

Financial Statements of

**SPECIAL OLYMPICS MANITOBA
INCORPORATED**

And Independent Auditor's Report thereon

Year ended June 30, 2023



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INDEPENDENT AUDITOR'S REPORT

To the Directors of Special Olympics Manitoba Incorporated

Qualified Opinion

We have audited the financial statements of Special Olympics Manitoba Incorporated (the "Entity"), which comprise the statement of financial position as at June 30, 2023, 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 (hereinafter referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the "**Basis for Qualified Opinion**" section of our auditor's report, 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 Qualified Opinion

In common with many not-for-profit organizations, the Entity derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. In addition, it was not practicable for us to extend our verification of regional income and expenses beyond ensuring that the revenues reported as received were deposited in the bank and the expenses were withdrawn from the bank. Accordingly, verification of these revenues and expenses was limited to the amounts recorded in the records of the Entity.

Therefore, we were not able to determine whether any adjustments might be necessary to:

- the current assets and liabilities and deferred contributions reported in the statements of financial position as at June 30, 2023 and June 30, 2022;
- the fundraising revenues, regional income and expenses and excess of revenue over expenses reported in the statements of operations for the years ended June 30, 2023 and June 30, 2022;
- the unrestricted net assets, at the beginning and end of the year, reported in the statements of changes in net assets for the years ended June 30, 2023 and June 30, 2022; and
- the excess of revenue over expenses reported in the statements of cash flows for the years ended June 30, 2023 and June 30, 2022.

Our opinion on the financial statements for the year ended June 30, 2023 was qualified accordingly because of the possible effects of this limitation in scope.

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 qualified 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.
- 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

Chartered Professional Accountants

Winnipeg, Canada

September 26, 2023

SPECIAL OLYMPICS MANITOBA INCORPORATED

Statement of Financial Position

June 30, 2023, with comparative information for 2022

	2023	2022
Assets		
Current assets:		
Cash (note 3)	\$ 868,508	\$ 1,175,808
Short-term investments (note 3)	307,026	–
Accounts receivable	117,260	173,071
Prepaid expenses	15,615	16,725
	<u>1,308,409</u>	<u>1,365,604</u>
Long-term investments (note 3)	1,083,458	1,126,426
Capital assets (note 4)	9,119	11,964
Deferred gifts (note 6[b])	401,409	401,409
	<u>\$ 2,802,395</u>	<u>\$ 2,905,403</u>

Liabilities, Deferred Contributions and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 56,534	\$ 131,686
Loan payable (note 5)	–	40,000
Deferred contributions (note 6):		
Expenses related to future periods	211,306	183,460
Deferred gifts	401,409	401,409
	<u>612,715</u>	<u>584,869</u>
Net assets:		
Invested in capital assets	9,119	11,964
Unrestricted	2,124,027	2,136,884
	<u>2,133,146</u>	<u>2,148,848</u>
Commitments (note 11)		
	<u>\$ 2,802,395</u>	<u>\$ 2,905,403</u>

See accompanying notes to financial statements.

On behalf of the Board:



Andrea Carlson, Director



Steve Robertson, Director

SPECIAL OLYMPICS MANITOBA INCORPORATED

Statement of Operations

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

	2023	2022
Revenue:		
Grants and donations:		
Sport Manitoba:		
Base grant	\$ 90,000	\$ 90,000
Integrated Funding Framework	21,500	28,500
Canada games	–	5,037
Sport program funding	34,700	34,700
National Coaching Certification Program	2,185	500
Special Olympics Canada:		
Youth Development grants	57,000	45,000
Community Sport Development	125,000	180,300
Volunteer Development	–	9,500
Healthy Athletes	15,000	2,000
Athlete Leadership Program	5,000	13,650
Travel grant	30,000	37,500
Other donations	115,237	139,820
	495,622	586,507
Fundraising activities (note 7)	1,082,018	843,294
Other income (loss):		
Investment income (loss)	55,486	(112,269)
Grassroots	130,513	17,400
Provincial Games	28,372	–
Other (note 5)	562	–
	214,933	(94,869)
	1,792,573	1,334,932
Expenses:		
Activities (schedule)	1,359,471	935,041
General and administration (schedule)	448,804	386,271
	1,808,275	1,321,312
Excess (deficiency) of revenue over expenses	\$ (15,702)	\$ 13,620

See accompanying notes to financial statements.

SPECIAL OLYMPICS MANITOBA INCORPORATED

Statement of Changes in Net Assets

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

	2023		2022	
	Unrestricted	Invested in capital assets	Total	Total
Net assets, beginning of year	\$ 2,136,884	\$ 11,964	\$ 2,148,848	\$ 2,135,228
Excess (deficiency) of revenue over expenses	(12,857)	(2,845)	(15,702)	13,620
Net assets, end of year	\$ 2,124,027	\$ 9,119	\$ 2,133,146	\$ 2,148,848

See accompanying notes to financial statements.

SPECIAL OLYMPICS MANITOBA INCORPORATED

Statement of Cash Flows

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

	2023	2022
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ (15,702)	\$ 13,620
Items not involving cash:		
Unrealized loss (gain) on investments	(70,750)	139,999
Amortization	2,845	3,713
Change in the following:		
Accounts receivable	55,811	76,126
Prepaid expenses	1,110	8,770
Accounts payable and accrued liabilities	(75,152)	48,519
Deferred contributions, expenses related to future periods, net	27,846	(38,483)
	<u>(73,992)</u>	<u>252,264</u>
Investing activities:		
Purchase of capital assets	–	(402)
Change in investments, net	(193,308)	(342,523)
	<u>(193,308)</u>	<u>(342,925)</u>
Financing activities:		
Repayment of loan payable	(40,000)	–
	<u>(40,000)</u>	<u>–</u>
Decrease in cash	(307,300)	(90,661)
Cash, beginning of year	1,175,808	1,266,469
Cash, end of year (note 3)	<u>\$ 868,508</u>	<u>\$ 1,175,808</u>

See accompanying notes to financial statements.

SPECIAL OLYMPICS MANITOBA INCORPORATED

Notes to Financial Statements

Year ended June 30, 2023

1. General:

Special Olympics Manitoba Incorporated (the organization) operates programs to ensure that Manitobans with an intellectual disability are provided opportunities to participate in sport training programs and competitive experiences. The organization is divided into seven regions and each region is administered by a Regional Council. The organization is incorporated under the *Corporations Act* of Manitoba as a not-for-profit organization and is a registered charity under the *Income Tax Act*.

These financial statements include the assets, liabilities, revenues, expenses and net assets of the organization including its Regional Councils.

2. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Revenue recognition:

The organization follows the deferral method of accounting for contributions, which include government grants and donations.

Unrestricted contributions and program grants are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions and grants are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

(b) Capital assets:

Purchased capital assets are stated at cost and contributed capital assets are recorded at fair value at the time the asset was donated. Amortization is provided on the declining balance basis for the following assets using the following annual rates:

Asset	Rate
Office equipment	20%
Computer hardware and software	30%

SPECIAL OLYMPICS MANITOBA INCORPORATED

Notes to Financial Statements (continued)

Year ended June 30, 2023

2. Significant accounting policies (continued):

Leasehold improvements are amortized on a straight-line basis over five years.

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When circumstances indicate that a capital asset is impaired, the net carrying amount of the capital asset is written down to the asset's fair value or replacement cost. The write-down of the asset is charged to income during the year. An impairment loss is not reversed if the fair value of the related asset subsequently increases.

(c) Deferred gifts:

Deferred gifts are comprised of planned giving contributions, being life insurance policies.

(d) Donated services:

No amount has been reflected in the financial statements for donated services since no objective basis is available to measure the value of such services. Nevertheless, a substantial number of volunteers donated significant amounts of their time towards the activities of the organization.

(e) 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 elected to carry investments 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.

Unrealized gains and losses on investments, representing the change in difference between the fair value and the cost of investments at the beginning and end of each year is reflected in investment income in the statement of operations. Fair value of investments is determined based on period end quoted market prices.

SPECIAL OLYMPICS MANITOBA INCORPORATED

Notes to Financial Statements (continued)

Year ended June 30, 2023

2. Significant accounting policies (continued):

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 period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(f) Government assistance:

Government assistance related to current expenses is included in the determination of the excess of revenue over expenses for the period as a reduction of the related expense when the expenditures are incurred. A liability to repay government assistance, if any, is recorded in the period in which the conditions arise that causes the assistance to become repayable.

(g) Use of estimates:

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

SPECIAL OLYMPICS MANITOBA INCORPORATED

Notes to Financial Statements (continued)

Year ended June 30, 2023

3. Cash and investments:

	2023	2022
Cash:		
Cash in bank	\$ 546,103	\$ 736,548
Regional Councils cash in bank	322,405	439,260
	<u>868,508</u>	<u>1,175,808</u>
Short-term investments:		
RBC government investment certificate (GIC), 3.22%, due January 18, 2024	100,000	-
RBC GIC, 3.25%, due January 27, 2024	35,000	-
RBC GIC, 4.3%, due July 26, 2023	35,000	-
RBC GIC, 4.75%, due January 27, 2024	50,000	-
Government of Canada bond, 0.25%, due April 1, 2024	87,026	-
	<u>307,026</u>	<u>-</u>
Long-term investments:		
Mutual funds - fixed income	302,326	485,898
United States equities	168,472	142,246
Canadian equities	157,339	145,132
Government and corporate fixed income	455,321	353,150
	<u>1,083,458</u>	<u>1,126,426</u>
Total cash and investments	\$ 2,258,992	\$ 2,302,234

Investments are carried at fair value. During the year ended June 30, 2023 there was an unrealized gain of \$70,750 (2022 - unrealized loss of \$139,999) recognized in investment income on the investments held by the organization.

The government and corporate fixed income investments mature between fiscal 2024 and fiscal 2051 and bear a weighted average effective yield of 1.25 percent (2022 - 1.45 percent).

4. Capital assets:

			2023			2022
	Cost	Accumulated amortization	Net book value		Net book value	
Office equipment	\$ 122,697	\$ 116,748	\$ 5,949		\$ 7,435	
Computer hardware and software	108,260	105,090	3,170		4,529	
Leasehold improvements	93,272	93,272	-		-	
	<u>\$ 324,229</u>	<u>\$ 315,110</u>	<u>\$ 9,119</u>		<u>\$ 11,964</u>	

SPECIAL OLYMPICS MANITOBA INCORPORATED

Notes to Financial Statements (continued)

Year ended June 30, 2023

5. Loan payable:

During the year ended June 30, 2021, the organization obtained an interest-free loan of \$60,000 under the Canada Emergency Business Account (CEBA) from the Royal Bank of Canada. The loan was interest free to December 31, 2023 and is unsecured. If the loan was repaid on or before December 31, 2023, 33 percent of the loan (\$20,000) will be forgiven. The organization recognized \$20,000 of the forgivable portion of the loan in other income during the year ended June 30, 2021 and paid the \$40,000 loan balance during the year ended June 30, 2023.

6. Deferred contributions:

(a) Expenses related to future periods is comprised of the following:

	2023	2022
Sport Manitoba - program	\$ 22,755	\$ 22,755
Funds received for the next fiscal year's activities	188,551	160,705
	<u>\$ 211,306</u>	<u>\$ 183,460</u>

The change in expenses related to future periods is as follows:

	2023	2022
Balance, beginning of year	\$ 183,460	\$ 221,943
Add amount received related to future periods	233,468	113,950
Less amounts recognized as revenue in the year	(205,622)	(152,433)
Balance, end of year	<u>\$ 211,306</u>	<u>\$ 183,460</u>

(b) Deferred gifts:

Deferred gifts represent life insurance policies to which the organization has been named as the irrevocable beneficiary. The death benefit amounts are recorded as an asset and a deferred contribution on the statement of financial position until they are realized at the time of death.

SPECIAL OLYMPICS MANITOBA INCORPORATED

Notes to Financial Statements (continued)

Year ended June 30, 2023

7. Fundraising activities:

Fundraising activities are comprised of the following:

	2023	2022
Corporate Campaign	\$ 146,048	\$ 194,909
Special Olympics Canada Sponsorship	153,065	145,384
Wolseley Open Golf Tournament	59,455	138,970
Stars Fore! Golf Tournament	96,670	83,150
Motionball	72,418	70,763
Law Enforcement Torch Run	92,746	64,184
50/50 raffle	–	61,570
Winnipeg Wine Festival	432,584	57,937
Grassroot Fundraising	3,976	7,697
Other activities	25,056	18,730
	\$ 1,082,018	\$ 843,294

8. The Winnipeg Foundation endowment fund:

The organization has an agreement with The Winnipeg Foundation (the “Foundation”) for the maintenance of an endowment fund. The Foundation will preserve the capital and will distribute all income generated thereon to the organization in perpetuity. The capital is not available to the organization except in specific circumstances, as approved by the Foundation, where the organization can receive an advance of up to 25 percent of the capital. Any advances of capital will be recovered through reinvestment of investment income earned on the endowment fund or new gifts directed for this purpose.

Investment income earned may be reinvested with the Foundation with a matching amount provided by the Foundation at a rate of \$1 to every \$5 reinvested. In fiscal 2023, the organization reinvested investment income earned of \$2,157 (2022 - \$11,034) in the endowment fund. The fair value of the endowment fund at June 30, 2023 was \$114,913 (2022 - \$107,281).

SPECIAL OLYMPICS MANITOBA INCORPORATED

Notes to Financial Statements (continued)

Year ended June 30, 2023

9. Financial risks:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The organization is exposed to credit risk with respect to the accounts receivable. The organization assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. There has been no change to the credit risk exposure from 2022.

(b) Liquidity risk:

Liquidity risk is the risk of being unable to meet cash requirements or to fund obligations as they become due. Trade accounts payable and accrued liabilities are generally repaid within 30 days.

(c) Investment risk:

The organization's investments are sensitive to market fluctuations. To properly manage the organization's other price risk, appropriate guidelines on asset diversification to address specific security risks are set and monitored.

The organization is exposed to financial risks as a result of exchange rate fluctuations on certain of its investments and the volatility of these rates. In the normal course of business, the organization holds investments denominated in foreign currencies. The organization does not currently enter into forward contracts to mitigate this risk.

The organization's fixed income investments are exposed to the risk that the value of interest-bearing investments will fluctuate due to changes in the level of market interest rates.

SPECIAL OLYMPICS MANITOBA INCORPORATED

Notes to Financial Statements (continued)

Year ended June 30, 2023

10. COVID-19 government subsidies:

Activities and general and administration expenses for the year ended June 30, 2023 include amounts of nil (2022 - \$40,482) and nil (2022 - \$23,362), respectively, claimed by the organization for reimbursement under the government assistance programs, Canada Emergency Wage Subsidy (CEWS) or Hardest-Hit Business Recovery Program (HHBRP).

General and administration expenses for the year ended June 30, 2023 include rent subsidy of nil (2022 - \$7,878) claimed by the organization for reimbursement under the government assistance program, Canada Emergency Rent Subsidy (CERS).

11. Commitments:

The organization is committed under an operating lease for office space which expires on March 31, 2024. The payments committed for the year ended June 30, 2024 aggregate \$26,892.

SPECIAL OLYMPICS MANITOBA INCORPORATED

Schedule - Expenses

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

	2023	2022
Activities:		
Coach development	\$ 404	\$ 811
Competition:		
Inclusive	18,765	3,672
Fundraising activities:		
Corporate fundraising	23,940	20,100
Law Enforcement Torch Run	34,340	21,506
Other fundraising activities	11,365	45,379
Stars Fore! Golf Tournament	40,568	35,153
Winnipeg Wine Festival	239,521	40,694
Wolseley Golf Tournament	41,568	65,667
Marketing and promotions	33,608	40,143
Provincial games	185,790	42,672
Regional/Grassroots Development:		
Expenses	176,947	60,985
Support	21,366	43,163
Sport development	6,378	10,982
Special Olympics Canada:		
Youth Development	34,806	16,748
Community Sport Development	58,842	162,952
Healthy Athletes	9,858	2,222
Athlete Leadership Program	4,155	12,618
Wages and benefits (net of CEWS and HHBRP of nil [2022 - \$40,482]) (note 10)	417,250	309,574
	\$ 1,359,471	\$ 935,041
General and administration:		
Accreditation fee	\$ 14,845	\$ 13,679
Amortization	2,846	3,713
Bank charges	16,985	14,207
Board/staff development	22,488	5,511
Computer systems	39,519	39,534
Insurance	13,604	9,020
General office	16,158	8,678
Legal and audit	16,661	33,319
Rent (net of CERS of nil [2022 - \$7,878]) (note 10)	36,752	28,874
Telephone	12,980	17,842
Wages and benefits (net of CEWS and HHBRP of nil [2022 - \$23,362]) (note 10)	255,966	211,894
	\$ 448,804	\$ 386,271