Special Olympics Virginia, Inc.

Financial Statements

Year Ended December 31, 2016,
With Comparative Totals for 2015

DIXON HUGHES GOODMAN LLP

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DIXON HUGHES GOODMAN LLP

Independent Auditors' Report

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

We have audited the accompanying financial statements of Special Olympics Virginia, Inc., (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, 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.

Auditors' 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 auditors' 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 Special Olympics Virginia, Inc. as of December 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

DIXON HUGHES GOODMAN LLP

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

Report on Summarized Comparative Information
We have previously audited the Organization’s 2015 financial statements, and our report dated May 31, 2016, expressed an unmodified audit opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Dixon Hughes Goodman LLP

Richmond, Virginia
June 8, 2017

Special Olympics Virginia, Inc.
Statement of Financial Position
December 31, 2016, with Comparative Totals for 2015

	Chapter *	Areas *	Total 2016	Total 2015
ASSETS				
Current assets:				
Cash and cash equivalents	$ 1,381,684	$ 1,954,926	**$ 3,336,610**	$ 3,093,319
Contributions receivable, net	496,642	-	**496,642**	275,936
Pledges receivable, current portion	55,000	5,000	**60,000**	75,000
Beneficial interest in remainder trust	-	-	**-**	89,000
Bequest receivable	16,883	-	**16,883**	40,500
Prepaid expenses	40,876	14,817	**55,693**	56,922
Certificates of deposit	131,203	81,783	**212,986**	211,382
Total current assets	2,122,288	2,056,526	**4,178,814**	3,842,059
Investments	4,451,977	-	**4,451,977**	4,202,153
Property and equipment, net	373,896	-	**373,896**	426,954
Pledges receivable, less current portion	10,000	-	**10,000**	35,000
Security deposits	13,099	-	**13,099**	13,099
Total assets	$ 6,971,260	$ 2,056,526	**$ 9,027,786**	$ 8,519,265
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable	$ 144,927	$ 17,309	**$ 162,236**	$ 171,618
Accrued expenses	45,887	-	**45,887**	55,814
Total current liabilities	190,814	17,309	**208,123**	227,432
Net assets:				
Unrestricted	5,060,521	2,039,217	**7,099,738**	6,707,167
Unrestricted, Board designated	601,542	-	**601,542**	569,505
Total unrestricted net assets	5,662,063	2,039,217	**7,701,280**	7,276,672
Temporarily restricted	442,383	-	**442,383**	339,161
Permanently restricted	676,000	-	**676,000**	676,000
Total net assets	6,780,446	2,039,217	**8,819,663**	8,291,833
Total liabilities and net assets	$ 6,971,260	$ 2,056,526	**$ 9,027,786**	$ 8,519,265

* Chapter and Area information is presented for supplementary purposes.

See accompanying notes.

Special Olympics Virginia, Inc.
Statement of Activities
Year Ended December 31, 2016, with Comparative Totals for 2015

	Chapter *	Areas *	Total 2016	Total 2015
Support and revenue:				
Foundation contributions	$ 457,060	$ 22,251	**$ 479,311**	$ 364,879
Individual contributions	304,152	102,820	**406,972**	594,519
Workplace campaign contributions	71,577	14,040	**85,617**	84,422
Corporate contributions	603,434	91,437	**694,871**	558,428
Service club and organization contributions	80,157	92,704	**172,861**	187,645
Law Enforcement Torch Run contributions	770,063	-	**770,063**	604,201
Affiliated national benefits	20,630	-	**20,630**	41,182
Business telemarketing campaigns	232,656	-	**232,656**	268,442
Direct marketing campaigns	560,955	-	**560,955**	460,875
Contributed services and materials	3,190,847	-	**3,190,847**	2,652,900
Total support and revenue	6,291,531	323,252	**6,614,783**	5,817,493
Benefit events for Special Olympics Virginia, Inc.:				
Revenues	1,354,661	612,871	**1,967,532**	1,950,471
Expenses	(411,333)	(76,838)	**(488,171)**	(472,017)
Net benefit events for Special Olympics Virginia, Inc.	943,328	536,033	**1,479,361**	1,478,454
Other revenue (expense):				
Investment income	114,527	944	**115,471**	122,505
Registration fees	211,820	(211,820)	**-**	-
Gain (loss) on investments	211,417	-	**211,417**	(131,157)
Loss on disposal of assets	(804)	-	**(804)**	-
Miscellaneous	82,800	-	**82,800**	81,650
Total other revenue (expense)	619,760	(210,876)	**408,884**	72,998
Total support and revenue	7,854,619	648,409	**8,503,028**	7,368,945
Expenses:				
Program services	6,609,311	476,683	**7,085,994**	6,484,254
Fundraising	582,010	-	**582,010**	577,406
Administrative	307,194	-	**307,194**	303,765
Total expenses	7,498,515	476,683	**7,975,198**	7,365,425
Change in net assets:				
Unrestricted	220,845	171,726	**392,571**	141,193
Unrestricted, Board designated	32,037	-	**32,037**	(23,927)
Total unrestricted net assets	252,882	171,726	**424,608**	117,266
Temporarily restricted	103,222	-	**103,222**	(118,746)
Permanently restricted	-	-	**-**	5,000
Total change in net assets	356,104	171,726	**527,830**	3,520
Net assets, beginning of year	6,424,342	1,867,491	**8,291,833**	8,288,313
Net assets, end of year	$ 6,780,446	$ 2,039,217	**$ 8,819,663**	$ 8,291,833

* Chapter and Area information is presented for supplementary purposes.

Special Olympics Virginia, Inc.
Statement of Functional Expenses
Year Ended December 31, 2016, with Comparative Totals for 2015

	Program Services	Fundraising	Administrative	Total 2016	Total 2015
Contributed services and materials	$ 3,179,673	$ -	$ -	**$ 3,179,673**	$ 2,638,752
Salaries	1,593,586	288,427	127,947	**2,009,960**	1,926,207
Accomodations and travel	740,147	8,611	5,542	**754,300**	762,535
Employee benefits	300,892	54,459	24,158	**379,509**	353,910
Occupancy	228,873	38,125	18,319	**285,317**	276,972
Office supplies and program materials	250,404	5,823	3,749	**259,976**	260,830
Facilities rental	170,529	-	-	**170,529**	163,595
Payroll taxes	115,882	20,974	9,304	**146,160**	144,049
Equipment rental, maintenance and purchases	84,848	15,988	10,355	**111,191**	115,081
Miscellaneous	421	35,342	69,101	**104,864**	108,980
Professional fees	66,972	19,547	14,755	**101,274**	110,667
Telemarketing campaigns, business	46,989	51,260	-	**98,249**	128,242
Special Olympics, Inc. accreditation fee	90,101	-	-	**90,101**	83,979
Insurance	53,337	981	8,544	**62,862**	64,545
Printing, advertising, dues and licenses	32,623	20,973	5,882	**59,478**	59,765
Telephone	46,350	7,627	3,384	**57,361**	55,919
Postage and shipping	9,420	1,342	596	**11,358**	14,846
Total expenses before depreciation	7,011,047	569,479	301,636	**7,882,162**	7,268,874
Depreciation	74,947	12,531	5,558	**93,036**	96,551
	$ 7,085,994	$ 582,010	$ 307,194	**$ 7,975,198**	$ 7,365,425

Special Olympics Virginia, Inc.
Statement of Cash Flows
Year Ended December 31, 2016, with Comparative Totals for 2015

	2016	2015
Cash flows from operating activities:		
Change in net assets	$ 527,830	$ 3,520
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	93,036	96,551
Realized (gain) loss on sale of investments	25,841	(33,550)
Unrealized (gain) loss on investments	(237,258)	164,707
Contributed property and equipment	(13,224)	(14,149)
(Gain) loss on sale of equipment	804	(350)
Contributions restricted for endowment	-	(5,000)
Change in assets and liabilities:		
Contributions receivable, net	(210,225)	34,709
Pledges receivable	40,000	74,000
Beneficial interest in remainder trust	89,000	(89,000)
Bequest receivable	23,617	(40,500)
Prepaid expenses	1,229	28,084
Accounts payable	(19,863)	(70,182)
Accrued expenses	(9,927)	(31,795)
Net cash provided by operating activities	310,860	117,045
Cash flows from investing activities:		
Purchase of investments	(1,542,215)	(1,791,507)
Proceeds from sale of investments	1,503,808	1,734,524
Change in certificates of deposit, net	(1,604)	(1,649)
Purchase of property and equipment	(27,558)	(58,856)
Proceeds from sale of equipment	-	3,500
Net cash used by investing activities	(67,569)	(113,988)
Cash flows from financing activities:		
Contributions restricted for endowment	-	5,000
Increase in cash and cash equivalents	243,291	8,057
Cash and cash equivalents, beginning of year	3,093,319	3,085,262
Cash and cash equivalents, end of year	$ 3,336,610	$ 3,093,319

See accompanying notes.

Notes to Financial Statements

1. Organization and Nature of Activities

Special Olympics Virginia, Inc. (Organization) is a nonstock corporation that provides year-round sports training and athletic competition in a variety of Olympic-type sports for children and adults with intellectual disabilities at no cost to the athletes or their families. The Organization includes the combined accounts of the state chapter and its area programs.

Special Olympics teaches us that we are all vulnerable and valuable at the same time by using sports to unite people with and without disabilities. Our program, however, is about more than just sports. Special Olympics Virginia's year round programs in health, education and community building address inactivity, injustice, intolerance and social isolation by encouraging and empowering people of all abilities.

There are more than 250,000 people in Virginia with intellectual disabilities and about 8 million without. Our goal is to reach out to every one of them. In the coming years, we will place greater emphasis on uniting youth with and without disabilities. We will also create opportunities for families, community members, local leaders, businesses, law enforcement, celebrities, dignitaries and others to band together to change attitudes and support our athletes.

Our vision is to inspire the First Unified Generation.

2. Summary of Significant Accounting Policies

Classes of net assets

The financial statements report amounts separately by classes of net assets as follows:

> **Unrestricted** amounts are those currently available at the discretion of the Organization’s Board of Directors for use in operations and those resources invested in property and equipment.
>
> **Unrestricted board designated** amounts are those currently designated by the Organization’s Board of Directors from unrestricted funds for specific purposes.
>
> **Temporarily restricted** amounts are those which are stipulated by donors for specific operating purposes or for the acquisition of property and equipment. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Revenue whose restrictions are met in the same year is reflected as unrestricted revenue.
>
> **Permanently restricted** amounts are those restricted to investments in perpetuity, the income from which is expendable in accordance with the conditions of each specific donation.

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

Chapter and Area information

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

Estimates

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

Cash and cash equivalents

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

Property and equipment

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

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

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

Contributed materials and services

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

The Organization receives contributed services from a variety of unpaid volunteers assisting the Organization in the providing of sports training and athletic competition. The volunteer services are provided primarily by coaches and officials. The value of the contributed services provided by these volunteers in 2016 was $2,663,748. The value of contributed materials in 2016 provided to the Organization was $515,925.

In addition, the Organization received contributed services that have not been recognized in the statement of activities because the criteria for recognition under accounting standards have not been satisfied. These volunteer services are provided primarily by area and local coordinators and event management teams. The value of these donated services totaled $1,735,014 for 2016.

Income taxes

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

Concentration of credit risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and investments. To minimize risk, the Organization places temporary cash investments with high credit quality financial institutions and monitors its investments. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to $250,000. The Organization has not experienced any losses in such accounts. As of December 31, 2016, the uninsured balances are approximately $2,826,132. The Organization believes it is not exposed to any significant credit risk on its cash balances.

Advertising costs

The Organization expenses advertising costs as they are incurred. Advertising expense was $4,664 for 2016.

Contributions

Contribution receivables are carried at their estimated realizable value. The Organization has recorded an allowance for doubtful accounts of $10,000 at December 31, 2016 related to its telemarketing contract with a fundraising consultant.

Subsequent events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 8, 2017, the date the financial statements were available to be issued.

3. Pledges Receivable

The Organization has unconditional pledges receivable at December 31, 2016 as follows:

2017	$ 60,000
2018	5,000
2019	5,000
	$ 70,000

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

4. Investments

Investments are reported at fair value. The cost and fair value of the investments at December 31, 2016 are as follows:

	Cost	Fair Value
Money market funds	$ 72,798	$ 72,798
Corporate bonds	439,147	438,914
Common stock	761,168	971,994
Mutual funds	2,878,433	2,968,271
	$ 4,151,546	$ 4,451,977

5. Fair Value Measurements

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

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

Level 2 Inputs to the valuation methodology include:

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

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

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

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2016.

Mutual funds, common stock, corporate bonds, and money market funds

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

Pledges receivable

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

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

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2016:

	Level 1	Level 2	Level 3	Total
Mutual funds, equities:				
Large cap growth	$ 376,067	$ -	$ -	$ 376,067
Large cap value	632,967	-	-	632,967
Small/mid cap core	92,134	-	-	92,134
Small cap growth	32,268	-	-	32,268
Small cap value	33,885	-	-	33,885
International	620,791	-	-	620,791
	1,788,112	-	-	1,788,112
Mutual funds, fixed income:				
Intermediate	733,636	-	-	733,636
Mortgages	446,522	-	-	446,522
	1,180,158	-	-	1,180,158
Corporate bonds	438,914	-	-	438,914
Common stock:				
Closed-end mutual funds	129,827	-	-	129,827
Consumer discretionary	94,549	-	-	94,549
Consumer staples	129,126	-	-	129,126
Energy	60,738	-	-	60,738
Financials	180,788	-	-	180,788
Health care	70,289	-	-	70,289
Industrials	121,861	-	-	121,861
Information technology	30,075	-	-	30,075
Materials	50,142	-	-	50,142
Real estate investment trusts	73,151	-	-	73,151
Telecommunication services	15,747	-	-	15,747
Utilities	15,701	-	-	15,701
	971,994	-	-	971,994
Money market funds	72,798	-	-	72,798
Total investments at fair value	$ 4,451,977	$ -	$ -	$ 4,451,977
Pledges receivable	$ -	$ -	$ 70,000	$ 70,000

The table below sets forth a summary of changes in the fair value of the Organization's Level 3 assets for 2016:

	Pledges Receivable
Balance, beginning of year	$ 110,000
Payment on pledges	(40,000)
Balance, end of year	$ 70,000

6. Property and Equipment

Property and equipment consist of the following at December 31, 2016:

Equipment	$ 145,828
Furniture	162,596
Vehicles	110,585
Computer software and website	242,815
Leasehold improvements	288,829
	950,653
Accumulated depreciation	(576,757)
Property and equipment, net	$ 373,896

7. Borrowing Facility

The Organization has an open end revolving line of credit agreement with SunTrust Bank. Total borrowings available under the agreement are $300,000, with interest at the one-month London Interbank Offered Rate (LIBOR) plus 2.0%, with a minimum rate of 3.0%. The borrowings are uncollateralized and due on demand. At December 31, 2016, there are no outstanding borrowings. There were no borrowings under this agreement during 2016.

8. Beneficial Interests

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

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

9. Benefit Events for Special Olympics Virginia, Inc.

Benefit events consist of the following for 2016:

	Polar Plunge	Other	Total
Revenues	$ 1,072,948	$ 894,584	$ 1,967,532
Expenses	(256,054)	(232,117)	(488,171)
	$ 816,894	$ 662,467	$ 1,479,361

10. Retirement Plan

The Organization has a 401(k) plan which covers qualified employees with at least one year of service and who have reached the age of twenty-one, as defined in the plan documents. This plan covers both the employer and employee contributions. The plan includes a non-elective employer safe harbor provision of 3% of compensation and the Organization has elected to contribute an additional 7% of compensation above this provision for the employer profit sharing contribution. Employees are fully vested in the employer's profit sharing contributions after 3 years of service. Total expense for the 401(k) plan for 2016 was $178,987. As of January 1, 2017, the Organization has elected to reduce the additional contribution to 5% of compensation above the 3% provision.

11. Severance Benefit Plan

Effective July 1, 1993, the Organization established a severance benefit plan to provide severance benefits upon the termination of employment of eligible participating employees. Contributions to the plan are made through employee contribution elections in lieu of compensation. There were no employer contributions to the severance benefit plan during 2016.

12. Allocation of Joint Costs

During 2016, the Organization conducted activities that included requests for contributions, as well as program components. Those activities included business and consumer telemarketing campaigns. The costs of conducting those activities included a total of $98,249 in joint costs, which are not specifically attributable to particular components of the activities. These costs were allocated as follows:

Fundraising	$ 51,260
Program	46,989
	$ 98,249

13. Related Party Transactions

The Organization has contributions receivable in the amount of $361,433 due from Special Olympics, Inc. (SOI) as of December 31, 2016.

The affiliated support for 2016 in the amount of $20,630 represents the Organization's allocable share of contributions raised by SOI.

For 2016, the Organization was assessed fees by SOI. The total fees included in expenses were $90,101.

As of January 1, 2013, the Organization has a new agreement with SOI. The agreement calls for SOI to conduct all individual fundraising and public education campaigns of the Organization through an integrated direct marketing program (IDMP). In exchange for participating in the IDMP, the Organization will receive a percentage of the IDMP net income. Total revenue received by the Organization in 2016 in connection with this agreement was $560,955. This agreement expired on December 31, 2015. In January 2016, this agreement was amended to extend through December 31, 2018, but may be terminated with proper notice by either party.

14. Commitments

The Organization leases office space, storage space and equipment for periods ranging from one month to greater than one year. The total lease expense for 2016 was $341,339.

The following is a schedule of minimum rental payments required for subsequent years ending December 31 on leases with an initial or remaining lease term in excess of one year.

2017	$ 233,470
2018	215,653
2019	197,507
2020	190,985
2021	189,541
Thereafter	2,238,063
	$ 3,265,219

The Organization had telemarketing contracts with a fundraising consultant whereby the consultant is to provide telemarketing, fulfillment and public education services for the Organization. In exchange for such services, the Organization has committed to compensating the consultant on a fee per contact basis. These contracts expired on December 31, 2016. On December 1, 2016, the Organization renewed these contracts through December 31, 2019. The total fees paid for 2016 were $98,249.

The Organization has entered into several contracts with hotels and resorts for events to be held in the following year. These contracts require certain commitments for minimum room rentals, use of facilities and food and beverage costs. If the Organization cancels any of these contracts, it would have to pay cancellation fees as stipulated in the contract. These fees increase incrementally as the dates of the meetings approach.

15. Restricted Net Assets

Restricted net assets consist of the following at December 31, 2016:

	Temporarily	Permanent
Tennis invitational tournament	$ 122,245	$ 360,000
Project Unify	202,565	-
Scholarships	78,312	250,000
Healthy Athletes	8,643	66,000
Miscellaneous grants	7,000	-
Urban/Rural	13,618	-
Time restricted pledges	10,000	-
	$ 442,383	$ 676,000

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

Healthy Athletes	$ 47,002
Tennis invitational tournament	22,435
Scholarships	21,610
Receipt of time restricted pledges	25,000
Softball	9,081
Miscellaneous grants	28,379
Regional basketball	300
Project Unify	196,537
Urban programs	109,042
Total restrictions released	$ 459,386

16. Endowment Funds

The Organization's endowment consists of five funds. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. The donor-restricted funds were established for scholarships to state events, the tennis invitational tournament and healthy athletes programs. The board designated fund was established to support the Organization's efforts stated in the strategic plan to improve program delivery and provide effective support services, as well as to fund healthy athletes programs. As required by generally accepted accounting principles (GAAP), net assets associated with these endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

At December 31, 2016, the endowment net asset composition by type of fund was as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowments	$ -	$ 153,061	$ 676,000	$ 829,061
Board-designated endowments	601,542	-	-	601,542
	$ 601,542	$ 153,061	$ 676,000	$ 1,430,603

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

A summary of the activity in endowment funds for the year ended December 31, 2016 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 569,505	$ 105,787	$ 676,000	$ 1,351,292
Investment return:				
Investment income	16,691	24,650	-	41,341
Net realized and unrealized loss	39,483	58,295	-	97,778
Appropriations for expenditure	(24,137)	(35,671)	-	(59,808)
Endowment net assets, end of year	$ 601,542	$ 153,061	$ 676,000	$ 1,430,603

From time to time, the fair value of assets associated with the individual donor-restricted endowment fund may fall below the level that the donor or state UPMIFA guidelines require the organization to retain as a fund of perpetual duration. In accordance with GAAP, any deficiencies of this nature are reported in unrestricted net assets. As of December 31, 2016, there were no such deficiencies.

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

Endowment Investing and Spending Policies

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

Unless otherwise specified by the donor, the Organization's spending policy is to draw 4% of the investment annually. From time to time, due to unfavorable market conditions, the fair value of assets associated with the individual donor-restricted endowment funds may fall below the permanently restricted net assets amount. When fund deficiencies exist, the management will evaluate the spending policy and may choose a smaller draw percentage. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long-term, the Organization expects the current spending policy to allow for long-term capital appreciation of the endowment. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

17. Comparative Totals

The financial statements, specifically the statement of functional expenses, include certain prior-year summarized comparative information in total but not complete detail. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for 2015 from which the summarized information was derived.

18. Compliance with Grant Provisions

Included in foundation contributions for 2016 is a grant from the Edgar A. Thurman Charitable Foundation for Children in the amount of $6,125. This grant is restricted in that the Organization may only use the grant proceeds for the benefit of needy and necessitous children. As of December 31, 2016, all amounts in connection with this grant have been expended and the Organization has complied with all aspects of the grant provisions.