




Special Olympics Virginia, Inc.

Independent Auditor's Report and Financial Statements

Year Ended December 31, 2025, With Comparative Totals for 2024



Special Olympics Virginia, Inc.
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Year Ended December 31, 2025, With Comparative Totals for 2024

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Independent Auditor's Report

Board of Directors
Special Olympics Virginia, Inc.
Richmond, Virginia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Special Olympics Virginia, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2025, 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 Special Olympics Virginia, Inc. as of December 31, 2025, and the results of its operations 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 Special Olympics Virginia, Inc. 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 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 Virginia, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance, and therefore is not a guarantee that an audit conducted in accordance with 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 Virginia, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Special Olympics Virginia, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Other Matters

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

Report on Summarized Comparative Information

We have previously audited the Organization's 2024 financial statements, and our report dated May 30, 2025, expressed an unmodified audit opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Forvis Mazars, LLP

**Richmond, Virginia
June 3, 2026**

Special Olympics Virginia, Inc.
Statement of Financial Position
December 31, 2025, with Comparative Totals for 2024

	Chapter *	Areas *	Total	
			2025	2024
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 1,169,840	\$ 4,083,114	\$ 5,252,954	\$ 5,375,172
Contributions receivable	478,977	-	478,977	728,387
Intercompany (payable) receivable	(6,294)	6,294	-	-
Pledges receivable, current portion	841,667	-	841,667	477,499
Prepaid expenses	140,708	6,868	147,576	174,361
Certificates of deposit	433,045	90,905	523,950	769,960
Other receivables, current portion	3,300	-	3,300	3,264
Total Current Assets	3,061,243	4,187,181	7,248,424	7,528,643
Investments	10,192,818	-	10,192,818	8,460,714
Property and Equipment, Net	200,385	66,226	266,611	364,429
Right of Use Assets, Operating Leases	2,071,455	25,939	2,097,394	2,401,694
Pledges Receivable, Less Current Portion	15,000	-	15,000	55,000
Other Receivables, Less Current Portion	4,031	-	4,031	11,175
Security Deposits	16,681	-	16,681	16,681
Total Assets	\$ 15,561,613	\$ 4,279,346	\$ 19,840,959	\$ 18,838,336
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts payable	\$ 228,963	\$ 28,723	\$ 257,686	\$ 253,174
Accrued expenses	94,322	-	94,322	63,480
Short-term operating lease liabilities	276,193	8,018	284,211	254,955
Total Current Liabilities	599,478	36,741	636,219	571,609
Long-term operating lease liabilities	1,966,350	18,937	1,985,287	2,269,498
Total Liabilities	2,565,828	55,678	2,621,506	2,841,107
Net Assets				
Without donor restrictions	10,447,563	4,223,668	14,671,231	13,515,395
Without donor restrictions, Board designated	720,663	-	720,663	699,847
Total Net Assets Without Donor Restrictions	11,168,226	4,223,668	15,391,894	14,215,242
With donor restrictions	1,827,559	-	1,827,559	1,781,987
Total Net Assets	12,995,785	4,223,668	17,219,453	15,997,229
Total Liabilities and Net Assets	\$ 15,561,613	\$ 4,279,346	\$ 19,840,959	\$ 18,838,336

* Chapter and Area information is presented for supplementary purposes.

Special Olympics Virginia, Inc.
Statement of Activities
Year Ended December 31, 2025, with Comparative Totals for 2024

	Chapter *	Areas *	Total	
			2025	2024
Support and Revenue				
Foundation contributions	\$ 764,054	\$ 14,000	\$ 778,054	\$ 795,901
Individual contributions	1,161,121	172,634	1,333,755	1,468,370
Workplace campaign contributions	33,905	6,717	40,622	37,267
Corporate contributions	1,041,296	103,746	1,145,042	1,192,458
Service club and organization contributions	57,151	218,027	275,178	198,938
Law Enforcement Torch Run contributions, net	661,774	-	661,774	786,281
State budget funding	352,500	-	352,500	425,000
Affiliated national benefits	5,365	-	5,365	4,779
Direct marketing campaigns	504,222	-	504,222	483,381
Contributed nonfinancial services and materials	5,090,005	-	5,090,005	5,348,381
Total Support and Revenue	9,671,393	515,124	10,186,517	10,740,756
Benefit Events for Special Olympics Virginia, Inc				
Support and revenue	2,044,434	643,806	2,688,240	2,468,831
Expenses	(629,206)	(77,731)	(706,937)	(644,221)
Net Benefit Events for Special Olympics Virginia, Inc.	1,415,228	566,075	1,981,303	1,824,610
Other Revenue				
Investment income, net	230,442	55,591	286,033	348,577
Registration fees	176,790	(176,790)	-	-
Gain on investments	740,016	-	740,016	651,134
Gain on disposal of property and equipment	-	-	-	7,900
Miscellaneous	24,000	-	24,000	24,272
Total Other revenue	1,171,248	(121,199)	1,050,049	1,031,883
Total Support and Revenue	12,257,869	960,000	13,217,869	13,597,249
Expenses				
Program services	10,108,796	695,630	10,804,426	10,776,846
Fundraising	762,235	-	762,235	756,032
Administrative	428,984	-	428,984	458,327
Total Expenses	11,300,015	695,630	11,995,645	11,991,205

Special Olympics Virginia, Inc.
Statement of Activities
Year Ended December 31, 2025, with Comparative Totals for 2024

(Continued)

	Chapter *	Areas *	Total	
			2025	2024
Change in Net Assets				
Without donor restrictions	891,466	264,370	1,155,836	2,146,317
Without donor restrictions, Board designated	20,816	-	20,816	(750,850)
Total Net Assets Without Donor Restrictions	912,282	264,370	1,176,652	1,395,467
With donor restrictions	45,572	-	45,572	210,577
Total Change in Net Assets	957,854	264,370	1,222,224	1,606,044
Net Assets				
Beginning of Year	12,037,931	3,959,298	15,997,229	14,391,185
End of Year	<u>\$ 12,995,785</u>	<u>\$ 4,223,668</u>	<u>\$ 17,219,453</u>	<u>\$ 15,997,229</u>

* Chapter and Area information is presented for supplementary purposes.

Special Olympics Virginia, Inc.
Statement of Functional Expenses
Year Ended December 31, 2025, with Comparative Totals for 2024

	Program			Total	
	Services	Fundraising	Administrative	2025	2024
Contributed services and materials	\$ 5,090,005	\$ -	\$ -	\$ 5,090,005	\$ 5,330,069
Salaries	2,217,897	413,616	203,317	2,834,830	2,702,512
Accommodations and travel	929,570	17,470	14,311	961,351	948,995
Lease expense, occupancy	382,852	60,825	30,940	474,617	434,066
Employee benefits	354,912	66,188	32,535	453,635	405,824
Office supplies and program materials	431,469	7,696	3,004	442,169	516,542
Professional fees	295,128	34,234	14,293	343,655	406,518
Facilities short-term rentals	301,230	-	1,433	302,663	243,254
Lease expense, equipment rental, maintenance, and purchases	233,922	18,085	16,406	268,413	208,232
Payroll taxes	164,430	30,665	15,073	210,168	197,727
Miscellaneous	-	64,063	72,382	136,445	124,586
Insurance	99,241	1,604	9,792	110,637	104,574
Special Olympics, Inc. accreditation fee	98,467	-	-	98,467	90,172
Printing, advertising, dues and licenses	61,892	26,164	4,970	93,026	85,119
Telephone	28,128	5,071	2,493	35,692	36,490
Postage and shipping	10,983	1,904	834	13,721	13,144
Credit loss expense	-	-	-	-	4,600
Total expenses before depreciation	10,700,126	747,585	421,783	11,869,494	11,852,424
Depreciation	104,300	14,650	7,201	126,151	138,781
	<u>\$ 10,804,426</u>	<u>\$ 762,235</u>	<u>\$ 428,984</u>	<u>\$ 11,995,645</u>	<u>\$ 11,991,205</u>

Special Olympics Virginia, Inc.
Statement of Cash Flows
Year Ended December 31, 2025, with Comparative Totals for 2024

	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 1,222,224	\$ 1,606,044
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	126,151	138,781
Credit loss expense	-	4,600
Realized gain on sale of investments	(294,842)	(220,708)
Unrealized gain on investments	(445,174)	(430,426)
Gain on disposal of property and equipment	-	(7,900)
Contributed property and equipment	-	(8,378)
Noncash operating lease expense	304,300	(382,146)
Change in assets and liabilities		
Contributions receivable	249,410	(331,421)
Pledges receivable	(324,168)	(103,834)
Prepaid expenses	26,785	(4,724)
Other receivables	7,108	5,493
Security deposits	-	(7,737)
Accounts payable	4,512	78,967
Accrued expenses	30,842	19,097
Operating lease liabilities	(254,955)	437,536
Net Cash Provided by Operating Activities	<u>652,193</u>	<u>793,244</u>
Cash Flows from Investing Activities		
Purchase of investments	(5,764,371)	(4,410,539)
Proceeds from sale of investments	4,772,283	3,483,874
Purchase of certificates of deposit	-	(650,000)
Reinvestment of interest income from certificates of deposit	(20,989)	(10,773)
Maturity of certificate of deposit	266,999	-
Purchase of property and equipment	(28,333)	(45,122)
Net Cash Used by Investing Activities	<u>(774,411)</u>	<u>(1,632,560)</u>
Decrease in Cash and Cash Equivalents	(122,218)	(839,316)
Cash and Cash Equivalents		
Beginning of year	<u>5,375,172</u>	<u>6,214,488</u>
End of Year	<u>\$ 5,252,954</u>	<u>\$ 5,375,172</u>

Note 1. Organization and Nature of Activities

Special Olympics Virginia, Inc. (Organization) is a nonstock corporation whose 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 at no cost to the athletes or their families. The Organization includes the combined accounts of the state chapter and its area programs.

The mission remains as vital today as it did when the Organization was founded in 1968. Special Olympics strives to create a better world by fostering the acceptance and inclusion of all people, despite differences. Through the power of sport, people with intellectual disabilities discover new strengths and abilities, skills and success. Athletes also inspire people in their communities and elsewhere to open their hearts to a wider world of human talents and potential.

In addition to community-based programming, Special Olympics Virginia maintains a strong presence in schools, with the goal of fostering youth leadership and building more inclusive school environments. The Organization also creates meaningful opportunities for families, community members, local leaders, businesses, law enforcement, celebrities, and dignitaries to unite in support of individuals with intellectual disabilities and to advocate for lasting change.

Special Olympics Virginia currently serves more than 20,000 individuals with and without disabilities across the Commonwealth. The Organization's strategic plan is centered on enhancing program quality, improving athlete performance, increasing financial support and leveraging digital technology to expand and strengthen its offerings.

Note 2. Summary of Significant Accounting Policies

Classes of Net Assets

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

Net Assets without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors for use in the Organization's operations. Amounts currently designated by the Organization's Board of Directors from net assets without donor restrictions are reported as board designated net assets on the statement of financial position.

Net Assets with Donor Restrictions

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

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities. Revenue whose restrictions are met in the same year is reflected as revenue without donor restrictions.

All contributions are considered available for unrestricted use unless specifically restricted by the donor or subject to other legal restrictions.

Chapter and Area Information

The Organization accounts for all activity according to whether it is a chapter or area activity. Accordingly, all financial transactions have been reported by these groupings. The Chapter and Area information is presented for purposes of additional analysis and is not a required part of the financial statements.

Estimates

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

Cash and Cash Equivalents

The Organization considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents does not include amounts that are part of managed investment accounts. These amounts are included with certificates of deposit and investments on the statement of financial position.

Property and Equipment

Property and equipment are stated at cost. Expenditures for repairs and maintenance are expensed as incurred. Additions and betterments are capitalized. The cost and related accumulated depreciation on property and equipment sold or otherwise disposed are removed from the accounts and any gain or loss is reported in current year's operations.

Depreciation and amortization are provided for using various methods over the estimated useful lives as follows for the major classes of assets:

Equipment	5 - 7 years
Furniture	5 - 10 years
Vehicles	5 years
Computer software and website	3 - 4 years
Leasehold improvements	10 years

Contribution and Other Revenue Recognition

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Conditional contributions are those with measurable performance or other barriers and a right of return; these contributions are not recognized until conditions on which they depend are substantially met. Law Enforcement Torch Run (LETR) contributions are presented net of expenses. State budget funding is appropriated to the Organization in the state budget of the Commonwealth of Virginia and revenue is recognized when the Organization incurs expenses eligible for reimbursement through the appropriation. Direct marketing campaign revenue is recognized monthly based on an agreement between the Organization and its related party (see Footnote 15).

Fundraising Event Revenue Recognition

Amounts received for registration fees for various program events are considered exchange transactions as a reciprocal benefit is received by the attendees. The revenues associated with these events are recognized at a point in time, on the date of the event, at which time the Organization's performance obligation is satisfied. There are no elements of variable consideration, contract costs, or significant financing components associated with this revenue. These fees were approximately \$179,000 in 2025 and are recorded in support and revenue from benefit events for Special Olympics Virginia, Inc. on the statement of activities.

Contributed Materials and Services

The value of contributed materials and the value of contributed services that either (a) created or enhanced a nonfinancial asset or (b) required specialized skills, was provided by individuals possessing those skills, and would have been purchased if not contributed, are recorded at their fair values in the period received.

Income Taxes

The Organization is exempt from federal and state income taxes as a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code and the tax statutes of the Commonwealth of Virginia and will be taxed only to the extent it has taxable trade or business income unrelated to its exempt purpose. Accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes.

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and investments. To minimize risk, the Organization places temporary cash investments with high credit quality financial institutions and monitors its investments. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization has not experienced any losses in such accounts. As of December 31, 2025, the uninsured balances are approximately \$5,011,000.

The Organization believes it is not exposed to any significant credit risk on its cash balances.

Leases

The Organization determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of right of use (ROU) assets and lease liabilities on the statement of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Organization determines lease classification as operating or finance at the lease commencement date.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Organization combines lease and nonlease components, such as common area and other maintenance costs, in calculating the ROU assets and lease liabilities for its office buildings and equipment.

The Organization uses the implicit rate when readily determinable. If the lease does not provide an implicit rate, the Organization has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

The lease term may include options to extend or to terminate the lease that the Organization is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

The Organization has elected not to record leases with an initial term of 12 months or less on the statement of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Advertising Costs

The Organization expenses advertising costs as they are incurred. Advertising expense was \$3,361 for 2025.

Special Olympics Virginia, Inc.
Notes to Financial Statements
Year Ended December 31, 2025

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 3, 2026, the date the financial statements were available to be issued.

Functional Expenses

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. Salaries, payroll taxes and employee benefits are allocated on the basis of time and effort. The remaining categories are allocated based on the specific activity to which the expenses are attributable; or based on a blend of time and effort and the specific activity to which expenses are attributable.

Reclassifications

Certain reclassifications have been made to the 2024 financial statements to conform to the 2025 financial statement presentation. These reclassifications had no effect on net assets.

Note 3. Availability and Liquidity of Financial Assets

The following represents the Organization’s financial assets at December 31, 2025:

Financial assets at year-end	
Cash and cash equivalents	\$ 5,252,954
Certificates of deposit	<u>523,950</u>
 Financial assets available to meet general expenditures over the next twelve months	 <u>\$ 5,776,904</u>

The Organization’s policy is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit.

Note 4. Pledges Receivable

The Organization has unconditional pledges receivable at December 31, 2025 as follows:

2026	\$ 841,667
2027	<u>15,000</u>
	<u>\$ 856,667</u>

All pledges are deemed collectible and no discount is deemed necessary as the balances approximate fair value. In order to simplify their accounting process for pledges receivable, the Organization has elected to record all pledges at fair value.

Special Olympics Virginia, Inc.
Notes to Financial Statements
Year Ended December 31, 2025

Note 5. Restitution Receivables

The Organization has restitution receivables, which are included in other receivables on the statement of financial position at December 31, 2025 as follows:

2026	\$	3,000
2027		3,000
2028		<u>1,031</u>
	<u>\$</u>	<u>7,031</u>

Note 6. Investments

Investments are reported at fair value. The cost and fair value of the investments at December 31, 2025 are as follows:

	<u>Cost</u>	<u>Fair Value</u>
Money market funds	\$ 425,820	\$ 425,820
Corporate bonds	961,774	983,179
Other fixed income	59,667	60,988
Common stock	2,513,927	3,268,690
Mutual funds	<u>2,973,784</u>	<u>5,454,141</u>
	<u>\$ 6,934,972</u>	<u>\$ 10,192,818</u>

Note 7. Fair Value Measurements

Accounting standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

**Special Olympics Virginia, Inc.
Notes to Financial Statements
Year Ended December 31, 2025**

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2025.

Mutual Funds, Common Stock, Corporate Bonds, Other Fixed Income, and Money Market Funds

Valued at the closing price reported on the active market on which the individual securities are traded.

Pledges Receivable

Pledges receivable are reported at net realizable value if at the time the promise is made, payment is expected to be received in one year or less. Pledges receivable that are expected to be collected in more than one year are reported at fair value which is calculated as the present value of the expected cash flows to be received.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Special Olympics Virginia, Inc.
Notes to Financial Statements
Year Ended December 31, 2025

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2025:

Asset Class	2025			
	Total	Fair Value Measurements		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobserv- able Inputs (Level 3)
Mutual funds, equities				
Large cap growth	\$ 260,180	\$ 260,180	\$ -	\$ -
Large cap value	155,802	155,802	-	-
Large cap core	2,076,933	2,076,933	-	-
Small/mid cap core	194,369	194,369	-	-
Small cap growth	182,585	182,585	-	-
Small cap value	138,928	138,928	-	-
International	751,978	751,978	-	-
	<u>3,760,775</u>	<u>3,760,775</u>	<u>-</u>	<u>-</u>
Mutual funds, fixed income				
Intermediate	1,431,420	1,431,420	-	-
Mortgages	146,061	146,061	-	-
Non-traditional	115,885	115,885	-	-
	<u>1,693,366</u>	<u>1,693,366</u>	<u>-</u>	<u>-</u>
Corporate bonds	983,179	983,179	-	-
Other fixed income	60,988	60,988	-	-
Money market funds	425,820	425,820	-	-
Common stock				
Basic materials	139,759	139,759	-	-
Communication services	191,437	191,437	-	-
Consumer cyclical	312,595	312,595	-	-
Consumer defensive	108,655	108,655	-	-
Energy	157,797	157,797	-	-
Financial services	728,967	728,967	-	-
Health care	504,648	504,648	-	-
Industrials	512,942	512,942	-	-
Real estate	107,360	107,360	-	-
Technology	455,078	455,078	-	-
Utilities	49,452	49,452	-	-
	<u>3,268,690</u>	<u>3,268,690</u>	<u>-</u>	<u>-</u>
Total investments at fair value	<u>\$ 10,192,818</u>	<u>\$ 10,192,818</u>	<u>-</u>	<u>-</u>
Pledges receivable	\$ 856,667	\$ -	\$ -	\$ 856,667

**Special Olympics Virginia, Inc.
Notes to Financial Statements
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Note 8. Property and Equipment

Property and equipment consist of the following at December 31, 2025:

Equipment	\$ 253,968
Furniture	241,488
Vehicles	132,031
Computer software and website	444,166
Leasehold improvements	<u>323,489</u>
	1,395,142
Accumulated depreciation	<u>(1,128,531)</u>
Property and equipment, net	<u>\$ 266,611</u>

Note 9. Borrowing Facility

In April 2021, the Organization entered into an open-end revolving line of credit agreement with Truist Bank. Total borrowings available under the agreement are \$500,000, with interest at the one-month Secured Overnight Financing Rate plus 1.95%. The borrowings are uncollateralized and due on demand. There were no borrowings under this agreement during 2025.

Note 10. Beneficial Interests

When the Organization is named the beneficiary of a trust or estate, the contribution portion of this type of agreement is recognized as revenue when the Organization has the unconditional right to receive benefits under these agreements. The contribution is measured based on the expected future payments to be received using federal discount rates and life expectancy tables.

The Organization has been named as the remainder beneficiary of six charitable remainder trusts. There is insufficient financial information for this measurement to be calculated and, therefore, no amounts have been recognized for the beneficial interest in these trusts.

Note 11. Benefit Events for Special Olympics Virginia, Inc.

Benefit events consist of the following for 2025:

	<u>Polar Plunge</u>	<u>Other</u>	<u>Total</u>
Support and revenue	\$ 1,604,842	\$ 1,083,398	\$ 2,688,240
Expenses	<u>(416,018)</u>	<u>(290,919)</u>	<u>(706,937)</u>
	<u>\$ 1,188,824</u>	<u>\$ 792,479</u>	<u>\$ 1,981,303</u>

**Special Olympics Virginia, Inc.
Notes to Financial Statements
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Note 12. Contributed Nonfinancial Materials and Services

Contributed nonfinancial materials and services recognized in the statement of activities as of December 31, 2025 include the following:

	<u>Programs</u>	
Contributed materials/property and equipment	Sports competition programs	\$ 317,899
Contributed services	Sports competition programs	<u>4,772,106</u>
		<u>\$ 5,090,005</u>

The following basis was used for valuing contributed items:

- Contributed materials includes facilities, supplies and broadcast media services. The value of facilities is based on appraisals or by multiplying the square footage by the estimated market price per square foot. The value of supplies and broadcast media services is based on the fair market value of the donation.
- Contributed property and equipment value is based on the fair market value of the furniture donated.
- Contributed services includes the value of unpaid volunteers is based on multiplying the number of volunteer hours by the estimated labor rates for the type of service provided.

In addition, the Organization received contributed services that have not been recognized in the statement of activities because the criteria for recognition under accounting standards have not been satisfied. These volunteer services are provided primarily by area and local coordinators and event management teams. The value of these donated services totaled \$896,331 for 2025.

Note 13. Retirement Plan

The Organization has a 401(k) plan which covers qualified employees with at least one year of service and who have reached the age of twenty-one, as defined in the plan documents. This plan covers both the employer and employee contributions. The plan includes a non-elective employer safe harbor provision of 3% of compensation and the Organization has elected to contribute an additional 5% of compensation above this provision for the employer profit sharing contribution. Employees are fully vested in the employer’s profit-sharing contributions after 3 years of service. Total expense for the 401(k) plan for 2025 was \$195,826.

Note 14. Severance Benefit Plan

Effective July 1, 1993, the Organization established a severance benefit plan to provide severance benefits upon the termination of employment of eligible participating employees. Contributions to the plan are made through employee contribution elections in lieu of compensation. There were no employer contributions to the severance benefit plan during 2025.

Note 15. Related Party Transactions

The Organization has contributions receivable and pledges receivable in the amount of \$140,047 and \$400,000, respectively, due from Special Olympics, Inc. (SOI) as of December 31, 2025. During the year ended December 31, 2025, the Organization received approximately \$504,222 from SOI in direct marketing campaigns. Of this amount, approximately \$123,000 was receivable from SOI and is included in contributions receivable on the accompanying statement of financial position.

Special Olympics Virginia, Inc.
Notes to Financial Statements
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The affiliated support for 2025 in the amount of \$5,365 represents the Organization’s allocable share of contributions raised by SOI.

For 2025, the Organization was assessed fees by SOI. The total fees included in expenses were \$98,467.

Note 16. Operating Leases

In December 1998, the Organization entered into a lease agreement for office space with Sunset Place LLC for a six-year period and has been amended seven times. The current lease amendment was effective January 2020 and expires in December 2031.

In July 2013, the Organization entered into a lease agreement for office space with Aspen Land Development LLC for a five-year period and has been amended once. The current lease amendment was effective July 2018 and expired in July 2023. The Organization then entered into a month-to-month lease agreement that is not capitalized.

In July 2007, the Organization entered into a lease agreement for office space with BP Drive LLC for a five-year period and has been amended three times. The current lease amendment was effective June 2022 and expires in June 2028.

In January 2024, the Organization entered into a lease agreement for office and storage space, for an eleven-year period. The lease took effect June 1, 2024 after leasehold improvements were completed. Monthly rent was approximately \$3,200 for the first year and escalates yearly.

In October 1994, the Organization entered into a lease agreement for office and storage space for a two-year period that has been amended and extended several times and terminated in January 2024. In February 2024, the Organization entered into a new lease that expires in January 2029. Monthly rent escalates by approximately 4% each year since the commencement of the most recent extension.

The Organization’s lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Lease expense for 2025 was as follows:

Operating lease expense	\$ 362,675
Short-term lease expense	109,048
Variable lease expense	<u>2,504</u>
	<u>\$ 474,617</u>

Other Information

Weighted-average remaining lease term in years for operating leases	6.96
Weighted-average discount rate for operating leases	2.59%

Special Olympics Virginia, Inc.
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Future minimum operating lease payments at December 31, 2025, are as follows:

2026	\$	337,565
2027		351,821
2028		357,481
2029		358,890
2030		368,619
Thereafter		<u>731,865</u>
Total future undisclosed lease payments		2,506,241
Imputed interest		<u>(236,743)</u>
	\$	<u>2,269,498</u>

Note 17. Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following at December 31, 2025:

	<u>Temporary Restrictions</u>	<u>Perpetual Restrictions</u>	<u>Total with Donor Restrictions</u>
Tennis invitational tournament	\$ 223,083	\$ 360,000	\$ 583,083
Scholarships	253,744	267,000	520,744
Project Unify	361,352	-	361,352
Healthy Athletes	49,855	66,000	115,855
Sailing, swimming, cycling & skiing (Area 26)	5,332	42,400	47,732
Miscellaneous grants	181,793	-	181,793
State and regional championships	2,000	-	2,000
Time restriction on unrestricted pledges	<u>15,000</u>	<u>-</u>	<u>15,000</u>
	<u>\$ 1,092,159</u>	<u>\$ 735,400</u>	<u>\$ 1,827,559</u>

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of events specified by the donors as follows:

Healthy Athletes	\$	48,998
Athlete Leadership		10,000
Tech		25,000
Tennis invitational tournament		9,250
State and regional championships		12,000
Scholarships		24,744
Receipt of time restricted pledges		40,000
Miscellaneous grants		424,571
Unified Champion Schools		<u>458,367</u>
Total restrictions released	\$	<u>1,052,930</u>

**Special Olympics Virginia, Inc.
Notes to Financial Statements
Year Ended December 31, 2025**

Note 18. Endowment Funds

The Organization's endowment consists of eight funds. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. The donor-restricted funds were established for scholarships to state events, the tennis invitational tournament, healthy athletes programs and several sports (sailing, swimming, cycling and skiing) in Area 26. The board designated fund was established to support the Organization's efforts stated in the strategic plan to improve program delivery and provide effective support services, to fund healthy athletes programs and to allow us to move forward with future initiatives. As required by U.S. GAAP, net assets associated with these endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

At December 31, 2025, the endowment net asset composition by type of fund was as follows:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>		
		<u>Temporary Restriction</u>	<u>Perpetual Restriction</u>	<u>Total</u>
Donor-restricted endowments	\$ -	\$ 341,260	\$ 735,400	\$ 1,076,660
Board-designated endowments	<u>720,663</u>	<u>-</u>	<u>-</u>	<u>720,663</u>
	<u>\$ 720,663</u>	<u>\$ 341,260</u>	<u>\$ 735,400</u>	<u>\$ 1,797,323</u>

The management of donor-restricted endowment funds is governed by state law under the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as adopted by the Virginia state legislature. Virginia's version of UPMIFA was enacted during 2008. The Organization's Board of Directors has interpreted the relevant state law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by the state UPMIFA law.

From time to time, the fair value of assets associated with the individual donor-restricted endowment fund may fall below the level that the donor or state UPMIFA guidelines require the Organization to retain as a fund of perpetual duration. In accordance with U.S. GAAP, any deficiencies of this nature are reported in net assets with donor restrictions. No deficiencies of this nature exist as of December 31, 2025.

Special Olympics Virginia, Inc.
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A summary of the activity in endowment funds for the year ended December 31, 2025 is as follows:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>		<u>Total</u>
		<u>Temporary Restriction</u>	<u>Perpetual Restriction</u>	
Endowment net assets, beginning of year	\$ 699,847	\$ 310,644	\$ 735,400	\$ 1,745,891
Investment return				
Investment income	17,209	25,310	-	42,519
Net realized and unrealized gain	34,974	51,440	-	86,414
Appropriations for expenditure	<u>(31,367)</u>	<u>(46,134)</u>	<u>-</u>	<u>(77,501)</u>
Endowment net assets, end of year	<u>\$ 720,663</u>	<u>\$ 341,260</u>	<u>\$ 735,400</u>	<u>\$ 1,797,323</u>

In accordance with state UPMIFA law, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of the Organization and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the investment policies of the Organization.

Endowment Investing and Spending Policies

The primary objective of the Organization's investment policy is long-term capital appreciation and growth of the endowment to generate additional resources for use in accordance with donor intent. The custodial account consists of common stocks, fixed income investments and cash equivalents.

Over the long-term, the Organization expects the current spending policy to allow for long-term capital appreciation of the endowment. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

Note 19. Comparative Totals

The financial statements, specifically the statement of functional expenses, include certain prior-year summarized comparative information in total but not complete detail. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for 2024 from which the summarized information was derived.