Special Olympics New Jersey, Inc.
(A New Jersey Not-for-Profit Organization)

Financial Statements
(With Supplementary Information)
and Independent Auditor's Report

December 31, 2018 and 2017

CohnReznick
Accounting • Tax • Advisory

Special Olympics New Jersey, Inc.
(A New Jersey Not-for-Profit Organization)

Index

CohnReznick LLP
cohnreznick.com

CohnReznick
ADVISORY • ASSURANCE • TAX

Independent Auditor's Report

To the Board of Directors
Special Olympics New Jersey, Inc.
(A New Jersey Not-for-Profit Organization)

We have audited the accompanying financial statements of Special Olympics New Jersey, Inc. (A New Jersey Not-for-Profit Organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Special Olympics New Jersey, Inc. as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

CohnReznick

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included in the 2017 schedule of functional expenses, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Emphasis-of-Matter

As discussed in Note 2, the Organization adopted the Financial Accounting Standards Board's Accounting Standards update ("ASU") 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities* as of and for the year ended December 31, 2018. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

CohnReznick LLP

Roseland, New Jersey
March 27, 2019

Special Olympics New Jersey, Inc.
(A New Jersey Not-for-Profit Organization)

Statements of Financial Position
December 31, 2018 and 2017

Assets

	2018	2017
Current assets		
Cash and cash equivalents	$ 2,222,005	$ 1,576,373
Certificates of deposit	246,176	243,406
Pledge receivable	10,000	60,000
Grants receivable	100,000	104,500
Other receivables	140,661	126,200
Prepaid expenses and other current assets	312,982	252,896
Total current assets	3,031,824	2,363,375
Pledge receivable - noncurrent	10,000	20,000
Investments	6,078,440	6,475,778
Land, buildings, equipment and furniture, net	5,060,525	5,279,243
Total assets	$ 14,180,789	$ 14,138,396

Liabilities and Net Assets

	2018	2017
Current liabilities		
Accounts payable and accrued expenses	$ 497,905	$ 465,551
Deferred revenue	530,292	590,925
Total current liabilities	1,028,197	1,056,476
Total liabilities	1,028,197	1,056,476
Net assets		
Without donor restrictions	13,132,592	12,999,720
With donor restrictions	20,000	82,200
Total net assets	13,152,592	13,081,920
Total liabilities and net assets	$ 14,180,789	$ 14,138,396

See Notes to Financial Statements.

Special Olympics New Jersey, Inc.
(A New Jersey Not-for-Profit Organization)

Statements of Activities and Changes in Net Assets
Years Ended December 31, 2018 and 2017

	2018	2017
Revenue without restriction and other support		
Contributions	$ 3,470,643	$ 3,004,717
Grants	582,271	725,473
Total	4,052,914	3,730,190
Special events revenue	5,169,586	4,782,568
Direct cost of special events	(1,546,915)	(1,312,989)
Net special events revenue	3,622,671	3,469,579
Contributed goods and services	1,779,120	1,516,476
Net assets released from restrictions	62,200	60,000
Total revenue without restriction and other support	9,516,905	8,776,245
Expenses		
Activities and program services	7,685,025	7,461,487
Fundraising	1,060,330	942,686
General and administrative	246,528	240,444
Total expenses	8,991,883	8,644,617
Nonoperating items		
Net investment return	(392,150)	669,602
Total nonoperating items	(392,150)	669,602
Change in net assets without donor restrictions	132,872	801,230
Change in net assets with donor restrictions		
Contributions	-	102,200
Net assets released from donor restrictions	(62,200)	(60,000)
Change in net assets with donor restrictions	(62,200)	42,200
Change in net assets	70,672	843,430
Net assets, beginning	13,081,920	12,238,490
Net assets, ending	$ 13,152,592	$ 13,081,920

See Notes to Financial Statements.

Special Olympics New Jersey, Inc.
(A New Jersey Not-for-Profit Organization)

Statements of Cash Flows
Years Ended December 31, 2018 and 2017

	2018	2017
Cash flows from operating activities		
Change in net assets	$ 70,672	$ 843,430
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Net realized and unrealized (gain) loss on investments	445,932	(599,009)
Depreciation	345,482	336,392
Changes in operating assets and liabilities		
Pledges receivable	60,000	(40,000)
Grants and other receivables	(9,961)	(74,502)
Prepaid expenses and other current assets	(60,086)	197,880
Accounts payable and accrued expenses	32,354	111,377
Deferred revenue	(60,633)	89,829
Net cash provided by operating activities	823,760	865,397
Cash flows from investing activities		
(Purchase of) repayment from certificates of deposit	(2,770)	(1,351)
Proceeds from sale of investments	1,073,748	4,021,927
Purchases of investments	(1,122,342)	(6,188,460)
Purchases of property and equipment	(126,764)	(92,656)
Net cash used in investing activities	(178,128)	(2,260,540)
Net increase (decrease) in cash and cash equivalents	645,632	(1,395,143)
Cash and cash equivalents, beginning	1,576,373	2,971,516
Cash and cash equivalents, end	$ 2,222,005	$ 1,576,373

See Notes to Financial Statements.

Note 1 - Organization

Business

Special Olympics New Jersey, Inc. (the "Organization") is organized as a New Jersey not-for-profit charitable organization, incorporated in the State of New Jersey in 1973. The Organization is accredited by Special Olympics Incorporated to coordinate statewide programs of physical fitness, sports training and athletic competition for children and adults with intellectual disabilities. The Organization has activity areas throughout the state which raise funds to run these programs on a local level.

Note 2 - Summary of significant accounting policies

Basis of accounting

The financial statements have been prepared on the accrual basis of accounting in conformity with the accounting principles generally accepted in the United States of America.

Classification of net assets

Net assets, revenues and releases from restrictions are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and the changes therein are classified and reported in two categories of net assets.

Without donor restrictions - Net assets that are not subject to donor-imposed restrictions, including the net investment in fixed assets, gifts with no donor restriction and current funds without donor restriction.

With donor restrictions - Net assets that are restricted by a donor for use for a specific purpose or in a future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed.

Other donor-imposed restrictions on net assets included in this category are permanent in nature. These net assets have been restricted by donors to be maintained by the Organization either in perpetuity or until released by specific action by the Organization's Board of Directors in accordance with applicable law. The Organization's unspent contributions are included in this class if the donor limited their use.

Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by donor stipulation or by law.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Contributions

Gifts of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restriction. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restriction. When a donor-stipulated time restriction ends, or purpose restriction is accomplished, donor-restricted net assets are reclassified to net assets without donor restriction and reported in the statement of activities and changes in net assets as net assets released from restrictions. Gifts that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as with donor restriction and then released from restriction.

Conditional gifts depend on the occurrence of a specified future and uncertain event to bind the potential donor and are recognized as assets and revenue when the conditions are substantially met, and the gift becomes unconditional. No conditional gifts or pledges for which conditions had not been substantially met were recorded in 2018.

Revenue recognition
The Organization receives its support from grants, corporations, foundations and individuals. Revenue from grants is recognized in the period when the expenditures have been incurred in compliance with the grantor's restrictions. Donations from foundations and individuals are recognized as revenue when the contributions are received or when a binding commitment to contribute is made. Sponsorships are recorded as revenue when the event takes place. Deferred revenue includes amounts received for events that have not yet taken place.

Use of 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 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.

Cash and cash equivalents
The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Organization places its temporary cash investments with high credit quality financial institutions.

Certificates of deposit
Certificates of deposit held for investments that are not marketable equity or debt securities are recorded at cost. Certificates of deposit with original maturities greater than three months and remaining maturities less than one year are classified as current assets.

Investments and investment risk
Net investment return includes dividend, interest, and other investment income; realized and unrealized gains and losses on investments carried and fair value; and realized gains and losses on other investments. Related custodian fees are netted against investment returns.

The Organization invests in various securities. Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the uncertainty related to changes in the value of investment securities, it is reasonably possible that changes in risk in the near term could materially affect the investments and the amounts reported in the statements of financial position and the statements of activities and changes in net assets. Users of these financial statements should be aware that the financial markets' volatility may significantly impact the subsequent valuation of the Organization's investments. Accordingly, the valuation of investments may not necessarily be indicative of amounts that could be realized in a current market exchange.

Income taxes

The Organization qualifies as a not-for-profit organization as defined by the Internal Revenue Code Section 501(c)(3) and, accordingly, is exempt from federal income taxes. The Organization is also exempt from state and local income taxes.

The Organization has no unrecognized tax benefits at December 31, 2018 and 2017. The Organization's federal and state information returns prior to fiscal years 2015 and 2014, respectively, are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

The Organization's policy is to recognize interest related to unrecognized tax benefits in interest expense and penalties in general and administrative expenses. No such amounts have been recorded for the years ended December 31, 2018 and 2017.

Impairment of long-lived assets

The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In performing a review for impairment, the Organization compares the carrying value of the assets with their estimated future undiscounted cash flows. If it is determined that impairment has occurred, the loss would be recognized during that period. The impairment loss is calculated as the difference between the asset carrying values and the present value of estimated net cash flows or comparable market values, giving consideration to recent operating performance and pricing trends. Management believes there is no impairment of long-lived assets at December 31, 2018 and 2017.

Contributed goods and services

Donated goods and services are recorded as contributions at their estimated fair values at the date of donation. Donations include facility rental time, volunteer time at various events, on-air promotion time, meals and entertainment provided to athletes. The amount of donated goods and services for the years ended December 31, 2018 and 2017 was $1,779,120 and $1,516,476, respectively.

Functional allocation of expenses

Costs are allocated between activities and program services, fundraising and general and administrative based on an evaluation of the related benefits. General and administrative expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the Organization.

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, occupancy and facility maintenance, which are allocated on a square footage basis, as well as compensation and employee benefits, employee training, information technology and office equipment costs, which are allocated on the basis of estimates of time and effort.

Allocation of joint costs

During the years ended December 31, 2018 and 2017, the Organization incurred joint costs of $64,828 and $90,451, respectively, for direct marketing activities that included fundraising appeals. For the years ended December 31, 2018 and 2017, the Organization allocated $32,414 and

$45,226, respectively, to activities and program services and $32,414 and $45,225, respectively, to fundraising.

Land, buildings, equipment and furniture

Purchases of land, buildings, equipment and furniture are stated at cost less accumulated depreciation. The Organization capitalizes all expenditures over $1,000. Depreciation is computed on the straight-line method using estimated useful lives of the assets, as follows:

Building and improvements	10-40 years
Equipment and furniture	3-10 years

Reclassifications

Certain numbers in the 2017 financial statements were changed to conform to the 2018 presentation.

Adoption of New Accounting Pronouncement

For the year ended December 31, 2018, the Organization adopted the Financial Accounting Standard Board's Accounting Standards Update ("ASU") No. 2016-14 - *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities.* This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. The changes required by the update have been applied retrospectively to all periods presented. A key change required by ASU 2016-14 are the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets, if applicable, are now reported as net assets with donor restrictions. The chart below illustrates the impact, caused by adopting ASU No. 2016-14, on classifications of opening net asset balances as follows:

	Opening net asset reclassification for ASU No. 2016-14		
Net asset classifications	Without donor restrictions	With donor restrictions	Total net assets
As previously presented			
Unrestricted	$ 12,999,720	$ -	$ 12,999,720
Temporarily restricted	-	82,200	82,200
Net assets, as reclassified	$ 12,999,720	$ 82,200	$ 13,081,920

The financial statements also include a disclosure about liquidity and availability of resources (see Note 3).

Subsequent events

The Organization has evaluated subsequent events through March 27, 2019, which is the date the financial statements were available to be issued.

Note 3 - Liquidity and availability

The Organization's working capital and cash flows have seasonable variations during the year. Traditionally, the largest and most profitable fundraising events occur in the first quarter of the year. As a result, cash receipts and the cash balances are significantly higher during the first half of the year. Additionally, the success of fundraising events is highly dependent upon the weather during the events. In recent years, the Organization has generally benefited from favorable weather conditions.

In addition to recurring annual fundraising events, the Organizations has also benefited from anniversary celebration fundraising events. These events were extremely profitable and resulted in additional cash flow. Finally, the Organization has shown continued growth in sponsorships.

During the last five years, the Organization's cash and cash equivalent balances have exceeded $1.5 million which represents approximately two months of required working capital. During that same five-year period, the Organization has invested $2.1 million of excess cash balances.

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of donor restrictions within one year of the balance sheet date.

	2018
Cash and cash equivalents	$ 2,222,005
Certificates of deposit	246,176
Pledge receivable, collected in less than one year	10,000
Grants receivable, collected in less than one year	100,000
Other receivables, collected in less than one year	140,661
Investments	6,078,440
Total financial assets, excluding noncurrent receivables	8,797,282
Donor-imposed restrictions unavailable within one year due to purpose restrictions	(10,000)
Financial assets available to meet cash needs for expenditures within one year	$ 8,787,282

Note 4 - Concentrations of credit risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and certificates of deposit. At times during the year, the Organization's cash balances and certificates of deposit may exceed the limits of the Federal Deposit Insurance Corporation ("FDIC") coverage. At December 31, 2018, the Organization's uninsured cash and cash equivalents and certificates of deposit balances totaled approximately $2,030,000. The Organization monitors its financial institutions and the concentrations of credit risk on a regular basis and does not anticipate nonperformance by the financial institutions.

Note 5 - Pledges and grants receivable

Pledges and grants receivable are recorded at their net realizable value. Pledges receivable consists of one pledge of $20,000 due $10,000 a year over the next two years. The amounts are included in net assets with restrictions.

Note 6 - Land, buildings, equipment and furniture

Land, buildings, equipment and furniture at December 31, 2018 and 2017 consist of the following:

	2018	2017
Land	$ 700,000	$ 700,000
Buildings and improvements	7,147,885	7,079,828
Equipment, furniture and fixtures	801,673	742,967
	8,649,558	8,522,795
Less accumulated depreciation	3,589,033	3,243,552
Total	$ 5,060,525	$ 5,279,243

Depreciation expense for the years ended December 31, 2018 and 2017 was $345,482 and $336,392, respectively.

Note 7 - Net assets

As of December 31, 2018 and 2017, net assets with donor restrictions are restricted for the following purposes or periods.

	2018	2017
Subject to the passage of time		
Contributions receivable	$ 20,000	$ 82,200
	$ 20,000	$ 82,200

As of December 31, 2018 and 2017, net assets not subject to donor restrictions totaled $13,159,292 and $12,999,720, respectively.

Net assets were released from donor restrictions by the expiration of a time restriction or by occurrence of other events specified by donors.

	2018	2017
Time restrictions expired		
Collection of pledges	$ 62,200	$ 60,000
	$ 62,200	$ 60,000

Note 8 - Fair value measurements

The Organization values its assets and liabilities based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

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: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value.

Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the end of the reporting period. For the years ended December 31, 2018 and 2017, there were no significant transfers in or out of Levels 1, 2 or 3.

Investments carried at fair value at December 31, 2018 and 2017, are classified in the tables below in one of the three categories described above:

	Assets at fair value as of December 31, 2018			
	Level 1	Level 2	Level 3	Total
Stocks	$ 613,377	$ -	$ -	$ 613,377
Mutual funds	3,352,794	-	-	3,352,794
Cash	91,343	-	-	91,343
Corporate bonds	-	2,020,926	-	2,020,926
Total investments at fair value	$ 4,057,514	$ 2,020,926	$ -	$ 6,078,440

	Assets at fair value as of December 31, 2017			
	Level 1	Level 2	Level 3	Total
Stocks	$ 668,926	$ -	$ -	$ 668,926
Mutual funds	3,926,986	-	-	3,926,986
Cash	167,370	-	-	167,370
Corporate bonds	-	1,712,496	-	1,712,496
Total investments at fair value	$ 4,763,282	$ 1,712,496	$ -	$ 6,475,778

The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value. There have been no changes in the methodologies used at December 31, 2018 and 2017.

Stocks, mutual funds, and cash securities are valued at the closing price reported on the active market on which the individual securities are traded (Level 1).

Investments in corporate bonds are valued utilizing readily available pricing sources for comparable instruments (Level 2).

The preceding methods 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.

Note 9 - Functional expenses

Expenses incurred by the Organization classified by functional categories for the year ended December 31, 2018, were as follows:

	Activities and program services			Fundraising				
	In-kind donations	Organizational expenditures	Total activities and program services	In-kind fundraising donations	Fundraising	Total fundraising	General and administrative	Total
Competition	$ 1,024,994	$ 1,412,103	$ 2,437,097	$ -	$ -	$ -	$ -	$ 2,437,097
Salaries	-	2,119,099	2,119,099	-	557,658	557,658	111,532	2,788,289
Employee benefits	-	505,912	505,912	-	133,135	133,135	26,627	665,674
Payroll taxes	-	159,202	159,202	-	41,895	41,895	8,379	209,476
Training	-	143,530	143,530	-	4,158	4,158	832	148,520
Awards	-	72,916	72,916	-	1,496	1,496	-	74,412
Equipment	-	42,280	42,280	-	4,919	4,919	1,558	48,757
Insurance	-	101,784	101,784	-	7,331	7,331	1,715	110,830
Printing	-	3,951	3,951	-	-	-	-	3,951
Supplies	-	23,557	23,557	83,133	4,170	87,303	782	111,642
Chapter fees	-	142,088	142,088	-	-	-	-	142,088
Conferences and meetings	-	35,623	35,623	-	2,565	2,565	513	38,701
Occupancy	-	88,624	88,624	-	4,792	4,792	1,848	95,264
Postage and freight	-	4,218	4,218	-	3,220	3,220	128	7,566
Telephone	-	29,897	29,897	-	6,549	6,549	1,310	37,756
Repairs and maintenance	-	116,513	116,513	-	11,097	11,097	2,585	130,195
Public relations	147,872	534,227	682,099	54,700	38	54,738	-	736,837
Direct marketing	-	32,414	32,414	-	33,112	33,112	-	65,526
Professional fees	302,199	147,578	449,777	21,840	38,836	60,676	77,981	588,434
Special events and programs	-	920	920	-	16,183	16,183	-	17,103
Grants	-	4,916	4,916	-	-	-	-	4,916
Depreciation	-	313,152	313,152	-	24,630	24,630	7,700	345,482
Miscellaneous	-	31,074	31,074	-	4,873	4,873	3,038	38,985
Direct costs	144,382	-	144,382	-	-	-	-	144,382
Total functional expenses	$ 1,619,447	$ 6,065,578	$ 7,685,025	$ 159,673	$ 900,657	$ 1,060,330	$ 246,528	$ 8,991,883
			Program			Fundraising	Administrative	
Percentage of total expenses FY 2018:			85%			12%	3%	

Note 10 - Pension plan

The Organization maintains a 403(b) defined contribution pension plan for eligible employees. An employee may begin contributions into the plan immediately at the start of employment, but is not eligible for matching employer contributions until the plan entry date following the employee's completion of six months of employment, attainment of the age of 21 and working a minimum of 1,000 hours per year. The Organization matches a maximum of 4% of an employee's eligible wages and contributes 3% of an employee's eligible wages to the plan, and both contributions are subject to the aforementioned eligibility requirements. An individual must be employed on December 31 to be eligible for the Organization's contribution for that plan year. The Organization's contribution will be made by June 30 of the following year. Pension plan costs for the years ended December 31, 2018 and 2017 were $167,714 and $149,623, respectively.

Note 11 - Related party transactions

The Organization has a member of the Board of Directors who is a senior executive of a financial institution where the Organization maintains checking accounts and certificates of deposit. The Organization also has a member of the Board of Directors who is a senior executive of a financial institution which is a related party to another financial institution where the Organization maintains investment portfolios and the pension plan.

The Organization is required to pay chapter fees to Special Olympics International ("SOI"). The amount of fees paid to SOI was $142,088 and $131,763 for the years ended December 31, 2018 and 2017, respectively.

Note 12 - Commitments and contingencies

Leases

The Organization is obligated under various noncancelable operating leases for equipment through February 2020. Equipment operating lease commitments for each of the years subsequent to December 31, 2018, are as follows:

2019	$	7,418
2020		1,236
Total	$	8,654

Equipment expense amounted to $7,418 and $10,523 for the years ended December 31, 2018 and 2017, respectively.

Litigation

The Organization, from time to time, may be involved with certain legal actions arising in the ordinary course of business. Management believes that the outcome of such litigation and claims would not have a material adverse effect on the Organization's financial position and results of operations.

Supplementary Information

Special Olympics New Jersey, Inc.
(A New Jersey Not-for-Profit Organization)

Schedule of Functional Expenses
Year Ended December 31, 2017
(Unaudited)

	Activities and program services			Fundraising				
	In-kind donations	Organizational expenditures	Total activities and program services	In-kind fundraising donations	Fundraising	Total fundraising	General and administrative	Total
Competition	$ 945,459	$ 1,313,427	$ 2,258,886	$ -	$ -	$ -	$ -	$ 2,258,886
Salaries	-	2,096,290	2,096,290	-	517,266	517,266	108,898	2,722,454
Employee benefits	-	462,746	462,746	-	114,184	114,184	24,039	600,969
Payroll taxes	-	169,022	169,022	-	41,707	41,707	8,780	219,509
Training	-	166,262	166,262	-	5,835	5,835	1,228	173,325
Awards	-	76,316	76,316	-	4,106	4,106	-	80,422
Equipment	-	63,664	63,664	-	5,957	5,957	1,797	71,418
Insurance	-	99,548	99,548	-	7,184	7,184	1,715	108,447
Printing	-	2,189	2,189	-	-	-	-	2,189
Supplies	-	30,337	30,337	9,100	7,782	16,882	1,059	48,278
Chapter fees	-	131,763	131,763	-	-	-	-	131,763
Conferences and meetings	-	44,854	44,854	-	2,675	2,675	563	48,092
Occupancy	-	87,358	87,358	-	4,723	4,723	1,822	93,903
Postage and freight	-	10,794	10,794	-	2,750	2,750	453	13,997
Telephone	-	31,589	31,589	-	6,074	6,074	1,279	38,942
Repairs and maintenance	-	101,489	101,489	-	8,545	8,545	2,067	112,101
Public relations	172,767	585,958	758,725	61,162	5	61,167	-	819,892
Direct marketing	-	45,286	45,286	-	45,165	45,165	-	90,451
Professional fees	253,164	165,024	418,188	10,370	40,720	51,090	76,543	545,821
Special events and programs	-	2,814	2,814	-	18,915	18,915	-	21,729
Grants	-	2,077	2,077	-	-	-	-	2,077
Depreciation	-	305,374	305,374	-	23,519	23,519	7,499	336,392
Miscellaneous	-	31,462	31,462	-	4,942	4,942	2,702	39,106
Direct costs	64,454	-	64,454	-	-	-	-	64,454
Total functional expenses	$ 1,435,844	$ 6,025,643	$ 7,461,487	$ 80,632	$ 862,054	$ 942,686	$ 240,444	$ 8,644,617
			Program			Fundraising	Administrative	
Percentage of total expenses FY 2017:			86%			11%	3%	

See Independent Auditor's Report.

COHNREZNICK
ACCOUNTING • TAX • ADVISORY