

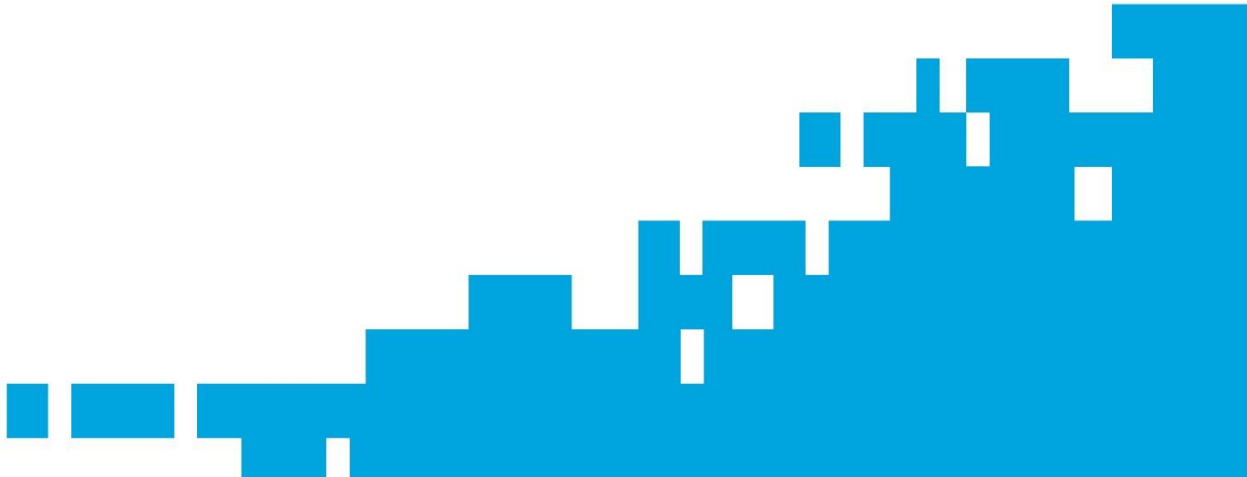


SPECIAL OLYMPICS ASIA PACIFIC, LTD.

(Registration No: 200906631E)

Statement by Directors and Financial Statements

Year Ended 31 December 2023



SPECIAL OLYMPICS ASIA PACIFIC, LTD.

Statement by Directors and Financial Statements

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SPECIAL OLYMPICS ASIA PACIFIC, LTD.

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 2023.

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
Raju Venkataraman
Woodhead Pippa Louise
Christopher Ian Morris (appointed on 10 August 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.

SPECIAL OLYMPICS ASIA PACIFIC, LTD.

5. Independent auditor

RSM SG Assurance LLP has expressed willingness to accept re-appointment. This audit firm was known as RSM Chio Lim LLP before 1 March 2024.

On behalf of the directors

DocuSigned by:
Mary Davis
.....30CCCF589E26450.....

Mary Davis
Director

18 June 2024

DocuSigned by:
V. Raju
.....0F272F8D7CFB46C.....

Raju Venkataraman
Director

**RSM SG Assurance LLP**

8 Wilkie Road, #03-08, Wilkie Edge
Singapore 228095

T +65 6533 7600

Assurance@RSMSingapore.sg
www.RSMSingapore.sg

**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 2023, 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 material accounting policy information.

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 2023 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

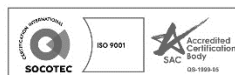
Management is responsible for the other information. The other information comprises the information included in the statement by directors and annual report but does not include the financial statements and our auditor's report thereon.

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.

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

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.

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

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.

DocuSigned by:
RSM SG Assurance LLP
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RSM SG Assurance LLP
Public Accountants and
Chartered Accountants
Singapore

18 June 2024

SPECIAL OLYMPICS ASIA PACIFIC, LTD.**Statement of Financial Activities
Reporting Year Ended 31 December 2023**

	Notes	Unrestricted			Restricted			Total US\$
		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\$	
2023:								
Income								
Income from fundraising activities		1,009,308	–	1,009,308	–	–	–	1,009,308
Income from corporations donation		11,083	–	11,083	–	160,394	160,394	171,477
Other income		14,326	–	14,326	444,030	–	444,030	458,356
Interest income		82,317	–	82,317	–	–	–	82,317
Foreign exchange gains, net		36,618	–	36,618	–	–	–	36,618
Total income		1,153,652	–	1,153,652	444,030	–	604,424	1,758,076
Expense								
Cost of fundraising activities		(101,201)	–	(101,201)	–	–	–	(101,201)
Employee benefit expenses	5	(998,930)	–	(998,930)	–	–	–	(998,930)
Depreciation of plant and equipment	6	(15,049)	–	(15,049)	–	–	–	(15,049)
Depreciation of right-of-use assets	7	(37,551)	–	(37,551)	–	–	–	(37,551)
Other operating and administrative expenses		(163,647)	–	(163,647)	(444,732)	(136,394)	(581,126)	(744,773)
Interest on lease liabilities	11	(1,356)	–	(1,356)	–	–	–	(1,356)
Total expenditure		(1,317,734)	–	(1,317,734)	(422,732)	(136,394)	(581,126)	(1,898,860)
Net (deficit) / surplus for the reporting year		(164,082)	–	(164,082)	(702)	24,000	23,298	(140,784)
Balance at 1 January 2023		(234,823)	1,149,716	914,893	115,546	–	115,546	1,030,439
Balance at 31 December 2023		(398,905)	1,149,716	750,811	114,844	24,000	138,844	889,655

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

SPECIAL OLYMPICS ASIA PACIFIC, LTD.**Statement of Financial Activities
Reporting Year Ended 31 December 2023**

	Notes	Unrestricted Accumulated Funds US\$	Member's fund US\$	Sub Total US\$	Restricted Programme Fund A (Note 15A) US\$	Programme Fund B (Note 15B) US\$	Sub Total US\$	Total US\$
<u>2022:</u>								
<u>Income</u>								
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		12,496	–	12,496	–	–	–	12,496
Total income		<u>1,220,689</u>	<u>–</u>	<u>1,220,689</u>	<u>140,978</u>	<u>–</u>	<u>140,978</u>	<u>1,361,667</u>
<u>Expense</u>								
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 assets	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	11	(1,695)	–	(1,695)	–	–	–	(1,695)
Total expenditure		<u>(1,209,847)</u>	<u>–</u>	<u>(1,209,847)</u>	<u>(75,417)</u>	<u>(32,500)</u>	<u>(107,917)</u>	<u>(1,317,764)</u>
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		<u>(234,823)</u>	<u>1,149,716</u>	<u>914,893</u>	<u>115,546</u>	<u>–</u>	<u>115,546</u>	<u>1,030,439</u>

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

SPECIAL OLYMPICS ASIA PACIFIC, LTD.**Statement of Financial Position
As at 31 December 2023**

	<u>Notes</u>	<u>2023</u> US\$	<u>2022</u> US\$
ASSETS			
<u>Non-current assets</u>			
Plant and equipment	6	22,406	37,455
Right-of-use asset	7	36,757	74,308
Investment in associate	8	–	–
Total non-current assets		<u>59,163</u>	<u>111,763</u>
<u>Current assets</u>			
Other receivables	9	132,560	55,403
Cash and cash equivalents	10	3,040,939	3,376,526
Total current assets		<u>3,173,499</u>	<u>3,431,929</u>
Total assets		<u>3,232,662</u>	<u>3,543,692</u>
FUND AND LIABILITIES			
<u>Funds</u>			
Accumulated funds		(398,905)	(234,823)
Member's fund	14	1,149,716	1,149,716
Programme funds	15	138,844	115,546
Total funds		<u>889,655</u>	<u>1,030,439</u>
<u>Non-Current liabilities</u>			
Lease liabilities	11	–	37,012
		<u>–</u>	<u>37,012</u>
<u>Current liabilities</u>			
Lease liabilities	11	38,913	39,003
Other payables	12	2,282,828	2,415,972
Other non-financial liabilities	13	21,266	21,266
Total current liabilities		<u>2,343,007</u>	<u>2,476,241</u>
Total liabilities		<u>2,343,007</u>	<u>2,513,253</u>
Total fund and liabilities		<u>3,232,662</u>	<u>3,543,692</u>

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

SPECIAL OLYMPICS ASIA PACIFIC, LTD.**Statement of Changes in Funds
Reporting Year Ended 31 December 2023**

	<u>Accumulated Funds</u> US\$	<u>Member's Fund</u> US\$	<u>Programme Fund A</u> <u>(Note 14A)</u> US\$	<u>Programme Fund B</u> <u>(Note 14B)</u> US\$	<u>Total Funds</u> US\$
Current year:					
Opening balance at 1 January 2023	(234,823)	1,149,716	115,546	–	1,030,439
Changes in funds:					
Total (deficit) / surplus for the year	<u>(164,082)</u>	<u>–</u>	<u>(702)</u>	<u>24,000</u>	<u>(140,784)</u>
Closing balance at 31 December 2023	<u><u>(398,905)</u></u>	<u><u>1,149,716</u></u>	<u><u>114,844</u></u>	<u><u>24,000</u></u>	<u><u>889,655</u></u>
Previous 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	<u>10,842</u>	<u>–</u>	<u>65,561</u>	<u>(32,500)</u>	<u>43,903</u>
Closing balance at 31 December 2022	<u><u>(234,823)</u></u>	<u><u>1,149,716</u></u>	<u><u>115,546</u></u>	<u><u>–</u></u>	<u><u>1,030,439</u></u>

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

SPECIAL OLYMPICS ASIA PACIFIC, LTD.**Statement of Cash Flows
Reporting Year Ended 31 December 2023**

	<u>2023</u> US\$	<u>2022</u> US\$
<u>Cash flows (used in) / from operating activities</u>		
(Deficit) / surplus for the reporting year	(140,784)	43,903
Adjustment for:		
Interest income	(82,317)	(21,294)
Interest on lease liabilities	1,356	1,695
Depreciation of plant and equipment	15,049	11,162
Depreciation of right-of-use asset	<u>37,551</u>	<u>37,551</u>
Operating cash flows before changes in working capital	(169,145)	73,017
Other receivables	(71,763)	(30,338)
Other payables	17,791	24,046
Cash restricted in use	<u>(23,298)</u>	<u>(33,061)</u>
Net cash flows (used in) / from operating activities	<u>(246,415)</u>	<u>33,664</u>
<u>Cash flows from / (used in) investing activities</u>		
Purchase of plant and equipment	–	(41,386)
Net movements in receivables from associate	(5,394)	–
Interest income received	<u>82,317</u>	<u>21,294</u>
Net cash flows from / (used in) investing activities	<u>76,923</u>	<u>(20,092)</u>
<u>Cash flows used in financing activities</u>		
Net movements in other payables to member	(150,935)	(85,075)
Payments of principal and interest of lease liabilities	<u>(38,458)</u>	<u>(37,539)</u>
Net cash flows used in financing activities	<u>(189,393)</u>	<u>(122,614)</u>
Net decrease in cash and cash equivalents	(358,885)	(109,042)
Cash and cash equivalents, beginning balance	<u>3,260,980</u>	<u>3,370,022</u>
Cash and cash equivalents, ending balance (Note 10)	<u><u>2,902,095</u></u>	<u><u>3,260,980</u></u>

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

SPECIAL OLYMPICS ASIA PACIFIC, LTD.**Notes to the Financial Statements
31 December 2023****1. General information**

Special Olympics Asia Pacific, Ltd. (the “company”) (Registration No. 200906631E) 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. SOCS is an associate of the company as the company has a significant influence in SOCS through its voting right. The principal activities of SOCS are disclosed in Note 8.

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

These financial statements 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 (“ASC”) under Accounting and Corporate Regulatory Authority of Singapore. They are in compliance with the provisions of the Companies Act 1967 and Charities Act 1994.

Basis of preparation of the financial statements

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

SPECIAL OLYMPICS ASIA PACIFIC, LTD.**2. Material accounting policy and other explanatory information****2A. Material accounting policies****Revenue and Income recognition**

Revenue / income is recognised when the reporting entity has entitlement to the income, it is probable that the economic benefits associated with the transaction or gift will flow to the reporting entity and the amount can be measured reliably and the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

(i) Donation and corporate sponsorship

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

(ii) Fund raising

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

(iii) Grant income

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.

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.

SPECIAL OLYMPICS ASIA PACIFIC, LTD.**2. Material accounting policy and other explanatory information (cont'd)****2A. Material accounting policies (cont'd)****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.

Associate

An associate is an entity including an unincorporated entity in which the company has a significant influence and that is neither a subsidiary nor a joint arrangement of the reporting entity. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. An investment in an associate includes goodwill on acquisition, which is accounted for in accordance with the financial reporting standard on business combinations.

In the equity accounted financial statements (economic interest financial statements), the accounting for investments in an associate is on the equity method. Under the equity method, the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The carrying value and the net book value of the investment in the associate are not necessarily indicative of the amounts that would be realised in a current market exchange. The investor's profit or loss includes its share of the investee's profit or loss and the investor's other comprehensive income includes its share of the investee's other comprehensive income. Accounting policies of associates are changed where necessary to ensure consistency with the policies adopted by 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 annual rates of depreciation 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.

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.

SPECIAL OLYMPICS ASIA PACIFIC, LTD.**2. Material accounting policy and other explanatory information (cont'd)****2A. Material accounting policies (cont'd)****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.

Financial instruments*Recognition and derecognition of financial instruments*

A financial asset or a financial liability is recognised when, and only when, the entity 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.

Categories of financial assets and financial liabilities

The financial reporting standard on financial instruments four categories of financial assets and two categories for liabilities. At the end of the reporting year, the company had the following categories:

- 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 fair value through profit or loss (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.
- Financial liabilities are carried at amortised cost using the effective interest method. Reclassification of any financial liability is not permitted.

SPECIAL OLYMPICS ASIA PACIFIC, LTD.**2. Material accounting policy and other explanatory information (cont'd)****2A. Material accounting policies (cont'd)****Cash and cash equivalents**

Cash and cash equivalents include bank and cash balances. For the statement of cash flows, the item includes cash and cash equivalents less cash subject to restriction, if any.

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.

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.

2B. 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.

SPECIAL OLYMPICS ASIA PACIFIC, LTD.**2. Material accounting policy and other explanatory information (cont'd)****2B. Critical judgements, assumptions and estimation uncertainties (cont'd)***Interests in SOCS*

The company accounts SOCS as its associate as the company has determined that it has significance influence in SOCS. The classification of associate requires significant judgement in assessment of the company's power to participate in the financial and operating policy decisions of SOCS but is not control or joint control over those policies. The carrying amount of the investment in associate is disclosed in Note 8.

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

<u>Name</u>	<u>Relationship</u>	<u>Country of incorporation</u>
Special Olympics Inc.	Member	United States of America

3B. Related party transactions and balances

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:

<u>Member</u>	<u>2023</u> US\$	<u>2022</u> US\$
Grant income received	<u>444,030</u>	<u>118,978</u>

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 2023, there are 30 programs (2022: 30 programs) are accredited.

In the reporting year ended 31 December 2023, SOAP made awards and grants of US\$ 152,477 (2022: US\$ Nil) to accredited Programs, which are included in other operating and administrative expenses in the statement of financial activities.

SPECIAL OLYMPICS ASIA PACIFIC, LTD.**3. Related party relationships and transactions (cont'd)****3C. Key management compensation**

	<u>2023</u> US\$	<u>2022</u> US\$
Salaries and other short-term employee benefits	322,406	408,461
Contributions to defined contribution plan	9,484	20,382
	<u>331,890</u>	<u>428,843</u>

The above amounts are included under employee benefits expense.

It is not the practice for the non-executive governing board members, or people connected with them, to receive remuneration or other benefits from the reporting entity for which they are responsible, or from parties connected with the reporting entity.

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:

	<u>2023</u>	<u>2022</u>
S\$100,000 to S\$199,999 (US\$74,525 to US\$149,049)	<u>2</u>	<u>3</u>

3D. Other receivables and 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 receivables and other payables to related parties are as follows:

	<u>Associate</u>	
	<u>2023</u> US\$	<u>2022</u> US\$
<u>Other receivables:</u>		
Balance at beginning of the year	8,972	3,621
Amounts paid out and settlement of liabilities on behalf of the associate	5,394	5,351
Balance at end of the year (Note 9)	<u>14,366</u>	<u>8,972</u>

	<u>Member</u>	
	<u>2023</u> US\$	<u>2022</u> US\$
<u>Other payables:</u>		
Balance at beginning of the year	2,376,571	2,461,646
Amounts paid out and settlement of liabilities on behalf of the member	(150,935)	(85,075)
Balance at end of the year (Note 12)	<u>2,225,636</u>	<u>2,376,571</u>

SPECIAL OLYMPICS ASIA PACIFIC, LTD.**4. Other gains or losses**

	<u>2023</u> US\$	<u>2022</u> US\$
Foreign exchange gains, net	<u>36,618</u>	<u>12,496</u>

5. Employee benefits expense

	<u>2023</u> US\$	<u>2022</u> US\$
Short term employee benefits expense ^(a)	861,073	725,909
Contributions to defined contribution plan	<u>137,857</u>	<u>156,680</u>
Total employee benefits expense	<u>998,930</u>	<u>882,589</u>

(a) Amounts are stated net of reimbursement from the member of US\$158,091 (2022: US\$104,309).

6. Plant and equipment

	<u>Furniture and fixtures</u> US\$	<u>Computers and software</u> US\$	<u>Leasehold improvements</u> US\$	<u>Total</u> US\$
<u>Cost:</u>				
At 1 January 2022	13,193	10,099	43,395	66,687
Additions	<u>–</u>	<u>–</u>	<u>41,386</u>	<u>41,386</u>
At 31 December 2022 and 31 December 2023	<u>13,193</u>	<u>10,099</u>	<u>84,781</u>	<u>108,073</u>
<u>Accumulated depreciation:</u>				
At 1 January 2022	13,193	2,868	43,395	59,456
Depreciation during the year	<u>–</u>	<u>2,630</u>	<u>8,532</u>	<u>11,162</u>
At 31 December 2022	13,193	5,498	51,927	70,618
Depreciation during the year	<u>–</u>	<u>2,630</u>	<u>12,419</u>	<u>15,049</u>
At 31 December 2023	<u>13,193</u>	<u>8,128</u>	<u>64,346</u>	<u>85,667</u>
<u>Net book value:</u>				
At 1 January 2022	<u>–</u>	<u>7,231</u>	<u>–</u>	<u>7,231</u>
31 December 2022	<u>–</u>	<u>4,601</u>	<u>32,854</u>	<u>37,455</u>
31 December 2023	<u>–</u>	<u>1,971</u>	<u>20,435</u>	<u>22,406</u>

SPECIAL OLYMPICS ASIA PACIFIC, LTD.**7. Right-of-use asset**

	<u>Office premise</u> US\$
<u>Cost:</u>	
At 1 January 2022	112,652
Addition	111,859
Written-off	(112,652)
At 31 December 2022 and 31 December 2023	<u>111,859</u>
<u>Accumulated depreciation:</u>	
At 1 January 2022	112,652
Depreciation for the year	37,551
Written-off	(112,652)
At December 2022	<u>37,551</u>
Depreciation for the year	37,551
At 31 December 2023	<u>75,102</u>
<u>Carrying value:</u>	
At 1 January 2022	<u>–</u>
At 31 December 2022	<u>74,308</u>
At 31 December 2023	<u>36,757</u>

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

8. Investment in associate

	<u>2023</u> US\$	<u>2022</u> US\$
Investment at cost #	–	–
Share of post-acquisition results @	–	–
Total carrying value	<u>–</u>	<u>–</u>

The associate held by the company is listed below:

<u>Name of joint operation and principal activities</u>	<u>Principal place of business</u>	<u>Interest held</u>	
		<u>2023</u>	<u>2022</u>
Special Olympics Community Services Ltd. (“SOCS”) Dormant	Singapore	50%	50%

SOCS is a public company limited by guarantee which does not have share capital. Therefore, the company does not have cost of investment in SOCS.

@ SOCS is at accumulated losses position. The share of post-acquisition results are capped to the cost of investment which is Nil.

SPECIAL OLYMPICS ASIA PACIFIC, LTD.**9. Other receivables**

	<u>2023</u> US\$	<u>2022</u> US\$
Other receivables – associate (Note 3D)	14,366	8,972
Other receivables – outside parties	90,481	35,724
Deposits and prepayments	<u>27,713</u>	<u>10,707</u>
	<u>132,560</u>	<u>55,403</u>

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.

10. Cash and cash equivalents

	<u>2023</u> US\$	<u>2022</u> US\$
Not restricted in use	2,902,095	3,260,980
Cash held under restricted funds (Notes 14)	<u>138,844</u>	<u>115,546</u>
	<u>3,040,939</u>	<u>3,376,526</u>
Interest earning balances	<u>1,993,795</u>	<u>2,235,361</u>

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 3.68% to 4.86% (2022: 2.75% to 3.52%) 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.

11. Lease liabilities

	<u>2023</u> \$	<u>2022</u> \$
Lease liabilities, current	38,913	39,003
Lease liabilities, non-current	<u>–</u>	<u>37,012</u>
	<u>38,913</u>	<u>76,015</u>
Movements of lease liabilities:		
At beginning of the reporting year	76,015	–
Addition	–	111,859
Payments of principal and interest expenses of lease liabilities	(38,458)	(37,539)
Accretion of interest	<u>1,356</u>	<u>1,695</u>
At end of the reporting year	<u>38,913</u>	<u>76,015</u>

SPECIAL OLYMPICS ASIA PACIFIC, LTD.**11. Lease liabilities (cont'd)**

The lease liabilities above do not include the short-term leases of less than 12 months and leases of low-value underlying assets. The right-to-use asset is disclosed in Note 7.

Total cash outflow for leases for the year ended 31 December 2023 are shown in the statement of cash flows. 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 31 December 2023, there were no commitments on leases which had not yet commenced.

12. Other payables

	<u>2023</u> US\$	<u>2022</u> US\$
Member (Note 3D)	2,225,636	2,376,571
Accrued liabilities	57,192	39,401
	<u>2,282,828</u>	<u>2,415,972</u>

13. Other non-financial liabilities

	<u>2023</u> US\$	<u>2022</u> US\$
Provision for restoration costs	<u>21,266</u>	<u>21,266</u>
Movements in above provision:		
At beginning of the year and end of the year	<u>21,266</u>	<u>21,266</u>

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.

14. 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.

	<u>2023</u> US\$	<u>2022</u> US\$
Annual operating expenditure	<u>1,317,734</u>	<u>1,209,847</u>
Unrestricted fund at end of the year ^(a)	<u>750,811</u>	<u>914,893</u>
Ratio of reserves to annual operating expenditures (times)	<u>0.57</u>	<u>0.76</u>

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

SPECIAL OLYMPICS ASIA PACIFIC, LTD.**15. Programme Funds**

	<u>2023</u> US\$	<u>2022</u> US\$
Programme Funds are made up of:		
Programme Fund A	114,844	115,546
Programme Fund B	24,000	–
	<u>138,844</u>	<u>115,546</u>

The programme funds are represented by cash and bank balances (Note 10).

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.

	<u>2023</u> US\$	<u>2022</u> US\$
Total comprehensive (expenses)/income for the reporting year	<u>(702)</u>	<u>65,561</u>

15B. Programme Fund B

Programme fund B represents donation contributions from The UPS Foundation and Macquarie Group Services Australia Pty Ltd for certain Special Olympics accredited national Programs in Chinse Taipei, Hong Kong, Indonesia, Malaysia, Philippines, Singapore and Thailand.

	<u>2023</u> US\$	<u>2022</u> US\$
Total comprehensive income/(expenses) for the reporting year	<u>24,000</u>	<u>(32,500)</u>

16. Financial instruments: information on financial risks**16A. Categories of financial assets and financial 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.

SPECIAL OLYMPICS ASIA PACIFIC, LTD.**16. Financial instruments: information on financial risks (cont'd)****16C. Credit risk on financial assets**

Financial assets subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner arise principally from cash balances with banks, receivables and other financial assets. The general approach in the financial reporting standard on financial instruments is applied to measure expected credit loss ("ECL") allowance on financial assets. On initial recognition, a day-1 loss is recorded equal to the 12 month ECL unless the assets are considered credit impaired. The ECL allowance for debt assets is recognised at an amount equal to the lifetime ECL if the credit risk on that financial instrument has increased significantly since initial recognition. However, for trade receivables that do not contain a material financing component or when the reporting entity applies the practical expedient of not adjusting the effect of a material financing component, the simplified approach in calculating ECL is applied. Under the simplified approach, the loss allowance is recognised at an amount equal to lifetime ECL at each reporting date using historical loss rates for the respective risk categories and incorporating forward-looking estimates. Lifetime ECL may be estimated individually or collectively. For the credit risk on the financial assets an ongoing credit evaluation is performed on the financial condition of the debtors and any 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.

Note 10 discloses the cash balances. There was no identified impairment loss.

16D. 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.

16D. Liquidity risk – financial liabilities maturity analysis

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

	Less than <u>1 year</u> US\$	<u>1 – 3 years</u> US\$	<u>Total</u> US\$
Non-derivative financial liabilities:			
<u>2023:</u>			
Gross lease liabilities	39,206	–	39,206
Other payables	<u>2,282,828</u>	<u>–</u>	<u>2,282,828</u>
At end of the year	<u>2,322,034</u>	<u>–</u>	<u>2,322,034</u>
<u>2022:</u>			
Gross lease liabilities	39,003	37,012	76,012
Other payables	<u>2,415,972</u>	<u>–</u>	<u>2,415,972</u>
At end of the year	<u>2,454,975</u>	<u>38,319</u>	<u>2,491,984</u>

16E Interest rate risk

The company is not exposed to significant interest rate risk.

SPECIAL OLYMPICS ASIA PACIFIC, LTD.**16. Financial instruments: information on financial risks (cont'd)****16F. 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.

Analysis of amounts denominated in non-functional currency:

	Singapore Dollar	
	<u>2023</u>	<u>2022</u>
	US\$	US\$
<u>Financial assets:</u>		
Cash and cash equivalents	2,513,108	2,735,761
Other receivables	<u>27,713</u>	<u>10,707</u>
Total financial assets	<u>2,540,821</u>	<u>2,746,468</u>
<u>Financial liabilities:</u>		
Other payables	<u>(31,315)</u>	<u>(27,844)</u>
Total financial liabilities	<u>(31,315)</u>	<u>(27,844)</u>
Net financial assets at end of the year	<u>2,509,506</u>	<u>2,718,624</u>

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

Sensitivity analysis:

	<u>2023</u>	<u>2022</u>
	US\$	US\$
A hypothetical 10% strengthening in the exchange rate of the functional currency US\$ against all non-functional currencies with all other variables held constant would have an adverse effect on pre-tax profit of the following amounts:		
Against Singapore Dollar	<u>250,951</u>	<u>271,862</u>

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.

SPECIAL OLYMPICS ASIA PACIFIC, LTD.**17. Changes and adoption of financial reporting standards**

For the current reporting year, the ASC issued amendment to FRS 1 and Practice Statement 2 on disclosures of material accounting policy and other explanatory information. Immaterial information need not be disclosed. Disclosures should not obscure material accounting policy information (such as material information being obscured, or information regarding a material item, transaction or other event is scattered throughout the financial statements, etc). In addition, the ASC issued certain new or revised financial reporting standards. None had material impact on the company.

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

For the future reporting years the ASC issued certain new or revised financial reporting standards. Adoption of the applicable new or revised standards are expected to have material impact on the reporting entity based on its current operations. Those applicable to the company for future reporting years are listed below.

<u>FRS No.</u>	<u>Title</u>	<u>Effective date for periods beginning on or after</u>
FRS 1	Presentation of Financial Statements – amendment relating to Classification of Liabilities as Current or Non-current	1 January 2024
FRS 1	Presentation of Financial Statements- amendment relating to Non-current Liabilities with Covenants	1 January 2024

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.