

SPECIAL OLYMPICS NEW YORK, INC.

**Financial Statements as of
December 31, 2021 and 2020
Together with
Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

July 26, 2022

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

Opinion

We have audited the 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, 2021 and 2020, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Special Olympics New York, Inc., as of December 31, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Special Olympics New York, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Special Olympics New York, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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INDEPENDENT AUDITOR'S REPORT

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Special Olympics New York, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Special Olympics New York, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

SPECIAL OLYMPICS NEW YORK, INC.

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 491,022	\$ 560,813
Investments	3,792,259	2,753,439
Accounts receivable	1,454,558	1,179,164
Prepaid expenses	196,361	113,446
Inventories	-	44,199
	<hr/>	<hr/>
Total current assets	5,934,200	4,651,061
PROPERTY AND EQUIPMENT, net	219,171	281,909
SECURITY DEPOSITS	<hr/>	<hr/>
	43,728	43,728
	<hr/>	<hr/>
Total assets	<u>\$ 6,197,099</u>	<u>\$ 4,976,698</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Line of credit	\$ 400,000	\$ -
Accounts payable and accrued expenses	857,950	575,918
Refundable advances	351,565	121,038
Deferred revenue	33,455	200,606
	<hr/>	<hr/>
Total current liabilities	1,642,970	897,562
NON-CURRENT PORTION OF LEASE OBLIGATION	<hr/>	<hr/>
	22,234	61,381
	<hr/>	<hr/>
Total liabilities	1,665,204	958,943
NET ASSETS:		
Without donor restrictions	4,482,887	3,914,372
With donor restrictions	49,008	103,383
	<hr/>	<hr/>
Total net assets	4,531,895	4,017,755
	<hr/>	<hr/>
	<u>\$ 6,197,099</u>	<u>\$ 4,976,698</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, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS:		
SUPPORT AND REVENUE:		
Contributions and bequests	\$ 1,928,723	\$ 1,847,894
Fundraising activities, net of direct expenses	4,016,205	2,638,871
Government and foundation grants	2,557,555	2,334,517
Paycheck Protection Program grant income	842,140	621,700
Employee Retention Credit revenue	255,382	-
Investment income, net	217,868	145,530
Event sales, net of cost of merchandise	37,906	19,546
Other income	450	1,000
Net assets released from restrictions	<u>98,383</u>	<u>70,920</u>
Total support and revenue	<u>9,954,612</u>	<u>7,679,978</u>
OPERATING EXPENSES:		
Program	7,161,724	5,561,690
Management and general	972,413	720,246
Fundraising	<u>1,140,655</u>	<u>983,681</u>
Total operating expenses	9,274,792	7,265,617
PAYMENTS TO SPECIAL OLYMPICS INTERNATIONAL	<u>111,305</u>	<u>103,262</u>
Total expenses	<u>9,386,097</u>	<u>7,368,879</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>568,515</u>	<u>311,099</u>
NET ASSETS WITH DONOR RESTRICTIONS:		
Contributions	44,008	53,383
Net assets released from restrictions	<u>(98,383)</u>	<u>(70,920)</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	<u>(54,375)</u>	<u>(17,537)</u>
CHANGE IN NET ASSETS	514,140	293,562
NET ASSETS - beginning of year	<u>4,017,755</u>	<u>3,724,193</u>
NET ASSETS - end of year	<u>\$ 4,531,895</u>	<u>\$ 4,017,755</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, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 514,140	\$ 293,562
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Bad debt	-	4,824
Net unrealized gain on investments	(124,982)	(78,930)
Depreciation	90,284	111,254
Gain on sale of property and equipment	-	(1,000)
Non-cash gain on long-term lease obligation	(39,147)	(32,919)
Changes in:		
Accounts receivable	(275,394)	(63,391)
Prepaid expenses	(82,915)	156,934
Inventories	44,199	(8,414)
Security deposits	-	500
Accounts payable and accrued expenses	282,032	(177,823)
Refundable advances	230,527	63,527
Deferred revenue	(167,151)	25,137
	<u>471,593</u>	<u>293,261</u>
Net cash flow from operating activities	<u>471,593</u>	<u>293,261</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(27,546)	(99,050)
Proceeds from sale of property and equipment	-	1,000
Purchase of investments	(1,753,811)	(190,788)
Proceeds from sale of investments	<u>839,973</u>	<u>118,398</u>
	<u>(941,384)</u>	<u>(170,440)</u>
Net cash flow from investing activities	<u>(941,384)</u>	<u>(170,440)</u>
CASH FLOW FROM FINANCING ACTIVITIES:		
Net borrowings (payments) on line of credit	<u>400,000</u>	<u>(150,000)</u>
	<u>400,000</u>	<u>(150,000)</u>
Net cash flow from financing activities	<u>400,000</u>	<u>(150,000)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	(69,791)	(27,179)
CASH AND CASH EQUIVALENTS - beginning of year	<u>560,813</u>	<u>587,992</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 491,022</u>	<u>\$ 560,813</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest during the year	<u>\$ 4,659</u>	<u>\$ 7,264</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, 2021**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Direct expenses:				
Games, tournaments, and training	\$ 2,422,937	\$ -	\$ -	\$ 2,422,937
Costs of fundraising activities	-	-	643,721	643,721
Public relations and education	<u>185,142</u>	<u>-</u>	<u>-</u>	<u>185,142</u>
Total direct expenses	<u>2,608,079</u>	<u>-</u>	<u>643,721</u>	<u>3,251,800</u>
Indirect expenses:				
Salaries and employee benefits	3,121,168	497,718	774,032	4,392,918
Rent	440,436	70,234	109,226	619,896
Payroll taxes	222,115	35,420	55,083	312,618
Professional fees	-	226,135	-	226,135
Insurance	158,132	25,217	39,216	222,565
Equipment rental and maintenance	139,902	22,309	34,695	196,906
Bank and credit card fees	83,699	13,347	20,757	117,803
Telephone and internet	71,660	11,427	17,771	100,858
Depreciation	45,142	22,571	22,571	90,284
Employee travel	53,712	8,565	13,320	75,597
Staff recruitment	45,503	7,256	11,284	64,043
Office supplies and expenses	38,160	6,085	9,464	53,709
Vehicle expenses	31,047	4,951	7,700	43,698
Staff training	28,990	4,623	7,189	40,802
Cost of merchandise	35,081	-	-	35,081
Postage	17,899	2,854	4,439	25,192
Temporary services	17,313	2,761	4,294	24,368
Cleaning service	14,018	2,235	3,476	19,730
Payroll services	12,085	1,927	2,997	17,009
Dues and subscriptions	9,354	1,492	2,320	13,165
Discretionary expense	-	4,758	-	4,758
Interest	<u>3,310</u>	<u>528</u>	<u>821</u>	<u>4,659</u>
Total indirect expenses	<u>4,588,726</u>	<u>972,413</u>	<u>1,140,655</u>	<u>6,701,794</u>
Total expenses	7,196,805	972,413	1,784,376	9,953,594
Less: Costs of fundraising activities	-	-	(643,721)	(643,721)
Cost of merchandise	<u>(35,081)</u>	<u>-</u>	<u>-</u>	<u>(35,081)</u>
Expenses reported by function	<u>\$ 7,161,724</u>	<u>\$ 972,413</u>	<u>\$ 1,140,655</u>	<u>\$ 9,274,792</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</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Direct expenses:				
Games, tournaments, and training	\$ 1,493,165	\$ -	\$ -	\$ 1,493,165
Costs of fundraising activities	-	-	646,761	646,761
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>646,761</u>	<u>2,298,436</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
Payroll taxes	177,828	28,357	44,100	250,285
Professional fees	-	70,637	-	70,637
Insurance	162,120	25,852	40,205	228,177
Equipment rental and maintenance	182,864	29,160	45,349	257,373
Bank and credit card fees	67,270	10,727	16,683	94,680
Telephone and internet	71,824	11,453	17,812	101,089
Depreciation	55,626	27,814	27,814	111,254
Employee travel	27,209	4,339	6,748	38,296
Staff recruitment	6,523	1,040	1,618	9,181
Office supplies and expenses	40,671	6,485	10,086	57,242
Vehicle expenses	22,841	3,642	5,664	32,147
Staff training	9,489	1,513	2,353	13,355
Cost of merchandise	45,380	-	-	45,380
Postage	14,068	2,243	3,489	19,800
Temporary services	16,459	2,625	4,082	23,166
Cleaning service	4,282	683	1,062	6,027
Payroll services	11,325	1,806	2,809	15,940
Dues and subscriptions	8,480	1,352	2,103	11,935
Discretionary expenses	-	2,333	-	2,333
Interest	5,161	823	1,280	7,264
Bad debt	<u>-</u>	<u>4,824</u>	<u>-</u>	<u>4,824</u>
Total indirect expenses	<u>3,955,395</u>	<u>720,246</u>	<u>983,681</u>	<u>5,659,322</u>
Total expenses	5,607,070	720,246	1,630,442	7,957,758
Less: Costs of fundraising activities	-	-	(646,761)	(646,761)
Cost of merchandise	<u>(45,380)</u>	<u>-</u>	<u>-</u>	<u>(45,380)</u>
Expenses reported by function	<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.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

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 programs 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.

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. 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 donor's 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.

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. During 2021, it was determined inventory was no longer necessary to carry and written-off into expense.

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 to 10 years.

Refundable Advances and Deferred Revenue

Refundable advances consist of unspent cash advances received from Special Olympics, Inc. and various grantors 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 as either without or with donor 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. There were \$49,008 and \$103,383 of net assets with donor restrictions at December 31, 2021 and 2020, 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 years ended December 31, 2021 and 2020.

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 U.S. GAAP, these services are not reflected in the financial statements since the services provided do not require specialized skills.

Fair Value Measurement

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 are 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 are 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 (Continued)

The Organization's corporate and foreign 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 contributions and fundraising events. In addition, 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>2021</u>	<u>2020</u>
Total assets	\$ 6,197,099	\$ 4,976,698
Less: Nonfinancial assets -		
Prepaid expenses	(196,361)	(113,446)
Inventories	-	(44,199)
Security deposits	(43,728)	(43,728)
Property and equipment, net	<u>(219,171)</u>	<u>(281,909)</u>
Total financial assets	5,737,839	4,493,416
Less: Net assets with donor restrictions	<u>(49,008)</u>	<u>(103,383)</u>
	<u>\$ 5,688,831</u>	<u>\$ 4,390,033</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 are 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 (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 investments that it has the ability to borrow from as needed.

4. INVESTMENTS

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

	<u>2021</u>	<u>2020</u>
Mutual funds	\$ 3,690,925	\$ 2,649,369
Corporate and foreign bonds	<u>101,334</u>	<u>104,070</u>
	<u>\$ 3,792,259</u>	<u>\$ 2,753,439</u>

5. ACCOUNTS RECEIVABLE

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

	<u>2021</u>	<u>2020</u>
Grants	\$ 517,637	\$ 518,277
Bequests and contributions	285,936	436,225
Special Olympics International	396,349	229,129
Miscellaneous	<u>259,636</u>	<u>2,833</u>
	1,459,558	1,186,464
Less: Allowance for doubtful accounts	<u>(5,000)</u>	<u>(7,300)</u>
	<u>\$ 1,454,558</u>	<u>\$ 1,179,164</u>

6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Office furniture and equipment	\$ 322,283	\$ 299,830
Vehicles	333,065	333,065
Program equipment	168,756	164,201
Leasehold improvements	<u>69,988</u>	<u>69,338</u>
	894,092	866,434
Less: Accumulated depreciation	<u>(674,921)</u>	<u>(584,525)</u>
	<u>\$ 219,171</u>	<u>\$ 281,909</u>

Depreciation expense was \$90,284 and \$111,254 for the years ended December 31, 2021 and 2020, respectively.

7. RETIREMENT PLAN

The Organization has adopted a tax-sheltered annuity retirement plan under Section 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, 2021 and 2020 amounted to approximately \$157,000 and \$123,000, respectively.

8. LINE OF CREDIT

The Organization has a \$2,000,000 revolving bank line of credit for working capital purposes, due on demand, and accrues interest at the LIBOR lending rate, plus 1.75% (1.91% at December 31, 2021). There were outstanding balances of \$400,000 and \$0 at December 31, 2021 and 2020, respectively. Interest expense related to the line of credit was approximately \$4,700 and \$7,300 for the years ending December 31, 2021 and 2020, respectively.

9. FAIR VALUE MEASUREMENT

The following are measured at fair value on a recurring basis at December 31, 2021:

<u>Description</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>	<u>Total</u>
Mutual funds - domestic	\$ 3,445,119	\$ -	-	\$ 3,445,119
Mutual funds - fixed income	147,310	-	-	147,310
Mutual funds - foreign	98,496	-	-	98,496
Corporate and foreign bonds	-	101,334	-	101,334
	<u>\$ 3,690,925</u>	<u>\$ 101,334</u>	<u>\$ -</u>	<u>\$ 3,792,259</u>

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>

There were no changes in valuation techniques in 2021 or 2020.

10. DONATED SERVICES, FACILITIES, AND EQUIPMENT

The Organization occupied donated space for both 2021 and 2020. Management estimated the approximate fair value of the annual rent to be approximately \$68,000 and \$73,000 for 2021 and 2020, respectively, and included this amount in donated goods and services reported under contributions and expenses in the statements of activities for the years then ended. The donated space arrangement expires on May 31, 2029.

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 \$1,708,492 and \$1,236,164 for 2021 and 2020, respectively. The Organization records these donated services within contribution and bequest revenue, and a concurrent expense at the fair market value upon receipt.

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

Donated services, facilities and equipment consist of the following at December 31, 2021:

	<u>Direct Program Services</u>	<u>Indirect Expenses</u>	<u>Direct Fundraising Expenses</u>	<u>Total</u>
Athletic, storage and other facilities	\$ 238,274	\$ -	\$ -	\$ 238,274
Professional services	1,104,621	49,306	114,800	1,268,727
Use of equipment	42,500	-	55,368	97,868
Other donated goods	12,935	-	23,059	35,994
Office space	<u>-</u>	<u>67,630</u>	<u>-</u>	<u>67,630</u>
	<u>\$ 1,398,330</u>	<u>\$ 116,936</u>	<u>\$ 193,227</u>	<u>\$ 1,708,493</u>

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

11. 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 for the years ending December 31 are as follows:

2022	\$ 305,500
2023	214,653
2024	183,449
2025	143,496
2026	140,721
Thereafter	<u>549,742</u>
	<u>\$ 1,537,561</u>

11. LEASE COMMITMENTS (Continued)

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

2022	\$	29,607
2023		15,739
2024		<u>12,799</u>
	\$	<u>58,145</u>

Total lease expense for the years ended December 31, 2021 and 2020 was \$619,896 and \$613,095, respectively, which includes approximately \$68,000 and \$73,000 of donated office space in 2021 and 2020, respectively.

12. COVID-19 PANDEMIC

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.

Paycheck Protection Program Arrangement

In February 2021 and 2020, the Organization entered into arrangements with a bank under the auspices of the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief & Economic Security Act (CARES Act). During 2021 and 2020, the Organization received \$842,140 and \$621,700, respectively, as evidenced by loan agreements that included provisions whereby the loan balance can be fully or partially 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.

The Organization elected to account for its PPP arrangements and promissory notes payable as conditional contributions, meaning that revenue is recorded as the conditions meeting the requirements for forgiveness are met. For the years ended December 31, 2021 and 2020, the Organization estimated that it has administered the full proceeds of its PPP arrangements and promissory notes payable, and managed its staff complement in a manner that met the conditions for forgiveness of \$842,140 and \$621,700, respectively. As such, these amounts are recorded as PPP grant income in the statements of activities for the years ended December 31, 2021 and 2020.

Employee Retention Credit Revenue

During 2021, the Organization determined its eligibility for the Employee Retention Credit (ERC) that related to certain quarters in 2020. As such, the Organization recorded a receivable and revenue of \$255,382 for the year ended December 31, 2021. The Organization received the ERC in full during 2022.

13. SUBSEQUENT EVENTS

Subsequent events have been evaluated through July 26, 2022, which is the date the financial statements were available to be issued.