

**SPECIAL OLYMPICS**  
**SOUTHERN CALIFORNIA, INC.**  
(A California Nonprofit Corporation)

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

**SPECIAL OLYMPICS SOUTHERN CALIFORNIA, INC.**

(A California Nonprofit Corporation)

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2023**

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THE GLOBAL ADVISORY  
AND ACCOUNTING NETWORK

**AUDIT  
AND  
ASSURANCE**

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Special Olympics Southern California, Inc.

### **Opinion**

We have audited the financial statements of Special Olympics Southern California, Inc. (SOSC), a nonprofit organization, which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of SOSC as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SOSC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 SOSC's ability to continue as a going concern for one year after the date that the financial statements are issued.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than 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 SOSC'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 SOSC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Report on Summarized Comparative Information**

We have previously audited SOSC's December 31, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 10, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Green Hasson & Janks LLP*

June 27, 2024  
Los Angeles, California

**SPECIAL OLYMPICS SOUTHERN CALIFORNIA, INC.**

(A California Nonprofit Corporation)

## STATEMENT OF FINANCIAL POSITION

December 31, 2023

With Summarized Totals at December 31, 2022

<b>ASSETS</b>	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 16,689,568	\$ 8,683,404
Investments	17,978,446	10,738,043
Contributions and Pledges Receivable	452,283	16,503,884
Prepaid Expenses and Deposits	422,471	412,432
Right-of-Use Assets	1,303,308	1,168,068
Property and Equipment (Net)	58,328	-
<b>TOTAL ASSETS</b>	<u>\$ 36,904,404</u>	<u>\$ 37,505,831</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES:</b>		
Accounts Payable	\$ 510,203	\$ 240,143
Accrued Liabilities	542,331	856,660
Lease Liabilities	1,351,450	1,167,767
Deferred Revenue	5,305	-
<b>TOTAL LIABILITIES</b>	2,409,289	2,264,570
<b>NET ASSETS:</b>		
Without Donor Restrictions	26,353,934	22,196,316
With Donor Restrictions	8,141,181	13,044,945
<b>TOTAL NET ASSETS</b>	<u>34,495,115</u>	<u>35,241,261</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 36,904,404</u>	<u>\$ 37,505,831</u>

The Accompanying Notes are an Integral Part of These Financial Statements

**SPECIAL OLYMPICS SOUTHERN CALIFORNIA, INC.**  
(A California Nonprofit Corporation)

STATEMENT OF ACTIVITIES  
Year Ended December 31, 2023  
With Summarized Totals for the Year Ended December 31, 2022

	2023			2022 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>SPECIAL EVENTS:</b>				
Special Events Sponsorships and Contributions	\$ 2,021,190	\$ -	\$ 2,021,190	\$ 1,571,604
Special Events Contributed Goods and Services	103,493	-	103,493	52,621
Less: Cost of Direct Benefits to Donors	(437,146)	-	(437,146)	(260,688)
Less: Cost of Direct Benefits to Donors - Contributed Goods	(89,806)	-	(89,806)	(49,991)
Dream Raffles Revenues	4,825,535	-	4,825,535	5,318,925
Dream Raffles Contributed Goods and Services	18,436	-	18,436	9,279
Less: Cost of Direct Benefits to Donors	(1,315,797)	-	(1,315,797)	(1,318,481)
<b>NET REVENUES FROM SPECIAL EVENTS</b>	<b>5,125,905</b>	<b>-</b>	<b>5,125,905</b>	<b>5,323,269</b>
<b>REVENUES AND SUPPORT:</b>				
Contributed Goods and Services	3,715,945	-	3,715,945	1,626,141
Contributions	5,179,741	176,661	5,356,402	20,723,576
Direct Marketing	754,081	-	754,081	798,826
<b>TOTAL REVENUES AND SUPPORT</b>	<b>9,649,767</b>	<b>176,661</b>	<b>9,826,428</b>	<b>23,148,543</b>
<b>OTHER INCOME:</b>				
Investment Return (Net)	2,631,438	58,031	2,689,469	(1,798,351)
Other Income	73,570	-	73,570	905,101
Net Assets Released from: Donor Restrictions	5,138,456	(5,138,456)	-	-
<b>TOTAL OTHER INCOME</b>	<b>7,843,464</b>	<b>(5,080,425)</b>	<b>2,763,039</b>	<b>(893,250)</b>
<b>TOTAL REVENUES, SUPPORT, AND OTHER INCOME</b>	<b>22,619,136</b>	<b>(4,903,764)</b>	<b>17,715,372</b>	<b>27,578,562</b>
<b>EXPENSES:</b>				
Program Services	14,187,609	-	14,187,609	8,945,544
Management and General	777,520	-	777,520	734,579
Fundraising	3,496,389	-	3,496,389	3,238,968
<b>TOTAL EXPENSES</b>	<b>18,461,518</b>	<b>-</b>	<b>18,461,518</b>	<b>12,919,091</b>
<b>CHANGE IN NET ASSETS</b>	<b>4,157,618</b>	<b>(4,903,764)</b>	<b>(746,146)</b>	<b>14,659,471</b>
Net Assets - Beginning of Year	22,196,316	13,044,945	35,241,261	20,581,790
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 26,353,934</b>	<b>\$ 8,141,181</b>	<b>\$ 34,495,115</b>	<b>\$ 35,241,261</b>

The Accompanying Notes are an Integral Part of These Financial Statements

**SPECIAL OLYMPICS SOUTHERN CALIFORNIA, INC.**

(A California Nonprofit Corporation)

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2023

With Summarized Totals for the Year Ended December 31, 2022

	2023							2022 Total
	Program Services				Management and General	Fundraising	Total	
	Sports and Health Programs	Unified Champion Schools Program	Other Program Services *	Total Program Services				
Salaries and Temporary Labor	\$ 2,398,306	\$ 1,027,465	\$ 479,555	\$ 3,905,326	\$ 443,751	\$ 769,205	\$ 5,118,282	\$ 5,019,672
Payroll Taxes	176,992	75,826	35,038	287,856	32,748	56,766	377,370	328,205
Employee Benefits	186,613	79,948	53,355	319,916	34,529	59,852	414,297	401,295
<b>TOTAL PERSONNEL COSTS</b>	<b>2,761,911</b>	<b>1,183,239</b>	<b>567,948</b>	<b>4,513,098</b>	<b>511,028</b>	<b>885,823</b>	<b>5,909,949</b>	<b>5,749,172</b>
Contributed Goods and Services (Note 7)	3,418,591	252,893	32,995	3,704,479	4,195	20,958	3,729,632	1,628,771
Event Supplies and Fees	409,891	1,088,268	24,580	1,522,739	75	65,977	1,588,791	610,787
Professional Services	248,564	80,787	92,254	421,605	126,260	125,114	672,979	600,896
Equipment, Equipment Service, and Rental	453,178	53,240	34,194	540,612	22,994	39,857	603,463	303,516
Uniforms	439,918	16	11,224	451,158	19,718	34,176	505,052	112,102
Lodging	362,455	28,374	30,406	421,235	41	34,187	455,463	159,384
Facilities Rental	401,550	12,230	15,676	429,456	4,310	5,951	439,717	256,830
Rent	205,665	88,110	40,714	334,489	38,054	65,963	438,506	383,390
Printing, Postage and Delivery	16,848	320,338	2,369	339,555	875	61,496	401,926	35,567
Transportation	243,104	28,438	22,768	294,310	763	44,413	339,486	179,663
Meals	215,280	6,389	40,582	262,251	2,712	26,447	291,410	77,006
Insurance	17,529	6,224	217,913	241,666	2,688	8,160	252,514	201,083
Accreditation Fees (Note 10)	110,609	47,386	21,896	179,891	-	-	179,891	193,431
Grants Made	-	172,966	-	172,966	-	-	172,966	161,803
Telephone and Utilities	73,686	31,568	14,587	119,841	13,634	23,633	157,108	138,964
Other	25,627	20,297	13,800	59,724	5,719	73,299	138,742	131,823
Software Expense	55,408	23,738	10,969	90,115	10,252	17,771	118,138	118,383
Awards and Recognition	87,047	439	933	88,419	16	4,624	93,059	27,541
<b>FUNCTIONAL EXPENSES BEFORE RAFFLE EXPENSE</b>	<b>9,546,861</b>	<b>3,444,940</b>	<b>1,195,808</b>	<b>14,187,609</b>	<b>763,334</b>	<b>1,537,849</b>	<b>16,488,792</b>	<b>11,070,112</b>
				86%	5%	9%	100%	
Raffle Expense	-	-	-	-	-	1,954,290	1,954,290	1,839,700
Raffle - Contributed Goods and Services (Note 7)	-	-	-	-	14,186	4,250	18,436	9,279
<b>TOTAL RAFFLE EXPENSES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,186</b>	<b>1,958,540</b>	<b>1,972,726</b>	<b>1,848,979</b>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 9,546,861</b>	<b>\$ 3,444,940</b>	<b>\$ 1,195,808</b>	<b>\$ 14,187,609</b>	<b>\$ 777,520</b>	<b>\$ 3,496,389</b>	<b>\$ 18,461,518</b>	<b>\$ 12,919,091</b>
				77%	4%	19%	100%	

\* Other program services include athlete leadership, public education, and professional development.

The Accompanying Notes are an Integral Part of These Financial Statements

**SPECIAL OLYMPICS SOUTHERN CALIFORNIA, INC.**

(A California Nonprofit Corporation)

## STATEMENT OF CASH FLOWS

Year Ended December 31, 2023

With Summarized Totals for the Year Ended December 31, 2022

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Assets	\$ (746,146)	\$ 14,659,471
Adjustments to Reconcile Change in Net Assets to Cash Provided by Operating Activities:		
Forgiveness of Paycheck Protection Program Loan	-	(900,000)
Realized and Unrealized (Gains) Losses on Investments	(1,621,764)	2,043,421
Depreciation	6,481	2,030
Decrease (Increase) in:		
Contributions and Pledges Receivable	16,051,601	(14,943,949)
Prepaid Expenses and Deposits	(10,039)	(50,699)
Right-of-Use Assets	479,564	421,059
Increase (Decrease) in:		
Accounts Payable	270,060	163,665
Accrued Liabilities	(314,329)	400,146
Lease Liabilities	(431,121)	(421,360)
Deferred Revenue	5,305	-
	<u>13,689,612</u>	<u>1,373,784</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>13,689,612</b>	<b>1,373,784</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of Property and Equipment	(64,809)	-
Purchase of Investments	(5,322,865)	-
Reinvested Dividends and Interest	(295,774)	(215,804)
	<u>(5,683,448)</u>	<u>(215,804)</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(5,683,448)</b>	<b>(215,804)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>8,006,164</b>	<b>1,157,980</b>
Cash and Cash Equivalents - Beginning of Year	<u>8,683,404</u>	<u>7,525,424</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b><u>\$ 16,689,568</u></b>	<b><u>\$ 8,683,404</u></b>
<b>SUPPLEMENTAL SCHEDULE OF NON-CASH OPERATING ACTIVITY:</b>		
Non-Cash Impact of Implementation of Accounting Standards Update No. 2016-02, <i>Leases (Topic 842)</i>		
Increase in Right-of-Use Assets	\$ -	\$ 1,589,127
Increase in Lease Liabilities	-	1,589,127
Non-Cash Addition of New:		
Right-of-Use Assets	614,804	-
Lease Liabilities	614,804	-

The Accompanying Notes are an Integral Part of These Financial Statements



# **SPECIAL OLYMPICS SOUTHERN CALIFORNIA, INC.**

(A California Nonprofit Corporation)

## **NOTES TO FINANCIAL STATEMENTS**

December 31, 2023

### **NOTE 1 - ORGANIZATION**

Special Olympics Southern California, Inc. (SOSC) is an independent, non-profit public benefit corporation that is accredited by Special Olympics, Inc. (SOI). Olympic Gold Medalist Rafer Johnson established a California chapter of Special Olympics in 1969, which evolved into northern and southern California chapters in 1995. SOSC exists through the work of staff and volunteers and serves 11 counties throughout Southern California.

SOSC's mission 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, build independence, demonstrate courage, experience joy and participate in a sharing of gifts, skills and friendship with their families, other Special Olympics athletes and the community.

For more than 50 years, SOSC has changed the lives of people with intellectual disabilities through the power of sports. Through year-round programs, athletes improve their health and self-esteem and find a sense of belonging.

Special Olympics is so much more than sports training and competition for athletes with intellectual disabilities.

- **Athlete Leadership Program:** The program provides the athletes with training to develop leadership skills and use their voices and abilities to inspire others, influence change and create inclusive communities.
- **Young Athletes Program:** The program works with youth athletes, ages 2-7, to develop motor, social and cognitive skills through foundational sports play.
- **Healthy Athlete's Program:** Special Olympics is the world's largest public health organization for people with intellectual disabilities; the Healthy Athletes program provides access to free health services for a population with significant, unmet health needs.
- **Unified Champion Schools Program:** The program brings students with and without intellectual disabilities together to focus on participating in sports, social and community activities that foster understanding and acceptance, and promote leadership and collaboration.
- **Advocacy:** SOSC's team works as advocates and educators to spread the message about the importance of inclusion and the ways in which it benefits the lives of everyone and the world.

In 2023, SOSC had a year to celebrate. It was the first full year of in-person activity post pandemic. SOSC hosted over 50 competitions, provided athletes with 2,238 health screenings, and engaged over 110 schools.

# **SPECIAL OLYMPICS SOUTHERN CALIFORNIA, INC.**

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## **NOTES TO FINANCIAL STATEMENTS**

December 31, 2023

### **NOTE 1 - ORGANIZATION** (continued)

SOSC also launched new opportunities for the athletes. SOSC added Unified Bocce and Unified Floorball, where people with and without intellectual disabilities train and compete on the same team. SOSC hosted the first Cheerleading Clinic and launched the Healthy Athletes Strong Minds discipline.

SOSC assembled a Coaches Council, a Unified Generation Council, and a Southern California-wide Athlete Leadership Council while building the Volunteer Management Team to 22 people strong.

While 2023 was very impactful, SOSC is also preparing for the future. Throughout the year, SOSC built a 3-year Strategic Plan to grow its impact. Although SOSC is changing the lives of so many people through Special Olympics, here in Southern California there are hundreds of thousands of people with intellectual disabilities that it is not yet reaching. By 2026, SOSC wants to:

- Develop 100 new Local Programs and Unified Champion Schools
- Provide 5,750 more health screenings to athletes
- Offer Leadership Training to 170 new athletes
- Recruit 3,000 more volunteers and coaches

When SOSC touches one athlete's life, it has a ripple effect that positively affects families, schools, and the entire community. By celebrating the athletes' abilities, it is opening hearts and minds and spreading acceptance and inclusion.

### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **(a) BASIS OF PRESENTATION**

The accompanying financial statements have been prepared on the accrual basis of accounting.

#### **(b) NET ASSETS**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions.** Net assets available for use in general operations and not subject to donor-imposed restrictions.

# **SPECIAL OLYMPICS SOUTHERN CALIFORNIA, INC.**

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## **NOTES TO FINANCIAL STATEMENTS**

December 31, 2023

### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

#### **(b) NET ASSETS** (continued)

- **Net Assets With Donor Restrictions.** Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from donor restrictions.

#### **(c) CASH AND CASH EQUIVALENTS**

SOSC has defined cash and cash equivalents as cash in banks, money market funds and certificates of deposits with original maturities of less than three months. The carrying value of cash and cash equivalents at December 31, 2023 approximates its fair value. SOSC does not recognize a reserve for expected credit losses related to its cash equivalents as management has concluded there is no risk of non-payment.

#### **(d) INVESTMENTS**

Investments in marketable securities with readily determinable values and all investments in debt securities are reported at fair value. The fair value of investments is valued at the closing price on the last business day of the fiscal year. Securities are generally held in custodial investment accounts administered by financial institutions.

Investment purchases and sales are accounted for on a trade-date basis. Interest income is recorded as earned on an accrual basis, and dividend income is recorded based upon the ex-dividend date. Realized gains and losses are calculated based upon the underlying cost of the securities traded. Unrealized gains and losses are included in investment return in the statement of activities and represent the change in the difference between the cost and fair value of investments held at the end of the fiscal year.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

# **SPECIAL OLYMPICS SOUTHERN CALIFORNIA, INC.**

(A California Nonprofit Corporation)

## **NOTES TO FINANCIAL STATEMENTS**

December 31, 2023

### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **(e) CONTRIBUTIONS AND PLEDGES RECEIVABLE**

SOSC recognizes grants and contributions when cash, other assets, or an unconditional promise to give are received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

Contributions and pledges receivable are discounted to their present value when payments are expected in future periods exceeding one year. These discounts are recorded as reductions to contribution revenue and contributions and pledges receivable and are adjusted annually. At December 31, 2023, all contributions and pledges receivable are due and expected to be collected in full within one year, and, as a result, no discount or allowance for uncollectible contributions and pledges receivable was established.

#### **(f) PROPERTY AND EQUIPMENT**

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred while renewals and betterments are capitalized.

The estimated useful lives of property and equipment are as follows:

Computer Equipment	3 Years
Vehicles	5 Years
Furniture and Equipment	5 Years

Property and equipment are capitalized if the cost of an asset is greater than five thousand dollars and the useful life is greater than one year.

#### **(g) LONG-LIVED ASSETS**

SOSC reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the book value of the assets may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flows is less than the carrying amount of the asset, in which case a write-down is recorded to reduce the related asset to its estimated value. No impairment losses were recognized during the year ended December 31, 2023.

# **SPECIAL OLYMPICS SOUTHERN CALIFORNIA, INC.**

(A California Nonprofit Corporation)

## **NOTES TO FINANCIAL STATEMENTS**

December 31, 2023

### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

#### **(h) SELF INSURANCE**

SOSC has retained a portion of the risks relating to its employee unemployment claims. The exposure of unpaid claims and associated expenses, including incurred but not reported losses, is estimated based on prior claims history and analysis of current outstanding claims. The gross estimated liability associated with settling unpaid claims, if any, is included in accrued liabilities.

#### **(i) CONTRIBUTED GOODS AND SERVICES**

Contributions of donated non-cash assets are recorded at their estimated fair value in the period received and expensed when utilized. Contributions of donated services are recognized if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, were provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Volunteer services that met the reporting criteria were valued at an average of \$37.32 per hour based on the published "Dollar Value of a Volunteer Hour" for the State of California in 2022 according to the Independent Sector, a leadership forum for charities, foundations and corporate giving programs. In addition, SOSC received certain donated professional services that have been recorded in the financial statements based on estimated numbers of hours of contributed services and related average fair value hourly rates of such services.

SOSC received donated services from unpaid volunteers who made significant contributions of their time providing a broad range of support at all of the competitions and fundraising events. However, the value of these services is not reflected in the financial statements because the criteria for recognition were not met.

#### **(j) LEASES**

SOSC recognizes and measures its leases in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 842, *Leases*. SOSC is a lessee in several operating facilities leases. SOSC determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in future lease payments when those variable payments depend on an index or a rate. The discount rate is the implicit rate if it is readily determinable; otherwise SOSC uses the risk-free rate. The implicit rates of SOSC's leases are not readily determinable, and accordingly, SOSC used the risk-free rate based on the information available at leases commencement date.

# **SPECIAL OLYMPICS SOUTHERN CALIFORNIA, INC.**

(A California Nonprofit Corporation)

## **NOTES TO FINANCIAL STATEMENTS**

December 31, 2023

### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

#### **(j) LEASES** (continued)

The ROU asset is subsequently measured throughout the lease term at the amount of the re-measured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. Lease cost for lease payments is recognized on a straight-line basis over the lease term.

SOSC has elected, for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that SOSC is reasonably certain to exercise. SOSC recognizes lease costs associated with short-term leases on a straight-line basis over the lease term.

#### **(k) INCOME TAXES**

SOSC is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

In accordance with the FASB ASC Topic No. 740, *Uncertainty in Income Taxes*, SOSC recognizes the impact of tax positions in the financial statements if that position is more likely than not to be sustained on audit, based on the technical merits of the position. During the year ended December 31, 2023, SOSC performed an evaluation of uncertain tax positions and did not identify any matters that would require recognition in the financial statements or which might have an effect on its tax-exempt status.

#### **(l) FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing SOSC's programs and other activities have been presented in the statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. SOSC uses full time equivalent ratios to allocate indirect costs.

# **SPECIAL OLYMPICS SOUTHERN CALIFORNIA, INC.**

(A California Nonprofit Corporation)

## **NOTES TO FINANCIAL STATEMENTS**

December 31, 2023

### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **(m) USE OF ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues and expenses as of the date and for the period presented. Actual results could differ from those estimates.

#### **(n) COMPARATIVE TOTALS**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with SOSOC's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

#### **(o) SUBSEQUENT EVENTS**

SOSOC has evaluated events and transactions occurring subsequent to the statement of financial position date of December 31, 2023 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through June 27, 2024, the date these financial statements were available to be issued. No such material events or transactions were noted to have occurred.

### **NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS**

SOSOC characterizes the fair value of its investments measured at fair value on a recurring basis, based on the priority of the inputs used to value the instruments, into a three-level fair value hierarchy. In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets (and liabilities). Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs use unobservable data points for the assets (and liabilities) and include situations where there is little, if any, market activity for the asset (or liability).

# SPECIAL OLYMPICS SOUTHERN CALIFORNIA, INC.

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## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

### NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

The following table presents information about SOSOC's assets that are measured at fair value on a recurring basis at December 31, 2023:

	Year Ended December 31, 2023	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual Fund Investments:				
Money Market	\$ 5,774,032	\$ 5,774,032	\$ -	\$ -
Fixed Income	4,129,815	4,129,815	-	-
International Equity	1,111,525	1,111,525	-	-
Growth Equity:				
Small Cap	1,235,291	1,235,291	-	-
Large Cap	5,727,783	5,727,783	-	-
<b>TOTAL INVESTMENTS</b>	<b>\$ 17,978,446</b>	<b>\$ 17,978,446</b>	<b>\$ -</b>	<b>\$ -</b>

The fair values of marketable securities within Level 1 were obtained based on quoted market prices at the closing of the last business day of the fiscal year.

### NOTE 4 - PROPERTY AND EQUIPMENT

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

Computer Equipment	\$ 26,407
Vehicles	200,335
Furniture and Equipment	<u>37,349</u>
<b>TOTAL</b>	264,091
Less: Accumulated Depreciation	<u>(205,763)</u>
<b>PROPERTY AND EQUIPMENT (NET)</b>	<b>\$ 58,328</b>

Depreciation expense for the year ended December 31, 2023 was \$6,481.



# SPECIAL OLYMPICS SOUTHERN CALIFORNIA, INC.

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## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

### NOTE 5 - LEGACY GIFTS

SOSC has been named a beneficiary in a number of bequests and trusts. The bequests and trusts are not recognized as support until all of the following conditions are met: the demise of the testator; the amount of the bequest or trust is known; SOSC is certain that, based on the estate's net assets, the amount bequeathed is realizable and the probate court has declared the will valid. Certain bequests and trusts have not been recorded in the accompanying financial statements because the donors' wills have not yet been declared valid by the probate court and/or the value of the amounts to be received is not yet determinable.

### NOTE 6 - OPERATING LEASES

SOSC leases several offices and other facilities which are classified as operating leases. The leases expire on various dates ranging from January 31, 2024 to February 28, 2029. Some of these leases have renewal options of up to 3 years. The exercise of lease renewal options is at the lessee's discretion. SOSC has included the renewal term in the calculation of the ROU asset and related lease liability when it determined such renewals are reasonably certain of being exercised. As of December 31, 2023, SOSC recognized \$1,303,308 of ROU assets and \$1,351,450 of related lease liabilities for contracts that are classified as operating leases.

Lease cost was as follows for the year ended December 31, 2023:

Operating Lease Cost:	\$	516,895
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The weighted average remaining lease term and weighted average discount rate were as follows at December 31, 2023:

Weighted-Average Lease Term	
Operating Leases	3.31 years
Weighted-Average Discount Rate	
Operating Leases	2.72%

Maturities of lease liabilities as of December 31, 2023 are as follows:

#### Years Ending December 31

2024	\$	505,895
2025		452,674
2026		205,090
2027		174,415
2028		73,190
Thereafter		<u>12,125</u>
<b>TOTAL LEASE PAYMENTS</b>		<b>1,423,389</b>
Less: Imputed Interest		<u>(71,939)</u>
<b>TOTAL</b>	<b>\$</b>	<b><u>1,351,450</u></b>

# SPECIAL OLYMPICS SOUTHERN CALIFORNIA, INC.

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## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

### NOTE 7 - CONTRIBUTED GOODS AND SERVICES

For the year ended December 31, 2023, contributed goods and services consist of:

<b>Category</b>	<b>Valuation Methodology</b>	<b>Amount</b>
Coaches and Medical Volunteers	Based on contributed hours at published "Dollar Value of a Volunteer Hour" for the State of California	\$ 3,433,403
Use of Facilities	Market rates for similar properties	163,234
Legal Services	Comparable hourly rates of legal professionals with similar expertise	125,414
Other Supplies	Market prices for similar supplies	96,135
Other Professional Services	Market rates for similar services	19,688
<b>TOTAL</b>		<u>\$ 3,837,874</u>

### NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2023:

Subject to the Passage of Time and Purpose	\$ 7,500,000
Subject to Expenditure for Specified Purpose:	
Community Sports Programs	20,209
Unified Champion Schools Program	67,240
Health and Young Athlete Initiatives	96,387
Other	8,587
<b>TOTAL SUBJECT TO EXPENDITURE FOR SPECIFIED PURPOSE</b>	<u>192,423</u>
Subject to Appropriation or Spending Policy:	
Donor-Restricted Perpetual Endowment	375,000
Unspent Endowment Earnings	73,758
<b>TOTAL SUBJECT TO APPROPRIATION OR SPENDING POLICY</b>	<u>448,758</u>
<b>TOTAL NET ASSETS WITH DONOR RESTRICTIONS</b>	<u>\$ 8,141,181</u>

# SPECIAL OLYMPICS SOUTHERN CALIFORNIA, INC.

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## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

### NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS (continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended December 31, 2023:

Satisfaction of Time and Purpose	\$ 5,000,000
Satisfaction of Purpose Restrictions:	
Community Sports Programming	113,107
Unified Champion Schools Program	24,349
Other	<u>1,000</u>
<b>TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS</b>	<b><u>\$ 5,138,456</u></b>

### NOTE 9 - ENDOWMENTS

SOSC has two donor-restricted endowment funds, the earnings of which support the Team Wellness program and the Comprehensive Campaign for Inclusion and Access. Net assets associated with the endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

SOSC's management understands California State law as (1) requiring the preservation of the fair market value of the original gifts as of the gift date of the donor-restricted endowment funds, and (2) allowing the spending of income and gains on endowments required to be maintained in perpetuity, absent explicit donor stipulations that all or a portion of such gains be maintained in perpetuity.

The primary long-term financial objective for SOSC's endowments is to preserve the real (inflation-adjusted) purchasing power of endowment assets and income after accounting for endowment spending, annual growth percentage and costs of portfolio management.

In the absence of explicit donor instructions, SOSC's spending policy allows that up to 7% of the endowment base shall be available to support SOSC's programs annually. The endowment base is defined as 12-quarters moving average of the market value of the total endowment portfolio.

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## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

### NOTE 9 - ENDOWMENTS (continued)

At December 31, 2023, SOSC's endowment net assets composition by type of net assets was as follows:

<b>Endowment Net Asset Composition by Type of Fund at December 31, 2023</b>	<b>With Donor Restrictions</b>
Donor-Restricted	<u>\$ 448,758</u>
<b>Changes in Endowment Net Assets for the Year Ended December 31, 2023</b>	
Endowment Net Assets – Beginning of Year	\$ 390,727
Contributions	-
Investment Return (Net)	58,031
Appropriations for Expenditure	<u>-</u>
<b>ENDOWMENT NET ASSETS – END OF YEAR</b>	<u>\$ 448,758</u>

Investment return related to SOSC's donor-restricted endowments is recorded as revenue with donor restrictions unless otherwise directed by the donor's gift instrument.

### NOTE 10 - RELATED PARTY TRANSACTIONS

As an accredited chapter of SOI (See Note 1), SOSC remits accreditation fees and shares in percentages of contributions for nationwide SOI fundraising programs. SOSC incurred accreditation fees totaling \$179,891 for the year ended December 31, 2023. These fees are reported as program costs in the accompanying statement of functional expenses. In addition, SOSC received \$1,711,954 in contributions relating to direct marketing programs and other fundraising campaigns from SOI during the year ended December 31, 2023. Contributions and pledges receivable at December 31, 2023 include \$290,091 due from SOI.

### NOTE 11 - EMPLOYEE BENEFIT PLAN

SOSC has a 403(b) defined contribution plan covering substantially all employees. After one year of service, SOSC matches 50% of the employee's contribution up to a maximum of 6% of the employee's salary annually. SOSC contributed \$82,897 to the plan for the year ended December 31, 2023.

# SPECIAL OLYMPICS SOUTHERN CALIFORNIA, INC.

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## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

### NOTE 12 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The total financial assets held by SOSOC at December 31, 2023 and the amounts of those financial assets that could be made available for general expenditures within one year of the date of the statement of financial position are summarized in the following table:

Financial Assets at December 31, 2023:	
Cash and Cash Equivalents	\$ 16,689,568
Investments	17,978,446
Contributions and Pledges Receivable	<u>452,283</u>
<b>TOTAL FINANCIAL ASSETS AT DECEMBER 31, 2023</b>	<b>35,120,297</b>
Less Amounts Not Available to Be Used within One Year, Due to:	
Funds Held for Perpetual Endowments And Unspent Endowment Earnings	(448,758)
Funds Held with Purpose and Time Restrictions	<u>(7,692,423)</u>
<b>FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES WITHIN ONE YEAR</b>	<b><u>\$ 26,979,116</u></b>

SOSOC regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. SOSOC is substantially supported by contributions without donor restrictions. As part of SOSOC's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

SOSOC has various sources of liquid financial resources at its disposal, including cash and cash equivalents and marketable debt and equity securities. SOSOC's investments are held for operations and endowments. The entire investment portfolio consists of highly liquid investments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, SOSOC considers funds and pledges restricted by time only and expected to be collected in the next fiscal year as available for general expenditures.