SPECIAL OLYMPICS WASHINGTON

INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

BRANTLEY JANSON
Certified Public Accountants
A Professional Service Corporation
909 S. 336th St, Suite 201
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Special Olympics Washington
2815 Second Avenue, Suite 370
Seattle, WA 98121

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Special Olympics Washington as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis 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 Special Olympics Washington and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Special Olympics Washington'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

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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 Special Olympics Washington's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Special Olympics Washington's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses and schedules of net proceeds from enhanced raffles are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Brantley Janson

September 30, 2024

SPECIAL OLYMPICS WASHINGTON

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

ASSETS

	2023	2022
CURRENT ASSETS		
Cash and cash equivalents	$ 2,635,359	$ 3,297,146
Receivables and promises to give, net	404,870	365,914
Pledges receivable, current	31,500	-
Employee Retention Credit receivable	353,545	353,545
Inventory	81,642	95,302
Prepaid expenses and deposits	240,649	223,578
Total current assets	3,747,565	4,335,485
PROPERTY AND EQUIPMENT, net	8,467	19,873
OTHER ASSETS		
Pledges receivable, net of current portion	70,588	-
Operating right-of-use assets	514,391	653,053
Beneficial interest in trust	39,788	41,740
Investments	4,044,499	3,688,541
	4,669,266	4,383,334
TOTAL ASSETS	$ 8,425,298	$ 8,738,692

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

SPECIAL OLYMPICS WASHINGTON

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Grants and contributions	$ 4,873,022	$ 192,275	$ 5,065,297
Investment income	200,912	350,224	551,136
Souvenir sales	113,727	-	113,727
In-kind contributions	61,737	-	61,737
Special events			
Enhanced raffles	4,523,515	-	4,523,515
Less prizes awarded	(1,154,343)	-	(1,154,343)
Other events	209,581	-	209,581
Less direct benefits to donors	(41,020)	-	(41,020)
	8,787,131	542,499	9,329,630
Net assets released from restriction	401,658	(401,658)	-
Total support and revenue	9,188,789	140,841	9,329,630
EXPENSES			
Program services	6,923,983	-	6,923,983
Supporting activities			
Management and general	615,060	-	615,060
Development and fundraising	3,229,053	-	3,229,053
Total expenses	10,768,096	-	10,768,096
CHANGE IN NET ASSETS	(1,579,307)	140,841	(1,438,466)
NET ASSETS, beginning of year	4,776,119	2,895,693	7,671,812
NET ASSETS, end of year	$ 3,196,812	$ 3,036,534	$ 6,233,346

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

SPECIAL OLYMPICS WASHINGTON

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Grants and contributions	$ 3,948,330	$ 508,651	$ 4,456,981
Investment loss	(236,516)	(455,419)	(691,935)
Souvenir sales	68,725	-	68,725
In-kind contributions	57,172	-	57,172
Special events			
Enhanced raffles	5,909,440	-	5,909,440
Less direct prizes awarded	(1,649,376)	-	(1,649,376)
Other events	153,908	-	153,908
Less direct benefits to donors	(77,045)	-	(77,045)
	8,174,638	53,232	8,227,870
Net assets released from restriction	1,168,129	(1,168,129)	-
Total support and revenue	9,342,767	(1,114,897)	8,227,870
EXPENSES			
Program services	5,699,245	-	5,699,245
Supporting activities			
Management and general	492,052	-	492,052
Development and fundraising	3,345,646	-	3,345,646
Total expenses	9,536,943	-	9,536,943
CHANGE IN NET ASSETS	(194,176)	(1,114,897)	(1,309,073)
NET ASSETS, beginning of year	4,970,295	4,010,590	8,980,885
NET ASSETS, end of year	$ 4,776,119	$ 2,895,693	$ 7,671,812

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

SPECIAL OLYMPICS WASHINGTON

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Program Services	Management and General	Development & Fundraising	Total
Salaries and related expenses	$ 2,674,140	$ 465,488	$ 162,921	$ 3,302,549
Sports programming	2,578,592	-	-	2,578,592
Professional Services	909,131	62,026	95,859	1,067,016
Support services	387,307	59,172	91,448	537,927
Development and special events	-	-	275,424	275,424
Occupancy	174,282	26,626	41,150	242,058
Travel, lodging and meals	95,172	-	71,791	166,963
In-kind	5,626	-	56,111	61,737
Depreciation	11,442	1,748	2,702	15,892
Total expenses before enhanced raffle and SOI assessment	6,835,692	615,060	797,406	8,248,158
Percentage of total expenses before enhanced raffle and SOI assessment	82.88%	7.46%	9.67%	100.00%
Enhanced raffle	-	-	2,431,647	2,431,647
SOI assessment	88,291	-	-	88,291
Total expenses	$ 6,923,983	$ 615,060	$ 3,229,053	$ 10,768,096
Percentage of total expenses	64.30%	5.71%	29.99%	100.00%

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

SPECIAL OLYMPICS WASHINGTON

STATEMENTS OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2023 AND 2022

LIABILITIES AND NET ASSETS

	2023	2022
CURRENT LIABILITIES		
Accounts payable	$ 131,518	$ 107,624
Related party payable	300,763	-
Accrued expenses	149,841	165,419
Deferred revenue	1,051,450	85,833
Current portion of operating lease liabilities	238,727	231,927
Total current liabilities	1,872,299	590,803
OPERATING LEASE LIABILITIES, net of current portion	319,653	476,077
NET ASSETS		
Without donor restrictions	3,196,812	4,776,119
With donor restrictions	3,036,534	2,895,693
	6,233,346	7,671,812
TOTAL LIABILITIES AND NET ASSETS	$ 8,425,298	$ 8,738,692

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

SPECIAL OLYMPICS WASHINGTON

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services	Management and General	Development & Fundraising	Total
Salaries and related expenses	$ 2,593,809	$ 343,753	$ 229,168	$ 3,166,730
Sports programming	1,758,834	-	-	1,758,834
Professional Services	515,820	64,939	100,356	681,115
Support services	365,868	57,651	89,098	512,617
Travel, lodging and meals	201,299	-	49,243	250,542
Development and special events	-	-	232,431	232,431
Occupancy	157,519	24,065	37,192	218,776
In-kind	400	-	15,772	16,172
Depreciation	10,760	1,644	2,540	14,944
Total expenses before enhanced raffle and SOI assessment	5,604,309	492,052	755,800	6,852,161
Percentage of total expenses before enhanced raffle and SOI assessment	81.79%	7.18%	11.03%	100.00%
Enhanced raffle	-	-	2,589,846	2,589,846
SOI assessment	94,936	-	-	94,936
Total expenses	$ 5,699,245	$ 492,052	$ 3,345,646	$ 9,536,943
Percentage of total expenses	59.76%	5.16%	35.08%	100.00%

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

SPECIAL OLYMPICS WASHINGTON

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (1,438,466)	$ (1,309,073)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	15,892	14,944
Net earnings reinvested in endowments	(83,241)	(79,332)
Realized and unrealized (gain) loss on investments	(874,813)	771,044
Changes in assets and liabilities:		
Receivables and promises to give, net	(37,004)	(194,973)
Pledges receivable	(102,088)	-
Inventory	13,660	1,820
Prepaid expenses and deposits	(17,071)	154
Operating right-of-use assets, net	(10,962)	(28,028)
Accounts payable	23,894	21,486
Related party payable	300,763	-
Accrued expenses	(15,578)	122,820
Deferred revenue	965,617	43,838
Net cash used by operating activities	(1,259,397)	(635,300)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(4,486)	(4,088)
Purchase of investments	(2,394,135)	(1,540,496)
Proceeds from sale and maturities of investments	2,996,231	1,319,116
Net cash provided (used) by investing activities	597,610	(225,468)
CASH FLOWS FROM FINANCING ACTIVITIES		
Endowment contributions received	-	200,000
NET CHANGE IN CASH	(661,787)	(660,768)
CASH AND CASH EQUIVALENTS, beginning of year	3,297,146	3,957,914
CASH AND CASH EQUIVALENTS, end of year	$ 2,635,359	$ 3,297,146

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

NOTE 1 - NATURE OF ORGANIZATION

Special Olympics Washington (SOWA, the Organization), an accredited affiliate of Special Olympics Inc. (SOI), was organized in the State of Washington as a not-for-profit corporation in 1975. The mission of SOWA 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 a sharing of gifts, skills and friendship with their families, other Special Olympic athletes and the community. Activities are funded primarily through grants, donor contributions and fund raising events. The organizational structure consists of a State Chapter office in Seattle, Washington and remote staff located in Kennewick and Spokane, Washington.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements are presented in accordance with accounting principles generally accepted in the United States of America (GAAP). Nonprofit organizations are required to report information regarding their financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

The net assets of SOWA are classified as follows:

> **Net assets without donor restrictions:** Net assets that are not subject to donor-imposed stipulations. Net assets received with donor-imposed stipulations which are met in the year of the receipt are classed as net asset without donor restrictions at year-end.

> **Net assets with donor restrictions:** Net assets subject to donor-imposed stipulations. Certain net assets with donor restrictions require that the related assets be maintained permanently by SOWA. The donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. Net assets with donor restrictions also include net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time. See Note 8.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Organization considers all cash and other highly liquid investments with a maturity of three months or less when purchased to be cash equivalents, except those held as part of its investment portfolio.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables and Promises to Give

Unconditional promises to give are recognized as revenues in the period received and classified based upon donor restrictions, if any. Promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their net realizable value.

Collectability of receivables and promises to give is reviewed on a monthly basis by management. SOWA's management determined that an allowance for credit losses is not necessary as all amounts are considered fully realizable at December 31, 2023 and 2022.

Pledges Receivable

In the year ended December 31, 2022, SOWA began a multi-year campaign called Beyond Gold. Beyond Gold campaign will reimagine and expand Special Olympics Washington's reach and impact on the lives of people with and without intellectual and developmental disabilities across the state. The campaign invited board members and individuals in the community to give multi-year pledges in honor of SOWA's new vision. Pledges due in the next year are recorded at their net realizable value. All unconditional promises, whether with or without restriction, are recognized and accrued as contribution revenue in the period in which the unconditional promise was received. Pledges due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be recorded. Additionally, an allowance for uncollectible pledges receivable is provided based on management's judgement. As of December 31, 2023, the provision for uncollectible pledges is $10,000 and there were no write-off of any pledges received during the year.

Fair Value of Financial Instruments

The Organization's financial instruments are cash and cash equivalents, investments, receivables and promises to give, pledges receivable, accounts payable and related a party payable. The recorded values of cash and cash equivalents, receivables, and payables approximate their fair values based on their short-term nature. The Organization's investments in certificates of deposit and marketable equity securities are recorded at fair value. Investments recorded in the financial statements are categorized based on the inputs to valuation techniques as follows:

> Level 1 – These are assets where values are based on unadjusted quoted prices for identical assets in an active market that the Organization has the ability to access.
>
> Level 2 – These are assets where values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the assets.
>
> Level 3 – These are assets where values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect assumptions of management about assumptions market participants would use in pricing the assets. The Organization currently has no level 3 assets.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment
Property and equipment are stated at cost if purchased or, in the case of donated assets, at estimated fair value at the date of contribution. SOWA capitalizes acquisitions of property and equipment in excess of $2,500. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, ranging from three to five years. Leasehold improvements are depreciated over the shorter of the lease term or the expected useful life.

In-Kind Contributions
SOWA receives numerous donations of food, supplies, property and equipment, and the use of facilities for program services and events. Such goods are recognized as support at their estimated fair value on the date of receipts. For the years ended December 31, 2023 and 2022 there was donated goods which amounted to $26,045 and $41,400. SOWA recognizes donated services if the services create or enhance nonfinancial assets, or require specialized skills and are provided by individuals possessing those skills, which would typically need to be purchased if not donated. Donated services for the years ended December 31, 2023 and 2022 were $35,691 and $15,772. Many volunteers donate significant amounts of time to SOWA's activities. The services of these volunteers are not recorded in the financial statements as they do not meet the criteria for recognition under GAAP.

Advertising Costs
SOWA expenses advertising costs when the advertising campaign takes place. Advertising expense for the years ended December 31, 2023 and 2022 was $438,889 and $372,085.

Functional Allocation of Expenses
The cost of providing various programs and other activities has been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services based on the benefits derived.

Federal Income Tax
The Internal Revenue Service (IRS) has determined that SOWA is exempt from federal income tax under Section 501(c)(3) and is classified as an organization other than a private foundation under Section 509(a)(1); accordingly, no provision has been made for federal income tax in the financial statements. SOWA files tax filings with the U.S., state and various local governments. SOWA's income tax filings are subject to examination by various taxing authorities. SOWA follows the provisions of uncertain tax positions as addressed in Financial Accounting Standards Board (FASB) Codification Subtopic 740-10, Income Taxes. SOWA believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Concentration of Credit Risk
The Organization maintains cash in checking and savings accounts in depository institutions. These cash deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. The Organization periodically maintains cash balances in excess of FDIC coverage. Management considers this to be a normal business risk.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases
The Company recognizes right-of-use assets and lease liabilities for the rights and obligations created by leases. The Company has elected not to apply the recognition and measurement requirements to short-term or low-value leases.

Reclassifications
Certain amounts in the prior period presented have been reclassified for comparative purposes to conform to the current period financial statement presentation. These reclassifications have no effect on previously reported equity or net income.

Adoption of Accounting Pronouncement
In June 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-13, Measurement of Credit Losses on Financial Instruments, which requires measurement and recognition of expected credit losses at the point a loss is probable to occur, rather than expected to occur, which will generally result in earlier recognition of allowances for credit losses. The new guidance is effective for fiscal years beginning after December 15, 2022. The Organization adopted ASU 2016-13 in 2023 and the adoption did not have a material impact to its financial statements.

Date of Management Review
Management has evaluated subsequent events through September 30, 2024, the date the financial statements were available to be issued.

NOTE 3 - LIQUIDITY AND AVAILABILITY OF RESOURCES

SOWA has a policy to manage its liquidity and reserves following three guiding principles: operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The following table reflects SOWA's financial assets (cash and cash equivalents, receivables and investments) as of December 31, 2023, reduced by amounts not available for general expenditures within one year.

	2023	2022
Total financial assets		
Cash and cash equivalents	$ 2,635,359	$ 3,297,146
Investments	4,044,499	3,688,541
Receivables and promises to give	404,870	365,914
Pledges receivable	102,088	-
Employee Retention Credit receivable	353,545	353,545
	7,540,361	7,705,146
Less those unavailable for general expenditure within one year due to:		
Board designations	1,767,821	2,583,889
Donor restrictions	3,036,534	2,895,693
	4,804,355	5,479,582
Financial assets available to meet cash needs for general expenditures within one year	$ 2,736,006	$ 2,225,564

NOTE 4 - RECEIVABLES AND PROMISES TO GIVE

Accounts receivable consisted of the following at December 31:

	2023	2022
Receivables from others	$ 371,864	$ 347,802
Receivable from related party	33,006	18,112
	$ 404,870	$ 365,914

NOTE 5 - PLEDGES RECEIVABLE

Pledges receivable consist of the following at December 31:

	2023	2022
Pledges receivable in less than one year	$ 31,500	$ -
Pledges receivable in one to five years	85,500	-
	117,000	-
Less discounts to net present value	(4,912)	-
Less allowance for uncollectible pledges	(10,000)	-
	102,088	-
Less current portion	(31,500)	-
	$ 70,588	$ -

NOTE 6 - INVESTMENTS

Investments consisted of the following at December 31:

	2023	2022
Cash	$ 37,886	$ 27,042
Exchange traded funds	4,006,613	3,661,499
	$ 4,044,499	$ 3,688,541

Exchange traded funds are valued at the daily closing price as reported by the Organization. The exchange traded funds held by the Organization are deemed to be actively traded.

All investments held on December 31, 2023 and 2022 by SOWA are Level 1 investments.

Investment income (loss) is reported net of related investment expenses in the statement of activities.

NOTE 6 - INVESTMENTS (Continued)

	2023	2022
Income (loss) from investments		
Dividends and interest	$ 83,241	$ 79,332
Investment expenses	(23,597)	(21,994)
Realized gain (loss)	(145,180)	1,667
Unrealized gain (loss)	636,672	(772,711)
Other	-	21,771
	$ 551,136	$ (691,935)

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2023	2022
Furniture and equipment	$ 29,228	$ 39,068
Vehicles	-	23,081
Leasehold improvements	2,006	15,052
	31,234	77,201
Less accumulated depreciation	(22,767)	(57,328)
	$ 8,467	$ 19,873

NOTE 8 - NET ASSETS AND ENDOWMENT

Net assets without donor restrictions consist of the following at December 31:

	2023	2022
Board designated		
Quasi endowment	$ 1,448,522	$ 1,342,885
Funds restricted for local areas	-	774,798
Technological, marketing, and campaign	319,299	466,206
	1,767,821	2,583,889
Undesignated	1,428,991	2,097,203
	$ 3,196,812	$ 4,776,119

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

	2023	2022
Endowment	$ 2,595,977	$ 2,345,656
Sports equipment and uniforms	393,018	493,063
Time-restricted	30,213	28,261
Robotics	17,326	17,326
Health and wellness	-	11,387
	$ 3,036,534	$ 2,895,693

SOWA's endowment includes donor-restricted endowment funds and funds designated by the Board to function as an endowment (quasi-endowment), both of which were established to support the operations of SOWA. As required by GAAP, net assets associated with endowment funds, including quasi-endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law

SOWA has interpreted the Washington State Uniform Prudent Management of Institutional Funds Act (UPMIFA) 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. Accordingly, SOWA classifies as net assets with donor restrictions the original value of gifts donated to the permanent endowment, and 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.

NOTE 8 - NET ASSETS AND ENDOWMENT (Continued)

In accordance with UPMIFA, SOWA considers the following factors in making a determination to release or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purpose of the donor-restricted endowment fund;
- General economic conditions;
- Possible effects of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of SOWA; and
- The investment policies of SOWA.

Changes to endowment assets were as follows for the years ended December 31:

	Without donor Restrictions	With donor Restrictions	Total
Endowment as of January 1, 2022	$ 1,666,789	$ 2,692,084	$ 4,358,873
Endowment investment return:			
Contributions	$ -	$ 200,000	200,000
Investment income, net of fees	$ 23,324	$ 34,013	57,337
Net depreciation	$ (281,611)	$ (489,432)	(771,043)
Appropriated for expenditures	$ (65,617)	$ (91,009)	(156,626)
Endowment as of December 31, 2022	$ 1,342,885	$ 2,345,656	3,688,541
Endowment investment return:			
Investment income, net of fees	$ 23,437	$ 37,458	60,895
Net appreciation	$ 178,726	$ 312,765	491,491
Appropriated for expenditures	$ (96,526)	$ (99,902)	(196,428)
Endowment as of December 31, 2023	$ 1,448,522	$ 2,595,977	$ 4,044,499

NOTE 8 - NET ASSETS AND ENDOWMENT (Continued)

Funds with deficiencies
From time to time, the value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires an organization to retain as a fund of perpetual duration. These deficiencies result from unfavorable market fluctuations that occur after the investment of new donor-restricted contributions and continued appropriation for certain programs as deemed prudent by the Board of Directors.

Return objectives and risk parameters
SOWA desires an endowment investment performance that provides reasonable opportunities over the long term for growth of assets and generation of income, while protecting principal to ensure long term sustainability of the programs of SOWA. SOWA has adopted an investment policy in which endowment assets are invested in a manner that is intended to provide a positive rate of return annually. The target investment class allocation is determined by the SOWA Investment Committee of the Board of Directors, based on recommendations from investment consultants.

Strategies employed for achieving objectives
To satisfy its long-term rate-of-return objectives, SOWA relies on an investment strategy that achieves both capital appreciation (realized and unrealized) and current yield (interest and dividends). SOWA targets a diversified asset allocation that can be adjusted by the Investment Committee based on market conditions.

Spending policy and how the investment objectives relate to spending policy
The endowment and earnings thereon are to be thought of as board designated or donor-restricted funds. SOWA has adopted a policy whereby generally all income earned on its endowment is immediately appropriated for expenditure and released from restriction unless directed otherwise by the donor.

NOTE 9 - RELATED PARTY TRANSACTIONS

As an accredited affiliate of SOI, SOWA is required to remit annual assessments determined by SOI; these assessments are included on the schedule of functional expenses. In addition, SOWA receives telemarketing and direct mailing contributions and grants through agreements with SOI. The contributions through SOI are included in total contributions on the statement of activities and changes in net assets.

SOWA had the following transactions and balances with related parties for the years ended December 31:

	2023	2022
Contributions from SOI	$ 1,218,033	$ 1,119,710
Assessments paid to SOI	$ 88,291	$ 94,936
Receivable from SOI	$ 33,006	$ 18,112
Payable to SOI	$ 300,763	$ -

NOTE 10 - MARGIN LOAN

The Organization has a margin loan available to use through its investment portfolio. The amount that is available to be drawn on the loan fluctuates based on the value of SOWA's investment portfolio. At December 31, 2023 and 2022, aggregate funds of $1,061,412 and $737,806 were available to be withdrawn. SOWA had no balances outstanding related to the margin loan at December 31, 2023 and 2022.

NOTE 11 - EMPLOYEE RETENTION CREDIT

The Organization has applied for the Employee Retention Credit (ERC) available through the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"). The ERC is a refundable tax credit against certain employment taxes providing for a refundable credit of up to $5,000 for each full-time employee retained between March 13 and December 31, 2020 and up to $7,000 per quarter for each retained employee between January 1 and September 30, 2021, provided certain criteria is met. The Organization qualified for $353,545 in Employee Retention Credits in 2021 which are included in Employee Retention Credit receivable at December 31, 2023 and 2022.

NOTE 12 - OPERATING LEASE COMMITMENTS

In 2018, SOWA signed a lease for office space. The lease provides for increasing monthly rental payments between $15,707 and $19,143 and terminates in February 2026.

Office rental expense was $214,049 and $192,147 for the years ended December 31, 2023 and 2022.

SOWA leases various office equipment under agreements expiring through the year ending December 31, 2028. Rental expense was $18,946 and $11,882 for the years ended December 31, 2023 and 2022.

Supplemental cash flow information related to leases was as follows for the year ended December 31:

	2023	2022
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 238,169	$ 234,829
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	$ 103,945	$ 850,783

Supplemental balance sheet information related to leases was as follows for the year ended December 31:

	2023	2022
Weighted-average remaining lease term – operating leases	2.34 years	3.08 years
Weighted-average discount rate – operating leases	1.60%	1.12%

The interest rate used for the leases noted above was the risk free rate based on the remaining length of the lease at the date of implementation of Topic 842 or the lease commencement date if the lease commenced after January 1, 2022.

NOTE 12 - OPERATING LEASE COMMITMENTS (Continued)

Maturity of lease liabilities are as follows for the years ending December 31:

2024	$ 245,697
2025	251,587
2026	65,561
2027	3,996
2028	3,013
Total future lease payments	569,854
Lease imputed interest	(11,474)
Present value of lease liabilities	$ 558,380

NOTE 13 - OTHER CONTINGENCIES

In 2023 and 2022, SOWA entered into six-month lease option agreements to purchase a single family residence intended for use in SOWA's fundraising Dream House Raffle. In 2023 and 2022, the option deposit was $30,000 and $50,000. The option to purchase the residence was not exercised in either year. Option payments for future raffles of $30,000 and $20,000 were included in prepaid expenses and deposits as of December 31, 2023 and 2022.

In the normal course of its activities, SOWA may encounter claims in process, matters in litigation, and other contingencies. In management's opinion, the outcome from these matters will not materially impact SOWA's financial position or results of its activities as of December 31, 2023 and 2022.

SOWA is a member of the Nonprofit Trust (the Trust). The Trust facilitates the utilization by member agencies of the reimbursement financing method of meeting obligations under State Unemployment Insurance Statutes. At December 31, 2023 and 2022, SOWA had no balance on deposit with the Trust to fund these obligations. Any potential claims that may exist cannot be fully estimated and, therefore, have not been accrued.

NOTE 14 - RETIREMENT PLAN

SOWA sponsors a 403(b) salary reduction plan (the Plan) for the benefit of employees that meet certain age and hour of service requirements. Under the terms of the Plan, SOWA is required to match each participant's contributions up to five percent of compensation. Total employer contributions to the Plan were $66,014 and $73,783 for the years ended December 31, 2023 and 2022.

SUPPLEMENTARY INFORMATION

SPECIAL OLYMPICS WASHINGTON

SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

		Supporting Services				
		Development				
	Program Services	Other Development	Enhanced Raffle	Total Development	Management and General	Total
Salaries and related expenses	$ 2,674,140	$ 162,921	$ 70,000	$ 232,921	$ 465,488	$ 3,372,549
Sports programming	2,578,592	-	-	-	-	2,578,592
Professional services	909,131	95,859	769,379	865,238	62,026	1,836,395
Development and special events	-	275,424	1,502,568	1,777,992	-	1,777,992
Support services	387,307	91,448	-	91,448	59,172	537,927
Occupancy	174,282	41,150	89,700	130,850	26,626	331,758
Travel, lodging and meals	95,172	71,791	-	71,791	-	166,963
In-kind	5,626	56,111	-	56,111	-	61,737
Depreciation	11,442	2,702	-	2,702	1,748	15,892
Total expenses before SOI assessment	6,835,692	797,406	2,431,647	3,229,053	615,060	10,679,805
SOI assessment	88,291	-	-	-	-	88,291
Total expenses	$ 6,923,983	$ 797,406	$ 2,431,647	$ 3,229,053	$ 615,060	$ 10,768,096

The accompanying notes are an integral part of these supplementary schedules.

SPECIAL OLYMPICS WASHINGTON

SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

		Supporting Services				
		Development				
	Program Services	Other Development	Enhanced Raffle	Total Development	Management and General	Total
Salaries and related expenses	$ 2,593,809	$ 229,168	$ 81,879	$ 311,047	$ 343,753	$ 3,248,609
Professional services	515,820	100,356	1,043,846	1,144,202	64,939	1,724,961
Sports programming	1,758,834	-	-	-	-	1,758,834
Development and special events	-	232,431	1,390,121	1,622,552	-	1,622,552
Support services	365,868	89,098	-	89,098	57,651	512,617
Occupancy	157,519	37,192	74,000	111,192	24,065	292,776
Travel, lodging and meals	201,299	49,243	-	49,243	-	250,542
In-kind	400	15,772	-	15,772	-	16,172
Depreciation	10,760	2,540	-	2,540	1,644	14,944
Total expenses before SOI assessment	5,604,309	755,800	2,589,846	3,345,646	492,052	9,442,007
SOI assessment	94,936	-	-	-	-	94,936
Total expenses	$ 5,699,245	$ 755,800	$ 2,589,846	$ 3,345,646	$ 492,052	$ 9,536,943

The accompanying notes are an integral part of these supplementary schedules.

SPECIAL OLYMPICS WASHINGTON

SCHEDULE OF NET PROCEEDS FROM ENHANCED RAFFLE
FOR THE YEAR ENDED DECEMBER 31, 2023

GROSS RECEIPTS	
Sales of raffle tickets	$ 4,523,515
Total gross receipts	4,523,515
LESS PRIZES AWARDED	1,154,343
Net receipts	3,369,172
EXPENSES	
Professional fees	769,379
Postage	525,522
Printing and copying	441,604
Advertising	404,872
Payroll and related taxes and benefits	89,700
Bank and credit card fees	88,255
Rent	70,000
Licenses and permits	28,109
Supplies	10,297
Miscellaneous	3,909
TOTAL EXPENSES	2,431,647
NET PROCEEDS FROM ENHANCED RAFFLE	$ 937,525

The accompanying notes are an integral part of these supplementary schedules.

SPECIAL OLYMPICS WASHINGTON

SCHEDULE OF NET PROCEEDS FROM ENHANCED RAFFLE
FOR THE YEAR ENDED DECEMBER 31, 2022

GROSS RECEIPTS	
Sales of raffle tickets	$ 5,909,440
In-kind contributions	41,000
Total gross receipts	5,950,440
LESS PRIZES AWARDED	1,649,376
Net receipts	4,301,064
EXPENSES	
Professional fees	1,043,846
Postage	490,918
Printing and copying	412,683
Advertising	356,794
Bank and credit card fees	96,714
Payroll and related taxes and benefits	81,879
Rent	74,000
Licenses and permits	29,172
Supplies	1,973
Miscellaneous	1,867
TOTAL EXPENSES	2,589,846
NET PROCEEDS FROM ENHANCED RAFFLE	$ 1,711,218