

# Special Olympics Pennsylvania, Inc.

Financial Statements and Supplemental Information

Years Ended December 31, 2021 and 2020



**WIPFLI**

## **Independent Auditor's Report**

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

### ***Opinion***

We have audited the financial statements of Special Olympics Pennsylvania, Inc. (the "Organization"), a nonprofit organization, which comprise the statements of financial position as of December 31, 2021 and 2020, 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 accompanying financial statements referred to above present fairly, in all material respects, the financial position of Special Olympics Pennsylvania, Inc. as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

### ***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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Special Olympics Pennsylvania, 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 Pennsylvania, Inc.'s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Pennsylvania, 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 Pennsylvania, 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.

## ***Supplemental Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of activities - home office, are presented for purposes of additional analysis and are 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 audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Wipfli LLP*

Wipfli LLP

Philadelphia, Pennsylvania  
June 4, 2022

# Special Olympics Pennsylvania, Inc.

## Statements of Financial Position

<i>As of December 31, 2021 and 2020</i>	2021	2020
<b>ASSETS</b>		
Cash and cash equivalents	\$ 4,638,178	\$ 3,121,708
Certificates of deposits	34,067	248,865
Marketable securities	7,404,472	6,451,189
Contributions and grants receivable	929,377	820,961
Inventory	106,044	84,877
Prepaid expenses	60,542	8,828
Office and sports equipment - net of accumulated depreciation and amortization of \$709,860 and \$660,749, respectively	66,830	50,710
<b>TOTAL ASSETS</b>	<b>\$ 13,239,510</b>	<b>\$ 10,787,138</b>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 333,293	\$ 77,683
Accrued payroll	74,920	43,520
Refundable advance	634,917	599,757
<b>Total Liabilities</b>	<b>1,043,130</b>	<b>720,960</b>
<b>NET ASSETS</b>		
Without donor restrictions	11,496,061	9,486,385
With donor restrictions	700,319	579,793
<b>Total Net Assets</b>	<b>12,196,380</b>	<b>10,066,178</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 13,239,510</b>	<b>\$ 10,787,138</b>

See accompanying notes to financial statements.

# Special Olympics Pennsylvania, Inc.

## Statements of Activities

<i>Years Ended December 31, 2021 and 2020</i>	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenue:</b>						
Direct marketing contributions	\$ 1,751,781	\$ -	\$ 1,751,781	\$ 1,399,813	\$ -	\$ 1,399,813
Contributions and grants	5,010,008	116,316	5,126,324	3,889,314	60,409	3,949,723
In-Kind	621,832	-	621,832	862,137	-	862,137
Special events	1,787,649	-	1,787,649	1,851,277	-	1,851,277
Investment income	822,267	56,623	878,890	451,980	34,350	486,330
Other income	32,759	-	32,759	33,141	-	33,141
Net assets released from restrictions	52,413	(52,413)	-	71,077	(71,077)	-
<b>Total support and revenue</b>	<b>10,078,709</b>	<b>120,526</b>	<b>10,199,235</b>	<b>8,558,739</b>	<b>23,682</b>	<b>8,582,421</b>
<b>Expenses:</b>						
<b>Program Services:</b>						
Games and competition	1,656,061	-	1,656,061	1,909,083	-	1,909,083
Sports training	393,971	-	393,971	345,620	-	345,620
Field services and outreach	1,732,658	-	1,732,658	1,543,690	-	1,543,690
Communications	865,958	-	865,958	749,270	-	749,270
<b>Total program services</b>	<b>4,648,648</b>	<b>-</b>	<b>4,648,648</b>	<b>4,547,663</b>	<b>-</b>	<b>4,547,663</b>
Management and general	1,208,753	-	1,208,753	1,066,970	-	1,066,970
Fundraising	2,211,632	-	2,211,632	2,429,888	-	2,429,888
<b>Total expenses</b>	<b>8,069,033</b>	<b>-</b>	<b>8,069,033</b>	<b>8,044,521</b>	<b>-</b>	<b>8,044,521</b>
Change in net assets	2,009,676	120,526	2,130,202	514,218	23,682	537,900
Net assets - Beginning of year	9,486,385	579,793	10,066,178	8,972,167	556,111	9,528,278
<b>Net assets - End of year</b>	<b>\$ 11,496,061</b>	<b>\$ 700,319</b>	<b>\$ 12,196,380</b>	<b>\$ 9,486,385</b>	<b>\$ 579,793</b>	<b>\$ 10,066,178</b>

See accompanying notes to financial statements.

# Special Olympics Pennsylvania, Inc.

## Statement of Functional Expenses

<i>Year Ended December 31, 2021</i>	PROGRAM SERVICES					MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
	GAMES AND COMPETITION	SPORTS TRAINING	FIELD SERVICES AND OUTREACH	COMMUNICATIONS				
Salary and benefits	\$ 739,613	\$ 83,575	\$ 1,177,690	\$ 297,299	\$ 904,061	\$ 717,298	\$ 3,919,536	
Accreditation fee	22,258	1,817	44,214	11,175	10,054	22,531	112,049	
Contracted services	145,978	14,020	179,408	33,476	24,843	166,759	564,484	
Depreciation and amortization	8,324	680	16,536	4,179	10,966	8,426	49,111	
Educational materials	149	36	333	465,868	-	-	466,386	
Facilities and meals	48,434	96,213	32,133	261	4,210	57,202	238,453	
Service charges	284	-	11,623	25	52,558	83,792	148,282	
Hotels	123,464	2,389	1,827	177	246	8,105	136,208	
In-kind expenses	440	34,278	900	-	3,350	582,864	621,832	
Insurance	24,559	2,805	48,784	12,330	11,782	24,860	125,120	
Interest expense	-	-	-	-	41	-	41	
Office administration	74,508	50,799	103,575	28,382	147,883	98,967	504,114	
Grant expense	-	-	-	7,162	-	-	7,162	
Printed materials	41,188	5,505	25,528	1,731	2,934	34,022	110,908	
Professional development	-	-	105	-	-	-	105	
Professional fees	165,544	20,886	22,775	352	3,992	24,312	237,861	
Registration fees	37,859	919	2,884	15	2,064	152	43,893	
Sports equipment and uniforms	190,331	72,689	21,405	1,200	28,511	106,257	420,393	
Telemarketing	-	-	2,000	-	-	255,592	257,592	
Travel	33,128	7,360	40,938	2,326	1,258	20,493	105,503	
<b>Total</b>	<b>\$ 1,656,061</b>	<b>\$ 393,971</b>	<b>\$ 1,732,658</b>	<b>\$ 865,958</b>	<b>\$ 1,208,753</b>	<b>\$ 2,211,632</b>	<b>\$ 8,069,033</b>	

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
Grant expense	-	-	-	-	-	-	-
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.

## Statements of Cash Flows

<i>Years Ended December 31, 2021 and 2020</i>	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 2,130,202	\$ 537,900
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	49,111	61,145
Net realized and unrealized gain on marketable securities	(733,885)	(361,623)
(Increase) decrease in assets		
Contributions and grants receivable	(108,416)	161,991
Inventory	(21,167)	(9,726)
Prepaid expenses	(51,714)	23,540
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	255,610	(528,985)
Accrued payroll	31,400	(64,595)
Refundable advance	35,160	63,239
<b>Net Cash Flows Provided by (Used in) Operating Activities</b>	<b>1,586,301</b>	<b>(117,114)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of marketable securities	(219,398)	(2,439,825)
Proceeds from sales of marketable securities	-	122,599
Redemption of certificates of deposit	214,798	1,072,033
Purchase of equipment	(65,231)	(37,424)
<b>Net Cash Flows Used in Investing Activities</b>	<b>(69,831)</b>	<b>(1,282,617)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>1,516,470</b>	<b>(1,399,731)</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>3,121,708</b>	<b>4,521,439</b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 4,638,178</b>	<b>\$ 3,121,708</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 23 Olympic-type sports to approximately 12,000 children and adults with intellectual disabilities or closely related developmental disabilities. Over 300 local, sectional (regional), and state level competitions are hosted each year. Programs and services are delivered through the efforts of more than 42,000 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 and Grants Receivable**

The Organization provides for uncollectible contributions and grants receivable using the allowance method, which is based on management's judgment concerning historical collectability and analysis of individual contributions and grants 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, 2021 and 2020.

#### **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 and Grants

The Organization recognizes contributions and grants 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

For the years ended December 31, 2021 and 2020, gifts in-kind recognized within the statements of activities included:

	2021	2020
Media services	\$ 576,026	\$ 790,951
Facilities	36,716	28,626
Material and supplies	9,090	42,560
<b>Total</b>	<b>\$ 621,832</b>	<b>\$ 862,137</b>

The Organization recognizes donated services 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.

Media services consist primarily of public service announcements and are valued and reported at the estimated fair value based on current rates for similar services within the Pennsylvania market.

The fair value of facility usage was based on comparable rental prices within regions in Pennsylvania which would need to be secured if the facility use was not donated.

Material and supplies were valued at estimated wholesale values that would be paid for similar products within Pennsylvania.

##### Special Events

Revenues from special events consist of event sponsorships, ticket sales and donations. The exchange component of the ticket sales is equal to the cost of the direct benefit to the donor which approximates fair value and was \$45,000 and \$20,000 for the years ended December 31, 2021 and 2020, respectively. The contribution component of the ticket sales is the difference between the ticket price and the exchange portion. The typical performance obligation to the ticket holder is providing a meal, a round of golf and auction items at the event which are provided at a point in time. Ticket sales revenue is based on a per-ticket rate and is due at the time of purchase. Special event revenues collected in advance of the event taking place are recognized as deferred revenue and recognized as special event revenue when the event occurs. For the years ended December 31, 2021 and 2020, the direct costs of special events were \$797,524 and \$566,740, respectively, and are included in various categories in the statements of functional expenses.

# Special Olympics Pennsylvania, Inc.

## Notes to Financial Statements

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

#### 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.

The Organization achieves some of its programmatic and fundraising goals in telemarketing campaigns that include requests for contributions. For the years ended December 31, 2021 and 2020, the cost of conducting those campaigns included \$721,460 and \$555,753, 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>	2021	2020
Program - Communications	\$ 465,868	\$ 361,638
Fundraising	255,592	194,115
<b>Total</b>	<b>\$ 721,460</b>	<b>\$ 555,753</b>

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

#### Change in Accounting Policy

For the year ended December 31, 2021, the Organization adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958). This update required the Organization to present contributed nonfinancial assets as a separate line item on the statements of activities, expand disclosures on the various contributed nonfinancial assets recognized, including disaggregated category types, the valuation techniques and inputs used to arrive at fair value, and the policy for either monetizing or utilizing nonfinancial assets. Management adopted the update effective January 1, 2021, which did not result in any reclassification or restatements to net assets or changes in net assets. The Update has been applied retrospectively to all periods presented.

#### Recently Issued Accounting Standards

In 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842), which is intended to improve financial reporting on leasing transactions. ASU No. 2016-02 will require lessees to recognize right of use assets and lease obligations for operating and finance leases under terms greater than 12 months. Management is evaluating what impact this new standard will have on its financial statements and this standard update is effective for the Organization's December 31, 2022 fiscal year end.

# Special Olympics Pennsylvania, Inc.

## Notes to 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.

### 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, 2021 and 2020, the Organization paid \$112,049 and \$109,290, respectively, to SOI for program support to conduct Special Olympics activities within the Commonwealth. As of December 31, 2021 and 2020, \$344,219 and \$184,348, 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 \$1,720,959 and \$1,393,461 direct marketing contributions from unrelated parties for the years ended December 31, 2021 and 2020, respectively. For the years ended December 31, 2021 and 2020, expenses incurred relating to the agreement were \$716,719 and \$554,613, respectively, which are recorded in educational materials and telemarketing expenses on the statements of functional expenses. For the years ended December 31, 2021 and 2020, SOI provided grants to the Organization of \$370,959 and \$401,332, 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>	2021	2020
Cash and cash equivalents	\$ 4,638,178	\$ 3,121,708
Certificates of deposit	34,067	248,865
Marketable securities	7,404,472	6,451,189
Contributions and grants receivable	929,377	820,961
<b>Financial assets</b>	<b>13,006,094</b>	<b>10,642,723</b>
Less: Donor restricted funds included in cash and cash equivalents, receivables and investments	(700,319)	(579,793)
<b>Total</b>	<b>\$ 12,305,775</b>	<b>\$ 10,062,930</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, 2021 consist of the following:

<i>As of December 31, 2021</i>	Level 1	Level 2	Total
Money Market Fund	\$ 461,984	\$ -	\$ 461,984
Exchange Traded Funds			
Large blend	121,632	-	121,632
Mid-cap blend	103,324	-	103,324
Small blend	339,293	-	339,293
Foreign large blend	216,680	-	216,680
Foreign small/mid blend	97,523	-	97,523
Intermediate term bond fund	308,002	-	308,002
Consumer goods	121,606	-	121,606
Emerging markets	542,990	-	542,990
Healthcare	86,741	-	86,741
Financial	341,661	-	341,661
International	283,983	-	283,983
Fixed income mutual fund	40,442	-	40,442
<b>Total Exchange Traded Funds</b>	<b>2,603,877</b>	<b>-</b>	<b>2,603,877</b>
Stocks			
Basic material	344,664	-	344,664
Consumer goods	703,973	-	703,973
Financial	365,037	-	365,037
Healthcare	598,241	-	598,241
Industrial goods	91,119	-	91,119
Services	432,520	-	432,520
Technology	824,791	-	824,791
<b>Total Stocks</b>	<b>3,360,345</b>	<b>-</b>	<b>3,360,345</b>
Bonds			
US Treasury bonds	-	226,090	226,090
Municipal bonds	-	34,109	34,109
Corporate	-	718,067	718,067
<b>Total Bonds</b>	<b>-</b>	<b>978,266</b>	<b>978,266</b>
<b>Total Marketable Securities</b>	<b>\$ 6,426,206</b>	<b>\$ 978,266</b>	<b>\$ 7,404,472</b>



# Special Olympics Pennsylvania, Inc.

## Notes to Financial Statements

### Note 5: Marketable Securities (Continued)

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
<b>Total Exchange Traded Funds</b>	<b>1,955,922</b>	<b>-</b>	<b>1,955,922</b>
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
<b>Total Stocks</b>	<b>2,597,644</b>	<b>-</b>	<b>2,597,644</b>
Bonds			
US Treasury bonds	-	200,925	200,925
Municipal bonds	-	428,240	428,240
Corporate	-	103,939	103,939
<b>Total Bonds</b>	<b>-</b>	<b>733,104</b>	<b>733,104</b>
<b>Total Marketable Securities</b>	<b>\$ 5,718,085</b>	<b>\$ 733,104</b>	<b>\$ 6,451,189</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>	2021	2020
Net realized and unrealized gains	\$ 733,885	\$ 361,623
Interest and dividends	141,949	102,294
<b>Total</b>	<b>\$ 875,834</b>	<b>\$ 463,917</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, and investment fees.

### Note 6: Contributions and Grants Receivable

Contributions and grants receivable as of December 31, 2021 and 2020, are due as follows:

<i>As of December 31,</i>	2021	2020
Due within 1 year	\$ 761,377	\$ 645,244
Due within 2 to 5 years	168,000	175,717
<b>Total</b>	<b>\$ 929,377</b>	<b>\$ 820,961</b>

# Special Olympics Pennsylvania, Inc.

## Notes to Financial Statements

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### **Note 7: Refundable Advances**

At December 31, 2021 and 2020, the Organization had refundable advances of \$634,917 and \$599,757, respectively, representing the receipt of awards 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 original advance of \$599,757 was received in April 2020, and a second PPP advance in the amount of \$634,917 was received in April 2021. The Organization has determined the awards are conditional grants and has applied the policy as described in Note 1. Accordingly, the awards are reported as a refundable advance liability until the conditions are substantially met or explicitly waived.

The Organization has interpreted the conditions of the awards to be the approval of the forgiveness application by the lender and SBA. Should the conditions of the awards not be substantially met or explicitly waived, all or a portion of the awards 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 April 2025. The Organization anticipates that the conditions of the awards will be substantially met and the full amount of the awards will be recognized as revenue. See Note 13.

During August 2021, the Organization received notification from the lender and the SBA that the original \$599,757 advance was fully forgiven, and is included in contributions in the statement of activities for the year ended December 31, 2021.

### **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, 2021). There was \$500,000 unused and available on the line of credit as of December 31, 2021. The line of credit expires on November 30, 2022.

The Organization has a line of credit with The Haverford Trust Company providing for borrowings up to \$4,000,000. 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, 2021). There was \$4,000,000 unused and available on the line of credit as of December 31, 2021. 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 2031. The Organization also utilizes office equipment that is leased under operating leases expiring in various years through 2024. At December 31, 2021, the Organization was obligated under noncancelable operating lease arrangements for facilities and office equipment as follows:

<i>Year Ending December 31,</i>	
2022	\$ 155,361
2023	153,451
2024	145,321
2025	144,586
2026	123,871
Thereafter	435,018
<hr/>	
Total	\$ 1,157,608

Rent expense for the years ended December 31, 2021 and 2020 was \$262,750 and \$249,345, 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 \$165,152 and \$152,579 for the years ended December 31, 2021 and 2020, respectively.

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

The Board of Directors had designated a portion of the net assets without donor restrictions 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 \$618,827 and \$403,870 at December 31, 2021 and 2020, respectively.

# Special Olympics Pennsylvania, Inc.

## Notes to Financial Statements

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

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

<i>As of December 31,</i>	2021	2020
Transportation and related costs to non-local competition events	\$ 443,311	\$ 410,721
Healthy athletes	172,768	141,057
Other	84,240	28,015
<b>Total</b>	<b>\$ 700,319</b>	<b>\$ 579,793</b>

Net assets were released from restrictions by incurring expenses, satisfying the restricted purpose or by occurrence of other events specified by donors as follows:

<i>Years Ended December 31,</i>	2021	2020
Transportation and related costs to non-local competition events	\$ 20,999	\$ 60,735
Healthy athletes	31,414	10,342
<b>Total</b>	<b>\$ 52,413</b>	<b>\$ 71,077</b>

### Note 12: Concentrations

At December 31, 2021, the Organization had deposits with major financial institutions which exceed Federal Depository Insurance limits. As of December 31, 2021, the Organization's uninsured cash balances totaled approximately \$3,800,000. 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 4, 2022, the date the financial statements were available to be issued.

On June 1, 2022, the Organization received notification from the SBA that the second PPP advance amounting to \$634,917 was fully forgiven. As a result, the Organization will recognize the forgiveness of the advance as grant revenue in the year ending December 31, 2022.

## **Supplemental Information**

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# Special Olympics Pennsylvania, Inc.

## Schedules of Activities - Home Office

<i>Years Ended December 31, 2021 and 2020</i>	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenue:</b>						
Direct marketing contributions	\$ 1,751,781	\$ -	\$ 1,751,781	\$ 1,399,813	\$ -	\$ 1,399,813
Contributions and grants	4,395,119	116,316	4,511,435	3,186,915	60,409	3,247,324
In-kind	576,026	-	576,026	808,711	-	808,711
Special events	1,351,618	-	1,351,618	1,228,098	-	1,228,098
Investment income	330,253	31,814	362,067	205,394	18,309	223,703
Other income	30,075	-	30,075	32,208	-	32,208
Net assets released from restrictions	31,414	(31,414)	-	33,171	(33,171)	-
<b>Total support and revenue</b>	<b>8,466,286</b>	<b>116,716</b>	<b>8,583,002</b>	<b>6,894,310</b>	<b>45,547</b>	<b>6,939,857</b>
<b>Expenses:</b>						
<b>Program Services:</b>						
Games and competition	1,500,132	-	1,500,132	1,676,112	-	1,676,112
Sports training	204,166	-	204,166	162,873	-	162,873
Field services and outreach	1,910,240	-	1,910,240	1,935,563	-	1,935,563
Communications	862,026	-	862,026	742,955	-	742,955
<b>Total program services</b>	<b>4,476,564</b>	<b>-</b>	<b>4,476,564</b>	<b>4,517,503</b>	<b>-</b>	<b>4,517,503</b>
Management and general	442,564	-	442,564	349,464	-	349,464
Fundraising	2,083,524	-	2,083,524	2,264,180	-	2,264,180
<b>Total expenses</b>	<b>7,002,652</b>	<b>-</b>	<b>7,002,652</b>	<b>7,131,147</b>	<b>-</b>	<b>7,131,147</b>
Change in net assets	1,463,634	116,716	1,580,350	(236,837)	45,547	(191,290)
Net assets - Beginning of year	2,697,216	392,845	3,090,061	2,934,053	347,298	3,281,351
Net assets - End of year	\$ 4,160,850	\$ 509,561	\$ 4,670,411	\$ 2,697,216	\$ 392,845	\$ 3,090,061

See Independent Accountant's Audit Report on Supplemental Information.