

Special Olympics Alberta Association
Financial Statements
June 30, 2025

To the Members of Special Olympics Alberta Association:

Qualified Opinion

We have audited the financial statements of Special Olympics Alberta Association (the "Association"), which comprise the statement of financial position as at June 30, 2025, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at June 30, 2025, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

The Association's financial statements do not report the assets, liabilities, revenue and expenses of the provincial affiliates over which the Association has control, which constitutes a departure from Canadian accounting standards for not-for-profit organizations. Financial information for the provincial affiliates is not readily available on a timely basis nor in the form of financial statements prepared using generally accepted accounting principles. Therefore, the impact on the June 30, 2025 and 2024 financial statements is not determinable.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Association in accordance with 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.

Other Matter

The financial statement for the year ended June 30, 2024 were audited by another auditor who expressed a qualified opinion on those statements on November 1, 2024 due to the Association deriving revenue from general donations, the completeness of which is not susceptible to satisfactory audit verification.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the Annual Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Edmonton, Alberta

October 29, 2025

MNP LLP

Chartered Professional Accountants

Special Olympics Alberta Association

Statement of Financial Position

As at June 30, 2025

	2025	2024
Assets		
Current		
Cash	484,684	807,744
Investments (Note 3)	2,681,224	2,475,213
Accounts receivable (Note 4)	745,678	721,713
Prepaid expenses and deposits	225,652	17,947
	4,137,238	4,022,617
Capital assets (Note 5)	4,624	22,102
Intangible assets	33,330	53,840
	4,175,192	4,098,559
Liabilities		
Current		
Accounts payable and accruals (Note 6)	123,184	225,850
Deferred revenue (Note 7)	1,078,997	1,033,513
	1,202,181	1,259,363
Commitments (Note 10)		
Net Assets		
Unrestricted	1,399,395	1,385,671
Contingency fund (Note 9)	1,535,662	1,385,588
Invested in capital and intangible assets	37,954	67,937
	2,973,011	2,839,196
	4,175,192	4,098,559

Approved on behalf of the Board

signed by "Joshua Letendre"

Director

signed by "Caroline Barham"

Director

The accompanying notes are an integral part of these financial statements

Special Olympics Alberta Association
Statement of Operations
For the year ended June 30, 2025

	2025	2024
Revenue		
National sponsors	516,408	458,567
Alberta Gaming, Liquor and Cannabis <i>(Note 7)</i>	407,874	434,769
Events and fundraising	391,791	256,747
Foundation Income	264,682	269,937
Government funding - Provincial <i>(Note 7), (Note 8)</i>	230,537	133,121
Government funding - Federal <i>(Note 7)</i>	226,864	214,097
General donations	138,451	190,529
	2,176,607	1,957,767
Expenses		
Affiliate services <i>(Note 12)</i>	1,119,247	791,547
Sport program and events <i>(Note 12)</i>	341,174	318,027
Provincial Games	140,194	1,067
Fund development <i>(Note 12)</i>	130,202	235,757
Partnerships	126,197	-
Law Enforcement Torch Run	106,409	93,502
Unified sports programs	93,660	112,688
Communications	75,925	76,324
Administration <i>(Note 12)</i>	34,108	26,883
Alberta Gaming, Liquor and Cannabis	23,470	62,187
Amortization of capital assets	21,073	7,691
Amortization of intangible assets	20,510	7,799
Team Alberta (national games)	-	242,187
	2,232,169	1,975,659
Deficiency of revenue over expenses before other items	(55,562)	(17,892)
Other items		
Unrealized gain on investments	102,861	84,812
Investment income	60,428	47,752
Interest income	39,795	52,029
Loss on disposal of capital assets	(492)	-
Investment management fees	(13,215)	(11,705)
	189,377	172,888
Excess of revenue over expenses	133,815	154,996

The accompanying notes are an integral part of these financial statements

Special Olympics Alberta Association Statement of Changes in Net Assets

For the year ended June 30, 2025

	<i>Invested in capital and intangible assets</i>	<i>Contingency fund</i>	<i>Unrestricted</i>	2025	2024
Net assets, beginning of year	67,937	1,385,588	1,385,671	2,839,196	2,684,200
Excess (deficiency) of revenue over expenses	(34,070)	-	167,885	133,815	154,996
Investment in capital and intangible assets	4,087	-	(4,087)	-	-
Transfer (Note 9)	-	150,074	(150,074)	-	-
Net assets, end of year	37,954	1,535,662	1,399,395	2,973,011	2,839,196

The accompanying notes are an integral part of these financial statements

Special Olympics Alberta Association

Statement of Cash Flows

For the year ended June 30, 2025

	2025	2024
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	133,815	154,996
Non-cash items		
Amortization of capital assets	21,073	7,691
Amortization of intangible assets	20,510	7,799
Loss on disposal of capital assets	492	-
Unrealized gain on investments	(102,861)	(84,812)
Re-invested investment income	(46,891)	(36,047)
	26,138	49,627
Changes in working capital accounts		
Accounts receivable	(23,965)	(289,174)
Prepaid expenses and deposits	(207,705)	(7,123)
Accounts payable and accruals	(102,666)	49,401
Deferred revenue	45,484	167,454
	(262,714)	(29,815)
Investing		
Purchase of capital assets	(4,087)	(7,809)
Purchase of intangible assets	-	(36,456)
Investment in guaranteed investment certificates	(1,222,031)	(147,402)
Redemption in guaranteed investment certificates	1,165,772	-
	(60,346)	(191,667)
Decrease in cash resources	(323,060)	(221,482)
Cash resources, beginning of year	807,744	1,029,226
Cash resources, end of year	484,684	807,744

The accompanying notes are an integral part of these financial statements

Special Olympics Alberta Association

Notes to the Financial Statements

For the year ended June 30, 2025

1. Incorporation and nature of the organization

Special Olympics Alberta Association (the "Association") is the provincial governing body for Special Olympics in Alberta, providing year-round sport training and competition opportunities for individuals with intellectual disabilities through a network of community-based affiliates.

For financial reporting purposes, the Association has determined that its affiliates are controlled entities under Part III of the CPA Canada Handbook - Accounting. Affiliates operate under the Association's authority and rely on it for governance, insurance, branding, and program direction. For the year ended June 30, 2025, the affiliates' financial information has not been consolidated with the Association's financial statements nor disclosed. The Association is working towards determining the appropriate approach for future reporting periods.

The Association is a not-for-profit organization incorporated under the *Societies Act (Alberta)* and is a registered charity under the *Income Tax Act*. The Association is exempt from income taxes under Subsection 149(1) of the *Income Tax Act*.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada, and include the following significant accounting policies:

Basis of accounting

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

Revenue recognition

The Association follows the deferral method of accounting for contributions, which include grants, donations, and Alberta Gaming, Liquor and Cannabis.

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.

National sponsors, events and fundraising, and foundation income are recognized in revenue in the year to which they relate.

Contributions of capital assets and contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

Interest and investment income earned on investments are recorded using the accrual method.

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less.

Investments

Investments with prices quoted in an active market are measured at fair value while those that are not quoted in an active market are measured at cost less impairment. Changes in fair value are recorded immediately in the excess of revenues over expenses.

Special Olympics Alberta Association
Notes to the Financial Statements
For the year ended June 30, 2025

2. **Significant accounting policies** *(Continued from previous page)*

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution plus all costs directly attributable to the acquisition.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

	Method	Rate
Computer equipment	straight-line	3 years

Intangible asset

Specified intangible assets are recognized and reported apart from goodwill.

An intangible asset recognized separately from goodwill and subject to amortization is recorded at cost. Contributed intangible assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the straight-line method at a rate intended to amortize the cost of intangible asset over its estimated useful life.

Method	Rate
straight-line	3 years

When an intangible asset no longer contributes to the Association's ability to provide goods or services, or the value of future economic benefits or service potential associated with the intangible asset is less than its net carrying amount, its carrying amount is written down to fair value.

Long-lived assets

Long-lived assets consist of capital assets and intangible assets with finite useful lives. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Association writes down long-lived assets held for use when conditions indicate that the asset no longer contributes to the Association's ability to provide goods and services. The assets are also written-down when the value of future economic benefits or service potential associated with the asset is less than its net carrying amount. When the Association determines that a long-lived asset is impaired, its carrying amount is written down to the asset's fair value.

Contributed materials

Contributions of materials and services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials are used in the normal course of the Association's operations and would otherwise have been purchased. Volunteer hours and services are not recognized in the financial statements due to the difficulty in determining their fair value.

Allocation of expenses

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

2. Significant accounting policies *(Continued from previous page)*

Financial instruments

The Association recognizes financial instruments when the Association becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Association may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Association has not made such an election during the year.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess of revenues over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Related party financial instruments

The Association initially measures investments or debt instruments with a quoted market value originated in a related party transaction ("related party financial instruments") at fair value.

At initial recognition, the Association may elect to subsequently measure related party debt instruments that are quoted in active market, or that have observable inputs significant to the determination of fair value, at fair value.

The Association has not made such an election during the year, thus all such related party debt instruments are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of related party financial instruments are immediately recognized in excess of revenues over expenses.

Financial asset impairment

The Association assesses impairment of all its financial assets measured at cost or amortized cost. The Association reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

Any impairment, which is not considered temporary, is included in current year excess of revenues over expenses. The Association reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess of revenues over expenses in the year the reversal occurs.

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets and intangible assets.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the years in which they become known.

Special Olympics Alberta Association

Notes to the Financial Statements

For the year ended June 30, 2025

3. Investments

	2025	2024
Measured at cost:		
Cash	1,635	2,111
Fixed income	903,726	760,545
Guaranteed investment certificates, maturing December 2025, earning interest ranging from 3.45% - 3.50%	1,222,031	1,021,100
Guaranteed investment certificates, matured during the year	-	144,672
	2,127,392	1,928,428
Measured at fair value:		
Equity	553,832	546,785
	2,681,224	2,475,213

4. Accounts receivable

	2025	2024
Special Olympics Canada	405,630	407,975
Provincial affiliates	246,691	120,412
Other accounts receivable	61,729	136,515
Interest receivable	20,694	31,121
Public service bodies' rebate	10,934	14,484
Government of Alberta	-	11,206
	745,678	721,713

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

5. Capital assets

		<i>Accumulated</i>	<i>2025</i>	<i>2024</i>
	<i>Cost</i>	<i>amortization</i>	<i>Net book</i>	<i>Net book</i>
			<i>value</i>	<i>value</i>
Computer equipment	59,308	54,684	4,624	22,102

6. Accounts payable and accruals

Included in accounts payable and accruals are amounts owing to provincial affiliates of \$1,447 (2024 - \$142,266).

Special Olympics Alberta Association

Notes to the Financial Statements

For the year ended June 30, 2025

7. Deferred revenue

Deferred revenue consists of externally restricted funding which has not been expended at year-end:

	Opening balance	Contributions received	Contributions recognized	
Alberta Gaming, Liquor and Cannabis	519,180	331,383	(407,874)	442,689
Community programs	134,797	94,930	(63,655)	166,072
Government of Canada	13,886	-	(13,886)	-
Grande Prairie Summer Games	-	94,430	-	94,430
Medicine Hat Summer Games	62,853	3,850	(20,000)	46,703
Special Olympics Canada	142,159	29,700	(93,762)	78,097
Special Olympics International	14,253	12,072	(14,253)	12,072
Other	-	43,136	-	43,136
	887,128	609,501	(613,430)	883,199
Government of Alberta (Note 8)				
Every Kid Can Play	146,385	155,000	(147,237)	154,148
Sport, Physical Activity and Recreation	-	124,950	(83,300)	41,650
	146,385	279,950	(230,537)	195,798
	1,033,513	889,451	(843,967)	1,078,997

Deferred revenue includes \$nil (2024 - \$8,005) of unamortized amounts that were spent on capital expenditures. Deferred revenue related to community programs consist of amounts held on behalf of provincial affiliates.

8. Government Funding - Provincial

Government of Alberta grants received during the year are as follows:

	2025	2024
Every Kid Can Play	155,000	185,000
Sport, Physical Activity and Recreation	124,950	83,300
	279,950	268,300

9. Contingency fund

In 2008, the Association's Board of Directors internally restricted \$75,000 of net assets to be used as a contingency fund. During the year ended June 30, 2014, the Association received an unrestricted contribution of \$600,000 from a personal estate, and during the year ended June 30, 2017, received an additional unrestricted contribution of \$347,904 from a personal estate. The Board of Directors has resolved to internally restrict these contributions, plus income earned on the investment of the funds, in the contingency fund.

10. Commitments

The Association has a long-term lease with respect to its premises and shares the operating costs with the landlord. In 2024, the Association amended the lease and the lease agreement for a fixed term from October 1, 2022 through September 30, 2026. The current monthly rent rate is \$2,243 (2024 - \$1,929) plus GST.

Special Olympics Alberta Association

Notes to the Financial Statements

For the year ended June 30, 2025

11. Salaries and benefits

Total salaries and benefits included in expenses are \$1,362,823 (2024 - \$759,948).

12. Related party transactions

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

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

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

Transactions during the year are as follows:

Provincial affiliates

	2025	2024
Expenses		
Affiliate services	869,605	759,478
Grants, revenue sharing, and eligible program expenses included in affiliate services and fund development	250,149	126,755
Sport and programs and events expenses	-	32,069
	1,119,754	918,302

Special Olympics Canada Inc.

	2025	2024
Expenses		
Administration	11,849	17,377
Affiliate services	8,068	8,275
	19,917	25,652

13. Financial instruments

The Association, as part of its operations, carries a number of financial instruments. It is management's opinion that the Association is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Credit Risk

The Association is exposed to credit risk through its accounts receivable. The maximum amount of credit risk exposure is limited to the carrying value of the balances as disclosed in these financial statements. The Association manages its exposure to credit risk by assessing, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

Accounts receivable from two sources (2024 - two sources) represents 79% (2024 - 71%) of total accounts receivable as at June 30, 2025. The Association believes that there is minimal risk associated with the collection of these receivables.

13. Financial instruments *(Continued from previous page)*

Liquidity risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting obligations associated with financial liabilities. The Association manages its liquidity risk by monitoring operating requirements. The Association prepares budgets to ensure it has sufficient funds to fulfill its obligations.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. The Association is exposed to interest rate risk primarily relating to guaranteed investment certificates which earn interest at a fixed rate (Note 3).

Other price risk

The Association is exposed to other price risk through changes in market prices in connection with its investments in equity securities (Note 3).

14. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.