

ADAPTIVE SPORTS FOUNDATION, INC.

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

June 30, 2023 and 2022

ADAPTIVE SPORTS FOUNDATION, INC.

Financial Statements

June 30, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Adaptive Sports Foundation, Inc.

Opinion

We have audited the accompanying financial statements of Adaptive Sports Foundation, Inc. (the "Organization"), (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expense, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a

material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited the Organization's financial statements for the year ended June 30, 2022, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 27, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 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
January 8, 2024

ADAPTIVE SPORTS FOUNDATION, INC.

Statement of Financial Position

As of June 30, 2023 (with comparative totals for 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Totals	2022 Totals
ASSETS				
CURRENT ASSETS				
Cash & cash equivalents	\$ 1,190,242	\$ 262,359	\$ 1,452,601	\$ 1,134,876
Grants and contributions receivable	7,500	-	7,500	22,813
Interest receivable	8,590	-	8,590	8,290
Marketable securities	1,027,289	-	1,027,289	944,368
Prepaid expenses	13,268	-	13,268	16,290
TOTAL CURRENT ASSETS	2,246,889	262,359	2,509,248	2,126,637
PROPERTY AND EQUIPMENT - NET	2,423,112	-	2,423,112	2,484,328
MARKETABLE SECURITIES	-	3,291,451	3,291,451	3,083,713
LAND HELD FOR SALE	381,036	-	381,036	381,036
TOTAL ASSETS	<u>\$ 5,051,037</u>	<u>\$ 3,553,810</u>	<u>\$ 8,604,847</u>	<u>\$ 8,075,714</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable and accrued expenses	\$ 31,983	\$ -	\$ 31,983	\$ 13,263
Accrued payroll and related expenses	6,348	-	6,348	7,125
Deferred revenue	11,418	-	11,418	4,710
TOTAL CURRENT LIABILITIES	49,749	-	49,749	25,098
LAND ACQUISITION LOAN	750,000	-	750,000	750,000
TOTAL LIABILITIES	799,749	-	799,749	775,098
NET ASSETS	4,251,288	3,553,810	7,805,098	7,300,616
	<u>\$ 5,051,037</u>	<u>\$ 3,553,810</u>	<u>\$ 8,604,847</u>	<u>\$ 8,075,714</u>

See accompanying notes to financial statements.

ADAPTIVE SPORTS FOUNDATION, INC.

Statement of Activities

Year Ended June 30, 2023 (with comparative totals for 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Totals	2022 Totals
PUBLIC SUPPORT				
Contributions received for support	\$ 636,729	\$ 12,600	\$ 649,329	\$ 564,213
Special event revenue	559,327	-	559,327	275,525
Contributed nonfinancial assets	287,522	-	287,522	326,508
Grant revenue	30,791	76,568	107,359	143,743
Paycheck protection program revenue	-	-	-	98,226
TOTAL PUBLIC SUPPORT	1,514,369	89,168	1,603,537	1,408,215
REVENUE				
Net realized/unrealized gain (loss) on investments	58,380	248,239	306,619	(581,816)
Winter program revenue	93,865	-	93,865	83,022
Investment income, net	22,458	61,514	83,972	66,997
Other program revenue	12,277	-	12,277	6,686
Lease income	10,000	-	10,000	10,000
Net income on lunch and vending sales	8,115	-	8,115	-
Net income on retail sales	1,200	-	1,200	112
Gain on sale of assets	-	-	-	22,950
Other income	370	-	370	5,899
TOTAL REVENUE	206,665	309,753	516,418	(386,150)
Net assets released from restriction	131,789	(131,789)	-	-
TOTAL PUBLIC SUPPORT AND REVENUE	1,852,823	267,132	2,119,955	1,022,065
EXPENSES				
Program services	1,080,472	-	1,080,472	1,092,172
Management and general	291,712	-	291,712	267,869
Fundraising	243,289	-	243,289	184,135
TOTAL EXPENSES	1,615,473	-	1,615,473	1,544,176
CHANGES IN NET ASSETS	237,350	267,132	504,482	(522,111)
NET ASSETS, beginning of year	4,013,938	3,286,678	7,300,616	7,822,727
NET ASSETS, end of year	\$ 4,251,288	\$ 3,553,810	\$ 7,805,098	\$ 7,300,616

See accompanying notes to financial statements.

ADAPTIVE SPORTS FOUNDATION, INC.

Statement of Functional Expenses

Year Ended June 30, 2023 (with comparative totals for 2022)

	Program Services	Management and General	Fundraising	2023 Totals	2022 Totals
Gross wages and salaries	\$ 336,843	\$ 114,595	\$ 62,647	\$ 514,085	\$ 491,877
Employee benefits	50,730	17,258	9,435	77,423	70,435
Payroll taxes	29,261	9,955	5,442	44,658	41,465
TOTAL PAYROLL AND RELATED EXPENSES	416,834	141,808	77,524	636,166	603,777
Summer and winter programs	185,093	-	-	185,093	226,483
Depreciation	86,942	29,578	16,170	132,690	138,316
Volunteer expense	112,724	-	-	112,724	130,697
Contracted services	68,818	10,254	15,381	94,453	38,836
Special event/banquet expenses	-	-	72,854	72,854	17,305
Insurance	40,874	13,906	7,602	62,382	74,831
Warrior in motion program	47,900	-	-	47,900	5,730
Lease expense - land	32,000	-	-	32,000	30,000
Other direct special event expenses	-	-	31,992	31,992	36,399
Interest	18,625	6,336	3,464	28,425	23,325
Building maintenance	18,445	6,275	3,430	28,150	22,373
Professional fees	-	22,465	-	22,465	22,581
Bank service charges	12,886	4,384	2,397	19,667	12,706
Veterans affairs program	13,003	-	-	13,003	65,831
Utilities	8,211	4,321	-	12,532	13,958
Bad debts	-	7,813	-	7,813	-
Admin. and board of directors expense	-	6,745	739	7,484	1,778
Supplies	4,494	1,529	836	6,859	5,598
Telephone	4,472	1,521	832	6,825	6,991
Real estate taxes	-	6,807	-	6,807	7,078
Computer and website	3,510	1,815	653	5,978	10,870
Marketing	-	-	3,840	3,840	3,229
Equipment	1,665	-	-	1,665	1,563
Postage	562	191	105	858	978
Donation and awards	-	-	719	719	5,241
Vehicle	324	110	60	494	7,414
Training	324	-	-	324	850
Printing/stationery expense	-	-	-	-	1,055
Miscellaneous	2,766	25,854	4,691	33,311	28,383
	<u>\$ 1,080,472</u>	<u>\$ 291,712</u>	<u>\$ 243,289</u>	<u>\$ 1,615,473</u>	<u>\$ 1,544,176</u>

See accompanying notes to financial statements.

ADAPTIVE SPORTS FOUNDATION, INC.**Statements of Cash Flows**

	Year Ended June 30,	
	2023	2022
OPERATING ACTIVITIES		
Changes in net assets	\$ 504,482	\$ (522,111)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	132,690	138,316
Net realized and unrealized (gain) loss on investments	(306,619)	581,816
Gain on sale of assets	-	(22,950)
(Increase) decrease in assets:		
Grants and contributions receivable	15,313	(6,160)
Interest receivable	(300)	(57)
Prepaid expenses	3,022	(9,115)
Increase (decrease) in liabilities:		
Accounts payable	18,720	8,693
Accrued payroll and related expenses	(777)	2,743
Deferred revenue	6,708	4,710
Paycheck protection program payable	-	(98,226)
NET CASH PROVIDED BY OPERATING ACTIVITIES	373,239	77,659
INVESTING ACTIVITIES		
Proceeds from sale of investments	1,354,015	680,552
Purchase of investments	(1,338,055)	(700,136)
Acquisition of property and equipment	(71,474)	(31,965)
Proceeds from sale of fixed assets	-	32,823
NET CASH USED IN INVESTING ACTIVITIES	(55,514)	(18,726)
NET INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF YEAR	317,725	58,933
Cash, cash equivalents and restricted cash at beginning of year	1,134,876	1,075,943
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR	\$ 1,452,601	\$ 1,134,876

See accompanying notes to financial statements.

ADAPTIVE SPORTS FOUNDATION, INC.

Notes to Financial Statements

June 30, 2023 and 2022

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 Financial Accounting Standards Board (FASB) Accounting Standards Codification (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.

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 receivable balances 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.

ADAPTIVE SPORTS FOUNDATION, INC.

Notes to Financial Statements--Continued

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

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, 2023 and 2022, no impairment loss was recorded for long-lived assets.

Contributed Nonfinancial Assets

The Organization receives contributions in a form other than cash and other financial assets. These contributions represent goods and/or 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. Contributed nonfinancial assets are recorded as revenue at their estimated fair value on the date of donation, with a corresponding asset or expense depending on the nature of the contribution.

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.

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, 2023 and 2022.

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, 2020. Currently, there are no examinations in progress nor has the Organization been informed of any pending examinations.

ADAPTIVE SPORTS FOUNDATION, INC.

Notes to Financial Statements--Continued

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

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:

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, 2023 and 2022, there were no transfers between Level 1, 2 or 3.

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.

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, 2022, from which the summarized information was derived.

Reclassifications

Certain amounts for the year ended June 30, 2022 have been reclassified to conform to the presentation for the year ended June 30, 2023. These reclassifications had no effect on the changes in net assets or net assets.

New Accounting Pronouncements

On July 1, 2022, the Organization adopted FASB Accounting Standards Update (ASU) No. 2016-02 - *Leases (Topic 842)* and its subsequent amendments (collectively, Topic 842). Topic 842 was issued to increase transparency and comparability among organizations by requiring lessees to recognize most leases on the statement of financial position. The standard requires the recognition of a ROU assets and lease liabilities by lessees for both operating and financing leases. For the purposes of the statement of activities, operating leases will result in straight-line expense recognition while finance leases will result in a front-loaded expense pattern. Topic 842 includes disclosures that are required to meet the objective of enabling users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. The adoption of Topic 842 did not have a material impact on the Organization's financial statements and did not result in any reclassifications or restatements of net assets or changes in net assets.

Subsequent Events

The Organization has evaluated subsequent events for disclosure between the statement of financial condition date of June 30, 2023 and January 8, 2024, the date the financial statements were available to be issued.

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:

	2023	2022
Cash and cash equivalents	\$ 1,452,601	\$ 1,134,876
Grants and contributions receivables	7,500	22,813
Interest receivable	8,590	8,290
Marketable securities	4,318,740	4,028,081
Total financial assets, as of June 30:	5,787,431	5,194,060
Less amounts unavailable for general expenditures:		
Board designated reserve fund	(1,060,200)	(985,928)
Restricted net assets	(3,553,810)	(3,286,678)
Financial assets available within one year	<u>\$ 1,173,421</u>	<u>\$ 921,454</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, 2023		
	Level 1	Level 2	Level 3
Stock/equity mutual funds	\$ 639,133	\$ -	\$ -
Common stock	2,681,781	-	-
Government securities	179,843	-	-
Corporate bonds	-	817,983	-
	<u>\$ 3,500,757</u>	<u>\$ 817,983</u>	<u>\$ -</u>

	Fair Value Measurements at June 30, 2022		
	Level 1	Level 2	Level 3
Stock/equity mutual funds	\$ 213,828	\$ -	\$ -
Common stock	2,802,411	-	-
Corporate bonds	-	1,011,842	-
	<u>\$ 3,016,239</u>	<u>\$ 1,011,842</u>	<u>\$ -</u>

ADAPTIVE SPORTS FOUNDATION, INC.

Notes to Financial Statements--Continued

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

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.

NOTE D--CASH AND CASH EQUIVALENTS

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

	2023	2022
Cash in bank, checking accounts	\$ 206,432	\$ 885,396
Cash in bank, money market funds	77,471	110,824
Investment account, money market funds	1,168,698	138,656
Total cash and cash equivalents	<u>\$ 1,452,601</u>	<u>\$ 1,134,876</u>

NOTE E--GRANTS AND CONTRIBUTIONS RECEIVABLE

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

	2023	2022
4SeasonAlpine	\$ 6,500	\$ -
Other	1,000	-
Windham Foundation of New York, Inc.	-	10,000
Disabled Sports USA	-	7,813
Windham Mountain Partners	-	5,000
	<u>\$ 7,500</u>	<u>\$ 22,813</u>

NOTE F--PREPAID EXPENSES

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

	2023	2022
Insurance	\$ 6,617	\$ 6,984
Real estate taxes	1,615	1,615
Inventories – food and supplies	5,036	-
Construction deposit	-	5,441
New York City Marathon registration	-	2,250
Total prepaid expenses	<u>\$ 13,268</u>	<u>\$ 16,290</u>

ADAPTIVE SPORTS FOUNDATION, INC.

Notes to Financial Statements--Continued

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.

Market values and unrealized gain at June 30, 2023 are summarized below:

<u>Year 2023</u>	<u>Cost</u>	<u>Fair Market Value</u>	<u>Unrealized Gain (Loss)</u>
Stock/equity mutual funds	\$ 582,336	\$ 639,133	\$ 56,797
Common stock	1,838,121	2,681,781	843,660
Corporate bonds	854,065	817,983	(36,082)
Government securities	179,809	179,843	34
Total	<u>\$ 3,454,331</u>	<u>\$ 4,318,740</u>	<u>\$ 864,409</u>

Market values and unrealized gain at June 30, 2022 are summarized below:

<u>Year 2022</u>	<u>Cost</u>	<u>Fair Market Value</u>	<u>Unrealized Gain (Loss)</u>
Stock/equity mutual funds	\$ 201,658	\$ 213,828	\$ 12,170
Common stock	2,227,563	2,802,411	574,848
Corporate bonds	1,056,288	1,011,842	(44,446)
Total	<u>\$ 3,485,509</u>	<u>\$ 4,028,081</u>	<u>\$ 542,572</u>

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

	<u>2023</u>	<u>2022</u>
Without donor restrictions	\$ 90,025	\$ 35,346
With donor restrictions	774,384	507,226
Total unrealized gain	<u>\$ 864,409</u>	<u>\$ 542,572</u>

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

	<u>2023</u>	<u>2022</u>
Realized gains (losses)	\$ (11,216)	\$ 29,812
Unrealized gains (losses)	317,835	(611,628)
Net realized & unrealized gains (losses) on marketable securities	<u>\$ 306,619</u>	<u>\$ (581,816)</u>

ADAPTIVE SPORTS FOUNDATION, INC.

Notes to Financial Statements--Continued

NOTE G--MARKETABLE SECURITIES--Continued

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

	2023	2022
Dividend income	\$ 76,540	\$ 72,155
Interest income	37,476	29,778
Less: investment fees	(30,044)	(34,936)
Total investment income, net	<u>\$ 83,972</u>	<u>\$ 66,997</u>

NOTE H--PROPERTY AND EQUIPMENT

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

	2023	2022
Building and building improvements	\$ 2,636,933	\$ 2,580,591
Land and land improvements	861,514	861,514
Program equipment	781,881	772,749
Machinery and equipment	575,644	569,644
Computer software	35,758	35,758
Total property and equipment	<u>4,891,730</u>	<u>4,820,256</u>
Less: accumulated depreciation	<u>(2,468,618)</u>	<u>(2,335,928)</u>
Total property and equipment - net	<u>\$ 2,423,112</u>	<u>\$ 2,484,328</u>

NOTE I--LAND HELD FOR RESALE

As of June 30, 2023 and 2022, 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 J). The Organization estimates that the sale proceeds realized will be sufficient to cover this obligation. Land held for resale totaled \$381,036 for the years ended June 30, 2023 and 2022.

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, 2021, 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).

ADAPTIVE SPORTS FOUNDATION, INC.

Notes to Financial Statements--Continued

NOTE J--LAND ACQUISITION LOAN--Continued

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, 2023 and 2022 was 3.79% and 3.11%, respectively. Interest expense and contribution income for the years ended June 30, 2023 and 2022 was \$28,425 and \$23,325, respectively. This contribution income is considered a noncash contribution (See Note R). 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, 2023, 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--NET ASSETS

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

	2023	2022
Subject to expenditure for specific purpose:		
Warriors in motion programs	\$ 49,637	\$ 24,859
General	25,321	-
Ride2Live program	19,373	19,373
Robert Stubbs memorial fund	17,135	30,000
Project 1-2-3	13,858	23,690
Race programs	7,088	5,706
Donor restricted intent	5,000	-
Elijah fund	1,391	1,391
Sensory Friendly program	850	850
	<u>139,653</u>	<u>105,869</u>
Subject to expenditure when a specific event occurs:		
Endowment fund	1,712,604	1,622,006
Peter Kellogg endowment	1,701,553	1,558,803
	<u>3,414,157</u>	<u>3,180,809</u>
	<u>\$ 3,553,810</u>	<u>\$ 3,286,678</u>

ADAPTIVE SPORTS FOUNDATION, INC.

Notes to Financial Statements--Continued

NOTE K--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:

	2023	2022
Subject to expenditure for specific purpose:		
Warriors in motion programs	\$ 22,862	\$ 33,959
Robert Stubbs memorial fund	12,865	-
Project 1-2-3	9,792	6,302
Other (Salaries)	5,429	28,600
Race programs	4,436	3,000
Staci fund	-	2,294
	<u>55,384</u>	<u>74,155</u>
Subject to expenditure when a specific event occurs:		
Endowment fund	40,370	32,955
Peter Kellogg endowment	36,035	-
	<u>76,405</u>	<u>32,955</u>
	<u>\$ 131,789</u>	<u>\$ 107,110</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, 2023 and 2022, the endowment fund net assets were \$3,414,157 and \$3,180,809, respectively.

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

	2023	2022
Undesignated net assets	\$ 3,191,088	\$ 3,028,010
Board designated reserve fund	1,060,200	985,928
	<u>\$ 4,251,288</u>	<u>\$ 4,013,938</u>

NOTE L--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 L--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:

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	\$ 3,180,809	\$ 3,620,598
Net realized and unrealized gain (loss)	248,239	(462,127)
Investment income, net	61,514	55,293
Deposits (Withdrawals)	-	-
Net (released) or transferred for expenditures	<u>(76,405)</u>	<u>(32,955)</u>
Balance at end of year	<u>\$ 3,414,157</u>	<u>\$ 3,180,809</u>

ADAPTIVE SPORTS FOUNDATION, INC.

Notes to Financial Statements--Continued

NOTE M--PROGRAM REVENUE

Program service revenue is comprised 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. During the years ended June 30, 2023 and 2022 income was provided by the various programs offered by the Organization as follows:

	2023	2022
Winter program revenue	\$ 93,865	\$ 83,022
Other program revenue	12,277	6,686
Total program revenue	<u>\$ 106,142</u>	<u>\$ 89,708</u>

NOTE N--SPECIAL EVENT REVENUE

Special events income for the years ended June 30 is summarized below:

	2023	2022
CharityBuzz auction income	\$ 224,226	\$ -
Dinner dance/auction income	114,245	48,640
Golf tournament income	52,916	43,273
ASF Awareness Day	37,500	-
Skiathon income	28,396	21,265
NYC Marathon	27,200	40,500
Michael Gray Race income	15,911	11,011
Annual fund drive income	14,715	20,521
ASF 50 Mile	10,850	-
Chairlift sponsorship income	8,763	7,308
Online fundraising income	5,934	5,196
Anython	-	43,500
Other special events income	18,671	34,311
Total special events income	<u>\$ 559,327</u>	<u>\$ 275,525</u>

NOTE O--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. Revenue is recognized at the point in time when the sales are made. During the years ended June 30, 2023 and 2022 net income (loss) on retail sales was computed as follows:

	2023	2022
Sales income	\$ 1,200	\$ 1,566
Less: cost of apparel and other items	-	(1,454)
Net income on sales of apparel	<u>\$ 1,200</u>	<u>\$ 112</u>

ADAPTIVE SPORTS FOUNDATION, INC.

Notes to Financial Statements--Continued

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, 2023 and 2022 showing the sales and cost of sales related to such transactions.

	2023	2022
Sales income	\$ 14,942	\$ -
Less: food and beverage costs	(6,827)	-
Net income on lunch program	<u>\$ 8,115</u>	<u>\$ -</u>

NOTE Q--GRANT REVENUE

Grant revenue consisted of the following as of June 30:

	2023	2022
Individual and foundation grants	\$ 81,173	\$ 78,358
Federal government grants	26,186	65,385
Total grant revenue	<u>\$ 107,359</u>	<u>\$ 143,743</u>

NOTE R--CONTRIBUTED NONFINANCIAL ASSETS

During the years ended June 30, 2023 and 2022, contributions of nonfinancial assets that have been received by of the Organization include the following:

	2023	2022
Ski passes	\$ 135,197	\$ 175,383
Ski instructors and technician services	107,400	127,800
Imputed interest on loan (see Note J)	28,425	23,325
Sale of donated ski simulator	16,500	-
Total contributions of nonfinancial assets	<u>\$ 287,522</u>	<u>\$ 326,508</u>

Qualitative information related to the utilization of contributed nonfinancial assets, description of any donor-imposed restrictions, and valuation techniques and inputs are as follows. Information is consistent for both years ended June 30, 2023 and 2022, unless otherwise noted.

ADAPTIVE SPORTS FOUNDATION, INC.

Notes to Financial Statements--Continued

NOTE R--CONTRIBUTED NONFINANCIAL ASSETS--Continued

<u>Nonfinancial Asset</u>	<u>Utilization in Programs/Activities</u>	<u>Donor Restrictions</u>	<u>Valuation Techniques and Inputs</u>
Ski passes	Winter Programs	None	Estimated value based on Windham Mountain Ski Resort's published prices for similar ski passes.
Ski instructor and technician services	Winter Programs	None	Contributed services from skilled volunteers are valued at estimated fair value based on current wages for similar services.
Imputed interest on loan	Management and General	None	For the year ended June 30, 2023, estimated interest on the loan is based on the long-term Applicable Federal Rate (AFR) published by the IRS.
Ski simulator	Asset was monetized – Proceeds are available for all programs.	None	Estimated value was based on subsequent sale price of the related asset.

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, due annually to the Organization. Upon expiration of the initial lease term on June 30, 2022, the lease was renewed for an additional five years. The Organization has determined that it does not have the ability to control or direct use of the land, and accordingly, has accounted for the transaction as a service contract.

ADAPTIVE SPORTS FOUNDATION, INC.

Notes to Financial Statements--Continued

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

The future minimum payments under this agreement as of June 30, 2023 are as follows:

Year Ended June 30,	Amount
2024	\$ 10,000
2025	10,000
2026	10,000
2027	10,000
	<u>\$ 40,000</u>

During the year ended June 30, 2016, Adaptive Sports Foundation, Inc. entered into an initial 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 plus additional storage fees. The Organization renewed the lease in June 2021 under the same terms as the initial lease on a year-to-year basis. 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. As of June 30, 2023, the Organization has cancelled the lease. The annual lease payments are funded by donor directed contributions.

Total expense under these agreements was \$32,000 and \$30,000 for the years ending June 30, 2023 and 2022, respectively.

NOTE T--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.

ADAPTIVE SPORTS FOUNDATION, INC.

Notes to Financial Statements--Continued

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 \$18,273 and \$17,762 for the years ended June 30, 2023 and 2022, respectively.