

Financial Statements of

**SPECIAL OLYMPICS MANITOBA  
INCORPORATED**

And Independent Auditor's Report thereon

Year ended June 30, 2024



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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, 2024, 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, 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 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and expenses beyond ensuring that the revenues reported as received were deposited in the bank and the expenses were withdrawn from the bank.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, 2024 and June 30, 2023;
- 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, 2024 and June 30, 2023;
- 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, 2024 and June 30, 2023; and
- the excess of revenue over expenses reported in the statements of cash flows for the years ended June 30, 2024 and June 30, 2023.

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

October 4, 2024

# SPECIAL OLYMPICS MANITOBA INCORPORATED

## Statement of Financial Position

June 30, 2024, with comparative information for 2023

	2024	2023
<b>Assets</b>		
Current assets:		
Cash (note 3)	\$ 828,727	\$ 868,508
Short-term investments (note 3)	320,000	220,000
Accounts receivable	210,714	117,260
Prepaid expenses	15,754	15,615
	<u>1,375,195</u>	<u>1,221,383</u>
Long-term investments (note 3)	1,275,111	1,170,484
Capital assets (note 4)	92,767	9,119
Deferred gifts (note 5[b])	401,409	401,409
	<u>\$ 3,144,482</u>	<u>\$ 2,802,395</u>

## Liabilities, Deferred Contributions and Net Assets

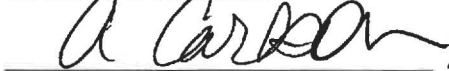
Current liabilities:		
Accounts payable and accrued liabilities	\$ 115,198	\$ 56,534
Deferred contributions (note 5):		
Expenses related to future periods	182,082	211,306
Capital assets	46,514	—
Deferred gifts	401,409	401,409
	<u>630,005</u>	<u>612,715</u>
Net assets:		
Invested in capital assets	46,253	9,119
Unrestricted	2,353,026	2,124,027
	<u>2,399,279</u>	<u>2,133,146</u>

Commitments (note 9)

	<u>\$ 3,144,482</u>	<u>\$ 2,802,395</u>
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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, 2024, with comparative information for 2023

	2024	2023
Revenue:		
Grants and donations:		
Sport Manitoba	\$ 146,200	\$ 148,385
Special Olympics Canada	270,013	232,000
Motionball	55,431	72,418
Other donations	264,448	115,237
	<u>736,092</u>	<u>568,040</u>
Fundraising activities (note 6)	1,214,161	1,009,600
Other income:		
Investment income	82,606	55,486
Grassroots	197,184	130,513
Provincial Games	48,076	28,372
Amortization of deferred contributions related to capital assets	5,888	—
Other	673	562
	<u>334,427</u>	<u>214,933</u>
	<u>2,284,680</u>	<u>1,792,573</u>
Expenses:		
Activities (schedule)	866,753	908,615
General and administration (schedule)	1,151,794	899,660
	<u>2,018,547</u>	<u>1,808,275</u>
Excess (deficiency) of revenue over expenses	\$ 266,133	\$ (15,702)

See accompanying notes to financial statements.

# SPECIAL OLYMPICS MANITOBA INCORPORATED

## Statement of Changes in Net Assets

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

	2024			2023	
	Unrestricted	Invested in capital assets	Total	Total	
Net assets, beginning of year	\$ 2,124,027	\$ 9,119	\$ 2,133,146	\$ 2,148,848	
Excess (deficiency) of revenue over expenses	274,954	(8,821)	266,133	(15,702)	
Transfer for capital asset additions	(45,955)	45,955	—	—	
Net assets, end of year	\$ 2,353,026	\$ 46,253	\$ 2,399,279	\$ 2,133,146	

See accompanying notes to financial statements.

# SPECIAL OLYMPICS MANITOBA INCORPORATED

## Statement of Cash Flows

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

	2024	2023
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ 266,133	\$ (15,702)
Items not involving cash:		
Unrealized gain on investments	(63,742)	(70,750)
Amortization of capital assets	14,709	2,846
Amortization of deferred contributions related to capital assets	(5,888)	—
Change in the following:		
Accounts receivable	(93,454)	55,811
Prepaid expenses	(139)	1,110
Accounts payable and accrued liabilities	58,664	(75,152)
Deferred contributions, expenses related to future periods, net	(29,224)	27,846
	147,059	(73,992)
Investing activities:		
Purchase of capital assets	(98,357)	—
Change in investments, net	(140,885)	(193,308)
	(239,242)	(193,308)
Financing activities:		
Repayment of loan payable	—	(40,000)
Increase in deferred contributions related to capital assets	52,402	—
	52,402	(40,000)
Decrease in cash	(39,781)	(307,300)
Cash, beginning of year	868,508	1,175,808
Cash, end of year (note 3)	\$ 828,727	\$ 868,508

See accompanying notes to financial statements.



# SPECIAL OLYMPICS MANITOBA INCORPORATED

Notes to Financial Statements

Year ended June 30, 2024

## 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, 2024

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## 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.

# SPECIAL OLYMPICS MANITOBA INCORPORATED

Notes to Financial Statements (continued)

Year ended June 30, 2024

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## 2. Significant accounting policies (continued):

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.

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) 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, 2024

## 3. Cash and investments:

	2024	2023
Cash:		
Cash in bank	\$ 478,940	\$ 546,103
Regional Councils cash in bank	349,787	322,405
	<u>828,727</u>	<u>868,508</u>
Short-term investments:		
RBC prime linked cashable government investment certificate (GIC), variable interest, due June 3, 2025	100,000	—
RBC GIC, 3.50% (2023 – 3.22%), due November, 2024	100,000	100,000
RBC GIC, 3.60% (2023 – 3.25%), due April 1, 2025	35,000	35,000
RBC GIC, 3.70% (2023 – 4.30%), due October 17, 2024	35,000	35,000
RBC GIC, 4.00% (2023 – 4.75%), due April 19, 2025	50,000	50,000
	<u>320,000</u>	<u>220,000</u>
Long-term investments:		
Government and corporate fixed income	620,039	455,321
Mutual funds - fixed income	305,364	302,326
Canadian equities	147,498	157,339
United States equities	113,842	168,472
International equities	88,368	87,026
	<u>1,275,111</u>	<u>1,170,484</u>
Total cash and investments	<u>\$ 2,423,838</u>	<u>\$ 2,258,992</u>

Investments are carried at fair value. During the year ended June 30, 2024 there was an unrealized gain of \$63,742 (2023 - unrealized gain of \$70,750) recognized in investment income on the investments held by the organization.

The government and corporate fixed income investments mature between fiscal 2025 and fiscal 2051 and bear a weighted average effective yield of 0.74 percent (2023 - 1.25 percent).

# SPECIAL OLYMPICS MANITOBA INCORPORATED

Notes to Financial Statements (continued)

Year ended June 30, 2024

## 4. Capital assets:

			2024	2023
	Cost	Accumulated amortization	Net book value	Net book value
Office equipment	\$ 122,697	\$ 117,939	\$ 4,758	\$ 5,949
Computer hardware and software	108,260	106,041	2,219	3,170
Leasehold improvements	98,358	12,568	85,790	—
	\$ 329,315	\$ 236,548	\$ 92,767	\$ 9,119

## 5. Deferred contributions:

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

	2024	2023
Sport Manitoba - program	\$ 22,755	\$ 22,755
Funds received for the next fiscal year's activities	159,327	188,551
	\$ 182,082	\$ 211,306

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

	2024	2023
Balance, beginning of year	\$ 211,306	\$ 183,460
Add amount received related to future periods	119,816	233,468
Less amounts recognized as revenue in the year	(140,540)	(205,622)
Less refund of unused amounts	(8,500)	—
Balance, end of year	\$ 182,082	\$ 211,306

# SPECIAL OLYMPICS MANITOBA INCORPORATED

Notes to Financial Statements (continued)

Year ended June 30, 2024

## 5. Deferred contributions (continued):

### (b) Capital assets:

Deferred capital contributions related to capital assets represent the unamortized amount of grants and other contributions received for the purchase of capital assets.

	2024	2023
Balance, beginning of year	\$ —	\$ —
Add contributions received	52,402	—
Less amounts amortized to revenue	(5,888)	—
Balance, end of year	\$ 46,514	\$ —

### (c) 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.

## 6. Fundraising activities:

Fundraising activities are comprised of the following:

	2024	2023
Corporate Campaign	\$ 136,894	\$ 146,048
Special Olympics Canada Sponsorship	146,583	153,065
Wolseley Open Golf Tournament	89,127	59,455
Stars Fore! Golf Tournament	72,721	96,670
Law Enforcement Torch Run	169,517	92,746
Winnipeg Wine Festival	577,818	432,584
Grassroot Fundraising	1,875	3,976
Ultimate Unified Games	19,626	—
Other activities	—	25,056
	\$ 1,214,161	\$ 1,009,600

# SPECIAL OLYMPICS MANITOBA INCORPORATED

Notes to Financial Statements (continued)

Year ended June 30, 2024

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## 7. 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 2024, the organization reinvested investment income earned of \$2,447 (2023 - \$2,157) in the endowment fund. The fair value of the endowment fund at June 30, 2024 was \$133,771 (2023 - \$119,882).

## 8. 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.

### (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.

# SPECIAL OLYMPICS MANITOBA INCORPORATED

Notes to Financial Statements (continued)

Year ended June 30, 2024

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## 8. Financial risks (continued):

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.

There has been no change to the risk exposures from 2023.

## 9. Commitments:

The organization is committed under an operating lease for office space which expires on March 31, 2027. Annual payments are as follows:

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2025	35,856
2026	35,856
2027	26,892

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## 10. Comparative figures:

Where appropriate, comparative figures for 2023 have been reclassified in order to conform to the presentation adopted in 2024.



# SPECIAL OLYMPICS MANITOBA INCORPORATED

## Schedule - Expenses

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

	2024	2023
Activities:		
Fundraising activities:		
Corporate fundraising	\$ —	\$ 23,940
Law Enforcement Torch Run	47,350	34,340
Other fundraising activities	1,664	11,365
Stars Fore! Golf Tournament	43,421	40,568
Ultimate Unified Games	11,129	—
Winnipeg Wine Festival	312,123	239,522
Wolseley Golf Tournament	26,540	41,568
National games	153,488	—
Program development	271,038	331,522
Provincial games	—	185,790
	<b>\$ 866,753</b>	<b>\$ 908,615</b>
General and administration:		
Accreditation fee	\$ 15,884	\$ 14,845
Amortization	14,709	2,846
Bank charges	25,950	16,984
Board/staff development	43,008	22,488
General office	75,962	16,158
Information technology services	46,321	39,519
Insurance	7,958	13,604
Marketing and promotions	17,396	33,608
Professional fee	78,363	16,661
Rent	36,752	36,752
Telephone	13,697	12,980
Wages and benefits	775,794	673,215
	<b>\$ 1,151,794</b>	<b>\$ 899,660</b>