

SPECIAL OLYMPICS NEW YORK, INC.

**Financial Statements as of
December 31, 2018 and 2017
Together with
Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

June 12, 2019

To the Board of Directors of
Special Olympics New York, Inc. :

We have audited the accompanying financial statements of Special Olympics New York, Inc. (a New York not-for-profit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the statement of functional expenses for the year ended December 31, 2018, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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INDEPENDENT AUDITOR'S REPORT

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Special Olympics New York, Inc. as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended, and the statement of functional expenses for the year ended December 31, 2018, in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 2 to the financial statements, Special Olympics New York, Inc. implemented Accounting Standards Update 2016-14, and the effects have been included in these financial statements. Our opinion is not modified with respect to this matter.

Bonadio & Co., LLP

SPECIAL OLYMPICS NEW YORK, INC.**STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 434,287	\$ 1,228,653
Investments	2,709,956	2,867,435
Accounts receivable, net	1,093,755	511,427
Prepaid expenses	166,561	147,017
Inventories	41,403	44,069
	<u>4,445,962</u>	<u>4,798,601</u>
Total current assets		
PROPERTY AND EQUIPMENT, net	<u>312,797</u>	<u>120,625</u>
SECURITY DEPOSITS	<u>44,438</u>	<u>44,438</u>
Total assets	<u>\$ 4,803,197</u>	<u>\$ 4,963,664</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Line-of-credit	\$ 350,000	\$ -
Accounts payable and accrued expenses	549,149	402,561
Refundable advances	5,566	56,128
Deferred revenue	73,343	42,046
	<u>978,058</u>	<u>500,735</u>
Total current liabilities		
NON-CURRENT PORTION OF LEASE OBLIGATION	<u>121,171</u>	<u>142,171</u>
Total liabilities	1,099,229	642,906
NET ASSETS:		
Without donor restrictions	3,693,968	4,320,758
With donor restrictions	10,000	-
	<u>3,703,968</u>	<u>4,320,758</u>
Total net assets		
	<u>\$ 4,803,197</u>	<u>\$ 4,963,664</u>

The accompanying notes are an integral part of these statements.

SPECIAL OLYMPICS NEW YORK, INC.

STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS:		
SUPPORT AND REVENUE:		
Contributions and bequests	\$ 2,527,460	\$ 2,205,736
Fundraising activities, net of direct expenses of \$971,948 and \$969,267	4,162,340	4,142,174
Government and foundation grants	2,192,504	1,987,863
Investment (loss) income, net	(226,039)	348,493
Event sales, net of cost of merchandise	72,829	57,686
Other income	19,542	542
	<u>8,748,636</u>	<u>8,742,494</u>
OPERATING EXPENSES:		
Program	7,364,942	6,399,108
Management and general	716,826	672,757
Fundraising	1,141,793	1,119,255
	<u>9,223,561</u>	<u>8,191,120</u>
PAYMENTS TO SPECIAL OLYMPICS INTERNATIONAL	<u>151,865</u>	<u>163,295</u>
Total expenses	<u>9,375,426</u>	<u>8,354,415</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>(626,790)</u>	<u>388,079</u>
NET ASSETS WITH DONOR RESTRICTIONS:		
Contributions	<u>10,000</u>	<u>-</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	<u>10,000</u>	<u>-</u>
CHANGE IN NET ASSETS	<u>(616,790)</u>	<u>388,079</u>
NET ASSETS - beginning of year	<u>4,320,758</u>	<u>3,932,679</u>
NET ASSETS - end of year	<u>\$ 3,703,968</u>	<u>\$ 4,320,758</u>

The accompanying notes are an integral part of these statements.

SPECIAL OLYMPICS NEW YORK, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (616,790)	\$ 388,079
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation	65,764	40,163
Bad debt	7,735	5,855
Recovery of allowance on individual pledges	(21,157)	-
Non-cash contribution	-	(64,219)
Net unrealized loss (gain) on investments	307,512	(237,148)
Loss (gain) on sale of property and equipment	1,615	(542)
Non-cash gain on long-term lease obligation	(21,000)	-
Changes in:		
Accounts receivable	(568,906)	(15,344)
Prepaid expenses	(19,544)	28,385
Inventories	2,666	18,088
Security deposits	-	2,100
Accounts payable and accrued expenses	146,588	(48,626)
Refundable advances	(50,562)	7,827
Deferred revenue	31,297	3,406
Net cash flow from operating activities	<u>(734,782)</u>	<u>128,024</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Proceeds from sale of property and equipment	2,040	9,300
Purchase of property and equipment	(261,591)	(27,840)
Proceeds from sale of investments	492,215	78,218
Purchase of investments	<u>(642,248)</u>	<u>(107,080)</u>
Net cash flow from investing activities	<u>(409,584)</u>	<u>(47,402)</u>
CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from line-of-credit	<u>350,000</u>	<u>-</u>
Net cash flow from financing activities	<u>350,000</u>	<u>-</u>
CHANGE IN CASH AND CASH EQUIVALENTS	(794,366)	80,622
CASH AND CASH EQUIVALENTS - beginning of year	<u>1,228,653</u>	<u>1,148,031</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 434,287</u>	<u>\$ 1,228,653</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest during the year	<u>\$ 18,194</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

SPECIAL OLYMPICS NEW YORK, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Direct expenses:				
Games, tournaments, and training	\$ 3,415,366	\$ -	\$ -	\$ 3,415,366
Public relations and education	358,613	-	-	358,613
	<u>3,773,979</u>	<u>-</u>	<u>-</u>	<u>3,773,979</u>
Total direct expenses				
Indirect expenses:				
Salaries and employee benefits	2,490,589	469,187	787,725	3,747,501
Rent	305,628	57,575	96,664	459,868
Payroll taxes	180,123	33,932	56,969	271,024
Insurance	135,627	25,550	42,896	204,073
Telephone and internet	75,835	14,286	23,985	114,106
Bank and credit card fees	76,131	14,342	24,079	114,552
Employee travel	96,359	18,152	30,476	144,988
Temporary services	23,152	4,361	7,323	34,836
Office supplies and expenses	47,772	9,000	15,109	71,881
Vehicle expenses	32,339	6,092	10,228	48,659
Depreciation	32,882	16,441	16,441	65,764
Staff recruitment	2,008	378	635	3,022
Equipment rental and maintenance	20,742	3,907	6,560	31,209
Postage	21,960	4,137	6,945	33,042
Professional fees	-	19,538	-	19,538
Payroll services	9,612	1,811	3,040	14,463
Staff training	10,087	1,900	3,190	15,177
Cleaning service	9,724	1,832	3,075	14,631
Dues and subscriptions	8,302	1,564	2,626	12,492
Bad debt	-	7,735	-	7,735
Interest	12,092	2,278	3,824	18,194
Discretionary expense	-	2,827	-	2,827
	<u>3,590,963</u>	<u>716,826</u>	<u>1,141,793</u>	<u>5,449,582</u>
Total indirect expenses	<u>3,590,963</u>	<u>716,826</u>	<u>1,141,793</u>	<u>5,449,582</u>
	<u>\$ 7,364,942</u>	<u>\$ 716,826</u>	<u>\$ 1,141,793</u>	<u>\$ 9,223,561</u>

The accompanying notes are an integral part of these statements.

SPECIAL OLYMPICS NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

1. THE ORGANIZATION

The Special Olympics New York, Inc. (the Organization) is a not-for-profit corporation operated to provide year-round sports training and athletic competition in a variety of Olympic-style sports for all children and adults with intellectual disabilities giving them continuing opportunities to develop physical fitness, demonstrate courage, experience joy, and participate in a sharing of skills and friendship with their families, other athletes and the community.

Regional offices, State, and local program are supervised by the State Office in the conduct of sports training programs for athletes and volunteers. These athletes then have the opportunity to advance to the State, National, and Special Olympics World Games. The State Office provides overall program and administrative support, coaches education, volunteer management, health programming, State Games and all movement related programming for the entire State.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

Change in Accounting Principle

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, with the purpose of improving financial reporting by not-for-profit (NFP) entities.

ASU 2016-14 includes many changes affecting the presentation and accounting for the Organization's financial statements including:

- Reducing the number of classes of net assets from three to two (net assets with donor restrictions and net assets without donor restrictions);
- Requiring the presentation of expenses in both natural and functional classifications;
- Eliminating the requirement to disclose the components of investment return as well as reporting investment return net of external and direct internal investment expenses; and
- Requiring qualitative and quantitative disclosure regarding the Organization's liquidity and availability of resources (Note 3).

ASU 2016-14 is effective for the Organization's year ended December 31, 2018, and was applied retrospectively with the exception of the disclosures regarding liquidity and availability of resources, which are presented for the current year only. The effects of this ASU have been included in these financial statements. There was no effect on total net assets or changes in net assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of bank demand deposit accounts and highly liquid investments with maturity dates of three months or less at the time of purchase. The Organization's cash and cash equivalent balances may at times exceed federally insured limits. The Organization has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk with respect to cash and cash equivalents.

Investments

All investments in mutual funds, equities, and corporate and foreign bonds are stated at fair value. Fair value of these investments is based on quoted market prices. All realized and unrealized gains and losses are reported directly in the accompanying statement of activities.

Investments are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investment will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Accounts Receivable

Accounts receivable primarily represent amounts due from government and non-government grants, as well as contributions due to the Organization under the terms of a donors' unconditional promise to give. Accounts for which no payment have been received for several months are considered delinquent and customary collection efforts are begun. After all collection efforts are exhausted, the account is written off. The Organization records an allowance for doubtful accounts in anticipation of future write-offs. Based upon historical performance and a review of outstanding receivables, management has recorded an allowance for doubtful accounts of \$16,467 and \$55,875 at December 31, 2018 and 2017, respectively.

Inventories

Inventories consist of medals for future competitions and are stated at lower of cost or net realized value, using a first-in, first-out basis.

Property and Equipment

Property and equipment is stated at cost if purchased, or at fair value if received by donation, net of accumulated depreciation. All assets with a cost or fair value in excess of \$500 and with an estimated useful life beyond one year are capitalized. Depreciation is computed over the estimated useful lives of the respective assets using the straight-line method with lives ranging from 3 - 10 years.

Refundable Advances and Deferred Revenue

Refundable advances consist of unspent cash advances received from Special Olympics, Inc. to be recognized as revenue when earned.

Deferred revenue consists of sponsorships and ticket proceeds received in advance. These funds will be recognized when the events are held.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Reporting

The Organization reports its activities and the related net assets using the following net asset categories: net assets with donor restrictions and net assets without restrictions.

Net assets without donor restrictions include resources that are available for the support of the Organization's operating activities. The Board of Directors can authorize use of these assets, as it desires, to carry on the purposes of the Organization according to its by-laws.

Net assets with donor restrictions include resources that have been donated to the Organization subject to purpose or time restrictions defined by the donor. As of December 31, 2018, there were \$10,000 of net assets with donor restrictions to support winter sports apparel.

Contributions

Contributions, including unconditional promises to give, are recorded as made. Contributions may be recorded without donor restrictions, or with donor restrictions depending on the existence or nature of any donor restrictions. All contributions without restrictions are available for use unless specifically restricted by the donor. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions.

Donated Services and Goods

Contributions of donated services that create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period received.

A substantial number of volunteers have donated their services to the Organization during the year. In accordance with generally accepted accounting principles these services are not reflected in the financial statements since the services provided do not require specialized skills.

Fair Value Measurement – Definition and Hierarchy

U.S. GAAP establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Organization. Unobservable inputs are inputs that reflect the Organization's estimates of the assumptions market participants would use in pricing the asset or liability, developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Valuation adjustments are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

The Organization's mutual funds are primarily valued utilizing Level 1 inputs. Fair value is determined using the market approach using relevant market data.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurement – Definition and Hierarchy (Continued)

- Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly. The valuation may be based on quoted prices for similar assets; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset.

The Organization's corporate and foreign bonds are primarily valued utilizing Level 2 inputs.

- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The Organization currently has no assets or liabilities that are measured using Level 3 inputs.

The availability of observable inputs can vary and is affected by a wide variety of factors. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Organization in determining fair value is greatest for instruments categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Functional Allocation of Expenses

The costs of providing various programs and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated amongst the programs and supporting services benefited. The expenses with the most significant allocations include certain salaries, fringe benefits, maintenance and property related costs and transportation costs. All attempts are made to direct charge expenses before allocations are made.

Indirect salary allocations are recorded based on hours charged by program in the payroll system or time studies that are submitted quarterly by applicable personnel. Fringe benefit costs, maintenance and property related costs, and transportation costs are allocated based on total salaries to each program or cost center as these represent the activities in each program.

Income Taxes

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization has also been classified by the Internal Revenue Service as an entity that is not a private foundation.

3. LIQUIDITY

The Organization is substantially supported by revenue generated by contribution and fundraising events. In addition, some support is received from government grants, donors, and investment earnings. The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

Total assets	\$ 4,803,197
Less: nonfinancial assets	
Prepaid expenses	(166,561)
Security deposits	(44,438)
Inventories	(41,403)
Property and equipment, net	<u>(312,797)</u>
Total financial assets	4,237,998
Less: those unavailable for general expenditures within one year	<u>(10,000)</u>
Financial assets available to meet cash need for general expenditure within one year	<u>\$ 4,227,998</u>

The Organization's ability to meet its cash needs is highly dependent on timely collection of its accounts receivable. The Organization's accounts receivable is due primarily from government funders, non-government grants, and donors' unconditional promises to give. Many of these arrangements require the Organization to incur costs in advance and then bill for reimbursements after the cash outlay has been made. The Organization has designed procedures to collect from these payers as quickly as possible. However, timeliness of these payments can sometimes be difficult to predict. Due to this factor, the Organization has a line-of-credit available (see note 8), which it can draw upon throughout the year. In addition, the Organization could also manage vendor relationships to extend payment terms where possible. The Organization has also built up investment reserves over several years and has the ability to borrow from these investment reserves as needed.

4. INVESTMENTS

The Organization's investments consisted of the following at December 31:

	<u>2018</u>	<u>2017</u>
Mutual funds	\$ 2,391,273	\$ 2,428,815
Corporate and foreign bonds	318,683	348,794
Equities - common stock	<u>-</u>	<u>89,826</u>
Total	<u>\$ 2,709,956</u>	<u>\$ 2,867,435</u>

5. ACCOUNTS RECEIVABLE

The Organization's accounts receivable consisted of the following at December 31:

	<u>2018</u>	<u>2017</u>
Grants	\$ 616,480	\$ 319,080
Bequests and contributions	332,438	136,207
Special Olympics International	154,135	103,153
Telemarketers	6,596	8,483
Miscellaneous	573	276
Dial America	<u>-</u>	<u>103</u>
	1,110,222	567,302
Less: Allowance for doubtful accounts	<u>(16,467)</u>	<u>(55,875)</u>
	<u>\$ 1,093,755</u>	<u>\$ 511,427</u>

6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	<u>2018</u>	<u>2017</u>
Office furniture and equipment	\$ 552,988	\$ 480,871
Vehicles	361,468	310,269
Program equipment	216,956	141,499
Leasehold improvements	<u>25,724</u>	<u>25,724</u>
	1,157,136	958,363
Less: Accumulated depreciation	<u>(844,339)</u>	<u>(837,738)</u>
	<u>\$ 312,797</u>	<u>\$ 120,625</u>

Depreciation expense was \$65,764 and \$40,163 for the years ended December 31, 2018 and 2017, respectively.

7. RETIREMENT PLAN

The Organization has adopted a tax sheltered annuity retirement plan under 403(b) of the Internal Revenue Code which covers all full-time employees with two years of service. The employer contribution is discretionary and is approved annually by the Board of Directors. Employees who participate in the plan may contribute up to the maximum allowable under the limits of IRC Section 403(b). The Organization's contributions to the plan for the years ended December 31, 2018 and 2017 amounted to approximately \$81,800 and \$69,900, respectively.

8. LINE-OF-CREDIT

The Organization has a revolving \$1,000,000 line-of-credit with a bank for working capital purposes, due on demand and accrues interest at the LIBOR lending rate (4.13% at December 31, 2018). There was an outstanding balance of \$350,000 at December 31, 2018 and no outstanding balance at December 31, 2017. Interest expense related to the line-of-credit was approximately \$18,000 for the year ending December 31, 2018.

9. ALLOCATION OF JOINT COSTS

The Organization conducts a telemarketing campaign aimed at individual consumers. This campaign includes requests for contributions, but also contains educational and public relationship components. The joint costs of conducting these types of activities which are not specifically attributable to particular components of the activity included a total of approximately \$18,200 and \$21,000 for 2018 and 2017, respectively. These joint costs are allocated based upon the average program content percentage of the campaign literature. For 2018 and 2017, the Organization allocated approximately \$7,800 and \$10,000 respectively, to fundraising expenses and \$10,400 and \$11,000, respectively, to public awareness expenses.

10. FAIR VALUE MEASUREMENTS

The following are measured at fair value on a recurring basis at December 31, 2018:

<u>Description</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>	<u>Total</u>
Mutual funds - domestic	\$ 1,188,416	\$ -	\$ -	\$ 1,188,416
Mutual funds - fixed income	797,552	-	-	797,552
Mutual funds - foreign	405,305	-	-	405,305
Corporate and foreign bonds	-	318,683	-	318,683
	<u>\$ 2,391,273</u>	<u>\$ 318,683</u>	<u>\$ -</u>	<u>\$ 2,709,956</u>

The following are measured at fair value on a recurring basis at December 31, 2017:

<u>Description</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>	<u>Total</u>
Mutual funds - domestic	\$ 1,629,594	\$ -	\$ -	\$ 1,629,594
Mutual funds - fixed income	598,617	-	-	598,617
Mutual funds - foreign	200,604	-	-	200,604
Corporate and foreign bonds	-	348,794	-	348,794
Equities - common stock	89,826	-	-	89,826
	<u>\$ 2,518,641</u>	<u>\$ 348,794</u>	<u>\$ -</u>	<u>\$ 2,867,435</u>

There were no changes in valuation techniques in 2018 or 2017.

11. DONATED SERVICES, FACILITIES, AND EQUIPMENT

The Organization occupies approximately 7,000 square feet of the O.D. Heck Developmental Center in Schenectady, New York under a lease agreement with the New York State Office for People with Development Disabilities (OPWDD). No rent is paid by the Organization. Management estimated the approximate fair value of the annual rent to be approximately \$78,000 for 2018 and 2017, and included this amount in donated goods and services reported under contributions and expenses in the statement of activities for the year then ended. The lease expires on May 31, 2022. The landlord retains the right to terminate the lease by giving a ninety-day written notice of its intention to terminate.

The Organization also received donated professional services, facilities and equipment in connection with games, tournaments, training, administration and fundraising events. Management estimated the fair market value of these donations to be \$2,060,150 and \$1,867,387 for 2018 and 2017, respectively. The Organization records donated services as contribution revenue (within fundraising activities) and a concurrent expense at the fair market value upon receipt.

Donated services, facilities and equipment consist of the following at December 31:

	Direct Program <u>Services</u>	Indirect <u>Expenses</u>	Direct Fundraising <u>Expenses</u>	2018 <u>Total</u>	2017 <u>Total</u>
Athletic, storage and other facilities	\$ 1,084,279	\$ -	\$ 88,574	\$ 1,172,853	\$ 1,170,325
Professional services	216,851	-	29,600	246,451	115,590
Advertising	-	-	213,500	213,500	170,790
Use of equipment	201,964	-	28,920	230,884	199,521
Other donated goods	63,198	-	54,941	118,139	132,838
Office space	<u>-</u>	<u>78,323</u>	<u>-</u>	<u>78,323</u>	<u>78,323</u>
	<u>\$ 1,566,292</u>	<u>\$ 78,323</u>	<u>\$ 415,535</u>	<u>\$ 2,060,150</u>	<u>\$ 1,867,387</u>

12. COMMITMENTS AND CONTINGENCIES

The Organization has entered into several lease agreements for the rental of office space at various locations in New York State. The future minimum lease payments are as follows:

2019	\$ 262,264
2020	229,306
2021	224,477
2022	104,076
2023	<u>13,671</u>
	<u>\$ 833,794</u>

13. COMMITMENTS AND CONTINGENCIES (Continued)

The Organization also has lease commitments for certain office equipment through June 30, 2020. The future minimum payments are as follows:

2019	\$	22,402
2020		<u>7,467</u>
	\$	<u>29,869</u>

Total lease expense for the years ended December 31, 2018 and 2017 was \$459,868 and \$458,651, respectively, which includes approximately \$78,000 of donated office space in both years.

14. SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 12, 2019, which is the date the financial statements were available to be issued.