position

June 30, 2024, with comparative information for 2023


	2024	2023
Assets		
Current assets:		
Cash	\$ 4,637,730	\$ 2,709,663
Accounts receivable (notes 2, 3 and 6)	3,799,635	3,100,175
Prepaid expenses	140,505	145,237
	<u>8,577,870</u>	<u>5,955,075</u>
Capital assets (note 4)	117,942	160,061
	<u>\$ 8,695,812</u>	<u>\$ 6,115,136</u>


Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 3)	\$ 2,559,437	\$ 1,391,302
Deferred contributions (note 5)	538,551	363,080
	<u>3,097,988</u>	<u>1,754,382</u>
Net assets:		
Unrestricted	5,597,824	4,360,754
Commitments (note 10)		
	<u>\$ 8,695,812</u>	<u>\$ 6,115,136</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, 2024, with comparative information for 2023

	2024	2023
Revenue		
Grants (note 6)	\$ 6,511,985	\$ 8,802,191
Sponsorships	556,514	693,950
In-kind donations (note 8)	2,005,198	1,899,301
Fundraising events	7,462,719	5,300,314
Foundations (note 2)	1,520,623	1,573,231
Other	206,700	103,030
	18,263,739	18,372,017
Expenses (notes 7, 8 and Schedule)		
Program and chapter support (note 3)	11,347,153	12,385,944
Public education	2,401,585	2,350,562
Fundraising	2,197,929	2,659,106
Administration	1,080,002	976,112
	17,026,669	18,371,724
Excess of revenue over expenses	1,237,070	293
Net assets, beginning of year	4,360,754	4,360,461
Net assets, end of year	\$ 5,597,824	\$ 4,360,754

See accompanying notes to financial statements.

SPECIAL OLYMPICS CANADA

Statement of Cash Flows

Year ended June 30, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 1,237,070	\$ 293
Item not involving cash:		
Amortization of capital assets	42,119	40,533
Change in non-cash operating working capital:		
Accounts receivable	(699,460)	(419,229)
Prepaid expenses	4,732	(34,674)
Accounts payable and accrued liabilities	1,168,135	(121,015)
Deferred contributions	175,471	176,123
	1,928,067	(357,969)
Investing activities:		
Purchase of capital assets	—	(40,432)
Increase (decrease) in cash	1,928,067	(398,401)
Cash, beginning of year	2,709,663	3,108,064
Cash, end of year	\$ 4,637,730	\$ 2,709,663

See accompanying notes to financial statements.

SPECIAL OLYMPICS CANADA

Notes to Financial Statements

Year ended June 30, 2024

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:

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

SPECIAL OLYMPICS CANADA

Notes to Financial Statements (continued)

Year ended June 30, 2024

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, 2024

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 \$2,005,198 (2023 - \$1,899,301) 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 \$7,091 (2023 - \$385,309). The amount receivable from the Foundation is non-interest bearing, is unsecured and has no fixed terms of repayment. Included in Foundation revenue is \$401,330 (2023 - \$679,046) received from the Foundation during the year. The Organization also charged the Foundation \$18,000 (2023 - \$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, 2024

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 2024, nil (2023 - \$205,621) was paid to SOI for the Organization and all provincial/territorial chapters. Due to delays in the accreditation process, SOC set up an estimate of \$220,015 for fees payable to SOI. 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 (2023 - \$450,000). During the year, the Organization made transfer payments to provincial/territorial chapters on behalf of SOI of \$429,735 (2023 - \$278,046). 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, 2024

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 as well as 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®, and national public awareness events).

At year end, the amount receivable from provincial/territorial chapters is \$290,615 (2023 - \$268,026) and the amount payable to the Chapters was \$1,691,886 (2023 - \$1,007,002). Amounts due from provincial/territorial chapters are non-interest bearing, are unsecured and have no fixed terms of repayment. The statement of operations includes \$6,683,810 (2023 - \$7,190,896) 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:

			2024	2023
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and equipment	\$ 185,728	\$ 182,815	\$ 2,913	\$ 9,434
Computer equipment	159,013	157,836	1,177	4,329
Software	353,388	338,421	14,967	26,193
Leasehold improvements	409,530	310,645	98,885	120,105
	\$ 1,107,659	\$ 989,717	\$ 117,942	\$ 160,061

SPECIAL OLYMPICS CANADA

Notes to Financial Statements (continued)

Year ended June 30, 2024

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:

	2024	2023
Balance, beginning of year	\$ 363,080	\$ 186,957
Amounts received	7,836,084	8,949,670
Amounts recognized as revenue	(7,660,613)	(8,773,547)
Balance, end of year	\$ 538,551	\$ 363,080

6. Grants:

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

In fiscal 2024, the following signed contribution agreements between the Organization and Sport Canada were in effect:

- (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 2023-24 SOC Reference Level Program for the period April 1, 2023 to March 31, 2024 in the amount of \$2,875,760;
- (iii) MSO 2024-25 SOC Reference Level Program for the period April 1, 2024 to March 31, 2025 in the amount of \$2,875,760; and
- (iv) GE EDI Program - Indigenous Engagement Strategy for the period April 1, 2023 to March 31, 2025 in the amount of \$196,125.

Subsequent to year-end, the Organization agreed to terms of a new contribution agreement with Sport Canada as follows:

- (v) MSO 2024-25 Above-Reference Program for the period April 1, 2024 to March 31, 2025 in the amount of \$3,800,000. The contract has not been signed as of the audit report date.

SPECIAL OLYMPICS CANADA

Notes to Financial Statements (continued)

Year ended June 30, 2024

6. Grants (continued):

As at June 30, 2024, included in accounts receivable is \$1,329,309 (2023 - \$ 853,237), from Sport Canada comprised of: MSO 24-25 SOC Above-Reference Program \$1,044,687; MSO 2024-25 SOC Reference Level Program \$284,622.

During the fiscal year, the Organization recognized \$6,508,985 (2023 - \$8,799,191) as revenue comprised of: MSO 22-24 SOC Above-Reference Program \$3,188,785; MSO 24-25 SOC Above-Reference Program \$1,044,687; MSO 2023-24 SOC Reference Level Program \$1,977,683; and MSO 2024-25 SOC Reference Level Program \$297,829.

(b) Other:

The remaining grants of \$3,000 (2023 - \$3,000) were for other projects and received from other sources.

7. Allocated expenses:

Salaries and benefits for the year totalled \$3,397,993 (2023 - \$3,371,845) and have been allocated as follows:

	2024	2023
Program and chapter support	\$ 1,457,850	\$ 1,504,821
Public education	741,002	717,708
Fundraising	576,259	612,754
Administration	622,882	536,562
	<u>\$ 3,397,993</u>	<u>\$ 3,371,845</u>

Shared expenses for the year totaled \$880,061 (2023 - \$1,289,234) and have been allocated as follows:

	2024	2023
Program and chapter support	\$ 233,589	\$ 671,735
Public education	85,862	78,807
Fundraising	192,619	173,141
Administration	367,991	365,551
	<u>\$ 880,061</u>	<u>\$ 1,289,234</u>

SPECIAL OLYMPICS CANADA

Notes to Financial Statements (continued)

Year ended June 30, 2024

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:

	2024	2023
Program and chapter support	\$ 1,033,499	\$ 991,238
Public education	920,473	826,263
Fundraising	–	30,574
Administration	51,226	51,226
	<u>\$ 2,005,198</u>	<u>\$ 1,899,301</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 2023.

(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 2023.

SPECIAL OLYMPICS CANADA

Notes to Financial Statements (continued)

Year ended June 30, 2024

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:

2025	\$	329,582
2026		330,489
2027		340,774
2028		340,324
2029		283,529
	\$	1,624,698

SPECIAL OLYMPICS CANADA

Schedule of Expenses

Year ended June 30, 2024, with comparative information for 2023

	2024		2023	
	Program and chapter support	Above reference program costs	Public education	Total
Chapter support	\$ 3,869,182	\$ 2,618,000	\$ 196,628	\$ 6,683,810
Program support	1,645,848	8,712	—	1,654,560
Salaries and benefits	718,245	739,605	—	3,397,993
Marketing campaign	103,181	213,558	741,002	1,140,944
National games	956,875	—	797,719	956,875
Fundraising	—	—	—	1,813,877
Office	12,088	—	495,843	283,350
Television broadcast	56,100	—	3,609	56,100
Rent	106,243	—	82,253	342,720
Sponsorship	—	—	84,531	169,062
Meetings and training	133,950	—	—	34,125
Professional fees	115,258	—	—	94,882
Amortization	—	—	—	42,119
Accreditation fees	—	—	—	55,004
Official language	28,569	21,739	—	50,308
Travel and accommodation	—	—	—	1,732
	\$ 7,745,539	\$ 3,601,614	\$ 2,401,585	\$ 17,026,669
			\$ 1,080,002	\$ 18,371,724