



Certified Public Accountants and Consultants

SPECIAL OLYMPICS DELAWARE, INC.

FINANCIAL STATEMENTS

AND SUPPLEMENTARY INFORMATION

DECEMBER 31, 2023 AND 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Special Olympics Delaware, Inc.

Opinion

We have audited the accompanying financial statements of the Special Olympics Delaware, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022 and the related statements of activities and changes in net assets, 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 Delaware, Inc. as of December 31, 2023 and 2022, and the changes in its net assets, functional expenses and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Delaware, 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 Delaware, Inc.'s ability to continue as a going concern within one year after the date that 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 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 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 Delaware, 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 Delaware, 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 Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of program service expenses on pages 23 and 24 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.

Wilmington, Delaware
November 6, 2024

Gunnip + Company LLP

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

SPECIAL OLYMPICS DELAWARE, INC.

DECEMBER 31, 2023 AND 2022

	ASSETS	
	2023	2022
Current assets		
Cash	\$ 384,425	\$ 1,184,704
Accounts receivable - other	1,029	0
Current portion of pledges receivable, net	41,555	59,967
Investments	3,233,556	1,527,016
Prepaid expenses	4,510	39,823
Total current assets	<u>3,665,075</u>	<u>2,811,510</u>
Long term assets		
Pledges receivable, net	70,355	84,521
Right-of-use assets, net	34,166	0
Property and equipment, at cost		
Building and improvements	854,693	854,693
Office furniture and equipment	51,815	51,815
Total property and equipment, at cost	<u>906,508</u>	<u>906,508</u>
Accumulated depreciation	596,783	574,397
Property and equipment, net	<u>309,725</u>	<u>332,111</u>
Total long-term assets	<u>414,246</u>	<u>416,632</u>
Total assets	<u>\$ 4,079,321</u>	<u>\$ 3,228,142</u>

	LIABILITIES AND NET ASSETS	
	2023	2022
Current liabilities		
Accounts payable	\$ 45,636	\$ 39,721
Deferred revenue	0	20,000
Current portion of finance lease liabilities	8,024	0
Total current liabilities	<u>53,660</u>	<u>59,721</u>
Long term liabilities		
Finance lease liabilities	26,750	0
Total liabilities	<u>80,410</u>	<u>59,721</u>
Net assets		
Without donor restrictions - board designated	690,481	690,481
Without donor restrictions - undesignated	3,108,430	2,277,940
Total net assets - without donor restrictions	<u>3,798,911</u>	<u>2,968,421</u>
Net assets - with donor restrictions	<u>200,000</u>	<u>200,000</u>
Total net assets	<u>3,998,911</u>	<u>3,168,421</u>
Total liabilities and net assets	<u>\$ 4,079,321</u>	<u>\$ 3,228,142</u>

See accompanying notes to financial statements.

**STATEMENT OF ACTIVITIES AND
CHANGES IN NET ASSETS**

SPECIAL OLYMPICS DELAWARE, INC.

FOR THE YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue			
Contributions	419,432	\$ 0	\$ 419,432
Contributions of nonfinancial assets	1,343,812	0	1,343,812
Special events revenue, net	1,395,742	0	1,395,742
Other project income, net	65,320	0	65,320
Fundraising projects	202,840	0	202,840
Grants & foundations	487,896	0	487,896
Total public support and revenue	3,915,042	0	3,915,042
Expenses			
Program services	2,873,467	0	2,873,467
Management & general	19,215	0	19,215
Fundraising	437,460	0	437,460
Total expenses	3,330,142	0	3,330,142
Change in net assets before nonoperating activity	584,900	0	584,900
Nonoperating activity			
Interest & dividend income, net of fees	103,394	0	103,394
Capital gains distributions	1,222	0	1,222
Realized gain on investments	11,818	0	11,818
Unrealized gain on investments	126,660	0	126,660
Miscellaneous income	2,496	0	2,496
Total nonoperating activity	245,590	0	245,590
Change in net assets	830,490	0	830,490
Net assets at beginning of year	2,968,421	200,000	3,168,421
Net assets at end of year	\$ 3,798,911	\$ 200,000	\$ 3,998,911

See accompanying notes to financial statements.

**STATEMENT OF ACTIVITIES AND
CHANGES IN NET ASSETS**

SPECIAL OLYMPICS DELAWARE, INC.

FOR THE YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue			
Contributions	\$ 320,141	\$ 0	\$ 320,141
Contributions of nonfinancial assets	541,017	0	541,017
Special events revenue, net	1,232,700	0	1,232,700
Other project income, net	33,449	0	33,449
Fundraising projects	198,729	0	198,729
Grants & foundations	244,091	100,000	344,091
Total public support and revenue	2,570,127	100,000	2,670,127
Expenses			
Program services	2,047,698	0	2,047,698
Management & general	27,457	0	27,457
Fundraising	305,856	0	305,856
Total expenses	2,381,011	0	2,381,011
Change in net assets before nonoperating activity	189,116	100,000	289,116
Nonoperating activity			
Interest & dividend income, net of fees	35,964	0	35,964
Capital gains distributions	9,251	0	9,251
Realized loss on investments	(7,674)	0	(7,674)
Unrealized loss on investments	(276,358)	0	(276,358)
Total nonoperating activity	(238,817)	0	(238,817)
Change in net assets	(49,701)	100,000	50,299
Net assets at beginning of year	3,018,122	100,000	3,118,122
Net assets at end of year	\$ 2,968,421	\$ 200,000	\$ 3,168,421

See accompanying notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES

SPECIAL OLYMPICS DELAWARE, INC.

FOR THE YEAR ENDED DECEMBER 31, 2023

	Program Services	Management & General	Fundraising	Total Expenses
Salaries and related expenses				
Salaries	\$ 661,764	\$ 7,000	\$ 218,503	\$ 887,267
Employee benefits	155,522	2,509	57,753	215,784
Payroll taxes	49,775	514	15,724	66,013
Total salaries and related expenses	867,061	10,023	291,980	1,169,064
Other expenses				
Area development	102,278	0	0	102,278
Building maintenance	9,557	0	3,177	12,734
Chapter assessment fees	29,469	0	0	29,469
Dues & subscriptions	153	0	199	352
Equipment, IT & maintenance	50,596	0	8,778	59,374
Games	241,365	0	13,938	255,303
In-kind	1,343,812	0	0	1,343,812
Insurance	20,338	0	0	20,338
Miscellaneous & all other	12,037	0	52,161	64,198
Other project expense	796	0	0	796
Postage	7,975	0	2,226	10,201
Printing and production	8,287	32	2,799	11,118
Professional fees	10,500	1,785	3,500	15,785
Uncollectible accounts	0	0	22,870	22,870
Unified Champions Schools	91,102	0	2,043	93,145
Rent	5,652	0	0	5,652
Supplies	17,457	87	1,652	19,196
Telephone	10,127	160	3,048	13,335
Travel, meetings & conferences	27,104	1,195	23,156	51,455
Total expenses before depreciation	2,855,666	13,282	431,527	3,300,475
Depreciation & amortization	17,801	5,933	5,933	29,667
Total expenses	<u>\$ 2,873,467</u>	<u>\$ 19,215</u>	<u>\$ 437,460</u>	<u>\$ 3,330,142</u>

See accompanying notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES

SPECIAL OLYMPICS DELAWARE, INC.

FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services	Management & General	Fundraising	Total Expenses
Salaries and related expenses				
Salaries	\$ 632,269	\$ 6,434	\$ 191,094	\$ 829,797
Employee benefits	147,155	1,834	52,064	201,053
Payroll taxes	59,139	462	3,280	62,881
Total salaries and related expenses	838,563	8,730	246,438	1,093,731
Other expenses				
Area development	91,586	0	0	91,586
Uncollectible accounts	0	0	13,632	13,632
Building maintenance	8,628	0	2,573	11,201
Chapter assessment fees	31,687	0	0	31,687
Dues & subscriptions	1,145	0	0	1,145
Equipment, IT & maintenance	24,386	0	8,860	33,246
Games	253,125	0	0	253,125
In-kind	536,059	0	4,958	541,017
Insurance	18,706	54	54	18,814
Marketing	10,436	0	438	10,874
Miscellaneous & all other	13,412	640	10,494	24,546
Postage	5,213	0	1,090	6,303
Printing and production	25,240	0	3,049	28,289
Professional fees	7,200	13,624	1,875	22,699
Unified Champions Schools	106,320	0	0	106,320
Rent	5,652	0	0	5,652
Supplies	37,077	0	2,489	39,566
Telephone	5,651	0	1,826	7,477
Travel, meetings & conferences	14,385	0	3,671	18,056
Total expenses before depreciation	2,034,471	23,048	301,447	2,358,966
Depreciation	13,227	4,409	4,409	22,045
Total expenses	<u>\$ 2,047,698</u>	<u>\$ 27,457</u>	<u>\$ 305,856</u>	<u>\$ 2,381,011</u>

See accompanying notes to financial statements.

STATEMENT OF CASH FLOWS

SPECIAL OLYMPICS DELAWARE, INC.

FOR THE YEARS ENDED DECEMBER 31, 2023
AND 2022

	2023	2022
Cash flows from operating activities change in net assets	\$ 830,490	\$ 50,299
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	29,667	22,045
Uncollectible accounts	22,870	13,632
Unrealized (gain) loss on investments	(126,660)	276,358
Realized gain on investments	(11,818)	(1,577)
Changes in assets and liabilities:		
Accounts receivable - other	(1,029)	155,977
Pledge receivable, net of allowance	9,708	(50,992)
Prepaid expenses	35,313	(20,213)
Deferred revenue	(20,000)	20,000
Accounts payable	5,915	22,354
Net cash from operating activities	<u>774,456</u>	<u>487,883</u>
Cash flows from investing activities		
Purchases of property and equipment	0	(7,118)
Purchases of investments	(3,217,749)	(421,041)
Proceeds from sale of investments	<u>1,649,687</u>	<u>187,404</u>
Net cash used by investing activities	<u>(1,568,062)</u>	<u>(240,755)</u>
Cash flows from financing activities		
Curtailments of financing lease	<u>(6,673)</u>	<u>0</u>
Net increase (decrease) in cash	(800,279)	247,128
Cash, beginning of year	<u>1,184,704</u>	<u>937,576</u>
Cash, end of year	<u>\$ 384,425</u>	<u>\$ 1,184,704</u>
Schedule of noncash financing activities		
Equipment purchased through finance leases	<u>\$ 41,447</u>	<u>\$ 0</u>
Supplementary information		
Interest paid	<u>\$ 1,409</u>	<u>\$ 0</u>
Income taxes paid	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying notes to financial statements.

Note 1 Summary of Organization activities and significant accounting policiesOrganization activities

Special Olympics Delaware, Inc. ("the Organization") provides year-round sports training and athletic competition in a variety of Olympic-type sports for children eight years of age and older and adults with intellectual disabilities (or other significant learning or vocational problems), 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.

Use of estimates in the preparation of financial statements

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Measure of operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing services. Non-operating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Basis of presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Note 1 Summary of Organization activities and significant accounting policies (cont'd)Net assets with donor restrictions (cont'd)

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities and change in net assets.

Income taxes

The Organization is exempt from federal and Delaware income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code.

For the years ended December 31, 2023 and 2022, the Organization has determined it did not have a material tax liability for uncertain tax positions.

The Organization's policy for penalties and interest assessed by income taxing authorities is to include them in operating expenses. For the years ended December 31, 2023 and 2022, the Organization did not incur any penalties and interest from taxing authorities.

The federal income tax returns of the Organization for the fiscal years ended December 31, 2020, 2021, and 2022 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

Concentrations of credit risk

Financial instruments which potentially subject the Organization to significant concentrations of credit risk are principally cash, investments and pledges receivable. The Organization's cash is maintained in bank deposit accounts with financial institutions that at times exceeds federally insured limits. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant risk.

The investments are unsecured and are managed by professional advisors approved by the Board of Directors. The degree and concentration of credit risk vary by the type of investment.

Pledges receivable represent unsecured revenue. The collectability of the receivable is periodically reviewed by management, and an allowance for uncollectible accounts is established, if required.

Note 1 Summary of Organization activities and significant accounting policies (cont'd)Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the Statement of Activities. Investment fees amounted to \$ 8,123 and \$ 9,913 for the years ended December 31, 2023 and 2022, respectively, and are presented net of interest and dividend income on the Statement of Activities and Change in Net Assets.

Property and equipment

Property and equipment are stated at cost. Expenditures for maintenance and repairs are charged to expense as incurred; costs of renewals and betterments are capitalized. When assets are sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any gain or loss is included in the statement of activities and changes in net assets. Management reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable.

Depreciation is computed over the estimated useful lives of property and equipment using the straight-line method. The annual depreciation rates are based on the following ranges of useful lives:

Buildings, furniture and equipment	5 - 40 years
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Depreciation expense for 2023 and 2022 was \$ 22,384 and \$ 22,045, respectively.

Leases

Effective January 1, 2022, the Organization implemented FASB Accounting Standards Codification 842, Leases (ASC 842). Management has reviewed the Organization's existing leases during 2022 and determined that the implementation of ASC 842 did not have a material impact on the financial statements as of December 31, 2022. Accordingly right-of-use assets and corresponding lease liabilities were not recorded on the statement of financial position as of December 31, 2022. The implementation had no effect on net assets as of January 1, 2022. With new leases commenced during 2023, right-of-use assets and corresponding lease liabilities were recorded.

The Organization leases its office space and various office equipment. The Organization determines if an arrangement is a lease at inception. Leases are included as finance right-of-use assets and liabilities on the statement of financial position.

Note 1 Summary of Organization activities and significant accounting policies (cont'd)Leases (cont'd)

Right-of-use assets represent the Organization's right of use of an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Lease right-of-use assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. In determining the discount rate used to measure the right-of-use assets and lease liabilities, the Organization uses rates implicit in the leases, or if not readily available, the Organization uses the risk-free Treasury rate.

Functional expense allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated between the program and the supporting services benefited.

Marketing costs

Marketing costs are charged to expense when incurred. Marketing expense for 2023 and 2022 was \$ 0 and \$ 10,874, respectively.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Contributions of assets other than cash are recorded at their estimated fair value. An allowance for contributions receivable is provided based on management's judgment including such factors as prior collection history and types of contributions.

Note 1 Summary of Organization activities and significant accounting policies (cont'd)Revenue and revenue recognition

Revenue is measured and recognized based on the type of consideration received. Revenue from fundraisers is measured by the amount of money received for or during the event, less expenses incurred for the fundraising activity. Program service fees is recognized when the program service events take place. Predominately all amounts paid in advance are deferred to the period in which the underlying program service event takes place. The only exception is the Polar Bear Plunge which is a year-round fundraiser. Due to the nature and timing of the program services and/or transfer of services and products, substantially all deferred revenue at December 31 of each year is recognized in the following year.

Revenue from government agencies and other grants is measured by the consideration specified in the respective contract with the respective granting agency. The Organization has elected the practical expedient and has not disclosed the value of unsatisfied performance obligations nor the expected timing for completion related to these revenues.

Subsequent events

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through November 6, 2024, the date on which the statements were available to be issued.

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Note 2 Liquidity

The following represents the Organization's financial assets at December 31:

	<u>2023</u>	<u>2022</u>
Cash	\$ 384,425	\$ 1,184,704
Accounts receivable - other	1,029	0
Pledges receivable	111,910	144,488
Investments	<u>3,233,556</u>	<u>1,527,016</u>
Total financial assets	3,730,920	2,856,208
Less amounts not available to be used within one year:		
Noncurrent pledge receivable, net	70,355	84,521
Net assets with donor restrictions	200,000	200,000
Net assets with Board designation	<u>690,481</u>	<u>690,481</u>
	<u>960,836</u>	<u>975,002</u>
Total financial assets available to meet general expenditures and obligations over the next twelve months	<u>\$ 2,770,084</u>	<u>\$ 1,881,206</u>

The financial assets are available to meet general expenses over the next twelve months.

Note 3 Pledges receivable

The Organization recognizes unconditional pledge revenue in the year the pledge is made. Conditional pledges receivable are recognized when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair values. Contributions (pledges) to be received after one year are discounted at appropriate rates commensurate with the risks involved if the discount is considered material to the financial statements.

Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for contributions receivable is provided based upon management's judgment, including such factors as prior collection history, type of contributions and nature of fundraising activity.

The Organization has not recorded a discount for future payments because it feels it would be immaterial to their financial statements as a whole.

Note 3 Pledges receivable (cont'd)

Pledges receivable are unconditional promises to pay a certain amount and consist of the following at December 31:

	<u>2023</u>	<u>2022</u>
Receivable in less than one year	\$ 41,555	\$ 59,967
Receivable in one to five years	72,245	92,025
Receivable in more than five years	<u>4,000</u>	<u>100</u>
Total pledges	117,800	152,092
Less discounts to net present value based on imputed interest rate of 5%	0	0
Less allowance for uncollectible pledges receivable	<u>5,890</u>	<u>7,604</u>
Total pledges	<u><u>\$ 111,910</u></u>	<u><u>\$ 144,488</u></u>

Note 4 Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the Statement of Activities.

Investments held by the Organization consist of the following at December 31:

	<u>2023</u>	<u>2022</u>
Funds held by the Delaware Community Foundation	\$ 0	\$ 230,530
Money market funds	1,775,585	36,372
Bond funds	754,430	532,916
Equity funds	506,214	475,233
Exchange traded funds	197,327	247,881
Corporate stock	<u>0</u>	<u>4,084</u>
Total investment	<u><u>\$ 3,233,556</u></u>	<u><u>\$ 1,527,016</u></u>

Note 4 Investments (cont'd)

Net Investment Income consists of the following for the year ended December 31:

	2023	2022
Realized gain (loss)	\$ 11,818	\$ (7,674)
Unrealized gain (loss)	126,660	(276,358)
Interest and dividend income	111,517	45,877
Capital gains distributions	1,222	9,251
Investment fees	(8,123)	(9,913)
Total investment income	<u>\$ 243,094</u>	<u>\$ (238,817)</u>

Note 5 Fair value measurement

The Organization values investments in accordance with FASB ASC 820 – Fair Value Measurements and Disclosures. FASB ASC 820 defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles, and expands disclosures about fair value measurements. The definitions, framework, and disclosures required by FASB ASC 820 apply to other accounting pronouncements that require or permit fair value measurement. FASB ASC 820 does not require any new fair value measurements of reported balances.

FASB ASC 820 establishes a three-level hierarchy that prioritizes the factors (inputs) used to calculate the fair value of assets and liabilities:

Level 1 - inputs are unadjusted quoted prices, such as a New York Stock Exchange closing price in active markets for identical assets. Level 1 is the highest priority in the hierarchy.

Level 2 - inputs may include quoted prices for similar assets and liabilities in active markets, as well as other significant inputs that are observable at commonly quoted intervals, such as interest rates, foreign exchange rates, and yield curves.

Level 3 - inputs are unobservable. Typically, assumptions determine the inputs since there is little, if any, related market activity. Level 3 is the lowest priority in the hierarchy.

Note 5 Fair value measurement (cont'd)

The following is fair value summary of investments measured on a recurring basis at December 31, 2023 and 2022:

December 31, 2023	Fair value	Fair value measurement at reporting date using:	
		Quoted prices in active markets for identical assets (Level 1)	Significant unobservable inputs (Level 3)
Funds:			
Money market funds	\$ 1,775,585	\$ 1,775,585	\$ 0
Bond funds	754,430	754,430	
Equity funds	506,214	506,214	
Exchange traded funds	197,327	197,327	
Corporate stock:			
Insurance	0	0	
Totals	<u>\$ 3,233,556</u>	<u>\$ 3,233,556</u>	<u>\$ 0</u>

December 31, 2022	Fair value	Fair value measurement at reporting date using:	
		Quoted prices in active markets for identical assets (Level 1)	Significant unobservable inputs (Level 3)
Funds held by the Delaware Community Foundation	\$ 230,530	\$ 0	\$ 230,530
Funds:			
Money market funds	36,372	36,372	
Bond funds	532,916	532,916	
Equity funds	475,233	475,233	
Exchange traded funds	247,881	247,881	
Corporate stock:			
Insurance	4,084	4,084	
Totals	<u>\$ 1,527,016</u>	<u>\$ 1,296,486</u>	<u>\$ 230,530</u>

Reconciliation of Level 3 investments for the year ended December 31, 2023:

Balance at beginning of year	\$ 230,530
Investment income	1,020
Investment fees	(1,496)
Realized/unrealized gain on sales	8,503
Distribution	(238,557)
Balance at end of year	<u>\$ 0</u>

Note 6 Net assets without donor restrictions - board designated

As of December 31, 2023 and 2022, board designated net assets without donor restrictions are as follows:

	2023	2022
Building fund	\$ 83,331	\$ 83,331
Designated funds - operating reserve	607,150	600,000
Kellen Poulney legacy fund	0	7,150
Total net assets without donor restrictions - board designated	<u>\$ 690,481</u>	<u>\$ 690,481</u>

Note 7 Net assets with donor restrictions

Net assets with donor restrictions consists of the following at December 31:

	2023	2022
Building fund	\$ 200,000	\$ 200,000
Total net assets with donor restrictions	<u>\$ 200,000</u>	<u>\$ 200,000</u>

Note 8 Special events revenue

Special events revenue for the year ended December 31, 2023 is as follows:

	Gross revenue	Cost of direct benefits to owners	Net special events revenue
Benevon	\$ 144,395	\$ (9,896)	\$ 134,499
Golf Classic	45,788	(37,099)	8,689
Over the Edge	157,161	(54,797)	102,364
Polar Bear Plunge	1,183,306	(218,210)	965,096
Reindeer Run	69,058	(24,333)	44,725
Ride to the Tide	52,575	(11,729)	40,846
Torch Run	119,765	(20,242)	99,523
Totals	<u>\$ 1,772,048</u>	<u>\$ (376,306)</u>	<u>\$ 1,395,742</u>

Note 8 Special events revenue (cont'd)

Special events revenue for the year ended December 31, 2022 is as follows:

	Gross revenue	Cost of direct benefits to owners	Net special events revenue
Benevon	\$ 142,598	\$ (24,919)	\$ 117,679
Golf Classic	64,167	(37,245)	26,922
Over the Edge	140,693	(45,136)	95,557
Polar Bear Plunge	1,040,517	(197,980)	842,537
Reindeer Run	66,862	(23,411)	43,451
Ride to the Tide	43,437	(12,106)	31,331
Torch Run	96,111	(20,888)	75,223
Totals	<u>\$ 1,594,385</u>	<u>\$ (361,685)</u>	<u>\$ 1,232,700</u>

Note 9 Other project income

Other project income, net, consists of the following for the year ended December 31:

	2023 Net Revenue	2022 Net Revenue
Annual appeal	\$ 39,742	\$ 43,935
Diamond State Classic	0	7,500
DSO merchandise	11,397	7,550
Len Leshem	0	2,065
LETR miscellaneous	34,032	(10,146)
Night of Heroes	(19,851)	(17,455)
Total other project income	<u>\$ 65,320</u>	<u>\$ 33,449</u>

Note 10 Leases

The Organization has a twenty-five-year lease with the University of Delaware on the land on which the building has been constructed with the option to extend the lease for five-year increments thereafter. The annual lease cost is one dollar and has been subsequently extended for an additional five-year period, until December 2028. The fair market value associated with the land lease is immaterial to the financial statements.

The Organization leases certain equipment at various terms under long-term non-cancelable finance lease agreements. These leases commenced during 2023 and expire at various dates through 2028.

Note 10 Leases (cont'd)

The Organization's leases do not include termination options for either party to the lease or restricted financial or other covenants. Payments under the lease contracts includes fixed payments plus variable payments. The office equipment leases have charges for usage. These variable payments are not included in lease payments used to determine lease liability and are recognized as variable costs when incurred.

The components of lease cost for the year ended December 31, 2023 are as follows:

Finance lease cost:		
Interest expense	\$	1,409
Amortization of ROU assets		<u>7,283</u>
Total finance lease cost	\$	<u><u>8,692</u></u>

The weighted-average discount rate is 4.24% as of December 31, 2023. As of December 31, 2023, the weighted-average remaining lease term is 4.06 years.

Future minimum annual payments under long-term leases as of December 31, 2023 are as follows:

2024	\$	9,342
2025		9,342
2026		9,342
2027		9,162
2028		719
Thereafter		<u>0</u>
Total lease payments		37,908
Interest		<u>(3,134)</u>
Present value of lease liabilities	\$	<u><u>34,774</u></u>

Note 11 In-kind contribution

During the years ended December 31, 2023 and 2022, the Organization received the following in-kind contributions:

	<u>2023</u>	<u>2022</u>
Contributed services	\$ 1,301,522	\$ 499,677
Contributed use of facilities	42,290	36,770
Donated materials for special events	<u>0</u>	<u>4,570</u>
Total in-kind contributions	<u><u>\$ 1,343,812</u></u>	<u><u>\$ 541,017</u></u>

Note 11 In-kind contribution (cont'd)

Contributions reflected as in-kind are as follows for the year ended December 31:

	2023	2022
Program services	\$ 1,301,522	\$ 536,059
Fundraising	42,290	4,958
Total in-kind contributions	<u>\$ 1,343,812</u>	<u>\$ 541,017</u>

The Organization receives contributed services that would typically be purchased if not provided as an in-kind contribution. These services, which require specialized skills, are recognized as in-kind contributions and expenses when services are rendered. Contributed services are reflected in the financial statements at the estimated fair value of the services rendered. The value of the contributed volunteer time is determined using the per hour rate released by Independent Sector annually, with 42,858 hours and 16,123 hours received in 2023 and 2022, respectively. The value of the professional services received is provided by the service provider, who estimates the fair value based on the date, time, and market in which each service is rendered.

Contributed use of facilities consist primarily of facility rentals for the program and special events. Donated materials consist primarily of foods and award prizes for the program and special events. These items are recognized as in-kind contributions at fair value, with a corresponding expense, as they are used.

Note 12 Affiliated organizations and related parties

The Organization is accredited by Special Olympics International, Inc. (SOI) to conduct Special Olympics activities within Delaware. During 2023, the Organization received \$ 202,840 from SOI cooperative national fund-raising projects and paid \$ 29,469 to SOI for the Chapter's Assessment. During 2022, the Organization received \$ 198,729 from SOI cooperative national fund-raising projects and paid \$ 31,687 to SOI for the Chapter's Assessment.

Note 13 Employee benefit plan

The Organization has a defined contribution employee benefit plan (the Plan) for all eligible employees. Participants become 100% vested in the Plan after five years of service. Upon hiring, the Organization will make a contribution equal to 3% of an employee's salary into the Plan. The Plan also provides the Organization match 50% of the employee's contributions up to 6% of salary contributed. During the years ended December 31, 2023 and 2022, the Organization made contributions in the amount of \$ 56,321 and \$ 42,333, respectively.

SUPPLEMENTARY INFORMATION

SCHEDULE OF PROGRAM SERVICE EXPENSES

SPECIAL OLYMPICS DELAWARE, INC.

FOR THE YEAR ENDED DECEMBER 31, 2023

	Games	Training	Other Programs	Total Program Expenses
Salaries and related expenses				
Salaries	\$ 237,390	\$ 169,085	\$ 255,289	\$ 661,764
Employee benefits	53,819	44,456	57,247	155,522
Payroll taxes	17,962	12,759	19,054	49,775
Total salaries and related expenses	309,171	226,300	331,590	867,061
Other expenses				
Area development	3,107	92,931	6,240	102,278
Building maintenance	3,178	3,177	3,202	9,557
Chapter assessment fees	0	0	29,469	29,469
Dues & subscriptions	0	0	153	153
Equipment, IT & maintenance	480	4,703	45,413	50,596
Games	185,309	28,214	27,842	241,365
In-kind	501,416	840,596	1,800	1,343,812
Insurance	10,169	10,169	0	20,338
Miscellaneous & all other	354	0	11,683	12,037
Other project expense	0	0	796	796
Postage	2,225	2,251	3,499	7,975
Printing and production	(1,444)	3,819	5,912	8,287
Professional fees	3,500	3,500	3,500	10,500
Unified Champions Schools	33,879	138	57,085	91,102
Rent	2,826	2,826	0	5,652
Supplies	1,948	1,652	13,857	17,457
Telephone	3,615	3,008	3,504	10,127
Travel, meetings & conferences	5,100	7,046	14,958	27,104
Total expenses before depreciation	1,064,833	1,230,330	560,503	2,855,666
Depreciation	5,933	5,934	5,934	17,801
Total expenses	<u>\$ 1,070,766</u>	<u>\$ 1,236,264</u>	<u>\$ 566,437</u>	<u>\$ 2,873,467</u>

SCHEDULE OF PROGRAM SERVICE EXPENSES

SPECIAL OLYMPICS DELAWARE, INC.

FOR THE YEAR ENDED DECEMBER 31, 2022

	Games	Training	Other Programs	Total Program Expenses
Salaries and related expenses				
Salaries	\$ 208,947	\$ 160,344	\$ 262,978	\$ 632,269
Employee benefits	46,210	39,741	61,204	147,155
Payroll taxes	15,923	12,186	31,030	59,139
Total salaries and related expenses	271,080	212,271	355,212	838,563
Other expenses				
Area development	0	91,586	0	91,586
Building maintenance	2,602	2,573	3,453	8,628
Chapter assessment fees	0	0	31,687	31,687
Dues & subscriptions	0	0	1,145	1,145
Equipment, IT & maintenance	421	4,706	19,259	24,386
Games	220,754	22,711	9,660	253,125
In-kind	147,251	385,695	3,113	536,059
Insurance	9,330	9,329	47	18,706
Marketing	0	0	10,436	10,436
Miscellaneous & all other	541	510	12,361	13,412
Postage	1,666	1,667	1,880	5,213
Printing and production	3,048	3,049	19,143	25,240
Professional fees	1,875	1,875	3,450	7,200
Unified Champions Schools	0	0	106,320	106,320
Rent	2,826	2,826	0	5,652
Supplies	3,456	2,580	31,041	37,077
Telephone	1,813	1,813	2,025	5,651
Travel, meetings & conferences	4,883	2,739	6,763	14,385
Total expenses before depreciation	671,546	745,930	616,995	2,034,471
Depreciation	4,409	4,409	4,409	13,227
Total expenses	<u>\$ 675,955</u>	<u>\$ 750,339</u>	<u>\$ 621,404</u>	<u>\$ 2,047,698</u>