

SPECIAL OLYMPICS NEW YORK, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2015

CONTENTS

	Page
Independent auditors' report	1-2
Financial statements	
Balance sheet	3
Statement of activities	4
Statement of cash flows	5
Notes to financial statements	6-14
Schedule of functional expenses	15



INDEPENDENT AUDITORS' REPORT

June 10, 2016

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

We have audited the accompanying financial statements of Special Olympics New York, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015 and the related statements of activities and cash flows for the year 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based upon our audit. We conducted our audit 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 misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend upon the auditors' 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 auditors consider 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 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.

Opinion

In our opinion, the 2015 financial statements referred to above present fairly, in all material respects, the financial position of Special Olympics New York, Inc. at December 31, 2015, 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.

Report on Summarized Comparative Information

We have previously audited the Special Olympics New York, Inc. 2014 financial statements, and our report dated May 28, 2015, 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, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page fifteen is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Buckley Gent MacDonald & Cary, P.C.

Certified Public Accountants

SPECIAL OLYMPICS NEW YORK, INC.

Balance Sheet

As of December 31, 2015 with Comparative Totals for 2014

	December 31,	
	2015	2014
Assets		
Current assets		
Cash and cash equivalents	\$ 920,530	\$ 1,216,642
Accounts and pledges receivable	904,557	531,040
Prepaid expenses	139,175	142,411
Inventories	66,145	66,532
Total current assets	<u>2,030,407</u>	<u>1,956,625</u>
Investments	<u>2,232,426</u>	<u>2,331,084</u>
Property and equipment		
Office furniture and equipment	446,730	432,458
Vehicles	277,128	277,128
Program equipment	137,070	135,770
Leasehold improvements	17,639	17,639
	<u>878,567</u>	<u>862,995</u>
Less: accumulated depreciation	790,152	757,332
Net property and equipment	<u>88,415</u>	<u>105,663</u>
Other assets		
Security deposits	<u>46,539</u>	<u>46,539</u>
Total assets	<u><u>4,397,787</u></u>	<u><u>4,439,911</u></u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	541,680	574,144
Refundable advances	53,399	24,413
Deferred revenue	30,565	40,344
Total current liabilities	<u>625,644</u>	<u>638,901</u>
Long-term liabilities		
Accrued expenses due after one year	<u>146,002</u>	<u>139,275</u>
Total liabilities	<u>771,646</u>	<u>778,176</u>
Net assets		
Unrestricted net assets	3,626,141	3,625,114
Restricted net assets	-	36,621
Total net assets	<u>3,626,141</u>	<u>3,661,735</u>
Total liabilities and net assets	<u><u>\$ 4,397,787</u></u>	<u><u>\$ 4,439,911</u></u>

SPECIAL OLYMPICS NEW YORK, INC.

Statement of Activities

Year Ended December 31, 2015 with Comparative Totals for 2014

	2015		2014	
	Unrestricted Net Assets	Temporarily Restricted Net Assets	Total	Total
Support and revenue				
Support				
Contributions and bequests	\$ 3,074,634	\$ -	\$ 3,074,634	\$ 2,609,635
Government and foundation grants	1,566,996	161,900	1,728,896	1,886,865
Fundraising activities (net of direct expenses of \$1,575,133 for 2015 and \$1,404,371 for 2014)	3,314,080	-	3,314,080	3,356,659
Total support	<u>7,955,710</u>	<u>161,900</u>	<u>8,117,610</u>	<u>7,853,159</u>
Revenue				
Investment income (loss)	(14,120)	-	(14,120)	152,045
Event sales, net of cost of merchandise	21,510	-	21,510	8,447
Loss on sale of fixed assets	-	-	-	(281)
Net revenue	<u>7,390</u>	<u>-</u>	<u>7,390</u>	<u>160,211</u>
Net assets released from restrictions	<u>198,521</u>	<u>(198,521)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>8,161,621</u>	<u>(36,621)</u>	<u>8,125,000</u>	<u>8,013,370</u>
Operating expenses				
Program services	6,411,924	-	6,411,924	6,054,616
Management and general	647,018	-	647,018	645,331
Fundraising	934,556	-	934,556	938,331
Total operating expenses	<u>7,993,498</u>	<u>-</u>	<u>7,993,498</u>	<u>7,638,277</u>
Payments to Special Olympics International	<u>167,096</u>	<u>-</u>	<u>167,096</u>	<u>165,810</u>
Total expenses	<u>8,160,594</u>	<u>-</u>	<u>8,160,594</u>	<u>7,804,087</u>
Increase (decrease) in net assets	1,027	(36,621)	(35,594)	209,283
Net assets - beginning of year	<u>3,625,114</u>	<u>36,621</u>	<u>3,661,735</u>	<u>3,452,452</u>
Net assets - end of year	<u>\$ 3,626,141</u>	<u>\$ -</u>	<u>\$ 3,626,141</u>	<u>\$ 3,661,735</u>

SPECIAL OLYMPICS NEW YORK, INC.

Statement of Cash Flows

Year Ended December 31, 2015 with Comparative Totals for 2014

	<u>2015</u>	<u>2014</u>
Increase (decrease) in cash and cash equivalents		
Cash flows provided by operating activities		
Increase (decrease) in net assets	\$ (35,594)	\$ 209,283
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Noncash transactions:		
Depreciation and amortization	32,820	36,281
Uncollected pledges	6,500	47,955
Donated stock	(481)	-
Realized (gain) loss on the sale of investments	7	(19,896)
Unrealized (gain) loss on investments	124,340	(14,864)
Loss on disposal of fixed assets	-	281
(Increase) decrease in operating assets:		
Accounts and pledges receivable	(380,017)	13,189
Prepaid expenses	3,236	(28,994)
Inventories	387	22,858
Security deposits	-	(210)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(25,737)	29,728
Refundable advances	28,986	(48,956)
Deferred revenue	(9,779)	25,673
Net cash provided (used) by operating activities	<u>(255,332)</u>	<u>272,328</u>
Cash flows from investing activities		
Proceeds from sale of property and equipment	-	850
Purchase property and equipment	(15,572)	(26,899)
Proceeds from sale of marketable securities	474	217,464
Purchase marketable securities	(24,430)	(340,408)
Net change in investment in certificates of deposit	(1,252)	(1,567)
Net cash used by investing activities	<u>(40,780)</u>	<u>(150,560)</u>
Net increase (decrease) in cash and cash equivalents	(296,112)	121,768
Cash and cash equivalents - beginning of year	<u>1,216,642</u>	<u>1,094,874</u>
Cash and cash equivalents - end of year	<u>\$ 920,530</u>	<u>\$ 1,216,642</u>

Supplemental information

No interest or taxes on income was paid in 2015 or 2014.

SPECIAL OLYMPICS NEW YORK, INC.

Notes to Financial Statements

December 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Organization

Special Olympics New York, Inc. is a nonprofit organization 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. Through their participation in Special Olympics New York athletes gain confidence and build a positive self-image, which carries into the classroom, the home, the workplace and the community.

Regional offices and local area chapters 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 and International Special Olympic Games. The State Office provides overall program and administrative support and organizes State games, training workshops and sports camps for volunteers and Special Olympians for the entire state.

A summary of significant accounting policies follows:

(a) Basis of Presentation

The financial statements are presented in accordance with accounting principles generally accepted in the United States of America. The significant accounting and reporting policies used by the Organization are described below to enhance the usefulness and understandability of the financial statements.

(b) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the Organization's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The Organization's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

(c) Net Assets

The financial statements report net assets and changes in net assets in three classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Unrestricted Net Assets

Unrestricted net assets are resources available to support operations. The only limits on the use of unrestricted net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

SPECIAL OLYMPICS NEW YORK, INC.

Notes to Financial Statements

December 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Temporarily Restricted Net Assets

Temporarily restricted net assets are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Contributions that are restricted by the donor may be reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from temporarily restricted to unrestricted net assets.

Permanently Restricted Net Assets

Permanently restricted net assets are resources whose use by the Organization is limited by donor-imposed restrictions that neither expire by being used in accordance with a donor's restriction nor by the passage of time. As of December 31, 2015 the Organization has no permanently restricted net assets.

All revenues and net gains are reported as increases in unrestricted net assets in the statement of activities unless the use of the related resources is subject to temporary or permanent donor restrictions. All expenses and net losses are reported as decreases in unrestricted net assets.

(d) Allowance for Doubtful Accounts

Management's estimate of the allowance is calculated after a review of the actual subsequent receipts of the outstanding receivables at year end.

(e) Support and Revenue Recognition

The Organization's primary sources of support and revenue are various fundraising events, contributions, interest, and grants from the State of New York and various state localities.

Proceeds from fundraising events are recognized as support when the event takes place. Bequest income is recognized when the Organization is notified of its right to the legacy and the amount to be received can be reasonably determined.

Contributions of donated noncash assets are recorded at their estimated fair values in the period received. 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 values in the period received.

A substantial number of volunteers have donated their services to the Organization during the year. In accordance with generally accepted accounting principles these services are not reflected in the financial statements since the services provided do not require specialized skills.

(f) Cash Equivalents

Cash equivalents are short-term, interest bearing, highly liquid investments with original maturities of three months or less, unless the investments are held for meeting restrictions of a capital or endowment nature.

SPECIAL OLYMPICS NEW YORK, INC.

Notes to Financial Statements

December 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) *Inventories*

Inventories consist generally of merchandise for sale and medals for future competitions and are valued at the lower of cost or market. Cost is determined primarily on a first-in, first-out (FIFO) method. Uniforms and sports equipment are charged to expense upon receipt. The ending inventory on hand as of December 31 consisted of the following:

	2015	2014
Medals and awards	\$ 43,566	\$ 41,075
Merchandise for sale	22,579	25,457
Total inventory	<u>\$ 66,145</u>	<u>\$ 66,532</u>

(h) *Investment Securities*

Investments in equity securities with readily determinable market values and investments in debt securities are measured at fair value at the balance sheet date. Investment income or loss (including realized and unrealized gains and losses) is included in the statement of activities.

(i) *Property and Equipment*

Property and equipment are capitalized at cost if purchased, or at fair value if received by donation. It is the Organization's policy to capitalize those items with a cost or fair value in excess of \$500 and a useful life of more than one year. Lesser amounts are expensed. Depreciation is computed using the straight-line method over the estimated useful life of each capitalized asset.

(j) *Comparative Financial Statements*

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, 2014, from which the summarized information was derived.

(k) *Tax Status*

The Organization is incorporated under New York State not-for-profit law and is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code (IRC), though it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the IRC). The tax years ending 2012, 2013, and 2014 are still open to audit for both federal and state purposes. Contributions to the Organization are tax deductible to donors under Section 170 of the IRC. The Organization is not classified as a private foundation.

(l) *Functional Expense Allocation*

Costs have been allocated to functional classifications primarily based upon employee time studies.

SPECIAL OLYMPICS NEW YORK, INC.

Notes to Financial Statements

December 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Grant Income

Grants require the fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of funds to the grantors. Although that is a possibility, management deems the contingency remote, since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the grant.

NOTE 2: CONCENTRATIONS OF RISK

Amounts held in financial institutions occasionally are in excess of the Federal Deposit Insurance Corporation limits. The Organization deposits its cash with high quality financial institutions, and management believes the Organization is not exposed to significant credit risk on those amounts. At December 31, 2015 the amount in excess of the Federal Deposit Insurance Corporation Limits was \$54,220.

The Organization receives several grants and donated facilities from the New York State Office for People with Developmental Disabilities (OPWDD). Total OPWDD grants and donated facilities were approximately 15.48% and 15.68%, of total support and revenue, for 2015 and 2014, respectively. Accounts receivable as of December 31, 2015 included \$288,868 due from OPWDD.

The Organization's investments are subject to various risks, such as interest rate, credit, and overall market volatility risks. Further, because of the significance of the investments to the Organization's financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of these investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements. Management is of the opinion that the diversification of its invested assets among the various asset classes should mitigate the impact of changes in any one class.

NOTE 3: ACCOUNTS AND PLEDGES RECEIVABLE

Accounts and pledges receivable at December 31, consist of the following:

	2015	2014
Bequests and contributions	\$ 433,505	\$ 314,772
Grants	316,583	265,590
Special Olympics International	187,451	-
Telemarketers	10,961	11,090
Dial America	5,872	10,183
Employee advances	2,961	3,344
Investment earnings	1,389	1,496
Miscellaneous	635	1,915
Total	<u>959,357</u>	<u>608,390</u>
Less: allowance for doubtful accounts	54,800	77,350
Net accounts and pledges receivable	<u>\$ 904,557</u>	<u>\$ 531,040</u>

All accounts and pledges receivable are due within one year.

SPECIAL OLYMPICS NEW YORK, INC.

Notes to Financial Statements

December 31, 2015

NOTE 4: INVESTMENTS

Investment income (loss) consists of the following:

	<u>2015</u>	<u>2014</u>
Interest and dividends, net of investment advisory fees of \$10,498 for 2015 and \$10,140 for 2014	\$ 110,227	\$ 117,285
Realized gain (loss) on the sale of securities	(7)	19,896
Change in unrealized gain on securities held	<u>(124,340)</u>	<u>14,864</u>
Net investment income (loss)	<u>\$ (14,120)</u>	<u>\$ 152,045</u>

NOTE 5: FAIR VALUE MEASUREMENT

Generally accepted accounting principles provide a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based upon the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used to measure the Organization's investments at fair value. There have been no changes from prior periods in the methodologies used.

Common stocks, bonds and mutual funds : Valued at the net asset value (NAV) of shares held by the Organization at year end.

Certificate of deposits : Valued at the account balance, including accrued interest.

Foreign bonds : Valued at the face value on bond, including accrued interest.

Time share : Valued at the fair market value determined at date of donation.

SPECIAL OLYMPICS NEW YORK, INC.

Notes to Financial Statements

December 31, 2015

NOTE 5: FAIR VALUE MEASUREMENT (CONTINUED)

These methodologies may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value could result in a different measurement.

The following table sets forth by level within the fair value hierarchy, the Organization's investment assets at fair value as of December 31, 2015 and 2014.

	Assets at Fair Value as of December 31, 2015			
	Level 1	Level 2	Level 3	Total
Domestic equity mutual funds	\$ 1,144,138	\$ -	\$ -	\$ 1,144,138
Fixed income mutual funds	592,097	-	-	592,097
Corporate bonds	324,159	-	-	324,159
International equity mutual funds	144,220	-	-	144,220
Certificate of deposit	19,727	-	-	19,727
Timeshare	-	-	8,085	8,085
Total investments at fair value	\$ 2,224,341	\$ -	\$ 8,085	\$ 2,232,426

	Assets at Fair Value as of December 31, 2014			
	Level 1	Level 2	Level 3	Total
Domestic equity mutual funds	\$ 1,204,165	\$ -	\$ -	\$ 1,204,165
Fixed income mutual funds	608,633	-	-	608,633
International equity mutual funds	322,526	-	-	322,526
Corporate bonds	169,200	-	-	169,200
Certificate of deposit	18,475	-	-	18,475
Timeshare	-	-	8,085	8,085
Total investments at fair value	\$ 2,322,999	\$ -	\$ 8,085	\$ 2,331,084

There has been no change in the fair value of the Organization's Level 3 asset for the years ended December 31, 2015 and 2014.

	2015	2014
	Timeshare	Timeshare
Balance - beginning of year	\$ 8,085	\$ 8,085
Realized gains/losses	-	-
Unrealized gains/losses	-	-
Purchases, sales, issuances and settlements (net)	-	-
Balance - end of year	\$ 8,085	\$ 8,085

SPECIAL OLYMPICS NEW YORK, INC.

Notes to Financial Statements

December 31, 2015

NOTE 6: DEFERRED REVENUE AND REFUNDABLE ADVANCES

Deferred revenue consists of sponsorships and ticket proceeds received for tournaments and fundraising events that will occur after the end of the fiscal year. Deferred revenue received and held as of December 31, consisted of the following:

	<u>2015</u>	<u>2014</u>
Games and tournaments	\$ 22,500	\$ 3,500
Fundraising events	8,065	36,844
Total deferred revenue	<u>\$ 30,565</u>	<u>\$ 40,344</u>

Refundable advances consist of unearned proceeds from expense reimbursement type grants from Special Olympics, Inc. to support the 2015-2016 "Special Olympics Project Unify Project" and the "Special Olympics Healthy Communities Project". Refundable advances at December 31, 2015 and 2014 were \$53,399 and \$24,413, respectfully.

NOTE 7: LINE OF CREDIT

The Organization has a revolving line of credit with NBT Bank for \$500,000. The line is for working capital purposes, due on demand and accrues interest at the highest Wall Street Journal Prime lending rate minus .75% (4.25% at December 31, 2015). It is secured with a security agreement on the assets of the Organization. Interest is payable monthly and the line of credit is due in full on December 1, 2016. At December 31, 2015 there was no outstanding balance owed on the line of credit.

NOTE 8: ALLOCATION OF JOINT COSTS

The Organization conducts a telemarketing campaign aimed at individual consumers. This campaign includes requests for contributions, but also contains educational and public relations components. The joint costs of conducting these types of activities which are not specifically attributable to particular components of the activity included a total of \$32,408 and \$32,769 for 2015 and 2014, respectively. These joint costs are allocated based upon the average program content percentage of the campaign literature. For 2015 and 2014 the Organization allocated \$14,085 and \$14,242, respectively, to fundraising expense and \$18,323 and \$18,527, respectively, to public awareness expense.

NOTE 9: 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 of the Organization with two years of service. The Organization's annual contribution to the Plan is at the discretion of 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 contribution for 2015 and 2014 was \$48,970 and \$66,239, respectively.

SPECIAL OLYMPICS NEW YORK, INC.

Notes to Financial Statements

December 31, 2015

NOTE 10: OPERATING LEASES

The Organization has entered into several lease agreements for the rental of office space at various locations in the state. As of December 31, 2015, future minimum lease payments under operating leases of office space with original lease terms in excess of one year are as follows:

Year Ending December 31,	
2016	\$ 284,776
2017	261,837
2018	264,042
2019	201,579
2020	207,627
Thereafter	323,443
Total future minimum lease payments	\$ 1,543,304

The Organization leases certain office equipment. Minimum future lease payments on these equipment leases as of December 31, 2015, are as follows:

Year Ending December 31,	
2016	\$ 29,469
2017	29,469
2018	22,402
2019	22,402
2020	7,467
Total future minimum lease payments	\$ 111,209

NOTE 11: SUMMARY OF RESTRICTED CONTRIBUTIONS

The 2015 activity in the temporarily restricted net assets, by source, was as follows:

Program Description	Unexpended December 31, 2014	2015 Additions	2015 Expenses	Unexpended December 31, 2015
Healthy Communities	\$ 36,621	\$ -	\$ (36,621)	\$ -
Athletic Programs and Games	-	161,900	(161,900)	-
Totals	\$ 36,621	\$ 161,900	\$ (198,521)	\$ -

SPECIAL OLYMPICS NEW YORK, INC.

Notes to Financial Statements

December 31, 2015

NOTE 12: DONATED SERVICES, FACILITIES AND EQUIPMENT

The Organization occupies approximately 8,000 square feet of the O.D. Heck Developmental Center in Schenectady, New York under a lease agreement with the New York State Office for People with Developmental Disabilities (OPWDD). No rent is paid by the Organization. Management estimated the approximate fair value of the annual rental to be \$78,323 for both 2015 and 2014 and has included that amount in contributions and expenses for each year in the statement of activities. The lease has been renewed through February 28, 2017 with an option to renew for another five years. The landlord retained the right to terminate the lease by giving a ninety-day written notice of its intention to terminate.

The Organization also receives donated professional services, facilities and equipment in connection with games, tournaments, training, administration and fundraising events. Management estimated the fair market value of these donations to be \$2,352,492 and \$2,069,713 for 2015 and 2014, respectively. The Organization recognizes contribution revenue and a concurrent expense for these donations at the fair market value of the services, facilities or equipment received.

Donated services, facilities and equipment consist of the following for the years ended December 31,

	2015				2014
	Direct Program Services	Indirect Allocable Expenses	Direct Fundraising Expenses	Total	Total
Office space	\$ -	\$ 78,323	\$ -	\$ 78,323	\$ 78,323
Athletic, storage and other facilities	947,947	-	-	947,947	779,650
Advertising	-	-	614,400	614,400	596,900
Use of equipment	159,460	4,900	268,149	432,509	302,079
Professional services	240,473	2,049	29,100	271,622	301,396
Other donated goods	28,452	-	57,562	86,014	89,688
Totals	<u>\$ 1,376,332</u>	<u>\$ 85,272</u>	<u>\$ 969,211</u>	<u>\$ 2,430,815</u>	<u>\$ 2,148,036</u>

NOTE 13: SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 10, 2016, the date the financial statements were available to be issued and has determined that there were no subsequent events requiring recognition or disclosure in the financial statements.

SPECIAL OLYMPICS NEW YORK, INC.

Schedule of Functional Expenses

Year Ended December 31, 2015 with Comparative Totals for 2014

	2015			2014	
	Program Services	Supporting Service		Total	Total
		Management and General	Fundraising		
Direct program expenses					
Games, tournaments and training	\$2,996,078	\$ -	\$ -	\$2,996,078	\$2,926,975
Public relations and education	206,105	-	-	206,105	198,081
Indirect expenses					
Salaries and employee benefits	2,150,624	413,442	620,585	3,184,651	2,997,995
Rent	313,030	55,027	80,572	448,629	427,195
Payroll taxes	175,081	33,527	49,092	257,699	240,361
Insurance	134,186	25,696	37,625	197,507	190,061
Bank and credit card fees	80,587	15,432	22,596	118,615	113,807
Telephone and Internet	79,071	15,142	22,171	116,384	114,161
Employee travel	66,112	1,434	39,255	106,801	78,183
Vehicle expenses	48,943	9,372	13,723	72,039	59,448
Office supplies and expenses	39,187	7,504	10,988	57,679	59,185
Temporary services	32,429	6,210	9,093	47,732	21,828
Depreciation	16,478	8,239	8,103	32,820	36,281
Professional fees	-	31,508	-	31,508	29,237
Equipment rental and maintenance	18,766	3,593	5,262	27,621	28,036
Postage	17,337	3,320	4,861	25,518	29,226
Staff recruitment	11,750	2,250	3,295	17,294	10,648
Staff training	10,674	2,044	2,993	15,711	8,237
Cleaning service	6,128	1,174	1,718	9,020	7,505
Payroll service	5,387	1,032	1,510	7,929	6,546
Uncollected pledges	-	6,500	-	6,500	47,955
Dues and subscriptions	3,971	760	1,113	5,845	4,071
Discretionary expense	-	3,813	-	3,813	3,255
Total operating expenses	<u>\$6,411,924</u>	<u>\$ 647,018</u>	<u>\$ 934,556</u>	<u>\$ 7,993,498</u>	<u>\$ 7,638,277</u>