SPECIAL OLYMPICS WASHINGTON

INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

BRANTLEY JANSON
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A Professional Service Corporation
909 S. 336th St, Suite 201
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BRANTLEY JANSON
CERTIFIED PUBLIC ACCOUNTANTS

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, 2024 and 2023, 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, 2024 and 2023, 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

June 11, 2025

SPECIAL OLYMPICS WASHINGTON

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023

ASSETS

	2024	2023
CURRENT ASSETS		
Cash and cash equivalents	$ 1,366,659	$ 2,635,359
Receivables and promises to give, net	862,981	404,870
Pledges receivable, current	46,500	31,500
Employee Retention Credit receivable	353,545	353,545
Inventory	68,563	81,642
Prepaid expenses and deposits	198,483	240,649
Total current assets	2,896,731	3,747,565
PROPERTY AND EQUIPMENT, net	4,225	8,467
OTHER ASSETS		
Pledges receivable, net of current portion	94,088	70,588
Operating right-of-use assets, net	292,404	514,391
Beneficial interest in trust	54,368	39,788
Investments	4,295,043	4,044,499
	4,735,903	4,669,266
TOTAL ASSETS	$ 7,636,859	$ 8,425,298

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

SPECIAL OLYMPICS WASHINGTON

STATEMENTS OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2024 AND 2023

LIABILITIES AND NET ASSETS

	2024	2023
CURRENT LIABILITIES		
Accounts payable	$ 96,117	$ 131,518
Related party payable	-	300,763
Accrued expenses	129,442	149,841
Margin line of credit	501,658	-
Deferred revenue	802,360	1,051,450
Current portion of operating lease liabilities	248,131	238,727
Total current liabilities	1,777,708	1,872,299
OPERATING LEASE LIABILITIES, net of current portion	71,522	319,653
NET ASSETS		
Without donor restrictions	2,276,647	3,196,812
With donor restrictions	3,510,982	3,036,534
	5,787,629	6,233,346
TOTAL LIABILITIES AND NET ASSETS	$ 7,636,859	$ 8,425,298

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

SPECIAL OLYMPICS WASHINGTON

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Grants and contributions	$ 5,759,825	$ 403,985	$ 6,163,810
Investment income	129,913	294,067	423,980
Souvenir sales	94,309	-	94,309
In-kind contributions	14,959	-	14,959
Other interest income	57,395	-	57,395
Special events			
Enhanced raffles	4,053,665	-	4,053,665
Less prizes awarded	(1,106,648)	-	(1,106,648)
Other events	260,291	-	260,291
Less direct benefits to donors	(69,443)	-	(69,443)
	9,194,266	698,052	9,892,318
Net assets released from restriction	223,604	(223,604)	-
Total support and revenue	9,417,870	474,448	9,892,318
EXPENSES			
Program services	6,742,425	-	6,742,425
Supporting activities			
Management and general	547,552	-	547,552
Development and fundraising	3,048,058	-	3,048,058
Total expenses	10,338,035	-	10,338,035
CHANGE IN NET ASSETS	(920,165)	474,448	(445,717)
NET ASSETS, beginning of year	3,196,812	3,036,534	6,233,346
NET ASSETS, end of year	$ 2,276,647	$ 3,510,982	$ 5,787,629

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 direct 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 FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024

	Program Services	Supporting Activities: Management and General	Supporting Activities: Development & Fundraising	Total
Salaries and related expenses	$ 2,946,661	$ 430,513	$ 287,008	$ 3,664,182
Sports programming	2,494,843	-	-	2,494,843
Professional services	520,419	14,989	173,775	709,183
Support services	403,218	61,603	95,204	560,025
Occupancy	174,329	26,634	41,162	242,125
Development and special events	-	-	237,618	237,618
Travel, lodging and meals	101,251	-	17,810	119,061
In-kind	762	13,347	850	14,959
Depreciation and amortization	3,055	466	721	4,242
Total expenses before enhanced raffle and SOI assessment	6,644,538	547,552	854,148	8,046,238
Percentage of total expenses before enhanced raffle and SOI assessment	82.58%	6.81%	10.61%	100.00%
Enhanced raffle	-	-	2,193,910	2,193,910
SOI assessment	97,887	-	-	97,887
Total expenses	$ 6,742,425	$ 547,552	$ 3,048,058	$ 10,338,035
Percentage of total expenses	65.22%	5.30%	29.48%	100.00%

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	Supporting Activities: Management and General	Supporting Activities: 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
Occupancy	174,282	26,626	41,150	242,058
Development and special events	-	-	275,424	275,424
Travel, lodging and meals	95,172	-	71,791	166,963
In-kind	5,626	-	56,111	61,737
Depreciation and amortization	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%	9.66%	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 CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (445,717)	$ (1,438,466)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	4,242	15,892
Net earnings reinvested in endowments	(100,134)	(83,241)
Realized and unrealized gain on investments	(355,511)	(874,813)
Changes in assets and liabilities:		
Receivables and promises to give, net	(472,691)	(37,004)
Pledges receivable	(38,500)	(102,088)
Inventory	13,079	13,660
Prepaid expenses and deposits	42,166	(17,071)
Operating right-of-use assets, net	(16,740)	(10,962)
Accounts payable	(35,401)	23,894
Related party payable	(300,763)	300,763
Accrued expenses	(20,399)	(15,578)
Deferred revenue	(249,090)	965,617
Net cash used by operating activities	(1,975,459)	(1,259,397)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(4,486)
Purchase of investments	(586,385)	(2,394,135)
Proceeds from sale and maturities of investments	791,486	2,996,231
Net cash provided by investing activities	205,101	597,610
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from margin line of credit	501,658	-
NET CHANGE IN CASH	(1,268,700)	(661,787)
CASH AND CASH EQUIVALENTS, beginning of year	2,635,359	3,297,146
CASH AND CASH EQUIVALENTS, end of year	$ 1,366,659	$ 2,635,359
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for interest	$ 11,977	$ -

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 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, 2024 and 2023.

Pledges Receivable
In the year ended December 31, 2022, SOWA began a multi-year campaign called Beyond Gold with the purpose of reimagining and expanding 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 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. For both the years ended December 31, 2024 and December 31, 2023, the provision for uncollectible pledges is $10,000 and there was no write-off of any pledges received during either year.

Fair Value of Financial Instruments
The Organization's financial instruments are cash and cash equivalents, investments, receivables and promises to give, and pledges receivable. The recorded values of cash and cash equivalents, and approximate their net realizable values 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 amortized 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, 2024 and 2023 there was donated goods which amounted to $762 and $26,045. 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, 2024 and 2023 were $14,197 and $35,691. 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, 2024 and 2023 was $397,392 and $438,889.

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 Organization recognizes right-of-use assets and lease liabilities for the rights and obligations created by leases. The Organization 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.

Date of Management Review
Management has evaluated subsequent events through June 11, 2025, 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, 2024, reduced by amounts not available for general expenditures within one year.

	2024	2023
Total financial assets		
Cash and cash equivalents	$ 1,366,659	$ 2,635,359
Investments	4,295,043	4,044,499
Receivables and promises to give	862,981	404,870
Pledges receivable	140,588	102,088
Employee Retention Credit receivable	353,545	353,545
	7,018,816	7,540,361
Less those unavailable for general expenditure within one year due to:		
Board designations	2,803,647	2,851,002
Donor restrictions	3,510,982	3,036,534
	6,314,629	5,887,536
Financial assets available to meet cash needs for general expenditures within one year	$ 704,187	$ 1,652,825

NOTE 4 - RECEIVABLES AND PROMISES TO GIVE

Accounts receivable consisted of the following at December 31:

	2024	2023
Receivables from others	$ 731,056	$ 371,864
Receivable from related party	131,925	33,006
	$ 862,981	$ 404,870

NOTE 5 - PLEDGES RECEIVABLE

Pledges receivable consist of the following at December 31:

	2024	2023
Pledges receivable in less than one year	$ 46,500	$ 31,500
Pledges receivable in one to five years	109,000	85,500
	155,500	117,000
Less discounts to net present value	(4,912)	(4,912)
Less allowance for uncollectible pledges	(10,000)	(10,000)
	140,588	102,088
Less current portion	(46,500)	(31,500)
	$ 94,088	$ 70,588

NOTE 6 - INVESTMENTS

Investments consisted of the following at December 31:

	2024	2023
Cash	$ 39,725	$ 37,886
Exchange traded funds	4,255,318	4,006,613
	$ 4,295,043	$ 4,044,499

NOTE 6 - INVESTMENTS (Continued)

Exchange traded funds are valued at the daily closing price on the primary exchange or market on which they are traded. The exchange traded funds held by the Organization are deemed to be actively traded.

All investments held on December 31, 2024 and 2023 by SOWA are Level 1 investments.

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

	2024	2023
Income from investments		
Dividends and interest	$ 100,134	$ 83,241
Investment expenses	(31,665)	(23,597)
Realized gain (loss)	51,819	(145,180)
Unrealized gain	303,692	636,672
	$ 423,980	$ 551,136

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2024	2023
Furniture and equipment	$ 29,227	$ 29,228
Leasehold improvements	2,006	2,006
	31,233	31,234
Less accumulated depreciation and amortization	(27,008)	(22,767)
	$ 4,225	$ 8,467

NOTE 8 - NET ASSETS AND ENDOWMENT

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

	2024	2023
Board designated		
Quasi endowment	$ 1,511,965	$ 1,448,522
Funds restricted for local areas	1,291,682	1,083,181
Technological, marketing, and campaign	-	319,299
	2,803,647	2,851,002
Undesignated	(527,000)	345,810
	$ 2,276,647	$ 3,196,812

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

	2024	2023
Endowment	$ 2,783,078	$ 2,595,977
Sports equipment and uniforms	373,935	136,340
Time-restricted	209,869	147,213
Computers and devices	108,562	120,908
Robotics	35,538	36,096
	$ 3,510,982	$ 3,036,534

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, 2023	$ 1,342,885	$ 2,345,656	$ 3,688,541
Endowment investment return:			
Investment income, net of fees	23,437	37,458	60,895
Net depreciation	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
Endowment investment return:			
Investment income, net of fees	29,756	46,430	76,186
Net appreciation	107,874	247,637	355,511
Appropriated for expenditures	(74,187)	(106,966)	(181,153)
Endowment as of December 31, 2024	$ 1,511,965	$ 2,783,078	$ 4,295,043

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.

NOTE 8 - NET ASSETS AND ENDOWMENT (Continued)

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:

	2024	2023
Grants and contributions from SOI	$ 1,018,376	$ 1,218,033
Assessments paid to SOI	$ 137,373	$ 88,291
Receivable from SOI	$ 131,925	$ 33,006
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, 2024 and 2023, aggregate funds of $608,992 and $1,061,412 were available to be withdrawn. SOWA had $501,658 outstanding related to the margin loan at December 31, 2024. SOWA had no balance outstanding related to the margin loan at December 31, 2023.

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, 2024 and 2023.

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 $225,238 and $214,049 for the years ended December 31, 2024 and 2023.

SOWA leases various office equipment under agreements expiring through the year ending December 31, 2028. Rental expense was $25,135 and $18,946 for the years ended December 31, 2024 and 2023. Subsequent to yearend, one of the lease agreements was terminated early and replaced with a lease of similar equipment at a lower monthly rate which is set to expire in the year ending December 31, 2030.

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

	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 245,697	$ 238,169
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	$ -	$ 103,945

NOTE 12 - OPERATING LEASE COMMITMENTS (Continued)

Supplemental balance sheet information related to leases was as follows as of December 31:

	2024	2023
Weighted-average remaining lease term – operating leases	1.39 years	2.34 years
Weighted-average discount rate – operating leases	1.71%	1.60%

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.

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

2025	$ 251,587
2026	65,561
2027	3,996
2028	3,013
Total future lease payments	324,157
Lease imputed interest	(4,504)
Present value of lease liabilities	$ 319,653

NOTE 13 - OTHER CONTINGENCIES

In 2024 and 2023, 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 2024 and 2023, the option deposit was $50,000 and $30,000. The option to purchase the residence was not exercised in either year. The option deposit related to the agreement signed in the year December 31, 2024 was paid. The option deposit related to the agreement signed in the year ended December 31, 2023 was remitted prior to December 31, 2023 and was included in prepaid expenses.

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, 2024 and 2023.

NOTE 13 - OTHER CONTINGENCIES (Continued)

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, 2024 and 2023, 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 $84,067 and $66,014 for the years ended December 31, 2024 and 2023.

SUPPLEMENTARY INFORMATION

SPECIAL OLYMPICS WASHINGTON

SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024

		Supporting Services				
		Development and Fundraising				
	Program Services	Enhanced Raffle	Other Development	Total Development	Management and General	Total
Salaries and related expenses	$ 2,946,661	$ 50,000	$ 287,008	$ 337,008	$ 430,513	$ 3,714,182
Sports programming	2,494,843	-	-	-	-	2,494,843
Professional services	520,419	686,899	173,775	860,674	14,989	1,396,082
Development and special events	-	1,372,668	237,618	1,610,286	-	1,610,286
Support services	403,218	-	95,204	95,204	61,603	560,025
Occupancy	174,329	84,343	41,162	125,505	26,634	326,468
Travel, lodging and meals	101,251	-	17,810	17,810	-	119,061
In-kind	762	-	850	850	13,347	14,959
Depreciation and amortization	3,055	-	721	721	466	4,242
Total expenses before SOI assessment	6,644,538	2,193,910	854,148	3,048,058	547,552	10,240,148
SOI assessment	97,887	-	-	-	-	97,887
Total expenses	$ 6,742,425	$ 2,193,910	$ 854,148	$ 3,048,058	$ 547,552	$ 10,338,035

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

SPECIAL OLYMPICS WASHINGTON

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

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

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, 2024

GROSS RECEIPTS	
Sales of raffle tickets	$ 4,053,665
Total gross receipts	4,053,665
LESS PRIZES AWARDED	1,106,648
Net receipts	2,947,017
EXPENSES	
Advertising	367,765
Bank and credit card fees	83,124
Licenses and permits	26,984
Miscellaneous	2,963
Payroll and related taxes and benefits	84,343
Postage	431,210
Printing and copying	457,917
Professional fees	686,899
Rent	50,000
Supplies	1,768
Technology	937
TOTAL EXPENSES	2,193,910
NET PROCEEDS FROM ENHANCED RAFFLE	$ 753,107

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	
Advertising	404,872
Bank and credit card fees	88,255
Licenses and permits	28,109
Miscellaneous	3,909
Payroll and related taxes and benefits	89,700
Postage	525,522
Printing and copying	441,604
Professional fees	769,379
Rent	70,000
Supplies	10,297
TOTAL EXPENSES	2,431,647
NET PROCEEDS FROM ENHANCED RAFFLE	$ 937,525

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