

SPECIAL OLYMPICS IOWA, INC.

Financial Statements

December 31, 2022

Preliminary Draft

SPECIAL OLYMPICS IOWA, INC.
Table of Contents

Independent Auditor's Report	1
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7

Preliminary Draft

Independent Auditor's Report

To the Board of Directors
Special Olympics Iowa, Inc.
Grimes, Iowa

Opinion

We have audited the financial statements of Special Olympics Iowa, Inc., which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audit 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 Iowa, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 Iowa, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are 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 one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 Iowa, 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Special Olympics Iowa, 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.

Report on Summarized Comparative Information

We have previously audited Special Olympics Iowa, Inc.'s 2021 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated September 1, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Urbandale, Iowa
May __, 2023

SPECIAL OLYMPICS IOWA, INC.
Statement of Financial Position
December 31, 2022
With Comparative Totals for 2021

	2022	2021
Assets		
Cash and cash equivalents	\$ 1,122,885	\$ 2,058,941
Accounts receivable	-	272,748
Grants receivable	-	14,833
Promises to give	109,533	159,007
Investments	1,006,773	1,208,164
Certificates of deposit	1,030,413	169,479
Prepaid expenses	29,267	65,048
Property and equipment, net of accumulated depreciation	1,745,789	1,785,287
Restricted for permanent endowment		
Beneficial interests in community foundations	37,051	40,858
Beneficial interest in perpetual trust	145,444	177,970
Total assets	\$ 5,227,155	\$ 5,952,335
 Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 26,178	\$ 31,385
Accrued expenses	20,619	17,840
Refundable advance	17,422	-
Total liabilities	64,219	49,225
 Net assets		
Without donor restrictions	4,865,908	5,515,275
With donor restrictions	297,028	387,835
Total net assets	5,162,936	5,903,110
Total liabilities and net assets	\$ 5,227,155	\$ 5,952,335

SPECIAL OLYMPICS IOWA, INC.
Statement of Activities
Year Ended December 31, 2022
With Comparative Totals for 2021

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Public Support and Revenue				
Contributions and sponsorships	\$ 659,454	\$ 112,638	\$ 772,092	\$ 825,266
In-kind contributions	1,026,429	-	1,026,429	185,008
Statewide partner sponsorships	359,077	-	359,077	315,000
Grants and appropriations	570,397	-	570,397	752,352
Paycheck Protection Program proceeds	-	-	-	264,847
Special events	587,741	-	587,741	545,045
Fundraising	303,156	-	303,156	373,333
	<u>3,506,254</u>	<u>112,638</u>	<u>3,618,892</u>	<u>3,260,851</u>
Revenue				
Program revenues	119,628	-	119,628	15,400
Investment income (loss)	(196,159)	-	(196,159)	199,124
Change in beneficial interests	-	(29,793)	(29,793)	26,345
(Loss) on sale of assets	-	-	-	(1,567)
	<u>(76,531)</u>	<u>(29,793)</u>	<u>(106,324)</u>	<u>239,302</u>
Net assets released from restrictions				
Satisfaction of purpose restrictions	5,000	(5,000)	-	-
Satisfaction of time restrictions	168,652	(168,652)	-	-
	<u>173,652</u>	<u>(173,652)</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>3,603,375</u>	<u>(90,807)</u>	<u>3,512,568</u>	<u>3,500,153</u>
Expenses				
Program services				
Games and Competition	2,619,799	-	2,619,799	802,476
Motor Activity Training Program	26,057	-	26,057	15,446
Healthy Athletes	68,474	-	68,474	128,713
Unified Champion Schools®	803,270	-	803,270	681,010
Athlete Leadership	53,795	-	53,795	15,509
Young Athlete Play Days	59,726	-	59,726	19,152
Total program services	<u>3,631,121</u>	<u>-</u>	<u>3,631,121</u>	<u>1,662,306</u>
Supporting services				
Fundraising	418,092	-	418,092	400,886
Management and general	122,621	-	122,621	101,891
Total supporting services	<u>540,713</u>	<u>-</u>	<u>540,713</u>	<u>502,777</u>
Cost of direct benefits to donors	<u>80,908</u>	<u>-</u>	<u>80,908</u>	<u>44,295</u>
Total expenses	<u>4,252,742</u>	<u>-</u>	<u>4,252,742</u>	<u>2,209,378</u>
Change in net assets	<u>(649,367)</u>	<u>(90,807)</u>	<u>(740,174)</u>	<u>1,290,775</u>
Net assets, beginning of year	<u>5,515,275</u>	<u>387,835</u>	<u>5,903,110</u>	<u>4,612,335</u>
Net assets, end of year	<u>\$ 4,865,908</u>	<u>\$ 297,028</u>	<u>\$ 5,162,936</u>	<u>\$ 5,903,110</u>

See notes to financial statements.

SPECIAL OLYMPICS IOWA, INC.
Statement of Functional Expenses
Year Ended December 31, 2022
With Comparative Totals for 2021

	2022											2021	
	Program Services						Supporting Services			Cost of Direct Benefit to Donor	Total Expenses	Total Expenses	
	Games and Competition	Motor Activity Training Program	Healthy Athletes	Unified Champion Schools®	Athlete Leadership	Young Athlete Play Days	Total	Fundraising	Management and General				Total
Salaries and benefits	\$ 469,715	\$ 11,897	\$ 25,457	\$ 283,445	\$ 12,190	\$ 27,436	\$ 830,140	\$ 184,945	\$ 74,082	\$ 259,027	\$ -	\$ 1,089,167	\$ 896,278
Events and games supplies	774,329	4,737	21,895	296,089	32,257	11,251	1,140,558	-	-	-	-	1,140,558	483,154
Fundraising	-	-	-	-	-	-	-	58,279	-	58,279	-	58,279	60,368
Special events	-	-	-	-	-	-	-	53,688	-	53,688	80,908	134,596	107,134
In-kind services and facilities	1,015,553	300	1,600	6,376	-	-	1,023,829	-	-	-	-	1,023,829	185,008
Public education and awareness	24,301	615	1,317	14,664	631	1,419	42,947	-	-	-	-	42,947	40,917
SOI accreditation fees	28,132	713	1,525	16,976	730	1,643	49,719	-	-	-	-	49,719	37,423
Supplies and travel	134,644	3,410	7,297	81,249	3,494	7,865	237,959	53,014	21,235	74,249	-	312,208	36,099
Office and occupancy	84,967	2,152	4,605	51,272	2,205	4,963	150,164	33,455	13,401	46,856	-	197,020	178,512
Service and professional fees	10,438	264	566	6,299	271	610	18,448	4,110	1,646	5,756	-	24,204	37,493
Insurance	17,915	454	971	10,811	465	1,046	31,662	7,054	2,825	9,879	-	41,541	38,985
Depreciation and amortization	59,805	1,515	3,241	36,089	1,552	3,493	105,695	23,547	9,432	32,979	-	138,674	108,007
Total expenses	\$ 2,619,799	\$ 26,057	\$ 68,474	\$ 803,270	\$ 53,795	\$ 59,726	\$ 3,631,121	\$ 418,092	\$ 122,621	\$ 540,713	\$ 80,908	\$ 4,252,742	\$ 2,209,378

See notes to financial statements.

SPECIAL OLYMPICS IOWA, INC.
Statement of Cash Flows
Year Ended December 31, 2022
With Comparative Totals for 2021

	<u>2022</u>	<u>2021</u>
Cash Flows - Operating Activities		
Change in net assets	\$ (740,174)	\$ 1,290,775
Adjustments to reconcile changes in net assets to net cash flows - operating activities		
Depreciation and amortization expense	138,674	108,007
Loss on disposal of asset	-	1,567
Net realized and unrealized (gain) loss on investments and certificates of deposit	218,726	(72,610)
Outside endowment contributions to beneficial interest in community foundations	(3,105)	(2,075)
Outside endowment contributions to beneficial interest in perpetual trust	-	(18)
Change in value of beneficial interests in community trusts	6,161	(5,385)
Change in value of beneficial interest in perpetual trust	23,632	(20,960)
Change in operating assets and liabilities		
Accounts receivable	272,748	(192,523)
Grants receivable	14,833	(14,833)
Promises to give	49,474	(59,168)
Prepaid expenses	35,781	(29,234)
Accounts payable	(5,207)	29,007
Accrued expenses	2,779	(2,295)
Refundable advance	17,422	(10,826)
Net cash flows - operating activities	<u>31,744</u>	<u>1,019,429</u>
Cash Flows - Investing Activities		
Proceeds from sale of investments	114,966	128,343
Purchase of investments	(132,435)	(249,262)
Proceeds from sale of certificates of deposit	139,200	147,927
Purchase of certificates of deposit	(1,000,000)	(105,606)
Proceeds from sale of beneficial interest in community foundations	751	1,367
Proceeds from sale of beneficial interest in perpetual trust	8,894	10,583
Proceeds from sale of property and equipment	-	6,500
Purchase of property and equipment	(99,176)	(272,642)
Net cash flows - investing activities	<u>(967,800)</u>	<u>(332,790)</u>
Net change in cash and cash equivalents	\$ (936,056)	\$ 686,639
Cash and Cash Equivalents		
Beginning of year	<u>2,058,941</u>	<u>1,372,302</u>
End of year	<u>\$ 1,122,885</u>	<u>\$ 2,058,941</u>

See notes to financial statements.

SPECIAL OLYMPICS IOWA, INC.
Notes to Financial Statements

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Special Olympics Iowa, Inc. (“the Organization”) provides year-round sports training and athletic competition in a variety of Olympic-type sports for individuals with intellectual disabilities by giving them continuing opportunities to develop physical fitness, demonstrate courage, experience joy and participate in a sharing of gifts, skills, and friendship with their families, other Special Olympics athletes and the community. The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Comparative Totals

The amounts shown for 2021 in the accompanying financial statements are included to provide a basis for comparison with 2022 and are not intended to present all information necessary for a fair presentation in conformity with U.S. generally accepted accounting principles.

Programs

Games and Competition – The Organization provides Olympic-style training and competition in 23 different sports throughout the year for individuals with intellectual disabilities.

Motor Activity Training Program – Motor Activity Training Program introduces team sports adapted for the severe and profound as well as those who are unable to participate in the traditional Special Olympics programs. Activities, such as bocce, ramp bowling, balloon volleyball, team basketball, basketball shoot, batting, ball darts, golf, shot put, race walk, and wall pass are modified to allow youth and adults to participate in a team or as an individual. Volunteers and switch activated equipment are on site to assist the athletes as they participate in each event.

Healthy Athletes – Special Olympics Healthy Athletes is a program designed to help Special Olympics athletes improve their health and fitness. This can lead to a better sports experience and improved well-being. Athletes receive a variety of health services through clinics conducted in welcoming environments at Special Olympics competitions.

Unified Champion Schools® – Special Olympics Unified Champion Schools® brings together students with and without intellectual disabilities through education, sports and youth leadership to provide them with the knowledge, attitudes and skills necessary to create and sustain school communities that promote acceptance and respect.

Athlete Leadership – The Organization provides an education program to train individuals with intellectual disabilities in literacy, leadership, and speaking skills.

Young Athlete Play Days – Young Athlete Play Days are an introduction to Special Olympics. Children participate in 11 different activities, representing 11 different sports offered by Special Olympics. The program helps increase the young children’s strength and coordination for sports while introducing them to group play, cooperation, and awareness of rules.

SPECIAL OLYMPICS IOWA, INC.
Notes to Financial Statements

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Organization considers all checking, savings, money market accounts, and highly liquid investments with initial maturities of three months or less to be cash and cash equivalents. Donated securities that are immediately converted to cash or cash equivalents and are not restricted by donors for long-term purposes are recorded as cash inflows from operations within the statement of cash flows.

Promises to Give

The Organization distinguishes between contributions received with donor restrictions and those without donor-imposed restrictions. Contributions with donor-imposed restrictions are reported as increases in net assets with donor restrictions unless the Organization meets the donor-imposed restriction on all or a portion of the amount contributed in the same reporting period in which the contribution was received. In those cases, the contributions, to the extent the restrictions have been met, are reported as increases in net assets without donor restrictions. Receipts of unconditional promises to give with payments due in future periods are reported as increases in net assets with donor restrictions unless it is clear that the donor intended the gift to be used to support activities in the current period.

Unconditional promises to give with payments due in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promise was received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met. All promises to give at December 31, 2022 were expected to be collected within the next year; therefore, there is no unamortized discount as cost represents net realizable value.

Investments

Investments in marketable equity securities and debt securities are carried at fair value, determined by market values of the securities, and realized and unrealized gains and losses are reflected in the statement of activities net assets without donor restrictions.

Certificates of Deposit

The Organization considers all certificates of deposits with initial maturities greater than three months to be short-term investments that are recorded at fair market value.

Property and Equipment

Additions to property and equipment are recorded at cost or estimated fair value at the date of donation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, ranging from 3 to 50 years. The applicable accounts are relieved of costs and related accumulated depreciation when any items are sold or otherwise disposed of. Gain or loss is recorded at that time.

SPECIAL OLYMPICS IOWA, INC.
Notes to Financial Statements

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Perpetual Trust

A perpetual trust is an arrangement in which a donor establishes and funds a perpetual trust administered by an individual or entity other than the organization. Under the terms of the trust, the Organization has the irrevocable right to receive the income earned on the trust assets in perpetuity, but never receives the assets held in trust. Under this arrangement, the present value of the estimated future cash receipts from the trust assets (generally equal to the fair value of the assets contributed to the trust) is recorded as a donor restricted contribution revenue in the year the trust is established. Annual distributions are reported as contribution income and classified according to any restrictions on distributions.

Adjustments to the amount reported as an asset are based on an annual review using the same basis as was used to measure the asset initially and are recorded in the statement of activities under the caption “change in beneficial interests.” The balance of the beneficial interest was \$145,444 as of December 31, 2022.

Beneficial Interests in Community Foundations

The Organization is the beneficiary of two accounts, one held at the Community Foundation of Greater Des Moines (CFGDM), and one held at the Community Foundation of Greater Dubuque (CFGD), under the Endow Iowa provisions of the Iowa Code. Pursuant to these agreements, the Organization may receive distributions from the fund not exceeding 5% of the balance of the previous year end. Although CFGDM and CFGD has the power to modify restrictions or conditions on the distributions under certain conditions, the Organization does not consider this to effectively constitute variance power, due to the unlikelihood of such conditions occurring.

The balances of both accounts are being accounted for as beneficial interests and are valued at the fair value of the underlying assets. The balances of the beneficial interests were \$13,099 and \$23,952 as of December 31, 2022, respectively.

Adjustments to the amount reported as an asset are based on an annual review using the same basis as used to initially measure the asset and are recorded in the statement of activities under the caption “change in beneficial interests.”

Classification of Net Assets

Without Donor Restrictions – assets that are available for use in general operations and not subject to donor restrictions. The Organization’s governing board may earmark portions of its net assets without donor restrictions as board-designated for various purposes.

With Donor Restrictions – assets that are subject to donor restrictions. Some donor-imposed restrictions are temporary in nature such as those that will be met by the passage of time or by actions of the Organization meeting the purpose of the restriction. Other donor-imposed restrictions are perpetual in nature, such as endowment type funds, where the donor stipulates those resources be maintained in perpetuity.

SPECIAL OLYMPICS IOWA, INC.
Notes to Financial Statements

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

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

The Organization also receives program revenue from registrations, concessions, and souvenir sales. The Organization applies the five-step revenue model under Financial Accounting Standards Board (FASB) Topic 606 to determine when revenue is earned and recognized.

The Organization follows FASB Topic 958-605, *Revenue Recognition for Not-for-Profit Entities*, in accounting for its Paycheck Protection Program (PPP) loan and Employee Retention Credits (ERC). The PPP loan and ERC are effectively accounted for as conditional grants (See Note 12).

Donated Property and Services

Donated property or equipment is generally reflected as a contribution in the financial statements at its estimated fair market value at the date of receipt.

Donated services are recognized as contributions if the services (1) create or enhance nonfinancial assets or (2) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

A number of individuals volunteer their time, including coaches, for the Games and Competition program. These contributions for 2022 of \$986,690 are reflected in the financial statements at the estimated fair market value at the time the service is performed.

Special Events

All revenue relating to special events is recorded as special events revenue. The portions of special event revenue that are contributions are recognized in accordance with authoritative guidance over contributions from special events. The costs of all food, beverages, and entertainment for donors are reported as costs of direct benefits to donors. All other expenses of promoting and conducting the special event are reported as fundraising.

All other event revenues relate to programming and are not recorded as special events.

Expiration of Donor-Imposed Restrictions

The Organization recognizes the expiration of donor-imposed restrictions on contributions in the period in which the restriction expires. A restriction expires when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Expirations are recorded separately in the statement of activities as reclassifications.

SPECIAL OLYMPICS IOWA, INC.
Notes to Financial Statements

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expense Allocations

The statement of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Organization are reported as expenses for those functional areas. Salaries and benefits, supplies and travel, office and occupancy, service and professional fees, insurance, and depreciation are allocated by management using estimates of time and effort based on historical data combined with their knowledge of the current year activities

Joint Costs

The Organization has a third-party vendor that provides certain telemarketing services on its behalf. These services include soliciting contributions, recruiting volunteers, and promoting awareness of the Organization. The costs of conducting these activities are allocated by management based on the content of the telemarketing scripts as follows:

Program costs	\$ 18,653
Fundraising costs	<u>21,301</u>
	<u>\$ 39,954</u>

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Income Taxes

The Organization is a not-for-profit entity exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code of 1986. The Organization has filed for and received income tax exemption in the various jurisdictions where they are required to do so. The Organization files a form 990 tax return in the U.S. federal jurisdiction.

Recently Adopted Accounting Pronouncements

Contributed Nonfinancial Assets

On January 1, 2022, the Organization adopted FASB ASU No. 2020-07 *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (also known as “gifts-in-kind” or “in-kind support”). The ASU requires not-for-profit organizations to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, along with enhanced disclosures by category or type of nonfinancial assets recognized.

Subsequent Events

Management of the Organization has evaluated subsequent events through **May __, 2023**, the date the financial statements were available to be issued.

SPECIAL OLYMPICS IOWA, INC.
Notes to Financial Statements

NOTE 2 – CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of demand deposits located at a financial institution. These demand deposits exceeded the FDIC insurable limit of \$250,000 at times throughout the year

NOTE 3 – LIQUIDITY AND AVAILABILITY

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities of games and competitions in its availability as well as the conduct of services undertaken to support those activities to be general expenditures.

Financial assets available for general expenditure that are without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following as of December 31, 2022:

Cash and cash equivalents	\$ 1,122,885
Promises to give	109,533
Investments	1,006,773
Certificates of deposit	1,030,413
	<u>\$ 3,269,604</u>

Additional assets the Organization expects to have available for general expenditures include annual distributions from the Organization's beneficial interest in community and perpetual trusts.

NOTE 4 – FAIR VALUE MEASUREMENTS

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy prioritizes the inputs into three broad levels as follow:

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument.
- Level 3: Inputs are unobservable inputs based on the organization's own assumptions used to measure assets and liabilities at fair value.

SPECIAL OLYMPICS IOWA, INC.
Notes to Financial Statements

NOTE 4 – FAIR VALUE MEASUREMENTS (CONTINUED)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit	\$ -	\$ 1,030,413	\$ -	\$ 1,030,413
Mutual funds				
U.S. equity funds	648,497	-	-	648,497
International equity funds	131,991	-	-	131,991
Fixed income funds	226,285	-	-	226,285
Total	<u>\$ 1,006,773</u>	<u>\$ 1,030,413</u>	<u>\$ -</u>	<u>\$ 2,037,186</u>
Beneficial interests in community trusts	\$ -	\$ -	\$ 37,051	\$ 37,051
Beneficial interest in perpetual trust	-	-	145,444	145,444
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 182,495</u>	<u>\$ 182,495</u>

The following table provides further details of the Level 3 fair value measurements:

	<u>Beneficial Interests in Community Foundations</u>	<u>Beneficial Interest in Perpetual Trust</u>
Beginning balance	\$ 40,858	\$ 177,970
Contributions	3,105	-
Change in value of beneficial interests	(5,530)	(21,582)
Less distributions and administrative fees	1,382	10,944
Ending balance	<u>\$ 37,051</u>	<u>\$ 145,444</u>

SPECIAL OLYMPICS IOWA, INC.
Notes to Financial Statements

NOTE 5 – PROPERTY AND EQUIPMENT

The following is a summary of the property and equipment at December 31, 2022:

Land	\$ 230,012
Buildings	1,980,513
Furniture	94,414
Equipment	355,033
Vehicles	287,427
Total cost	<u>2,947,399</u>
Less accumulated depreciation	<u>(1,201,610)</u>
Net property and equipment	<u>\$ 1,745,789</u>

NOTE 6 – ENDOWMENT FUNDS

The Organization’s endowment consists of gifts from donors to support their mission held as beneficial interests at the CFGDM, CFGD, and a perpetual trust held by a trustee. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Spending Policies

The Organization has adopted the distribution and spending policies of CFGDM and CFGD, which allow but do not require the distribution of up to 5% of the balance at December 31 of the previous year. The distributions from the beneficial interest in a perpetual trust is determined by the trustee rather than the Organization.

Investment Policies

The investment management of the beneficial interests held at the CFGDM and CFGD are the responsibility of the CFGDM and CFGD per contracts the Organization was required to sign upon the creation of their accounts with these organizations. The investment management of the beneficial interest in a perpetual trust is determined by the trustee rather than the Organization.

SPECIAL OLYMPICS IOWA, INC.
Notes to Financial Statements

NOTE 6 – ENDOWMENT FUNDS (CONTINUED)

Interpretation of Relevant Law

The Organization has interpreted the State of Iowa State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not retained in perpetuity is subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) duration and preservation of the fund, (2) the purpose of the donor restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and appreciation of investments, (6) the Organization’s spending policy for endowment funds, and (7) the Organization’s investment policies.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). We have interpreted SPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law.

Endowment Reconciliation

Changes in endowment net assets as of December 31, 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets
Endowment net assets, beginning of year	\$ -	\$ 218,828	\$ 218,828
Contributions	-	3,105	3,105
Change in value of beneficial interests	-	(27,112)	(27,112)
Appropriated expenditures and administrative fees	-	(12,326)	(12,326)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 182,495</u>	<u>\$ 182,495</u>

SPECIAL OLYMPICS IOWA, INC.
Notes to Financial Statements

NOTE 7 – NET ASSETS

Net assets with donor restrictions consist of the following at December 31, 2022:

Purpose restricted	
Young Athletes Program	\$ 5,000
Time restricted	
Promises to give	\$ 109,533
Donor restricted endowments	\$ 182,495
Total net assets with donor restrictions	\$ 297,028

NOTE 8 – IN-KIND SUPPORT

For the year ended December 31, 2022, the organization recognized the following in-kind support within the statement of activities:

	Amounts	Activities	Fair Value Techniques
Coaches	\$ 986,690	Program	Based on comparable coaching wages
Facilities	\$ 35,859	Program	Based on fair market value communicated by donors
Equipment	\$ 3,880	Program	Based on actual costs incurred by donors
	\$ 1,026,429		

There were no donor-imposed restrictions associated with the in-kind support.

NOTE 9 – SPECIAL EVENTS

The Organization holds multiple events benefiting its programs. The following is summarized financial information related to the events:

Special event revenue	\$ 587,741
Less: Costs of direct benefits to donors	80,908
Expenses related to promoting and conducting the event	53,688
Net revenue from special events	\$ 453,145

SPECIAL OLYMPICS IOWA, INC.
Notes to Financial Statements

NOTE 10 – PENSION PLAN

The Organization sponsors a 401(k) defined contribution plan for all eligible employees. The Organization matches employee's deferrals up to 4% (100% of the first 3% and 50% of the next 2%) of eligible compensation. Retirement plan expense was \$32,314 for the year ended December 31, 2022.

NOTE 11 – AFFILIATE TRANSACTIONS

The Organization is accredited by Special Olympics, Inc. (SOI) to conduct Special Olympic activities within the state of Iowa. The Organization paid \$49,718 in accreditation fees to SOI during the year ended December 31, 2022.

The Organization has an agreement with SOI for cooperative national fundraising projects. These projects earned \$437,080 during the year ended December 31, 2022, of which the Organization received \$256,581. The remaining \$180,499 was retained by SOI as payment for services rendered.

The Organization was the recipient of grants from SOI for various programs from which they earned \$438,874 during the year ended December 31, 2022.