

SPECIAL OLYMPICS MONTANA, INC.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024 and 2023



**SPECIAL OLYMPICS MONTANA, INC.
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Management
Special Olympics Montana, Inc.
Great Falls, Montana

Opinion

We have audited the accompanying consolidated financial statements of Special Olympics Montana, Inc. (a nonprofit organization) and Flame of Hope LLC, which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Special Olympics Montana, Inc. as of December 31, 2024 and 2023, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Special Olympics Montana, 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.

Emphasis of Matter

As discussed in Note 1, Special Olympics Montana, Inc. created Flame of Hope LLC to hold the restricted endowment investment assets and required the financial statements to be consolidated for the creation of the new entity. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Special Olympics Montana, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 generally accepted auditing standards 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, including omissions, 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Montana, 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Special Olympics Montana, 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 planning scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying details of consolidation are presented for purposes of additional analysis and are not a required part of the consolidated 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.

Non-Accounting Supplementary Information

In addition, the non-accounting information on pages 26 and 27, which is the responsibility of management, is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Junkermier, Clark, Campanella, Stevens, P.C.

Great Falls, Montana
July 8, 2025

SPECIAL OLYMPICS MONTANA, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2024 and 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,474,460	\$ 3,136,768
Inventory of education and promotion materials held for use	8,019	17,337
Support receivable, current	474,339	483,548
Prepaid expenses	25,868	5,032
	3,982,686	3,642,685
FIXED ASSETS		
Land	33,278	33,278
Building	252,611	252,611
Furniture and equipment	66,780	66,778
Vehicles	104,903	98,706
	457,572	451,373
Less accumulated depreciation	239,491	241,402
	218,081	209,971
OTHER ASSETS		
Investments, at fair market value	13,597,404	12,007,631
Support receivable, long-term, net	255,574	473,414
Cash surrender value of life insurance	60,919	56,660
	13,913,897	12,537,705
Total assets	\$ 18,114,664	\$ 16,390,361
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 10,684	\$ 3,531
Accrued vacation	74,279	64,820
Accrued liabilities	44,069	26,007
Deferred revenue	-	25,348
	129,032	119,706
LONG-TERM LIABILITIES		
Annuities payable	70,669	109,680
	70,669	109,680
Total liabilities	199,701	229,386
NET ASSETS		
Without donor restrictions	7,029,854	5,878,750
With donor restrictions	10,885,109	10,282,225
Total net assets	17,914,963	16,160,975
Total liabilities and net assets	\$ 18,114,664	\$ 16,390,361

See consolidated notes to financial statements.

SPECIAL OLYMPICS MONTANA, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
PUBLIC SUPPORT			
Foundation and corporate contributions	\$ 1,969,763	\$ 495,696	\$ 2,465,459
Individual contributions	184,526	2,312	186,838
Service club contributions	71,839	-	71,839
Fundraising income	1,454,338	-	1,454,338
Telemarketing	178,083	-	178,083
In-kind contributions	332,543	-	332,543
Games revenue	1,920	-	1,920
Change in value of split-interest agreements	38,654	(38,654)	-
Net assets released from restrictions	666,558	(666,558)	-
	<u>4,898,224</u>	<u>(207,204)</u>	<u>4,691,020</u>
 REVENUE			
Gain on sale of assets	16,543	-	16,543
Other revenue	4,259	-	4,259
Net investment gain	180,641	810,088	990,729
	<u>201,443</u>	<u>810,088</u>	<u>1,011,531</u>
 Total public support and revenue	<u>5,099,667</u>	<u>602,884</u>	<u>5,702,551</u>
 EXPENSES			
Program services	3,215,442	-	3,215,442
Supporting services	318,513	-	318,513
Fundraising	414,608	-	414,608
	<u>3,948,563</u>	<u>-</u>	<u>3,948,563</u>
 CHANGE IN NET ASSETS	1,151,104	602,884	1,753,988
 Net assets, beginning of year	<u>5,878,750</u>	<u>10,282,225</u>	<u>16,160,975</u>
 NET ASSETS, END OF YEAR	<u><u>\$ 7,029,854</u></u>	<u><u>\$ 10,885,109</u></u>	<u><u>\$ 17,914,963</u></u>

See consolidated notes to financial statements.

SPECIAL OLYMPICS MONTANA, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
PUBLIC SUPPORT			
Foundation and corporate contributions	\$ 1,125,754	\$ 460,476	\$ 1,586,230
Individual contributions	144,754	158,498	303,252
Service club contributions	75,513	-	75,513
Fundraising income	1,217,053	-	1,217,053
Telemarketing	136,443	-	136,443
In-kind contributions	309,743	-	309,743
Games revenue	14,709	-	14,709
Change in value of split-interest agreements	101,604	(101,604)	-
Net assets released from restrictions	781,016	(781,016)	-
	<u>3,906,589</u>	<u>(263,646)</u>	<u>3,642,943</u>
 REVENUE			
Other revenue	3,903	-	3,903
Net investment income	<u>358,984</u>	<u>834,221</u>	<u>1,193,205</u>
	<u>362,887</u>	<u>834,221</u>	<u>1,197,108</u>
 Total public support and revenue	<u>4,269,476</u>	<u>570,575</u>	<u>4,840,051</u>
 EXPENSES			
Program services	2,967,971	-	2,967,971
Supporting services	299,874	-	299,874
Fundraising	<u>279,410</u>	<u>-</u>	<u>279,410</u>
 Total expenses	<u>3,547,255</u>	<u>-</u>	<u>3,547,255</u>
 CHANGE IN NET ASSETS	722,221	570,575	1,292,796
 Net assets, beginning of year	<u>5,156,529</u>	<u>9,711,650</u>	<u>14,868,179</u>
 NET ASSETS, END OF YEAR	<u><u>\$ 5,878,750</u></u>	<u><u>\$ 10,282,225</u></u>	<u><u>\$ 16,160,975</u></u>

See consolidated notes to financial statements.

SPECIAL OLYMPICS MONTANA, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2024

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Fundraising</u>	<u>Totals</u>
Wages	\$ 1,307,414	\$ 169,116	\$ 49,231	\$ 1,525,761
Payroll expenses	114,746	13,902	4,420	133,068
Employee health and retirement	<u>196,029</u>	<u>32,360</u>	<u>7,399</u>	<u>235,788</u>
Total personnel expenses	1,618,189	215,378	61,050	1,894,617
Advertising	219,751	3,744	34,150	257,645
Conferences and meetings	22,960	707	10,823	34,490
Contract services	15,000	-	-	15,000
Depreciation	7,352	22,055	-	29,407
Dues and subscriptions	4,505	1,927	1,173	7,605
Games	1,385	-	22,887	24,272
Insurance	20,028	9,004	6,963	35,995
Medals and awards	127,605	6,235	51,509	185,349
Miscellaneous	46,258	(37,283)	-	8,975
Occupancy	6,798	2,153	2,379	11,330
Office supplies	51,503	13,676	14,294	79,473
Postage and freight	13,639	1,219	10,157	25,015
Printing and pictures	8,716	1,047	14,301	24,064
Rent	86,462	-	16,800	103,262
Service fees	163,420	34,459	76,467	274,346
Supplies	241,025	16,809	45,758	303,592
Telephone	18,044	6,796	5,948	30,788
Travel and meals	<u>542,802</u>	<u>20,587</u>	<u>39,949</u>	<u>603,338</u>
Total expenses	<u>\$ 3,215,442</u>	<u>\$ 318,513</u>	<u>\$ 414,608</u>	<u>\$ 3,948,563</u>

See consolidated notes to financial statements.

SPECIAL OLYMPICS MONTANA, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2023

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Fundraising</u>	<u>Totals</u>
Wages	\$ 1,165,601	\$ 141,907	\$ 53,203	\$ 1,360,711
Payroll expenses	103,785	12,161	4,789	120,735
Employee health and retirement	<u>172,437</u>	<u>25,063</u>	<u>7,061</u>	<u>204,561</u>
Total personnel expenses	1,441,823	179,131	65,053	1,686,007
Advertising	220,440	3,803	30	224,273
Conferences and meetings	351	542	9,027	9,920
Contract services	14,500	-	-	14,500
Depreciation	21,206	7,033	-	28,239
Dues and subscriptions	3,671	1,433	2,124	7,228
Games	-	-	15,457	15,457
Insurance	17,726	6,951	6,533	31,210
Medals and awards	98,762	2,692	24,095	125,549
Miscellaneous	-	-	4,427	4,427
Occupancy	7,605	2,408	2,716	12,729
Office supplies	51,032	11,967	14,230	77,229
Postage and freight	8,904	1,625	7,555	18,084
Printing and pictures	11,109	2,146	15,265	28,520
Rent	84,554	-	8,666	93,220
Service fees	221,433	25,912	37,089	284,434
Supplies	183,777	9,507	25,342	218,626
Telephone	18,356	6,310	6,505	31,171
Travel and meals	<u>562,722</u>	<u>38,414</u>	<u>35,296</u>	<u>636,432</u>
Total expenses	<u>\$ 2,967,971</u>	<u>\$ 299,874</u>	<u>\$ 279,410</u>	<u>\$ 3,547,255</u>

See consolidated notes to financial statements.

SPECIAL OLYMPICS MONTANA, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Year Ended December 31, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,753,988	\$ 1,292,796
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	29,406	28,239
(Gain) on investments, net	(461,450)	(792,997)
Increase in cash surrender value of life insurance	(4,259)	(3,903)
Permanently restricted contributions	(1,955)	-
Change in:		
Inventory - educational and promotional items	9,318	1,258
Support receivable	227,049	224,382
Prepaid expenses	(20,836)	1,113
Accounts payable	7,153	(15,237)
Accrued vacation	9,459	9,609
Accrued liabilities	18,062	1,433
Deferred revenue	(25,348)	25,348
Annuity payable	(39,011)	(9,605)
Net cash provided by operating activities	<u>1,501,576</u>	<u>762,436</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments and reinvestments	(1,128,323)	(1,008,797)
Purchase of fixed assets	(37,516)	(16,161)
Net cash used by investing activities	<u>(1,165,839)</u>	<u>(1,024,958)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	337,692	(262,522)
Cash and cash equivalents, beginning of year	<u>3,136,768</u>	<u>3,399,290</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 3,474,460</u>	<u>\$ 3,136,768</u>
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Trade-in value of old vehicle for the purchase of a new vehicle	<u>\$ 16,543</u>	<u>\$ -</u>

See consolidated notes to financial statements.

SPECIAL OLYMPICS MONTANA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities:

Special Olympics Montana, Inc. provides sports training and athletic competition as well as year-round programs for children and adults with intellectual disabilities throughout the State of Montana. Special Olympics Montana, Inc., as defined by this report, consists of the State Administrative Account and the following local programs:

Billings	Glendive	Miles City
Bozeman	Great Falls	Missoula
Butte	Havre	Plentywood
Cut Bank	Helena	Stevensville
Eureka	Kalispell	
Glasgow	Lewistown	

Special Olympics Montana, Inc., as defined by this report, does not include any local programs not mentioned above. The primary funding source for Special Olympics Montana, Inc., is contributions from donors who live in the region.

Basis of Presentation:

The financial statements of the Organization are prepared in conformity with the standards promulgated by the Financial Accounting Standards Board in Accounting Standards Codification (FASB ASC) 958, *Not-For-Profit Entities*. Therefore, the Organization reports information about its financial position and activities using two classes of net assets that recognize the existence and nature of restrictions on its net assets as follows:

Net assets without donor restrictions - Net assets not subject to donor-imposed stipulations that are available for operations at management's discretion.

Net assets with donor restrictions - Resources restricted by donors as to purpose or by passage of time, or resources whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of net assets with donor restrictions are reported as net assets released from restrictions.

Basis of Consolidation and Change in Reporting Entity:

The consolidated financial statements include the accounts of the Special Olympics Montana, Inc. (Organization) and Flame of Hope LLC (LLC). All significant inter-organization balances and transactions were eliminated in consolidation.

SPECIAL OLYMPICS MONTANA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
December 31, 2024 and 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Consolidation and Change in Reporting Entity (Continued):

In 2024, the Board of Directors of the Organization formed the LLC for the purpose of receiving holding, managing, and investing funds and assets of the Endowment established in 2002 by the Organization. The Organization established the LLC's Investment Policy, Management Agreement, Charter Agreement, and bylaws requiring that the majority of contributions and earnings on invested assets inure to the benefit of the Organization. The Organization maintains 100% membership interest in the LLC. Accordingly, the accounts of the LLC have been consolidated herein, as required by generally accepted accounting principles retroactively.

Tax Status:

Special Olympics Montana, Inc. is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. The Organization had no unrelated business income for the years ended December 31, 2024 and 2023. As a result, the accompanying financial statements do not reflect any provision for income taxes. In addition, the Organization has been classified as an organization that is not a private foundation.

New Accounting Pronouncement

In June 2016, the Financial Accounting Standards Board (FASB) issued guidance (FASB Accounting Standards Codification (ASC) 326, *Financial Instruments - Credit Losses*) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the consolidated financial statements with useful information in analyzing an Organization's exposure to credit risk and the measurement of credit losses. The Organization adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in enhanced disclosures.

Cash and Cash Equivalents:

Cash and cash equivalents consist of cash on hand, cash in banks, cash in transit, and checking and savings accounts. Accounts are held at the state and local program levels. Some cash and short-term investments held in a money market or other similar deposit fund are reported as investments instead of cash because the Organization held those funds for investment or as an endowment.

Inventory:

Inventory is stated at cost and the cost of sales is determined on the first-in, first-out method.

Support Receivable:

Support receivable consists primarily of unconditional promises to give pledged to the Organization. Management has determined that these receivables are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary.

Fixed Assets:

The Organization records fixed assets at cost for purchased assets and fair value for donated assets. Depreciation is computed using the straight-line method based on estimated useful lives ranging from three to seven years. The Organization has a \$1,000 capitalization policy.

SPECIAL OLYMPICS MONTANA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
December 31, 2024 and 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition From Contracts with Customers:

The Organization records revenue from contracts with customers for fundraising income and games revenue. Revenue from contracts with customers is recorded at a point in time within the calendar year. There are no significant economic factors affecting the nature, amount, timing, and uncertainty of revenue and cash flows for contracts with customers other than general economic conditions affecting customers.

Performance obligations for fundraising revenue are satisfied at the point in time when the associated raffle tickets are sold. Performance obligations for games revenue are satisfied when the program takes place, which is always in the same calendar year reporting period. Costs in connection with fundraising and games revenue are charged to expense when incurred.

Donated Goods:

Donated materials and equipment are recorded as contribution revenue at their estimated fair value at date of receipt.

Donated Services:

No amounts have been reflected for donated services, since no objective basis is available to measure the value of such services. Nevertheless, a large number of volunteers have given significant amounts of their time to Special Olympics Montana, Inc.'s programs, fundraising campaigns, and management, that do not meet the criteria for recognition under ASC 958.

Advertising:

Advertising costs are expensed as incurred. Advertising expense amounted to \$257,645 and \$224,273 for the years ended December 31, 2024 and 2023, respectively. Most advertising is donated.

Available Funds:

The expenditures for each year are financed principally by funds received from commercial sponsors and private donations. Special Olympics Montana, Inc. also receives revenue from special fundraising events not actively controlled by management personnel.

Use of Estimates:

Management uses estimates and assumptions in preparing financial statements in conformity with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Management of Liquid Resources:

Special Olympics Montana, Inc. is substantially supported by contributions both with and without donor restrictions. For donor restricted contributions, the Organization must maintain adequate resources to meet the responsibilities to donors. Thus, some of the Organization's financial assets may not be available for general expenditure within one year of the date of the statements of financial position. Special Olympics Montana, Inc. manages its liquidity as part of a policy to make unrestricted financial assets available for general expenditures and other obligations as they come due. In addition, the Organization has board designated reserves that can be draw upon in the event of financial distress or an immediate liquidity need, which would be at the discretion of the board of directors.

SPECIAL OLYMPICS MONTANA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
December 31, 2024 and 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses:

The costs of providing program and supporting services have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Certain administrative and other costs have been allocated among the programs based on specific identification or based on estimates of the expenses incurred. The primary activity groups and their related purposes are summarized as follows:

Program Services - Expenses which are associated with activities related to the Organization's exempt purpose.

Supporting Services - Expenses which allow the Organization to operate and provide program services, but are not directly attributable to the program services.

Fundraising - Provides for supplies and services for special events and activities designed to create public awareness and support for the Organization's exempt purpose.

The financial statements of the Organization report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include:

Expense	Method of Allocation
Advertising	Purpose
Contract and service fees	Purpose
Depreciation	Location and purpose
Occupancy	Location and purpose
Office supplies and expenses	Purpose
Personnel expenses	Time and effort
Rent	Location and purpose
Travel, meals, conferences, meetings	Purpose

2. SUPPORT RECEIVABLE

Support receivable consisted of the following at December 31:

	<u>2024</u>	<u>2023</u>
Receivable in less than one year	\$ 474,339	\$ 483,548
Receivable in one to five years	157,104	376,604
Receivable in more than 5 years	<u>200,000</u>	<u>200,000</u>
Total pledges receivable	831,443	1,060,152
Less discount on long-term pledges	<u>(101,530)</u>	<u>(103,190)</u>
Net pledges receivable	<u>\$ 729,913</u>	<u>\$ 956,962</u>

The discount on pledges receivable was \$101,530 and \$103,190 at December 31, 2024 and 2023, respectively. Pledges were discounted to their present value based on the term of the underlying pledge. The discount rate was 4.58% and 3.88% for the years ended December 31, 2024 and 2023, respectively.

SPECIAL OLYMPICS MONTANA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
December 31, 2024 and 2023

3. INVESTMENTS

Investments are carried on the statements of financial position at fair value, as determined by the broker from quoted prices in active markets for identical assets (Level 1 measurements). There are no assets reported at values determined by significant other observable inputs (Level 2), or significant unobservable inputs (Level 3). Gains and losses from the change in market value of investments and income from these investments are credited directly to the change in net assets without donor restrictions.

Investments consist primarily of brokered certificates of deposit, bonds, mutual funds, and corporate stocks. Investments are carried on the statements of financial position at fair value based on quoted prices in active markets (all Level 1 measurements). The cost and market value of investments are as follows at December 31:

	2024		2023	
	Cost	Market Value	Cost	Market Value
Cash and equivalents	\$ 3,975,410	\$ 4,040,658	\$ 3,121,376	\$ 3,121,348
Fixed income	3,438,973	3,294,086	3,513,922	3,345,516
Equity investments	4,078,930	5,725,196	3,882,029	5,015,522
Alternative investments	659,059	537,464	645,653	525,245
Total investments	<u>\$ 12,152,372</u>	<u>\$ 13,597,404</u>	<u>\$ 11,162,980</u>	<u>\$ 12,007,631</u>

4. ENDOWMENTS NET ASSETS

The Endowment net assets includes both the Organization's deferred annuity endowment and Flame of Hope LLC's endowments, which consists of funds received from many donors and established for a variety of purposes. Its endowments includes both donor-restricted funds and sometimes includes funds designated by the board of directors to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with 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.

Interpretation of Relevant Law:

The board of directors of the Organization and the LLC has interpreted the 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. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is also classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization and the LLC considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the various funds.
- (2) The purposes of the donor-restricted endowment funds.
- (3) General economic conditions.

SPECIAL OLYMPICS MONTANA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
December 31, 2024 and 2023

4. ENDOWMENTS NET ASSETS (Continued)

- (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 LLC.
- (7) The Organization and LLC's investment policies.

Investment Return Objectives, Risk Parameters, and Strategies:

The Organization and LLC have adopted investment policies for endowment assets with an objective of maintaining the purchasing power of the assets and all future contributions consistent with the level of programs and services currently provided. The investment process seeks to maximize a rate of return within reasonable and prudent levels of risk by diversifying the portfolio, which is based on a long-term perspective. In general, the Organization and LLC have targeted a return on the portfolio of approximately 8% annually.

Spending Policy:

The Organization and LLC's policies state the spending and distribution rate will be reviewed and approved annually in December by the board of directors. For the year ending December 31, 2023 and forward, the spending rate was 3.5%-7.0% of the average total market value of the endowment for the trailing three-year period ending December 31 using the prior 12 quarters average, not to exceed the total investment earnings, realized gains, and unrealized gains measured in the immediate preceding four quarters. The policy adopted by the board of directors states that ten percent of the excess support and revenues over expenses be transferred to the endowment fund each year.

Changes in endowments net assets are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
	<u> </u>	<u> </u>	<u> </u>
Endowments net assets, December 31, 2022	\$ -	\$ 9,433,793	\$ 9,433,793
Contributions	-	158,034	158,034
Investment income	-	289,230	289,230
Net appreciation	-	544,991	544,991
Appropriated for expenditure	(331,894)	-	(331,894)
Change in value of split-interest agreements	-	(101,604)	(101,604)
Net assets released from restrictions	<u>331,894</u>	<u>(331,894)</u>	<u>-</u>
Endowments net assets, December 31, 2023	-	9,992,550	9,992,550
Contributions	-	1,955	1,955
Investment income	-	388,824	388,824
Net appreciation (less fees)	-	421,264	421,264
Appropriated for expenditure	(35,990)	-	(35,990)
Change in value of split-interest agreements	-	(38,654)	(38,654)
Reclassification Adjustment	-	(65,653)	(65,653)
Net assets released from restrictions	<u>35,990</u>	<u>(35,990)</u>	<u>-</u>
Endowments net assets, December 31, 2024	<u>\$ -</u>	<u>\$ 10,664,296</u>	<u>\$ 10,664,296</u>

SPECIAL OLYMPICS MONTANA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
December 31, 2024 and 2023

4. ENDOWMENTS NET ASSETS (Continued)

The composition of endowments funds consisted of the following at December 31:

	2024	2023
Corpus of endowments funds	\$ 9,641,777	\$ 9,307,928
Surplus of endowments funds	1,022,519	684,622
Fair Market Value of donor-restricted endowments funds	\$ 10,664,296	\$ 9,992,550

5. DEFERRED CHARITABLE GIFT ANNUITIES

The Organization has entered into irrevocable agreements with donors whereby in exchange for the gift from the donor, the Organization is obligated to provide an annuity to the donor, commencing on an agreed-upon date, for the remainder of the donor's life. Upon termination, some of these agreements are without donor restrictions and available for use by the Organization at their discretion while other agreements are restricted to the Organization's endowment. Under the agreements restricted to the endowment, the Organization has deposited the gifts into separate accounts as required.

5. DEFERRED CHARITABLE GIFT ANNUITIES (Continued)

Annuity liabilities are recorded for the required life annuity payments at the present value of expected future cash payments. At December 31, 2024 and 2023, the present value was calculated using the rate stated in each annuity contract ranging from 0.6% to 5.2%. The annuity obligations are adjusted each year for changes in the life expectancy of the beneficiaries and are reduced as payments are made to the donor. The liability at December 31, 2024 and 2023, was \$70,669 and \$109,680, respectively.

6. RETIREMENT PLAN

Special Olympics Montana, Inc. has elected to contribute, for qualifying employees having more than six months of continuous employment, a matching amount up to 4% of their salary into a retirement fund through American Funds. The board of directors of Special Olympics Montana, Inc. has retained the authority to review and/or change this percentage at its discretion. The contributions were \$42,602 and \$35,415 for the years ended December 31, 2024 and 2023, respectively.

7. ALLOCATIONS OF JOINT COSTS

The Organization conducted activities that included requests for contributions, as well as program and management and general components. Those activities included donated television time and advertisements featuring local Special Olympics athletes with local politicians in an effort to notify the public about upcoming games and other program events, as well as volunteer opportunities and how to acquire additional information about programs and solicitation of contributions. The donated advertising was the Organization's only fundraising activity that involved joint cost allocations. Joint costs for this activity were \$93,600 and \$93,600 for each of the years ended December 31, 2024 and 2023, with management allocating 60% as program expenses and 40% as support expenses, with 30% of support expenses allocated to fundraising. The allocation of joint costs were as follows for the years ended December 31, 2024 and 2023:

SPECIAL OLYMPICS MONTANA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
December 31, 2024 and 2023

7. ALLOCATIONS OF JOINT COSTS (Continued)

	2024	2023
Program expenses	\$ 56,160	\$ 56,160
Support expenses:		
Fundraising	33,696	33,696
Supporting services	3,744	3,744
	\$ 93,600	\$ 93,600

8. DONATED MATERIALS AND SERVICES

The Organization records various types of donated goods and services (i.e. contributions in-kind) including services that act as goods, supplies, advertising, travel costs, rent, and other tangible assets. Accounting principles generally accepted in the United States of America requires recognition of professional services received if those services (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Goods and services are valued using estimated prices of identical or similar goods and services if purchased in the local area. Contributions in-kind are without donor restriction and are generally used in operations. In-kind contributions of goods and services are used in program and supporting services.

The value of donated materials and services included in the financial statements and the corresponding expenses are as follows for the years ended December 31, 2024 and 2023.

	2024	2023
Revenues without donor restrictions (contributions)		
Donated office supplies	\$ -	\$ 5
Donated supplies	28,460	40,162
Donated advertising	256,500	222,894
Donated travel and meals	30,056	20,206
Donated service fees	11,560	21,211
Donated rent	5,967	5,265
	\$ 332,543	\$ 309,743
Expenses		
Office supplies	\$ -	\$ 5
Supplies	28,460	40,162
Advertising	256,500	222,894
Travel and meals	30,056	20,206
Service fees	11,560	21,211
Rent	5,967	5,265
	\$ 332,543	\$ 309,743

SPECIAL OLYMPICS MONTANA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
December 31, 2024 and 2023

9. DONATED SERVICES

Many volunteers have donated significant amounts of time to the Organization's program and fundraising activities. No amounts have been recognized in the accompanying statement of activities and changes in net assets because the criteria for recognition of such efforts have not been satisfied in accordance with accounting principles generally accepted in the United States of America.

10. AREA AND LOCAL PROGRAM EXPENSES

The Organization maintains separate accounting for state versus local programs. For financial purposes, the activity of all such local programs is combined with the state and reported as one entity. Total expenses as reported consist of \$3,930,018 and \$3,486,082 at the state level and \$18,545 and \$61,173 at the local level for the years ended December 31, 2024 and 2023, respectively.

11. NET ASSETS

Net assets are comprised of the following at December 31:

	<u>2024</u>	<u>2023</u>
Net assets without donor restrictions		
Invested in property and equipment, net of depreciation and related debt	\$ 218,081	\$ 209,971
Board designated funds	84,483	83,475
Investment reserve	1,857,675	1,857,675
Undesignated	<u>4,869,615</u>	<u>3,727,629</u>
Total net assets without donor restrictions	<u>7,029,854</u>	<u>5,878,750</u>
Net assets with donor restrictions		
Pledges and grants receivable	129,599	129,599
Bev Hihnala Grant	137,104	175,622
Healthy Athletes	30,749	45,752
Project Unified	(106,663)	(90,965)
Flathead Project	15,122	15,122
Gift annuities not designated for the endowment	14,902	14,545
Endowment corpus	9,641,777	9,307,928
Endowment earnings in excess of corpus	<u>1,022,519</u>	<u>684,622</u>
Total net assets with donor restrictions	<u>10,885,109</u>	<u>10,282,225</u>
Total net assets	<u>\$ 17,914,963</u>	<u>\$ 16,160,975</u>

SPECIAL OLYMPICS MONTANA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
December 31, 2024 and 2023

12. FINANCIAL ASSETS

The table below reflects the Organization's financial assets as of the date of the statements of financial position, reduced by amounts that are not available for general use due to contractual or donor imposed restrictions within one year of the statement of financial position date December 31:

	2024	2023
Cash and cash equivalents	\$ 3,474,460	\$ 3,136,768
Current accounts and pledges receivable	474,339	483,548
Investments	13,597,404	12,007,631
	17,546,203	15,627,947
Less: financial assets unavailable for general expenditures within one year, due to:		
Investment reserve	(1,857,675)	(1,857,675)
Board designated funds	(84,483)	(83,475)
Restricted for projects and programs	(76,312)	(145,531)
Gift annuities	(14,902)	(14,545)
Restricted for the endowment	(10,664,296)	(9,992,550)
Financial assets available to meet cash needs for general expenditures within one year	\$ 4,848,535	\$ 3,534,171

13. SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 8, 2025, the date on which the financial statements were available to be issued. No additional disclosures were deemed necessary.

SUPPLEMENTARY INFORMATION

SPECIAL OLYMPICS MONTANA, INC.
DETAILS OF CONSOLIDATED - STATEMENT OF FINANCIAL POSITION
December 31, 2024

	<u>SOMT</u>	<u>Flame of Hope LLC</u>	<u>Eliminating Entries</u>	<u>Consolidated Totals</u>
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 3,474,460	\$ -	\$ -	\$ 3,474,460
Inventory of education and promotion materials held for use	8,019	-	-	8,019
Support receivable, current	474,339	-	-	474,339
Flame of Hope LLC receivable, current	-	4,237,832	(4,237,832)	-
Prepaid expenses	25,868	-	-	25,868
	<u>3,982,686</u>	<u>4,237,832</u>	<u>(4,237,832)</u>	<u>3,982,686</u>
FIXED ASSETS				
Land	33,278	-	-	33,278
Building	252,611	-	-	252,611
Furniture and equipment	66,780	-	-	66,780
Vehicles	104,903	-	-	104,903
	<u>457,572</u>	<u>-</u>	<u>-</u>	<u>457,572</u>
Less accumulated depreciation	239,491	-	-	239,491
	<u>218,081</u>	<u>-</u>	<u>-</u>	<u>218,081</u>
OTHER ASSETS				
Investments, at fair market value	9,114,809	4,482,595	-	13,597,404
Support receivable, long-term, net	255,574	-	-	255,574
Cash surrender value of life insurance	60,919	-	-	60,919
	<u>9,431,302</u>	<u>4,482,595</u>	<u>-</u>	<u>13,913,897</u>
Total assets	<u>\$ 13,632,069</u>	<u>\$ 8,720,427</u>	<u>\$ (4,237,832)</u>	<u>\$ 18,114,664</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 10,684	\$ -	\$ -	\$ 10,684
Flame of Hope LLC payable	4,237,832	-	(4,237,832)	-
Accrued vacation	74,279	-	-	74,279
Accrued liabilities	44,069	-	-	44,069
	<u>4,366,864</u>	<u>-</u>	<u>(4,237,832)</u>	<u>129,032</u>
LONG-TERM LIABILITIES				
Annuities payable	70,669	-	-	70,669
	<u>70,669</u>	<u>-</u>	<u>-</u>	<u>70,669</u>
Total liabilities	<u>4,437,533</u>	<u>-</u>	<u>(4,237,832)</u>	<u>199,701</u>
NET ASSETS				
Without donor restrictions	7,029,854	-	-	7,029,854
With donor restrictions	2,164,682	8,720,427	-	10,885,109
Total net assets	<u>9,194,536</u>	<u>8,720,427</u>	<u>-</u>	<u>17,914,963</u>
Total liabilities and net assets	<u>\$ 13,632,069</u>	<u>\$ 8,720,427</u>	<u>\$ (4,237,832)</u>	<u>\$ 18,114,664</u>

See independent auditors' report.

SPECIAL OLYMPICS MONTANA, INC.
DETAILS OF CONSOLIDATION - STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2024

	<u>SOMT</u>	<u>Flame of Hope LLC</u>	<u>Eliminating Entries</u>	<u>Consolidated Totals</u>
PUBLIC SUPPORT				
Foundation and corporate contributions	\$ 2,463,566	\$ 214,643	\$ (212,750)	\$ 2,465,459
Individual contributions	186,838	-	-	186,838
Service club contributions	71,839	-	-	71,839
Fundraising income	1,454,338	-	-	1,454,338
Telemarketing	178,083	-	-	178,083
In-kind contributions	332,543	-	-	332,543
Games revenue	1,920	-	-	1,920
Net assets released from restrictions	2,386	(32,386)	30,000	-
	<u>4,691,513</u>	<u>182,257</u>	<u>(182,750)</u>	<u>4,691,020</u>
REVENUE				
Gain on sale of assets	16,543	-	-	16,543
Other revenue	4,259	-	-	4,259
Net investment income	640,991	649,691	(299,953)	990,729
	<u>661,793</u>	<u>649,691</u>	<u>(299,953)</u>	<u>1,011,531</u>
Total public support and revenue	<u>5,353,306</u>	<u>831,948</u>	<u>(482,703)</u>	<u>5,702,551</u>
EXPENSES				
Program services	3,215,442	-	-	3,215,442
Supporting services	318,513	-	-	318,513
Fundraising	414,608	-	-	414,608
	<u>3,948,563</u>	<u>-</u>	<u>-</u>	<u>3,948,563</u>
CHANGE IN NET ASSETS				
	1,404,743	831,948	(482,703)	1,753,988
Net assets, beginning of year	<u>12,027,625</u>	<u>7,888,479</u>	<u>(3,755,129)</u>	<u>16,160,975</u>
NET ASSETS, END OF YEAR	<u>\$ 13,432,368</u>	<u>\$ 8,720,427</u>	<u>\$ (4,237,832)</u>	<u>\$ 17,914,963</u>

See independent auditors' report.

NON-ACCOUNTING SUPPLEMENTARY INFORMATION



Special Olympics Montana 2024 Volunteer Value Impact

Standard accounting procedures do not allow for consideration and documentation of the real value of volunteer time in audited financial statements. In a volunteer-driven movement like Special Olympics Montana, however, this human resource is primary and pivotal to our service delivery and has tremendous real dollar value to the organization.

Quite literally, in the absence of volunteers we would have no program. This said, the professional staff employed works almost exclusively from day to day throughout the year with volunteers across Montana.

While our overhead (typically defined as administrative and fund-raising costs) is relatively low to program expenses, when you include the Volunteer Value Impact (VVI) into the equation, our supporters see the real ratio and cost effectiveness associated with our annual operation.

Including this metric, based on a minimum wage of \$10.30/hour and the roles and responsibilities of nearly 6,530 volunteers who donated approximately 718,300 hours of their time and talent in 2024, we estimate that VVI was \$7,398,490. Based on the value of a volunteer hour determined by the Chronicle of Philanthropy and Nonprofit Times, using minimum wage is about half the value these industry tabloids would place on a volunteer's time.

When VVI is factored in, results are stunning and demonstrate the cost effectiveness of Special Olympics Montana.

Special Olympics Montana

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Unaudited - see "Non-Accounting Information" on the independent auditors' report.



Special Olympics Montana Charts A and B: Volunteer Value Impact (VVI)

Chart A - Allocation of 2024
Functional Expenses

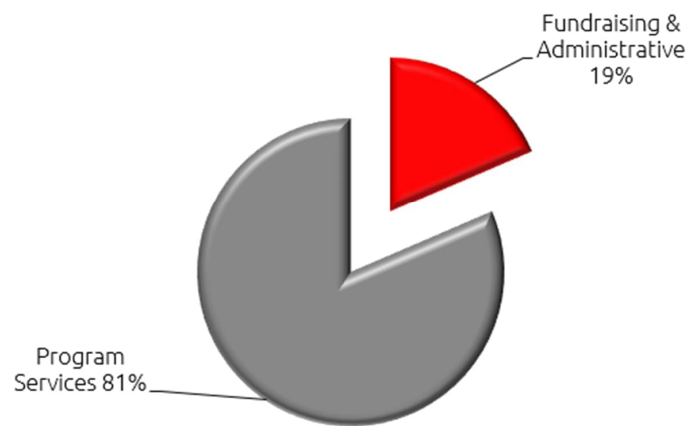
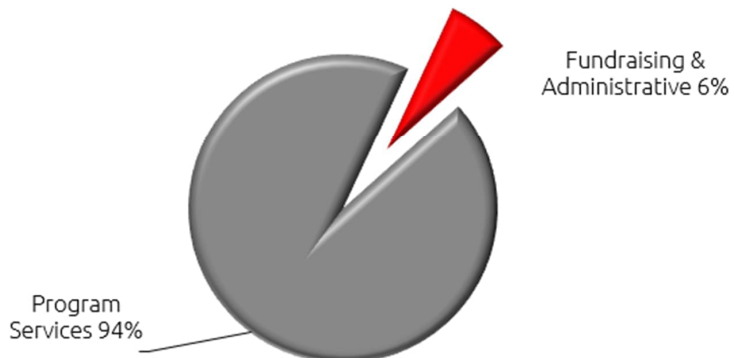


Chart B - allocation of 2024
functional expenses adjusted to include 718,300
annual volunteer hours at \$10.30/hour



Special Olympics Montana

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