

# Special Olympics Pennsylvania, Inc.

Financial Statements and Supplemental Information

Years Ended December 31, 2020 and 2019



WIPFLI

## **Independent Auditor's Report**

Board of Directors  
Special Olympics Pennsylvania, Inc.  
Norristown, Pennsylvania

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Special Olympics Pennsylvania, Inc. (a nonprofit organization) which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Special Olympics Pennsylvania, Inc. as of December 31, 2020 and 2019, 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.

## Report on Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules of activities - home office are presented for the purpose 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. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Wipfli LLP*

Wipfli LLP

June 30, 2021  
Philadelphia, Pennsylvania

# Special Olympics Pennsylvania, Inc.

## Statements of Financial Position

<i>As of December 31, 2020 and 2019</i>	2020	2019
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,121,708	\$ 4,521,439
Certificates of deposits	248,865	1,320,898
Marketable securities	6,451,189	3,772,340
Contributions and grants receivable	820,961	982,952
Inventory	84,877	75,151
Prepaid expenses	8,828	32,368
Office and sports equipment - net of accumulated depreciation and amortization of \$660,749 and \$599,604, respectively	50,710	74,431
<b>TOTAL ASSETS</b>	<b>\$ 10,787,138</b>	<b>\$ 10,779,579</b>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 77,683	\$ 606,668
Accrued payroll	43,520	108,115
Refundable advance	599,757	536,518
<b>Total Liabilities</b>	<b>720,960</b>	<b>1,251,301</b>
<b>NET ASSETS</b>		
Without donor restrictions	9,486,385	8,972,167
With donor restrictions	579,793	556,111
<b>Total Net Assets</b>	<b>10,066,178</b>	<b>9,528,278</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 10,787,138</b>	<b>\$ 10,779,579</b>

See accompanying notes to financial statements.

# Special Olympics Pennsylvania, Inc.

## Statements of Activities

<i>Years Ended December 31, 2020 and 2019</i>	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenue:</b>						
Direct marketing contributions	\$ 1,399,813	\$ -	\$ 1,399,813	\$ 1,544,378	\$ -	\$ 1,544,378
Contributions and grants	4,751,451	57,396	4,808,847	5,311,338	82,840	5,394,178
Special events	1,851,277	-	1,851,277	2,719,255	-	2,719,255
Investment income	451,980	37,363	489,343	548,836	87,711	636,547
Other income	33,141	-	33,141	1,987	-	1,987
Net assets released from restrictions	71,077	(71,077)	-	110,862	(110,862)	-
<b>Total support and revenue</b>	<b>8,558,739</b>	<b>23,682</b>	<b>8,582,421</b>	<b>10,236,656</b>	<b>59,689</b>	<b>10,296,345</b>
<b>Expenses:</b>						
<b>Program Services:</b>						
Games and competition	1,909,083	-	1,909,083	3,393,569	-	3,393,569
Sports training	345,620	-	345,620	745,970	-	745,970
Field services and outreach	1,543,690	-	1,543,690	1,682,185	-	1,682,185
Communications	749,270	-	749,270	783,629	-	783,629
<b>Total program services</b>	<b>4,547,663</b>	<b>-</b>	<b>4,547,663</b>	<b>6,605,353</b>	<b>-</b>	<b>6,605,353</b>
Management and general	1,066,970	-	1,066,970	784,349	-	784,349
Fundraising	2,429,888	-	2,429,888	2,284,719	-	2,284,719
<b>Total expenses</b>	<b>8,044,521</b>	<b>-</b>	<b>8,044,521</b>	<b>9,674,421</b>	<b>-</b>	<b>9,674,421</b>
Change in net assets	514,218	23,682	537,900	562,235	59,689	621,924
Net assets - Beginning of year	8,972,167	556,111	9,528,278	8,409,932	496,422	8,906,354
Net assets - End of year	\$ 9,486,385	\$ 579,793	\$ 10,066,178	\$ 8,972,167	\$ 556,111	\$ 9,528,278

See accompanying notes to financial statements.

# Special Olympics Pennsylvania, Inc.

## Statement of Functional Expenses

<i>Year Ended December 31, 2020</i>	PROGRAM SERVICES					MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
	GAMES AND COMPETITION	SPORTS TRAINING	FIELD SERVICES AND OUTREACH	COMMUNICATIONS				
Salary and benefits	\$ 862,027	\$ 77,614	\$ 1,066,861	\$ 279,859	\$ 788,777	\$ 772,449	\$ 3,847,587	
Accreditation fee	28,416	1,639	37,705	12,277	8,233	21,020	109,290	
Contracted services	104,164	26,688	160,939	41,590	19,423	157,473	510,277	
Depreciation and amortization	12,664	731	16,804	5,471	16,107	9,368	61,145	
Educational materials	-	-	-	361,638	121	-	361,759	
Facilities and meals	132,283	73,431	7,803	383	12,731	77,377	304,008	
Service charges	5,056	191	10,468	-	41,904	72,793	130,412	
Hotels	75,270	434	3,547	776	468	5,054	85,549	
In-kind expenses	25,460	38,610	400	-	13,216	784,451	862,137	
Insurance	30,555	2,557	40,490	13,158	9,334	23,329	119,423	
Office administration	87,108	38,596	90,858	25,391	133,934	84,038	459,925	
Printed materials	34,804	10,421	-	2,315	2,066	33,275	82,881	
Professional fees	193,783	2,339	22,209	1,763	5,772	21,560	247,426	
Registration fees	33,815	2,052	240	-	992	1,683	38,782	
Sports equipment and uniforms	248,850	62,579	32,345	2,204	12,569	150,358	508,905	
Telemarketing	-	-	9,982	-	-	194,115	204,097	
Travel	34,828	7,738	43,039	2,445	1,323	21,545	110,918	
<b>Total</b>	<b>\$ 1,909,083</b>	<b>\$ 345,620</b>	<b>\$ 1,543,690</b>	<b>\$ 749,270</b>	<b>\$ 1,066,970</b>	<b>\$ 2,429,888</b>	<b>\$ 8,044,521</b>	

See accompanying notes to financial statements.

# Special Olympics Pennsylvania, Inc.

## Statement of Functional Expenses

<i>Year Ended December 31, 2019</i>	PROGRAM SERVICES						FUNDRAISING	TOTAL
	GAMES AND COMPETITION	SPORTS TRAINING	FIELD SERVICES AND OUTREACH	COMMUNICATIONS	MANAGEMENT AND GENERAL	AND GENERAL		
Salary and benefits	\$ 779,216	\$ 70,487	\$ 974,553	\$ 251,506	\$ 471,268	\$ 603,014	\$ 3,150,044	
Accreditation fee	28,908	2,140	52,891	17,390	11,394	28,087	140,810	
Contracted services	125,927	18,182	158,287	24,785	16,118	288,995	632,294	
Depreciation and amortization	11,146	825	20,393	6,705	22,345	10,830	72,244	
Educational materials	-	54	48	416,818	-	-	416,920	
Facilities and meals	487,102	253,416	111,284	1,979	27,602	213,699	1,095,082	
Service charges	319	-	11,127	-	53,923	94,827	160,196	
Hotels	441,045	14,175	26,371	556	14,810	23,958	520,915	
In-kind expenses	137,905	163,282	3,367	-	7,082	233,063	544,699	
Insurance	26,470	3,059	46,031	15,108	10,709	25,372	126,749	
Office administration	62,626	33,272	87,806	29,810	94,556	79,534	387,604	
Grant expense	23,687	-	-	-	-	-	23,687	
Printed materials	117,338	10,768	43,569	6,249	2,772	70,359	251,055	
Professional fees	134,998	20,370	50,820	3,990	12,134	57,962	280,274	
Registration fees	55,811	268	-	53	761	28,753	85,646	
Sports equipment and uniforms	416,156	104,048	71,880	3,230	32,649	238,163	866,126	
Telemarketing	-	-	-	-	-	224,415	224,415	
Travel	544,915	51,624	23,758	5,450	6,226	63,688	695,661	
<b>Total</b>	<b>\$ 3,393,569</b>	<b>\$ 745,970</b>	<b>\$ 1,682,185</b>	<b>\$ 783,629</b>	<b>\$ 784,349</b>	<b>\$ 2,284,719</b>	<b>\$ 9,674,421</b>	

See accompanying notes to financial statements.

# Special Olympics Pennsylvania, Inc.

## Statements of Cash Flows

<i>Years Ended December 31, 2020 and 2019</i>	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 537,900	\$ 621,924
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	61,145	72,244
Net realized and unrealized gain on marketable securities	(361,623)	(511,660)
(Increase) decrease in assets		
Contributions receivable	161,991	(314,412)
Inventory	(9,726)	5,216
Prepaid expenses	23,540	13,216
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(528,985)	355,431
Accrued payroll	(64,595)	12,497
Refundable advance	63,239	28,896
<b>Net Cash Flows Provided by (Used in) Operating Activities</b>	<b>(117,114)</b>	<b>283,352</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of marketable securities	(2,439,825)	(502,340)
Proceeds from sales of marketable securities	122,599	29,249
Redemption of certificates of deposit	1,072,033	81,898
Purchase of certificates of deposit	-	(31,370)
Purchase of equipment	(37,424)	(46,374)
<b>Net Cash Flows Used in Investing Activities</b>	<b>(1,282,617)</b>	<b>(468,937)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,399,731)</b>	<b>(185,585)</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>4,521,439</b>	<b>4,707,024</b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 3,121,708</b>	<b>\$ 4,521,439</b>

See accompanying notes to financial statements.



# Special Olympics Pennsylvania, Inc.

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies**

#### **Nature of Activities**

Special Olympics Pennsylvania, Inc. (the "Organization"), is a 501(c)(3) nonprofit corporation that provides year-round training and competition in 21 Olympic-type sports to approximately 16,000 children and adults with intellectual disabilities or closely related developmental disabilities. Over 260 local, sectional (regional), and state level competitions are hosted each year. Programs and services are delivered through the efforts of more than 30,000 volunteers and 54 local programs throughout the Commonwealth of Pennsylvania. The Organization is a fully accredited program of Special Olympics, Inc. (SOI). The Organization's support is primarily from volunteer organized fundraising, individual and corporate contributions, special events, and direct marketing contributions.

All Special Olympics activities are provided without charge to the athletes or their families.

#### **Basis of Presentation**

The financial statements of the Organization have been prepared on the accrual basis of accounting and reporting for voluntary health and welfare organizations. These statements include the accounts of Special Olympics Pennsylvania - State Office and the 54 local counties' Special Olympics programs operating in Pennsylvania.

#### **Use of Estimates**

The preparation of the financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### **Cash and Cash Equivalents**

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

# Special Olympics Pennsylvania, Inc.

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Fair Value of Assets and Liabilities**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, based on assumptions that market participants would use, including a consideration of non-performance risk.

Management assesses the inputs used to measure fair value using a three-tier hierarchy based on the extent to which inputs used in measuring fair value are observable in the market. Level 1 inputs are quoted market prices for identical assets or liabilities in an active market that the entity has the ability to access and are the most observable. Level 2 inputs include quoted market prices for similar assets or liabilities and observable inputs such as interest rates, currency exchange rates, commodity rates, and yield curves. Level 3 inputs are not observable inputs in the market and include management's judgments about the assumptions market participants would use in pricing the asset or liability.

The Organization reports its investments at fair value. The fair value of exchange traded funds and stocks is based on quoted market prices in active markets and are therefore considered as Level 1 measurements. The fair value of bonds is based on the yields currently available on comparable securities of issuers with similar credit ratings and are therefore considered as Level 2 measurements.

The fair value of all certificates of deposit is estimated using rates offered for deposits of similar maturities and are therefore considered as Level 2 measurements. Certificates of deposit are recorded at cost, which approximates fair value. The certificates of deposit have initial maturities in excess of three months.

#### **Contributions Receivable**

The Organization provides for uncollectible contributions receivable using the allowance method, which is based on management's judgment concerning historical collectability and analysis of individual contributions receivable. Past due receivables are individually analyzed for collectability and written off when all efforts at collection have been exhausted. There was no allowance as of December 31, 2020 and 2019.

#### **Inventory**

Inventory is stated at the lower of cost or net realizable value, with cost determined on the first-in, first-out method.

#### **Equipment**

The Organization follows the practice of capitalizing all expenditures for equipment in excess of \$500; the fair value of donated equipment is similarly capitalized. Depreciation is provided over the estimated useful lives of the assets on a straight-line basis. Equipment acquired by a capital lease is amortized over the terms of the lease or the estimated useful life of the equipment, whichever is shorter.

# Special Olympics Pennsylvania, Inc.

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Net Assets

The Organization reports information regarding its financial position and activities according to two classes of net assets as follows:

**Net assets without donor restrictions:** Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

**Net assets with donor restrictions:** Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Organization. Certain restrictions may need to be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Earnings related to restricted net assets will be included in net assets without donor restrictions unless otherwise specifically required to be included in donor-restricted net assets by the donor or by applicable state law.

Contributions received are recorded as support with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Bequests are recognized at the time an unassailable right to the gift has been established and the proceeds are measurable.

Support that is not restricted by the donor is reported as an increase in net assets without donor restrictions. Donor-restricted support is reported as an increase in net assets with donor restrictions.

#### Revenue Recognition

##### Contributions

The Organization recognizes contributions when cash, securities or other assets or an unconditional promise to give is received. Transactions where the resource provider receives value indirectly by providing a societal benefit, although the societal benefit is not considered to be of commensurate value, are deemed to be contributions. Contributions are classified as either conditional or unconditional. A conditional contribution is a transaction where the Organization has to overcome a barrier or hurdle to be entitled to the resource and the resource provider is released from the obligation to fund or has the right of return of any advanced funding if the Organization fails to overcome the barrier. The Organization recognizes the contribution revenue upon overcoming the barrier or hurdle. Any funding received prior to overcoming the barrier is recorded as a refundable advance on the statement of financial position. Unconditional contributions are recognized as revenue and receivable when the commitment to contribute is received.

# Special Olympics Pennsylvania, Inc.

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Revenue Recognition** (Continued)

##### In-kind Contributions

The Organization recognizes donated services, if any, that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services, consisting primarily of public service announcements, for the years ended December 31, 2020 and 2019 were \$791,151 and \$243,027, respectively. In addition, a substantial number of volunteers donated significant amounts of their time to assist in the Organization's activities, which do not meet the recognition criteria described above and accordingly have not been reflected in the accompanying financial statements.

The Organization records the value of contributed goods when there is an objective basis available to measure their value. Contributed materials and equipment are recorded as revenue at their estimated values at date of receipt. Management's estimates and assumptions affect the reported contributed revenues and corresponding expenses. Contributed goods, consisting primarily of housing, food, materials and facilities, for the years ended December 31, 2020 and 2019 were \$70,986 and \$301,672, respectively.

##### Special Events

The Organization records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place. Amounts received prior to the event taking place are recorded as deferred revenue in the accompanying statements of financial position, if applicable. For the years ended December 31, 2020 and 2019, the direct costs of special events were \$566,740 and \$813,027, respectively, and are included in various categories in the statements of functional expenses.

#### **Expense Allocation**

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Those expenses include depreciation, information technology, insurance, accreditation fees, and salaries and related benefits. Depreciation, accreditation fees, information technology and insurance are allocated based on full time employee equivalent ("FTE"). Salaries and related benefits are allocated based on functional area of work.

# Special Olympics Pennsylvania, Inc.

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Expense Allocation (Continued)

The Organization achieves some of its programmatic and fundraising goals in telemarketing campaigns that include requests for contributions. For the years ended December 31, 2020 and 2019, the cost of conducting those campaigns included \$555,753 and \$641,233, respectively, of joint costs that are not directly attributable to either the program or the fundraising component of the activities. Those joint costs were allocated as follows:

<i>Years Ended December 31,</i>	2020	2019
Program - Communications	\$ 361,638	\$ 416,818
Fundraising	194,115	224,415
Total	\$ 555,753	\$ 641,233

Educational materials are identified as program costs in the statements of functional expenses.

#### Recently Issued Accounting Standards

##### Leases (ASC 842)

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. This ASU modifies lease accounting to increase transparency and comparability by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. The most significant change for lessees will be the recognition of both a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term for those leases classified as operating leases under current GAAP. Certain accounting policy elections are permitted for leases with terms of 12 months or less. FASB Accounting Standards Codification (ASC) Topic 842, Leases (“ASC 842”), supersedes current lease requirements in FASB ASC Topic 840, Leases. The new standard, which was deferred one year as a result of ASU 2020-05, is effective for nonpublic companies for annual periods beginning after December 15, 2021. The Organization has not yet evaluated the impact of the adoption of this ASU on the financial statements.

#### Note 2: Tax Status

The Organization is incorporated under the Commonwealth of Pennsylvania (Commonwealth) Not-for-Profit Corporation Law and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is registered as required with the Pennsylvania Bureau of Charitable Organizations.

Tax filings are subject to audit by various taxing authorities. Open periods subject to audit for federal purposes are generally the previous three years of tax returns filed.

# Special Olympics Pennsylvania, Inc.

## Notes to Financial Statements

### Note 3: Related Parties

The Organization is accredited by Special Olympics, Inc. (SOI) to conduct Special Olympics activities within the Commonwealth of Pennsylvania. For the years ended December 31, 2020 and 2019, the Organization paid \$109,290 and \$140,810, respectively, to SOI for program support to conduct Special Olympics activities within the Commonwealth. As of December 31, 2020 and 2019, \$184,348 and \$143,780, respectively, due from SOI cooperative national fundraising projects are reported as contributions receivable in the statements of financial position. The Organization has a direct marketing fundraising agreement with SOI which raised \$1,393,461 and \$1,330,467 direct marketing contributions from unrelated parties for the years ended December 31, 2020 and 2019, respectively. For the years ended December 31, 2020 and 2019, expenses incurred relating to the agreement were \$554,613 and \$532,187, respectively, which are recorded in educational materials and telemarketing expenses on the statements of functional expenses. For the years ended December 31, 2020 and 2019, SOI provided grants to the Organization of \$401,322 and \$323,011, respectively, which are recorded in contributions and grants without donor restrictions.

### Note 4: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year, comprise the following:

<i>As of December 31,</i>	2020	2019
Cash and cash equivalents	\$ 3,121,708	\$ 4,521,439
Certificates of deposit	248,865	1,320,898
Marketable securities	6,451,189	3,772,340
Contributions and grants receivable	820,961	982,952
<b>Financial assets</b>	<b>10,642,723</b>	<b>10,597,629</b>
Less: Donor restricted funds included in cash and cash equivalents, receivables and investments	(579,793)	(556,111)
<b>Total</b>	<b>\$ 10,062,930</b>	<b>\$ 10,041,518</b>

The Organization does not have a formal liquidity policy but generally maintains financial assets in liquid form such as cash and cash equivalents of approximately four months of operating expenses. In the event of an unanticipated liquidity need, the Organization could draw upon available lines of credit as described in Note 8.

# Special Olympics Pennsylvania, Inc.

## Notes to Financial Statements

### Note 5: Marketable Securities

Marketable securities, at fair value, as of December 31, 2020 consist of the following:

<i>As of December 31, 2020</i>	Level 1	Level 2	Total
Money Market Fund	\$ 1,164,519	\$ -	\$ 1,164,519
Exchange Traded Funds			
Large blend	31,908	-	31,908
Mid-cap blend	116,064	-	116,064
Small blend	272,300	-	272,300
Foreign large blend	194,350	-	194,350
Foreign small/mid blend	88,700	-	88,700
Intermediate term bond fund	246,691	-	246,691
Emerging markets	524,921	-	524,921
Natural resources	25,146	-	25,146
Financial	283,493	-	283,493
International	131,244	-	131,244
Fixed income mutual fund	41,105	-	41,105
Total Exchange Traded Funds	1,955,922	-	1,955,922
Stocks			
Basic material	232,723	-	232,723
Consumer goods	600,651	-	600,651
Financial	322,020	-	322,020
Healthcare	450,223	-	450,223
Industrial goods	78,061	-	78,061
Services	391,134	-	391,134
Technology	522,832	-	522,832
Total Stocks	2,597,644	-	2,597,644
Bonds			
US Treasury bonds	-	200,925	200,925
Municipal bonds	-	428,240	428,240
Corporate	-	103,939	103,939
Total Bonds	-	733,104	733,104
Total Marketable Securities	\$ 5,718,085	\$ 733,104	\$ 6,451,189

# Special Olympics Pennsylvania, Inc.

## Notes to Financial Statements

### Note 5: Marketable Securities (Continued)

Marketable securities, at fair value, as of December 31, 2019 consist of the following:

<i>As of December 31, 2019</i>	Level 1	Level 2	Total
Money Market Fund	\$ 227,200	\$ -	\$ 227,200
Exchange Traded Funds			
Large blend	58,183	-	58,183
Mid-cap blend	42,399	-	42,399
Small blend	90,223	-	90,223
Foreign large blend	156,837	-	156,837
Foreign small/mid blend	25,664	-	25,664
Emerging markets	176,387	-	176,387
Financial	1,623,995	-	1,623,995
International	50,863	-	50,863
<b>Total Exchange Traded Funds</b>	<b>2,224,551</b>	<b>-</b>	<b>2,224,551</b>
Stocks			
Basic material	44,183	-	44,183
Consumer goods	185,365	-	185,365
Financial	120,282	-	120,282
Healthcare	131,303	-	131,303
Industrial goods	82,683	-	82,683
Services	137,426	-	137,426
Technology	119,810	-	119,810
Utilities	10,015	-	10,015
<b>Total Stocks</b>	<b>831,067</b>	<b>-</b>	<b>831,067</b>
Bonds			
US Treasury bonds	-	24,750	24,750
Municipal bonds	-	25,660	25,660
Corporate	-	439,112	439,112
<b>Total Bonds</b>	<b>-</b>	<b>489,522</b>	<b>489,522</b>
<b>Total Marketable Securities</b>	<b>\$ 3,282,818</b>	<b>\$ 489,522</b>	<b>\$ 3,772,340</b>



# Special Olympics Pennsylvania, Inc.

## Notes to Financial Statements

### Note 5: Marketable Securities (Continued)

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

The following is a summary of the investment income in the statements of activities:

<i>Years Ended December 31,</i>	2020	2019
Net realized and unrealized gains	\$ 361,623	\$ 511,660
Interest and dividends	102,294	88,390
<b>Total</b>	<b>\$ 463,917</b>	<b>\$ 600,050</b>

Also included in investment income in the statements of activities is interest earned from certificates of deposit and interest-bearing checking and savings accounts.

### Note 6: Contributions Receivable

Contributions receivable as of December 31, 2020 and 2019, are due as follows:

<i>As of December 31,</i>	2020	2019
Due within 1 year	\$ 645,244	\$ 606,111
Due within 2 to 5 years	175,717	376,841
<b>Total</b>	<b>\$ 820,961</b>	<b>\$ 982,952</b>

# Special Olympics Pennsylvania, Inc.

## Notes to Financial Statements

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### **Note 7: Refundable Advance**

At December 31, 2020, the Organization had a refundable advance liability of \$599,757. This amount represents the receipt of an award from the Small Business Administration's (SBA) Paycheck Protection Program (PPP) as a result of legislation passed to assist businesses in navigating the Coronavirus pandemic. The Organization has determined the award is a conditional grant and has applied the policy as described in Note 1. Accordingly, the award is reported as a refundable advance liability until the conditions are substantially met or explicitly waived.

The Organization has interpreted the condition of the award to be the approval of the forgiveness application by the lender and SBA. Should the conditions of the award not be substantially met or explicitly waived, all or a portion of the award will be treated as a loan bearing interest at 1% commencing upon receipt of notification of the unforgiven amount by the SBA, and would be required to be paid no later than May 2022. The Organization anticipates that the conditions of the award will be substantially met and the full amount of the award will be recognized as revenue.

At December 31, 2019, the Organization had a refundable advance liability of \$536,518 relating to two conditional grant awards. The Organization has interpreted the condition of these awards to be the incurrence of qualifying expenses. The refundable advance liability as of December 31, 2019 represents the portion of the grant funds that has yet to be spent on qualifying expenses and was recognized as income in 2020.

### **Note 8: Line of Credit**

The Organization has an unsecured line of credit with a commercial bank providing for borrowings up to \$500,000. Advances bear interest at the Wall Street Journal prime rate plus 1% (4.25% effective rate at December 31, 2020). There was \$500,000 unused and available on the line of credit as of December 31, 2020. The line of credit expires on August 31, 2021.

During 2020, the Organization opened a line of credit with The Haverford Trust Company providing for borrowings up to \$2,000,000. The line of credit is secured by the investments held in custody by The Haverford Trust Company. The annual percentage rate on the Organization's line of credit is subject to change from time to time based on changes in the JP Morgan Chase Guaranty Prime Rate Floating (3.042% effective rate at December 31, 2020). There was \$2,000,000 unused and available on the line of credit as of December 31, 2020. The line of credit will continue until it is terminated by either party.

# Special Olympics Pennsylvania, Inc.

## Notes to Financial Statements

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### Note 9: Commitments

The Organization conducts its operations from facilities that are leased under operating leases expiring in various years through 2030. The Organization also utilizes office equipment that is leased under operating leases expiring in various years through 2024. At December 31, 2020, the Organization was obligated under noncancelable operating lease arrangements for facilities and office equipment as follows:

<i>Year Ending December 31,</i>	
2021	\$ 175,456
2022	179,321
2023	179,162
2024	185,038
2025	174,716
Thereafter	820,156
<hr/>	
Total	\$ 1,713,849

Rent expense for the years ended December 31, 2020 and 2019 was \$249,345 and \$226,773, respectively.

### Note 10: Retirement Plan

The Organization has a retirement plan covering eligible employees which provides for contributions at the discretion of the Organization and also contains a 401(k) feature which provides for salary reduction and certain employer matching contributions. Retirement plan expense was \$152,579 and \$130,932 for the years ended December 31, 2020 and 2019, respectively.

### Note 11: Net Assets Without and With Donor Restriction

The Board of Directors had designated a portion of the net assets without donor restrictions as an endowment fund for support of capital projects necessary to assist participating athletes, the Athlete Leadership Fund to support the Organization's vision of being the "Global Leader" in Athlete Leadership, and the Al Senavitis Mission Impact Fund to provide resources to ensure athletes in every part of the state are being served with opportunities, programs and competitions. The balance of Board designated net assets was \$403,870 and \$342,160 at December 31, 2020 and 2019, respectively.

# Special Olympics Pennsylvania, Inc.

## Notes to Financial Statements

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### Note 11: Net Assets Without and With Donor Restriction (Continued)

Net assets with donor restrictions are restricted for the following purposes and periods:

<i>As of December 31,</i>	2020	2019
Transportation and related costs to non-local competition events	\$ 410,721	\$ 437,106
Healthy Athletes	141,057	89,079
Young Athletes	-	4,924
Other	28,015	25,002
Total	\$ 579,793	\$ 556,111

### Note 12: Concentrations

At December 31, 2020, the Organization had deposits with major financial institutions which exceed Federal Depository Insurance limits. As of December 31, 2020, the Organization's uninsured cash balances totaled approximately \$1,800,000. These financial institutions have strong credit ratings, and management believes that credit risk related to these deposits is minimal.

### Note 13: Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 30, 2021, the date the financial statements were available to be issued.

## **Supplemental Information**

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# Special Olympics Pennsylvania, Inc.

## Schedules of Activities - Home Office

<i>Years Ended December 31, 2020 and 2019</i>	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenue:</b>						
Direct marketing contributions	\$ 1,399,813	\$ -	\$ 1,399,813	\$ 1,544,378	\$ -	\$ 1,544,378
Contributions	3,995,626	57,396	4,053,022	3,734,877	82,840	3,817,717
Special events	1,228,098	-	1,228,098	1,702,241	-	1,702,241
Investment income	205,394	21,322	226,716	372,182	46,866	419,048
Other income	32,208	-	32,208	196,922	-	196,922
Net assets released from restrictions	33,171	(33,171)	-	100,421	(100,421)	-
<b>Total support and revenue</b>	<b>6,894,310</b>	<b>45,547</b>	<b>6,939,857</b>	<b>7,651,021</b>	<b>29,285</b>	<b>7,680,306</b>
<b>Expenses:</b>						
<b>Program Services:</b>						
Games and competition	1,676,112	-	1,676,112	2,465,032	-	2,465,032
Sports training	162,873	-	162,873	253,826	-	253,826
Field services and outreach	1,935,563	-	1,935,563	1,814,696	-	1,814,696
Communications	742,955	-	742,955	775,016	-	775,016
<b>Total program services</b>	<b>4,517,503</b>	<b>-</b>	<b>4,517,503</b>	<b>5,308,570</b>	<b>-</b>	<b>5,308,570</b>
Management and general	349,464	-	349,464	355,446	-	355,446
Fundraising	2,264,180	-	2,264,180	1,920,584	-	1,920,584
<b>Total expenses</b>	<b>7,131,147</b>	<b>-</b>	<b>7,131,147</b>	<b>7,584,600</b>	<b>-</b>	<b>7,584,600</b>
Change in net assets	(236,837)	45,547	(191,290)	66,421	29,285	95,706
Net assets - Beginning of year	2,934,053	347,298	3,281,351	2,867,632	318,013	3,185,645
Net assets - End of year	\$ 2,697,216	\$ 392,845	\$ 3,090,061	\$ 2,934,053	\$ 347,298	\$ 3,281,351

See Independent Accountant's Audit Report on Supplemental Information.