SPECIAL OLYMPICS NEW YORK, INC.

**Financial Statements as of
December 31, 2019 and 2018
Together with
Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

August 26, 2020

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, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, 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.

6 Wembley Court
Albany, New York 12205
p (518) 464-4080
f (518) 464-4087

www.bonadio.com

(Continued)

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, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principles

As described in Note 2 to the financial statements, Special Olympics New York, Inc. implemented Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)* and ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, and the effects have been included in these consolidated 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, 2019 AND 2018

	2019	2018
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 587,992	$ 434,287
Investments	2,602,119	2,709,956
Accounts receivable	1,120,597	1,093,755
Prepaid expenses	270,380	166,561
Inventories	35,785	41,403
Total current assets	4,616,873	4,445,962
PROPERTY AND EQUIPMENT, net	352,783	312,797
SECURITY DEPOSITS	44,228	44,438
Total assets	$ 5,013,884	$ 4,803,197
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Line-of-credit	$ 150,000	$ 350,000
Accounts payable and accrued expenses	812,411	549,149
Refundable advances	57,511	5,566
Deferred revenue	175,469	73,343
Total current liabilities	1,195,391	978,058
NON-CURRENT PORTION OF LEASE OBLIGATION	94,300	121,171
Total liabilities	1,289,691	1,099,229
NET ASSETS:		
Without donor restrictions	3,603,273	3,693,968
With donor restrictions	120,920	10,000
Total net assets	3,724,193	3,703,968
	$ 5,013,884	$ 4,803,197

The accompanying notes are an integral part of these statements.

SPECIAL OLYMPICS NEW YORK, INC.

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
NET ASSETS WITHOUT DONOR RESTRICTIONS:		
SUPPORT AND REVENUE:		
Contributions and bequests	$ 3,495,456	$ 2,527,460
Fundraising activities, net of direct expenses of $1,058,252 and $971,948	4,724,821	4,162,340
Government and foundation grants	2,306,438	2,192,504
Investment income (loss), net	367,816	(226,039)
Event sales, net of cost of merchandise	50,154	72,829
Other income	201	19,542
Net assets released from restrictions	44,080	-
Total support and revenue	10,988,966	8,748,636
OPERATING EXPENSES:		
Program	8,934,213	7,364,942
Management and general	799,530	716,826
Fundraising	1,204,684	1,141,793
Total operating expenses	10,938,427	9,223,561
PAYMENTS TO SPECIAL OLYMPICS INTERNATIONAL	141,234	151,865
Total expenses	11,079,661	9,375,426
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(90,695)	(626,790)
NET ASSETS WITH DONOR RESTRICTIONS:		
Contributions	155,000	10,000
Net assets released from restrictions	(44,080)	-
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	110,920	10,000
CHANGE IN NET ASSETS	20,225	(616,790)
NET ASSETS - beginning of year	3,703,968	4,320,758
NET ASSETS - end of year	$ 3,724,193	$ 3,703,968

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, 2019 AND 2018

	2019	2018
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	$ 20,225	$ (616,790)
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation	94,491	65,764
Bad debt	47,460	7,735
Recovery of allowance on individual pledges	-	(21,157)
Net unrealized (gain) loss on investments	(292,038)	307,512
(Gain) loss on sale of property and equipment	(197)	1,615
Non-cash gain on long-term lease obligation	(26,871)	(21,000)
Changes in:		
Accounts receivable	(74,302)	(568,906)
Prepaid expenses	(103,819)	(19,544)
Inventories	5,618	2,666
Security deposits	210	-
Accounts payable and accrued expenses	204,592	146,588
Refundable advances	51,945	(50,562)
Deferred revenue	102,126	31,297
Net cash flow from operating activites	29,440	(734,782)
CASH FLOW FROM INVESTING ACTIVITIES:		
Proceeds from sale of property and equipment	15,259	2,040
Purchase of property and equipment	(90,869)	(261,591)
Proceeds from sale of investments	2,884,211	492,215
Purchase of investments	(2,484,336)	(642,248)
Net cash flow from investing activities	324,265	(409,584)
CASH FLOW FROM FINANCING ACTIVITIES:		
(Payments) proceeds from line-of-credit	(200,000)	350,000
Net cash flow from financing activities	(200,000)	350,000
CHANGE IN CASH AND CASH EQUIVALENTS	153,705	(794,366)
CASH AND CASH EQUIVALENTS - beginning of year	434,287	1,228,653
CASH AND CASH EQUIVALENTS - end of year	$ 587,992	$ 434,287
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest during the year	$ 22,900	$ 18,194
Purchase of property and equipment included in Accounts Payable	$ 58,670	$ -

The accompanying notes are an integral part of these statements.

SPECIAL OLYMPICS NEW YORK, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services	Management and General	Fundraising	2019 Total
Direct expenses:				
Games, tournaments, and training	$ 4,326,369	$ -	$ -	$ 4,326,369
Public relations and education	278,859	-	-	278,859
Total direct expenses	4,605,228	-	-	4,605,228
Indirect expenses:				
Salaries and employee benefits	3,011,693	468,610	830,737	4,311,040
Rent	367,659	57,206	101,414	526,279
Payroll taxes	209,764	32,639	57,861	300,264
Insurance	149,820	23,311	41,326	214,457
Employee travel	97,301	15,140	26,839	139,280
Bank and credit card fees	90,395	14,065	24,934	129,394
Telephone and internet	66,348	10,324	18,301	94,973
Depreciation	47,245	23,624	23,622	94,491
Office supplies and expenses	59,888	9,319	16,519	85,726
Equipment rental and maintenance	57,367	8,926	15,824	82,117
Vehicle expenses	48,268	7,510	13,314	69,092
Professional fees	-	57,850	-	57,850
Temporary services	34,679	5,396	9,566	49,641
Bad debt	-	47,460	-	47,460
Staff training	18,954	2,949	5,228	27,131
Postage	18,511	2,880	5,106	26,497
Interest	15,998	2,489	4,413	22,900
Payroll services	11,227	1,746	3,097	16,070
Staff recruitment	9,702	1,508	2,676	13,886
Dues and subscriptions	7,255	1,129	2,001	10,385
Cleaning service	6,911	1,076	1,906	9,893
Discretionary expense	-	4,373	-	4,373
Total indirect expenses	4,328,985	799,530	1,204,684	6,333,199
	$ 8,934,213	$ 799,530	$ 1,204,684	$ 10,938,427

SPECIAL OLYMPICS NEW YORK, INC.

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

	Program Services	Management and General	Fundraising	Total
Direct expenses:				
Games, tournaments, and training	$ 3,415,366	$ -	$ -	$ 3,415,366
Public relations and education	358,613	-	-	358,613
Total direct expenses	3,773,979	-	-	3,773,979
Indirect expenses:				
Salaries and employee benefits	2,490,589	469,187	787,725	3,747,501
Rent	305,628	57,575	96,664	459,867
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	144,987
Temporary services	23,152	4,361	7,323	34,836
Office supplies and expenses	47,771	9,001	15,112	71,884
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	3,021
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
Total indirect expenses	3,590,963	716,826	1,141,793	5,449,582
	$ 7,364,942	$ 716,826	$ 1,141,793	$ 9,223,561

The accompanying notes are an integral part of these statements.

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 accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Change in Accounting Principle
ASU 2014-09, Revenue from Contracts with Customers
In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, and has subsequently issued supplemental and/or clarifying ASUs (collectively ASC 606). ASC 606 outlines a five-step framework that supersedes the principles for recognizing revenue and eliminates industry-specific guidance. The core principle of the guidance in ASC 606 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, ASC 606 revises current disclosure requirements in an effort to help financial statement users better understand the nature, amount, timing, and uncertainty of revenue that is recognized. The Organization implemented ASC 606 for the year ending December 31, 2019, using a modified retrospective application. There was no impact from the change in accounting principle on the financial position or results of operations for the year ended December 31, 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Change in Accounting Principle (Continued)

ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made

In June 2018, the Financial Accounting Standards Board (FASB) issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 clarifies the determination of whether a grant or contract is a contribution or an exchange transaction subject to other guidance. Changes resulting from the adoption of ASU 2018-08 were made on a modified prospective basis during the year of adoption and therefore had no effect on the financial position or results of operations for the year ended December 31, 2018. There was no impact from the change in accounting principle on the financial position or results of operations for the year ended December 31, 2019.

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.

For accounts receivable subsequent to the adoption of ASC 606, the estimated uncollectible amounts are generally considered implicit price concessions that are a direct reduction to accounts receivable.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2019 and 2018, there were $120,920 and $10,000 of net assets with donor restrictions, respectively.

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.

Recognition of Grants
The Organization receives substantially all of its grant and contract revenues from federal, and state agencies. The Organization recognizes grant revenue, dependent on the terms of each contract, either on a pro rata basis for the twelve-month period or to the extent grant obligations have been incurred.

Prior to the adoption of ASC 606, the Organization provided an allowance for doubtful accounts based on review of the individual's ability to pay. Amounts due from third party payors or individuals were written off when they were determined to be uncollectible.

After adoption of ASC 606, the Organization reviews individual contracts at the time of performance, in order to determine estimated uncollectable accounts due from third party payors or individuals and records these implicit price concessions as a direct reduction to revenue. Estimates of implicit price concessions are determined based on historical collection experience using a portfolio approach as a practical expedient to account for the contracts as a collective group. Based on this, the Organization determined that there is no implicit price concessions for the year ended December 31, 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

- 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 bonds are primarily valued utilizing Level 2 inputs. The fair values for bonds are derived using the market approach and relevant market-driven data, which includes using market price quotes corroborated by recently executed transactions observable in the market. In addition, the valuation of these bonds is calculated at the present value of the bond's future interest payments and the bond's value upon maturity.

- 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurement – Definition and Hierarchy (Continued)
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 statements of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statements of financial position dates.

	2019	2018
Total assets	$ 5,013,884	$ 4,803,197
Less: nonfinancial assets		
Prepaid expenses	(270,380)	(166,561)
Security deposits	(44,228)	(44,438)
Inventories	(35,785)	(41,403)
Property and equipment, net	(352,783)	(312,797)
Total financial assets	4,310,708	4,237,998
Less: those unavailable for general expenditures within one year, due to net assets with donor restrictions	(120,920)	(10,000)
Financial assets avaiable to meet cash need for general expenditure within one year	$ 4,189,788	$ 4,227,998

3. LIQUIDITY (Continued)

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:

	2019	2018
Mutual funds	$ 2,500,428	$ 2,391,273
Corporate and foreign bonds	101,691	318,683
Total	$ 2,602,119	$ 2,709,956

5. ACCOUNTS RECEIVABLE

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

	2019	2018
Grants	$ 489,696	$ 616,480
Bequests and contributions	482,551	332,438
Special Olympics International	156,639	154,135
Miscellaneous	17,297	7,169
	1,146,183	1,110,222
Less: Allowance for doubtful accounts	(25,586)	(16,467)
	$ 1,120,597	$ 1,093,755

6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2019	2018
Office furniture and equipment	$ 282,803	$ 552,988
Vehicles	333,065	361,468
Program equipment	160,605	216,956
Leasehold improvements	49,696	25,724
	826,169	1,157,136
Less: Accumulated depreciation	(473,386)	(844,339)
	$ 352,783	$ 312,797

Depreciation expense was $94,491 and $65,764 for the years ended December 31, 2019 and 2018, 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, 2019 and 2018 amounted to approximately $84,000 and $81,800, 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 (3.46% at December 31, 2019). There were outstanding balances of $150,000 and $350,000 at December 31, 2019 and 2018, respectively. Interest expense related to the line-of-credit was approximately $23,000 and $18,000 for the years ending December 31, 2019 and 2018, respectively.

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 $14,000 and $18,200 for 2019 and 2018, respectively. These joint costs are allocated based upon the average program content percentage of the campaign literature. For 2019 and 2018, the Organization allocated approximately $5,700 and $7,800 respectively, to fundraising expenses and $8,300 and $10,400, respectively, to public awareness expenses.

10. FAIR VALUE MEASUREMENTS

The following are measured at fair value on a recurring basis at December 31, 2019:

Description	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
Mutual funds - domestic	$ 2,110,086	$ -	$ -	$ 2,110,086
Mutual funds - fixed income	285,268	-	-	285,268
Mutual funds - foreign	105,074	-	-	105,074
Corporate and foreign bonds	-	101,691	-	101,691
	$ 2,500,428	$ 101,691	$ -	$ 2,602,119

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

Description	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
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
	$ 2,391,273	$ 318,683	$ -	$ 2,709,956

There were no changes in valuation techniques in 2019 or 2018.

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 2019 and 2018, 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. During 2019, the Organization also received two months of office space by a 3rd party landlord. Management estimated the approximate fair value for these two months to be approximately $36,000 in 2019.

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 $2,980,597 and $2,060,150 for 2019 and 2018, respectively. The Organization records donated services as contribution revenue (within fundraising activities) and a concurrent expense at the fair market value upon receipt.

11. DONATED SERVICES, FACILITIES, AND EQUIPMENT (Continued)

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

	Direct Program Services	Indirect Expenses	Direct Fundraising Expenses	2019 Total	2018 Total
Athletic, storage and other facilities	$ 1,095,158	$ -	$ 67,854	$ 1,163,012	$ 1,172,853
Professional services	985,443	34,831	73,420	1,093,694	246,451
Advertising	-	-	167,000	167,000	213,500
Use of equipment	201,800	-	22,373	224,173	230,884
Other donated goods	144,901	3,436	70,244	218,581	118,139
Office space	-	114,137	-	114,137	78,323
	$ 2,427,302	$ 152,404	$ 400,891	$ 2,980,597	$ 2,060,150

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:

2020	$ 346,579
2021	347,129
2022	227,216
2023	142,179
2024	128,997
Thereafter	404,141
	$ 1,596,242

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

2020	$ 7,467

Total lease expense for the years ended December 31, 2019 and 2018 was $526,279 and $459,868, respectively, which includes approximately $114,000 and $78,000 of donated office space in 2019 and 2018, respectively.

13. SUBSEQUENT EVENTS

In April 2020, the Organization entered into an unsecured promissory note payable to a bank in the amount of $621,700. This note was entered into by the Organization as part of the U.S. Small Business Administration's Paycheck Protection Program (PPP) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The PPP provides for this borrowing, or a portion of the borrowing, to be forgiven to the extent the Organization meets defined requirements related to expenditure of the funds and management of the Organization's personnel complement. Through the date the financial statements were available to be issued, the Organization is unable to determine the amount of potential loan forgiveness. Management believes these notes will be forgiven based on the stipulations within the loan agreements. If no forgiveness is granted, the terms of this agreement require the Organization to make monthly principal payments, including interest at 1%, from December 2020 through May 2022.

The United States is presently in the midst of a national health emergency related to a virus, commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID – 19 on a national, regional and local level are unknown, but it has the potential to result in a significant economic impact. The impact of this situation on the Organization and its future results and financial position is not presently determinable.

Subsequent events have been evaluated through August 26, 2020, which is the date the financial statements were available to be issued.