

# **Special Olympics, Inc. and Affiliates**

Combined Financial Report and  
Supplemental Schedules  
December 31, 2023

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**Independent Auditor's Report**

Board of Directors  
Special Olympics, Inc.

**Report on the Audit of the Financial Statements*****Opinion***

We have audited the combined financial statements of Special Olympics, Inc. and Affiliates (SOI), which comprise the combined statements of financial position as of December 31, 2023 and 2022, the related combined statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the combined financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of SOI as of December 31, 2023 and 2022, and the changes in their net assets and their 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 (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 SOI 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 SOI's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SOI'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 SOI'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 audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The combining information is presented for purposes of additional analysis rather than to present the financial position, changes in net assets and cash flows of the individual organizations 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 combining information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*RSM US LLP*

Washington, D.C.  
June 26, 2024

## Special Olympics, Inc. and Affiliates

### Combined Statements of Financial Position December 31, 2023 and 2022

|  | 2023                  | 2022                  |
|--|-----------------------|-----------------------|
| <b>Assets</b>  |                       |                       |
| Current assets:  |                       |                       |
| Cash and cash equivalents  | \$ 43,101,606         | \$ 55,522,961         |
| Contributions receivable   | 5,948,362             | 9,763,940             |
| Program and other receivables, less allowance for credit losses of \$214,440 and \$194,327 | 15,211,198            | 13,409,428            |
| Investments in liquidation   | -                     | 22,744,000            |
| Prepaid expenses   | 3,042,672             | 3,215,272             |
| Other assets   | 359,385               | 361,372               |
| <b>Total current assets</b>  | <b>67,663,223</b>     | <b>105,016,973</b>    |
| Noncurrent assets:   |                       |                       |
| Investments restricted in perpetuity   | 8,029,874             | 5,505,630             |
| Other investments  | 8,202,356             | 1,751,131             |
| Economic beneficial interest in Christmas Records Trust                                    | 54,429,094            | 30,526,872            |
| Long-term contributions receivable, net  | 5,519,899             | 2,477,030             |
| Operating right-of-use asset, net  | 6,046,847             | 7,001,072             |
| Property and equipment, net  | 1,542,581             | 3,068,244             |
| Other assets   | 761,120               | 879,714               |
| <b>Total noncurrent assets</b>   | <b>84,531,771</b>     | <b>51,209,693</b>     |
| <b>Total assets</b>  | <b>\$ 152,194,994</b> | <b>\$ 156,226,666</b> |
| <b>Liabilities and Net Assets</b>  |                       |                       |
| Current liabilities:   |                       |                       |
| Accounts payable and accrued liabilities   | \$ 15,828,963         | \$ 12,891,987         |
| Lease liability, net   | 920,001               | 314,061               |
| Grants and awards payable to affiliates  | 163,299               | 140,000               |
| Deferred revenue and refundable advances   | 8,724,598             | 8,021,998             |
| <b>Total current liabilities</b>   | <b>25,636,861</b>     | <b>21,368,046</b>     |
| Non-current liabilities:   |                       |                       |
| Lease liability, net   | 5,376,649             | 6,743,961             |
| <b>Total noncurrent liabilities</b>  | <b>5,376,649</b>      | <b>6,743,961</b>      |
| <b>Total liabilities</b>   | <b>31,013,510</b>     | <b>28,112,007</b>     |
| Net assets:  |                       |                       |
| Without donor restrictions:  |                       |                       |
| Undesignated   | 27,324,637            | 26,102,521            |
| Designated   | 57,800,655            | 56,228,041            |
| <b>Total net assets without donor restrictions</b>   | <b>85,125,292</b>     | <b>82,330,562</b>     |
| With donor restrictions  | 36,056,192            | 45,784,097            |
| <b>Total net assets</b>  | <b>121,181,484</b>    | <b>128,114,659</b>    |
| <b>Total liabilities and net assets</b>  | <b>\$ 152,194,994</b> | <b>\$ 156,226,666</b> |

See notes to combined financial statements.

## Special Olympics, Inc. and Affiliates

### Combined Statement of Activities Year Ended December 31, 2023

|  | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total              |
|--|-------------------------------|----------------------------|--------------------|
| Revenues, gains and other support:   |                               |                            |                    |
| Direct mail contributions  | \$ 54,485,071                 | \$ -                       | \$ 54,485,071      |
| Individual and corporate contributions and sponsorships                                      | 9,849,696                     | 29,698,521                 | 39,548,217         |
| Contributed nonfinancial assets  | 12,293,948                    | -                          | 12,293,948         |
| Federal grants   | 47,823,459                    | -                          | 47,823,459         |
| Accreditation fees   | 4,051,290                     | -                          | 4,051,290          |
| Royalty income   | 892,336                       | -                          | 892,336            |
| Appreciation in Christmas Records Trust assets, net (Note 7)                                 | 3,829,951                     | -                          | 3,829,951          |
| Other investment gain, net (Note 7)  | 2,051,474                     | -                          | 2,051,474          |
| Other income   | 1,117,959                     | -                          | 1,117,959          |
| <b>Total revenues, gains and other support</b>   | <b>136,395,184</b>            | <b>29,698,521</b>          | <b>166,093,705</b> |
| Net assets released from restrictions (Note 9):  |                               |                            |                    |
| Satisfaction of program restrictions   | 28,661,912                    | (28,661,912)               | -                  |
| Expiration of time restrictions  | 10,764,514                    | (10,764,514)               | -                  |
| <b>Total revenues, gains and other support<br/>and net assets released from restrictions</b> | <b>175,821,610</b>            | <b>(9,727,905)</b>         | <b>166,093,705</b> |
| Expenses:  |                               |                            |                    |
| Program services:  |                               |                            |                    |
| Program assistance   | 90,336,622                    | -                          | 90,336,622         |
| Public education and communications  | 46,693,135                    | -                          | 46,693,135         |
| Sports training and competitions   | 9,821,702                     | -                          | 9,821,702          |
| <b>Total program services</b>  | <b>146,851,459</b>            | <b>-</b>                   | <b>146,851,459</b> |
| Supporting services:   |                               |                            |                    |
| Fundraising  | 18,895,302                    | -                          | 18,895,302         |
| Management and general   | 7,280,119                     | -                          | 7,280,119          |
| <b>Total supporting services</b>   | <b>26,175,421</b>             | <b>-</b>                   | <b>26,175,421</b>  |
| <b>Total expenses</b>  | <b>173,026,880</b>            | <b>-</b>                   | <b>173,026,880</b> |
| <b>Changes in net assets</b>   | <b>2,794,730</b>              | <b>(9,727,905)</b>         | <b>(6,933,175)</b> |
| Net assets:  |                               |                            |                    |
| Beginning  | 82,330,562                    | 45,784,097                 | 128,114,659        |
| Ending   | \$ 85,125,292                 | \$ 36,056,192              | \$ 121,181,484     |

See notes to combined financial statements.

## Special Olympics, Inc. and Affiliates

### Combined Statement of Activities Year Ended December 31, 2022

|  | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total                 |
|--|-------------------------------|----------------------------|-----------------------|
| Revenues, gains and other support:   |                               |                            |                       |
| Direct mail contributions  | \$ 53,903,803                 | \$ -                       | \$ 53,903,803         |
| Individual and corporate contributions and sponsorships                                      | 10,263,919                    | 30,835,971                 | 41,099,890            |
| Contributed nonfinancial assets  | 7,943,661                     | -                          | 7,943,661             |
| Federal grants   | 39,195,047                    | -                          | 39,195,047            |
| Accreditation fees   | 4,251,797                     | -                          | 4,251,797             |
| Royalty income   | 1,355,522                     | -                          | 1,355,522             |
| Depreciation in Christmas Records Trust assets, net (Note 7)                                 | (8,136,659)                   | -                          | (8,136,659)           |
| Other investment loss, net (Note 7)  | (1,294,767)                   | -                          | (1,294,767)           |
| Other income   | 882,186                       | -                          | 882,186               |
| <b>Total revenues, gains and other support</b>   | <b>108,364,509</b>            | <b>30,835,971</b>          | <b>139,200,480</b>    |
| Net assets released from restrictions (Note 9):  |                               |                            |                       |
| Satisfaction of program restrictions   | 19,054,253                    | (19,054,253)               | -                     |
| Expiration of time restrictions  | 8,632,724                     | (8,632,724)                | -                     |
| <b>Total revenues, gains and other support<br/>and net assets released from restrictions</b> | <b>136,051,486</b>            | <b>3,148,994</b>           | <b>139,200,480</b>    |
| Expenses:  |                               |                            |                       |
| Program services:  |                               |                            |                       |
| Program assistance   | 71,935,249                    | -                          | 71,935,249            |
| Public education and communications  | 42,824,378                    | -                          | 42,824,378            |
| Sports training and competitions   | 8,362,478                     | -                          | 8,362,478             |
| <b>Total program services</b>  | <b>123,122,105</b>            | <b>-</b>                   | <b>123,122,105</b>    |
| Supporting services:   |                               |                            |                       |
| Fundraising  | 16,090,906                    | -                          | 16,090,906            |
| Management and general   | 5,391,098                     | -                          | 5,391,098             |
| <b>Total supporting services</b>   | <b>21,482,004</b>             | <b>-</b>                   | <b>21,482,004</b>     |
| <b>Total expenses</b>  | <b>144,604,109</b>            | <b>-</b>                   | <b>144,604,109</b>    |
| <b>Changes in net assets</b>   | <b>(8,552,623)</b>            | <b>3,148,994</b>           | <b>(5,403,629)</b>    |
| Net assets:  |                               |                            |                       |
| Beginning  | 90,883,185                    | 42,635,103                 | 133,518,288           |
| Ending   | <u>\$ 82,330,562</u>          | <u>\$ 45,784,097</u>       | <u>\$ 128,114,659</u> |

See notes to combined financial statements.

## Special Olympics, Inc. and Affiliates

### Combined Statement of Functional Expenses Year Ended December 31, 2023

|                                    | Program Services     |                                     |                                  | Supporting Services    |                      |                        |                           | Total                 |
|------------------------------------|----------------------|-------------------------------------|----------------------------------|------------------------|----------------------|------------------------|---------------------------|-----------------------|
|                                    | Program Assistance   | Public Education and Communications | Sports Training and Competitions | Total Program Services | Fundraising          | Management and General | Total Supporting Services |                       |
| Salaries                           | \$ 18,368,593        | \$ 4,431,998                        | \$ 2,297,462                     | \$ 25,098,053          | \$ 2,960,939         | \$ 2,618,459           | \$ 5,579,398              | \$ 30,677,451         |
| Benefits                           | 2,537,567            | 1,027,624                           | 452,534                          | 4,017,725              | 607,500              | 707,009                | 1,314,509                 | 5,332,234             |
| <b>Total salaries and benefits</b> | <b>20,906,160</b>    | <b>5,459,622</b>                    | <b>2,749,996</b>                 | <b>29,115,778</b>      | <b>3,568,439</b>     | <b>3,325,468</b>       | <b>6,893,907</b>          | <b>36,009,685</b>     |
| Consulting and other               | 14,229,509           | 7,407,061                           | 2,766,334                        | 24,402,904             | 4,658,022            | 1,698,964              | 6,356,986                 | 30,759,890            |
| Postage and shipping               | 248,625              | 4,605,422                           | 10,284                           | 4,864,331              | 4,564,800            | 12,193                 | 4,576,993                 | 9,441,324             |
| Printing                           | 93,790               | 4,130,960                           | 1,644                            | 4,226,394              | 4,042,274            | 2,976                  | 4,045,250                 | 8,271,644             |
| Supplies                           | 5,089,145            | 39,493                              | 82,035                           | 5,210,673              | 14,105               | 14,789                 | 28,894                    | 5,239,567             |
| Data processing                    | 3,080,968            | 952,747                             | 537,161                          | 4,570,876              | 675,686              | 417,792                | 1,093,478                 | 5,664,354             |
| Travel, meetings and conferences   | 5,090,564            | 891,711                             | 946,690                          | 6,928,965              | 248,669              | 114,553                | 363,222                   | 7,292,187             |
| Miscellaneous                      | 2,226,026            | 308,796                             | 195,600                          | 2,730,422              | 815,779              | 1,287,334              | 2,103,113                 | 4,833,535             |
| Rent (Note 10)                     | 1,205,781            | 321,364                             | 122,653                          | 1,649,798              | 149,472              | 271,782                | 421,254                   | 2,071,052             |
| Depreciation and amortization      | 1,004,797            | -                                   | -                                | 1,004,797              | -                    | 93,343                 | 93,343                    | 1,098,140             |
| Communication                      | 615,872              | 34,411                              | 25,906                           | 676,189                | 136,034              | 11,851                 | 147,885                   | 824,074               |
| Professional development           | 123,983              | 155,493                             | 1,574                            | 281,050                | 22,022               | 28,860                 | 50,882                    | 331,932               |
| Equipment rent and repair          | 482,119              | -                                   | 3,839                            | 485,958                | -                    | 214                    | 214                       | 486,172               |
|                                    | <b>33,491,179</b>    | <b>18,847,458</b>                   | <b>4,693,720</b>                 | <b>57,032,357</b>      | <b>15,326,863</b>    | <b>3,954,651</b>       | <b>19,281,514</b>         | <b>76,313,871</b>     |
| Awards and grants                  | 35,939,283           | 22,386,055                          | 2,377,986                        | 60,703,324             | -                    | -                      | -                         | 60,703,324            |
|                                    | <b>\$ 90,336,622</b> | <b>\$ 46,693,135</b>                | <b>\$ 9,821,702</b>              | <b>\$ 146,851,459</b>  | <b>\$ 18,895,302</b> | <b>\$ 7,280,119</b>    | <b>\$ 26,175,421</b>      | <b>\$ 173,026,880</b> |

See notes to combined financial statements.



## Special Olympics, Inc. and Affiliates

### Combined Statement of Functional Expenses Year Ended December 31, 2022

|                                    | Program Services     |                                     |                                  |                        | Supporting Services  |                        |                           | Total                 |
|------------------------------------|----------------------|-------------------------------------|----------------------------------|------------------------|----------------------|------------------------|---------------------------|-----------------------|
|                                    | Program Assistance   | Public Education and Communications | Sports Training and Competitions | Total Program Services | Fundraising          | Management and General | Total Supporting Services |                       |
| Salaries                           | \$ 16,339,707        | \$ 3,936,412                        | \$ 2,277,514                     | \$ 22,553,633          | \$ 2,505,984         | \$ 2,476,168           | \$ 4,982,152              | \$ 27,535,785         |
| Benefits                           | 2,190,815            | 887,650                             | 431,305                          | 3,509,770              | 507,963              | 718,123                | 1,226,086                 | 4,735,856             |
| <b>Total salaries and benefits</b> | <b>18,530,522</b>    | <b>4,824,062</b>                    | <b>2,708,819</b>                 | <b>26,063,403</b>      | <b>3,013,947</b>     | <b>3,194,291</b>       | <b>6,208,238</b>          | <b>32,271,641</b>     |
| Consulting and other               | 6,689,739            | 6,855,706                           | 1,661,894                        | 15,207,339             | 3,316,558            | 752,316                | 4,068,874                 | 19,276,213            |
| Postage and shipping               | 191,436              | 5,156,016                           | 17,879                           | 5,365,331              | 4,497,923            | 9,217                  | 4,507,140                 | 9,872,471             |
| Printing                           | 73,873               | 4,616,524                           | 2,060                            | 4,692,457              | 4,016,553            | 627                    | 4,017,180                 | 8,709,637             |
| Supplies                           | 5,705,629            | 120,074                             | 804,114                          | 6,629,817              | 38,829               | 5,643                  | 44,472                    | 6,674,289             |
| Data processing                    | 2,184,501            | 693,058                             | 117,792                          | 2,995,351              | 637,673              | 466,238                | 1,103,911                 | 4,099,262             |
| Travel, meetings and conferences   | 2,923,365            | 1,068,489                           | 646,482                          | 4,638,336              | 111,260              | 145,157                | 256,417                   | 4,894,753             |
| Miscellaneous                      | 711,611              | 310,447                             | 26,869                           | 1,048,927              | 279,690              | 388,251                | 667,941                   | 1,716,868             |
| Rent (Note 10)                     | 1,195,993            | 362,733                             | 125,475                          | 1,684,201              | 107,159              | 295,506                | 402,665                   | 2,086,866             |
| Depreciation and amortization      | 1,529,030            | -                                   | -                                | 1,529,030              | -                    | 101,183                | 101,183                   | 1,630,213             |
| Communication                      | 242,891              | 19,394                              | 42,557                           | 304,842                | 46,537               | 15,048                 | 61,585                    | 366,427               |
| Professional development           | 181,372              | 152,088                             | 6,372                            | 339,832                | 22,250               | 17,621                 | 39,871                    | 379,703               |
| Equipment rent and repair          | 122,840              | 30,993                              | 3,689                            | 157,522                | 2,527                | -                      | 2,527                     | 160,049               |
|                                    | 21,752,280           | 19,385,522                          | 3,455,183                        | 44,592,985             | 13,076,959           | 2,196,807              | 15,273,766                | 59,866,751            |
| Awards and grants                  | 31,652,447           | 18,614,794                          | 2,198,476                        | 52,465,717             | -                    | -                      | -                         | 52,465,717            |
|                                    | <b>\$ 71,935,249</b> | <b>\$ 42,824,378</b>                | <b>\$ 8,362,478</b>              | <b>\$ 123,122,105</b>  | <b>\$ 16,090,906</b> | <b>\$ 5,391,098</b>    | <b>\$ 21,482,004</b>      | <b>\$ 144,604,109</b> |

See notes to combined financial statements.

# Special Olympics, Inc. and Affiliates

## Combined Statements of Cash Flows Years Ended December 31, 2023 and 2022

|  | 2023                | 2022             |
|--|---------------------|------------------|
| Cash flows from operating activities:  |                     |                  |
| Changes in net assets  | \$ (6,933,175)      | \$ (5,403,629)   |
| Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:             |                     |                  |
| Depreciation and amortization expense  | 1,098,140           | 1,630,213        |
| Loss on disposal of assets   | 1,783,549           | -                |
| Bad debt expense   | 843,526             | 142,077          |
| Discount on long term contributions receivable   | 408,585             | -                |
| Net unrealized and realized (gain) loss on investments and economic beneficial interest in Christmas Records Trust | (4,948,296)         | 9,594,297        |
| Contributions received for long-term purposes  | -                   | (2,000,000)      |
| Changes in assets and liabilities:   |                     |                  |
| (Increase) decrease:   |                     |                  |
| Contributions receivable   | 364,124             | 1,337,760        |
| Program and other receivables  | (2,645,296)         | (1,377,827)      |
| Prepaid expenses   | 172,600             | (1,232,729)      |
| Operating right-of-use asset   | 954,225             | (7,001,072)      |
| Other assets   | 120,581             | 119,733          |
| Increase (decrease):   |                     |                  |
| Accounts payable and accrued liabilities   | 2,936,976           | 4,482,046        |
| Grants and awards payable to affiliates  | 23,299              | (6,542,101)      |
| Deferred revenue and refundable advances   | 702,600             | 590,938          |
| Lease liability  | (754,009)           | 6,871,198        |
| <b>Net cash (used in) provided by operating activities</b>   | <b>(5,872,571)</b>  | <b>1,210,904</b> |
| Cash flows from investing activities:  |                     |                  |
| Purchases of property and equipment  | (1,356,026)         | (326,987)        |
| Purchases of investments and economic beneficial interest in Christmas Records Trust                               | (10,637,245)        | 207,203          |
| Proceeds from sale of investments and economic beneficial interest in Christmas Records Trust                      | 5,451,850           | 1,049,151        |
| <b>Net cash (used in) provided by investing activities</b>   | <b>(6,541,421)</b>  | <b>929,367</b>   |
| Cash flows from financing activities:  |                     |                  |
| Contributions received for long-term purposes  | -                   | 2,000,000        |
| Principal payments of finance lease  | (7,363)             | (29,288)         |
| <b>Net cash (used in) provided by financing activities</b>   | <b>(7,363)</b>      | <b>1,970,712</b> |
| <b>Net (decrease) increase in cash and cash equivalents</b>  | <b>(12,421,355)</b> | <b>4,110,983</b> |
| Cash and cash equivalents:   |                     |                  |
| Beginning  | 55,522,961          | 51,411,978       |
| Ending   | \$ 43,101,606       | \$ 55,522,961    |

See notes to combined financial statements.

## Special Olympics, Inc. and Affiliates

### Notes to Combined Financial Statements

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#### Note 1. Nature of Activities

Special Olympics, Inc. (SOI or Special Olympics), a District of Columbia nonprofit corporation, was incorporated in 1968. The mission of Special Olympics is to provide year-round sports training and athletic competition in a variety of Olympic-type sports for children and adults with intellectual disabilities, giving them continuing opportunities to develop physical fitness, demonstrate courage, experience joy and participate in the sharing of gifts, skills and friendship with their families and other Special Olympics athletes and the community. SOI accomplishes its mission through its approximately 207 independent accredited programs worldwide, plus independent games organizing committees responsible for organizing, financing and conducting world and regional games. SOI does not have a controlling financial interest in its accredited programs or the games organizing committees, and the accompanying combined financial statements do not include the accounts of these accredited programs and games organizing committees (see Note 5).

On December 25, 1997, the Christmas Records Trust (the Trust) was established by SOI as a grantor trust to support the charitable mission of SOI and the Special Olympics movement through the royalty income and accumulated principal earned from the A Very Special Christmas albums. The Trust has three trustees, one of whom is an SOI board member. As of December 31, 2023 and 2022, the Trust's assets had a fair market value of \$54,429,094 and \$53,270,872 respectively (see Note 7).

#### Note 2. Summary of Significant Accounting Policies

**Principles of combination:** The accompanying combined financial statements include the accounts of Special Olympics and its affiliated organizations, SO Europe Eurasia Foundation (the Foundation), Special Olympics Asia Pacific, Ltd. (SOAP Ltd), Special Olympics Entertainment Corporation (SOEC) and Special Olympics Community Services, Ltd. (SOCS). The Foundation was formed on June 23, 2009, as a tax-exempt organization in the country of Ireland. SOAP Ltd and SOCS are organizations incorporated under the Singapore Companies Act, Cap. 50 as companies limited by guarantee with no paid-up share capital and domiciled in Singapore. The principal activities of these three entities are to benefit their local communities through the provision of financial assistance to support the Special Olympics mission. SOEC was formed February 15, 2019, as a tax-exempt organization incorporated in the state of Delaware for the purpose of managing the production of a film featuring Special Olympics athletes. SOI controls the Board of Directors of all four organizations and exerts significant influence over their activities. All intercompany accounts and transactions have been eliminated in combination.

**Basis of presentation:** The accompanying combined financial statement presentation follows the recommendations under the Not-for-Profit Entities Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Under this topic, SOI is required to report information regarding its financial position and activities within two classes of net assets:

**Net assets without donor restrictions:** Net assets without donor restrictions may be expended for any purpose in performing the primary objectives of SOI. Certain amounts have been designated by SOI for specific purposes. All contributions are considered to be available for unrestricted undesignated use, unless specifically designated by the board of directors or given with donor restrictions or internally designated by management. Unrestricted designated contributions represent contributions without donor restrictions that have been designated for a specified purpose by the board of directors (see Note 8).

**Net assets with donor restrictions:** Net assets with donor restrictions are contributions with donor-imposed time and/or program restrictions or permanent restrictions. The time and purpose restrictions require that resources be used for specific purposes and/or in a later period or after a specified date.

## Special Olympics, Inc. and Affiliates

### Notes to Combined Financial Statements

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#### Note 2. Summary of Significant Accounting Policies (Continued)

Net assets with donor restrictions become unrestricted when the time restrictions expire or when the funds are used for their restricted purposes, at which time they are reported in the combined statements of activities as net assets released from restrictions (see Note 9). Net assets with donor restrictions that are permanent in nature, represent endowments to be held in perpetuity (see Note 9).

**Cash and cash equivalents:** For combined financial statement purposes, SOI considers cash and cash equivalents to include cash in financial institutions and liquid investments with original maturities of three months or less.

**Investments:** Investments consist of readily marketable securities which are recorded at fair value, with any unrealized gain (loss) included in other investment income (loss) in the combined statements of activities. Equity securities traded on a national securities exchange are valued at the closing price, fixed income securities are valued at the last bid price and the net asset values (NAV) of mutual funds are based on valuations computed by the National Association of Securities Dealers (see Note 7).

**Beneficial interest in Trust:** SOI records its interest in the Trust at fair value, with any unrealized gain (loss) included in net appreciation (depreciation) in Trust assets in the combined statements of activities.

**Concentration of risk:** Cash and cash equivalents that potentially subject SOI to concentrations of credit risk consist principally of bank accounts and short-term investments. Bank accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Investment accounts are insured by the Securities Investor Protection Corporation (SIPC). Investment balances are insured up to \$500,000, with a limit of \$250,000 for cash. At December 31, 2023 and 2022, SOI had cash and cash equivalents of \$17,425,759 and \$48,118,418, respectively, in excess of FDIC and SIPC insured limits. Additionally, at December 31, 2023 and 2022, SOI has cash and cash equivalents in the amounts of \$6,114,728 and \$5,653,551, respectively, in foreign bank accounts, some of which may be subject to withdrawal restrictions.

SOI invests in a professionally managed portfolio that primarily contains mutual funds, equity securities and fixed income securities. Such investments are exposed to various risks, such as market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risk in the near term would materially affect investment balances and the amounts reported in the combined financial statements.

**Receivables and allowance for credit losses and doubtful accounts:** Receivables are carried at original invoice amounts, less an estimate made for credit losses, based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for credit losses by identifying troubled accounts and using historical experience applied to an aging of accounts. Account balances are charged against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. Provisions for allowances for credit losses are recorded in management and general expenses. The allowance for credit losses as of December 31, 2023 was \$214,440.

Prior to adoption of Accounting Standards Codification (ASC) 326, SOI maintained an allowance for doubtful accounts to reserve for potentially uncollectible receivables. The allowance for doubtful accounts as of December 31, 2022, was \$194,327.

## Special Olympics, Inc. and Affiliates

### Notes to Combined Financial Statements

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#### Note 2. Summary of Significant Accounting Policies (Continued)

**Adopted accounting pronouncement:** SOI adopted ASC 326, Financial Instruments--Credit Losses, as of January 1, 2023, with the cumulative-effect transition method with the required prospective approach. The measurement of expected credit losses under the current expected credit loss ("CECL") methodology is applicable to financial assets measured at amortized cost, which include trade receivables, contract assets and non-current receivables. An allowance for credit losses under the CECL methodology is determined using the loss-rate approach and measured on a collective (pool) basis when similar risk characteristics exist. Where financial instruments do not share risk characteristics, they are evaluated on an individual basis. The CECL allowance is based on relevant available information, from internal and external sources, relating to past events, current conditions and reasonable and supportable forecasts. The new standard did not have a material impact to any of SOI's financial assets presented on the combined statements of financial position.

**Contributions receivable:** Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue. The allowance for uncollectible contributions receivable is determined based on management's evaluation of the collectability of individual promises.

Conditional promises to give are recognized when the conditions upon which they depend are substantially met. A contribution is considered to be conditional if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include measurable performance-related barrier or other measurable items, stipulations that limit discretion by the recipient on the conduct of an activity and stipulations that are related to the purpose of the agreement.

**Property and equipment:** Property and equipment are stated at cost if acquired by SOI, or at fair value if donated. SOI capitalizes all property and equipment purchased with a cost of \$5,000 or more. Useful lives range from three to five years. The cost of property and equipment, less applicable residual values, is depreciated using the straight-line method. Depreciation begins when the specific asset is ready for normal use. Amortization of leasehold improvements is computed on a straight-line basis over the lesser of the term of the related lease or the estimated useful life of the assets.

**Leases:** SOI determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the customer obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. SOI also considers whether its service arrangements include the right to control the use of an asset.

SOI recognizes most leases on its combined statements of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Leases are classified as either finance leases or operating leases based on certain criteria. Classification of the lease affects the pattern of expense recognition in the combined statements of activities.

## Special Olympics, Inc. and Affiliates

### Notes to Combined Financial Statements

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#### **Note 2. Summary of Significant Accounting Policies (Continued)**

SOI made an accounting policy election available not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or January 1, 2022, for existing leases upon the adoption of ASC Topic 842, Leases). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives received. To determine the present value of lease payments, SOI made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

Future lease payments may include fixed-rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

SOI has made an accounting policy election to account for lease and nonlease components in its contracts as a single lease component for its real estate and equipment asset classes. The nonlease components typically represent additional services transferred to SOI, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

**Individual and corporate contributions and sponsorships:** SOI records promises to give as contributions receivable when there is an unconditional promise to give, supported by evidence of the amount, timing and nature of the contributions. SOI reports gifts of cash and other assets as restricted support if they are received with donor-imposed time or purpose restrictions. When a donor restriction expires or is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the accompanying combined statements of activities as net assets released from restrictions.

SOI reports contributions of nonfinancial assets as contribution revenue and program expense (program assistance, public education and communications and sports training and competitions) upon receipt. Accounting principles generally accepted in the United States of America (GAAP) allow recognition of contributed services only if: (a) the services create or enhance nonfinancial assets or (b) the services would have been purchased if not provided by contribution, require specialized skills and are provided by individuals possessing those skills. SOI reports contributions of nonfinancial assets as restricted support if they are received with donor-imposed time or purpose restrictions. When a donor restriction expires or is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the accompanying combined statements of activities as net assets released from restrictions.

## Special Olympics, Inc. and Affiliates

### Notes to Combined Financial Statements

#### Note 2. Summary of Significant Accounting Policies (Continued)

Contributed nonfinancial assets included in the combined statements of activities for the years ended December 31, 2023 and 2022, are comprised of the following:

|   | 2023                 | 2022                |
|---|----------------------|---------------------|
| Medical supplies                        | \$ 3,051,500         | \$ 4,546,932        |
| Marketing, digital and content creation | 1,114,200            | 1,258,215           |
| Software and licensing                  | 630,522              | 633,484             |
| Volunteer clinicians                    | 5,783,141            | 732,992             |
| Global clinical advisors                | 11,059               | 108,627             |
| Training and consulting                 | 136,500              | 145,680             |
| Food products                           | 502,078              | 347,068             |
| Games staff and technical support       | 956,330              | -                   |
| Other                                   | 108,618              | 170,663             |
| Total contributed nonfinancial assets   | <u>\$ 12,293,948</u> | <u>\$ 7,943,661</u> |

**Fair value techniques:** Global clinical advisors are valued based on contracted rates, and volunteer clinicians are valued based on market rates of service providers. The value of donated goods is estimated based on the wholesale value that would be received selling similar items in the local market. The value of donated services is based on current rates of similar services.

**Donor restrictions and use:** None of the contributed nonfinancial assets are restricted in use. SOI does not sell contributed goods and services. All contributed nonfinancial assets are used in programmatic activities. Marketing, digital and content creation services are also used in fundraising activities, and software and licensing and training and consulting services are also used in management and general activities.

**Federal and nonfederal grants:** SOI's federal and nonfederal grants are considered conditional, and so referred to as conditional grants. Revenues from federal and nonfederal grants are recognized when the related expenses allowable under the grant are incurred, since such grants can be terminated by the grantor or refunding can be required under certain circumstances coupled with other performance and/or control barriers.

Unconditional 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. Conditional contributions are those contributions that contain donor-imposed rights of refund/return and barriers. Conditional contributions are recognized into revenue when conditions are satisfied and follow the above policies for unconditional contributions. Conditional contributions are recognized to net assets without donor restrictions when any restrictions had been satisfied at the time of recognition. Conditional contributions received in advance of satisfying conditions are recorded to deferred revenue.

**Accreditation fees:** Accredited programs (see Note 5) are assessed a fixed percentage of either their operating expenses (in the case of U.S. programs) or their adjusted gross revenues (for non-U.S. programs) as accreditation fees. These fees are recognized in the year to which the fees relate and are reported as accreditation fees in the accompanying combined statements of activities. These revenues are considered to be recognized over time.

## Special Olympics, Inc. and Affiliates

### Notes to Combined Financial Statements

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#### Note 2. Summary of Significant Accounting Policies (Continued)

**Royalty income:** SOI enters into licensing and sponsorship agreements with sponsors, whereby it grants the sponsor use of its name, logos and other trademarks. Where these agreements provide for a guaranteed minimum annual royalty over the term of the agreement, SOI recognizes these revenues over time as earned. Cash receipts in excess of revenue recognized are deferred to future periods; revenues in excess of cash receipts are recorded as receivables. Where these agreements do not provide for a guaranteed minimum royalty, income is recognized when received at a point in time.

**Functional allocation of expenses:** The costs of providing the various SOI programs and other activities have been summarized on a functional basis in the accompanying combined statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services based on reasonable methodologies such as headcount for occupancy expenses and level of effort for salaries and benefits and various other costs.

**Grants and awards:** SOI provides unconditional grants to various accredited programs for assistance in achieving SOI's mission. The full amount of grants is expensed and accrued as grants payable upon authorization of payment of the grant by management.

**Use of estimates:** The preparation of combined financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Tax status:** SOI has received a favorable determination letter designating it as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as a publicly supported organization under Sections 509(a)(1) and 170(b)(1)(A)(vi). The Trust is a grantor trust that is a not-for-profit organization and is qualified under the exemption of SOI as the Trust's sponsor organization. SOEC has received a favorable determination letter designating it as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as a Type 1 supporting organization under Sections 509(a)(3). SOI and SOEC have been determined not to be private foundations under IRC Sections 509(a)(1) and (3), respectively. The Foundation is exempt from income taxes under the laws of the country of Ireland. SOCS is subject to income tax under the laws of the country of Singapore but did not incur any tax in 2023 and 2022, due to carried-forward losses from operations.

GAAP requires management to evaluate tax positions taken by SOI and recognize a tax liability (or asset) if SOI has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by SOI and has concluded that as of December 31, 2023 and 2022, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the combined financial statements.

**Subsequent events:** SOI has evaluated subsequent events through June 26, 2024, the date on which the combined financial statements were available to be issued.



## Special Olympics, Inc. and Affiliates

### Notes to Combined Financial Statements

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#### Note 3. Availability and Liquidity of Financial Assets

The following represents SOI's financial assets at December 31, 2023 and 2022:

|   | 2023          | 2022          |
|---|---------------|---------------|
| Financial assets at year-end:   |               |               |
| Cash and cash equivalents   | \$ 43,101,606 | \$ 55,522,961 |
| Contributions receivable, net   | 11,468,261    | 12,240,970    |
| Program and other receivables, net                                      | 15,211,198    | 13,409,428    |
| Investments in liquidation  | -             | 22,744,000    |
| Investments restricted in perpetuity                                    | 8,029,874     | 5,505,630     |
| Other investments   | 8,202,356     | 1,751,131     |
| Economic beneficial interest in Trust                                   | 54,429,094    | 30,526,872    |
| Total financial assets  | 140,442,389   | 141,700,992   |
| Less amounts not available to be used within one year:                  |               |               |
| Board-designated net assets   | (57,800,655)  | (56,228,041)  |
| Net assets with donor restrictions                                      | (36,056,192)  | (45,784,097)  |
| Financial assets not available to be used within one year               | (93,856,847)  | (102,012,138) |
| Financial assets available to meet general expenditures within one year | \$ 46,585,542 | \$ 39,688,854 |

SOI receives a significant amount of contributions with donor-imposed time or purpose restrictions, as well as an increasing amount of restricted gifts to the SOI Endowment Fund that will exist in perpetuity. Income from the Endowment may be used for restricted or unrestricted purposes per each donor's guidelines. In addition, SOI receives substantial contributions without donor restrictions. Accreditation fees collected from affiliated programs, investment income, earnings appropriated from the Endowment and grant distributions from the Trust, contributions without donor restrictions, and contributions with donor restrictions for use in current activities and programs, are considered to be available to meet cash needs for general expenditures. General expenditures include assistance to global Special Olympics Programs (Programs), sports training and competitions, public education and communications, administrative and fundraising expenses. Annual operations are defined as activities occurring during, and included in the budget for, a fiscal year.

SOI seeks to operate within a prudent range of financial soundness and stability, maintaining a sufficient level of asset liquidity, and monitoring and maintaining reserves to provide reasonable assurance that long term commitments and obligations related to donor restricted funds and SOI's Endowment Fund will continue to be met. SOI regularly forecasts and monitors cash flow and liquidity to ensure that liquid resources are available to meet its commitments.

## Special Olympics, Inc. and Affiliates

### Notes to Combined Financial Statements

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#### Note 4. Contributions Receivable

Contributions receivable at December 31, 2023 and 2022, consist of unconditional promises to give as follows:

|                                     | 2023                 | 2022                 |
|-------------------------------------|----------------------|----------------------|
| Due in less than one year           | \$ 5,948,362         | \$ 9,763,940         |
| One to five years                   | 6,078,519            | 2,627,064            |
| Less discount to present value      | (558,620)            | (150,034)            |
| Receivable noncurrent, net          | 5,519,899            | 2,477,030            |
| Total contributions receivable, net | <u>\$ 11,468,261</u> | <u>\$ 12,240,970</u> |

In addition, SOI has conditional promises to give of approximately \$139.7 million, \$60.1 million of which was added in 2023. Future payments are contingent upon SOI meeting certain milestones documented in the donor agreements. During the years ended December 31, 2023 and 2022, SOI met certain conditions and recognized approximately \$59.0 million and \$44.5 million, respectively. At December 31, 2023 and 2022, approximately \$73.5 million and \$74.3 million, respectively, in conditional promises to give had not been recorded in the combined financial statements. At December 31, 2023 and 2022, three donors accounted for 79% and 77%, respectively, of the outstanding conditional promises to give.

#### Note 5. Affiliated Organizations and Related-Party Transactions

**Accredited programs and games organizing committees:** SOI biennially accredits organizations as Programs at state and national levels for the purpose of conducting Special Olympics activities in their respective territorial jurisdictions. SOI accredits a Program if it meets specific organizational, programmatic and legal requirements. Accredited Programs are authorized to use the Special Olympics name and logo, raise funds in the name of Special Olympics, receive grant support and participate in conferences and international sporting events sanctioned by SOI. Currently, there are accredited Programs in 50 U.S. states, the District of Columbia, Puerto Rico and in approximately 157 countries outside the United States. SOI contracts with local games organizing committees to conduct various international and regional Special Olympics games.

During 2023 and 2022, SOI made awards and grants of \$57,266,198 and \$50,660,725, respectively, to accredited Programs, which are allocated to functional expenses in the accompanying combined statements of activities.

## Special Olympics, Inc. and Affiliates

### Notes to Combined Financial Statements

#### Note 5. Affiliated Organizations and Related-Party Transactions (Continued)

**Program and other receivables:** Amounts due from related parties and accredited programs have been included in program and other receivables at December 31, 2023 and 2022, as follows:

|  | 2023                 | 2022                 |
|--|----------------------|----------------------|
| Accounts receivable from SOI regional operations | \$ 38,404            | \$ 36,014            |
| Program accreditation fees                       | 91,145               | 83,716               |
| Grants receivable                                | 7,060,208            | 8,273,676            |
| Corporate and other receivables                  | 8,235,881            | 5,210,349            |
|  | 15,425,638           | 13,603,755           |
| Allowance for doubtful accounts                  | (214,440)            | (194,327)            |
| Program and other receivables, net               | <u>\$ 15,211,198</u> | <u>\$ 13,409,428</u> |

#### Note 6. Property and Equipment

Property and equipment at December 31, 2023 and 2022, consist of the following:

|                                   | 2023                | 2022                |
|-----------------------------------|---------------------|---------------------|
| Furnishings                       | \$ 910,464          | \$ 825,683          |
| Equipment and software            | 6,007,410           | 12,935,927          |
| Leasehold improvements            | 332,873             | 417,654             |
| Software development in progress  | 1,309,459           | 109,910             |
| Total property and equipment      | 8,560,206           | 14,289,174          |
| Less accumulated depreciation     | (7,017,625)         | (11,220,930)        |
| Total property and equipment, net | <u>\$ 1,542,581</u> | <u>\$ 3,068,244</u> |

#### Note 7. Investments and Fair Value Measurements

**Fair value measurement:** Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date. SOI applies fair value measurements to certain assets, including SOI's investments and its economic beneficial interest in Trust.

SOI maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value, which enables a reader of the combined financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. Assets and liabilities carried at fair value are classified and disclosed in one of the following three categories:

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets and liabilities.

**Level 2:** Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable for the asset or liability.

**Level 3:** Unobservable inputs for the asset or liability, including situations where there is little, if any, market activity for the asset or liability.

## Special Olympics, Inc. and Affiliates

### Notes to Combined Financial Statements

#### Note 7. Investments and Fair Value Measurements (Continued)

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices, or for which fair value can be measured from actively quoted prices, generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that changes in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in the combined financial statements. Fair value standards also allow for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determined fair value using the NAV per share or its equivalent.

The following table presents SOI's assets that are measured at fair value on a recurring basis for each hierarchy level, including both current and noncurrent portions as of December 31, 2023:

|                            | Fair Value Measurements at Reporting Date Using |  |   |   |
|----------------------------|---|--|---|---|
|                            | Total   | Quoted Prices<br>in Active<br>Markets for<br>Identical Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Other<br>Unobservable<br>Inputs<br>(Level 3) |
| Assets:                    |   |  |   |   |
| Fixed income:              |   |  |   |   |
| Mutual Funds               | \$ 9,563,642                                    | \$ 9,563,642   | \$ -  | \$ -  |
| Cash and cash equivalents  | 262,961   | 262,961  | -   | -   |
| Investments in liquidation | -   | -  | -   | -   |
|                            | 262,961   | 262,961  | -   | -   |
| Equity:                    |   |  |   |   |
| Large cap                  | 1,861,584                                       | 1,861,584  | -   | -   |
| International              | 1,067,757                                       | 1,067,757  | -   | -   |
| Mid cap                    | 1,286,549                                       | 1,286,549  | -   | -   |
| Small cap                  | 807,416   | 807,416  | -   | -   |
| Large blend                | 628,106   | 628,106  | -   | -   |
| Growth                     | 335,023   | 335,023  | -   | -   |
| Emerging markets           | 317,494   | 317,494  | -   | -   |
| Real estate                | 101,698   | 101,698  | -   | -   |
|                            | 6,405,627                                       | 6,405,627  | -   | -   |
| Beneficial interest        | 54,429,094                                      | -  | -   | 54,429,094  |
|                            | \$ 70,661,324                                   | \$ 16,232,230  | \$ -  | \$ 54,429,094   |

## Special Olympics, Inc. and Affiliates

### Notes to Combined Financial Statements

#### Note 7. Investments and Fair Value Measurements (Continued)

The following table presents SOI's assets that are measured at fair value on a recurring basis for each hierarchy level, including both current and noncurrent portions as of December 31, 2022:

|                            | Fair Value Measurements at Reporting Date Using |  |   |   |
|----------------------------|---|--|---|---|
|                            | Total   | Quoted Prices<br>in Active<br>Markets for<br>Identical Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Other<br>Unobservable<br>Inputs<br>(Level 3) |
| Assets:                    |   |  |   |   |
| Fixed income:              |   |  |   |   |
| Other                      | \$ 2,427,137                                    | \$ 2,427,137   | \$ -  | \$ -  |
| Cash and cash equivalents  | 484,147   | 484,147  | -   | -   |
| Investments in liquidation | 22,744,000                                      | 22,744,000   | -   | -   |
|                            | 23,228,147                                      | 23,228,147   | -   | -   |
| Equity:                    |   |  |   |   |
| Large cap                  | 1,266,460                                       | 1,266,460  | -   | -   |
| International              | 672,951   | 672,951  | -   | -   |
| Mid cap                    | 828,319   | 828,319  | -   | -   |
| Small cap                  | 565,424   | 565,424  | -   | -   |
| Large blend                | 526,368   | 526,368  | -   | -   |
| Growth                     | 187,690   | 187,690  | -   | -   |
| Emerging markets           | 206,547   | 206,547  | -   | -   |
| Real estate                | 91,718  | 91,718   | -   | -   |
|                            | 4,345,477                                       | 4,345,477  | -   | -   |
| Beneficial interest        | 30,526,872                                      | -  | -   | -   |
|                            | \$ 60,527,633                                   | \$ 30,000,761  | \$ -  | \$ -  |

The Trust has two alternative investments at December 31, 2023 and 2022, which each calculates the fair value using the NAV per share or its equivalent. The fair value of the alternative investments at December 31, 2023 and 2022, was \$31,962,421 and \$53,270,872, respectively. These investments can be redeemed at the end of each calendar year. Redemption of all or a portion of the investments requires a notice submitted by September 1 that precedes the applicable redemption date. As of December 31, 2023 and 2022, the Trust had submitted notice for a redemption of \$2,671,729 and \$1,274,084, respectively. The investments seeks to invest with a long-term horizon, seeking varied and non-traditional investment opportunities in an effort to provide a diversified, single-portfolio investment strategy.

The Trust also has investments in level one securities, which are reported at fair value using quoted prices (unadjusted) in active markets for identical assets and liabilities. The fair value of these investments at December 31, 2023 and 2022, was \$22,466,673 and \$0, respectively.

## Special Olympics, Inc. and Affiliates

### Notes to Combined Financial Statements

#### Note 7. Investments and Fair Value Measurements (Continued)

Fair value assets at December 31, 2023 and 2022, consist of the following:

|                                       | 2023                 | 2022                 |
|---------------------------------------|----------------------|----------------------|
| Investments restricted in perpetuity  | \$ 8,029,874         | \$ 5,505,630         |
| Investments in liquidation            | -                    | 22,744,000           |
| Other investments                     | 8,202,356            | 1,751,131            |
| Total investments                     | 16,232,230           | 30,000,761           |
| Economic beneficial interest in Trust | 54,429,094           | 30,526,872           |
| Total fair value assets               | <u>\$ 70,661,324</u> | <u>\$ 60,527,633</u> |

Investment income (loss) for the years ended December 31, 2023 and 2022, consists of the following:

|   | 2023                | 2022                  |
|---|---------------------|-----------------------|
| Interest and dividends                                    | \$ 1,012,293        | \$ 191,350            |
| Net unrealized and realized gains (losses) on investments | 1,118,345           | (1,457,638)           |
| Investment management fees                                | (79,164)            | (28,479)              |
| Total investment income (loss), net                       | <u>\$ 2,051,474</u> | <u>\$ (1,294,767)</u> |

Net appreciation (depreciation) in Trust assets for the years ended December 31, 2023 and 2022, consists of the following:

|   | 2023                | 2022                  |
|---|---------------------|-----------------------|
| Net unrealized and realized gains (losses) on<br>beneficial interest in Trust | \$ 3,829,951        | \$ (8,136,659)        |
| Total net appreciation (depreciation) in Trust assets                         | <u>\$ 3,829,951</u> | <u>\$ (8,136,659)</u> |

#### Note 8. Designated Net Assets Without Donor Restrictions

Designated net assets without donor restrictions at December 31, 2023 and 2022, consist of the following:

|  | 2023                 | 2022                 |
|--|----------------------|----------------------|
| Trust  | \$ 57,344,047        | \$ 55,746,925        |
| Board designated emergency relief funding              | 456,608              | 481,116              |
| Total designated net assets without donor restrictions | <u>\$ 57,800,655</u> | <u>\$ 56,228,041</u> |

## Special Olympics, Inc. and Affiliates

### Notes to Combined Financial Statements

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#### Note 8. Designated Net Assets Without Donor Restrictions (Continued)

The majority of the designated net assets without donor restrictions relate to the Trust. These assets were generated by royalties paid to SOI by a third-party for the use of SOI's rights to certain recordings and other intangible assets related to the A Very Special Christmas albums. The purpose of the Trust is to fund new SOI initiatives having a direct impact on persons with intellectual disabilities. The grants from the Trust may not be used for day-to-day overhead or general operational expenses of SOI. In 2021, SOI's Board of Directors approved designating \$500,000 toward the newly established Program Emergency Relief Fund (PERF) to assist SOI's accredited programs with the impacts of the coronavirus pandemic. Accredited programs may apply for financial assistance from the PERF beginning in 2022. The funds are to be used to reengage and recruit athletes, coaches and volunteers in the wake of the pandemic.

#### Note 9. Net Assets With Donor Restrictions

Net assets with donor restriction are available at December 31, 2023 and 2022, for the following purposes or periods:

|   | 2023                 | 2022                 |
|---|----------------------|----------------------|
| Program restrictions:                         |                      |                      |
| Program assistance                            | \$ 7,184,154         | \$ 10,169,998        |
| Sports training and competitions              | 7,663,683            | 12,711,904           |
| Public education and communications           | 1,092,662            | 785,469              |
| Total program restrictions                    | 15,940,499           | 23,667,371           |
| Time restricted for periods after December 31 | 12,128,873           | 14,628,409           |
| Donor-restricted endowment funds              | 7,986,820            | 7,488,317            |
| Total net assets with donor restrictions      | <u>\$ 36,056,192</u> | <u>\$ 45,784,097</u> |

Net assets were released from donor restrictions during the years ended December 31, 2023 and 2022, by incurring expenses satisfying the restricted purposes or by the passage of time as follows:

|   | 2023                 | 2022                 |
|---|----------------------|----------------------|
| Satisfaction of program restrictions:       |                      |                      |
| Program assistance                          | \$ 22,749,530        | \$ 13,876,155        |
| Sports training and competitions            | 6,187,214            | 5,123,973            |
| Public education and communications         | (274,832)            | 54,125               |
| Total satisfaction of program restrictions  | 28,661,912           | 19,054,253           |
| Expiration of time restrictions             | 10,764,514           | 8,632,724            |
| Total net assets released from restrictions | <u>\$ 39,426,426</u> | <u>\$ 27,686,977</u> |

## Special Olympics, Inc. and Affiliates

### Notes to Combined Financial Statements

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#### Note 9. Net Assets With Donor Restrictions (Continued)

**Endowment:** Net assets with donor restrictions, in perpetuity, of \$8,029,874 and \$7,505,630 at December 31, 2023 and 2022, respectively, consists of the Special Olympics, Inc. internal Endowment Fund and the Global Unified Champion Schools Fund (established June 25, 2019). The internal Endowment Fund was established to generate income to finance special projects or unusual expenditures that will enhance the mission of SOI. The investment income earned is without donor restrictions. The Global Unified Champion Schools Fund was established as part of a multi-year commitment, with 30% of that commitment going toward the endowment fund. The first \$2,000,000 was contributed to the endowment in 2019. The investment income earned must be used in support of the Special Olympics Global Centre for Inclusion in Education (to be created by the donation and located in Abu Dhabi, United Arab Emirates and Unified Champion Schools around the world per donor-imposed restrictions).

SOI's endowment consists of amounts held in money market funds, fixed income funds and equities, with the objective of preserving the corpus of the endowment fund. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of relevant law:** SOI interprets the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) of the District of Columbia 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, SOI classifies as net assets with donor restrictions: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent 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 is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by SOI in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, SOI considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of SOI and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of SOI
- (7) The investment policies of SOI



## Special Olympics, Inc. and Affiliates

### Notes to Combined Financial Statements

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#### Note 9. Net Assets With Donor Restrictions (Continued)

The long-term return objective of the endowment fund is to preserve principal, while achieving a reasonable total rate of return that is sufficient to meet distribution requirements as defined in SOI's Endowed Funds Policy, and to provide for real growth in financial assets net of inflation and all expenses. The overall investment objective is to achieve a long-term annual rate of return that is at least 4.5% greater than the rate of inflation as measured by the U.S. Consumer Price Index. The portfolio will target a 60% equities and 40% fixed income allocation. Investments may be made across the full range of equity funds and fixed income investments defined under asset allocation definitions of the policy.

The agreement between SOI and the donor governs expenditures from endowment funds and, in the case of both the Internal Endowment Fund and the Global Unified Champion Schools Fund, the spending is based on positive returns and appreciation of the funds maintaining the corpus of the funds.

Endowment net assets with donor restrictions at December 31, 2023 and 2022, is as follows:

|   | 2023                | 2022                |
|---|---------------------|---------------------|
| Endowment net assets, beginning of year | \$ 7,488,317        | \$ 6,106,469        |
| Contributions                           | -                   | 2,000,000           |
| Investment return (loss), net of fees   | 498,503             | (618,152)           |
| Endowment net assets, end of year       | <u>\$ 7,986,820</u> | <u>\$ 7,488,317</u> |

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original value of the gift donated to the permanent endowment. Deficiencies of this nature are reported as net assets without donor restrictions. At December 31, 2023 and 2022, SOI had no funds with deficiencies.

#### Note 10. Leases

SOI leases real estate, including office space and equipment under operating lease agreements that have initial terms ranging from one to eight years. Some leases include one or more options to renew, generally at SOI's sole discretion, with renewal terms that can extend the lease term indefinitely. In addition, certain leases contain termination options where the rights to terminate are held by either SOI, the lessor or both parties. These options to extend or terminate a lease are included in the lease terms when it is reasonably certain that SOI will exercise that option. SOI's operating leases generally do not contain any material restrictive covenants or residual value guarantees. SOI also leases equipment under finance lease agreements with terms of five years and implied interest rate of 1.04%. SOI's finance leases do not contain any material restrictive covenants or residual value guarantees.

Operating lease cost is recognized on a straight-line basis over the lease term. Finance lease cost is recognized as a combination of the amortization expense for the ROU assets and interest expense for the outstanding lease liabilities, and results in a front-loaded expense pattern over the lease term.

## Special Olympics, Inc. and Affiliates

### Notes to Combined Financial Statements

#### Note 10. Leases (Continued)

The components of lease expense are as follows for the years ended December 31, 2023:

|  | 2023                | 2022                |
|--|---------------------|---------------------|
| Operating lease cost                                   | \$ 1,643,281        | \$ 1,939,060        |
| Finance lease cost—amortization of right-of-use assets | 14,561              | 14,562              |
| Finance lease cost—interest on lease liabilities       | 262                 | 398                 |
| Total lease cost                                       | <u>\$ 1,658,104</u> | <u>\$ 1,954,020</u> |

Supplemental cash flow information related to leases is as follows for the years ended December 31, 2023 and 2022:

|   | 2023       | 2022         |
|---|------------|--------------|
| Cash paid for amounts included in measurement of lease liabilities: |            |              |
| Operating cash outflows—payments on operating leases                | \$ 648,955 | \$ 2,169,418 |
| Operating cash outflows—payments on finance leases                  | 262        | 398          |
| Financing cash outflows—payments on finance leases                  | 14,561     | 14,562       |
| Right-of-use assets obtained in exchange for new lease obligations: |            |              |
| Operating leases  | 12,678     | 7,001,072    |
| Finance leases  | -          | 43,685       |

Supplemental combined statement of financial position information related to leases is as follows as of December 31, 2023 and 2022:

|   | 2023                | 2022                |
|---|---------------------|---------------------|
| Operating leases:                               |                     |                     |
| Operating lease ROU assets                      | <u>\$ 6,046,847</u> | <u>\$ 7,001,072</u> |
| Operating lease liabilities, current            | \$ 912,569          | \$ 314,061          |
| Operating lease liabilities, noncurrent         | 5,362,156           | 6,743,961           |
| Total operating lease liabilities               | <u>\$ 6,274,725</u> | <u>\$ 7,058,022</u> |
| Finance leases:                                 |                     |                     |
| Store fixtures and equipment                    | 43,685              | 43,685              |
| Accumulated depreciation                        | (29,123)            | (14,562)            |
| Finance lease ROU assets, net                   | <u>\$ 14,562</u>    | <u>\$ 29,123</u>    |
| Current maturities of finance lease liabilities | \$ 7,432            | \$ 14,795           |
| Finance lease liabilities, noncurrent           | 14,493              | 14,493              |
| Total finance lease liabilities                 | <u>\$ 21,925</u>    | <u>\$ 29,288</u>    |

## Special Olympics, Inc. and Affiliates

### Notes to Combined Financial Statements

#### Note 10. Leases (Continued)

|  | 2023       | 2022       |
|--|------------|------------|
| Weighted-average remaining lease term: |            |            |
| Operating leases                       | 4.77 years | 5.76 years |
| Finance leases                         | 1.17 years | 2.17 years |
| Weighted-average discount rate:        |            |            |
| Operating leases                       | 3.61%      | 3.51%      |
| Finance leases                         | 1.04%      | 1.04%      |

Future undiscounted cash flows for each of the next five years and thereafter, and a reconciliation to the lease liabilities recognized on the combined statement of financial position, are as follows as of December 31, 2023:

|  | Operating<br>Leases | Finance<br>Leases |
|--|---------------------|-------------------|
| Years ending December 31:                |                     |                   |
| 2024                                     | \$ 1,412,260        | \$ 17,915         |
| 2025                                     | 1,471,197           | 14,804            |
| 2026                                     | 1,433,923           | -                 |
| 2027                                     | 1,465,326           | -                 |
| 2028                                     | 791,361             | -                 |
| Total lease payments                     | 6,574,067           | 32,719            |
| Less imputed interest                    | (299,342)           | (10,794)          |
| Total present value of lease liabilities | \$ 6,274,725        | \$ 21,925         |

#### Note 11. Allocation of Joint Costs

SOI conducts direct mail campaigns in the United States to raise funds, to increase public knowledge and awareness of Special Olympics, its mission and its activities and to recruit volunteers. In 2023 and 2022, SOI conducted direct mail activities that included requests for contributions, as well as program components. The cost of conducting those activities in 2023 and 2022 was \$28,087,236 and \$27,416,123, respectively. Costs of \$13,980,798 and \$12,790,937 were charged to fundraising expenses during 2023 and 2022, respectively. Costs of \$14,106,438 and \$14,625,186 were allocated to SOI's public education program during 2023 and 2022, respectively.

#### Note 12. Supporting Services

Management and general expenses include expenses that are not directly related to specific SOI programs. During 2023 and 2022, management and general expenses were \$7,280,119 and \$5,391,098, respectively. During 2023 and 2022, fundraising expenses for marketing and development and multistate fundraising projects were \$18,895,302 and \$16,090,906, respectively, which represented 11.86% and 10.93%, respectively, of the revenue resulting from fundraising, defined as direct mail contributions, individual and corporate contributions and sponsorships, contributed nonfinancial assets, federal grants, nonfederal grants, accreditation fees and other income in the combined statements of activities. Management and general expenses represent 4.57% and 3.66%, respectively, of revenues resulting from fundraising activities. Together, management and general and fundraising expenses represent approximately 16.43% and 14.5%, respectively, of revenues from fundraising activities.

## Special Olympics, Inc. and Affiliates

### Notes to Combined Financial Statements

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#### **Note 13. Credit Facilities**

SOI has one line of credit arrangement for \$3,000,000 with a domestic bank that provides borrowings bearing interest at the prime rate, less 1%. The resulting rates at December 31, 2023 and 2022, were 7.50% and 6.50%, respectively. The line of credit arrangement expired in August 2023 and SOI did not renew. As of December 31, 2022, SOI had no borrowings against this line of credit arrangement.

#### **Note 14. Employee Benefits**

SOI participates in both 403(b) and 401(k) defined contribution retirement plans which are available for the benefit of all full-time employees of SOI. In addition, employees may also take advantage of a tax-deferred annuity plan sponsored by SOI. In accordance with the 401(k) plan agreement, SOI makes contributions to the plan which are determined based on a percentage of the participating employee's salary and the amount of an employee's elective contributions. SOI has a 403(b) defined contribution retirement plan that covers substantially all U.S. employees. Total expense under both plans was \$852,521 and \$765,977 for the years ended December 31, 2023 and 2022, respectively.

#### **Note 15. Commitments and Contingencies**

**Federal awards:** SOI participates in a number of federal grant programs which are subject to financial and compliance audits. Accordingly, SOI's compliance with applicable grant requirements may be determined at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although management expects such amounts, if any, to be immaterial.

**Legal:** In the normal course of business, SOI may be involved in various claims and legal actions. Management believes the outcome of such legal actions will not have a significant adverse effect on SOI's financial position, results of operations or cash flows.

## **Supplemental Information**

## Special Olympics, Inc. and Affiliates

### Combining Statement of Financial Position December 31, 2023

|  | Special<br>Olympics, Inc. | SO Europe<br>Eurasia<br>Foundation | Special<br>Olympics<br>Asia<br>Pacific, Ltd | Special<br>Olympics<br>Community<br>Services, Ltd | Special<br>Olympics<br>Entertainment<br>Corporation | Elimination<br>Entries | Total                 |
|--|---------------------------|------------------------------------|---|---|---|------------------------|-----------------------|
| <b>Assets</b>  |                           |                                    |   |   |   |                        |                       |
| Current assets:  |                           |                                    |   |   |   |                        |                       |
| Cash and cash equivalents                                  | \$ 38,258,506             | \$ 709,499                         | \$ 3,040,939                                | \$ -  | \$ 1,092,662  | \$ -                   | \$ 43,101,606         |
| Contributions receivable                                   | 5,948,362                 | -                                  | -   | -   | -   | -                      | 5,948,362             |
| Program and other receivables, net                         | 20,027,684                | 767,327                            | 90,481                                      | -   | -   | (5,674,294)            | 15,211,198            |
| Prepaid expenses   | 3,014,959                 | -                                  | 27,713                                      | -   | -   | -                      | 3,042,672             |
| Other assets   | 359,385                   | -                                  | -   | -   | -   | -                      | 359,385               |
| <b>Total current assets</b>                                | <b>67,608,896</b>         | <b>1,476,826</b>                   | <b>3,159,133</b>                            | <b>-</b>  | <b>1,092,662</b>                                    | <b>(5,674,294)</b>     | <b>67,663,223</b>     |
| Noncurrent assets:   |                           |                                    |   |   |   |                        |                       |
| Permanently restricted investments                         | 8,029,874                 | -                                  | -   | -   | -   | -                      | 8,029,874             |
| Other investments  | 8,202,356                 | -                                  | -   | -   | -   | -                      | 8,202,356             |
| Net assets of combined entities                            | 273,733                   | -                                  | -   | -   | -   | (273,733)              | -                     |
| Economic beneficial interest in<br>Christmas Records Trust | 54,429,094                | -                                  | -   | -   | -   | -                      | 54,429,094            |
| Long-term contributions<br>receivable, net                 | 5,519,899                 | -                                  | -   | -   | -   | -                      | 5,519,899             |
| Operating right-of-use asset, net                          | 6,010,090                 | -                                  | 36,757                                      | -   | -   | -                      | 6,046,847             |
| Property and equipment, net                                | 1,520,175                 | -                                  | 22,406                                      | -   | -   | -                      | 1,542,581             |
| Other assets   | 761,120                   | -                                  | -   | -   | -   | -                      | 761,120               |
| <b>Total noncurrent assets</b>                             | <b>84,746,341</b>         | <b>-</b>                           | <b>59,163</b>                               | <b>-</b>  | <b>-</b>  | <b>(273,733)</b>       | <b>84,531,771</b>     |
| <b>Total assets</b>  | <b>\$ 152,355,237</b>     | <b>\$ 1,476,826</b>                | <b>\$ 3,218,296</b>                         | <b>\$ -</b>                                       | <b>\$ 1,092,662</b>                                 | <b>\$ (5,948,027)</b>  | <b>\$ 152,194,994</b> |
| <b>Liabilities and Net Assets</b>                          |                           |                                    |   |   |   |                        |                       |
| Current liabilities:                                       |                           |                                    |   |   |   |                        |                       |
| Accounts payable and accrued<br>liabilities                | \$ 14,865,227             | \$ 880,885                         | \$ 78,457                                   | \$ 4,394  | \$ -  | \$ -                   | \$ 15,828,963         |
| Lease liability, net                                       | 918,100                   | -                                  | 1,901                                       | -   | -   | -                      | 920,001               |
| Due to Special Olympics, Inc.                              | -                         | 558,000                            | 2,211,270                                   | 19,223  | -   | (2,788,493)            | -                     |
| Due to Christmas Records Trust                             | 2,885,801                 | -                                  | -   | -   | -   | (2,885,801)            | -                     |
| Grants and awards payable<br>to affiliates                 | 163,299                   | -                                  | -   | -   | -   | -                      | 163,299               |
| Deferred revenue and refundable<br>advances                | 8,724,598                 | -                                  | -   | -   | -   | -                      | 8,724,598             |
| <b>Total current liabilities</b>                           | <b>27,557,025</b>         | <b>1,438,885</b>                   | <b>2,291,628</b>                            | <b>23,617</b>                                     | <b>-</b>  | <b>(5,674,294)</b>     | <b>25,636,861</b>     |
| Non-current liabilities:                                   |                           |                                    |   |   |   |                        |                       |
| Lease liability, net                                       | 5,339,636                 | -                                  | 37,013                                      | -   | -   | -                      | 5,376,649             |
| <b>Total non-current<br/>liabilities</b>                   | <b>5,339,636</b>          | <b>-</b>                           | <b>37,013</b>                               | <b>-</b>  | <b>-</b>  | <b>-</b>               | <b>5,376,649</b>      |
| <b>Total liabilities</b>                                   | <b>32,896,661</b>         | <b>1,438,885</b>                   | <b>2,328,641</b>                            | <b>23,617</b>                                     | <b>-</b>  | <b>(5,674,294)</b>     | <b>31,013,510</b>     |
| Net assets:  |                           |                                    |   |   |   |                        |                       |
| Without donor restrictions:                                |                           |                                    |   |   |   |                        |                       |
| Undesignated   | 26,732,332                | -                                  | 889,655                                     | (23,617)  | -   | (273,733)              | 27,324,637            |
| Designated   | 57,800,655                | -                                  | -   | -   | -   | -                      | 57,800,655            |
| <b>Total net assets without<br/>donor restrictions</b>     | <b>84,532,987</b>         | <b>-</b>                           | <b>889,655</b>                              | <b>(23,617)</b>                                   | <b>-</b>  | <b>(273,733)</b>       | <b>85,125,292</b>     |
| With donor restrictions                                    | 34,925,589                | 37,941                             | -   | -   | 1,092,662   | -                      | 36,056,192            |
| <b>Total net assets</b>                                    | <b>119,458,576</b>        | <b>37,941</b>                      | <b>889,655</b>                              | <b>(23,617)</b>                                   | <b>1,092,662</b>                                    | <b>(273,733)</b>       | <b>121,181,484</b>    |
| <b>Total liabilities and<br/>net assets</b>                | <b>\$ 152,355,237</b>     | <b>\$ 1,476,826</b>                | <b>\$ 3,218,296</b>                         | <b>\$ -</b>                                       | <b>\$ 1,092,662</b>                                 | <b>\$ (5,948,027)</b>  | <b>\$ 152,194,994</b> |

## Special Olympics, Inc. and Affiliates

### Combining Statement of Financial Position December 31, 2022

|  | Special<br>Olympics, Inc. | SO Europe<br>Eurasia<br>Foundation | Special<br>Olympics<br>Asia<br>Pacific, Ltd | Special<br>Olympics<br>Community<br>Services, Ltd | Special<br>Olympics<br>Entertainment<br>Corporation | Elimination<br>Entries | Total                 |
|--|---------------------------|------------------------------------|---|---|---|------------------------|-----------------------|
| <b>Assets</b>  |                           |                                    |   |   |   |                        |                       |
| Current assets:  |                           |                                    |   |   |   |                        |                       |
| Cash and cash equivalents                                  | \$ 50,507,504             | \$ 853,462                         | \$ 3,376,526                                | \$ -  | \$ 785,469  | \$ -                   | \$ 55,522,961         |
| Contributions receivable                                   | 9,763,940                 | -                                  | -   | -   | -   | -                      | 9,763,940             |
| Program and other receivables, net                         | 18,118,951                | 248,821                            | 22,000                                      | -   | -   | (4,980,344)            | 13,409,428            |
| Investments in liquidation                                 | 22,744,000                | -                                  | -   | -   | -   | -                      | 22,744,000            |
| Prepaid expenses   | 3,203,656                 | 908                                | 10,708                                      | -   | -   | -                      | 3,215,272             |
| Other assets   | 361,372                   | -                                  | -   | -   | -   | -                      | 361,372               |
| <b>Total current assets</b>                                | <b>104,699,423</b>        | <b>1,103,191</b>                   | <b>3,409,234</b>                            | <b>-</b>  | <b>785,469</b>                                      | <b>(4,980,344)</b>     | <b>105,016,973</b>    |
| Noncurrent assets:   |                           |                                    |   |   |   |                        |                       |
| Permanently restricted investments                         | 5,505,630                 | -                                  | -   | -   | -   | -                      | 5,505,630             |
| Other investments  | 1,751,131                 | -                                  | -   | -   | -   | -                      | 1,751,131             |
| Net assets of combined entities                            | 273,733                   | -                                  | -   | -   | -   | (273,733)              | -                     |
| Economic beneficial interest in<br>Christmas Records Trust | 30,526,872                | -                                  | -   | -   | -   | -                      | 30,526,872            |
| Long-term contributions<br>receivable, net                 | 2,477,030                 | -                                  | -   | -   | -   | -                      | 2,477,030             |
| Operating right-of-use asset, net                          | 7,001,072                 | -                                  | -   | -   | -   | -                      | 7,001,072             |
| Property and equipment, net                                | 2,956,481                 | -                                  | 111,763                                     | -   | -   | -                      | 3,068,244             |
| Other assets   | 879,714                   | -                                  | -   | -   | -   | -                      | 879,714               |
| <b>Total noncurrent assets</b>                             | <b>51,371,663</b>         | <b>-</b>                           | <b>111,763</b>                              | <b>-</b>  | <b>-</b>  | <b>(273,733)</b>       | <b>51,209,693</b>     |
| <b>Total assets</b>  | <b>\$ 156,071,086</b>     | <b>\$ 1,103,191</b>                | <b>\$ 3,520,997</b>                         | <b>\$ -</b>                                       | <b>\$ 785,469</b>                                   | <b>\$ (5,254,077)</b>  | <b>\$ 156,226,666</b> |
| <b>Liabilities and Net Assets</b>                          |                           |                                    |   |   |   |                        |                       |
| Current liabilities:                                       |                           |                                    |   |   |   |                        |                       |
| Accounts payable and accrued<br>liabilities                | \$ 11,974,328             | \$ 867,717                         | \$ 46,942                                   | \$ 3,000  | \$ -  | \$ -                   | \$ 12,891,987         |
| Lease liability, net                                       | 275,057                   | -                                  | 39,004                                      | -   | -   | -                      | 314,061               |
| Due to Special Olympics, Inc.                              | -                         | 198,693                            | 2,367,599                                   | 12,042  | -   | (2,578,334)            | -                     |
| Due to Christmas Records Trust                             | 2,402,010                 | -                                  | -   | -   | -   | (2,402,010)            | -                     |
| Grants and awards payable<br>to affiliates                 | 140,000                   | -                                  | -   | -   | -   | -                      | 140,000               |
| Deferred revenue and refundable<br>advances                | 8,021,998                 | -                                  | -   | -   | -   | -                      | 8,021,998             |
| <b>Total current liabilities</b>                           | <b>22,813,393</b>         | <b>1,066,410</b>                   | <b>2,453,545</b>                            | <b>15,042</b>                                     | <b>-</b>  | <b>(4,980,344)</b>     | <b>21,368,046</b>     |
| Non-current liabilities:                                   |                           |                                    |   |   |   |                        |                       |
| Lease liability, net                                       | 6,706,948                 | -                                  | 37,013                                      | -   | -   | -                      | 6,743,961             |
| <b>Total noncurrent<br/>liabilities</b>                    | <b>6,706,948</b>          | <b>-</b>                           | <b>37,013</b>                               | <b>-</b>  | <b>-</b>  | <b>-</b>               | <b>6,743,961</b>      |
| <b>Total liabilities</b>                                   | <b>29,520,341</b>         | <b>1,066,410</b>                   | <b>2,490,558</b>                            | <b>15,042</b>                                     | <b>-</b>  | <b>(4,980,344)</b>     | <b>28,112,007</b>     |
| Net assets:  |                           |                                    |   |   |   |                        |                       |
| Without donor restrictions:                                |                           |                                    |   |   |   |                        |                       |
| Undesignated   | 25,346,076                | 36,781                             | 1,008,439                                   | (15,042)  | -   | (273,733)              | 26,102,521            |
| Designated   | 56,228,041                | -                                  | -   | -   | -   | -                      | 56,228,041            |
| <b>Total net assets without<br/>donor restrictions</b>     | <b>81,574,117</b>         | <b>36,781</b>                      | <b>1,008,439</b>                            | <b>(15,042)</b>                                   | <b>-</b>  | <b>(273,733)</b>       | <b>82,330,562</b>     |
| With donor restrictions                                    | 44,976,628                | -                                  | 22,000                                      | -   | 785,469   | -                      | 45,784,097            |
| <b>Total net assets</b>                                    | <b>126,550,745</b>        | <b>36,781</b>                      | <b>1,030,439</b>                            | <b>(15,042)</b>                                   | <b>785,469</b>                                      | <b>(273,733)</b>       | <b>128,114,659</b>    |
| <b>Total liabilities and<br/>net assets</b>                | <b>\$ 156,071,086</b>     | <b>\$ 1,103,191</b>                | <b>\$ 3,520,997</b>                         | <b>\$ -</b>                                       | <b>\$ 785,469</b>                                   | <b>\$ (5,254,077)</b>  | <b>\$ 156,226,666</b> |

## Special Olympics, Inc. and Affiliates

### Combining Statement of Activities Year Ended December 31, 2023

|  | Special<br>Olympics,<br>Inc. | SO Europe<br>Eurasia<br>Foundation | Special<br>Olympics Asia<br>Pacific, Ltd | Special<br>Olympics<br>Community<br>Services, Ltd | Special<br>Olympics<br>Entertainment<br>Corporation | Elimination<br>Entries | Total              |
|--|------------------------------|------------------------------------|--|---|---|------------------------|--------------------|
| Revenues, gains and other support:                         |                              |                                    |  |   |   |                        |                    |
| Direct mail contributions                                  | \$ 54,485,071                | \$ -                               | \$ -                                     | \$ -  | \$ -  | \$ -                   | \$ 54,485,071      |
| Individual and corporate<br>contributions and sponsorships | 34,856,252                   | 3,568,652                          | 1,174,880                                | -   | -   | (51,567)               | 39,548,217         |
| Contributed goods and services                             | 12,293,948                   | -                                  | -  | -   | -   | -                      | 12,293,948         |
| Federal grants   | 47,823,459                   | -                                  | -  | -   | -   | -                      | 47,823,459         |
| Nonfederal grants  | -                            | -                                  | -  | -   | -   | -                      | -                  |
| Accreditation fees   | 4,051,290                    | -                                  | -  | -   | -   | -                      | 4,051,290          |
| Royalty income   | 892,336                      | -                                  | -  | -   | -   | -                      | 892,336            |
| Depreciation in Christmas<br>Records Trust assets, net     | 3,829,951                    | -                                  | -  | -   | -   | -                      | 3,829,951          |
| Other investment income<br>(loss), net                     | 5,355,612                    | -                                  | -  | -   | 32,361  | (3,336,499)            | 2,051,474          |
| Other income   | 968,812                      | -                                  | 583,197                                  | -   | -   | (434,050)              | 1,117,959          |
| <b>Total revenues, gains<br/>and other support</b>         | <b>164,556,731</b>           | <b>3,568,652</b>                   | <b>1,758,077</b>                         | <b>-</b>  | <b>32,361</b>                                       | <b>(3,822,116)</b>     | <b>166,093,705</b> |
| Expenses:  |                              |                                    |  |   |   |                        |                    |
| Program assistance   | 88,785,011                   | 3,567,493                          | 1,797,659                                | 8,575   | -   | (3,822,116)            | 90,336,622         |
| Public education and communications                        | 46,969,252                   | -                                  | -  | -   | (276,117)   | -                      | 46,693,135         |
| Sports training and competitions                           | 9,821,702                    | -                                  | -  | -   | -   | -                      | 9,821,702          |
| Fundraising  | 18,794,101                   | -                                  | 101,201                                  | -   | -   | -                      | 18,895,302         |
| Management and general                                     | 7,278,834                    | -                                  | -  | -   | 1,285   | -                      | 7,280,119          |
| <b>Total expenses</b>                                      | <b>171,648,900</b>           | <b>3,567,493</b>                   | <b>1,898,860</b>                         | <b>8,575</b>                                      | <b>(274,832)</b>                                    | <b>(3,822,116)</b>     | <b>173,026,880</b> |
| <b>Changes in net assets</b>                               | <b>(7,092,169)</b>           | <b>1,159</b>                       | <b>(140,783)</b>                         | <b>(8,575)</b>                                    | <b>307,193</b>                                      | <b>-</b>               | <b>(6,933,175)</b> |
| Net assets:  |                              |                                    |  |   |   |                        |                    |
| Beginning  | 126,550,745                  | 36,782                             | 1,030,438                                | (15,042)  | 785,469   | (273,733)              | 128,114,659        |
| Ending   | \$ 119,458,576               | \$ 37,941                          | \$ 889,655                               | \$ (23,617)                                       | \$ 1,092,662  | \$ (273,733)           | \$ 121,181,484     |



## Special Olympics, Inc. and Affiliates

### Combining Statement of Activities Year Ended December 31, 2022

|  | Special<br>Olympics,<br>Inc. | SO Europe<br>Eurasia<br>Foundation | Special<br>Olympics Asia<br>Pacific, Ltd | Special<br>Olympics<br>Community<br>Services, Ltd | Special<br>Olympics<br>Entertainment<br>Corporation | Elimination<br>Entries | Total              |
|--|------------------------------|------------------------------------|--|---|---|------------------------|--------------------|
| Revenues, gains and other support:                         |                              |                                    |  |   |   |                        |                    |
| Direct mail contributions                                  | \$ 53,903,803                | \$ -                               | \$ -                                     | \$ -  | \$ -  | \$ -                   | \$ 53,903,803      |
| Individual and corporate<br>contributions and sponsorships | 39,684,167                   | 282,659                            | 1,133,064                                | -   | -   | -                      | 41,099,890         |
| Contributed goods and services                             | 7,943,661                    | -                                  | -  | -   | -   | -                      | 7,943,661          |
| Federal grants   | 39,195,047                   | -                                  | -  | -   | -   | -                      | 39,195,047         |
| Nonfederal grants  | -                            | 45,599                             | -  | -   | -   | (45,599)               | -                  |
| Accreditation fees   | 4,251,797                    | -                                  | -  | -   | -   | -                      | 4,251,797          |
| Royalty income   | 1,355,522                    | -                                  | -  | -   | -   | -                      | 1,355,522          |
| Depreciation in Christmas<br>Records Trust assets, net     | (8,136,659)                  | -                                  | -  | -   | -   | -                      | (8,136,659)        |
| Other investment income<br>(loss), net                     | 1,659,659                    | -                                  | -  | -   | -   | (2,954,426)            | (1,294,767)        |
| Other income   | 772,561                      | -                                  | 228,603                                  | -   | -   | (118,978)              | 882,186            |
| <b>Total revenues, gains<br/>and other support</b>         | <b>140,629,558</b>           | <b>328,258</b>                     | <b>1,361,667</b>                         | <b>-</b>  | <b>-</b>  | <b>(3,119,003)</b>     | <b>139,200,480</b> |
| Expenses:  |                              |                                    |  |   |   |                        |                    |
| Program assistance   | 73,515,790                   | 329,864                            | 1,201,436                                | 7,162   | -   | (3,119,003)            | 71,935,249         |
| Public education and communications                        | 42,772,378                   | -                                  | -  | -   | 52,000  | -                      | 42,824,378         |
| Sports training and competitions                           | 8,362,478                    | -                                  | -  | -   | -   | -                      | 8,362,478          |
| Fundraising  | 15,974,577                   | -                                  | 116,329                                  | -   | -   | -                      | 16,090,906         |
| Management and general                                     | 5,388,973                    | -                                  | -  | -   | 2,125   | -                      | 5,391,098          |
| <b>Total expenses</b>                                      | <b>146,014,196</b>           | <b>329,864</b>                     | <b>1,317,765</b>                         | <b>7,162</b>                                      | <b>54,125</b>                                       | <b>(3,119,003)</b>     | <b>144,604,109</b> |
| <b>Changes in net assets</b>                               | <b>(5,384,638)</b>           | <b>(1,606)</b>                     | <b>43,902</b>                            | <b>(7,162)</b>                                    | <b>(54,125)</b>                                     | <b>-</b>               | <b>(5,403,629)</b> |
| Net assets:  |                              |                                    |  |   |   |                        |                    |
| Beginning  | 131,935,383                  | 38,388                             | 986,536                                  | (7,880)   | 839,594   | (273,733)              | 133,518,288        |
| Ending   | \$ 126,550,745               | \$ 36,782                          | \$ 1,030,438                             | \$ (15,042)                                       | \$ 785,469  | \$ (273,733)           | \$ 128,114,659     |