

Special Olympics Northern California, Inc.

Financial Statements
and Supplementary Information

December 31, 2021 and 2020



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Special Olympics Northern California, Inc.
Pleasant Hill, California

Opinion

We have audited the accompanying financial statements of Special Olympics Northern California, Inc. (a California corporation) (the "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 financial statements referred to above present fairly, in all material respects, the financial position of Special Olympics Northern California, 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.

Basis of Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Northern California, 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 these 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 Northern California, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



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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 generally accepted auditing standards 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, including omissions, 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.

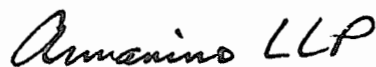
In performing an audit in accordance with generally accepted auditing standards, we:

- 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 Northern California, 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 Northern California, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The information on pages 19 - 20 is presented for purposes 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 of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Armanino^{LLP}
San Francisco, California

May 24, 2022

Special Olympics Northern California, Inc.
 Statements of Financial Position
 December 31, 2021 and 2020

	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	\$ 9,230,394	\$ 3,948,655
Contributions receivable	243,634	713,612
Due from affiliated organization	876,246	1,102,521
Prepaid expenses	135,058	247,292
Other current assets	84,262	65,146
Total current assets	10,569,594	6,077,226
Noncurrent assets		
Equipment and leasehold improvements, net	36,467	21,842
Other assets	15,000	15,000
Deposits	50,954	50,529
Total noncurrent assets	102,421	87,371
Total assets	\$ 10,672,015	\$ 6,164,597
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 350,971	\$ 264,877
Note payable - Paycheck Protection Program	779,635	802,800
Note payable - Economic Injury Disaster Loan	7,692	-
Total current liabilities	1,138,298	1,067,677
Note payable - Economic Injury Disaster Loan, net of current portion	142,308	150,000
Total liabilities	1,280,606	1,217,677
Net assets		
Without donor restrictions	3,640,298	2,457,438
With donor restrictions	5,751,111	2,489,482
Total net assets	9,391,409	4,946,920
Total liabilities and net assets	\$ 10,672,015	\$ 6,164,597

The accompanying notes are an integral part of these financial statements.

Special Olympics Northern California, Inc.
Statement of Activities
For the Year Ended December 31, 2021 and 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, gains, and other support			
Special event revenue, net			
Proceeds from fundraising events	\$ 1,366,601	\$ -	\$ 1,366,601
Expenses from fundraising events	<u>(249,280)</u>	<u>-</u>	<u>(249,280)</u>
Total special event revenue, net	1,117,321	-	1,117,321
In-kind contributions	3,020,083	-	3,020,083
Public contributions	820,429	5,423,637	6,244,066
Grants	3,585,722	-	3,585,722
Contributions from bequests, estates, and trusts	536,316	-	536,316
Contributions from Special Olympics, Inc.	-	398,535	398,535
Gain on forgiveness of Paycheck Protection Program loan	802,800	-	802,800
Other revenue	<u>5,225</u>	<u>-</u>	<u>5,225</u>
Total revenues, gains, and other support	9,887,896	5,822,172	15,710,068
Net assets released from restriction	<u>2,560,543</u>	<u>(2,560,543)</u>	<u>-</u>
Total revenues, gains, and other support	<u>12,448,439</u>	<u>3,261,629</u>	<u>15,710,068</u>
Functional expenses			
Program services	<u>8,748,458</u>	<u>-</u>	<u>8,748,458</u>
Support services			
General and administrative	369,638	-	369,638
Fundraising	<u>2,147,483</u>	<u>-</u>	<u>2,147,483</u>
Total support services	<u>2,517,121</u>	<u>-</u>	<u>2,517,121</u>
Total functional expenses	<u>11,265,579</u>	<u>-</u>	<u>11,265,579</u>
Change in net assets	1,182,860	3,261,629	4,444,489
Net assets, beginning of year	<u>2,457,438</u>	<u>2,489,482</u>	<u>4,946,920</u>
Net assets, end of year	<u>\$ 3,640,298</u>	<u>\$ 5,751,111</u>	<u>\$ 9,391,409</u>

The accompanying notes are an integral part of these financial statements.

Special Olympics Northern California, Inc.
Statement of Activities
For the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support			
Special event revenue, net			
Proceeds from fundraising events	\$ 1,085,020	\$ -	\$ 1,085,020
Expenses from fundraising events	<u>(186,222)</u>	<u>-</u>	<u>(186,222)</u>
Total special event revenue, net	898,798	-	898,798
In-kind contributions	5,087,765	-	5,087,765
Public contributions	1,861,383	2,858,949	4,720,332
Grants	1,597,100	-	1,597,100
Contributions from bequests, estates, and trusts	151,172	-	151,172
Contributions from Special Olympics, Inc.	-	664,087	664,087
Other revenue	22,647	-	22,647
Net assets released from restriction	<u>4,274,819</u>	<u>(4,274,819)</u>	<u>-</u>
Total revenues, gains, and other support	<u>13,893,684</u>	<u>(751,783)</u>	<u>13,141,901</u>
Functional expenses			
Program services	<u>10,791,046</u>	<u>-</u>	<u>10,791,046</u>
Support services			
General and administrative	348,534	-	348,534
Fundraising	<u>2,111,738</u>	<u>-</u>	<u>2,111,738</u>
Total support services	<u>2,460,272</u>	<u>-</u>	<u>2,460,272</u>
Total functional expenses	<u>13,251,318</u>	<u>-</u>	<u>13,251,318</u>
Change in net assets	642,366	(751,783)	(109,417)
Net assets, beginning of year	<u>1,815,072</u>	<u>3,241,265</u>	<u>5,056,337</u>
Net assets, end of year	<u>\$ 2,457,438</u>	<u>\$ 2,489,482</u>	<u>\$ 4,946,920</u>

The accompanying notes are an integral part of these financial statements.

Special Olympics Northern California, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2021

	Program Services	Support Services		Total Support Services	Total
		General and Administrative	Fundraising		
Salaries	\$ 2,451,708	\$ 229,686	\$ 897,021	\$ 1,126,707	\$ 3,578,415
Training and competitions	3,374,669	641	673	1,314	3,375,983
Professional fees and consultants	732,009	61,103	899,723	960,826	1,692,835
Partnership grants	220,854	-	-	-	220,854
Office costs	365,362	31,867	121,341	153,208	518,570
Benefits	276,840	20,435	88,920	109,355	386,195
Travel, meetings, and conferences	39,218	1,133	21,073	22,206	61,424
Payroll taxes	213,835	12,743	68,883	81,626	295,461
Payments to affiliates - Special Olympics, Inc.	924,859	-	-	-	924,859
Other expenses	53,313	1,431	14,518	15,949	69,262
Insurance	83,186	9,198	30,662	39,860	123,046
Depreciation and amortization	9,211	1,024	3,412	4,436	13,647
Interest expense	3,394	377	1,257	1,634	5,028
	<u>\$ 8,748,458</u>	<u>\$ 369,638</u>	<u>\$ 2,147,483</u>	<u>\$ 2,517,121</u>	<u>\$ 11,265,579</u>

The accompanying notes are an integral part of these financial statements.

Special Olympics Northern California, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2020

	Program Services	Support Services		Total Support Services	Total
		General and Administrative	Fundraising		
Salaries	\$ 2,628,067	\$ 212,645	\$ 943,498	\$ 1,156,143	\$ 3,784,210
Training and competitions	5,430,595	580	-	580	5,431,175
Professional fees and consultants	552,587	44,748	784,000	828,748	1,381,335
Partnership grants	216,440	-	-	-	216,440
Office costs	426,574	38,818	141,614	180,432	607,006
Benefits	277,418	25,472	81,032	106,504	383,922
Travel, meetings, and conferences	93,997	1,186	29,604	30,790	124,787
Payroll taxes	223,758	11,710	71,729	83,439	307,197
Payments to affiliates - Special Olympics, Inc.	796,309	-	-	-	796,309
Other expenses	47,217	2,484	23,508	25,992	73,209
Insurance	84,770	9,412	31,823	41,235	126,005
Depreciation and amortization	11,901	1,322	4,407	5,729	17,630
Interest expense	1,413	157	523	680	2,093
	<u>\$ 10,791,046</u>	<u>\$ 348,534</u>	<u>\$ 2,111,738</u>	<u>\$ 2,460,272</u>	<u>\$ 13,251,318</u>

The accompanying notes are an integral part of these financial statements.

Special Olympics Northern California, Inc.
 Statements of Cash Flows
 For the Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Change in net assets	\$ 4,444,489	\$ (109,417)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	13,647	17,630
Forgiveness of Paycheck Protection Program loan	(802,800)	-
Changes in operating assets and liabilities		
Contributions receivable	469,978	(524,780)
Due from affiliated organization	226,275	19,738
Prepaid expenses	112,234	(106,585)
Other current assets	(19,116)	(1,775)
Deposits	(425)	(617)
Accounts payable and accrued expenses	86,094	(57,033)
Net cash provided by (used in) operating activities	4,530,376	(762,839)
Cash flows from investing activities		
Purchases of equipment and leasehold improvements	(28,272)	(8,154)
Net cash used in investing activities	(28,272)	(8,154)
Cash flows from financing activities		
Principal payments on equipment loan payable	-	(18,660)
Proceeds from Economic Injury Disaster Loan	-	150,000
Proceeds from Paycheck Protection Program loan	779,635	802,800
Net cash provided by financing activities	779,635	934,140
Net increase in cash and cash equivalents	5,281,739	163,147
Cash and cash equivalents, beginning of year	3,948,655	3,785,508
Cash and cash equivalents, end of year	\$ 9,230,394	\$ 3,948,655

Supplemental disclosure of cash flow information

Cash paid during the year for interest	\$ 2,587	\$ 2,093
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The accompanying notes are an integral part of these financial statements.

Special Olympics Northern California, Inc.
Notes to Financial Statements
December 31, 2021 and 2020

1. NATURE OF OPERATIONS

In July 1995, Special Olympics Northern California, Inc. (the "Organization") began operations. Prior to July 1995, the Organization, together with what is now separately operated as Special Olympics Southern California, Inc., operated as California Special Olympics, Inc., which served the entire state of California. The separation occurred primarily to enable each newly organized entity to better serve its respective areas. The Organization is an accredited chapter of the Special Olympics, Inc. ("SOI") organization that promotes and administers sports and competition programs for intellectually disabled children and adults.

The Organization oversees and manages all fundraising and program activities in Northern California and Nevada. The Organization continues to do business in the state of Nevada under the name Special Olympics Nevada.

The Organization operates local programs in more than 50 counties in Northern California and Nevada. These local programs are not separate legal entities, but are generally known to the public locally as Special Olympics "County Name" or Special Olympics "City Name."

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Classification of net assets

- *Net assets without donor restrictions* - Net assets available for use in general operations and not subject to donor-imposed stipulations. Included in net assets without donor restrictions are \$500,000 for which the Board of Directors has designated as a general reserve.
- *Net assets with donor restrictions* - Net assets restricted by donor-imposed stipulations that either expire with the passage of time or the satisfaction of the stipulations by the Organization. In addition, unconditional promises to give with payments due in future periods are reported as net assets with donor restrictions.

Special Olympics Northern California, Inc.
Notes to Financial Statements
December 31, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions and promises to give

Contributions received are recorded as net assets with or without donor restrictions, depending on the existence or nature of any donor restrictions. Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional; that is, when the barrier for which they depend is achieved and the right of return or release has been overcome. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the related contributions. The Organization establishes an allowance for doubtful contributions receivable based on historical collection experience and management's evaluation of collectability of outstanding contributions receivable. Receivables are charged against the allowance for doubtful accounts when management believes that collectability is unlikely. Bad debt recoveries are included in income as realized. Contributions receivable are stated net of an allowance for doubtful accounts. Management has deemed all outstanding contributions receivable to be fully collectible, and therefore, no allowance for doubtful contributions receivable has been recorded as of December 31, 2021 and 2020.

Contributions of long-lived assets without donor stipulations concerning the use of such long-lived assets are reported as net assets without donor restrictions. Contributions of cash or other assets to be used to acquire property and equipment with donor stipulations are reported as net assets with donor restrictions. The restrictions are considered to be released at the time of acquisition of such long-lived assets.

Contributed services and materials

The contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. More than 11,600 volunteers in 2021 and 16,000 volunteers in 2020, have made contributions of time to support the Organization's functions. The value of this contributed time, while important to the Organization, is not reflected in the accompanying financial statements, as it does not technically meet the recognition criteria. However, the Organization had a substantial amount of time contributed by certified coaches to support the athletes that compete in the Organization's functions. The value of their contributed time meets the criteria for recognition under U.S. GAAP. Accordingly, the fair value of the contributed services received by 4,930 and 4,347 certified coaches in 2021 and 2020, respectively, is reflected as revenue and expense amounting to \$2,951,534 and \$4,738,099 for the years ended December 31, 2021 and 2020, respectively. Materials donated are recorded at the estimated fair value at the time of the contribution and are reflected as revenue and expenses in the statements of activities.

Special Olympics Northern California, Inc.
Notes to Financial Statements
December 31, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

The Organization maintains cash and cash equivalents with major financial institutions. The Organization considers all highly liquid investments and certificates of deposit purchased with original maturities of three months or less to be cash equivalents. Periodically, cash on deposit may be in excess of federally insured limits. The Organization believes that it mitigates this risk by maintaining deposits with high credit quality institutions.

Equipment and leasehold improvements

Equipment and leasehold improvements are recorded at cost when purchased or at estimated fair value at the date of receipt, if donated. Donated property and equipment is included in net assets without donor restrictions when placed into service by the Organization, unless restricted as to the use by explicit donor stipulation. The cost of repairs and maintenance is expensed as incurred; major replacements and improvements are capitalized. The Organization capitalizes equipment and leasehold improvements with an original cost in excess of \$1,000 and an estimated useful life in excess of one year. Equipment is depreciated using the straight-line method over the estimated useful life of the asset, ranging from 3 to 5 years. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the remaining lease term. When assets are retired or disposed of, the cost and accumulated depreciation are removed from the accounts, and any resulting gains or losses are included in income.

Whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recovered, the Organization, using its best estimates and projections, reviews for impairment the carrying value of long-lived identifiable assets to be held and used in the future, and records an adjustment to the carrying value as applicable.

Functional expense allocation

Expenses, such as depreciation and amortization, supplies, travel, personnel, and occupancy costs are allocated among program services, general and administrative, and fundraising classifications on the basis of job functions, time records, and management's estimates.

Income tax status

The Organization is exempt from federal income taxes under Internal Revenue Code ("IRC") Section 501(c)(3) and from state franchise and/or income taxes under the California Revenue and Taxation Code Section 23701(d). The Organization has evaluated its current tax positions and has concluded that, as of December 31, 2021, the Organization does not have any significant uncertain tax positions for which a reserve would be necessary. The Organization files U.S. federal, and California state tax returns. For U.S. federal tax returns, the Organization is no longer subject to tax examination for years prior to 2018. For California state tax returns, the Organization is generally no longer subject to tax examinations for years prior to 2017.

Special Olympics Northern California, Inc.
Notes to Financial Statements
December 31, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

3. EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Equipment and leasehold improvements consisted of the following:

	2021	2020
Computer hardware and software	\$ 231,182	\$ 206,162
Furniture and fixtures	216,542	213,289
Leasehold improvements	38,244	38,244
	485,968	457,695
Accumulated depreciation and amortization	(449,501)	(435,853)
	\$ 36,467	\$ 21,842

Depreciation and amortization expense amounted to \$13,647 and \$17,630 for the years ended December 31, 2021 and 2020, respectively.

4. LINE OF CREDIT

The Organization maintains a line of credit agreement with a financial institution to facilitate operating cash flow needs. The line of credit, which bears interest at a rate equivalent to the greater of 1.50% above the indexed rate or 5.00%, provides for a maximum borrowing limit of \$750,000 and expires in August 2022. The effective interest rate as of December 31, 2021 and 2020 was approximately 5.00% for both years. There was no outstanding balance under the line of credit as of December 31, 2021 or 2020.

Special Olympics Northern California, Inc.
Notes to Financial Statements
December 31, 2021 and 2020

5. LOANS PAYABLE

Paycheck Protection Program

In April 2020, the Organization received loan proceeds of \$802,800 from a promissory note issued by Greater Nevada Credit Union under the Paycheck Protection Program ("PPP"), which was established under the Coronavirus Aid, Relief, and Economic Security ("CARES") Act and is administered by the U.S. Small Business Administration ("SBA"). The loan accrued interest at a rate of 1% and had an original maturity date of two years which could be extended to five years by mutual agreement between the Organization and the lender. Payments of principal and interest were deferred for the first ten months of the loan. Under the terms of the CARES Act, PPP loan recipients can apply for and be granted forgiveness for all or a portion of the loans granted under the PPP. Such forgiveness is determined based on the use of the loan proceeds for payroll costs, rent, and utility expenses, and the maintenance of workforce and compensation levels with certain limitations. During the year ended December 31, 2021, the Organization received full forgiveness of the PPP loan and accounted for the forgiveness as a gain in the statement of activities.

On February 22, 2021, the Organization received a second PPP loan of \$779,635. The term of the note is five years and the annual interest rate is 1.00%. The Organization may apply for forgiveness under similar conditions as the first PPP loan.

The Organization believes that it will likely qualify for full forgiveness, but there is uncertainty around the standards and operation of the PPP, and no assurance is provided that the Organization will obtain forgiveness in whole or in part. The outstanding balance on the second PPP loan at December 31, 2021 amounted to \$779,635.

Economic Injury Disaster Loan

In June 2020, the Organization received loan proceeds of \$150,000 from a promissory note issued under the Economic Injury Disaster Loan and Advance Program ("EIDL") which is administered by the SBA. The term of the note is thirty years and the annual interest rate is 2.75%. Payments of principal and interest are deferred for the first 12 months of the note. The note had an outstanding balance of \$150,000 at December 31, 2021 and 2020.

The future maturities of the loans payable are as follows:

<u>Year ending December 31,</u>	
2022	\$ 787,327
2023	7,692
2024	7,692
2025	7,692
2026	7,692
Thereafter	<u>111,540</u>
	<u>\$ 929,635</u>

Special Olympics Northern California, Inc.
Notes to Financial Statements
December 31, 2021 and 2020

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

	2021	2020
Sports program specific	\$ 3,799,800	\$ 966,041
Geographic restrictions	882,195	662,195
Time restrictions	1,019,116	811,246
Sponsorships	50,000	50,000
	\$ 5,751,111	\$ 2,489,482

Net assets with donor restrictions released from restriction during the year were as follows:

	2021	2020
Sports program specific	\$ 1,644,297	\$ 3,478,550
Geographic restrictions	55,000	208,333
Time restrictions	811,246	587,936
Sponsorships	50,000	-
	\$ 2,560,543	\$ 4,274,819

7. IN-KIND CONTRIBUTIONS

In-kind contributions consisted of the following:

	2021	2020
Certified coaches' time	\$ 2,951,534	\$ 4,738,099
Transportation, meals, and sports equipment	9,324	121,357
Training/competition facilities and lodging	44,525	200,109
Medical and officiating services	14,700	8,200
Legal services	-	20,000
	\$ 3,020,083	\$ 5,087,765

Special Olympics Northern California, Inc.
Notes to Financial Statements
December 31, 2021 and 2020

8. ASSESSMENT FEES DUE TO SPECIAL OLYMPICS, INC.

The international parent organization SOI currently levies annual assessments on chapters on a two-year cycle. Assessments due in any given year are based in part upon the Organization's financial results from two years previous. For assessment fees payable in 2021 and 2020, SOI used a formula that uses the Organization's 2019 and 2018 program expenses respectively. The Organization expensed assessments in the amounts of \$122,945 and \$114,268 in the years ended December 31, 2021 and 2020, respectively. Future assessment fees are difficult to estimate, as SOI may change the specific financial measurements used to make these calculations, change the percentage at which the assessment is calculated, or change other aspects of the formula. There was no assessment fee due as of December 31, 2021 and 2020. Assessment fees based on the Organization's 2021 financial performance will not be finalized until the 4th quarter of 2022 and will not be charged or payable until 2023. These future assessment fees are estimated to be between \$150,000 and \$200,000 annually.

9. RELATED PARTY TRANSACTIONS

The Organization had contribution revenue of approximately \$1,473,000 and \$848,000 generated by members of the Board of Directors and employees during the years ended December 31, 2021 and 2020, respectively.

The Organization entered into a centralized direct mail fundraising program ("CDMP") on January 1, 1997 with SOI to take advantage of economies of scale and avoid competing and confusing messages to donors. Effective January 1, 2019, integrated direct marketing program ("IDMP") replaced CDMP campaigns with a termination date of December 31, 2021. Subsequent to year end, a new IDMP contract will be in effect starting on January 1, 2022, with a termination date of December 31, 2022. Under the terms of the agreement, both the Organization and SOI will each receive approximately 50% of the IDMP net revenue.

IDMP activity consisted of the following:

	2021	2020
IDMP gross revenues	\$ 2,640,456	\$ 2,308,668
IDMP cost share	(991,462)	(895,157)
SOI revenue share	(801,914)	(682,041)
	\$ 847,080	\$ 731,470

As of December 31, 2021 and 2020, SOI owed the Organization \$847,080 and \$731,470, respectively, for minimum required revenue payments under the IDMP agreement.

Under the terms of the annual revenue sharing formulas for multiple state fundraising programs ("MSFR"), SOI owed the Organization \$29,166 and \$14,801, respectively, for required revenue payments under the MSFR. In addition to the MSFR program, SOI owed the Organization \$0 and \$356,250 under the terms of various program grants awarded for December 31, 2021 and 2020, respectively.

Special Olympics Northern California, Inc.
Notes to Financial Statements
December 31, 2021 and 2020

10. ALLOCATION OF JOINT COSTS

For the years ended December 31, 2021 and 2020, the Organization incurred joint costs of \$991,461 and \$895,505, respectively, for informational materials and activities that included fundraising appeals. Of those joint costs, \$713,852 and \$644,861 were allocated to fundraising and \$277,609 and \$250,644 were allocated to program costs for 2021 and 2020, respectively.

11. PENSION PLAN

The Organization sponsors a defined contribution pension plan (the "Plan") under Section 403(b) of the IRC covering all eligible employees. The Plan allows employees to contribute up to 15% of eligible compensation, up to the amount allowable under current income tax regulations. Employer contributions to the Plan are made annually at the discretion of the Organization's Board of Directors. Employer contributions were \$81,737 and \$80,752 for the years ended December 31, 2021 and 2020, respectively.

The Organization also maintains a deferred compensation plan under Section 457(b) of the IRC, which covers senior management and is funded entirely by employee contributions.

12. COMMITMENTS

The Organization leases office space and equipment under long-term agreements continuing through August 2030. The Organization has options to extend certain leases for additional terms.

Aggregate minimum rental commitments under non-cancelable, long-term operating leases are as follows:

<u>Year ending December 31,</u>	<u>Office Space</u>	<u>Equipment and Other</u>	<u>Total</u>
2022	\$ 284,239	\$ 13,025	\$ 297,264
2023	419,996	12,780	432,776
2024	407,462	11,715	419,177
2025	354,218	-	354,218
2026	342,518	-	342,518
Thereafter	<u>1,299,853</u>	<u>-</u>	<u>1,299,853</u>
	<u>\$ 3,108,286</u>	<u>\$ 37,520</u>	<u>\$ 3,145,806</u>

Rent expense amounted to \$493,444 and \$588,511 for the years ended December 31, 2021 and 2020, respectively.

The Organization has entered into annual grant agreements with several school districts for implementation of Special Olympics programs. Aggregate grant commitments to be paid out in the subsequent year as of December 31, 2021 and 2020 were \$164,665 and \$112,584, respectively.

Special Olympics Northern California, Inc.
Notes to Financial Statements
December 31, 2021 and 2020

13. LIQUIDITY AND FUNDS AVAILABLE

As part of the Organization's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To meet liquidity needs, the Organization has cash and cash equivalents available and has access to additional funds through its line of credit (Note 4). Contributions receivable will be collected from donors within one year.

The following is a quantitative disclosure which describes assets that are available within one year of the statements of financial position dates to fund general expenditures and other obligations when they become due:

	2021	2020
Financial assets		
Cash and cash equivalents	\$ 9,230,394	\$ 3,948,655
Contributions receivable	243,634	713,612
Due from affiliated organization	876,246	1,102,521
	10,350,274	5,764,788
Donor restricted for specified purposes	(4,681,995)	(1,628,236)
Financial assets available to meet cash needs for general expenditure within one year	\$ 5,668,279	\$ 4,136,552

14. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through May 24, 2022, the date the financial statements were available to be issued. No subsequent events have occurred that would have a material impact on the presentation of the Organization's financial statements.

SUPPLEMENTARY INFORMATION
SPECIAL OLYMPICS NEVADA OPERATIONS

Special Olympics Northern California, Inc.
 Statements of Activities for Special Olympics Nevada
 December 31, 2021

	<u>2021</u>	<u>2020</u>
	<u>Total</u>	<u>Total</u>
Revenues, gains, and other support		
Special event revenue, net		
Proceeds from fundraising events	\$ 242,993	\$ 160,802
Expenses from fundraising events	<u>(40,787)</u>	<u>(12,755)</u>
Total special event revenue, net	<u>202,206</u>	<u>148,047</u>
In-kind contributions	247,424	580,025
Public contributions	1,529,049	626,074
Grants	89,891	163,822
Contributions from bequests, estates, and trusts	-	49,159
Other revenue	<u>57,701</u>	<u>1,060</u>
Total revenues, gains, and other support	2,126,271	1,568,187
Operating expenses		
Training and competitions	343,676	625,596
Professional fees and consultants	286,840	217,594
Salaries	636,913	645,497
Payments to affiliates - Special Olympics, Inc.	106,798	100,477
Office costs	66,127	59,007
Travel, meetings, and conferences	17,525	27,229
Benefits	63,684	59,527
Payroll taxes	53,174	50,797
Insurance	16,431	15,878
Partnership grants	14,350	32,342
Depreciation and amortization	1,832	1,818
Interest expense	105	277
Other expenses	<u>29,180</u>	<u>10,595</u>
Total operating expenses	<u>1,636,635</u>	<u>1,846,634</u>
Change in net assets	<u>\$ 489,636</u>	<u>\$ (278,447)</u>

Special Olympics Northern California, Inc.
Statement of Functional Expenses for Special Olympics Nevada
For The Year Ended December 31, 2021

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	<u>2020 Total</u>
Salaries	\$ 427,299	\$ 23,518	\$ 186,096	\$ 636,913	\$ 645,497
Training and competitions	343,676	-	-	343,676	625,596
Professional and consultants	133,794	6,383	146,663	286,840	217,594
Partnership grants	14,350	-	-	14,350	32,342
Office costs	46,312	4,499	15,316	66,127	59,007
Benefits	43,114	2,703	17,867	63,684	59,527
Travel, meetings and conferences	10,943	31	6,551	17,525	27,229
Payroll taxes	35,654	2,042	15,478	53,174	50,797
Payments to affiliates- Special Olympics, Inc.	106,798	-	-	106,798	100,477
Other expenses	27,582	191	1,407	29,180	10,595
Insurance	11,091	1,232	4,108	16,431	15,878
Depreciation and amortization	1,237	137	458	1,832	1,818
Interest expense	<u>71</u>	<u>8</u>	<u>26</u>	<u>105</u>	<u>277</u>
 Total expenses	 <u>\$ 1,201,921</u>	 <u>\$ 40,744</u>	 <u>\$ 393,970</u>	 <u>\$ 1,636,635</u>	 <u>\$ 1,846,634</u>