

SPECIAL OLYMPICS NEW YORK, INC.

**Financial Statements and Required Reports Under the
Uniform Guidance as of
December 31, 2023 and 2022
Together with
Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

September 23, 2024

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Special Olympics New York, Inc. (a New York not-for-profit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Special Olympics New York, Inc., as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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.

6 Wembley Court
Albany, NY 12205
p (518) 464-4080
f (518) 464-4087

www.bonadio.com

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INDEPENDENT AUDITOR'S REPORT

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Responsibilities of Management for the Financial Statements (Continued)

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

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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted Government Auditing Standards, we:

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

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

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INDEPENDENT AUDITOR'S REPORT

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Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 underlying 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2024 on our consideration of Special Olympics New York, Inc. internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Special Olympics New York, Inc. internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Special Olympics New York, Inc. internal control over financial reporting and compliance.

SPECIAL OLYMPICS NEW YORK, INC.

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,463,376	\$ 1,464,469
Investments	2,122,646	2,240,618
Accounts receivable	1,620,206	1,992,468
Prepaid expenses	<u>192,571</u>	<u>194,177</u>
Total current assets	5,398,799	5,891,732
PROPERTY AND EQUIPMENT, net	368,767	452,056
OPERATING LEASE RIGHT-OF-USE ASSETS	2,465,023	2,870,127
SECURITY DEPOSITS	<u>43,801</u>	<u>43,801</u>
Total assets	<u>\$ 8,276,390</u>	<u>\$ 9,257,716</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Line of credit	\$ 1,550,000	\$ 1,550,000
Accounts payable and accrued expenses	850,224	1,200,332
Current portion of operating lease liabilities	502,594	471,570
Deferred revenue	<u>250,557</u>	<u>192,203</u>
Total current liabilities	3,153,375	3,414,105
OPERATING LEASE LIABILITIES, net of current portion	<u>2,021,376</u>	<u>2,436,556</u>
Total liabilities	<u>5,174,751</u>	<u>5,850,661</u>
NET ASSETS:		
Without donor restrictions	3,009,103	3,323,782
With donor restrictions	<u>92,536</u>	<u>83,273</u>
Total net assets	<u>3,101,639</u>	<u>3,407,055</u>
	<u>\$ 8,276,390</u>	<u>\$ 9,257,716</u>

The accompanying notes are an integral part of these statements.

SPECIAL OLYMPICS NEW YORK, INC.

STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS:		
SUPPORT AND REVENUE:		
Contributions and bequests	\$ 629,677	\$ 226,558
Contributions of nonfinancial assets	3,170,534	2,744,877
Fundraising activities, net of direct expenses (approximately \$863,000 in 2023 and \$888,000 in 2022)	6,267,661	5,811,696
Government and foundation grants	3,388,412	3,349,083
Employee Retention Credit revenue	-	839,160
Investment income (loss), net	215,210	(405,877)
Other income (loss), net	550	(2,039)
Net assets released from restrictions	<u>83,273</u>	<u>49,008</u>
Total support and revenue	<u>13,755,317</u>	<u>12,612,466</u>
OPERATING EXPENSES:		
Program	11,097,471	11,009,373
Management and general	1,402,622	1,267,617
Fundraising	<u>1,409,298</u>	<u>1,346,704</u>
Total operating expenses	13,909,391	13,623,694
PAYMENTS TO SPECIAL OLYMPICS INTERNATIONAL	<u>160,605</u>	<u>147,877</u>
Total expenses	<u>14,069,996</u>	<u>13,771,571</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>(314,679)</u>	<u>(1,159,105)</u>
NET ASSETS WITH DONOR RESTRICTIONS:		
Contributions	92,536	83,273
Net assets released from restrictions	<u>(83,273)</u>	<u>(49,008)</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	<u>9,263</u>	<u>34,265</u>
CHANGE IN NET ASSETS	(305,416)	(1,124,840)
NET ASSETS - beginning of year	<u>3,407,055</u>	<u>4,531,895</u>
NET ASSETS - end of year	<u>\$ 3,101,639</u>	<u>\$ 3,407,055</u>

The accompanying notes are an integral part of these statements.

SPECIAL OLYMPICS NEW YORK, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (305,416)	\$ (1,124,840)
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
(Recovery) provision for credit loss	(6,000)	20,668
Net unrealized (gain) loss on investments	(25,887)	472,443
Depreciation	129,011	123,196
(Gain) loss on sale of property and equipment	(550)	2,620
Changes in:		
Accounts receivable	378,262	(558,578)
Prepaid expenses	1,606	2,184
Operating leases	20,948	37,999
Security deposits	-	(73)
Accounts payable and accrued expenses	(350,108)	320,148
Deferred revenue	<u>58,354</u>	<u>(192,817)</u>
Net cash flow from operating activities	<u>(99,780)</u>	<u>(897,050)</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(45,172)	(358,701)
Purchase of investments	(356,141)	(2,806,430)
Proceeds from sale of investments	<u>500,000</u>	<u>3,885,628</u>
Net cash flow from investing activities	<u>98,687</u>	<u>720,497</u>
CASH FLOW FROM FINANCING ACTIVITIES:		
Net borrowings on line of credit	<u>-</u>	<u>1,150,000</u>
Net cash flow from financing activities	<u>-</u>	<u>1,150,000</u>
CHANGE IN CASH AND CASH EQUIVALENTS	(1,093)	973,447
CASH AND CASH EQUIVALENTS - beginning of year	<u>1,464,469</u>	<u>491,022</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 1,463,376</u>	<u>\$ 1,464,469</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest during the year	<u>\$ 145,714</u>	<u>\$ 41,121</u>

The accompanying notes are an integral part of these statements.

SPECIAL OLYMPICS NEW YORK, INC.**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and employee benefits	\$ 3,932,588	\$ 627,111	\$ 975,260	\$ 5,534,959
Games, tournaments, and training	2,299,891	-	-	2,299,891
In-kind Professional services	2,076,872	-	75,610	2,152,482
In-kind Athletic, storage and other facilities	670,661	-	-	670,661
Costs of fundraising activities	-	-	649,525	649,525
Rent	429,197	68,442	106,438	604,077
Professional fees	-	386,171	-	386,171
Payroll taxes	273,812	43,664	67,904	385,380
Public relations and education	320,704	-	-	320,704
Insurance	209,529	33,413	51,962	294,903
Equipment rental and maintenance	135,753	21,648	33,666	191,067
Bank and credit card fees	131,475	20,966	32,605	185,046
In-kind Use of equipment	56,272	-	101,261	157,533
Interest	103,530	16,509	25,675	145,714
Depreciation	64,505	32,253	32,253	129,011
Employee travel	82,953	13,228	20,571	116,753
Telephone and internet	73,577	11,733	18,247	103,557
In-kind Rent	-	97,576	-	97,576
In-kind Other donated goods	55,834	-	36,448	92,282
Office supplies and expenses	51,105	8,149	12,674	71,928
Vehicle expenses	36,491	5,819	9,049	51,359
Postage	20,072	3,201	4,978	28,251
Staff recruitment	17,029	2,715	4,223	23,967
Payroll services	15,639	2,494	3,878	22,011
Cleaning service	14,489	2,310	3,593	20,392
Staff training	13,666	2,179	3,389	19,234
Dues and subscriptions	11,827	1,886	2,933	16,646
Discretionary expense	-	7,155	-	7,155
Recovery of credit loss	-	(6,000)	-	(6,000)
Total expenses	11,097,471	1,402,622	2,272,142	14,772,235
Less: Costs of fundraising activities	-	-	(862,844)	(862,844)
Expenses reported by function	<u>\$ 11,097,471</u>	<u>\$ 1,402,622</u>	<u>\$ 1,409,298</u>	<u>\$ 13,909,391</u>

The accompanying notes are an integral part of these statements.

SPECIAL OLYMPICS NEW YORK, INC.**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and employee benefits	\$ 3,734,910	\$ 595,588	\$ 926,237	\$ 5,256,735
Games, tournaments, and training	2,871,411	-	-	2,871,411
In-kind Professional services	1,534,427	-	50,860	1,585,287
Costs of fundraising activities	-	-	733,247	733,247
In-kind Athletic, storage and other facilities	701,891	-	-	701,891
Rent	422,259	67,336	104,718	594,313
Payroll taxes	261,628	41,721	64,882	368,231
Public relations and education	325,372	-	-	325,372
Insurance	176,303	28,114	43,722	248,139
Professional fees	-	218,534	-	218,534
In-kind Use of equipment	152,889	-	27,757	180,646
Equipment rental and maintenance	125,449	20,005	31,111	176,565
Bank and credit card fees	118,321	18,868	29,343	166,532
Employee travel	97,054	15,477	24,068	136,599
In-kind Other donated goods	55,588	-	76,318	131,906
Depreciation	61,598	30,799	30,799	123,196
Telephone and internet	76,622	12,218	19,002	107,842
Staff recruitment	69,239	11,041	17,171	97,451
In-kind Rent	-	92,136	-	92,136
Office supplies and expenses	62,677	9,995	15,543	88,215
Vehicle expenses	40,425	6,446	10,025	56,896
In-kind Professional services	-	53,009	-	53,009
Interest	29,216	4,659	7,246	41,121
Postage	24,939	3,977	6,184	35,100
Staff training	18,288	2,916	4,535	25,739
Bad Debts	-	20,668	-	20,668
Payroll services	14,410	2,298	3,573	20,281
Cleaning service	14,180	2,261	3,517	19,958
Dues and subscriptions	12,818	2,044	3,179	18,041
Temporary services	7,459	1,189	1,849	10,497
Discretionary expenses	-	6,318	-	6,318
Total expenses	11,009,373	1,267,617	2,234,886	14,511,876
Less: Costs of fundraising activities	-	-	(888,182)	(888,182)
Expenses reported by function	<u>\$ 11,009,373</u>	<u>\$ 1,267,617</u>	<u>\$ 1,346,704</u>	<u>\$ 13,623,694</u>

The accompanying notes are an integral part of these statements.

SPECIAL OLYMPICS NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

1. THE ORGANIZATION

Special Olympics New York, Inc. (the Organization) is a not-for-profit corporation operated to provide year-round sports training and athletic competition in a variety of Olympic-style sports for all children and adults with intellectual disabilities giving them continuing opportunities to develop physical fitness, demonstrate courage, experience joy, and participate in a sharing of skills and friendship with their families, other athletes, and the community.

Regional offices, State, and local programs are supervised by the State Office in the conduct of sports training programs for athletes and volunteers. These athletes then have the opportunity to advance to the State, National, and Special Olympics World Games. The State Office provides overall program and administrative support, coaches education, volunteer management, health programming, State Games, and all movement related programming for the entire State.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Recently Adopted Accounting Guidance

ASC Topic 326, *Financial Instruments – Credit Losses*, requires certain financial assets to be measured at amortized cost net of an allowance for estimated credit losses. This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The estimated credit loss is required to be based on historical information, current conditions, and forecasts that could impact the collectability of the amounts. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. The Organization adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in enhanced disclosures only.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of bank demand deposit accounts and highly liquid investments with maturity dates of three months or less at the time of purchase. The Organization's cash and cash equivalent balances may at times exceed federally insured limits. The Organization has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk with respect to cash and cash equivalents.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

All investments in mutual funds, equities, and corporate and foreign bonds are stated at fair value. All realized and unrealized gains and losses are reported directly in the accompanying statements of activities.

Investments are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investment will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Accounts Receivable and Allowance for Credit Loss

Accounts receivable primarily represent amounts due from government and non-government grants, as well as contributions due to the Organization under the terms of a donor's unconditional promise to give. Accounts for which no payment have been received for several months are considered delinquent and customary collection efforts are begun. After all collection efforts are exhausted, the account is written off.

The Organization recognizes an expected allowance for credit losses that is updated to reflect any changes in credit risk since the receivable was initially recorded. This estimate is calculated on a pooled basis where similar risk characteristics exist, and receivables evaluated individually when specific customer balances no longer share those risk characteristics and are considered at risk or uncollectible.

The estimated allowance for credit losses is based on historical, current, and expected future conditions. The historical component is derived from a review of the Organization's historical losses based on the aging of receivables. However, the current and expected future economic conditions could have deteriorated as compared with the economic conditions included in the historical information. As a result, the allowance for credit losses would have been increased to adjust for the impact of current and expected future conditions on historical losses.

Property and Equipment

Property and equipment is stated at cost if purchased, or at fair value if received by donation, net of accumulated depreciation. All assets with a cost or fair value in excess of \$500 and with an estimated useful life beyond one year are capitalized. Depreciation is computed over the estimated useful lives of the respective assets using the straight-line method with lives ranging from 3 to 10 years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

At inception, it is determined if an agreement is a lease. Leases are recorded on the Organizations' statement of financial position under Right-of-use (ROU) assets and lease liabilities. ROU assets represent the Organizations' right to use an underlying asset for the lease term and lease liabilities represent the Organizations' obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of these leases do not provide an implicit interest rate, the Organization uses the risk-free rate based on the information available at commencement date in determining the present value of lease payments. The ROU asset also includes any lease pre-payments made and excludes lease incentives. The terms of the lease may include options to extend or terminate the lease when it is reasonably certain that option will be exercised. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Lease agreements with lease and non-lease components are not accounted for separately.

Financial Reporting

The Organization reports its activities and the related net assets as either without or with donor restrictions.

Net assets without donor restrictions include resources that are available for the support of the Organization's operating activities. The Board of Directors can authorize use of these assets, as it desires, to carry on the purposes of the Organization according to its by-laws.

Net assets with donor restrictions include resources that have been donated to the Organization subject to purpose or time restrictions defined by the donor. There were \$83,273 and \$49,008 of net assets with donor restrictions at December 31, 2023 and 2022, respectively, to be used for specific programs of the Organization.

Government and Foundation Grants

The Organization receives substantially all of its grant and contract revenues from federal and state agencies. The Organization recognizes grant revenue, dependent on the terms of each contract, either on a pro rata basis for the twelve-month period or to the extent grant obligations have been incurred.

The Organization reviews individual contracts at the time of performance, in order to determine estimated uncollectable accounts due from third-party payors or individuals and records these implicit price concessions as a direct reduction to revenue. Estimates of implicit price concessions are determined based on historical collection experience using a portfolio approach as a practical expedient to account for the contracts as a collective group. Based on this, the Organization determined that there is no implicit price concessions for the years ended December 31, 2023 and 2022. Refundable advances consist of unspent cash advances received from Special Olympics International and various grantors to be recognized as revenue when conditions have been satisfied.

Deferred revenue consists of sponsorships and ticket proceeds received in advance. These funds will be recognized when the events are held.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions and Bequests

Contributions, including unconditional promises to give, are recorded as made. Contributions may be recorded without donor restrictions, or with donor restrictions depending on the existence or nature of any donor restrictions. All contributions without restrictions are available for use unless specifically restricted by the donor. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions.

Contributions of Non-Financial Assets

Contributions of donated services that create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period received.

Fair Value Measurement

U.S. GAAP establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Organization. Unobservable inputs are inputs that reflect the Organization's estimates of the assumptions market participants would use in pricing the asset or liability, developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1 – Valuations are based on quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Valuation adjustments are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

The Organization's mutual funds are primarily valued utilizing Level 1 inputs. Fair value is determined using the market approach using relevant market data.

- Level 2 – Valuations are based on quoted prices in markets that are not active or for which all significant inputs are observable, directly, or indirectly. The valuation may be based on quoted prices for similar assets; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset.

The Organization's corporate and foreign bonds are primarily valued utilizing Level 2 inputs. The fair values for bonds are derived using the market approach and relevant market-driven data, which includes using market price quotes corroborated by recently executed transactions observable in the market. In addition, the valuation of these bonds is calculated at the present value of the bond's future interest payments and the bond's value upon maturity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurement (Continued)

- Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The Organization currently has no assets or liabilities that are measured using Level 3 inputs.

The availability of observable inputs can vary and is affected by a wide variety of factors. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Organization in determining fair value is greatest for instruments categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy.

In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Functional Allocation of Expenses

The costs of providing various programs and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated amongst the programs and supporting services benefited. The expenses with the most significant allocations include certain salaries, fringe benefits, maintenance and property related costs and transportation costs. All attempts are made to direct charge expenses before allocations are made.

Salary allocations are recorded based on hours charged by program in the payroll system or time studies that are submitted quarterly by applicable personnel. Fringe benefit costs, maintenance and property related costs, and transportation costs are allocated based on total salaries to each program or cost center as these represent the activities in each program.

Income Taxes

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization has also been classified by the Internal Revenue Service as an entity that is not a private foundation.

3. LIQUIDITY

The Organization is substantially supported by revenue generated by contributions and fundraising events. In addition, support is received from government grants, donors, and investment earnings. The following reflects the Organization's financial assets as of the statements of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statements of financial position dates.

	<u>2023</u>	<u>2022</u>
Total assets	\$ 8,276,390	\$ 9,257,716
Less: Nonfinancial assets -		
Prepaid expenses	(192,571)	(194,177)
Security deposits	(43,801)	(43,801)
Property and equipment, net	(368,767)	(452,056)
Right-of-use assets	<u>(2,465,023)</u>	<u>(2,870,127)</u>
Total financial assets	5,206,228	5,697,555
Less: Net assets with donor restrictions	<u>(92,536)</u>	<u>(83,273)</u>
	<u>\$ 5,113,692</u>	<u>\$ 5,614,282</u>

The Organization's ability to meet its cash needs is highly dependent on timely collection of its accounts receivable. The Organization's accounts receivable are due primarily from government funders, non-government grants, and donors' unconditional promises to give. Many of these arrangements require the Organization to incur costs in advance and then bill for reimbursements after the cash outlay has been made. The Organization has designed procedures to collect from these payers as quickly as possible. However, timeliness of these payments can sometimes be difficult to predict. Due to this factor, the Organization has a line of credit available (Note 8), which it can draw upon throughout the year. In addition, the Organization could also manage vendor relationships to extend payment terms where possible. The Organization has also investments that it has the ability to borrow from as needed.

4. INVESTMENTS

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

	<u>2023</u>	<u>2022</u>
Treasury bills and notes	\$ 1,466,208	\$ -
Mutual funds	656,438	2,191,280
Corporate and foreign bonds	<u>-</u>	<u>49,338</u>
	<u>\$ 2,122,646</u>	<u>\$ 2,240,618</u>

5. ACCOUNTS RECEIVABLE

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

	<u>2023</u>	<u>2022</u>
Grants	\$ 807,153	\$ 581,195
Bequests and contributions	705,405	545,491
Special Olympics International	113,574	220,009
Employee Retention Credits	-	647,186
Miscellaneous	<u>1,474</u>	<u>11,987</u>
	1,627,606	2,005,868
Less: Allowance for credit loss	<u>(7,400)</u>	<u>(13,400)</u>
	<u>\$ 1,620,206</u>	<u>\$ 1,992,468</u>

6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	<u>2023</u>	<u>2022</u>
Office furniture and equipment	\$ 425,675	\$ 388,694
Vehicles	361,447	373,229
Program equipment	153,055	149,916
Leasehold improvements	<u>102,704</u>	<u>97,104</u>
	1,042,881	1,008,943
Less: Accumulated depreciation	<u>(674,114)</u>	<u>(556,887)</u>
	<u>\$ 368,767</u>	<u>\$ 452,056</u>

Depreciation expense was \$129,011 and \$123,196 for the years ended December 31, 2023 and 2022, respectively.

7. RETIREMENT PLAN

The Organization has adopted a tax-sheltered annuity retirement plan under Section 403(b) of the Internal Revenue Code which covers all full-time employees. Employees who participate in the plan may contribute up to the maximum allowable under the limits of IRC Section 403(b). During 2022, the Organization's contribution was discretionary and approved annually by the Board of Directors. During 2023, the plan was amended from a discretionary contribution to a matching contribution. The Organization's contributions to the plan for the years ended December 31, 2023 and 2022 amounted to approximately \$223,000 and \$170,000, respectively.

8. LINE OF CREDIT

The Organization has a \$2,500,000 revolving bank line of credit for working capital purposes, due on demand, and accrues interest at the 30 day average of the Secured Overnight Financing Rate (SOFR), plus 1.864 (5.57% at December 31, 2023). There were outstanding balances of \$1,550,000 at both December 31, 2023 and 2022. Interest expense related to the line of credit was approximately \$145,000 and \$41,000 for the years ending December 31, 2023 and 2022, respectively.

9. FAIR VALUE MEASUREMENT

The following are measured at fair value on a recurring basis at December 31, 2023:

<u>Description</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>	<u>Total</u>
Treasury bills and notes	\$ 1,466,208	\$ -	-	\$ 1,466,208
Mutual funds - fixed income	<u>656,438</u>	<u>-</u>	<u>-</u>	<u>656,438</u>
	<u>\$ 2,122,646</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 2,122,646</u>

The following are measured at fair value on a recurring basis at December 31, 2022:

<u>Description</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>	<u>Total</u>
Mutual funds - domestic	\$ 248,553	\$ -	\$ -	\$ 248,553
Mutual funds - fixed income	1,942,727	-	-	1,942,727
Corporate and foreign bonds	<u>-</u>	<u>49,338</u>	<u>-</u>	<u>49,338</u>
	<u>\$ 2,191,280</u>	<u>\$ 49,338</u>	<u>\$ -</u>	<u>\$ 2,240,618</u>

There were no changes in valuation techniques in 2023 and 2022.

10. CONTRIBUTIONS OF NON-FINANCIAL ASSETS

The Organization recognized contributed non-financial assets for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Professional Services	\$ 2,152,482	\$ 1,638,296
Athletic, Storage and Other Facilities	670,661	701,891
Use of Equipment	157,533	131,906
Office space	97,576	92,136
Other Donated Goods	<u>92,282</u>	<u>180,648</u>
	<u>\$ 3,170,534</u>	<u>\$ 2,744,877</u>

Donated services, equipment, goods, facilities, and office space are recognized as contributions in accordance with GAAP if the services, goods, or space create or enhance nonfinancial assets or require specialized skills and are performed by people with those skills that would otherwise be purchased. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed professional services recognized consist primarily of legal fees, media expenses, sports officials, and security and UCS direct support. Contributed professional services are valued and are reported at the estimated fair value based on current rates for similar professional services in New York State. A substantial number of other volunteers have donated their nonspecialized services to the Organization during the year. In accordance with U.S. GAAP, these services are not reflected in the financial statements since the services provided do not require specialized skills.

Contributed facilities, such as gymnasiums and athletic fields, are used for program activities of the Organization. In valuing the contributed space, the Organization estimated fair value on the basis of prices of similar spaces available for rent in New York State.

Contributed office space is used for general and administrative activities of the Organization. In valuing the contributed office space, the Organization estimated the fair value on the basis of prices of similar spaces available for rent in the Albany, New York area.

Donated goods recognized consist of food and meals, program supplies and medical supplies. Donated goods are valued and are reported at the fair value based on the estimated cost of the items donated.

11. LEASES

The Organization leases of office space, vehicles and equipment. These leases are operating leases and expires in various dates until August 2030. The options are not recognized as part of the right-of-use asset and lease liability.

The components of total lease cost for the years ended December 31, are as follows:

	<u>2023</u>	<u>2022</u>
Operating lease expense	<u>\$ 546,548</u>	<u>\$ 546,016</u>

11. LEASES (Continued)

Supplemental cash flow information related to operating leases for the years ended December 31, are as follows:

	<u>2023</u>	<u>2022</u>
Cash paid for amounts included in the measurement of lease liabilities-		
Operating lease cash flows	\$ 522,599	\$ 507,865
ROU assets obtained in exchange for lease liabilities	\$ 99,202	\$ 3,373,199

Other information related to operating leases as of December 31, are as follows:

	<u>2023</u>	<u>2022</u>
Weighted average remaining lease term	5.50 years	6.44 years
Weighted average discount rate	1.53%	1.41%

Future minimum payments relating to operating leases are as follows:

<u>Year Ending December 31:</u>	
2024	\$ 536,927
2025	482,793
2026	431,520
2027	379,370
2028	381,236
Thereafter	<u>418,636</u>
Total undiscounted cash flows	2,630,482
Less: present value discount	<u>(106,512)</u>
Total lease liabilities	<u>\$ 2,523,970</u>

12. EMPLOYEE RETENTION CREDIT

In 2022, the Organization determined its eligibility for the Employee Retention Credit (ERC) that related to certain quarters in 2020. As such, the Organization recorded within accounts receivable and revenue of \$0 and \$647,186 for the years ended December 31, 2023 and 2022, respectively. The Organization received approximately \$192,000 of the ERC during 2022 and the remainder of the credit in May of 2023.

13. SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 23, 2024, which is the date the financial statements were available to be issued.

SPECIAL OLYMPICS NEW YORK, INC.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Federal Grantor/ Pass Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Entity Identification Number	Total Expenditures
<u>U.S. Department of Education/</u>			
Office of Special Education Programs UCS Year 15	84.380W	CL3LRML78TC5	\$ 448,578
Office of Special Education Programs UCS Year 16	84.380W	CL3LRML78TC5	<u>289,025</u>
			<u>737,603</u>
Total U.S. Department of Education			<u>737,603</u>
<u>U.S. Department of Health and Human Services</u>			
Centers for Disease Control & Prevention	93.184	CL3LRML78TC5	70,036
Centers for Disease Control & Prevention	93.184	CL3LRML78TC6	79,263
Centers for Disease Control & Prevention	93.184	CL3LRML78TC7	40,857
Centers for Disease Control & Prevention	93.184	CL3LRML78TC8	18,140
Centers for Disease Control & Prevention	93.184	CL3LRML78TC9	<u>7,778</u>
			<u>216,074</u>
Total U.S. Department of Health and Human Services			<u>216,074</u>
Total Expenditures of Federal Awards			<u>\$ 953,677</u>

SPECIAL OLYMPICS NEW YORK, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2023

1. SUMMARY OF ACCOUNTING POLICIES

General

The accompanying schedule of expenditures of federal awards presents the activity of all federal awards programs of Special Olympics New York, Inc. (the Organization) for the year ended December 31, 2023. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included in the schedule.

The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the financial statements.

Basis of Accounting

The accompanying schedule of expenditures of federal awards is prepared in accordance with generally accepted accounting principles.

2. DEMINIMUS COST RATE

Administrative overhead costs charged to contracts vary by funding source as agreed to within the contract, and therefore, the Organization has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

September 23, 2024

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Special Olympics New York, Inc. (the Organization) which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, and functional expenses cash flows for the year ending December 31, 2023, and the related notes to the financial statements, and have issued our report thereon dated September 23, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Special Olympics New York, Inc.'s internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Special Olympics New York, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Special Olympics New York, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

6 Wembley Court
Albany, NY 12205
p (518) 464-4080
f (518) 464-4087

www.bonadio.com

(Continued)

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS (Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Special Olympics New York, Inc. financial statements are free from material misstatement, we performed tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

September 23, 2024

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Special Olympics New York, Inc. compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on Special Olympics New York, Inc. major federal program for the year ended December 31, 2023. Special Olympics New York, Inc. major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Special Olympics New York, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Special Olympics New York, Inc. and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Special Olympics New York, Inc. compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Special Olympics New York, Inc. federal programs.

(Continued)

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

(Continued)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Special Olympics New York, Inc. compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Special Olympics New York, Inc. compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Special Olympics New York, Inc. a compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Special Olympics New York, Inc. internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Special Olympics New York, Inc. control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

(Continued)

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

(Continued)

Report on Internal Control Over Compliance (Continued)

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

SPECIAL OLYMPICS NEW YORK, INC.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Section 1 – Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued on whether the financial statements were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes No
 - Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ Yes None reported
- Noncompliance material to financial statements noted? _____ Yes No

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified? _____ Yes No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ Yes None reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance _____ Yes No

Identification of major programs:

Assistance Listing Numbers

84.380W

Name of Federal Program or Cluster

U.S. Department of Education Office of Special Education Programs

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? _____ Yes No

(Continued)

SPECIAL OLYMPICS NEW YORK, INC.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023 (Continued)**

Section 2 – Financial Statement Findings

There were no financial statement findings.

Section 3 – Federal Award Findings and Questioned Costs

There were no federal award findings and questioned costs.