

SPECIAL OLYMPICS OREGON, INC.

FINANCIAL STATEMENTS

Year Ended December 31, 2021



**Special  
Olympics**  
*Oregon*

**KERN ▲ THOMPSON**  
CERTIFIED PUBLIC ACCOUNTANTS

**SPECIAL OLYMPICS OREGON, INC.  
FINANCIAL STATEMENTS**

**Year Ended December 31, 2021**

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## Executive Director's Message

Special Olympics Oregon (SOOR) celebrates its 50<sup>th</sup> anniversary in 2022, and as we launch into our next half century, we do so with an unwavering commitment to harness the transformational power of sport for children and adults living with intellectual disabilities. With sport as our platform, we will create cultures of inclusion in schools, workplaces, and communities; ensure access to quality healthcare, nutrition, fitness, and well-being services; and provide experiences that build connection, belonging, a sense of achievement, friendships, and joy. Our work makes Oregon a better place for *all* people to live and thrive.

We deliver our programming through four pillars:

- County-based, volunteer-run Local Programs across the state where athletes train and compete in their hometowns
- Unified Champion Schools (UCS) programming in over 125 schools and colleges in Oregon offering Unified Sports, Inclusive Youth Leadership, and Whole School Engagement
- Athlete social and well-being programs that focus on health, nutrition, fitness, social connections, and leadership
- Regional, state, national, and global competitions that allow athletes to dream big and perform in front of family and friends

We close 2021 grateful for the virtual programming (SOOR Active) that has been a lifeline to athletes throughout the pandemic with cooking and nutrition classes, meditation and mindfulness instruction, fitness challenges, dance parties, Bingo nights, Zoomba and yoga classes, Unified social hours with high school and college athletes, and more. Esports presented by PlayStation provides a fun social and competition opportunity for athletes that has been highlighted as a national best practice. Volunteers even worked 1:1 or in small groups with athletes to continue to develop their sports skills and physical fitness from home. The virtual platforms have become the lemonade from the Covid lemons, and they will remain a valuable supplement to in-person sports, which are resuming in the Summer of 2022.

In partnership with SOOR's Return to Activities Advisory Task Force (comprised of staff, Board members, key volunteers, athletes, and experts) and with guidance from Special Olympics, Inc., the CDC, and Oregon health authorities; safety protocols were developed to return athletes to the outdoor field of play with bocce, athletics (track and field), golf, and softball. In June 2022, Team Oregon (a delegation of swimmers, basketball and bocce players, bowlers, and participants in athletics and youth leadership) will travel to the Special Olympics USA Games in Orlando, Florida. The photos and stories being shared early in 2022 are filled with smiles, joy, and gratitude for the togetherness and activities we no longer take for granted.

As we springboard into a future that looks bright, the next two years will be critical for the organization to regain its momentum after several years of disruption. Growth will be pursued strategically to ensure the health and safety of the athletes, fiscal responsibility, and prioritization of how we invest limited resources. Success will include:

- Creating a fundraising model (that was impacted by Covid) with repeatable revenue sources to provide stability and the opportunity for growth, including donations, major gifts, grants, corporate partnerships, and events
- Addressing athlete and volunteer attrition due to the disruption of programming

- Outreach to ensure everyone who could benefit from our services has the awareness, access, and ability to participate
- Customized communication and programming to meet the needs of diverse communities
- A full menu of training and competition experiences consistent with most U.S. Special Olympics programs
- A seamless transition from our school programs into our Local Programs to ensure athletes participate throughout their entire life

Thank you to the many volunteers who commit their time, to the supporters and companies who value our organization, and to the athletes and their families who are always at the center of everything we do. We look forward to the next 50 years of Special Olympics in Oregon!

Britt Oase

**BRITT CARLSON OASE**

Chief Executive Officer

Special Olympics Oregon

8313 SW Cirrus Drive | Beaverton, OR 97225



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Special Olympics Oregon, Inc.  
Beaverton, Oregon

### Opinion

We have audited the accompanying financial statements of Special Olympics Oregon, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2021, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit 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 Oregon, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Oregon, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### 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, including omissions, 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.

To the Board of Directors  
Special Olympics Oregon, Inc.

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 Oregon, 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 Oregon, 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.

#### **Report on Summarized Comparative Information**

The financial statements of Special Olympics Oregon, Inc. as of December 31, 2020, were audited by other auditors whose report dated November 12, 2021, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, with the exception of the restatements as described in Note Q, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Kern + Thompson, LLC*

Portland, Oregon  
July 29, 2022

**SPECIAL OLYMPICS OREGON, INC.**

**STATEMENT OF FINANCIAL POSITION**

**December 31, 2021**

(With Comparative Amounts as of December 31, 2020)

**ASSETS**

	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
Cash and cash equivalents – operations	\$ 1,693,765	\$ 915,185
Cash and cash equivalents – segregated accounts	904,201	780,835
Investments	1,214,847	806,611
Grants and contributions receivable	390,905	446,528
Beneficial interest in assets held by others	367,564	367,564
Prepaid expenses and other assets	59,506	79,804
Property and equipment, net	81,135	42,264
<b>Total assets</b>	<b>\$ 4,711,923</b>	<b>\$ 3,438,791</b>

**LIABILITIES AND NET ASSETS**

<b>Liabilities</b>		
Accounts payable	\$ 16,956	\$ 1,288
Accrued payroll and related liabilities	9,626	16,898
Accrued expenses	12,083	15,152
Refundable advance	29,244	53,356
Notes payable	-	134,131
<b>Total liabilities</b>	<b>67,909</b>	<b>220,825</b>
<b>Net assets</b>		
Without donor restrictions		
Undesignated	2,295,698	2,391,428
Board designated	1,162,401	-
<b>Total without donor restrictions</b>	<b>3,458,099</b>	<b>2,391,428</b>
With donor restrictions	1,185,915	826,538
<b>Total net assets</b>	<b>4,644,014</b>	<b>3,217,966</b>
<b>Total liabilities and net assets</b>	<b>\$ 4,711,923</b>	<b>\$ 3,438,791</b>

See notes to financial statements.

**SPECIAL OLYMPICS OREGON, INC.**

**STATEMENT OF ACTIVITIES**

**Year Ended December 31, 2021**

(With Comparative Totals for the Year Ended December 31, 2020)

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	
			<b>2021</b>	<b>2020</b>
<b>Operating revenues, gains and other support:</b>				
Grants and contributions	\$ 2,390,556	\$ 500,000	\$ 2,890,556	\$ 2,661,482
Government grant – Paycheck Protection Program	167,440	-	167,440	201,358
Employee Retention Tax Credits	84,000	-	84,000	-
Special events, net of direct expenses of \$164,598 and \$218,069, respectively	443,610	-	443,610	467,933
In-kind contributions	300,201	-	300,201	401,344
Net change in beneficial interest in assets held by others	-	-	-	16,008
Investment income	1,372	-	1,372	4,873
Other income	6,369	-	6,369	336
	3,393,548	500,000	3,893,548	3,753,334
Release from restrictions	140,623	(140,623)	-	-
<b>Total operating revenues, gains and other support:</b>	<b>3,534,171</b>	<b>359,377</b>	<b>3,893,548</b>	<b>3,753,334</b>
<b>Expenses</b>				
Program services	1,739,496	-	1,739,496	1,689,205
Supporting services				
Management and general	315,902	-	315,902	340,165
Fundraising	412,102	-	412,102	295,330
<b>Total expenses</b>	<b>2,467,500</b>	<b>-</b>	<b>2,467,500</b>	<b>2,324,700</b>
Increase (decrease) in net assets	1,066,671	359,377	1,426,048	1,428,634
Net assets, beginning of year, as restated	2,391,428	826,538	3,217,966	1,789,332
<b>Net assets, ending of year</b>	<b>\$ 3,458,099</b>	<b>\$ 1,185,915</b>	<b>\$ 4,644,014</b>	<b>\$ 3,217,966</b>

See notes to financial statements.

**SPECIAL OLYMPICS OREGON, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**Year Ended December 31, 2021**

(With Comparative Totals for the Year Ended December 31, 2020)

	<b>Program Services</b>	<b>SUPPORTING SERVICES</b>			<b>Total</b>	
		<b>Management and General</b>	<b>Fundraising</b>		<b>2021</b>	<b>2020</b>
Salaries and related expenses	\$ 701,249	\$ 165,302	\$ 275,151	\$ 1,141,702	\$ 1,063,977	
Competition and training	293,945	73,486	-	367,431	287,917	
Volunteer services	295,879	-	-	295,879	398,741	
Professional services	159,818	37,649	50,760	248,227	207,454	
Occupancy	111,351	15,907	31,814	159,072	94,227	
Supplies and equipment	8,487	1,276	2,441	12,204	9,461	
Office expenses	10,844	1,806	5,420	18,070	10,705	
Travel	4,347	725	2,174	7,246	1,813	
Special events	54,243	9,041	27,122	90,406	102,906	
National accreditation fees	47,557	-	-	47,557	55,362	
Insurance	20,775	4,651	5,581	31,007	26,959	
Interest and bank fees	11,391	1,899	5,696	18,986	15,112	
Bad debt	-	-	-	-	25,000	
Depreciation	19,610	4,160	5,943	29,713	25,066	
<b>Total expenses</b>	<b>\$ 1,739,496</b>	<b>\$ 315,902</b>	<b>\$ 412,102</b>	<b>\$ 2,467,500</b>	<b>\$ 2,324,700</b>	

See notes to financial statements.

**SPECIAL OLYMPICS OREGON, INC.**

**STATEMENT OF CASH FLOWS**

**Year Ended December 31, 2021**

(With Comparative Totals for the Year Ended December 31, 2020)

	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 1,426,048	\$ 1,428,634
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	29,713	25,066
Unrealized gains from investments	-	(4,643)
Unrealized gains from beneficial interest	-	(16,008)
Bad debt expense	-	25,000
Changes in assets and liabilities:		
Grants and contributions receivable	55,623	(25,418)
Prepaid expenses	20,298	(53,617)
Accounts payable	15,668	(48,713)
Accrued payroll and related expenses	(7,272)	(9,404)
Accrued expenses	(3,069)	(706)
Refundable advance	(24,112)	53,356
<b>Net cash provided by (used in) operating activities</b>	<b>1,512,897</b>	<b>1,373,547</b>
<b>Cash flows from investing activities:</b>		
Purchase of fixed assets	(68,584)	-
Purchase of investments	(408,236)	(750,000)
<b>Net cash provided by (used in) investing activities</b>	<b>(476,820)</b>	<b>(750,000)</b>
<b>Cash flows from financing activities:</b>		
Payments on notes payable	(134,131)	(127,001)
<b>Net cash provided by (used in) financing activities</b>	<b>(134,131)</b>	<b>(127,001)</b>
<b>Net increase in cash and cash equivalents</b>	<b>901,946</b>	<b>496,546</b>
Cash and cash equivalents, beginning of year	1,696,020	1,199,474
<b>Cash and cash equivalents, end of year</b>	<b>\$ 2,597,966</b>	<b>\$ 1,696,020</b>
<b>Supplemental disclosures:</b>		
Cash paid for interest	\$ 520	\$ 2,694

See notes to financial statements.

**SPECIAL OLYMPICS OREGON, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2021**

**NOTE A – DESCRIPTION OF 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**

The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions** – Net assets that are not subject to donor-imposed stipulations. The Board of Directors may designate net assets without donor restrictions for specific purposes.
- **Net Assets With Donor Restrictions** – Net assets either subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time, or net assets with donor restrictions that are not subject to appropriation or expenditure.

Expenses are reported as a decrease in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expiration of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

**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 \$2,257,236 were in excess of FDIC insurance limits at December 31, 2021.

Cash and cash equivalents includes the following at December 31:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents - operations	\$ 1,693,765	\$ 915,185
Cash and cash equivalents - segregated accounts	<u>904,201</u>	<u>780,835</u>
Total cash and cash equivalents	<u>\$ 2,597,966</u>	<u>\$ 1,696,020</u>

**SPECIAL OLYMPICS OREGON, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2021**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Cash Equivalents (Continued)**

Cash and cash equivalents – segregated accounts represents cash raised by the local districts that are held in separate bank accounts and are to be used to support the mission of the Organization in those localities. It is the Organization's policy not to use those segregated accounts to pay general operating expenses.

**Investments**

Investments consist of marketable securities, certificates of deposit with initial maturities of greater than three months, and money market and cash funds held for long-term investment purposes. 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 such long-lived assets are placed in service.

**Revenue Recognition**

Revenues from various sources are recognized as follows:

**Contributions:** Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period the Organization is notified of the commitment. Bequests are recorded as revenue at the time the Organization has an established right to the bequest and the proceeds are measurable. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Contributions received with both donor-imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions.

**SPECIAL OLYMPICS OREGON, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2021**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition (Continued)**

**Employee Retention Tax Credit:** The 2020 CARES Act, and subsequent related pandemic relief legislation, also provides a refundable tax credit (the “Employee Retention Tax Credit”) against certain employment taxes of up to \$10,000 per employee per quarter for eligible employers. For the period March 2020 through December 31, 2020, the tax credit is equal to 50% of qualified wages paid to employees during a quarter, capped at \$10,000 of qualified wages per employee, provided the Organization meets certain reductions in revenues or experiences a government mandated closure. In 2021, additional relief legislation increased the credit to 70% of qualified wages up to \$10,000 of qualified wages per employee per quarter through September 30, 2021 and expanded the eligibility criteria.

The Organization accounts for these tax credits in the period in which the Organization has complied with all the conditions attached to the credits, including filings of all related amended returns, and there is a reasonable assurance the Organization will receive the credits.

During the year ended December 31, 2021, the Organization applied for and received Employee Retention Tax Credits of \$84,000, which are reported as revenue in the accompanying statement of activities.

**Special Events:** The Organization records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place. Amounts received in advance for events are included in deferred revenue.

**Donated Goods and Services:** The Organization recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. General volunteer support is not reflected in the financial statements as they do not meet the criteria for recording donated services.

**Other revenues:** Revenues for services are recognized at a single point in time when services are provided and all of the risks and rewards transfer.

**Conditional Promises to Give**

A portion of the Organization’s revenue is derived from grants which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions or has met the performance requirements. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Organization has conditional grants of \$630,000 that have not been recognized at December 31, 2021 because performance requirements and/or qualifying expenditures have not yet been incurred. The Organization has recorded refundable advances of \$29,244 and \$53,356 at December 31, 2021 and 2020, respectively, related to conditional promises to give.

**SPECIAL OLYMPICS OREGON, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2021**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

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 or 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, 2021 and 2020, the Organization's Board of Directors did not appropriate any endowment assets for expenditure.

**SPECIAL OLYMPICS OREGON, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2021**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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's cash and cash equivalents 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.

**Property and Equipment**

Acquisitions of property and equipment 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. Maintenance and repairs are expensed as incurred.

Depreciation is calculated using the straight line method over the following estimated useful lives of the assets:

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

**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.

**SPECIAL OLYMPICS OREGON, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2021**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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

**Prior Year Summarized Financial Information**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2020, from which the summarized information, excluding the restatement as discussed in Note Q, was derived.

**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.

**NOTE C – 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.

**SPECIAL OLYMPICS OREGON, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2021**

**NOTE C – LIQUIDITY (CONTINUED)**

The following represents the Organization's financial assets at December 31:

Financial assets at year-end*	
Cash and cash equivalents	\$ 2,597,966
Investments	1,214,847
Grants and contributions receivable	<u>390,905</u>
Total financial assets	<u>4,203,718</u>
Less amounts unavailable for general expenditure within one year:	
Cash and cash equivalents – segregated accounts	(904,201)
Net assets with donor restrictions	(1,185,915)
Board designated net assets	<u>(1,162,401)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 951,201</u>

\* Total assets, less nonfinancial assets (e.g., property and equipment, prepaid expenses)

While the Organization does not intend to spend the designated net assets for operational expenses, the Board can remove the designation if necessary.

**NOTE D – GRANTS AND CONTRIBUTIONS RECEIVABLE**

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

	<u>2021</u>	<u>2020</u>
Less than 1 year	\$ 75,000	\$ 90,000
One year to 5 years	250,000	200,000
More than 5 years	<u>100,000</u>	<u>200,000</u>
	425,000	490,000
Less discount	<u>(34,095)</u>	<u>(43,472)</u>
Total	<u>\$ 390,905</u>	<u>\$ 446,528</u>

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%. One grantor accounts for 100% and 97% of the grants and contributions receivable at December 31, 2021 and 2020, respectively.

**SPECIAL OLYMPICS OREGON, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2021**

**NOTE E – FAIR VALUE MEASUREMENTS**

Assets and liabilities recorded at fair value are measured under a three-level hierarchy. 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 sources, while unobservable inputs reflect estimates about market data.

Valuation techniques used to measure fair value are prioritized into the following hierarchy:

**Level 1** – Quoted prices in active markets for identical assets. Assets in this level typically include publicly traded equities and mutual fund investments.

**Level 2** – Quoted prices for similar assets in active or inactive markets, or inputs derived from observable market data such as published interest rates and yield curves, over-the-counter derivatives, market modeling, or other valuation methodologies.

**Level 3** – Unobservable inputs that reflect management’s assumptions and best estimates based on available data.

Realized and unrealized gains and losses from investments are reported in the statement of activities as they occur. There have been no changes in valuation techniques and related inputs.

December 31, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value Total</u>
Money market and cash funds	\$ 250,375	\$ -	\$ -	\$ 250,375
Certificate of deposit	659,177	-	-	659,177
Short-term bond funds	252,849	-	-	252,849
Certificate of deposit, endowment	<u>52,446</u>	<u>-</u>	<u>-</u>	<u>52,446</u>
Total	<u>\$ 1,214,847</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,214,847</u>
December 31, 2020	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value Total</u>
Money market and cash funds	\$ 501,107	\$ -	\$ -	\$ 501,107
Certificate of deposit	251,306	-	-	251,306
Equities	1,752	-	-	1,752
Certificate of deposit, endowment	<u>52,446</u>	<u>-</u>	<u>-</u>	<u>52,446</u>
Total	<u>\$ 806,611</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 806,611</u>

**NOTE F – INVESTMENT ENDOWMENT**

The endowment is invested in a certificate of deposit which has a six-month term and earns interest at 0.15%. The endowment investment has an original gift value of \$51,299 and accumulated earnings of \$1,147 at December 31, 2021. The investment earnings generated by this endowment can be used for such general, unrestricted purposes as determined by the Board of Directors.

**SPECIAL OLYMPICS OREGON, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2021**

**NOTE G – BENEFICIAL INTEREST IN 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 \$2,393,384 and \$2,158,576 at December 31, 2021 and 2020, respectively. An asset of \$367,564 is recorded at December 31, 2021, 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:

	<b>2021</b>	<b>2020</b>
Beginning of year	\$ 367,564	\$ 351,556
Appreciation in value	-	16,008
End of year	\$ 367,564	\$ 367,564

**NOTE H – PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at December 31, 2021:

	<b>2021</b>	<b>2020</b>
Furniture	\$ 39,404	\$ 27,983
Computer equipment	82,749	121,541
Leasehold improvements	21,354	83,273
Office equipment	32,835	32,835
Software	315,680	323,418
	492,022	589,050
Less accumulated depreciation	(410,887)	(546,786)
	\$ 81,135	\$ 42,264

Depreciation expense was \$29,713 and \$25,066 for the years ended December 31, 2021 and 2020, respectively.

**NOTE I - PAYCHECK PROTECTION PROGRAM**

In response to the global economic impact caused by the coronavirus pandemic, the U.S. Small Business Administration (SBA) created a Paycheck Protection Program (PPP) "forgivable loan" to assist nonprofit organizations and for-profit enterprises with eligible payroll and certain specified operating costs. The Organization qualified for and received a PPP loan for \$167,440 on February 22, 2021. The Organization satisfied the "forgivable" criteria and the SBA approved its forgiveness application on December 13, 2021. Accordingly, the entire PPP loan was recorded as revenue for fiscal year 2021.

**SPECIAL OLYMPICS OREGON, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2021**

**NOTE I - PAYCHECK PROTECTION PROGRAM (CONTINUED)**

On May 1, 2020, the Organization was granted a loan in the aggregate amount of \$201,358 pursuant to the Paycheck Protection Program (the "PPP"). The Organization was notified that the loan was forgiven and \$201,358 was recorded as a government grant for the year ended December 31, 2020.

**NOTE J – NOTES PAYABLE**

The Organization has the following notes payable at December 31:

	<b>2021</b>	<b>2020</b>
Note payable to an organization requiring monthly payments of \$5,300 with 0% interest and no collateral, note repaid in 2021.	\$ -	\$ 58,300
Note payable to an organization requiring monthly payments of \$472 including interest at 1.95% and no collateral, note repaid in 2021.	-	5,588
Note payable to an organization requiring monthly payments of \$1,237 including interest at 1.95% and no collateral, note repaid in 2021.	-	17,486
Note payable to an organization requiring monthly payments of \$3,094 with 0% interest and no collateral, note repaid in 2021.	-	34,035
Note payable to a bank requiring monthly payments of \$705 including interest at 6.10% and no collateral, note repaid in 2021.	-	18,722
	-	18,722
	\$ -	\$ 134,131

All notes payable were paid in full during the year ended December 31, 2021.

**SPECIAL OLYMPICS OREGON, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2021**

**NOTE K – RESTRICTIONS ON NET ASSETS**

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

	<u>2021</u>	<u>2020</u>
Endowment investment	\$ 52,446	\$ 52,446
Beneficial interest in charitable trust	367,564	367,564
Contributions pledged for future years	390,905	406,528
Contributions restricted for future years	<u>375,000</u>	<u>-</u>
Total net assets with donor restrictions	<u>\$ 1,185,915</u>	<u>\$ 826,538</u>

**NOTE L – BOARD DESIGNATED NET ASSETS**

During the year ended December 31, 2021, the Board of Directors designated certain assets be held as a reserve for future operating expenses. At December 31, 2021, the operating reserve totaled \$822,860 and is included in investments on the accompanying statement of financial position.

During the year ended December 31, 2021, the Board of Directors designated certain assets as a high performance fund to be held for future purposes. At December 31, 2021, the high performance fund totaled \$339,541 and is included in investments on the accompanying statement of financial position.

**NOTE M – OPERATING LEASES**

The Organization leases its administrative offices under an operating lease agreement expiring in July 2024. During the year ended December 31, 2020, the lease was amended to include more space and increased the monthly rent. Monthly rent was \$6,344 at December 31, 2021. Future minimum payments under the operating leases are as follows:

<u>Year Ending December 31,</u>	
2022	\$ 77,777
2023	80,110
2024	<u>47,851</u>
	<u>\$ 205,738</u>

Total rent expense was \$77,682 and \$48,059 for the years ended December 31, 2021 and 2020, respectively, under the terms of this operating lease. These amounts are included in occupancy costs in the statement of functional expenses.

**SPECIAL OLYMPICS OREGON, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2021**

**NOTE N – 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. The Organization may, in its sole discretion, make employer contributions as defined in the plan document. No employer contributions were made to the Plan during the years ended December 31, 2021 or 2020.

**NOTE O – 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.

**NOTE P – IN-KIND CONTRIBUTIONS**

The Organization 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 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 statements of activities and functional expenses.

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.

The Organization's in-kind contributions for the years ended December 31, 2021 and 2020 are summarized as follows:

	<u>2021</u>	<u>2020</u>
Program services:		
Volunteer services		
Volunteer certified coaches	\$ 66,712	\$ 240,278
Volunteer local program coordinators and managers	123,406	158,463
Professional services	103,261	-
Free use of facilities	2,500	-
Total volunteer services	<u>295,879</u>	<u>398,741</u>
Competition and training:		
Materials and supplies	4,322	603
Management and general:		
Professional services	<u>-</u>	<u>2,000</u>
Total in-kind contributions	<u>\$ 300,201</u>	<u>\$ 401,344</u>

**SPECIAL OLYMPICS OREGON, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2021**

**NOTE Q – RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS**

The financial statements for the year ended December 31, 2020 have been restated to correct the classification of certain net assets from with donor restrictions to without donor restrictions and record a refundable advance liability for funds received on conditional promises to give prior to the conditions being met. The cumulative effect of the restatement on the financial statements on beginning balances as of January 1, 2021 was as follows:

	<u>Net Assets without Donor Restrictions</u>	<u>Net Assets with Donor Restrictions</u>	<u>Refundable Advance</u>
December 31, 2020, as previously reported	\$ 1,376,725	\$ 1,894,597	\$ -
Corrections to net assets	1,068,059	(1,068,059)	-
Corrections to liabilities	<u>(53,356)</u>	<u>-</u>	<u>53,356</u>
December 31, 2020, as restated	<u>\$ 2,391,428</u>	<u>\$ 826,538</u>	<u>\$ 53,356</u>

**NOTE R – UNCERTAINTY**

Beginning in March 2020, an outbreak of a coronavirus necessitated that many employees work from home and provided for social distancing measures. The effects of these events may continue for some time, including disruptions to or restrictions on employees' ability to work and on the ability of the Organization to perform program activities. At the present time, the ultimate future effects of these issues are unknown.

**NOTE S – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through July 29, 2022, which is the date financial statements were available to be issued.