

SPECIAL OLYMPICS RHODE ISLAND, INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Special Olympics Rhode Island, Inc.
Smithfield, Rhode Island

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Special Olympics Rhode Island, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, 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 Rhode Island, Inc. as of December 31, 2022, and the change 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Special Olympics Rhode Island, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' 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 auditors' 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 GAAS 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 GAAS, 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 Rhode Island, 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 Rhode Island, 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.

Other Matter

The financial statements as of December 31, 2021 of Special Olympics Rhode Island, Inc. were audited by other auditors whose report dated June 21, 2022, expressed an unmodified opinion on those statements.



CliftonLarsonAllen LLP

Cranston, Rhode Island
May 11, 2023

SPECIAL OLYMPICS RHODE ISLAND, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
Cash and Cash Equivalents	\$ 1,200,355	\$ 1,011,489
Restricted Cash - as Custodian of Team Funds	248,186	230,051
Contributions and Grants Receivable	130,142	137,371
Prepaid Expenses	34,441	3,720
Investments	1,683,869	1,884,804
Property and Equipment, Net	2,111,406	2,165,165
Total Assets	\$ 5,408,399	\$ 5,432,600
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 22,789	\$ 10,280
Accrued Expenses	66,789	43,514
Liability for Team Funds	248,186	230,051
Total Liabilities	337,764	283,845
NET ASSETS		
Without Donor Restrictions:		
Board-Designated	331,596	400,000
Undesignated - General Operations	4,523,170	4,492,431
Total Without Donor Restrictions	4,854,766	4,892,431
With Donor Restrictions	215,869	256,324
Total Net Assets	5,070,635	5,148,755
Total Liabilities and Net Assets	\$ 5,408,399	\$ 5,432,600

See accompanying Notes to Financial Statements.

SPECIAL OLYMPICS RHODE ISLAND, INC.
STATEMENTS OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, OTHER SUPPORT, AND SPECIAL EVENTS			
Contributions	\$ 940,726	\$ -	\$ 940,726
Grants	196,805	140,845	337,650
Event Income	690,633	-	690,633
In Kind Contributions	362,648	-	362,648
Other Income	108,457	-	108,457
Net Assets Released from Restrictions	181,300	(181,300)	-
Total Revenues, Other Support and Special Events	2,480,569	(40,455)	2,440,114
EXPENSES			
Program Services	1,225,129	-	1,225,129
Management and General	272,243	-	272,243
Fundraising and Development	834,320	-	834,320
Total Expenses	2,331,692	-	2,331,692
CHANGE IN NET ASSETS FROM OPERATIONS	148,877	(40,455)	108,422
OTHER INCOME (EXPENSE)			
Investment Loss	(189,835)	-	(189,835)
Interest Income	3,293	-	3,293
Total Other Income (Expense)	(186,542)	-	(186,542)
CHANGE IN NET ASSETS	(37,665)	(40,455)	(78,120)
Net Assets - Beginning of Year	4,892,431	256,324	5,148,755
NET ASSETS - END OF YEAR	\$ 4,854,766	\$ 215,869	\$ 5,070,635

See accompanying Notes to Financial Statements.

**SPECIAL OLYMPICS RHODE ISLAND, INC.
STATEMENTS OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, OTHER SUPPORT, AND SPECIAL EVENTS			
Contributions	\$ 734,877	\$ -	\$ 734,877
Grants	134,072	162,769	296,841
Event Income	695,123	-	695,123
In Kind Contributions	179,974	-	179,974
Other Income	85,290	-	85,290
Net Assets Released from Restrictions	101,878	(101,878)	-
Total Revenues, Other Support and Special Events	1,931,214	60,891	1,992,105
EXPENSES			
Program Services	912,798	-	912,798
Management and General	186,209	-	186,209
Fundraising and Development	615,758	-	615,758
Total Expenses	1,714,765	-	1,714,765
CHANGE IN NET ASSETS FROM OPERATIONS	216,449	60,891	277,340
OTHER INCOME			
Investment Income	138,105	-	138,105
Interest Income	1,349	-	1,349
Paycheck Protection Program Loan Forgiveness	169,967	-	169,967
Total Other Income	309,421	-	309,421
CHANGE IN NET ASSETS	525,870	60,891	586,761
Net Assets - Beginning of Year	4,366,561	195,433	4,561,994
NET ASSETS - END OF YEAR	\$ 4,892,431	\$ 256,324	\$ 5,148,755

See accompanying Notes to Financial Statements.

**SPECIAL OLYMPICS RHODE ISLAND, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising and Development</u>	<u>Total</u>
Personnel Costs:				
Salaries and Wages	\$ 543,044	\$ 162,111	\$ 260,706	\$ 965,861
Employee Benefits	62,212	31,773	38,092	132,077
Payroll Taxes	35,078	21,047	14,031	70,156
Total Personnel Costs	<u>640,334</u>	<u>214,931</u>	<u>312,829</u>	<u>1,168,094</u>
Occupancy Management	72,274	15,748	35,255	123,277
Professional Services	87,975	11,295	23,824	123,094
Accounting Fees	14,288	5,715	8,573	28,576
Advertising and Promotion	2,127	380	2,393	4,900
Office Expenses	24,623	5,230	8,381	38,234
Conferences, Conventions, Meetings and Related Costs	96,375	1,234	108,198	205,807
Insurance	13,580	5,252	7,878	26,710
Payment to Affiliates	14,177	5,671	8,506	28,354
Supplies	70,098	25	29,714	99,837
Travel	17,084	-	5,146	22,230
Other Expenses	8,934	3,574	5,360	17,868
In Kind Expenses	116,797	-	245,851	362,648
Miscellaneous Expenses	6,656	534	8,528	15,718
Total Expenses by Function	<u>544,988</u>	<u>54,658</u>	<u>497,607</u>	<u>1,097,253</u>
Total Functional Expenses Before Depreciation	1,185,322	269,589	810,436	2,265,347
Depreciation	<u>39,807</u>	<u>2,654</u>	<u>23,884</u>	<u>66,345</u>
Total Functional Expenses	<u>\$ 1,225,129</u>	<u>\$ 272,243</u>	<u>\$ 834,320</u>	<u>\$ 2,331,692</u>

See accompanying Notes to Financial Statements.

**SPECIAL OLYMPICS RHODE ISLAND, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021**

	Program Services	Management and General	Fundraising and Development	Total
Personnel Costs:				
Salaries and Wages	\$ 509,152	\$ 97,179	\$ 268,626	\$ 874,957
Employee Benefits	74,380	27,964	41,946	144,290
Payroll Taxes	10,650	4,260	6,390	21,300
Total Personnel Costs	<u>594,182</u>	<u>129,403</u>	<u>316,962</u>	<u>1,040,547</u>
Event Facility and Related Costs	-	-	39,000	39,000
Shirts and Supplies	77,721	2,597	692	81,010
Advertising and Public Relations	65,456	1,200	19,219	85,875
Contracted Services	30,049	7,503	82,450	120,002
Office Supplies	6,222	2,489	4,214	12,925
Trophies and Awards	4,594	-	71,377	75,971
Meetings and Workshops	10,662	317	1,922	12,901
Occupancy	32,406	12,962	19,446	64,814
Travel	10,157	-	3,404	13,561
Assessment Fees -				
Special Olympics International	12,441	4,976	7,465	24,882
Insurance	13,435	5,374	8,065	26,874
Printing	430	599	104	1,133
Equipment Rentals, License and Maintenance Renewals	4,375	-	-	4,375
Miscellaneous Expenses	<u>22,696</u>	<u>7,400</u>	<u>24,654</u>	<u>54,750</u>
Total Expenses by Function	<u>290,644</u>	<u>45,417</u>	<u>282,012</u>	<u>618,073</u>
 Total Functional Expenses Before Depreciation	 884,826	 174,820	 598,974	 1,658,620
Depreciation	<u>27,972</u>	<u>11,389</u>	<u>16,784</u>	<u>56,145</u>
 Total Functional Expenses	 <u>\$ 912,798</u>	 <u>\$ 186,209</u>	 <u>\$ 615,758</u>	 <u>\$ 1,714,765</u>

See accompanying Notes to Financial Statements.

SPECIAL OLYMPICS RHODE ISLAND, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (78,120)	\$ 586,761
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	66,345	56,145
Paycheck Protection Program Loan Forgiveness	-	(169,967)
Realized and Unrealized Loss (Gain) on Operating Investments	189,835	(139,454)
Changes in Operating Assets and Liabilities:		
Contributions and Grants Receivable	7,229	(1,571)
Prepaid Expenses	(30,721)	(557)
Accounts Payable	12,509	(20,575)
Accrued Expenses	23,275	8,282
Liability for Team Funds	18,135	12,520
Net Cash Provided by Operating Activities	<u>208,487</u>	<u>331,584</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchases) Proceeds of Investments	11,100	(757,354)
Purchases of Property and Equipment	<u>(12,586)</u>	<u>(39,925)</u>
Net Cash Used by Investing Activities	(1,486)	(797,279)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program Loan	-	169,967
Net Cash Provided by Financing Activities	<u>-</u>	<u>169,967</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	207,001	(295,728)
Cash and Cash Equivalents and Restricted Cash - Beginning of Year	<u>1,241,540</u>	<u>1,537,268</u>
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR	<u>\$ 1,448,541</u>	<u>\$ 1,241,540</u>

See accompanying Notes to Financial Statements.

SPECIAL OLYMPICS RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 PRINCIPAL ACTIVITIES OF THE ORGANIZATION

Organization

Special Olympics Rhode Island, Inc. (the Organization) is a Rhode Island nonprofit Organization established to provide year-round training and athletic competition in a variety of well coached Olympic-type sports for all individuals with intellectual disabilities by providing them with continuing opportunities to develop physical fitness skills, express courage, experience joy, and participate in the sharing of gifts, skill, and friendship with their families or other athletes and the community.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, a reserve for operational needs and capital investment purposes.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service.

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) 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. When a restriction expires, 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.

SPECIAL OLYMPICS RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

Cash, Cash Equivalents and Restricted Cash

The Organization considers all cash and highly liquid financial instruments with original maturities of six months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Restricted cash consists of cash maintained in a certain segregated bank account representing funds held on behalf of individual teams that participate in the Organization's team events. The Organization acts in a fiduciary capacity as the custodian of these funds. A corresponding liability is recorded for all funds held on behalf of the teams.

Contributions and Grants Receivable

Contributions are recognized when cash, securities or other assets or an unconditional promise to give is received. 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.

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Material unconditional promises to give that are expected to be collected in a period beyond one year are recorded at net realizable value, discounted for the present value of estimated future cash flows. The discounts on those amounts are computed using the Organization's internal investment rate of return applicable in the year of the gift and are included in contribution revenue. As of December 31, 2022 and 2021, a discount to determine present value was not considered necessary.

The Organization has adjusted for all known uncollectible amounts and an allowance for uncollectible amounts was not considered necessary at year-end December 31, 2022 and 2021, respectively.

Investments

Investments in marketable securities are reported at fair value. Investments also include a certificate of deposit with an original maturity of 15 months which is reported at amortized cost which approximates fair value. Net investment return (loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized gains and losses, net of management fees.

SPECIAL OLYMPICS RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are recorded at cost. Donations of property and equipment are recorded as support at their estimated fair value. Depreciation is computed using the straight-line method over the estimated useful lives. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Impairment of Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the fair value of the asset.

Leases

The Organization leases office equipment under annual operating lease agreements. The Organization determined if an arrangement is a lease at inception. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expenses as incurred, and these leases are not reported as lease liabilities or right of use assets on the statements of financial position.

Contributed Nonfinancial Assets and Donated Services

Volunteers contribute significant amounts of time to the Organization's program services and other activities. Contributed services are recorded at their estimated fair value at the time such services are provided to the extent that they create or enhance nonfinancial assets or require specialized skills which, if not provided by donation, would have to be purchased by the Organization. Contributed goods are recorded at fair value at the date of donation, and contributed services are recognized at the fair value of services rendered.

Advertising Costs

The Organization expenses advertising costs as they are incurred. During the years ended December 31, 2022 and 2021, the Organization incurred advertising and public relations expenses of approximately \$85,875 and \$108,912, respectively.

Functional Allocation of Expenses

The costs of providing program services and supporting activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Direct identification of expenses is used for charging expenses to a particular function. When certain costs benefit more than one function, the costs are allocated on a consistent basis based on either financial or nonfinancial data, such as headcount or estimates of time and effort incurred by personnel. Expenses that are allocated based on these estimates are occupancy, certain salaries and related costs, office expenses, and depreciation.

SPECIAL OLYMPICS RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

Special Olympics Rhode Island, Inc. is organized as a Rhode Island nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under IRC Section 501(a) as an organization described in Internal Revenue Code (IRC) Section 501(c)(3), qualifies for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii), and has been determined not to be private foundation. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the entity is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Organization has determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Adoption of New Accounting Standards

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (ASC 842)*. The new standard increases transparency and comparability among companies by requiring the recognition of right-of use (ROU) assets and lease liabilities on the statements of financial position. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases.

The Organization adopted the requirements of the guidance effective January 1, 2022 and has elected to apply the provisions of this standard to the beginning of the period of adoption, through a cumulative effect adjustment, with certain practical expedients available. In addition, the Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statements of financial position.

The Organization has no long-term leases and minimal month-to-month rentals. Therefore, the standard had minimal impact on the statement of financial position, the statement of activities, and the statement of cash flows.

In September 2020, FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The amendments improve financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including disclosure requirements for recognized contributed services. The amendments do not change the recognition and measurement requirements for those assets. The new standard is effective for annual reporting periods beginning after June 15, 2021. The amendments have been applied on a retrospective basis.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

**SPECIAL OLYMPICS RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

Management has evaluated subsequent events through May 11, 2023, which is the date the financial statements were available to be issued.

NOTE 3 LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The Organization's financial assets available for general expenditure within one year of the statements of financial position date are as follows:

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 1,200,355	\$ 1,011,489
Contributions and Grants Receivable	130,142	137,371
Investments	<u>1,683,869</u>	<u>1,884,804</u>
Total	3,014,366	3,033,664
Less: Amounts Not Available to be Used		
Within One Year:		
Board-Designated Funds	(331,596)	(400,000)
Endowment Funds	(37,920)	(44,483)
Net Assets with Donor Restrictions	<u>(177,949)</u>	<u>(211,841)</u>
Total Financial Assets Available for General Expenditure Within One Year	<u>\$ 2,466,901</u>	<u>\$ 2,377,340</u>

The Organization is substantially supported by contributions which include amounts with donor restrictions for use in a particular manner or in a future period. The Organization must maintain sufficient resources to meet those responsibilities to its donors thus financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 4 CASH, CASH EQUIVALENTS, AND RESTRICTED CASH

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the statements of financial position that sum to the total of the same such amounts shown in the statements of cash flows.

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 1,200,355	\$ 1,011,489
Restricted Cash - as Custodian of Team Funds	<u>248,186</u>	<u>230,051</u>
Total Cash, Cash Equivalents and Restricted Cash Shown in the Statements of Cash Flows	<u>\$ 1,448,541</u>	<u>\$ 1,241,540</u>

SPECIAL OLYMPICS RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Land	\$ 771,075	\$ 771,075
Buildings and Improvements	1,871,355	1,871,355
Furniture, Fixtures, and Equipment	325,185	297,599
Vehicles	48,262	48,262
Construction in Progress	-	15,000
Subtotal	<u>3,015,877</u>	<u>3,003,291</u>
Less: Accumulated Depreciation	<u>(904,471)</u>	<u>(838,126)</u>
Total Property and Equipment	<u>\$ 2,111,406</u>	<u>\$ 2,165,165</u>

Depreciation expense totaled \$66,345 and \$56,145 for the years ended December 31, 2022 and 2021, respectively.

NOTE 6 BOARD DESIGNATED NET ASSETS WITHOUT DONOR RESTRICTIONS

As of December 31, 2022 and 2021, board-designated net assets were \$331,596 and \$400,000, respectively, which have been designated as a reserve for operational needs and capital investment purposes. During the year ended December 31, 2022, \$68,404 was approved by the board of directors to be spent on operational use in relation to salaries and wages.

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at December 31:

	<u>2022</u>	<u>2021</u>
Unified Champion Schools	\$ 53,416	\$ 64,000
Summer Games	10,000	10,500
Penguin Plunge	57,170	75,585
Other Sporting Activities	57,363	61,756
Total	<u>177,949</u>	<u>211,841</u>
Endowments:		
Investment in Perpetuity	<u>37,920</u>	<u>44,483</u>
Total	<u>37,920</u>	<u>44,483</u>
 Total Net Assets with Donor Restrictions	 <u>\$ 215,869</u>	 <u>\$ 256,324</u>

SPECIAL OLYMPICS RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 8 ENDOWMENT

The Organization's endowment consists of two donor-restricted endowment funds established for investment in perpetuity to provide income for the Organization's purposes. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The board of directors, under the State of Rhode Island Uniform Prudent Management of Institutional Funds Act (R.I. UPMIFA), is allowed to exercise prudence when appropriating for expenditure or accumulation of endowment funds and consider the uses, benefits, purposes, and duration for which the endowment fund is established. In making a determination to appropriate or accumulate, the board of directors shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and shall consider, if relevant, the following factors:

Interpretation of Relevant Law (Continued)

- The duration and preservation of the endowment fund;
- The purposes of the Organization and the endowment fund;
- General economic conditions;
- The possible effect of inflation or deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the Organization; and
- The investment policy of the Organization.

Return Objectives and Risk Parameters

The Organization has adopted an investment policy, as approved by the board of directors, which emphasizes total return while preserving the endowment's principal. In order to minimize the probability of loss of principal, emphasis is placed on minimizing return volatility rather than maximizing return. Short-term volatility will be tolerated in as much as it is consistent with the volatility of a comparable market index. The organization expects its endowment funds, over time, to provide average rate of return that allows the Organization to distribute funds in accordance with its spending policy while remaining compliant with the R.I. UPMIFA requirement of prudence. The board's expectations are evaluated regularly based on the current market and economic conditions.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk restraints.

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NOTE 8 ENDOWMENT (CONTINUED)

Spending Policy

The Organization considers the long-term expected return on its endowment when determining appropriations from the endowment. Over the long term, the Organization expects its endowment to grow at a rate that preserves the purchasing power of the original investment. However, amounts appropriated are adjusted annually based on current economic and operational needs with approval of its board of directors.

The Organization has a policy that permits spending from funds with deficiency depending on the degree to which the fund is deficient, unless otherwise precluded by donor intent or relevant laws and regulations.

Changes in endowment net assets are as follows for the year ended December 31:

	2022	2021
Endowment Net Assets, Beginning of Year	\$ 44,483	\$ 41,083
Investment Return (Loss)	(6,563)	3,400
Contributions	-	-
Appropriated for Expenditure	-	-
Endowment Net Assets, End of Year	\$ 37,920	\$ 44,483

From time to time, the fair value of assets associated with the individual endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature are reported in net assets with donor restrictions. For the years ended December 31, 2022 and 2021, there were no underwater funds resulting from unfavorable market conditions.

NOTE 9 PAYCHECK PROTECTION PROGRAM LOAN

On January 20, 2021, the Organization received a Paycheck Protection Program (PPP) loan of \$168,967 granted by the Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). A portion or all of this loan was forgivable based on the amount of qualifying expenses incurred and levels of employee headcount and salaries maintained during a measurement period. On August 24, 2021, the Organization received notification from the SBA that the loan was forgiven in full. The PPP loan forgiveness has been recorded as other income on the statements of activities for the year ended December 31, 2021. The forgiveness of this loan is subject to audit by the SBA for a period of six years. The SBA may review funding eligibility and usage of funds in compliance with the program based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Organization's financial position.

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NOTE 10 CONTRIBUTED NONFINANCIAL ASSETS

The Organization received the following contributions of nonfinancial assets for the years ended December 31:

	Program Services	Management and General	Fundraising and Development	Total
<u>December 31, 2022</u>				
Contracted Services	\$ 147,250	\$ -	\$ -	\$ 147,250
Food and Supplies for Events	74,689	-	-	74,689
Event Facility	35,000	-	-	35,000
Advertising	105,709	-	-	105,709
Total	<u>\$ 362,648</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 362,648</u>
<u>December 31, 2021</u>				
Contracted Services	\$ 66,348	\$ -	\$ -	\$ 66,348
Food and Supplies for Events	9,170	-	-	9,170
Event Facility	39,000	-	-	39,000
Advertising and Public Relations	65,456	-	-	65,456
Total	<u>\$ 179,974</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 179,974</u>

All donated services were utilized by the Organizations programs and supporting services. There were no donor-imposed restrictions associated with the donated services and assets.

Donated space is valued at the fair value of similar facilities available. Donated goods and contracted services are valued at the wholesale price that would be received for selling similar products.

NOTE 11 FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States of America establish 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 are described below.

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

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NOTE 11 FAIR VALUE INFORMATION (CONTINUED)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on 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.

Financial Instruments Measured at Fair Value

The following is a description of the valuation methodologies used for financial instruments measured at fair value:

Money Market, Equities and Mutual Funds: Valued at the quoted price of shares reported in an active market in which the securities are traded.

Certificate of Deposit: Valued at amortized cost which approximates fair value.

There have been no changes in the valuation methodologies used at December 31, 2022 and 2021.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The fair value of assets measures on a recurring basis is as follows at December 31:

	Level 1	Level 2	Level 3	Total
<u>December 31, 2022</u>				
Money Market Funds	\$ 6,621	\$ -	\$ -	\$ 6,621
Equities	190,822	-	-	190,822
Mutual Funds	1,380,875	-	-	1,380,875
Certificates of Deposit	105,551	-	-	105,551
Total	<u>\$ 1,683,869</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,683,869</u>
<u>December 31, 2021</u>				
Money Market Funds	\$ 20,362	\$ -	\$ -	\$ 20,362
Equities	209,342	-	-	209,342
Mutual Funds	1,550,326	-	-	1,550,326
Certificates of Deposit	104,774	-	-	104,774
Total	<u>\$ 1,884,804</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,884,804</u>

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NOTE 11 FAIR VALUE INFORMATION (CONTINUED)

The composition of investment return was as follows for the years ended December 31:

	2022	2021
Investment Income	\$ 3,293	\$ 1,349
Net Unrealized Gain (Loss) on Investments	(189,835)	138,105
Total Investment Return (Loss)	\$ (186,542)	\$ 139,454

NOTE 12 EMPLOYEE BENEFIT PLAN

The Organization has a defined contribution retirement plan covering substantially all employees who have completed one year of service. Such plan qualifies under Section 403(b) of the IRC. Under the plan, the Organization will make a contribution for each eligible employee. For the years ended December 31, 2022 and 2021, the Organization's contributions to the plan amounted to approximately \$45,627 and \$36,981, respectively.

NOTE 13 RELATED PARTY TRANSACTIONS

The Organization is an accredited program under an accreditation license agreement with Special Olympics, Inc. (SOI), a District of Columbia nonprofit organization. Under the accreditation license agreement, the Organization has the legal right to use the Special Olympics name, logo, and other trademarks within its jurisdiction, to conduct Special Olympics sports and related activities, and to raise funds under the Special Olympics name. In addition, the Organization has access to numerous other benefits including access to financial resources through grants, revenue sharing, and coordinated fundraising activities. During the years ended December 31, 2022 and 2021, the Organization received support and revenue of approximately \$8,987 and \$462, respectively, from SOI and paid \$26,911 and \$24,882, respectively, to SOI which was mainly related to accreditation fee.

The Organization obtained insurance through an agency that is owned by a member of the Organization's board of directors. During the years ended December 31, 2022 and 2021, the Organization paid the insurance agency \$5,407 and \$5,637, respectively, for insurance coverage.

NOTE 14 CONCENTRATIONS AND CREDIT RISKS

Financial instruments which potentially subject the Organization to concentrations of credit risk consist of cash, contributions and grants receivable, and investments, as follows:

The Organization maintains cash balances at various federally insured financial institutions. The Organization's credit risk with respect to such balances is all amounts on deposit in excess of federally insured limits.

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NOTE 14 CONCENTRATIONS AND CREDIT RISKS (CONTINUED)

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

Contributions and grants receivable from two donors represented approximately 83% and 46% of total contributions and grants receivable as of December 31, 2022 and 2021, respectively. The Organization believes that such amounts are fully collectible. Furthermore, the Organization does not have a history of significant bad debt write-offs.