

SPECIAL OLYMPICS OREGON, INC.

Financial Statements

For the Years Ended December 31, 2020 and 2019

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Independent Auditor's Report

To the Board of Directors
Special Olympics Oregon, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Special Olympics Oregon, Inc., which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets, 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.

Richard Winkel, CPA
15086 NW Oakmont Loop
Beaverton, OR 97006

tel: (503) 332-6750
fax: (888) 739-8185
email: rwinkel@winkelcpa.com

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Special Olympics Oregon, Inc. as of December 31, 2020 and 2019, and the results of its operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Richard Winkel, CPA". The signature is written in a cursive, slightly slanted style.

Richard Winkel, CPA
November 12, 2021

SPECIAL OLYMPICS OREGON, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019

	2020	2019
ASSETS		
Current assets:		
Cash	\$ 1,696,020	\$ 1,199,474
Investment in certificate of deposit	251,306	-
Investments	502,859	-
Grants and contributions receivable, short-term	90,000	50,000
Prepaid expenses and other assets	79,804	26,187
Total current assets	2,619,989	1,275,661
Grants and contributions receivable long-term, net	356,528	396,110
Endowment investment in certificate of deposit	52,446	51,968
Beneficial interest in a charitable trust held by others	367,564	351,556
Capital assets, net of depreciation	42,264	67,330
Total assets	\$ 3,438,791	\$ 2,142,625
LIABILITIES AND NET ASSETS		
Current liabilities:		
Notes payable - current portion	\$ 122,621	\$ 127,351
Accounts payable, trade	1,288	50,001
Accrued payroll	16,898	26,302
Accrued expenses	15,152	15,858
Total current liabilities	155,959	219,512
Notes payable - long-term portion	11,510	133,781
Total liabilities	167,469	353,293
Net assets:		
Without donor restrictions	1,376,725	249,137
With donor restrictions	1,894,597	1,540,195
Total net assets	3,271,322	1,789,332
Total liabilities and net assets	\$ 3,438,791	\$ 2,142,625

The accompanying notes are an integral part of these financial statements

SPECIAL OLYMPICS OREGON, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	2020 Total
Grants and contributions	\$ 2,016,184	\$ 698,654	\$ 2,714,838
Government grant- Paycheck Protection Program	201,358	-	201,358
Special events	686,002	-	686,002
In-kind contributions	401,344	-	401,344
Net change in carrying value of a charitable trust	-	16,008	16,008
Interest income and earnings on investments	4,395	478	4,873
Merchandise sales and other	336	-	336
	<u>3,309,619</u>	<u>715,140</u>	<u>4,024,759</u>
Release from restrictions	<u>360,738</u>	<u>(360,738)</u>	<u>-</u>
Total revenues	3,670,357	354,402	4,024,759
Program services	1,689,205	-	1,689,205
Management and general	340,165	-	340,165
Fundraising	<u>513,399</u>	<u>-</u>	<u>513,399</u>
Total expenses	<u>2,542,769</u>	<u>-</u>	<u>2,542,769</u>
Change in net assets	<u>1,127,588</u>	<u>354,402</u>	<u>1,481,990</u>
Net assets at beginning year	<u>249,137</u>	<u>1,540,195</u>	<u>1,789,332</u>
Net assets at end of year	<u>\$ 1,376,725</u>	<u>\$ 1,894,597</u>	<u>\$ 3,271,322</u>

The accompanying notes are an integral part of these financial statements

SPECIAL OLYMPICS OREGON, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Grants and contributions	\$ 1,577,922	\$ 1,304,457	\$ 2,882,379
Forgiveness of debt	554,925	-	554,925
Special events	415,286	-	415,286
In-kind contributions	1,559,080	-	1,559,080
Net change in carrying value of a charitable trust	-	55,682	55,682
Interest income and earnings on investments	-	528	528
Merchandise sales and other	26	-	26
	<u>4,107,239</u>	<u>1,360,667</u>	<u>5,467,906</u>
Release from restrictions	<u>1,002,894</u>	<u>(1,002,894)</u>	<u>-</u>
Total revenues	5,110,133	357,773	5,467,906
Program services	2,793,638	-	2,793,638
Management and general	785,535	-	785,535
Fundraising	673,764	-	673,764
Total expenses	<u>4,252,937</u>	<u>-</u>	<u>4,252,937</u>
Change in net assets	<u>857,196</u>	<u>357,773</u>	<u>1,214,969</u>
Net assets at beginning year	<u>(608,059)</u>	<u>1,182,422</u>	<u>574,363</u>
Net assets at end of year	<u>\$ 249,137</u>	<u>\$ 1,540,195</u>	<u>\$ 1,789,332</u>

The accompanying notes are an integral part of these financial statements

SPECIAL OLYMPICS OREGON, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2020

	Program Services	Management and General	Fundraising	Total
Salaries and related costs	\$ 706,343	\$ 175,692	\$ 181,942	\$ 1,063,977
Competition and training	278,914	741	8,262	287,917
Volunteer services	398,741	-	-	398,741
Professional services	97,472	80,035	29,947	207,454
Occupancy	48,634	43,552	2,041	94,227
Supplies and equipment	6,281	1,562	1,618	9,461
Office expenses	1,551	386	400	2,337
Postage and printing	4,437	1,812	2,119	8,368
Travel	1,204	299	310	1,813
Special events	45,695	-	275,280	320,975
National accreditation fees	55,362	-	-	55,362
Insurance	17,897	4,452	4,610	26,959
Interest and bank fees	10,033	2,495	2,584	15,112
Bad debt	-	25,000	-	25,000
Depreciation	16,641	4,139	4,286	25,066
	<u>\$ 1,689,205</u>	<u>\$ 340,165</u>	<u>\$ 513,399</u>	<u>\$ 2,542,769</u>
Total expenses	<u>\$ 1,689,205</u>	<u>\$ 340,165</u>	<u>\$ 513,399</u>	<u>\$ 2,542,769</u>

The accompanying notes are an integral part of these financial statements

SPECIAL OLYMPICS OREGON, 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>
Salaries and related costs	\$ 535,881	\$ 243,588	\$ 358,014	\$ 1,137,483
Competition and training	689,375	858	500	690,733
Volunteer services	1,382,008	-	-	1,382,008
Professional services	6,755	154,666	2,487	163,908
Occupancy	36,504	16,593	24,388	77,485
Supplies and equipment	8,179	3,717	5,463	17,359
Office expenses	4,461	2,028	2,980	9,469
Postage and printing	3,168	5,777	2,353	11,298
Travel	20,226	5,893	9,488	35,607
Fundraising events	-	-	247,322	247,322
National accreditation fees	75,995	-	-	75,995
Insurance	5,605	7,093	10,425	23,123
Interest and bank fees	5,144	2,338	3,437	10,919
Bad debt	-	338,285	-	338,285
Depreciation	10,338	4,699	6,907	21,944
	<u>10,338</u>	<u>4,699</u>	<u>6,907</u>	<u>21,944</u>
Total expenses	<u><u>\$ 2,793,638</u></u>	<u><u>\$ 785,535</u></u>	<u><u>\$ 673,764</u></u>	<u><u>\$ 4,252,937</u></u>

The accompanying notes are an integral part of these financial statements

SPECIAL OLYMPICS OREGON, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Cash received from contributions and grants	\$ 2,689,420	\$ 3,258,728
Cash received from special events and other	686,568	233,356
Cash paid to employees, suppliers, and others	(2,203,799)	(2,512,860)
Net cash provided by operating activities	1,172,189	979,224
Cash flows from investing activities:		
Purchase of capital assets	-	(38,505)
Purchase of investment	(500,000)	-
Purchase of certificate of deposit	(250,000)	-
Net cash used in investing activities	(750,000)	(38,505)
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program loan	201,358	-
Payments on notes payable	(127,001)	(226,821)
Net cash provided by (used in) financing activities	74,357	(226,821)
Net increase in cash and cash equivalents	496,546	713,898
Cash and cash equivalents at beginning of year	1,199,474	485,576
Cash and cash equivalents at end of year	\$ 1,696,020	\$ 1,199,474
Cash paid for interest	\$ 2,694	\$ 1,689
Supplemental Schedule of Non-cash Investment and Financing Activities:		
Forgiveness of accounts payable	\$ -	\$ 28,686
Forgiveness of interest payable	-	6,839
Forgiveness of note payable	-	519,400
Forgiveness of Paycheck Protection Program loan	201,358	-
Conversion of accounts payable into notes payable	-	97,104

The accompanying notes are an integral part of these financial statements

Special Olympics Oregon, Inc.
Notes to the Financial Statements
December 31, 2020 and 2019

NOTE A – ORGANIZATION

Special Olympics Oregon, Inc. (the “Organization”) is a private, non-profit organization founded in Oregon in 1972 to provide year-round sports training and athletic competition in a variety of Olympic-style sports for individuals with intellectual disabilities. The Organization provides individuals with continuing opportunities to develop physical fitness, demonstrate courage, experience joy, and participate in a sharing of gifts, skills, and friendship with their families, other Special Olympics athletes, and the community.

Special Olympics Oregon is an affiliate with, and accredited by, Special Olympics, Inc., the national and global organization.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies applied in the preparation of the accompanying financial statements follows.

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization 's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all short-term investments purchased with an original maturity of three months or less to be cash equivalents.

Cash and cash equivalents include accounts with financial institutions covered by the Federal Deposit Insurance Corporation (FDIC) of \$250,000. Cash balances of \$1,444,817 and \$841,303 were in excess of FDIC insurance limits at December 31, 2020 and 2019, respectively.

Special Olympics Oregon, Inc.
Notes to the Financial Statements
December 31, 2020 and 2019

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments consist of marketable securities, cash and certificates of deposit with initial maturities of greater than three months. Interest income is accrued as earned.

Grants and Contributions

Grants and contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Grants and contributions receivable are reported at the amount management expects to collect on balances outstanding at year-end. Based on an assessment of the credit history with those having outstanding balances and current relationships with them, management has concluded that realization losses on balances outstanding at year-end will be immaterial.

Contributions of Long-Lived Assets

Contributions of property and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues of the without donor restrictions net asset class. Contributions of cash or other assets to be used to acquire equipment with such donor stipulations are reported as revenues of the with donor restrictions net asset class. The restrictions are considered to be released at the time of acquisition of such long-lived assets.

Benefits Provided to Donors at Special Events

Special Olympics Oregon conducts special fundraising events in which a portion of the gross proceeds paid by the participants represents payment for the direct cost of the benefits received by participants at the event. Unless a verifiable, objective means exists to demonstrate otherwise, the fair value of meals, entertainments, and other benefits provided at special events is measured at the actual cost to the Organization.

Revenue Recognition

Revenues for services are recognized at the time services are provided and the revenues are earned. Proceeds from fundraising events are recognized as support when the event takes place. Deferred revenue consists of sponsorships and ticket proceeds received for tournaments and fundraising events that will occur after the end of the fiscal year.

Special Olympics Oregon, Inc.
Notes to the Financial Statements
December 31, 2020 and 2019

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Outstanding Legacies

Special Olympics Oregon is the beneficiary under various wills and trust agreements, the total realizable amounts of which are not presently determinable. The Organization's share of such bequests is recorded when the probate court has declared the testamentary instrument valid and the proceeds are measurable.

Beneficial Interest in a Charitable Trust

Special Olympics Oregon is the remainder beneficiary of a charitable trust in which a donor-designated beneficiary retains a life interest. The assets are invested and administered by an independent trustee, and distributions are made to the beneficiary during the term of the agreement. The funds in the trust are invested in equity and debt securities, and the Organization records its beneficial interest in the trust based on estimated future cash receipts. The initial recognition of the gift was reported as a contribution, and subsequent adjustments to the asset's carrying values are reported in the accompanying financial statements as a change in the carrying value of the charitable trust. The beneficial interest is classified as with donor restrictions due to the existence of the donor-imposed time restriction.

Advertising Expenses

Advertising and promotional costs are charged to expense as they are incurred.

Endowment Funds and Interpretation of Relevant Law

The Organization has adopted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") which governs Oregon charitable institutions with respect to the management, investment, and expenditure of endowment funds.

The Board of Directors has interpreted Oregon's adoption of UPMIFA as requiring the Organization to adopt investment and spending policies that preserve the fair value of the original gift as of the date of gift, absent explicit donor stipulations to the contrary. Although the Organization has a long-term fiduciary duty to the donor (and to others) for a fund of perpetual duration, the preservation of the endowment's purchasing power is only one of several factors that are considered in managing and investing these funds. Furthermore, in accordance with UPMIFA, a portion of the endowment's historic dollar value be appropriated for expenditure in support of the restricted purposes of the endowment if this is consistent with a spending policy that otherwise satisfies the requisite standard of prudence under UPMIFA.

As a result of this interpretation, the Organization classifies as net assets with restriction (1) the original value of gifts donated to the permanent endowment, (2) subsequent gifts to the endowment, and (3) accumulations made pursuant to the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Special Olympics Oregon, Inc.
Notes to the Financial Statements
December 31, 2020 and 2019

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net earnings (realized and unrealized) on the investment of endowment assets are classified as restricted if the terms of the gift impose restrictions on the use of the income, until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA and until expended in a manner consistent with the purpose of time restrictions, if any, imposed by the donor. Any investment return classified as restricted represents only those amounts required to be retained as a result of explicit donor stipulations.

The Organization has adopted a spending plan which allows spending up to 5% of the endowment assets each year for operating expense. During the years ended December 31, 2020 and 2019, the Organization's Board of Directors did not appropriate any endowment assets for expenditure.

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Organization maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. The Organization cash and cash equivalent accounts have been placed with high credit quality financial institutions.

Certain receivables may also, from time to time, subject the Organization to concentrations of credit risk. To minimize its exposure to significant losses from customer or donor insolvencies, management evaluates the financial condition of its customers and donors, and monitors concentrations of credit risk arising from similar geographic regions, activities, or economic characteristics. When necessary, receivables are reported net of an allowance for uncollectible accounts.

Capital Assets

Capital assets are recorded at cost. When assets are retired or otherwise disposed of, the related carrying value, and accumulated depreciation are removed from their respective accounts and the net difference less any amount realized from disposition is reflected in gain or loss on disposal. Depreciation on capital assets is calculated on the straight line method over the following estimated useful lives of the assets:

Software	5 years
Computer equipment	3-5 years
Leasehold improvements	5 years
Office equipment	3-5 years
Furniture	3-5 years

Maintenance and repairs, including the replacement of non-significant items are expensed as incurred, and significant additions to capital assets are capitalized.

Special Olympics Oregon, Inc.
Notes to the Financial Statements
December 31, 2020 and 2019

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and applicable state law. It is management's opinion that none of the Organization's present activities are subject to unrelated business income taxes. Therefore, no provision for income taxes has been recorded in the accompanying financial statements.

Management has evaluated the Organization's tax positions and concluded that there are no uncertain tax positions that require adjustment to the financial statements.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional expense basis in the statements of activities and statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that were allocated include the following:

Salaries and benefits	Time and effort
Occupancy	Square footage
Professional services	Time and effort
Office expenses	Time and effort
Insurance	Time and effort

Adoption of Recent Accounting Standards

The Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2018-08, *Not-For-Profit Entities* Topic 958 which clarifies accounting guidance about whether a transfer of assets is a contribution or an exchange transaction. This standard effectively excludes contributions from the requirements of ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606) and related standards. No change to previously recognized revenue was required as a result of adopting these standards.

Prior Year Reclassification

Certain prior year amounts have been reclassified for consistency with current year presentation. These reclassifications had no effect on the reported results of operations.

Special Olympics Oregon, Inc.
Notes to the Financial Statements
December 31, 2020 and 2019

NOTE C – AVAILABILITY AND LIQUIDITY

The Organization manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. The Organization’s cash needs are expected to be met on a monthly basis from regular revenue sources. In general, the Organization maintains sufficient financial assets on hand to meet normal operating expenditures and to reserve for future needs. The following represents the Organization’s financial assets at December 31:

	2020	2019
Financial assets at year end:		
Cash and cash equivalents	\$ 1,696,020	\$ 1,199,474
Endowment fund	52,446	51,968
Investment in certificates of deposit	251,306	-
Investment in trust	367,564	351,556
Investments	502,859	-
Grants and contributions receivable	446,528	446,110
 Total financial assets	 3,316,723	 2,049,108
Less amounts not available to be used within one year:		
Net assets with donor restrictions	(1,894,597)	(1,540,195)
 Financial assets available to meet general expenditures over the next twelve months	 \$ 1,422,126	 \$ 508,913

NOTE D – GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable are summarized as follows at December 31:

	2020	2019
Less than 1 year	\$ 90,000	\$ 50,000
One year to 5 years	200,000	250,000
More than 5 years	200,000	200,000
	490,000	500,000
Less discount	(43,472)	(53,890)
	\$ 446,528	\$ 446,110

Unconditional promises to give due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 2.63%.

Special Olympics Oregon, Inc.
Notes to the Financial Statements
December 31, 2020 and 2019

NOTE D – GRANTS AND CONTRIBUTIONS RECEIVABLE (Continued)

One grantor accounts for 97% and 100% of the grants and contributions receivable at December 31, 2020 and 2019, respectively.

NOTE E – FAIR VALUE MEASUREMENTS

FASB ASC Topic 820, *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, maximizes the use of observable inputs, and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. The classification of assets and liabilities within the hierarchy is based on whether the inputs to the valuation methodology used for measurement are observable or unobservable. Observable inputs reflect market-derived or market-based information obtained from independent resources while unobservable inputs reflect estimates about market data.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level I: Observable inputs such as quoted prices in active markets for identical assets or liabilities.
- Level II: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; these include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.
- Level III: Unobservable inputs in which there is little or no market data available, which require the reporting entity to develop its own assumptions.

The following table sets forth carrying amounts and estimated fair values for financial instruments at December 31, 2020:

	2020	2019
Level I investments:		
Money market and cash funds	\$ 501,107	\$ -
Certificate of deposit	251,306	-
Equities	1,752	-
Endowment certificate of deposit	52,446	51,968
Total investments at fair value	\$ 806,611	\$ 51,968

Special Olympics Oregon, Inc.
Notes to the Financial Statements
December 31, 2020 and 2019

NOTE F – INVESTMENT IN ENDOWMENT

The endowment is invested in a certificate of deposit which has a twelve-month term and earns interest at 0.15%. The certificate of deposit matured in March 2021 and was renewed for an additional twelve-month term with a maturity date of March 2022. The certificate of deposit had a fair value of \$52,446 and \$51,968 at December 31, 2020 and 2019, respectively.

The endowment investment has an original gift value of \$51,299 and accumulated earnings of \$1,147 and \$669 at December 31, 2020 and 2019, respectively. Interest income on the endowment investment was \$478 and \$528 during the years ended December 31, 2020 and 2019, respectively. The investment earnings generated by this endowment can be used for such general, unrestricted purposes as determined by the Board of Directors.

NOTE G – BENEFICIAL INTEREST IN A CHARITABLE TRUST HELD BY OTHERS

Special Olympics Oregon is the beneficiary of a charitable remainder trust established by the will of a donor. Upon the death of the income beneficiary, the Organization will receive 50% of the remaining assets of the trust. The trust’s assets are managed by a third-party trustee not affiliated with Special Olympics Oregon. Total trust assets are valued at \$2,158,576 and \$2,064,563 at December 31, 2020 and 2019, respectively. An asset of \$367,564 and \$351,556 is recorded at December 31, 2020 and 2019, respectively, representing the actuarially determined present value of the estimated future cash flows using a discount rate of 7.0%.

A summary of the change in valuation of this asset during the years ended December 31 is as follows:

		<u>2020</u>		<u>2019</u>
Beginning of year	\$	351,556	\$	295,874
Appreciation in value		<u>16,008</u>		<u>55,682</u>
End of year	\$	<u>367,564</u>	\$	<u>351,556</u>

NOTE H – CERTIFICATE OF DEPOSIT

The Organization purchased a certificate of deposit in the amount of \$250,000. The certificate of deposit has an initial four-month term and earns interest at 0.30%. The certificate of deposit matured in April 2021 and was renewed for two additional four-month terms with a new maturity date of January 2022. Interest income on the certificate of deposit was \$1,306 during the year ended December 31, 2020 and the balance is \$251,306 at December 31, 2020.

Special Olympics Oregon, Inc.
Notes to the Financial Statements
December 31, 2020 and 2019

NOTE I – CAPITAL ASSETS

Major classes of capital assets consist of the following at December 31:

	2020	2019
Software	\$ 323,418	\$ 323,418
Computer equipment	121,541	121,541
Leasehold improvements	83,273	83,273
Office equipment	32,835	32,835
Furniture	27,983	27,983
	589,050	589,050
Less accumulated depreciation	(546,786)	(521,720)
	\$ 42,264	\$ 67,330

Depreciation expense was \$25,066 and \$21,944 for the years ended December 31, 2020 and 2019, respectively.

NOTE J – NOTES PAYABLE

On May 1, 2020, the Organization was granted a loan from First Interstate Bank in the aggregate amount of \$201,358 pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The proceeds of the PPP Loans have been used for payroll costs and other permitted purposes under the CARES Act, including rent or utility costs. Under the terms of the CARES Act, each borrower can apply for forgiveness for all or a portion of the PPP Loan and, as described below, the Organization did apply for forgiveness during the year ended December 31, 2020. Such forgiveness was determined, subject to limitations, based on the use of loan proceeds in accordance with the terms of the CARES Act during the 24-week period after the loan origination and the maintenance or achievement of certain employee levels.

The Organization was notified by First Interstate Bank that the loan was forgiven and \$201,358 was recorded as a government grant for the year ended December 31, 2020.

See Note P – Subsequent Events.

Special Olympics Oregon, Inc.
Notes to the Financial Statements
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NOTE J – NOTES PAYABLE (CONTINUED)

The Organization has the following notes payable at December 31:

	2020	2019
Note payable to an organization requiring monthly payments of \$5,300 with 0% interest and no collateral, note matures in December 2021.	\$ 58,300	\$ 121,900
Note payable to an organization requiring monthly payments of \$472 including interest at 1.95% and no collateral, note matures in December 2021.	5,588	10,647
Note payable to an organization requiring monthly payments of \$1,237 including interest at 1.95% and no collateral, note matures in December 2021.	17,486	30,017
Note payable to an organization requiring monthly payments of \$3,094 with 0% interest and no collateral, note matures in December 2021.	34,035	68,070
Note payable to a bank requiring monthly payments of \$705 including interest at 6.10% and no collateral, note matures in December 2023.	18,722	30,498
	134,131	261,132
Less current portion	(122,621)	(127,351)
Long-term portion of notes payable	\$ 11,510	\$ 133,781

Future principal payments and maturities of notes payable as of December 31, 2020 are as follows:

2021	\$	122,621
2022		7,666
2023		3,844
	\$	134,131

See Note P – Subsequent Events.

Special Olympics Oregon, Inc.
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NOTE K – RESTRICTIONS AND LIMITATIONS ON NET ASSET BALANCES

Net assets with donor restrictions are as follows at December 31:

	2020	2019
Specific purpose		
Games, competitions, and training	\$ 1,474,587	\$ 1,136,671
Passage of time		
Endowment investment	52,446	51,968
Beneficial interest in charitable trust	367,564	351,556
	\$ 1,894,597	\$ 1,540,195

Net assets released from donor restrictions due to satisfaction of purpose restriction of \$360,738 and \$1,002,366 during the years ended December 31, 2020 and 2019, respectively.

NOTE L – OPERATING LEASES

Special Olympics Oregon leases its administrative offices under an agreement expiring in July 2024. The Organization was provided with four months of free rent during the year ended December 31, 2019. Future minimum payments under the operating leases are as follows:

<u>Year Ending December 31,</u>	
2021	\$ 49,501
2022	50,986
2023	52,515
2024	31,388
	\$ 184,390

Total rent expense was \$48,059 and \$19,584 for the years ended December 31, 2020 and 2019, respectively, under the terms of this operating lease.

NOTE M – RETIREMENT PLAN

The Organization provides all employees who are scheduled to work 30 hours or more each week with a qualified retirement plan, as described under Section 401(k) of the Internal Revenue Code. All employees may make voluntary contributions to the plan on a pre-tax basis, up to the limits allowed by law, from their first day of employment. No employer contributions were made to the Plan during the year ended December 31, 2020 or 2019.

Special Olympics Oregon, Inc.
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NOTE N – UNEMPLOYMENT INSURANCE COVERAGE

The Organization participates in the Northwest Agencies Trust for funding of unemployment insurance. Use of the Trust is intended to reduce the Organization’s unemployment costs. The Trust provides the Organization with a program of self-insurance, with stop-loss insurance purchased to cover unusual amounts of unemployment costs. The Trust bills the Organization for amounts intended to reach a predetermined reserve level. The assessments, billed quarterly, consider any investment income and adjust for administrative costs, payment to former employees, and insurance payments. During the year ended December 31, 2020, the Organization contributed \$41,798 to the Trust, the Trust paid out \$1,862 in benefits and charged \$3,189 in insurance and participation costs. During the year ended December 31, 2019 the Organization contributed \$87,008 to the Trust, the Trust paid out \$80,442 in benefits and charged \$5,043 in insurance and participation costs.

NOTE O – IN-KIND CONTRIBUTIONS

Special Olympics Oregon receives contributed services from a large number of volunteers who assist in program efforts through their participation in a range of activities. In accordance with FASB ASC No. 958-605, significant services received that create or enhance a non-financial asset or require specialized skills that the organization would have purchased if not donated are recognized in the statement of activities.

In addition, in-kind contributions of equipment, materials, and the free use of facilities are recorded where there is an objective basis upon which to value these contributions and where the contributions are an essential part of the organization’s activities.

Special Olympics Oregon’s in-kind contributions for the years ended December 31, 2020 and 2019 are summarized as follows:

	2020	2019
Program services:		
Volunteer services		
Volunteer certified coaches	\$ 240,278	\$ 895,176
Volunteer local program coordinators and managers	158,463	474,800
Professional services	-	4,198
Free use of facilities	-	7,834
Total volunteer services	398,741	1,382,008
Competition and training:		
Materials and supplies	603	174,072
Total in-kind program services	399,344	1,556,080
Management and general:		
Professional services	2,000	3,000
Total in-kind contributions	\$ 401,344	\$ 1,559,080

Special Olympics Oregon, Inc.
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NOTE P – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through November 12, 2021, which is the date the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements for the year ended December 31, 2020.

In February 2021 the Organization was awarded a second PPP loan of \$167,440.

In July 2021 the Organization paid off all outstanding notes payable.