SPECIAL OLYMPICS ASIA PACIFIC, LTD.
(Registration No: 200906631E)

Statement by Directors and Financial Statements

Reporting Year Ended 31 December 2022

RSM Chio Lim LLP

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Statement by Directors and Financial Statements

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Statement by Directors

The directors of Special Olympics Asia Pacific, Ltd. (the "company") are pleased to present the audited financial statements of the company for the reporting year ended 31 December 2022.

1. Opinion of the directors

In the opinion of the directors,

(a) the accompanying financial statements are drawn up so as to give a true and fair view of the financial position and performance of the company for the reporting year covered by the financial statements; and

(b) at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

The board of directors approved and authorised these financial statements for issue.

2. Directors

The directors of the company in office at the date of this statement are:

Mary Davis
Goh Su Ping Amanda
Miao Yin-Wei Philip
Cho Jessica Mina
Ernest Ziegler Bower IV
Money S/O Kanagasabapathy
Siow Khai Tziat
Raju Venkataraman
Woodhead Pippa Louise (appointed on 15 March 2023)

3. Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

The company is a company limited by guarantee and has no share capital.

4. Options

The company is a company limited by guarantee. As such, there are no share options or unissued shares of the company under option.

5. Independent auditor

RSM Chio Lim LLP has expressed willingness to accept re-appointment.

On behalf of the directors

DocuSigned by:
Mary Davis
30CCCF589E26450
Mary Davis
Director

DocuSigned by:
V. Raju
50453AB047A9417
Raju Venkataraman
Director

21 August 2023

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Independent Auditor's Report to the Member of
SPECIAL OLYMPICS ASIA PACIFIC, LTD.

Report on the financial statements

Opinion

We have audited the accompanying financial statements of Special Olympics Asia Pacific, Ltd (the "company"), which comprise the statement of financial position as at 31 December 2022, and the statement of financial activities, statement of changes in funds and statement of cash flows for the reporting year then ended, and notes to the financial statements, including the significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act"), the Charities Act 1994 and other relevant regulations (the "Charities Act and Regulations") and Financial Reporting Standards in Singapore ("FRS") so as to give a true and fair view of the financial position of the company as at 31 December 2022 and of the financial performance, changes in funds and cash flows of the company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). 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 company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises the information included in the statement by directors and annual 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. If, based on the work we have performed, 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 directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act, the Charities Act and Regulations and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the company'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 company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the company'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 SSAs 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 SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

a) 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.

b) 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 company's internal control.

c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Auditor's responsibilities for the audit of the financial statements (cont'd)

d) 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 company'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 company to cease to continue as a going concern.

e) 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 the directors 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.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required to be kept by the company have been properly kept in accordance with the provisions of the Companies Act and the Charities Act and Regulations.

During the course of our audit, nothing has come to our attention that causes us to believe that during the year, the company has not complied with the requirements of Regulation 7 of the Charities (Fund-Raising Appeals for Local and Foreign Charitable Purposes) Regulations 2012.

The engagement partner on the audit resulting in this independent auditor's report is Poh Chin Beng.

RSM Chio Lim LLP

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

21 August 2023

Statement of Financial Activities
Reporting Year Ended 31 December 2022

		Unrestricted			Restricted			
	Notes	Accumulated Funds US$	Member's fund US$	Sub Total US$	Programme Fund A (Note 15A) US$	Programme Fund B (Note 15B) US$	Sub Total US$	Total US$
2022:								
Income								
Income from fundraising activities		1,133,064	–	1,133,064	–	–	–	1,133,064
Other income		53,835	–	53,835	140,978	–	140,978	194,813
Interest income		21,294	–	21,294	–	–	–	21,294
Foreign exchange gains, net	4	12,496	–	12,496	–	–	–	12,496
Total income		1,220,689	–	1,220,689	140,978	–	140,978	1,361,667
Expense								
Cost of fundraising activities		(116,329)	–	(116,329)	–	–	–	(116,329)
Employee benefit expenses	5	(882,589)	–	(882,589)	–	–	–	(882,589)
Depreciation of plant and equipment	6	(11,162)	–	(11,162)	–	–	–	(11,162)
Depreciation of right-of-use asset	7	(37,551)	–	(37,551)	–	–	–	(37,551)
Other operating and administrative expenses		(160,521)	–	(160,521)	(75,417)	(32,500)	(107,917)	(268,438)
Interest on lease liabilities	10	(1,695)	–	(1,695)	–	–	–	(1,695)
Total expenditure		(1,209,847)	–	(1,209,847)	(75,417)	(32,500)	(107,917)	(1,317,764)
Net surplus / (deficit) for the reporting year		10,842	–	10,842	65,561	(32,500)	33,061	43,903
Balance at 1 January 2022		(245,665)	1,149,716	904,051	49,985	32,500	82,485	986,536
Balance at 31 December 2022		(234,823)	1,149,716	914,893	115,546	–	115,546	1,030,439

The accompanying notes form an integral part of these financial statements.

Statement of Financial Activities
Reporting Year Ended 31 December 2021

		Unrestricted			Restricted				
	Notes	Accumulated Funds US$	Member's fund US$	Sub Total US$	Programme Fund A (Note 15A) US$	Programme Fund B (Note 15B) US$	Sponsorship Fund (Note 14) US$	Sub Total US$	Total US$
2021:									
Income									
Income from fundraising activities		1,328,925	–	1,328,925	–	–	–	–	1,328,925
Donations		60,000	–	60,000	138,832	100,000	–	238,832	298,832
Other income		58,835	–	58,835	–	–	–	–	58,835
Interest income		3,227	–	3,227	–	–	–	–	3,227
Total income		1,450,987	–	1,450,987	138,832	100,000	–	238,832	1,689,819
Expense									
Cost of fundraising activities		(207,465)	–	(207,465)	–	–	–	–	(207,465)
Employee benefit expenses	5	(704,150)	–	(704,150)	–	–	–	–	(704,150)
Depreciation of plant and equipment	6	(657)	–	(657)	–	–	–	–	(657)
Depreciation of right-of-use assets	7	(37,550)	–	(37,550)	–	–	–	–	(37,550)
Other operating and administrative expenses		(275,896)	–	(275,896)	(88,847)	(67,500)	(81,429)	(237,776)	(513,672)
Foreign exchange losses, net	4	(58,991)	–	(58,991)	–	–	–	–	(58,991)
Interest on lease liabilities	10	(332)	–	(332)	–	–	–	–	(332)
Total expenditure		(1,285,041)	–	(1,285,041)	(88,847)	(67,500)	(81,429)	(237,776)	(1,522,817)
Net surplus for the reporting year		165,946	–	165,946	49,985	32,500	(81,429)	1,056	167,002
Balance at 1 January 2021		(411,611)	1,149,716	738,105	–	–	81,429	81,429	819,534
Balance at 31 December 2021		(245,665)	1,149,716	904,051	49,985	32,500	–	82,485	986,536

The accompanying notes form an integral part of these financial statements.

Statement of Financial Position
As at 31 December 2022

	Notes	2022 US$	2021 US$
ASSETS			
Non-current assets			
Plant and equipment	6	37,455	7,231
Right-of-use asset	7	74,308	–
Total non-current assets		111,763	7,231
Current assets			
Other receivables	8	55,403	73,157
Cash and cash equivalents	9	3,376,526	3,452,507
Total current assets		3,431,929	3,525,664
Total assets		3,543,692	3,532,895
FUND AND LIABILITIES			
Funds			
Accumulated funds		(234,823)	(245,665)
Member's fund	13	1,149,716	1,149,716
Programme funds	15	115,546	82,485
Total funds		1,030,439	986,536
Non-Current liability			
Lease liabilities	10	37,012	–
		37,012	–
Current liabilities			
Lease liabilities	10	39,003	–
Other payables	11	2,415,972	2,525,093
Other non-financial liabilities	12	21,266	21,266
Total current liabilities		2,476,241	2,546,359
Total liabilities		2,513,253	2,546,359
Total fund and liabilities		3,543,692	3,532,895

The accompanying notes form an integral part of these financial statements.

Statement of Changes in Funds
Reporting Year Ended 31 December 2022

	Accumulated Funds US$	Member's Fund US$	Programme Fund A (Note 15A) US$	Programme Fund B (Note 15B) US$	Sponsorship Fund (Note 14) US$	Total Funds US$
Current year:						
Opening balance at 1 January 2022	(245,665)	1,149,716	49,985	32,500	–	986,536
Changes in funds:						
Total surplus / (deficit) for the year	10,842	–	65,561	(32,500)	–	43,903
Closing balance at 31 December 2022	(234,823)	1,149,716	115,546	–	–	1,030,439
Previous year:						
Opening balance at 1 January 2021	(411,611)	1,149,716	–	–	81,429	819,534
Changes in funds:						
Total surplus / (deficit) for the year	165,946	–	49,985	32,500	(81,429)	167,002
Closing balance at 31 December 2021	(245,665)	1,149,716	49,985	32,500	–	986,536

The accompanying notes form an integral part of these financial statements.

Statement of Cash Flows
Reporting Year Ended 31 December 2022

	2022 US$	2021 US$
Cash flows from operating activities		
Surplus for the reporting year	43,903	167,002
Adjustment for:		
Interest income	(21,294)	(3,227)
Interest on lease liabilities	1,695	332
Depreciation of plant and equipment	11,162	657
Depreciation of right-of-use asset	37,551	37,550
Operating cash flows before changes in working capital	73,017	202,314
Other receivables	(30,338)	9,388
Other payables	24,046	5,394
Cash restricted in use	(33,061)	(1,056)
Net cash flows from operating activities	33,664	216,040
Cash flows used in investing activities		
Purchase of plant and equipment	(41,386)	(7,888)
Interest income received	21,294	3,227
Net cash flows used in investing activities	(20,092)	(4,661)
Cash flows used in financing activities		
Net movements in other payables to member	(85,075)	(57,602)
Payments of principal and interest of lease liabilities	(37,539)	(38,415)
Net cash flows used in financing activities	(122,614)	(96,017)
Net (decrease) / increase in cash and cash equivalents	(109,042)	115,362
Cash and cash equivalents, beginning balance	3,370,022	3,254,660
Cash and cash equivalents, ending balance (Note 9)	3,260,980	3,370,022

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements
31 December 2022

1. General

The company is incorporated in Singapore as a company limited by guarantee. It is registered as a Charity under the Charities Act 1994. The financial statements are presented in United States dollars.

The board of directors approved and authorised these financial statements for issue on the date of the statement by directors. The directors have the power to amend and reissue the financial statements.

The principal activities of the company are that of raising, holding and distributing funds to support Accredited Special Olympics Programs and Special Olympics Games Organizing Committees in the Asia Pacific Region to provide year-round sports training and athletic competition in a variety of Olympic-type sports for children and adults with intellectual disabilities, giving them continuing opportunities to develop physical fitness, demonstrate courage, experience joy and participate in a sharing of gifts, skills and friendship with their families, other Special Olympics athletes and the community.

The member of the company has undertaken to contribute such amount not exceeding S$1.00 to the assets of the company in the event the company is wound up and the monies are required for payment of liabilities of the company. The member of the company is Special Olympics Inc.

The memorandum and articles of the company restricts the use of accumulated fund to the furtherance of the objects of the company. They prohibit the payment of dividends to the member of the company.

The company is one of the two members of Special Olympics Community Services Ltd. ("SOCS") and has undertaken to contribute such amount not exceeding S$1.00 each to the assets of SOCS in the event SOCS is wound up and the monies are required for payment of liabilities of SOCS.

The registered office is: 354 Tanglin Road #01-11/12, Tanglin International Centre, Singapore 247672. The principal place of business is in Singapore.

Statement of compliance with financial reporting standards

The financial statements of the company have been prepared in accordance with the Singapore Financial Reporting Standards ("FRSs") and the related interpretations to FRS ("INT FRS") as issued by the Accounting Standards Committee under Accounting and Corporate Regulatory Authority ("ACRA"). The company is in compliance with the provisions of the Companies Act 1967 and Charities Act 1994.

Accounting convention

The financial statements are prepared on a going concern basis under the historical cost convention except where FRSs require an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in financial reporting standards may not be applied when the effect of applying them is not material. The disclosures required by FRSs may not be provided if the information resulting from that disclosure is not material.

1. General (cont'd)

Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the 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 year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

2. Significant accounting policies and other explanatory information

2A. Significant accounting policies

Income recognition

The financial reporting standard on revenue from contracts with customers establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer (which excludes estimates of variable consideration that are subject to constraints, such as right of return exists and modifications), net of any related sales taxes and excluding any amounts collected on behalf of third parties. An asset (goods or services) is transferred when or as the customer obtains control of that asset. As a practical expedient, the effects of any significant financing component is not adjusted if the payment for the good or service will be within one year.

(i) <u>Donation and corporate sponsorship</u>

Income from donation and corporate sponsorships are recognised at a point in time when received.

(ii) <u>Fund raising</u>

Donations from fund raising campaigns are recognised as income when received.

(iii) <u>Grant income</u>

A grant is recognised at fair value when there is reasonable assurance that the conditions attaching to it will be complied with and that the grant will be received. Grants in recognition of specific expenses are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate, on a systematic basis.

Gifts in kind

A gift in kind is included in the statement of financial activities based on an estimate of the fair value at the date of the receipt of the gift of the non-monetary asset or the grant of a right to the monetary asset. The gift is recognised if the amount of the gift can be measured reliably and there is no uncertainty that it will be received.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it is obligated to contribute to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). For employee leave entitlement, the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

Foreign currency transactions

The functional currency is the United States dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. The presentation is in the functional currency.

Income tax

As a charity, the company is exempt from tax on income and gains falling within section 13(zm)(1) of the Income Tax Act 1947 to the extent that these are applied to its charitable objects. No tax charges have arisen in the company.

Plant and equipment

Plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight-line basis to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The useful lives are as follows:

Furniture and fixtures	–	5 years
Computers and software	–	3 years
Leasehold improvements	–	3 years

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Plant and equipment (cont'd)

The gain or loss arising from derecognition of an item of plant and equipment is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Right-of-use-assets

The right-of-use-assets are accounted and presented as if they were owned such as plant and equipment. Right-of-use assets are depreciated over 3 years based on the lease term.

Leases of lessee

A lease conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A right-of-use asset is capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. A liability corresponding to the capitalised right-of-use asset is also recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. The right-of-use asset is depreciated over the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. An interest expense is recognised on the lease liability (included in finance costs). For short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office equipment) where an accounting policy choice exists under the lease standard, the lease payments are expensed to profit or loss as incurred on a straight line basis over the remaining lease term.

Carrying amounts of non-financial assets

The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year, non-financial assets with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation, if no impairment loss had been recognised.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Financial instruments

Recognition and derecognition of financial instruments:

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the company becomes party to the contractual provisions of the instrument. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. A financial liability is removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires.

At initial recognition, the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Classification and measurement of financial assets:

Financial assets are classified into (1) Financial asset classified as measured at amortised cost; (2) Financial asset that is an equity investment measured at fair value through other comprehensive income (FVTOCI); (3) Financial asset that is a debt asset instrument classified as measured at fair value through other comprehensive income (FVTOCI); and (4) Financial asset classified as measured at fair value through profit or loss (FVTPL).

At the end of the reporting year, the company had the following financial assets:

Financial asset classified as measured at amortised cost: A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL, that is (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Typically other receivables, bank and cash balances are classified in this category.

Classification and measurement of financial liabilities:

Financial liabilities are classified as at FVTPL in either of the following circumstances: (1) the liabilities are managed, evaluated and reported internally on a fair value basis; or (2) the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. All other financial liabilities are carried at amortised cost using the effective interest method. Reclassification of any financial liability is not permitted.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Cash and cash equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows, the item includes cash and cash equivalents less cash subject to restriction that form an integral part of cash management.

Fair value measurement

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, market observable data to the extent possible is used. If the fair value of an asset or a liability is not directly observable, an estimate is made using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety: Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change occurred.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

2B. Other explanatory information

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

2. Significant accounting policies and other explanatory information (cont'd)

2B. Other explanatory information (cont'd)

Funds

Fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated to specific purposes, if any, by action of the management. Externally restricted funds may only be utilised in accordance with the purposes established by the source of such funds or through the terms of an appeal and are in contrast with unrestricted funds over which management retains full control to use in achieving any of its institutional purposes. An expense resulting from the operating activities of a fund that is directly attributable to the fund is charged to that fund. Common expenses, if any, are allocated on a reasonable basis to the funds based on a method most suitable to that common expense unless impractical to do so.

2C. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Determination of functional currency:
Judgement is required to determine the functional currency of the reporting entity. Management considers economic environment in which the reporting entity operates and factors such as the currency that mainly influences the prices for its revenue items; the currency of the country whose competitive forces and regulations mainly determine the prices for its revenue items; and the currency that mainly influences labour, material and other costs of providing goods or services. It also considers other relevant factors that may also provide evidence of an entity's functional currency.

3. Related party relationships and transactions

The financial reporting standard on related party disclosures requires the reporting entity to disclose: (a) related party relationships, transactions and outstanding balances, including commitments; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

3A. Member of a group

Name	Relationship	Country of incorporation
Special Olympics Inc.	Member	United States of America

3. Related party relationships and transactions (cont'd)

3B. Related party transactions

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances and transfer of resources, services or obligations, if any, are unsecured without fixed repayment terms and interest or charge unless stated otherwise.

In addition to the transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

	2022 US$	2021 US$
Member		
Grant income received	118,978	198,832

Accredited Programs and Games Organising Committees

Special Olympics Asia Pacific Ltd. ("SOAP") accredits organisations as programs in countries in the Asia Pacific region for the purpose of conducting Special Olympics activities in their respective territorial jurisdictions. SOAP accredits a Program if it meets specific organisational, programmatic, and legal requirements. Accredited Programs are authorised to use the Special Olympics name and logo, raise funds in the name of Special Olympics, receive grant support, and participate in conferences and regional sporting events sanctioned by SOAP. SOAP contracts with local games organising committees to conduct various regional Special Olympics games. As at 31 December 2022, there are 30 programs (2021: 30) are accredited.

In the reporting year ended 31 December 2022, SOAP made awards and grants of Nil (2021: US$122,468) to accredited Programs, which are included in other operating and administrative expenses in the statement of financial activities. Special Olympics International made the awards and grants directly to the accredited programs during the reporting year.

3C. Key management compensation

	2022 US$	2021 US$
Salaries and other short-term employee benefits	408,461	384,028
Contributions to defined contribution plan	20,382	18,786
	428,843	402,814

The above amounts are included under employee benefits expense.

Key management personnel include the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

The annual remuneration (comprising basic salary, bonuses, allowances and employer's contributions to Central Provident Fund) of the above key management personnel classified by remuneration bands are as follows:

	2022	2021
S$20,000 to S$99,999 (US$14,589 to US$72,943)	–	1
S$100,000 to S$199,999 (US$72,944 to US$145,887)	3	2

3. Related party relationships and transactions (cont'd)

3D. Other payables to related parties

The trade transactions and the related receivables and payables balances arising from sales and purchases of services are disclosed elsewhere in the notes to the financial statements.

The movements in other payables to related parties are as follows:

	Member	
	2022 US$	2021 US$
Other payables:		
Balance at beginning of the year	2,461,646	2,519,248
Amounts paid out and settlement of liabilities on behalf of member	(85,075)	(57,602)
Balance at end of the year (Note 11)	2,376,571	2,461,646

4. Other gains or losses

	2022 US$	2021 US$
Foreign exchange gains / (losses), net	12,496	(58,991)

5. Employee benefits expense

	2022 US$	2021 US$
Short term employee benefits expense [(a)]	725,909	558,668
Contributions to defined contribution plan	156,680	145,482
Total employee benefits expense	882,589	704,150

(a) Amounts are stated net of reimbursement from the member of US$104,309 (2021: US$154,977).

6. Plant and equipment

	Furniture and fixtures US$	Computers and software US$	Leasehold improvements US$	Total US$
Cost:				
At 1 January 2021	13,193	2,211	43,395	58,799
Additions	–	7,888	–	7,888
At 31 December 2021	13,193	10,099	43,395	66,687
Additions	–	–	41,386	41,386
At 31 December 2022	13,193	10,099	84,781	108,073
Accumulated depreciation:				
At 1 January 2021	13,193	2,211	43,395	58,799
Depreciation during the year	–	657	–	657
At 31 December 2021	13,193	2,868	43,395	59,456
Depreciation during the year	–	2,630	8,532	11,162
At 31 December 2022	13,193	5,498	51,927	70,618
Net book value:				
At 1 January 2021	–	–	–	–
31 December 2021	–	7,231	–	7,231
31 December 2022	–	4,601	32,854	37,455

7. Right-of-use asset

	Office premise US$
Cost:	
At 1 January 2021 and at 31 December 2021	112,652
Addition	111,859
Written-off	(112,652)
At 31 December 2022	111,859
Accumulated depreciation:	
At 1 January 2021	75,102
Depreciation for the year	37,550
At December 2021	112,652
Depreciation for the year	37,551
Written-off	(112,652)
At 31 December 2022	37,551
Carrying value:	
At 1 January 2021	37,550
At 31 December 2021	–
At 31 December 2022	74,308

The right-of-use assets relate to the office premise. It is depreciated over the period of the lease term on the straight line method. The lease rental term is negotiated for a term of three years.

During the reporting year, the company wrote off the cost and accumulated depreciation of the right-of-use asset of an expired lease.

8. Other receivables

	2022 US$	2021 US$
Deposits	10,707	65,930
Other receivables	44,696	7,227
	55,403	73,157

The other receivables at amortised cost shown above are subject to the expected credit loss model under the financial reporting standard on financial instruments. The other receivables at amortised cost and which can be graded as low risk individually are considered to have low credit risk. At the end of the first reporting period, a loss allowance is recognised at an amount equal to 12 month expected credit losses because there has not been a significant increase in credit risk since initial recognition. No loss allowance is necessary.

At each subsequent reporting date, an evaluation is made whether there is a significant change in credit risk by comparing the debtor's credit risk at initial recognition (based on the original, unmodified cash flows) with the credit risk at the reporting date (based on the modified cash flows). Adjustment to the loss allowance is made for any increase or decrease in credit risk.

9. Cash and cash equivalents

	2022 US$	2021 US$
Not restricted in use	3,260,980	3,370,022
Cash held under restricted funds (Notes 14 and 15)	115,546	82,485
	3,376,526	3,452,507
Interest earning balances	2,235,361	–

The interest earning balances pertain to fixed deposits with maturity period of 3 months to 1 year. The rate of interest for the fixed deposits range from 2.75% to 3.52% (2021: Nil) per annum. Fixed deposits with maturity period more than 3 months are classified as cash and cash equivalents as they are readily convertible to known amounts of cash without incurring significant costs.

10. Lease liabilities

	2022 $	2021 $
Lease liabilities, current	39,003	–
Lease liabilities, non-current	37,012	–
	76,015	–
Movements of lease liabilities for the reporting year are as follows:		
At beginning of the reporting year	–	38,083
Addition	111,859	–
Payments of principal and interest expenses of lease liabilities	(37,539)	(38,415)
Accretion of interest	1,695	332
At end of the reporting year	76,015	–

10. Lease liabilities (cont'd)

A summary of the maturity analysis of lease liabilities is disclosed in Note 16E to the financial statements. Total cash outflows from leases are shown in the statement of cash flows. The related right-of-use-asset is disclosed in Note 7 to the financial statements.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes to in-substance fixed payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

There were no future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities above. At reporting year date, there were no commitments on leases which had not yet commenced.

11. Other payables

	2022 US$	2021 US$
Member (Note 3D)	2,376,571	2,461,646
Accrued liabilities	39,401	63,447
	2,415,972	2,525,093

12. Other non-financial liabilities

	2022 US$	2021 US$
Provision for restoration costs	21,266	21,266
Movements in above provision:		
At beginning of the year and end of the year	21,266	21,266

The provision is based on the present value of costs to be incurred to remove the leasehold improvements from leased property. The estimate is based on quotations from external contractors. The unwinding of discount during the year is insignificant.

13. Member's Fund

Member's fund represents fund from member to safeguard the company's ability to continue as a going concern; to support the company's stability and growth; and to provide capital for the purpose of strengthening the company's risk management capability.

The company seeks to maintain an unrestricted fund of up to 15 months of operating costs. The member of the company actively and regularly reviews and manages the member's fund to ensure the company is adequately funded, taking into consideration the future capital requirements and capital efficiency, projected operating cash flows and capital expenditures.

	2022 US$	2021 US$
Annual operating expenditure	1,209,848	1,285,041
Unrestricted fund at end of the year [(a)]	914,893	904,051
Ratio of reserves to annual operating expenditures (times)	0.76	0.70

(a) Calculated as the sum of accumulated fund and member's fund

14. Sponsorship Fund

Sponsorship fund represented contributions from a sponsor over a period of three years from December 2017 to contribute to seven Special Olympics accredited national Programs in Indonesia, Vietnam, Singapore, Hong Kong, Thailand, Philippines and Japan.

The member of the company actively and regularly reviews and manages the sponsorship's fund to ensure the fund is disseminated to the accredited Programs to accomplish the sponsorship goals.

During the financial year ended 31 December 2020, this agreement was terminated and both the company and the sponsor agreed to release and discharge each other from further performance from the original sponsorship agreement.

	2022 US$	2021 US$
Accumulated changes to date	–	81,429
Total comprehensive loss for the year	–	(81,429)
	–	–
Represented by:		
Cash and bank balances (Note 9)	–	–
	–	–

15. Programme Funds

	2022 US$	2021 US$
Programme Funds are made up of:		
Programme Fund A	115,546	49,985
Programme Fund B	–	32,500
	115,546	82,485

The programme funds are represented by cash and bank balances (Note 9).

15A. Programme Fund A

Programme fund A represents contributions received from member for specific programmes. The monies are restricted to the operations of these programmes only. In keeping with the funds' intent for the use of monies, the reserves will not be transferred out of the programme for other purposes.

	2022 US$	2021 US$
Total comprehensive income for the reporting year	65,561	49,985

15B. Programme Fund B

Programme fund B represents contributions from FWD Group Management Holdings Ltd for certain Special Olympics accredited national Programs in Hong Kong and Singapore.

	2022 US$	2021 US$
Total comprehensive (expenses) / income for the reporting year	(32,500)	32,500

16. Financial instruments: information on financial risks

16A. Categories of financial assets and liabilities

The carrying amounts of financial assets and financial liabilities recorded at the end of the reporting year were measured at amortised cost.

Further quantitative disclosures are included throughout these financial statements.

16B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising currency risk. Management has certain practices for the management of financial risks. However these are not documented in formal written documents. The following guidelines are followed: All financial risk management activities are carried out and monitored by senior management staff. All financial risk management activities are carried out following acceptable market practices. There have been no changes to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

16. Financial instruments: information on financial risks (cont'd)

16C. Fair values of financial instruments

The analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include both the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

16D. Credit risk on financial assets

Financial assets are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner. These arise principally from cash balances with banks, cash equivalents, receivables and other financial assets. The maximum exposure to credit risk is the total of the fair value of the financial assets at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. For expected credit losses ("ECL") on financial assets, the general approach (three-stage approach) in the financial reporting standard on financial instruments is applied to measure the impairment allowance. Under this general approach, the financial assets move through the three stages as their credit quality changes. On initial recognition, a day-1 loss is recorded equal to the 12 month ECL unless the assets are considered credit impaired. However, the simplified approach (that is, to measure the loss allowance at an amount equal to lifetime ECL at initial recognition and throughout its life) permitted by the financial reporting standards on financial instruments is applied for financial assets that do not have a significant financing component, such as trade receivables and contract assets. For credit risk on trade receivables, an ongoing credit evaluation is performed on the financial condition of the debtors and an impairment loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process.

Cash and cash equivalents are also subject to the impairment requirements of the standard on financial instruments. There was no identified impairment loss.

16. Financial instruments: information on financial risks (cont'd)

16E. Liquidity risk – financial liabilities maturity analysis

Liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual undiscounted cash flows):

	Less than 1 year US$	1 – 3 years US$	Total US$
Non-derivative financial liabilities:			
2022:			
Gross lease liabilities	39,003	37,012	76,012
Other payables	2,415,972	–	2,415,972
At end of the year	2,454,975	38,319	2,491,984
Non-derivative financial liabilities:			
2021:			
Gross lease liabilities	–	–	–
Other payables	2,525,093	–	2,525,093
At end of the year	2,525,093	–	2,525,093

16F. Interest rate risk

The company's interest-bearing financial instruments are fixed deposits which carry with fixed interest rates. Hence, the company is not exposed to significant interest rate risk.

16G. Foreign currency risks

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency that is a currency other than the functional currency in which they are measured. Currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency as defined in the financial reporting standard on financial instruments: disclosures.

16. Financial instruments: information on financial risks (cont'd)

16G. Foreign currency risks

Analysis of amounts denominated in non-functional currency:

	Singapore Dollar	
	2022	2021
	US$	US$
Financial assets:		
Cash and cash equivalents	2,735,761	2,835,710
Other receivables	10,707	65,930
Total financial assets	2,746,468	2,901,640
Financial liabilities:		
Other payables	(27,844)	(35,407)
Total financial liabilities	(27,844)	(35,407)
Net financial assets at end of the year	2,718,624	2,866,233

There is exposure to foreign currency risk as part of its normal business.

Sensitivity analysis:

	2022	2021
	US$	US$
A hypothetical 10% strengthening in the exchange rate of the functional currency against Singapore Dollar with all other variables held constant would have an adverse effect on pre-tax profit of	271,862	286,623

The above table shows sensitivity to the hypothetical percentage variations in the functional currency against the relevant non-functional foreign currencies. The sensitivity rate used is the reasonably possible change in foreign exchange rates. For similar rate weakening of the functional currency against the relevant foreign currencies above, there would be comparable impacts in the opposite direction.

In management's opinion, the above sensitivity analysis is unrepresentative of the foreign currency risks as the historical exposure does not reflect the exposure in future.

The hypothetical changes in exchange rates are not based on observable market data (unobservable inputs). The sensitivity analysis is disclosed for each non-functional currency to which the entity has significant exposure at end of the reporting year. The analysis above has been carried out on the basis that there are no hedged transactions.

17. Changes and adoption of financial reporting standards

For the current reporting year, new or revised financial reporting standards were issued by the Accounting Standards Committee under ACRA. These applicable new or revised standards did not require any significant modification of the measurement methods or the presentation in the financial statements.

18. New or amended standards in issue but not yet effective

For the future reporting years certain new or revised financial reporting standards were issued by the Accounting Standards Committee under ACRA and these will only be effective for future reporting years. Those applicable to the company for future reporting years are listed below.

FRS No.	Title	Effective date for periods beginning on or after
FRS 1	Presentation of Financial Statements – amendment relating to Classification of Liabilities as Current or Non-current	1 January 2024
FRS 1	Disclosure of Accounting Policies - Amendments to FRS 1 and FRS Practice Statement 2 Making Materiality Judgements	1 January 2023
FRS 8	Definition of Accounting Estimates - Amendments to	1 January 2023

The transfer to the applicable new or revised standards from the effective dates is not expected to result in any significant modification of the measurement methods or the presentation in the financial statements for the following year from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised standards may have on the company's financial statements in the period of initial application.