



## ACCREDITATION FEES

<b>Owner:</b>	Legal	<b>Contact (email):</b>	skeener@specialolympics.org
<b>Reference No.:</b>	LEG 1	<b>Effective Date:</b>	19 September 2017 (2018 Fee Cycle)
<b>Responsibility:</b>	Legal Department: Accreditation, compliance, and oversight Finance Department: Fee invoicing and collection Regional Presidents and Organizational Development staff: Assistance in communication with accredited Programs regarding accreditation fees		

### Policy Statement

Each accredited Program is required to pay accreditation fees as a condition for obtaining or maintaining accreditation. See Special Olympics Official General Rules Section 8.08. Annual accreditation fees are calculated based on each Program's financial resources. SOI collects accreditation fees in a timely and consistent way.

### Rationale for Policy

By paying accreditation fees, Special Olympics Programs invest in a license to operate in the movement. SOI uses accreditation fees to cover a small portion of the cost of leading and supporting the worldwide quality and growth of the movement. Accredited Programs can conduct Special Olympics activities and raise funds under the Special Olympics name. In addition, accredited Programs receive valuable support from SOI, including:

- Global brand marketing and access to trademarked assets
- Opportunities to attend World Games, Regional Games, and other international competitions and summits
- Access to financial and VIK opportunities through grants, sponsorships, revenue sharing, and major fundraising initiatives
- Shared strategy and vision
- International and regional leadership
- General Rules, Program Quality Standards, Sports Rules, Coaching Guides, and other resources
- Support for key initiatives: Unified Sports, Young Athletes, Unified Schools, Health Programs, etc.
- Research in sports, health, and disability
- Access to customized software
- Athlete leadership opportunities
- Regional leadership conferences and leadership development opportunities
- Technical assistance in sports training, health, games management, IT, legal, governance, fundraising and marketing
- Risk management guidance and support

## Procedure

---

### 1. Fee Calculation for Programs Outside the United States.

- a. **Independent Programs.** The fee for independent accredited Programs outside the United States is calculated as follows:

$$\text{Fee} = 2.1\% \times \text{Adjusted Gross Revenue ("AGR")}$$

**Adjusted Gross Revenue.** A Program's AGR is calculated as follows:

$$\text{AGR} = \begin{array}{l} \text{TOTAL REVENUE} \text{ minus} \\ \text{REVENUE FROM SOI} \text{ minus} \\ \text{GOVERNMENT REVENUE} \text{ minus} \\ \text{IN-KIND REVENUE} \text{ minus} \\ \text{CERTAIN FUNDRAISING EXPENSES} \end{array}$$

- i. **Total Revenue** means the amount of all annual gross revenue as recorded in the Program's annual financial statements. This includes, but is not limited to, restricted and unrestricted revenue in the form of government funding, grants, corporate and individual contributions, in-kind revenue (if included in total revenue on the financial statements), and revenue from SOI. Programs with Sub-Programs must include all Sub-Program revenue in their Total Revenue. Programs may, in their discretion, collect accreditation fees from their Sub-Programs to support the Program's fee payment.
  - ii. **Revenue from SOI** means revenue received directly from Special Olympics, Inc. that is included as part of the Program's Total Revenue. This includes revenue from SOI-managed grants (*e.g.*, UNICEF, USAID, Lions Club), SOI-managed sponsorships (*e.g.*, Mattel, Toys R Us, Alex & Ani), SOI-managed fundraising revenue shares, and Christmas Records Grants. Any In-Kind Revenue received from SOI, should only be deducted as In-Kind Revenue; it should not be doubly deducted as both In-Kind Revenue and Revenue from SOI.
  - iii. **Government Revenue** means revenue received directly from a government entity. Each Program deducting Government Revenue must provide a list of Government Revenue sources and the amount received from each, adding up to the total Government Revenue deduction.
  - iv. **In-Kind Revenue** means non-cash donated goods or services that are included as part of the Program's Total Revenue. Any in-kind revenue not included in the Total Revenue should not be deducted as part of the AGR calculation.
  - v. **Certain Fundraising Expenses** means direct expenses for fundraising mailings and events. Telemarketing expenses and indirect expenses, such as salary and overhead, may not be deducted.
- b. **Non-Independent Programs.** Most Special Olympics Programs are independent charitable organizations. There are a few Programs worldwide, however, that are situated as divisions or units within national sports federations or disability agencies. As

of the date of this policy, Programs in this category are: China, Cuba, Denmark, Faroe Islands, Finland, Iceland, Norway, San Marino, and Sweden. The fee for non-independent Programs is set according to Program size, as measured by the number of Special Olympics athletes participating in the Program according to the most recent census. The table of fees for non-independent Programs is set forth in **Appendix A**.

**2. Fee Calculation for U.S. Programs.** The fee for U.S. Programs is calculated as follows:

**Fee = 2.5% x Program Service Expense (IRS Form 990, Part IX, Line 25, Column (B))**

**3. Minimum Annual Fee.** The minimum annual fee for each Program shall be US\$100.

**4. Annual Increase and Decrease Limits.**

a. **Increase Limit.** The accreditation fee for each Program shall be limited to an annual increase equal to 7% of the calculated fee or US\$500, whichever is greater.

For example:

A Program that had an \$8,000 fee in the prior year and a \$10,000 calculated fee for the present year would be assessed a fee of \$8,700. The annual increase is limited to \$700, which is 7% of the calculated fee.

A Program that had a \$1,000 fee in the prior year and a \$2,000 calculated fee for the present year would be assessed a fee of \$1,500. The annual increase is limited to \$500, which is greater than 7% of the calculated fee.

b. **Decrease Limit.** The accreditation fee for each Program shall be limited to an annual decrease equal to 7% of the assessed fee for the prior year or US\$500, whichever is greater.

For example:

A Program that had a \$10,000 fee in the prior year and an \$8,000 calculated fee for the present year would be assessed a fee of \$9,300. The annual decrease is limited to \$700, which is 7% of the assessed fee for the prior year.

A Program that had a \$2,000 fee in the prior year and a \$1,000 calculated fee for the present year would be assessed a fee of \$1,500. The annual decrease is limited to \$500, which is greater than 7% of the assessed fee for the prior year.

**5. Financial Reporting, Billing, and Payment.**

a. **AGR Form or IRS Form 990.**

i. **AGR Form.** Each Program outside the United States shall annually submit an AGR Form with its financial information from its most recently completed fiscal year. The AGR Form is due in November of each year with the annual accreditation submission.

SOI reserves the right to inspect the Program's financial records or request an independent audit to confirm the information reported on the AGR Form.

- ii. **IRS Form 990.** Each U.S. Program shall annually submit its Internal Revenue Service ("IRS") Form 990 as soon as finalized. Forms 990 should be uploaded to the online accreditation system. U.S. Programs do not submit AGR Forms.
- b. **Audited Financial Statements.** Because financial statements are used to confirm revenue amounts reported by Programs, AGR Forms will not be approved by SOI until audited financial statements for the same fiscal year have also been submitted and accepted. Programs with Sub-Programs should submit financial statements covering all Special Olympics activity in their territories.
- i. **Financial Audit Requirement.** Under General Rules Section 8.05(a), each Accredited Program's annual financial statement must be audited by an independent certified public accountant, or by an independent accounting professional in the Program's jurisdiction with recognition in the profession.
  - ii. **Waiver from Audit Requirement.**
    - 1. **Revenue Less than US\$100,000.** Programs with total cash revenues less than US\$100,000 will automatically receive a waiver from the audit requirement without making a request. SOI may withdraw this automatic waiver and require audited financial statements by sending written notice to affected Programs.
    - 2. **Revenue More than US\$100,000.** For Programs with total cash revenues more than US\$100,000, a compliance waiver may be requested if obtaining a financial audit will cause a significant hardship. Waiver requests must be in writing and submitted to the Program's regional Organizational Development representative directly or through the online accreditation system. Each waiver request should include (1) the reason a waiver is needed, (2) the length of the requested waiver, and (3) the Program's plan to meet the audit requirement by the end of the waiver period. Waivers must be recommended by the Regional President and approved by the Chief Legal Officer ("CLO") and Chief Financial Officer ("CFO").
    - 3. **Unaudited Statements.** If the audit requirement is waived, financial statements must be as consistent as possible with generally accepted accounting practices during the waiver period.
- c. **Currency Conversion.** All amounts shall be reported to SOI in local currency, consistent with the Program's financial statements. SOI converts the amounts reported to U.S. dollars, using the conversion rate published on xe.com for the date on which the AGR Form is due (regardless of when the AGR Form is actually submitted). Fees shall be invoiced and paid in U.S. Dollars unless otherwise approved by the CLO and CFO.
- d. **Invoices.** For each Program that has timely submitted financial statements and an AGR Form or Form 990, SOI will send an invoice by the end of February.

- e. **Payment Schedule.** Accreditation fees less than US\$10,000 are due in full by 31 March. Programs owing fees of US\$10,000 or more may choose to pay in full by 31 March or in monthly installments. With the initial invoice, SOI will present these payment schedule options to each Program owing fees of US\$10,000 or more.
- f. **Timely Payment Incentive.** Programs that pay the fee in full by 31 March receive a 3% discount. The deadline for this discount will not be extended for Programs submitting late AGR Forms or Forms 990.
- g. **Timely Payment Enforcement.** For Programs with overdue fees, SOI reserves the right to exercise the following enforcement measures pending payment or a mutually agreed payment plan: (i) non-renewal of accreditation, (ii) non-disbursement of grant funds, and (iii) adjustment of games quotas.
- h. **Payment Methods.** With each accreditation fee invoice, SOI provides a list of payment methods and the primary SOI Finance Department contact person with regard to payments. SOI accepts payment of accreditation fees by the following methods:
  - i. **Wire Transfer or Check.** SOI provides bank information for wire transfers and the mailing address for check payments with each accreditation fee invoice. Programs making multiple wire transfer payments in a single year may be charged additional amounts to cover bank fees that reduce the amount received by SOI.
  - ii. **Credit Card.** Payments may be made by credit card by calling the SOI contact person at the phone number provided with the fee invoice. Payments made by credit card that exceed a total of US\$1,000 per year will be charged an additional 4% to cover SOI's processing costs.
  - iii. **Cash.** Cash payments are generally discouraged. In places where other payment methods are not feasible, Programs may make payments in cash. If payment is made in cash, the Program should send a notification email to the SOI contact person identified in the invoice. The email should include the amount of cash paid, the SOI staff member receiving the cash, identification of the invoice for which the payment is made, and the date of the transaction.
  - iv. **US\$100 Deduction from SOI Grant.** In places where other payment methods are not feasible, Programs who owe the US\$100 minimum accreditation fee may request that the US\$100 fee be deducted from an SOI grant award payment. Approval of such deduction will be subject to confirmation that other payment options are not available, compliance with requirements of the funding source, and agreement by the Program that the deducted fee amount will be replaced with the Program's other funds to ensure the total grant amount is used for the purposes it is intended. Requests to deduct fees from SOI grant payments should be sent in writing to the SOI contact person identified in the invoice. Such requests must be approved by the CFO or his/her designee.

## 6. Payment Plans, Waivers, and Exceptions.

- a. **Payment Plans.** A Program that is experiencing financial difficulties may request a payment plan. Requests should be sent to the Program's regional Organizational Development

representative in writing and include the reason for the request and a proposed payment schedule. It is strongly encouraged that the proposed payment schedule include an immediate payment of some amount and conclude within the calendar year. Each payment plan must be approved by the CFO and CLO or their respective designees.

- b. **Fee Waivers.** A Program that is experiencing exceptional financial difficulties where it is unable to pay accreditation fees on schedule or through a payment plan may request a fee waiver. Such waivers are generally limited to bankruptcy, war, natural disasters, insolvency, and other extraordinary conditions. In each case, a payment plan should be encouraged and given serious consideration before a fee waiver is requested or approved. Requests for fee waivers should be sent to the Program's regional Organizational Development representative in writing and include the reason for the request. Each fee waiver must be approved by the CFO and CLO.
- c. **Exceptions.** Any exception to this policy requires CLO and CFO approval.

**APPENDIX A: Table of Fees for Non-Independent Programs**

<b>Number of Athletes</b>	<b>Fee</b>
2,000 or less athletes	US\$1,000
2,001 to 4,000 athletes	US\$2,000
4,001 to 6,000 athletes	US\$4,000
6,001 to 8,000 athletes	US\$6,000
8,001 to 10,000 athletes	US\$8,000
10,001 to 12,000 athletes	US\$10,000
12,001 to 14,000 athletes	US\$12,000
14,001 to 16,000 athletes	US\$14,000
16,001 to 18,000 athletes	US\$16,000
18,001 to 20,000 athletes	US\$18,000
20,001 to 22,000 athletes	US\$20,000
22,001 to 24,000 athletes	US\$22,000
24,001 to 26,000 athletes	US\$24,000

<b>Number of Athletes</b>	<b>Fee</b>
26,001 to 28,000 athletes	US\$26,000
28,001 to 30,000 athletes	US\$28,000
30,001 to 32,000 athletes	US\$30,000
32,001 to 34,000 athletes	US\$32,000
34,001 to 36,000 athletes	US\$34,000
36,001 to 38,000 athletes	US\$36,000
38,001 to 40,000 athletes	US\$38,000
40,001 to 42,000 athletes	US\$40,000
42,001 to 44,000 athletes	US\$42,000
44,001 to 46,000 athletes	US\$44,000
46,001 to 48,000 athletes	US\$46,000
48,001 to 50,000 athletes	US\$48,000
50,001 or more athletes	US\$50,000