

SPECIAL OLYMPICS NEW YORK, INC.

**Financial Statements as of
December 31, 2020 and 2019
Together with
Independent Auditor's Report**

INDEPENDENT AUDITOR'S REPORT

June 10, 2021

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, 2020 and 2019, 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.

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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, 2020 and 2019, 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.

Bonadio & Co., LLP

SPECIAL OLYMPICS NEW YORK, INC.

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 560,813	\$ 587,992
Investments	2,753,439	2,602,119
Accounts receivable	1,179,164	1,120,597
Prepaid expenses	113,446	270,380
Inventories	<u>44,199</u>	<u>35,785</u>
Total current assets	4,651,061	4,616,873
PROPERTY AND EQUIPMENT, net	281,909	352,783
SECURITY DEPOSITS	<u>43,728</u>	<u>44,228</u>
Total assets	<u>\$ 4,976,698</u>	<u>\$ 5,013,884</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Line-of-credit	\$ -	\$ 150,000
Accounts payable and accrued expenses	575,918	812,411
Refundable advances	121,038	57,511
Deferred revenue	<u>200,606</u>	<u>175,469</u>
Total current liabilities	897,562	1,195,391
NON-CURRENT PORTION OF LEASE OBLIGATION	<u>61,381</u>	<u>94,300</u>
Total liabilities	958,943	1,289,691
NET ASSETS:		
Without donor restrictions	3,914,372	3,603,273
With donor restrictions	<u>103,383</u>	<u>120,920</u>
Total net assets	<u>4,017,755</u>	<u>3,724,193</u>
	<u>\$ 4,976,698</u>	<u>\$ 5,013,884</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, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS:		
SUPPORT AND REVENUE:		
Contributions and bequests	\$ 1,847,894	\$ 3,495,456
Fundraising activities, net of direct expenses of \$646,761 and \$1,058,252	2,638,871	4,724,821
Government and foundation grants	2,334,517	2,306,438
Paycheck Protection Program loan forgiveness	621,700	-
Investment income, net	145,530	367,816
Event sales, net of cost of merchandise	19,546	50,154
Other income	1,000	201
Net assets released from restrictions	<u>70,920</u>	<u>44,080</u>
Total support and revenue	<u>7,679,978</u>	<u>10,988,966</u>
OPERATING EXPENSES:		
Program	5,561,690	8,934,213
Management and general	720,246	799,530
Fundraising	<u>983,681</u>	<u>1,204,684</u>
Total operating expenses	7,265,617	10,938,427
PAYMENTS TO SPECIAL OLYMPICS INTERNATIONAL	<u>103,262</u>	<u>141,234</u>
Total expenses	<u>7,368,879</u>	<u>11,079,661</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>311,099</u>	<u>(90,695)</u>
NET ASSETS WITH DONOR RESTRICTIONS:		
Contributions	53,383	155,000
Net assets released from restrictions	<u>(70,920)</u>	<u>(44,080)</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	<u>(17,537)</u>	<u>110,920</u>
CHANGE IN NET ASSETS	<u>293,562</u>	<u>20,225</u>
NET ASSETS - beginning of year	<u>3,724,193</u>	<u>3,703,968</u>
NET ASSETS - end of year	<u>\$ 4,017,755</u>	<u>\$ 3,724,193</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, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 293,562	\$ 20,225
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation	111,254	94,491
Bad debt	4,824	47,460
Recovery of allowance on individual pledges	-	-
Net unrealized gain on investments	(78,930)	(292,038)
Gain on sale of property and equipment	(1,000)	(197)
Non-cash gain on long-term lease obligation	(32,919)	(26,871)
Changes in:		
Accounts receivable	(63,391)	(74,302)
Prepaid expenses	156,934	(103,819)
Inventories	(8,414)	5,618
Security deposits	500	210
Accounts payable and accrued expenses	(177,823)	204,592
Refundable advances	63,527	51,945
Deferred revenue	25,137	102,126
	<u>293,261</u>	<u>29,440</u>
Net cash flow from operating activities		
CASH FLOW FROM INVESTING ACTIVITIES:		
Proceeds from sale of property and equipment	1,000	15,259
Purchase of property and equipment	(99,050)	(90,869)
Proceeds from sale of investments	118,398	2,884,211
Purchase of investments	(190,788)	(2,484,336)
	<u>(170,440)</u>	<u>324,265</u>
Net cash flow from investing activities		
CASH FLOW FROM FINANCING ACTIVITIES:		
Payments on line-of-credit	(150,000)	(200,000)
	<u>(150,000)</u>	<u>(200,000)</u>
Net cash flow from financing activities		
CHANGE IN CASH AND CASH EQUIVALENTS	(27,179)	153,705
CASH AND CASH EQUIVALENTS - beginning of year	<u>587,992</u>	<u>434,287</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 560,813</u>	<u>\$ 587,992</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest during the year	<u>\$ 7,264</u>	<u>\$ 22,900</u>
Purchase of property and equipment included in Accounts Payable	<u>\$ -</u>	<u>\$ 58,670</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, 2020**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Direct expenses:				
Games, tournaments, and training	\$ 1,493,165	\$ -	\$ -	\$ 1,493,165
Public relations and education	<u>158,510</u>	<u>-</u>	<u>-</u>	<u>158,510</u>
Total direct expenses	<u>1,651,675</u>	<u>-</u>	<u>-</u>	<u>1,651,675</u>
Indirect expenses:				
Salaries and employee benefits	2,590,371	413,074	642,397	3,645,842
Rent	435,604	69,464	108,027	613,095
Equipment rental and maintenance	182,864	29,160	45,349	257,374
Payroll taxes	177,828	28,357	44,100	250,286
Insurance	162,120	25,852	40,205	228,177
Depreciation	55,626	27,814	27,814	111,254
Telephone and internet	71,824	11,453	17,812	101,089
Bank and credit card fees	67,270	10,727	16,683	94,680
Professional fees	-	70,637	-	70,637
Office supplies and expenses	40,671	6,485	10,086	57,241
Employee travel	27,209	4,339	6,748	38,295
Vehicle expenses	22,841	3,642	5,664	32,148
Temporary Services	16,459	2,625	4,082	23,165
Postage	14,068	2,243	3,489	19,800
Payroll services	11,325	1,806	2,809	15,940
Staff training	9,489	1,513	2,353	13,355
Dues and subscriptions	8,480	1,352	2,103	11,935
Staff recruitment	6,523	1,040	1,618	9,181
Interest	5,161	823	1,280	7,264
Cleaning service	4,282	683	1,062	6,027
Bad debt	-	4,824	-	4,824
Discretionary expense	<u>-</u>	<u>2,333</u>	<u>-</u>	<u>2,333</u>
Total indirect expenses	<u>3,910,015</u>	<u>720,246</u>	<u>983,681</u>	<u>5,613,942</u>
	<u>\$ 5,561,690</u>	<u>\$ 720,246</u>	<u>\$ 983,681</u>	<u>\$ 7,265,617</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, 2019**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Direct expenses:				
Games, tournaments, and training	\$ 4,326,369	\$ -	\$ -	\$ 4,326,369
Public relations and education	<u>278,859</u>	<u>-</u>	<u>-</u>	<u>278,859</u>
Total direct expenses	<u>4,605,228</u>	<u>-</u>	<u>-</u>	<u>4,605,228</u>
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	<u>-</u>	<u>4,373</u>	<u>-</u>	<u>4,373</u>
Total indirect expenses	<u>4,328,985</u>	<u>799,530</u>	<u>1,204,684</u>	<u>6,333,199</u>
	<u>\$ 8,934,213</u>	<u>\$ 799,530</u>	<u>\$ 1,204,684</u>	<u>\$ 10,938,427</u>

The accompanying notes are an integral part of these statements.

SPECIAL OLYMPICS NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

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).

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, particularly given the economic disruptions and uncertainties associated with the on-going COVID pandemic, and such differences may be significant.

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 statements 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

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, 2020 and 2019, there were \$103,383 and \$120,920 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2020 and 2019.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurement – Definition and Hierarchy (Continued)

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.

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.

	<u>2020</u>	<u>2019</u>
Total assets	\$ 4,976,698	\$ 5,013,884
Less: nonfinancial assets		
Prepaid expenses	(113,446)	(270,380)
Security deposits	(43,728)	(44,228)
Inventories	(44,199)	(35,785)
Property and equipment, net	<u>(281,909)</u>	<u>(352,783)</u>
Total financial assets	4,493,416	4,310,708
Less: those unavailable for general expenditures within one year, due to net assets with donor restrictions	<u>(103,383)</u>	<u>(120,920)</u>
Financial assets available to meet cash need for general expenditure within one year	<u>\$ 4,390,033</u>	<u>\$ 4,189,788</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>2020</u>	<u>2019</u>
Mutual funds	\$ 2,649,369	\$ 2,500,428
Corporate and foreign bonds	<u>104,070</u>	<u>101,691</u>
Total	<u>\$ 2,753,439</u>	<u>\$ 2,602,119</u>

5. ACCOUNTS RECEIVABLE

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

	<u>2020</u>	<u>2019</u>
Grants	\$ 518,277	\$ 489,696
Bequests and contributions	436,225	482,551
Special Olympics International	229,129	156,639
Miscellaneous	<u>2,833</u>	<u>17,297</u>
	1,186,464	1,146,183
Less: Allowance for doubtful accounts	<u>(7,300)</u>	<u>(25,586)</u>
	<u>\$ 1,179,164</u>	<u>\$ 1,120,597</u>

6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	<u>2020</u>	<u>2019</u>
Office furniture and equipment	\$ 299,830	\$ 282,803
Vehicles	333,065	333,065
Program equipment	164,201	160,605
Leasehold improvements	<u>69,338</u>	<u>49,696</u>
	866,434	826,169
Less: Accumulated depreciation	<u>(584,525)</u>	<u>(473,386)</u>
	<u>\$ 281,909</u>	<u>\$ 352,783</u>

Depreciation expense was \$111,254 and \$94,491 for the years ended December 31, 2020 and 2019, 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, 2020 and 2019 amounted to approximately \$123,000 and \$84,000, 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, plus 1.75 (1.90% at December 31, 2020). There were outstanding balances of \$0 and \$150,000 at December 31, 2020 and 2019, respectively. Interest expense related to the line-of-credit was approximately \$7,300 and \$23,000 for the years ending December 31, 2020 and 2019, respectively.

9. ALLOCATION OF JOINT COSTS

During 2019, the Organization conducted 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 \$0 and \$14,000 for 2020 and 2019, respectively. These joint costs are allocated based upon the average program content percentage of the campaign literature. For 2020 and 2019, the Organization allocated approximately \$0 and \$5,700 respectively, to fundraising expenses and \$0 and \$8,300, respectively, to public awareness expenses. The campaign ended during 2019.

10. FAIR VALUE MEASUREMENTS

The following are measured at fair value on a recurring basis at December 31, 2020:

<u>Description</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>	<u>Total</u>
Mutual funds - domestic	\$ 2,423,199	\$ -	\$ -	\$ 2,423,199
Mutual funds - fixed income	135,045	-	-	135,045
Mutual funds - foreign	91,125	-	-	91,125
Corporate and foreign bonds	-	104,070	-	104,070
	<u>\$ 2,649,369</u>	<u>\$ 104,070</u>	<u>\$ -</u>	<u>\$ 2,753,439</u>

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

<u>Description</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>	<u>Total</u>
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
	<u>\$ 2,500,428</u>	<u>\$ 101,691</u>	<u>\$ -</u>	<u>\$ 2,602,119</u>

There were no changes in valuation techniques in 2020 or 2019.

11. DONATED SERVICES, FACILITIES, AND EQUIPMENT

The Organization occupied donated space for both 2020 and 2019. Management estimated the approximate fair value of the annual rent to be approximately \$73,000 and \$78,000 for 2020 and 2019, respectively, 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 donated space arrangement expires on May 31, 2029.

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

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 \$1,236,164 and \$2,980,597 for 2020 and 2019, respectively. The Organization records these donated services within contribution and bequest revenue, and a concurrent expense at the fair market value upon receipt.

Donated services, facilities and equipment consist of the following at December 31, 2020:

	<u>Direct Program Services</u>	<u>Indirect Expenses</u>	<u>Direct Fundraising Expenses</u>	<u>2020 Total</u>
Athletic, storage and other facilities	\$ 251,104	\$ -	\$ -	\$ 251,104
Professional services	383,729	2,708	94,200	480,637
Advertising	-	-	-	-
Use of equipment	71,551	-	329,454	401,005
Other donated goods	11,075	-	19,343	30,418
Office space	-	73,003	-	73,003
	<u>\$ 717,459</u>	<u>\$ 75,711</u>	<u>\$ 442,997</u>	<u>\$ 1,236,167</u>

Donated services, facilities and equipment consist of the following at December 31, 2019:

	<u>Direct Program Services</u>	<u>Indirect Expenses</u>	<u>Direct Fundraising Expenses</u>	<u>2019 Total</u>
Athletic, storage and other facilities	\$ 1,095,158	\$ -	\$ 67,854	\$ 1,163,012
Professional services	985,443	34,831	73,420	1,093,694
Advertising	-	-	167,000	167,000
Use of equipment	201,800	-	22,373	224,173
Other donated goods	144,901	3,436	70,244	218,581
Office space	-	114,137	-	114,137
	<u>\$ 2,427,302</u>	<u>\$ 152,404</u>	<u>\$ 400,891</u>	<u>\$ 2,980,597</u>

12. LEASE COMMITMENTS

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 expected are as follows:

2021	434,329
2022	305,500
2023	214,653
2024	183,449
2025	143,496
Thereafter	<u>549,742</u>
	<u>\$ 1,831,169</u>

The Organization also has lease commitments for certain office equipment through December 31, 2024. The future minimum payments expected are as follows:

2021	\$ 29,607
2022	29,607
2023	15,739
2024	<u>12,799</u>
	<u>\$ 87,752</u>

Total lease expense for the years ended December 31, 2020 and 2019 was \$613,095 and \$526,279, respectively, which includes approximately \$73,000 and \$114,000 of donated office space in 2020 and 2019, respectively.

13. CONTINGENCIES

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.

14. PAYCHECK PROTECTION PROGRAM ARRANGEMENT

In April 2020, the Organization entered into an arrangement with a bank under the auspices of the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief & Economic Security Act (CARES Act) under which the Organization received \$621,000. This arrangement is evidenced by a loan agreement that includes provisions whereby the loan balance can be fully forgiven based on the Organization's use of funds, maintenance of its personnel complement, and compliance with certain reporting elements to the Bank in accordance with the requirements of the PPP.

14. PAYCHECK PROTECTION PROGRAM ARRANGEMENT (Continued)

The Organization elected to account for its PPP arrangement as a conditional contribution, meaning that revenue is recorded as the conditions meeting the requirement for forgiveness are met. Through December 31, 2020, the Organization estimated that it has administered the full proceeds of its PPP arrangement and managed its staff complement in a manner that met the conditions for forgiveness of \$621,000 received under the PPP arrangement. As such, this amount is recorded as PPP loan forgiveness in the statement of activities for the year ended December 31, 2020.

15. SUBSEQUENT EVENTS

In February 2021, the Organization entered into an additional unsecured promissory note payable under the auspices of PPP in the amount of \$842,137. 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. Any amounts not forgiven will be repaid, with interest accruing at 1%, through February 2022.

Subsequent events have been evaluated through June 10, 2021, which is the date the financial statements were available to be issued.