

**ADAPTIVE SPORTS FOUNDATION, INC.**

**Financial Statements and  
Independent Auditor's Report**

**June 30, 2019 and 2018**

**ADAPTIVE SPORTS FOUNDATION, INC.**

**Financial Statements**

**June 30, 2019 and 2018**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Adaptive Sports Foundation, Inc.

We have audited the accompanying financial statements of Adaptive Sports Foundation, Inc. (a nonprofit organization) (the "Organization") which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Adaptive Sports Foundation, Inc. as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Summarized Comparative Information**

We have previously audited Adaptive Sports Foundation, Inc.'s financial statements for the year ended June 30, 2018, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 21, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Wojeski & Company, CPAs, P.C.*

Albany, New York  
November 26, 2019

**ADAPTIVE SPORTS FOUNDATION, INC.**

**Statements of Financial Position**

**As of June 30, 2019 (with comparative totals for 2018)**

	Without Donor Restrictions	With Donor Restrictions	2019 Totals	2018 Totals
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash & cash equivalents	\$ 370,273	\$ 227,709	\$ 597,982	\$ 687,474
Grants and contributions receivable	28,560	-	28,560	86,060
Interest receivable	14,759	-	14,759	6,856
Marketable securities	1,034,948	-	1,034,948	1,028,338
Prepaid expenses	19,535	-	19,535	12,709
Security deposit	550	-	550	-
Land held for sale, current	125,000	-	125,000	-
TOTAL CURRENT ASSETS	1,593,625	227,709	1,821,334	1,821,437
PROPERTY AND EQUIPMENT - NET	2,600,927	-	2,600,927	2,689,981
MARKETABLE SECURITIES	-	2,791,260	2,791,260	2,705,215
LAND HELD FOR SALE	381,036	-	381,036	581,740
TOTAL ASSETS	<u>\$ 4,575,588</u>	<u>\$ 3,018,969</u>	<u>\$ 7,594,557</u>	<u>\$ 7,798,373</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 13,113	\$ -	\$ 13,113	\$ 354
Development cost payable	26,540	-	26,540	52,035
Deferred revenue	-	-	-	10,051
TOTAL CURRENT LIABILITIES	39,653	-	39,653	62,440
LAND ACQUISITION LOAN	750,000	-	750,000	750,000
TOTAL LIABILITIES	789,653	-	789,653	812,440
NET ASSETS	3,785,935	3,018,969	6,804,904	6,985,933
	<u>\$ 4,575,588</u>	<u>\$ 3,018,969</u>	<u>\$ 7,594,557</u>	<u>\$ 7,798,373</u>

See accompanying notes to financial statements.

**ADAPTIVE SPORTS FOUNDATION, INC.**

**Statement of Activities**

**Year Ended June 30, 2019 (with comparative totals for 2018)**

	Without Donor Restrictions	With Donor Restrictions	2019 Totals	2018 Totals
<b>PUBLIC SUPPORT</b>				
Special event revenue	\$ 687,063	\$ -	\$ 687,063	\$ 630,376
Noncash contributions	421,674	-	421,674	280,415
Contributions received for support	278,687	73,641	352,328	545,084
Grant revenue	89,739	127,169	216,908	282,185
<b>TOTAL PUBLIC SUPPORT</b>	<b>1,477,163</b>	<b>200,810</b>	<b>1,677,973</b>	<b>1,738,060</b>
<b>REVENUE</b>				
Program revenue	195,165	2,500	197,665	224,693
Net realized/unrealized gain (loss) on invest.	8,740	77,791	86,531	203,063
Investment income, net	42,458	26,478	68,936	68,638
Lease income	10,000	-	10,000	10,000
Net income on lunch and vending sales	5,932	-	5,932	7,722
Net income on retail sales	554	-	554	6,240
Impairment loss on land held for resale	(78,000)	-	(78,000)	-
Other income	3,291	-	3,291	5,731
<b>TOTAL REVENUE</b>	<b>188,140</b>	<b>106,769</b>	<b>294,909</b>	<b>526,087</b>
Net assets released from restriction	197,393	(197,393)	-	-
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>	<b>1,862,696</b>	<b>110,186</b>	<b>1,972,882</b>	<b>2,264,147</b>
<b>EXPENSES</b>				
Program services	1,380,256	-	1,380,256	1,253,319
Management and general	205,822	-	205,822	203,111
Fundraising	567,833	-	567,833	501,615
<b>TOTAL EXPENSES</b>	<b>2,153,911</b>	<b>-</b>	<b>2,153,911</b>	<b>1,958,045</b>
<b>CHANGES IN NET ASSETS</b>	<b>(291,215)</b>	<b>110,186</b>	<b>(181,029)</b>	<b>306,102</b>
<b>NET ASSETS, beginning of year</b>	<b>4,077,150</b>	<b>2,908,783</b>	<b>6,985,933</b>	<b>6,679,831</b>
<b>NET ASSETS, end of year</b>	<b>\$ 3,785,935</b>	<b>\$ 3,018,969</b>	<b>\$ 6,804,904</b>	<b>\$ 6,985,933</b>

See accompanying notes to financial statements.

**ADAPTIVE SPORTS FOUNDATION, INC.**

**Statement of Functional Expenses**

**Year Ended June 30, 2019 (with comparative totals for 2018)**

	Program Services	Management and General	Fundraising	2019 Totals	2018 Totals
Gross wages and salaries	\$ 432,139	\$ 71,377	\$ 97,301	\$ 600,817	\$ 590,856
Employee benefits	60,260	9,953	13,568	83,781	93,624
Payroll taxes	33,470	5,528	7,536	46,534	46,696
<b>TOTAL PAYROLL AND RELATED EXPENSES</b>	<b>525,869</b>	<b>86,858</b>	<b>118,405</b>	<b>731,132</b>	<b>731,176</b>
Special event/banquet expenses	-	-	310,601	310,601	218,194
Winter programs expenses	279,674	-	-	279,674	270,545
Volunteer expense	172,772	-	-	172,772	62,943
Depreciation	111,025	18,338	24,998	154,361	146,786
Warrior in motion program expenses	97,536	-	-	97,536	84,386
Insurance expense	54,596	9,018	12,293	75,907	75,454
Other direct special event expenses	-	-	70,178	70,178	84,886
Accounting expense	-	33,566	-	33,566	6,528
Lease expense - land	30,000	-	-	30,000	30,000
Building maintenance & expenses	21,230	3,507	4,780	29,517	29,604
Computer and website expenses	7,873	9,100	1,773	18,746	7,645
Bank service charges	12,985	2,145	2,924	18,054	14,299
Interest expense	12,785	2,112	2,879	17,776	17,550
Marketing expense	-	-	13,486	13,486	2,112
Veterans affairs program expenses	12,302	-	-	12,302	53,248
Utilities	7,557	2,950	-	10,507	10,321
Equipment expenses	10,289	-	-	10,289	10,351
Real estate taxes	-	9,388	-	9,388	9,962
Telephone expense	5,690	940	1,281	7,911	6,819
Supplies	4,203	694	946	5,843	13,365
Training expense	3,883	-	-	3,883	2,890
Admin. and board of directors expense	-	2,445	-	2,445	1,100
Postage expense	1,023	169	230	1,422	1,708
Vehicle expenses	996	165	224	1,385	745
Donation and awards	-	-	627	627	17,877
Legal fees	-	110	-	110	1,470
Contributed goods	-	-	-	-	17,590
Printing/stationery expense	-	-	-	-	249
Miscellaneous expenses	7,968	24,317	2,208	34,493	28,242
	<u>\$ 1,380,256</u>	<u>\$ 205,822</u>	<u>\$ 567,833</u>	<u>\$ 2,153,911</u>	<u>\$ 1,958,045</u>

See accompanying notes to financial statements.

**ADAPTIVE SPORTS FOUNDATION, INC.**

**Statements of Cash Flows**

	Year Ended June 30,	
	2019	2018
<b>OPERATING ACTIVITIES</b>		
Changes in net assets	\$ (181,029)	\$ 306,102
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	154,361	146,786
Net realized and unrealized gain on investments	(86,531)	(203,063)
Impairment loss on land held for resale	78,000	-
(Increase) decrease in assets:		
Grants and contributions receivable	57,500	(78,095)
Interest receivable	(7,903)	(6,856)
Prepaid expenses	(6,826)	16,334
Security deposit	(550)	300
Increase (decrease) in liabilities:		
Accounts payable	12,759	(8,469)
Deferred revenue	(10,051)	2,051
	<u>9,730</u>	<u>175,090</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		
<b>INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	3,051,217	866,120
Purchase of investments	(3,057,341)	(1,858,343)
Acquisition of property and equipment	(65,307)	(212,780)
Payments of land development costs	(27,791)	-
	<u>(99,222)</u>	<u>(1,205,003)</u>
NET CASH USED IN INVESTING ACTIVITIES		
	<u>(89,492)</u>	<u>(1,029,913)</u>
NET DECREASE IN CASH		
Cash, cash equivalents, and restricted cash at beginning of year	<u>687,474</u>	<u>1,717,387</u>
	<u>597,982</u>	<u>687,474</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF YEAR		
	<u>\$ 597,982</u>	<u>\$ 687,474</u>
<b>SUPPLEMENTAL CASH FLOW DISCLOSURES</b>		
Non-cash investing and financing activities:		
Marketable securities received as donations	<u>\$ 4,515</u>	<u>\$ -</u>
Land held for sale development costs	\$ 2,296	\$ 52,035
Less: development costs payable	(2,296)	(52,035)
Purchase of land held for sale	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.



## **ADAPTIVE SPORTS FOUNDATION, INC.**

### **Notes to Financial Statements**

**June 30, 2019 and 2018**

#### **NOTE A--ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

Adaptive Sports Foundation, Inc. (the "Organization") was organized as a not-for-profit corporation on August 30, 1999 under the laws of the State of New York. The Organization is located in Windham, New York. The Organization offers both summer and winter recreational opportunities to individuals with mental and/or physical disabilities. The winter program serves as a model for other ski resorts that are interested in establishing adaptive programs.

##### Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting whereby all assets and liabilities are recorded during the period in which they were incurred.

The Organization presents its financial statements in accordance with FASB ASC 958, *Not-For-Profit Entities*. Under these provisions net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

*Net assets without donor restrictions* – Net assets that are not subject to usage restrictions based on donor-imposed requirements. This class also includes net assets previously restricted when restrictions have expired or been met.

*Net assets with donor restrictions* – Net assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Organization. Certain restrictions may be required to be maintained in perpetuity.

##### Use of Estimates

In preparing the financial statements in conformity with U.S. GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

##### Contributions

Contributions, including unconditional promises to give, are recorded in the period received. Contributions received are recorded as increases in net assets with donor restrictions or net assets without donor restrictions depending on the existence and/or nature of any donor restrictions. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the statement of activities as net assets released from restrictions. However, if a donor restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as an increase in net assets without donor restrictions.

## **ADAPTIVE SPORTS FOUNDATION, INC.**

### **Notes to Financial Statements--Continued**

#### **NOTE A--ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES--Continued**

##### Cash and Cash Equivalents

The Organization considers all short-term investments with maturities of three months or less to be cash equivalents.

##### Grants and Contributions Receivable

Grants and contributions receivable are non-interest bearing and are recorded at their estimate collectible amounts. The Organization uses the allowance method to account for uncollectible receivables. Receivable balances are periodically reviewed for collectability based on past history and current economic conditions. The Organization considers all grants and contributions receivable to be fully collectible; accordingly, no allowance for doubtful accounts has been recorded.

##### Property and Equipment

Property and equipment is recorded at cost, or in the case of donations or bequests, at fair market value at the date of acquisition. Expenditures for additions, renewals or betterments are capitalized; expenditures for maintenance and repairs are charged to expenses as incurred. Upon sale or retirement of items, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is credited or charged to activities. Depreciation is computed using the straight-line method over the estimated useful lives of the respective classes of property, ranging from 3 to 40 years.

##### Long-Lived Asset Impairment

Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the excess of the asset's carrying amount over the fair value of the asset. During the years ended June 30, 2019 and 2018, the Organization recorded \$78,000 and \$0 of impairment loss for long-lived assets, respectively.

##### Contributed Services

Contributed Services are recognized as contributions in accordance with FASB ASC 956. Services that create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization at their estimated fair market value.

The Organization received 10,956 and 5,190 volunteer hours during the years ended June 30, 2019 and 2018, respectively. For the years ended June 30, 2019 and 2018, the value of contributed services was \$164,340 and \$55,020, respectively, and recorded as an increase in both noncash contributions and volunteer expenses.

##### Advertising Costs

The Organization expenses advertising and marketing costs as they are incurred.

## **ADAPTIVE SPORTS FOUNDATION, INC.**

### **Notes to Financial Statements--Continued**

#### **NOTE A--ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES--Continued**

##### Endowment

The Organization is subject to the New York Prudent Management of Institutional Funds Act (NYPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions until the Board of Directors appropriates such amounts for expenditure and any other purpose restrictions have been met. Under the NYMIFA, Organizations are allowed to spend endowment funds below their original dollar amount ("historic dollar value") without court approval or Attorney General review if the Organization's board of directors concludes that such spending is prudent.

##### Tax Status

The Internal Revenue Service has determined that the Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Some activities and revenues are recognized as unrelated business income for tax return purposes. Therefore, the Organization files Forms 990-T and CT-13 with the Internal Revenue Service and New York State, respectively.

The Organization has adopted the provisions of FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. Management has evaluated the Organization's tax positions, including interest and penalties attributable thereto, and concluded that the Organization had taken no tax positions that required adjustment in its financial statements as of June 30, 2019 and 2018.

The Organization's information return filings are subject to examination by various taxing authorities up to three years from the extended due date of each return. The Organization is no longer subject to examinations by taxing authorities for the fiscal years ending prior to June 30, 2016. Currently, there are no examinations in progress nor has the Organization been informed of any pending examinations.

##### Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Such expenses include salaries and wages, employee benefits, insurance, depreciation expense, supplies, and other expenses.

The Organization goes through a review process in the determination of the allocation which is based on the services and work performed in a particular program and the knowledge of the expenses that are recorded in the various expense categories. The majority of these expenses are allocated based on the estimated time and effort supporting other functions.

## **ADAPTIVE SPORTS FOUNDATION, INC.**

### **Notes to Financial Statements--Continued**

#### **NOTE A--ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES--Continued**

##### Fair Value of Financial Instruments and Fair Value Disclosures

In accordance with U.S. GAAP, fair value is defined as the exchange price that would be received for an asset or liability in an orderly transaction between market participants on the measurement date. The guidance also establishes a fair value hierarchy that requires the Organization to maximize the use of observable input when measuring fair value. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Organization's market assumptions. The three levels of valuation hierarchy are as follows:

Level 1 – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets. The Organization's Level 1 non-derivatives financial investments include equity and debt securities, and cash and cash equivalents.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly.

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

Transfers between levels may occur when there is a change in the observability of significant inputs. A transfer between Level 1 and Level 2 generally occurs when the availability of quoted prices changes or when market activity of an investment significantly changes to active or inactive. A transfer between Level 2 and Level 3 generally occurs when the underlying inputs become, or can no longer be, corroborated with market observable data. For the years ended June 30, 2019 and 2018, there were no transfers between Level 1, 2 or 3.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments in the accordance with the provisions of ASC:

Cash and Cash Equivalents – The carrying amounts reported in the accompanying statements of financial position approximate their fair value, due to the short-term maturity of these instruments.

Investments in Marketable Securities – The fair market value of the Organization's investments is based on quoted prices in active markets (Level 1).

## **ADAPTIVE SPORTS FOUNDATION, INC.**

### **Notes to Financial Statements--Continued**

#### **NOTE A--ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES--Continued**

##### Income from Investments

Investment income is reported as an increase in net assets without donor restrictions unless the donor placed restriction on the income's use. Income that is restricted is reported as an increase in net assets with donor restrictions depending on the nature of the restrictions. Gains and losses are reflected as increases or decreases in the without donor restrictions class of net assets unless the donor or relevant laws placed restrictions on those gains and losses. Donor-restricted investment income and gains whose restriction is met in the same reporting period are reported as income without donor restrictions. During the years ended June 30, 2019 and 2018 investment income with and without donor restrictions were recognized and reflected on the Statement of Activities.

##### Comparative Totals, Summarized Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class, and expenses not by function. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

##### Accounting Standards Update Adopted

During the year ended June 30, 2019, the Organization adopted Accounting Standards Update (ASU) No. 2016-14 - *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 requires changes to the way certain information is aggregated and reported by the Organization, including disclosures about liquidity and availability of resources and increased disclosure on functional expenses. The Organization applied ASU 2016-14 on a retrospective basis. The adoption of ASU 2016-14 did not result in any reclassifications or restatements of net asset or change in net assets.

During the year ended June 30, 2019, the Organization adopted ASU 2016-18 - *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. The purpose of ASU 2016-18 is to reduce diversity in presentation of restricted cash and restricted cash equivalents in the statement of cash flows. The change requires restricted cash and equivalents be included as components of total cash and cash equivalents on the statement of cash flows. The Organization applied ASU 2016-18 on a retrospective basis. The adoption of ASU 2016-18 did not result in any restatements of net asset or change in net assets.

##### Reclassifications

Certain amounts for the year ended June 30, 2018 have been reclassified to conform to the current year presentation. These reclassifications had no effect on net assets or the change in net assets.

## ADAPTIVE SPORTS FOUNDATION, INC.

### Notes to Financial Statements--Continued

#### NOTE A--ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES--Continued

##### Subsequent Events

The Organization evaluates transactions that occur subsequent to year end for potential recognition or disclosure in the financial statements through the date on which the financial statements are available to be issued. The financial statements were available to be issued on November 26, 2019.

#### NOTE B--LIQUIDITY AND AVAILABILITY OF RESOURCES

As part of the Organization's liquidity management, it holds excess cash in its operating account to be used for operating expenses. The Organization manages its liquidity by developing and adopting annual budgets that provide sufficient funds for general expenditures. Adherence to the operating budget allows the Organization to meet its liabilities and other obligations that become due. In addition, the Organization has a board designated endowment fund. In the event of an unanticipated liquidity need, the Board could approve the Organization to draw from this fund.

The Organization's financial assets available within one year of the balance sheet date for general expenditures are as follows:

	2019	2018
Cash and cash equivalents	\$ 597,982	\$ 687,474
Grants and contributions receivables	28,560	86,060
Interest receivable	14,759	6,856
Marketable securities	3,826,208	3,733,553
Total financial assets, as of June 30:	4,467,509	4,513,943
Less amounts unavailable for general expenditures:		
Board designated endowment fund	(1,065,054)	(1,031,373)
Restricted net assets	(3,018,969)	(2,908,783)
Financial assets available within one year	\$ 383,486	\$ 573,787

#### NOTE C--CASH AND CASH EQUIVALENTS

The balances comprising cash and cash equivalents on hand and in bank are as follows at June 30:

	2019	2018
Cash in bank, checking accounts	\$ 443,381	\$ 567,051
Key Bank money market fund	86,754	74,702
Merrill Lynch money market funds	55,284	-
Schwab money market funds	12,563	45,721
Total cash and cash equivalents	\$ 597,982	\$ 687,474

## ADAPTIVE SPORTS FOUNDATION, INC.

### Notes to Financial Statements--Continued

#### NOTE D--GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable are comprised of the following amounts due at June 30:

	2019	2018
Individual contributions	\$ 10,000	\$ 66,000
Master Chef	10,000	-
Disabled Sports USA	8,560	-
Deutsche Bank	-	10,000
The Precourt Foundation	-	10,000
Federal grant receivable	-	60
Total grants and contributions receivable	<u>\$ 28,560</u>	<u>\$ 86,060</u>

#### NOTE E--PREPAID EXPENSES

Prepaid expenses consisted of advanced payments for the following at June 30:

	2019	2018
Insurance	\$ 16,308	\$ 9,013
Real estate taxes	3,227	2,383
Otis contract service	-	1,313
Total prepaid expenses	<u>\$ 19,535</u>	<u>\$ 12,709</u>

#### NOTE F--MARKETABLE SECURITIES

The Organization's investment portfolio is managed by an outside investment firm which has discretion to alter the portfolio asset allocation within the ranges specified by the Organization, depending on the economic and capital market outlook to achieve the Organization's investment objectives.

Marketable securities consist of common stocks, corporate bonds and stocks and equity mutual funds traded on the national stock exchanges and are stated at fair value.

Market values and unrealized gain (loss) at June 30, 2019 are summarized below:

Year 2019	Cost	Fair Market Value	Unrealized Gain (Loss)
Stock/equity mutual funds	\$ 237,206	\$ 264,206	\$ 27,000
Common stock	2,172,007	2,413,558	241,551
Corporate bonds	1,113,593	1,148,444	34,851
Total	<u>\$ 3,522,806</u>	<u>\$ 3,826,208</u>	<u>\$ 303,402</u>

**ADAPTIVE SPORTS FOUNDATION, INC.****Notes to Financial Statements--Continued****NOTE F--MARKETABLE SECURITIES--Continued**

Market values and unrealized gain (loss) at June 30, 2018 are summarized below:

Year 2018	Cost	Fair Market Value	Unrealized Gain (Loss)
Stock/equity mutual funds	\$ 596,888	\$ 580,689	\$ (16,199)
Common stock	2,176,873	2,692,288	515,415
Corporate bonds	488,154	460,576	(27,578)
Total	<u>\$ 3,261,915</u>	<u>\$ 3,733,553</u>	<u>\$ 471,638</u>

The unrealized gain position of marketable securities are as follows at June 30:

	2019	2018
Without donor restrictions	\$ 65,221	\$ 136,520
With donor restrictions	238,181	335,118
Total unrealized gain	<u>\$ 303,402</u>	<u>\$ 471,638</u>

Net realized and unrealized gains (losses) on marketable securities are as follows for the years ended June 30:

	2019	2018
Realized gains	\$ 288,197	\$ 163,520
Unrealized gains (losses)	(201,666)	39,543
Net realized & unrealized gains on marketable securities	<u>\$ 86,531</u>	<u>\$ 203,063</u>

**NOTE G--PROPERTY AND EQUIPMENT**

Property and equipment at consist of the following at June 30:

	2019	2018
Building and building improvements	\$ 2,580,591	\$ 2,561,120
Land and land improvements	633,488	633,488
Program equipment	749,266	738,730
Machinery and equipment	537,689	502,389
Computer software	35,758	35,758
Total property and equipment	4,536,792	4,471,485
Less: accumulated depreciation	(1,935,865)	(1,781,504)
Total property and equipment - net	<u>\$ 2,600,927</u>	<u>\$ 2,689,981</u>



## **ADAPTIVE SPORTS FOUNDATION, INC.**

### **Notes to Financial Statements--Continued**

#### **NOTE H--LAND HELD FOR RESALE**

As of June 30, 2019, Land Held for Resale includes property bought in conjunction with the parcel of land purchased for the purposes of the construction for the existing facility which was occupied during the year ended June 30, 2006. One parcel of this property was sold in a prior year and three parcels continue to be held for resale. On the closing of the sale of the remaining three parcels the Organization is obligated to make certain payments on a related promissory note (see Note I). The Organization estimates that the sale proceeds realized will be sufficient to cover this obligation. In addition, Land Held for Resale also includes a parcel which was received as a noncash contribution during the year ended June 30, 2014 and continues to be held for sale as of June 30, 2019. On August 7, 2019, this parcel of land was sold for \$125,000. As a result of this sale, management determined the carrying value of the asset of \$203,000 was impaired and recorded an impairment loss of \$78,000 for the year ended June 30, 2019.

During the years ended June 30, 2019 and 2018, additional development costs were recognized for property held for sale in the amount of \$2,296 and \$52,035, respectively. Land Held for Resale was \$506,036 and \$581,740 for the years ended June 30, 2019 and 2018, respectively.

#### **NOTE I--LAND ACQUISITION LOAN**

During the month of March 2005, the Organization obtained a non-recourse non-interest loan from Peter Kellogg in the amount of \$1,250,000 for the purchase of land on which the existing facility was constructed and occupied during the year ended June 30, 2006. The loan is to be repaid without interest upon the sales of parcels held for resale (See Note H). However, even though the Organization will not pay interest annually to Mr. Kellogg, the Organization will recognize interest expense and contribution income at the applicable federal interest rate determined at the end of each fiscal year beginning with the year ended June 30, 2006. The applicable federal interest rate as of June 30, 2019 and 2018 was 2.37% and 2.34%, respectively. Interest expense and contribution income for the years ended June 30, 2019 and 2018 was \$17,776 and \$17,550, respectively. This contribution income is considered a noncash contribution (See Note Q). The sales of the parcels of land held for resale are expected to result in proceeds of at least \$750,000 net of taxes as a result of capital gains, thus allowing for repayment of the loan in full. If land sales in future years do not recognize a net of the \$750,000, the amount still owed to Mr. Kellogg as of June 30, 2019, any remaining difference owed will be forgiven. There is no allowance for forgiveness of debt in these financial statements. Forgiveness of debt, if any, will result in the recognition of revenue during the year of occurrence.

**ADAPTIVE SPORTS FOUNDATION, INC.****Notes to Financial Statements--Continued****NOTE J--NET ASSETS**

Net assets without donor restrictions consists of the following as of June 30:

	<u>2019</u>	<u>2018</u>
Undesignated net assets	\$ 2,720,881	\$ 3,045,777
Board designated endowment fund	1,065,054	1,031,373
	<u>\$ 3,785,935</u>	<u>\$ 4,077,150</u>

Net assets with donor restrictions are restricted for the following purposes or periods as of June 30:

	<u>2019</u>	<u>2018</u>
Subject to expenditure for specific purpose:		
Road construction fund	\$ 95,631	\$ -
Warriors in motion programs	21,060	70,882
Ride2Live program	20,141	15,000
Kitchen improvement project	10,917	11,171
Staci fund	9,826	10,713
Sensory Friendly program	5,000	-
Trail camp program	4,734	-
Race programs	4,016	46
ASF Awareness Day program	1,737	-
Elijah fund	1,731	316
Wellness program	1,500	1,500
Capital improvements	905	26,299
MVP fund	-	1,545
Other	2,409	3,104
	<u>179,607</u>	<u>140,576</u>
Subject to expenditure for specific period:		
Board donation - future period	-	25,000
Subject to expenditure when a specific event occurs:		
Endowment fund	1,608,709	1,634,888
Employee benefits fund	1,230,653	1,108,319
	<u>2,839,362</u>	<u>2,743,207</u>
	<u>\$ 3,018,969</u>	<u>\$ 2,908,783</u>

## ADAPTIVE SPORTS FOUNDATION, INC.

### Notes to Financial Statements--Continued

#### NOTE J--NET ASSETS--Continued

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors as follows for the year ended June 30:

	2019	2018
Subject to expenditure for specific purpose:		
Road construction fund	\$ 2,810	\$ -
Warriors in motion programs	71,622	-
Ride2Live program	2,359	-
Kitchen improvement project	253	188,829
Staci fund	888	23,496
ASF Awareness Day program	2,188	-
Elijah fund	330	315
Capital improvements	48,134	-
MVP fund	-	-
Other	695	675
	<u>129,279</u>	<u>213,315</u>
Subject to expenditure for specific period:		
Board donation – future period	25,000	-
Subject to expenditure when a specific event occurs:		
Endowment fund	11,704	5,098
Employee benefits fund	31,410	32,595
	<u>43,114</u>	<u>37,693</u>
	<u>\$ 197,393</u>	<u>\$ 251,008</u>

The interest and dividend earnings from the endowment fund net assets are to be used towards operating expenses and any realized and unrealized capital gains and losses to affect the balance of the net assets with donor restrictions. As of June 30, 2019 and 2018, the endowment fund net assets were \$3,904,416 and \$3,774,580, respectively. These net assets are being held with Merrill Lynch in the form of investments and are managed by an outside investment firm.

#### NOTE K--ENDOWMENT FUNDS

The Organization's endowment consists of various individual funds established for a variety of purposes. Its endowment includes donor-restricted funds. As required by generally accepted accounting principles, 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.

## ADAPTIVE SPORTS FOUNDATION, INC.

### Notes to Financial Statements--Continued

#### NOTE K--ENDOWMENT FUNDS--Continued

The Organization has interpreted the NYPMIFA as requiring each person responsible for managing and investing an institutional fund "shall manage and invest the fund in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances." NYPMIFA also requires that the following eight factors, if relevant, be considered in managing and investing an institutional fund: (1) general economic conditions, (2) the possible effect of inflation or deflation, (3) the expected tax consequences, if any, of investment decisions or strategies, (4) the role that each investment or course of action plays within the overall investment portfolio of the fund, (5) the expected total return from income and the appreciation of investments, (6) other resources of the institution, (7) the needs of the institution and the fund to make distributions and to preserve capital, and (8) an asset's special relationship or special value, if any, to the purposes of the institution. In addition to the eight factors set forth above the governing board must consider the purposes of the Organization as well as the purposes for which the fund was established when managing and investing an institutional fund.

Under the NYPMIFA, a fund's investments must be diversified unless the Organization's governing board determines that, due to special circumstances, the purposes of the fund are better served without diversification. Any decision not to diversify must be reviewed by the Organization's governing board at least annually.

Management and investment decisions about a specific asset must be made in the context of the portfolio of investments in which the fund is invested, and as part of an overall investment strategy in light of return objectives "reasonably suited" to the charity and the fund. In addition, the Organization shall be required, within a reasonable time after receiving property, to make and carry out decisions regarding, retaining or disposing of the property, or rebalancing the Organization's portfolio in order to bring the fund into compliance with NYPMIFA, and to take into consideration the Organization's other circumstances, including, for example, its distribution requirements and/or general liquidity needs.

Changes in endowment net assets were as follows for the year ended June 30, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance at July 1, 2018	\$ 1,031,373	\$ 2,743,207	\$ 3,774,580
Contributions	-	35,000	35,000
Net realized and unrealized gain	8,740	77,791	86,531
Investment income, net	25,607	26,478	52,085
Withdrawals	(666)	-	(666)
Net (released) or transferred for expenditures	-	(43,114)	(43,114)
Balance at June 30, 2019	<u>\$ 1,065,054</u>	<u>\$ 2,839,362</u>	<u>\$ 3,904,416</u>

**ADAPTIVE SPORTS FOUNDATION, INC.****Notes to Financial Statements--Continued****NOTE K--ENDOWMENT FUNDS--Continued**

Changes in endowment net assets were as follows for the year ended June 30, 2018:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance at July 1, 2017	\$ 965,526	\$ 2,574,964	\$ 3,540,490
Contributions	-	35,000	35,000
Net realized and unrealized gain	52,624	150,439	203,063
Investment income, net	18,622	20,497	39,119
Withdrawals	(5,399)	-	(5,399)
Net (released) or transferred for expenditures	-	(37,693)	(37,693)
Balance at June 30, 2018	<u>\$ 1,031,373</u>	<u>\$ 2,743,207</u>	<u>\$ 3,774,580</u>

**NOTE L--CONTINGENCIES**Litigation

The Organization is subject to litigation in its normal course of operations and carries insurance related to such possibilities. Presently, the Organization is not subject to any litigation or matters that require the recognition of a liability in the financial statements.

Grants

The Organization participates in various grants which are subject to financial and compliance audits by the grantors or their representatives. Accordingly, the Organization's compliance with the applicable grant requirements may be established at some future date. The amount of expenditures or funding which may be disallowed by the granting agencies cannot be determined at this time although management, based upon prior experience, expects such amounts, if any, to be immaterial.

**NOTE M--PROGRAM REVENUE**

During the years ended June 30, 2019 and 2018 income was provided by the various programs offered by the Organization as follows:

	2019	2018
Winter program revenue	\$ 151,240	\$ 150,566
Warriors in Motion program revenue	46,425	74,127
Total program revenue	<u>\$ 197,665</u>	<u>\$ 224,693</u>

**ADAPTIVE SPORTS FOUNDATION, INC.****Notes to Financial Statements--Continued****NOTE N--SPECIAL EVENT REVENUE**

Special events income for the years ended June 30, 2019 and 2018 is summarized below:

	<u>2019</u>	<u>2018</u>
Master Chef income	\$ 248,158	\$ 291,719
Hein Event income	114,503	-
Dinner dance/auction income	61,445	76,394
Michael Gray Race income	44,577	32,027
Wine tasting income	44,437	37,297
Hudson Farms income	40,690	24,444
Golf tournament income	36,951	97,451
Annual fund drive income	34,571	28,455
Skiathon income	26,105	22,291
Online fundraising income	11,113	-
Chairlift sponsorship income	8,583	6,500
Other special events income	15,930	13,798
Total special events income	<u>\$ 687,063</u>	<u>\$ 630,376</u>

**NOTE O--NET INCOME ON RENTAL SALES**

The Organization periodically sells apparel and other items to its winter and summer program instructors as well as to the public. During the years ended June 30, 2019 and 2018 net income (loss) on retail sales was computed as follows:

	<u>2019</u>	<u>2018</u>
Sales income	\$ 3,300	\$ 14,146
Less: apparel and other item costs	<u>(2,746)</u>	<u>(7,906)</u>
Net income on sales of apparel	<u>\$ 554</u>	<u>\$ 6,240</u>

**NOTE P--NET INCOME ON LUNCH & VENDING SALES**

The Organization recognizes income and cost of sales from transactions related to unprepared sales of food and beverage in the kitchen area of the facility. Below is a schedule for the years ended June 30, 2019 and 2018 showing the sales and cost of sales related to such transactions.

	<u>2019</u>	<u>2018</u>
Sales income	\$ 20,564	\$ 18,411
Less: food and beverage costs	<u>(14,632)</u>	<u>(10,689)</u>
Net income on lunch program	<u>\$ 5,932</u>	<u>\$ 7,722</u>

## ADAPTIVE SPORTS FOUNDATION, INC.

### Notes to Financial Statements--Continued

#### NOTE Q--NONCASH CONTRIBUTIONS

During the years ended June 30, 2019 and 2018, Adaptive Sports Foundation, Inc. received the following noncash contributions that have been reflected in the financial statements of the Organization:

	2019	2018
Donated lift tickets	\$ 206,541	\$ 188,707
Donated services – volunteers	169,940	55,020
Donated vehicle	23,500	-
Interest on loan forgiven – See Note I	17,776	17,550
Donated clothing items	-	17,590
Other program expenses	3,917	1,548
Total noncash contributions	<u>\$ 421,674</u>	<u>\$ 280,415</u>

#### NOTE R--GRANTS

Grant revenue consisted of the following as of June 30:

	2019	2018
Individual and foundation grants	\$ 203,407	\$ 209,613
Federal government grants	13,501	72,572
Total grant revenue	<u>\$ 216,908</u>	<u>\$ 282,185</u>

#### NOTE S--LEASE INCOME/LEASE EXPENSE

During the year ended June 30, 2006, Adaptive Sports Foundation, Inc. purchased and installed a chairlift upon land owned by Ski Windham Operating Corporation to provide access to and from base facilities of the ski area to the Organization's facilities southeast of the ski lodge. The real estate owners of the ski facilities and owners of the ski operations agreed to this arrangement. The cost of the new ski lift plus installation was \$389,021.

The most recent agreement entered into by the Organization is a ten year agreement (with options for five more years renewal following expiration) effective during the year ended June 30, 2012 with Ski Windham Operating Corporation and Windham Mountain Partners to lease the land necessary for use in its programs for \$10,000 per year. Conversely, the Organization agreed to a ten year lease for the use of this new lift equipment to the owners of Ski Windham Operating Corporation and Windham Mountain Partners for \$10,000 annually. Lease payments are due annually.

**ADAPTIVE SPORTS FOUNDATION, INC.**

**Notes to Financial Statements--Continued**

**NOTE S--LEASE INCOME/LEASE EXPENSE--Continued**

During the year ended June 30, 2016, Adaptive Sports Foundation, Inc. entered into a five year lease agreement with Girls Quest for lake use and access of trails, storage and use of property amenities at a local camp known as Camp Oh-Neh-Tah (the Camp). The lease commenced on July 1, 2016 for the amount of \$20,000 per year. The Organization has the option to be released from this lease agreement at any time, without penalty, if the required programming and/or funding ceases to exist in order to continue such programming at the Camp.

The future minimum lease payments as of June 30, 2019 are as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2020	\$ 30,000
2021	30,000
2022	10,000
	<u>\$ 70,000</u>

**NOTE T--CONCENTRATION OF CREDIT RISK**

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalent accounts in financial institutions. The Federal Depository Insurance Corporation (FDIC) provides insured coverage for cash and cash equivalent accounts in member financial institutions up to \$250,000 per depositor. This coverage was effective as of and for the years ended June 30, 2019 and 2018.

At June 30, 2019, the Organization was subject to potential credit risk losses of \$287,089 (the amount above the FDIC insured coverage threshold).

**NOTE U--EMPLOYEE BENEFIT PLAN**

The Organization provides retirement benefits in the form of a defined contribution plan pursuant to Section 401(k) of the Internal Revenue Code (Plan). The Plan is available to all employees meeting certain eligibility requirements. Participating employees may elect to contribute, on a tax-deferred basis, a portion of their compensation in accordance with Section 401(k) of the internal revenue code. The Organization, at its discretion, may elect to make contributions that match a portion of the participating employees' contributions. In addition, the Organization, at its discretion, may elect to make a profit-sharing contribution to the Plan. Total employer contributions to the Plan were \$31,410 and \$33,854 for the years ended June 30, 2019 and 2018, respectively.