

**ADAPTIVE SPORTS FOUNDATION, INC.**

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

**June 30, 2020 and 2019**

**ADAPTIVE SPORTS FOUNDATION, INC.**

**Financial Statements**

**June 30, 2020 and 2019**

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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, 2020, 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 the Organization as of June 30, 2020, 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 the Organization's financial statements for the year ended June 30, 2019, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 26, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 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  
February 28, 2021

**ADAPTIVE SPORTS FOUNDATION, INC.**

**Statements of Financial Position**

**As of June 30, 2020 (with comparative totals for 2019)**

	Without Donor Restrictions	With Donor Restrictions	2020 Totals	2019 Totals
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash & cash equivalents	\$ 509,085	\$ 182,788	\$ 691,873	\$ 597,982
Grants and contributions receivable	-	-	-	28,560
Interest receivable	7,711	-	7,711	14,759
Marketable securities	864,693	-	864,693	1,034,948
Prepaid expenses	30,355	-	30,355	19,535
Security deposit	550	-	550	550
Land held for sale, current	-	-	-	125,000
<b>TOTAL CURRENT ASSETS</b>	<b>1,412,394</b>	<b>182,788</b>	<b>1,595,182</b>	<b>1,821,334</b>
PROPERTY AND EQUIPMENT - NET	2,696,193	-	2,696,193	2,600,927
MARKETABLE SECURITIES	-	2,682,564	2,682,564	2,791,260
LAND HELD FOR SALE	381,036	-	381,036	381,036
<b>TOTAL ASSETS</b>	<b>\$ 4,489,623</b>	<b>\$ 2,865,352</b>	<b>\$ 7,354,975</b>	<b>\$ 7,594,557</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 7,752	\$ -	\$ 7,752	\$ 13,113
Accrued payroll and related expenses	18,845	-	18,845	-
Development cost payable	12,644	-	12,644	26,540
Paycheck protection program payable	65,168	-	65,168	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>104,409</b>	<b>-</b>	<b>104,409</b>	<b>39,653</b>
LAND ACQUISITION LOAN	750,000	-	750,000	750,000
<b>TOTAL LIABILITIES</b>	<b>854,409</b>	<b>-</b>	<b>854,409</b>	<b>789,653</b>
<b>NET ASSETS</b>	<b>3,635,214</b>	<b>2,865,352</b>	<b>6,500,566</b>	<b>6,804,904</b>
	<b>\$ 4,489,623</b>	<b>\$ 2,865,352</b>	<b>\$ 7,354,975</b>	<b>\$ 7,594,557</b>

See accompanying notes to financial statements.

**ADAPTIVE SPORTS FOUNDATION, INC.**

**Statement of Activities**

**Year Ended June 30, 2020 (with comparative totals for 2019)**

	Without Donor Restrictions	With Donor Restrictions	2020 Totals	2019 Totals
<b>PUBLIC SUPPORT</b>				
Contributions received for support	\$ 454,047	\$ 48,000	\$ 502,047	\$ 352,328
Special event revenue	382,645	-	382,645	687,063
Noncash contributions	341,132	-	341,132	421,674
Grant revenue	75,392	33,523	108,915	216,908
Paycheck protection program revenue	97,132	-	97,132	-
<b>TOTAL PUBLIC SUPPORT</b>	<b>1,350,348</b>	<b>81,523</b>	<b>1,431,871</b>	<b>1,677,973</b>
<b>REVENUE</b>				
Winter program revenue	134,541	-	134,541	151,240
Investment income, net	16,664	40,506	57,170	68,936
Other program revenue	53,858	-	53,858	46,425
Lease income	10,000	-	10,000	10,000
Net income on lunch and vending sales	4,468	-	4,468	5,932
Net income on retail sales	2,011	-	2,011	554
Impairment loss on land held for resale	-	-	-	(78,000)
Loss on sale of land	(6,427)	-	(6,427)	-
Net realized/unrealized gain (loss) on invest.	16,633	(42,687)	(26,054)	86,531
Other income	3,191	-	3,191	3,291
<b>TOTAL REVENUE</b>	<b>234,939</b>	<b>(2,181)</b>	<b>232,758</b>	<b>294,909</b>
Net assets released from restriction	232,959	(232,959)	-	-
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>	<b>1,818,246</b>	<b>(153,617)</b>	<b>1,664,629</b>	<b>1,972,882</b>
<b>EXPENSES</b>				
Program services	1,310,786	-	1,310,786	1,380,256
Management and general	296,822	-	296,822	205,822
Fundraising	361,359	-	361,359	567,833
<b>TOTAL EXPENSES</b>	<b>1,968,967</b>	<b>-</b>	<b>1,968,967</b>	<b>2,153,911</b>
<b>CHANGES IN NET ASSETS</b>	<b>(150,721)</b>	<b>(153,617)</b>	<b>(304,338)</b>	<b>(181,029)</b>
<b>NET ASSETS, beginning of year</b>	<b>3,785,935</b>	<b>3,018,969</b>	<b>6,804,904</b>	<b>6,985,933</b>
<b>NET ASSETS, end of year</b>	<b>\$ 3,635,214</b>	<b>\$ 2,865,352</b>	<b>\$ 6,500,566</b>	<b>\$ 6,804,904</b>

See accompanying notes to financial statements.

**ADAPTIVE SPORTS FOUNDATION, INC.**

**Statement of Functional Expenses**

**Year Ended June 30, 2020 (with comparative totals for 2019)**

	Program Services	Management and General	Fundraising	2020 Totals	2019 Totals
Gross wages and salaries	\$ 465,872	\$ 69,414	\$ 104,120	\$ 639,406	\$ 600,817
Employee benefits	51,038	7,605	11,406	70,049	83,781
Payroll taxes	34,427	5,130	7,694	47,251	46,534
<b>TOTAL PAYROLL AND RELATED EXPENSES</b>	<b>551,337</b>	<b>82,149</b>	<b>123,220</b>	<b>756,706</b>	<b>731,132</b>
Winter programs expenses	243,199	-	-	243,199	279,674
Volunteer expense	166,153	-	-	166,153	172,772
Depreciation	116,799	17,403	26,104	160,306	154,361
Special event/banquet expenses	-	-	112,664	112,664	310,601
One-time staff restructuring expenses	-	115,425	-	115,425	-
Insurance expense	68,584	10,219	15,328	94,131	75,907
Warrior in motion program expenses	62,708	-	-	62,708	97,536
Other direct special event expenses	-	-	47,059	47,059	70,178
Lease expense - land	30,000	-	-	30,000	30,000
Professional Fees	-	27,656	-	27,656	33,676
Building maintenance	19,799	2,950	4,425	27,174	29,517
Computer and website	5,132	6,696	1,147	12,975	18,746
Bank service charges	8,007	1,193	1,790	10,990	18,054
Marketing	-	-	10,760	10,760	13,486
Utilities	7,597	2,830	-	10,427	10,507
Real estate taxes	-	8,374	-	8,374	9,388
Equipment	6,656	-	-	6,656	10,289
Supplies	4,439	661	992	6,092	5,843
Donation and awards	-	-	5,352	5,352	627
Telephone	3,564	531	797	4,892	7,911
Admin. and board of directors expense	-	1,025	2,491	3,516	2,445
Vehicle	2,017	301	451	2,769	1,385
Training	2,122	-	-	2,122	3,883
Interest	984	146	220	1,350	17,776
Postage	572	85	128	785	1,422
Veterans affairs program expenses	-	-	-	-	12,302
Miscellaneous expenses	11,117	19,178	8,431	38,726	34,493
	<u>\$ 1,310,786</u>	<u>\$ 296,822</u>	<u>\$ 361,359</u>	<u>\$ 1,968,967</u>	<u>\$ 2,153,911</u>

See accompanying notes to financial statements.

**ADAPTIVE SPORTS FOUNDATION, INC.**

**Statements of Cash Flows**

	Year Ended June 30,	
	2020	2019
<b>OPERATING ACTIVITIES</b>		
Changes in net assets	\$ (304,338)	\$ (181,029)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	160,306	154,361
Net realized and unrealized (gain) loss on investments	26,054	(86,531)
Impairment loss on land held for sale	-	78,000
Loss from sale of land held for sale	6,427	-
(Increase) decrease in assets:		
Grants and contributions receivable	28,560	57,500
Interest receivable	7,048	(7,903)
Prepaid expenses	(10,820)	(6,826)
Security deposit	-	(550)
Increase (decrease) in liabilities:		
Accounts payable	(5,361)	12,759
Accrued payroll and related expenses	18,845	-
Deferred revenue	-	(10,051)
Paycheck protection program payable	65,168	-
	<u>(8,111)</u>	<u>9,730</u>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>(8,111)</b>	<b>9,730</b>
<b>INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	1,331,899	3,051,217
Purchase of investments	(1,079,002)	(3,057,341)
Acquisition of property and equipment	(255,572)	(65,307)
Proceeds from sale of land held for sale	118,573	-
Payments of land development costs	(13,896)	(27,791)
	<u>102,002</u>	<u>(99,222)</u>
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<b>102,002</b>	<b>(99,222)</b>
<b>NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF YEAR</b>	<b>93,891</b>	<b>(89,492)</b>
Cash and cash equivalents at beginning of year	<u>597,982</u>	<u>687,474</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><b>\$ 691,873</b></u>	<u><b>\$ 597,982</b></u>
<b>SUPPLEMENTAL CASH FLOW DISCLOSURES</b>		
Non-cash investing and financing activities:		
Marketable securities received as donations	<u>\$ -</u>	<u>\$ 4,515</u>
Land held for sale development costs	\$ -	\$ 2,296
Less: development costs payable	-	(2,296)
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, 2020 and 2019**

#### **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 accounting principles generally accepted in the United States (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**

##### Grant Revenue

Income from government grants is recognized when services are rendered or expenditures have been incurred in accordance with the grant agreements.

##### Revenue from Contracts with Customers

Revenue from promised goods or services are recognized when control is transferred to the customers in an amount that reflects the consideration expected to be entitled to in exchange for those goods or services.

The Organization evaluates whether a contract should be accounted for as more than one performance obligation. This evaluation requires significant judgment and could change the amount of revenue recorded in a given period. Contracts are considered to be a single performance obligation if the promise to transfer individual goods and services are not distinct or separately identifiable from other promises in the contracts.

The transaction price is allocated to the separate performance obligations based on the best estimate of the relative standalone selling prices.

Winter program service revenue comprises of revenue related to lesson fees, race fees and other related fees paid by the Organization's clients. Revenue is recognized over time as the services are provided.

##### Cash and Cash Equivalents

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

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. The organization maintains cash accounts in three financial institutions. At times, the balances in these accounts may exceed the limits insured by the FDIC.

##### 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.

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

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

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

##### 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, 2020 and 2019, the Organization recorded \$0 and \$78,000 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 are recorded at their estimated fair market value.

The Organization received 10,528 and 10,956 volunteer hours during the years ended June 30, 2020 and 2019, respectively. For the years ended June 30, 2020 and 2019, the value of contributed services was \$157,920 and \$164,340, respectively, and is recorded as both "noncash contributions" and "volunteer expenses" in the accompanying statement of activities.

##### Advertising Costs

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

##### 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.

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

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

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

##### 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, 2020 and 2019.

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, 2017. 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.

##### 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:

## **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—Continued

Level 1 – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

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, 2020 and 2019, there were no transfers between Level 1, 2 or 3.

##### 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.

##### 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 U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

## ADAPTIVE SPORTS FOUNDATION, INC.

### Notes to Financial Statements--Continued

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

##### Accounting Standards Update Adopted

During the year ended June 30, 2020, the Organization adopted ASU No. 2014-09 – *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09 is a comprehensive new revenue recognition standard that supersedes nearly all existing revenue recognition guidance under Generally Accepted Accounting Principles and is based on the principle that revenue is recognized to depict the transfer of promised goods or services to customers in an amount that reflects consideration to which the Organization expects to be entitled in exchange for those goods or services. Management adopted ASU 2014-09 on a modified retrospective basis. Management believes that accounting for revenue under ASC 606 is substantially consistent with historical accounting practices, and therefore, the adoption did not result in any reclassifications, restatements, or changes in net assets.

During the year ended June 30, 2020, the Organization adopted ASU No. 2018-08 – *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 assists Organizations in (1) evaluating whether grants and similar transactions should be accounted for as contributions (nonreciprocal) within the scope of Topic 958, or as exchanges (reciprocal) subject to guidance with Topic 606 and (2) determining whether a contribution is conditional. The Organization applied ASU 2018-08 on a retrospective basis and the adoption did not result in any material impact on the financial statements.

##### Reclassifications

Certain amounts for the year ended June 30, 2019 have been reclassified to conform to the current year presentation. These reclassifications had no effect on net assets or the change in net assets.

##### 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 February 28, 2021.

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings in businesses and affecting production and sales across a wide range of industries. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain elements, including duration of the spread of the outbreak, impact on clients, employees and vendors, all of which are uncertain and cannot be operationally predicted or fiscally estimated. At this point, COVID-19 is expected to have an adverse impact on the Organization's financial condition and results of operations, however, the extent of the impact is uncertain.

## ADAPTIVE SPORTS FOUNDATION, INC.

### Notes to Financial Statements--Continued

#### 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:

	2020	2019
Cash and cash equivalents	\$ 691,873	\$ 597,982
Grants and contributions receivables	-	28,560
Interest receivable	7,711	14,759
Marketable securities	3,547,257	3,826,208
Total financial assets, as of June 30:	4,246,841	4,467,509
Less amounts unavailable for general expenditures:		
Board designated endowment fund	(938,158)	(1,065,054)
Restricted net assets	(2,865,352)	(3,018,969)
Financial assets available within one year	<u>\$ 443,331</u>	<u>\$ 383,486</u>

#### NOTE C--FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of the Organization's financial instruments are as follows:

	Fair Value Measurements at June 30, 2020		
	Level 1	Level 2	Level 3
Stock/equity mutual funds	\$ 217,513	\$ -	\$ -
Common stock	2,446,936	-	-
Corporate bonds	-	882,808	-
	<u>\$ 2,664,449</u>	<u>\$ 882,808</u>	<u>\$ -</u>

  

	Fair Value Measurements at June 30, 2019		
	Level 1	Level 2	Level 3
Stock/equity mutual funds	\$ 264,206	\$ -	\$ -
Common stock	2,413,558	-	-
Corporate bonds	-	1,148,444	-
	<u>\$ 2,677,764</u>	<u>\$ 1,148,444</u>	<u>\$ -</u>

The carrying amounts of cash, cash equivalents, and grants and contracts receivable reported in the accompanying statements of financial position approximate their fair value due to the short-term maturity of those instruments.

## ADAPTIVE SPORTS FOUNDATION, INC.

### Notes to Financial Statements--Continued

#### NOTE D--CASH AND CASH EQUIVALENTS

The balances comprising cash and cash equivalents are as follows at June 30:

	2020	2019
Cash in bank, checking accounts	\$ 458,511	\$ 443,381
Key Bank money market fund	86,800	86,754
Merrill Lynch money market funds	89,845	55,284
Schwab money market funds	56,717	12,563
Total cash and cash equivalents	<u>\$ 691,873</u>	<u>\$ 597,982</u>

#### NOTE E--GRANTS AND CONTRIBUTIONS RECEIVABLE

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

	2020	2019
Individual contributions	\$ -	\$ 10,000
Master Chef	-	10,000
Disabled Sports USA	-	8,560
Total grants and contributions receivable	<u>\$ -</u>	<u>\$ 28,560</u>

#### NOTE F--PREPAID EXPENSES

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

	2020	2019
2021 Master Chef event deposit	\$ 20,000	\$ -
Insurance	6,462	12,320
New York City Marathon	2,250	3,988
Real estate taxes	1,643	3,227
Total prepaid expenses	<u>\$ 30,355</u>	<u>\$ 19,535</u>

#### NOTE G--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.



**ADAPTIVE SPORTS FOUNDATION, INC.**

**Notes to Financial Statements--Continued**

**NOTE G--MARKETABLE SECURITIES--Continued**

Market values and unrealized gain at June 30, 2020 are summarized below:

Year 2020	Cost	Fair Market Value	Unrealized Gain
Stock/equity mutual funds	\$ 212,962	\$ 217,513	\$ 4,551
Common stock	2,180,004	2,446,936	266,932
Corporate bonds	839,643	882,808	43,165
Total	<u>\$ 3,232,609</u>	<u>\$ 3,547,257</u>	<u>\$ 314,648</u>

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

Year 2019	Cost	Fair Market Value	Unrealized Gain
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>

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

	2020	2019
Without donor restrictions	\$ 70,867	\$ 65,221
With donor restrictions	243,781	238,181
Total unrealized gain	<u>\$ 314,648</u>	<u>\$ 303,402</u>

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

	2020	2019
Realized gains (losses)	\$ (35,851)	\$ 288,197
Unrealized gains (losses)	9,797	(201,666)
Net realized & unrealized gains (losses) on marketable securities	<u>\$ (26,054)</u>	<u>\$ 86,531</u>

Investment income is reported net of investment fees and consists of the following for the years ended June 30:

	2020	2019
Dividend income	\$ 58,652	\$ 70,634
Interest income	26,987	34,390
Less: investment fees	(28,469)	(36,088)
Total investment income, net	<u>\$ 57,170</u>	<u>\$ 68,936</u>

## ADAPTIVE SPORTS FOUNDATION, INC.

### Notes to Financial Statements--Continued

#### NOTE H--PROPERTY AND EQUIPMENT

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

	2020	2019
Building and building improvements	\$ 2,580,591	\$ 2,580,591
Land and land improvements	861,514	633,488
Program equipment	760,234	749,266
Machinery and equipment	554,267	537,689
Computer software	35,758	35,758
Total property and equipment	4,792,364	4,536,792
Less: accumulated depreciation	(2,096,171)	(1,935,865)
Total property and equipment - net	<u>\$ 2,696,193</u>	<u>\$ 2,600,927</u>

During the year ended June 30, 2020, the Organization expended approximately \$228,000 for land improvements related to the substantial repairs and resurfacing of Silverman Way.

#### NOTE I--LAND HELD FOR RESALE

As of June 30, 2020, 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. Parcels of this property sold and 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, during the year ended June 30, 2019, Land Held for Resale included a parcel of land which was received as a noncash contribution during the year ended June 30, 2014. The land was originally recorded at its estimated fair value on the date of donation of \$203,000. The Organization entered into an agreement to sell the land in August 2019 for the gross selling price of \$125,000. Accordingly, during the year ended June 30, 2019 the Organization recognized an impairment loss of \$78,000. The sale of the land closed during the year ending June 30, 2020 and the Organization recognized an additional loss on sale of the land of \$6,427.

Land Held for Resale totaled \$381,036 and \$506,036 for the years ended June 30, 2020 and 2019, respectively.

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

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

#### **NOTE J--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. As of June 30, 2020, the Organization has made payments totaling \$500,000 towards the loan principal. The loan is to be repaid without interest upon the sale of parcels held for resale (See Note I). 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. The applicable federal interest rate as of June 30, 2020 and 2019 was 0.18% and 2.37%, respectively. Interest expense and contribution income for the years ended June 30, 2020 and 2019 was \$1,350 and \$17,776, respectively. This contribution income is considered a noncash contribution (See Note S). The sale 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, 2020, any remaining difference owed will be forgiven. Accordingly, no allowance for forgiveness of debt has been recorded in the financial statements. Forgiveness of debt, if any, will result in the recognition of revenue during the year of occurrence.

#### **NOTE K--PAYCHECK PROTECTION PROGRAM PAYABLE**

The Paycheck Protection Program (PPP) is a loan program originated from the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The PPP intended to provide American small businesses with cash flow assistance through 100 percent federally guaranteed loans. These loans are backed by the Small Business Administration (SBA).

In April 2020, the Organization received an SBA loan through the PPP from a local bank. The proceeds from this loan was \$162,300. The PPP loan has a term of two years and includes interest at 1%. PPP loans are eligible for forgiveness for amounts spent on allowable purposes, as defined in the CARES Act. The Organization expects the loan to be fully forgiven, and accordingly, has recorded the proceeds as a conditional grant. The Organization has recognized the grant revenue as the allowable expenses have been incurred. The unspent grant funds have been recorded as a deferred liability on the accompanying statements of financial position. Grant revenue recognized for the year ended June 30, 2020 totaled \$97,132. Accordingly, the Paycheck Protection Program payable totaled \$65,168 as of June 20, 2020. Any adjustments to the actual amount forgiven will be recorded in the period the adjustments are determined.

**ADAPTIVE SPORTS FOUNDATION, INC.**

**Notes to Financial Statements--Continued**

**NOTE L--NET ASSETS**

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

	<u>2020</u>	<u>2019</u>
Undesignated net assets	\$ 2,697,056	\$ 2,720,881
Board designated endowment fund	938,158	1,065,054
	<u>\$ 3,635,214</u>	<u>\$ 3,785,935</u>

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

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specific purpose:		
Robert Stubbs memorial fund	\$ 30,000	\$ -
Warriors in motion programs	20,583	21,060
Ride2Live program	19,373	20,141
Race programs	5,752	4,016
Project 1-2-3	5,095	-
Staci Fund	4,398	9,826
Eiljah fund	1,731	1,731
Wellness program	1,500	1,500
Sensory Friendly program	850	5,000
Road construction fund	-	95,631
Kitchen improvement project	-	10,917
Trail camp program	-	4,734
ASF Awareness Day program	-	1,737
Capital Improvements	-	905
Other	2,409	2,409
	<u>91,691</u>	<u>179,607</u>
Subject to expenditure for specific period:		
Board donation – future period	<u>18,000</u>	<u>-</u>
Subject to expenditure when a specific event occurs:		
Endowment fund	1,561,616	1,608,709
Employee benefits fund	1,194,045	1,230,653
	<u>2,755,661</u>	<u>2,839,362</u>
	<u>\$ 2,865,352</u>	<u>\$ 3,018,969</u>

## ADAPTIVE SPORTS FOUNDATION, INC.

### Notes to Financial Statements--Continued

#### NOTE L--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:

	2020	2019
Subject to expenditure for specific purpose:		
Road construction fund	\$ 95,631	\$ 2,810
Warriors in motion programs	17,211	71,622
Project 1-2-3	16,428	-
Kitchen improvement project	10,917	253
Staci fund	5,428	888
Sensory Friendly 2021	4,150	-
Capital improvements	905	48,134
Ride2Live program	768	2,359
ASF Awareness Day program	-	2,188
Elijah fund	-	330
Other	-	695
	<u>151,438</u>	<u>129,279</u>
Subject to expenditure for specific period:		
Board donation – future period	<u>-</u>	<u>25,000</u>
Subject to expenditure when a specific event occurs:		
Endowment fund	44,913	11,704
Employee benefits fund	36,608	31,410
	<u>81,521</u>	<u>43,114</u>
	<u>\$ 232,959</u>	<u>\$ 197,393</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, 2020 and 2019, the endowment fund net assets were \$3,693,819 and \$3,904,416, respectively.

#### NOTE M--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 U.S. GAAP, 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 M--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, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance at July 1, 2019	\$ 1,065,054	\$ 2,839,362	\$ 3,904,416
Contributions	-	-	-
Net realized and unrealized gain	16,633	(42,687)	(26,054)
Investment income, net	16,471	40,507	56,978
Withdrawals	(160,000)	-	(160,000)
Net (released) or transferred for expenditures	-	(81,521)	(81,521)
Balance at June 30, 2020	<u>\$ 938,158</u>	<u>\$ 2,755,661</u>	<u>\$ 3,693,819</u>

## ADAPTIVE SPORTS FOUNDATION, INC.

### Notes to Financial Statements--Continued

#### NOTE M--ENDOWMENT FUNDS--Continued

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>

#### NOTE N--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 O--PROGRAM REVENUE

During the years ended June 30, 2020 and 2019 income was provided by the various programs offered by the Organization as follows:

	2020	2019
Winter program revenue	\$ 134,541	\$ 151,240
Summer program revenue	3,965	-
Warriors in Motion program revenue	49,893	46,425
Total program revenue	<u>\$ 188,399</u>	<u>\$ 197,665</u>

## ADAPTIVE SPORTS FOUNDATION, INC.

### Notes to Financial Statements--Continued

#### NOTE P--SPECIAL EVENT REVENUE

Special events income for the years ended June 30, 2020 and 2019 is summarized below:

	<u>2020</u>	<u>2019</u>
Dinner dance/auction income	59,974	61,445
Golf tournament income	43,356	36,951
Awareness Day	40,132	-
Master Chef income	40,000	248,158
Michael Gray Race income	36,579	44,577
Wine tasting income	34,071	44,437
NYC Marathon	29,587	-
Skiathon income	25,774	26,105
Annual fund drive income	24,281	34,571
Chairlift sponsorship income	10,058	8,583
Online fundraising income	8,821	11,113
Ed Hart Run	7,258	-
Hein Event income	-	114,503
Hudson Farms income	-	40,690
Other special events income	22,754	15,930
Total special events income	<u>\$ 382,645</u>	<u>\$ 687,063</u>

#### NOTE Q--NET INCOME ON RETAIL 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, 2020 and 2019 net income (loss) on retail sales was computed as follows:

	<u>2020</u>	<u>2019</u>
Sales income	\$ 2,078	\$ 3,300
Less: cost of apparel and other items	(67)	(2,746)
Net income on sales of apparel	<u>\$ 2,011</u>	<u>\$ 554</u>

#### NOTE R--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, 2020 and 2019 showing the sales and cost of sales related to such transactions.

	<u>2020</u>	<u>2019</u>
Sales income	\$ 21,332	\$ 20,564
Less: food and beverage costs	(16,864)	(14,632)
Net income on lunch program	<u>\$ 4,468</u>	<u>\$ 5,932</u>



## ADAPTIVE SPORTS FOUNDATION, INC.

### Notes to Financial Statements--Continued

#### NOTE S--NONCASH CONTRIBUTIONS

During the years ended June 30, 2020 and 2019, Adaptive Sports Foundation, Inc. received the following noncash contributions that have been reflected in the financial statements of the Organization:

	2020	2019
Donated lift tickets	\$ 181,862	\$ 206,541
Donated services – volunteers	157,920	169,940
Donated vehicle	-	23,500
Interest on loan forgiven – See Note J	1,350	17,776
Other program expenses	-	3,917
Total noncash contributions	<u>\$ 341,132</u>	<u>\$ 421,674</u>

#### NOTE T--GRANT REVENUE

Grant revenue consisted of the following as of June 30:

	2020	2019
Individual and foundation grants	\$ 104,615	\$ 203,407
Paycheck Protection Program	97,132	-
Federal government grants	4,300	13,501
Total grant revenue	<u>\$ 206,047</u>	<u>\$ 216,908</u>

#### NOTE U--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 U--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 annual lease payments are funded by donor directed contributions.

The future minimum lease payments as of June 30, 2020 are as follows:

Year Ended June 30	Amount
2021	\$ 30,000
2022	10,000
	<u>\$ 40,000</u>

**NOTE V--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 \$35,204 and \$31,410 for the years ended June 30, 2020 and 2019, respectively.