

SPECIAL OLYMPICS RHODE ISLAND, INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022



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YEARS ENDED DECEMBER 31, 2023 AND 2022**

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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 statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years 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, 2023 and 2022, and the changes in 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 (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.



CliftonLarsonAllen LLP

Cranston, Rhode Island
May 9, 2024

SPECIAL OLYMPICS RHODE ISLAND, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

	2023	2022
ASSETS		
Cash and Cash Equivalents	\$ 1,830,342	\$ 1,200,355
Restricted Cash - as Custodian of Team Funds	297,202	248,186
Contributions and Grants Receivable	147,369	130,142
Pledges Receivable	50,000	-
Prepaid Expenses	24,690	34,441
Investments	1,791,179	1,683,869
Property and Equipment, Net	2,045,062	2,111,406
Total Assets	\$ 6,185,844	\$ 5,408,399
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 5,075	\$ 22,789
Accrued Expenses	74,449	66,789
Liability for Team Funds	297,202	248,186
Total Liabilities	376,726	337,764
NET ASSETS		
Without Donor Restrictions:		
Board-Designated	331,596	331,596
Undesignated - General Operations	4,991,764	4,523,170
Total Without Donor Restrictions	5,323,360	4,854,766
With Donor Restrictions	485,758	215,869
Total Net Assets	5,809,118	5,070,635
Total Liabilities and Net Assets	\$ 6,185,844	\$ 5,408,399

See accompanying Notes to Financial Statements.

**SPECIAL OLYMPICS RHODE ISLAND, INC.
STATEMENTS OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, OTHER SUPPORT, AND SPECIAL EVENTS			
Contributions	\$ 823,402	\$ 266,630	\$ 1,090,032
Grants	359,952	171,200	531,152
Event Income	833,363	-	833,363
In Kind Contributions	354,765	-	354,765
Other Income	135,757	-	135,757
Net Assets Released from Restrictions	167,941	(167,941)	-
Total Revenues, Other Support and Special Events	2,675,180	269,889	2,945,069
EXPENSES			
Program Services	1,235,358	-	1,235,358
Management and General	236,223	-	236,223
Fundraising and Development	881,353	-	881,353
Total Expenses	2,352,934	-	2,352,934
CHANGE IN NET ASSETS FROM OPERATIONS	322,246	269,889	592,135
OTHER INCOME			
Investment Return	115,698	-	115,698
Interest Income	30,650	-	30,650
Total Other Income	146,348	-	146,348
CHANGE IN NET ASSETS	468,594	269,889	738,483
Net Assets - Beginning of Year	4,854,766	215,869	5,070,635
NET ASSETS - END OF YEAR	\$ 5,323,360	\$ 485,758	\$ 5,809,118

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 FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023**

	Program Services	Management and General	Fundraising and Development	Total
Personnel Costs:				
Salaries and Wages	\$ 477,921	\$ 159,977	\$ 239,965	\$ 877,863
Employee Benefits	82,297	24,919	37,379	144,595
Total Personnel Costs	<u>560,218</u>	<u>184,896</u>	<u>277,344</u>	<u>1,022,458</u>
Occupancy Management	94,425	12,925	30,436	137,786
Professional Services	82,265	8,020	41,405	131,690
Accounting Fees	11,850	4,740	7,110	23,700
Advertising and Promotion	1,546	404	3,196	5,146
Office Expenses	14,818	5,371	8,789	28,978
Conferences, Conventions, Meetings and Related Costs	142,678	1,928	69,822	214,428
Insurance	14,015	5,606	8,408	28,029
Payment to Affiliates	12,514	5,005	7,508	25,027
Distribution Payments to Schools	-	-	47,161	47,161
Supplies	96,393	140	45,274	141,807
Travel	47,071	-	12,818	59,889
Other Expenses	27,086	3,736	5,603	36,425
In Kind Expenses	68,609	-	286,156	354,765
Miscellaneous Expenses	22,064	798	6,439	29,301
Total Expenses by Function	<u>635,334</u>	<u>48,673</u>	<u>580,125</u>	<u>1,264,132</u>
Total Functional Expenses Before Depreciation	1,195,552	233,569	857,469	2,286,590
Depreciation	<u>39,806</u>	<u>2,654</u>	<u>23,884</u>	<u>66,344</u>
Total Functional Expenses	<u>\$ 1,235,358</u>	<u>\$ 236,223</u>	<u>\$ 881,353</u>	<u>\$ 2,352,934</u>

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 CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 738,483	\$ (78,120)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	66,344	66,345
Realized and Unrealized (Gain) Loss on Operating Investments	(115,698)	189,835
Changes in Operating Assets and Liabilities:		
Contributions and Grants Receivable	(17,227)	7,229
Pledges Receivable	(50,000)	-
Prepaid Expenses	9,751	(30,721)
Accounts Payable	(17,714)	12,509
Accrued Expenses	7,660	23,275
Liability for Team Funds	49,016	18,135
Net Cash Provided by Operating Activities	670,615	208,487
CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchases) Proceeds of Investments, Net	8,388	11,100
Purchases of Property and Equipment	-	(12,586)
Net Cash Provided (Used) by Investing Activities	8,388	(1,486)
NET CHANGE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	679,003	207,001
Cash and Cash Equivalents and Restricted Cash - Beginning of Year	1,448,541	1,241,540
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR	\$ 2,127,544	\$ 1,448,541

See accompanying Notes to Financial Statements.

SPECIAL OLYMPICS RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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, 2023 AND 2022

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, Grants, and Pledges 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, 2023 and 2022, a discount to determine present value was not considered necessary.

The Organization has adjusted for all known uncollectible amounts and an allowance for credit losses was not considered necessary at years ended December 31, 2023 and 2022.

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, 2023 AND 2022

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, 2023 and 2022, the Organization incurred advertising and public relations expenses of approximately \$20,366 and \$8,120, 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, 2023 AND 2022**

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 Internal Revenue Code (IRC) Section 501(a) as an organization described in 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

At the beginning of 2023, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses. The Organization adopted this new guidance utilizing the modified retrospective transition method. The adoption of the Standard did not have a material impact on the Organization's financial statements but did change how the allowance for credit losses is determined.

Subsequent Events

Management has evaluated subsequent events through May 9, 2024, 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>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 1,830,342	\$ 1,200,355
Contributions and Grants Receivable	147,369	130,142
Pledges Receivable	50,000	-
Investments	1,791,179	1,683,869
Total	<u>3,818,890</u>	<u>3,014,366</u>
Less: Amounts Not Available to be Used		
Within One Year:		
Board-Designated Funds	(331,596)	(331,596)
Endowment Funds	(42,724)	(37,920)
Net Assets with Donor Restrictions	<u>(443,034)</u>	<u>(177,949)</u>
Total Financial Assets Available for		
General Expenditure Within One Year	<u>\$ 3,001,536</u>	<u>\$ 2,466,901</u>

SPECIAL OLYMPICS RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 3 LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES (CONTINUED)

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>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 1,830,342	\$ 1,200,355
Restricted Cash - as Custodian of Team Funds	<u>297,202</u>	<u>248,186</u>
Total Cash, Cash Equivalents and Restricted		
Cash Shown in the Statements of Cash Flows	<u>\$ 2,127,544</u>	<u>\$ 1,448,541</u>

NOTE 5 PROPERTY AND EQUIPMENT

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

	<u>2023</u>	<u>2022</u>
Land	\$ 771,075	\$ 771,075
Buildings and Improvements	1,871,355	1,871,355
Furniture, Fixtures, and Equipment	325,185	325,185
Vehicles	<u>48,262</u>	<u>48,262</u>
Subtotal	3,015,877	3,015,877
Less: Accumulated Depreciation	<u>(970,815)</u>	<u>(904,471)</u>
Total Property and Equipment	<u>\$ 2,045,062</u>	<u>\$ 2,111,406</u>

Depreciation expense totaled \$66,344 and \$66,345 for the years ended December 31, 2023 and 2022, respectively.

NOTE 6 BOARD-DESIGNATED NET ASSETS WITHOUT DONOR RESTRICTIONS

As of December 31, 2023 and 2022, board-designated net assets were \$331,596, 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.

SPECIAL OLYMPICS RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

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

	2023	2022
Unified Champion Schools	\$ 124,597	\$ 53,416
Summer Games	10,000	10,000
Penguin Plunge	91,854	57,170
Other Sporting Activities	95,868	57,363
Office Renovations	32,715	-
Volunteer Recruitment	25,000	-
Employee Recruitment	13,000	-
General Investment	50,000	-
Total	443,034	177,949
Endowments:		
Investment in Perpetuity	42,724	37,920
Total	42,724	37,920
Total Net Assets with Donor Restrictions	\$ 485,758	\$ 215,869

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:

- 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.

SPECIAL OLYMPICS RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 8 ENDOWMENT (CONTINUED)

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.

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:

	2023	2022
Endowment Net Assets, Beginning of Year	\$ 37,920	\$ 44,483
Investment Return (Loss)	4,804	(6,563)
Endowment Net Assets, End of Year	<u>\$ 42,724</u>	<u>\$ 37,920</u>

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, 2023 and 2022, there were no underwater funds resulting from unfavorable market conditions.

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NOTE 9 CONTRIBUTED NONFINANCIAL ASSETS

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

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising and Development</u>	<u>Total</u>
<u>December 31, 2023</u>				
Contracted Services	\$ 32,027	\$ -	\$ -	\$ 32,027
Food and Supplies for Events	19,030	-	48,520	67,550
Event Facility	17,552	-	-	17,552
Advertising and Public Relations	-	-	237,636	237,636
Total	<u>\$ 68,609</u>	<u>\$ -</u>	<u>\$ 286,156</u>	<u>\$ 354,765</u>
<u>December 31, 2022</u>				
Contracted Services	\$ 81,797	\$ -	\$ 65,453	\$ 147,250
Food and Supplies for Events	-	-	74,689	74,689
Event Facility	35,000	-	-	35,000
Advertising and Public Relations	-	-	105,709	105,709
Total	<u>\$ 116,797</u>	<u>\$ -</u>	<u>\$ 245,851</u>	<u>\$ 362,648</u>

All donated services were utilized by the Organization's 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 10 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 10 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, 2023 and 2022.

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:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>December 31, 2023</u>				
Money Market Funds	\$ 18,434	\$ -	\$ -	\$ 18,434
Equities	206,927	-	-	206,927
Mutual Funds	1,457,157	-	-	1,457,157
Certificates of Deposit	108,661	-	-	108,661
Total	<u>\$ 1,791,179</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,791,179</u>
<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>

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NOTE 10 FAIR VALUE INFORMATION (CONTINUED)

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

	2023	2022
Investment Income	\$ 30,650	\$ 3,293
Unrealized Loss on Investments	(2,443)	(189,835)
Realized Gain on Investments	118,141	-
Total Investment Return (Loss)	\$ 146,348	\$ (186,542)

NOTE 11 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, 2023 and 2022, the Organization's contributions to the plan amounted to approximately \$27,556 and \$45,627, respectively.

NOTE 12 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, 2023 and 2022, the Organization received support and revenue of approximately \$1,773 and \$8,987, respectively, from SOI and paid \$25,027 and \$26,911, 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, 2023 and 2022, the Organization paid the insurance agency \$5,644 and \$5,407, respectively, for insurance coverage.

NOTE 13 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 13 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 three donors represented approximately 91% of total contributions and grants receivable as of December 31, 2023. Contributions and grants receivable from two donors represented approximately 83% of total contributions and grants receivable as of December 31, 2022. The Organization believes that such amounts are fully collectible. Furthermore, the Organization does not have a history of significant bad debt write-offs.



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