

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

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

**December 31, 2020 and 2019**

---

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

Index

	<u>Page</u>
Independent Auditor's Report	2
Financial Statements	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statement of Functional Expenses December 31, 2020	5
Statement of Functional Expenses December 31, 2019	6
Statements of Cash Flows	7
Notes to Financial Statements	8

## 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, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses 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*

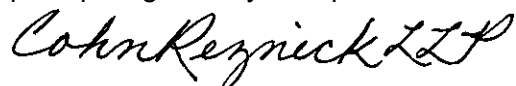
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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, 2020 and 2019, 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.



Holmdel, New Jersey  
June 23, 2021

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

**Statements of Financial Position**  
**December 31, 2020 and 2019**

	<u>Assets</u>	
	2020	2019
Current assets		
Cash and cash equivalents	\$ 4,107,481	\$ 2,706,899
Certificates of deposit	253,091	250,664
Pledges receivable	-	60,000
Grants and other receivables	481,265	180,327
Prepaid expenses and other current assets	210,196	263,320
Total current assets	5,052,033	3,461,210
Investments	8,057,828	7,217,841
Land, buildings, equipment and furniture, net	4,715,538	4,840,198
Total assets	\$ 17,825,399	\$ 15,519,249
	<u>Liabilities and Net Assets</u>	
Current liabilities		
Accounts payable and accrued expenses	\$ 478,117	\$ 525,631
Deferred revenue	337,333	611,876
Refundable advances	11,830	-
Total current liabilities	827,280	1,137,507
Economic relief loan	748,182	-
Total liabilities	1,575,462	1,137,507
Commitments and contingencies		
Net assets		
Without donor restrictions	16,249,937	14,321,742
With donor restrictions	-	60,000
Total net assets	16,249,937	14,381,742
Total liabilities and net assets	\$ 17,825,399	\$ 15,519,249

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, 2020 and 2019**

	2020	2019
Revenue without restriction and other support		
Contributions	\$ 2,427,362	\$ 3,230,449
Grants	1,503,933	626,404
Total	3,931,295	3,856,853
Special events revenue	4,366,916	5,105,029
Direct cost of special events	(1,020,589)	(1,446,551)
Net special events revenue	3,346,327	3,658,478
Contributed goods and services	598,508	1,504,517
Net assets released from restrictions	60,000	10,000
Total revenue without restriction and other support	7,936,130	9,029,848
Expenses		
Activities and program services	5,577,640	7,690,940
Fundraising	991,268	1,060,442
General and administrative	275,695	247,710
Total expenses	6,844,603	8,999,092
Nonoperating items		
Net investment return	836,668	1,158,394
Total nonoperating items	836,668	1,158,394
Change in net assets without donor restrictions	1,928,195	1,189,150
Change in net assets with donor restrictions		
Contributions	-	50,000
Net assets released from donor restrictions	(60,000)	(10,000)
Change in net assets with donor restrictions	(60,000)	40,000
Change in net assets	1,868,195	1,229,150
Net assets, beginning	14,381,742	13,152,592
Net assets, ending	\$ 16,249,937	\$ 14,381,742

See Notes to Financial Statements.

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

**Statement of Functional Expenses**  
**Year Ended December 31, 2020**

	Activities and program services			Fundraising			General and administrative	Total
	In-kind donations	Organizational expenditures	Total activities and program services	In-kind donations	Fundraising	Total fundraising		
Competition	\$ 429,329	\$ 474,596	\$ 903,925	\$ -	\$ -	\$ -	\$ -	\$ 903,925
Salaries	-	2,183,926	2,183,926	-	611,499	611,499	116,476	2,911,901
Employee benefits	-	589,737	589,737	-	165,126	165,126	31,453	786,316
Payroll taxes	-	168,696	168,696	-	47,235	47,235	8,997	224,928
Training	-	82,552	82,552	-	3,234	3,234	616	86,402
Awards	-	128	128	-	1,620	1,620	-	1,748
Equipment	-	27,727	27,727	-	4,650	4,650	1,077	33,454
Insurance	-	107,309	107,309	-	7,336	7,336	1,696	116,341
Printing	-	2,048	2,048	-	-	-	-	2,048
Supplies	-	17,634	17,634	7,072	5,422	12,494	333	30,461
Chapter fees	-	116,266	116,266	-	-	-	-	116,266
Conferences and meetings	-	12,874	12,874	-	763	763	145	13,782
Occupancy	-	69,480	69,480	-	3,756	3,756	1,449	74,685
Postage and freight	-	2,330	2,330	-	289	289	55	2,674
Telephone	-	30,847	30,847	-	6,742	6,742	1,284	38,873
Repairs and maintenance	-	61,139	61,139	-	4,470	4,470	1,251	66,860
Public relations	36,449	701,268	737,717	-	-	-	-	737,717
Professional fees	52,663	78,280	130,943	-	21,919	21,919	100,817	253,679
Special events and programs	-	222	222	-	356	356	-	578
Grants	-	2,635	2,635	-	-	-	-	2,635
Depreciation	-	300,207	300,207	-	24,499	24,499	7,449	332,155
Miscellaneous	-	29,298	29,298	-	2,286	2,286	2,597	34,181
Direct costs	-	-	-	72,994	-	72,994	-	72,994
<b>Total functional expenses</b>	<b>\$ 518,441</b>	<b>\$ 5,059,199</b>	<b>\$ 5,577,640</b>	<b>\$ 80,066</b>	<b>\$ 911,202</b>	<b>\$ 991,268</b>	<b>\$ 275,695</b>	<b>\$ 6,844,603</b>

Percentage of total expenses FY 2020:

Program	\$ -	Fundraising	Administrative
82%		14%	4%

See Notes to Financial Statements.

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

**Statement of Functional Expenses**  
**Year Ended December 31, 2019**

	Activities and program services			Fundraising			General and administrative	Total
	In-kind donations	Organizational expenditures	Total activities and program services	In-kind donations	Fundraising	Total fundraising		
Competition	\$ 915,666	\$ 1,296,780	\$ 2,212,446	\$ -	\$ -	\$ -	\$ -	\$ 2,212,446
Salaries	-	2,286,519	2,286,519	-	601,716	601,716	120,343	3,008,578
Employee benefits	-	534,383	534,383	-	140,627	140,627	28,125	703,135
Payroll taxes	-	184,816	184,816	-	48,636	48,636	9,727	243,179
Training	-	165,916	165,916	-	6,033	6,033	1,207	173,156
Awards	-	112,214	112,214	-	5,470	5,470	-	117,684
Equipment	-	39,766	39,766	-	5,948	5,948	1,896	47,610
Insurance	-	102,229	102,229	-	6,901	6,901	1,624	110,754
Printing	-	5,268	5,268	-	-	-	-	5,268
Supplies	-	20,349	20,349	23,897	7,131	31,028	868	52,245
Chapter fees	-	152,997	152,997	-	-	-	-	152,997
Conferences and meetings	-	42,161	42,161	-	2,130	2,130	426	44,717
Occupancy	-	85,769	85,769	-	4,637	4,637	1,789	92,195
Postage and freight	-	3,746	3,746	-	458	458	90	4,294
Telephone	-	27,490	27,490	-	5,905	5,905	1,181	34,576
Repairs and maintenance	-	112,574	112,574	-	9,915	9,915	2,223	124,712
Public relations	115,117	668,009	783,126	18,600	6	18,606	-	801,732
Direct marketing	-	13,740	13,740	-	13,740	13,740	-	27,480
Professional fees	339,264	107,817	447,081	6,240	28,373	34,613	67,380	549,074
Special events and programs	-	2,215	2,215	-	7,919	7,919	-	10,134
Grants	-	2,239	2,239	-	-	-	-	2,239
Depreciation	-	324,304	324,304	-	27,556	27,556	8,286	360,146
Miscellaneous	-	29,592	29,592	-	2,871	2,871	2,545	35,008
Direct costs	-	-	-	85,733	-	85,733	-	85,733
<b>Total functional expenses</b>	<b>\$ 1,370,047</b>	<b>\$ 6,320,893</b>	<b>\$ 7,690,940</b>	<b>\$ 134,470</b>	<b>\$ 925,972</b>	<b>\$ 1,060,442</b>	<b>\$ 247,710</b>	<b>\$ 8,999,092</b>
Percentage of total expenses FY 2019:			Program 85%		Fundraising 12%		Administrative 3%	

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, 2020 and 2019**

	2020	2019
Cash flows from operating activities		
Change in net assets	\$ 1,868,195	\$ 1,229,150
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Net realized and unrealized gain on investments	(732,560)	(1,025,125)
Depreciation	332,155	360,146
Changes in operating assets and liabilities		
Pledges receivable	60,000	(40,000)
Grants and other receivables	(300,938)	60,334
Prepaid expenses and other current assets	53,124	49,662
Accounts payable and accrued expenses	(47,514)	27,726
Deferred revenue	(274,543)	81,584
Refundable advances	11,830	-
	<u>969,749</u>	<u>743,477</u>
Net cash provided by operating activities		
Cash flows from investing activities		
Purchase of certificates of deposit, net	(2,427)	(4,488)
Proceeds from sale of investments	1,482,421	864,502
Purchases of investments	(1,589,848)	(978,778)
Purchases of property and equipment	(207,495)	(139,819)
	<u>(317,349)</u>	<u>(258,583)</u>
Net cash used in investing activities		
Cash flows from financing activities - proceeds from economic relief loan	748,182	-
	<u>748,182</u>	<u>-</u>
Net increase in cash and cash equivalents	1,400,582	484,894
Cash and cash equivalents, beginning	<u>2,706,899</u>	<u>2,222,005</u>
Cash and cash equivalents, end	<u>\$ 4,107,481</u>	<u>\$ 2,706,899</u>

See Notes to Financial Statements.



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

**Notes to Financial Statements**  
**December 31, 2020 and 2019**

**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.

**Revenue recognition**

**Grants**

Revenue from grants with resource providers such as the government agencies, corporations or other organizations are accounted for either as exchange transactions or as contributions. When the resource provider receives commensurate value in return for the resources transferred to the Organization, the revenue from the grant is accounted for as an exchange transaction. For purposes of determining whether a transfer of asset is a contribution or an exchange, the Organization deems that the resource provider is not synonymous with the general public, i.e., indirect benefit received by the public as a result of the assets transferred is not deemed equivalent to commensurate value received by the resource provider. Moreover, the execution of a resource provider's mission or the positive sentiment from acting as a donor is not deemed to constitute commensurate value received by a resource provider. Revenue from grants that are accounted for as exchange transactions is recognized when performance obligations have been satisfied. Revenue from grants that are accounted for as contributions is recognized when performance requirements are met and/or allowable qualifying expenditures have been incurred. Cash received in excess of revenue recognized is recorded as refundable advances. At December 31, 2020 and 2019, the Organization recorded \$11,830 and \$0 as refundable advances, respectively. At December 31, 2020 and 2019, all of the Organization's grants are accounted for as conditional contributions as there are either certain performance requirements to be met or allowable qualifying expenses need to be incurred. At December 31, 2020 and 2019, conditional contributions approximating \$1,058,525 and \$323,338, for which no amounts had been received in advance, have not been recognized in the accompanying consolidated financial statements.

**Contributions**

Contributions are classified as either conditional or unconditional. A conditional contribution is a transaction where the Organization has to overcome a barrier or hurdle to be entitled to the resource and the resource provider is released from the obligation to fund or has the right of return of any advanced funding if the Organization fails to overcome the barrier. The Organization recognizes the contribution revenue upon overcoming the barrier or hurdle. Any funding received prior to overcoming the barrier is recognized as refundable advance.

Unconditional contributions are recognized as revenue and receivable when the commitment to contribute is received.

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

**Notes to Financial Statements**  
**December 31, 2020 and 2019**

**Special events**

The Organization records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place. Amounts received prior to the event taking place are recorded as deferred revenue in the accompanying statements of financial position. At December 31, 2020 and 2019, the deferred revenue balance totaled \$337,333 and \$611,876, respectively.

**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, and meals and entertainment provided to athletes. The amount of donated goods and services for the years ended December 31, 2020 and 2019 was \$598,508 and \$1,504,517, respectively.

**Classification of net assets**

Net assets, revenue 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. The two categories are differentiated as follows:

**Without donor restrictions**

Net assets without donor restrictions consist of assets that can be used at the discretion of the Organization to support operations.

**With donor restrictions**

Net assets with donor restrictions consist of 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.

Revenue is 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.

**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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

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

**Notes to Financial Statements**  
**December 31, 2020 and 2019**

**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.

**Grants and other receivables**

Grants and other receivables consist of amounts due from government agencies, corporations or other organizations for services performed under grant agreements.

**Pledges receivable**

Pledges receivable consist of unconditional promises to give. Pledges that are expected to be collected within one year are recorded at net realizable value. Pledges that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. At December 31, 2020 and 2019, the Organization had pledges receivable of \$0 and \$60,000, respectively which were due within one year.

**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, 2020 and 2019. The Organization's federal and state information returns prior to fiscal years 2017 and 2016, respectively, are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

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

**Notes to Financial Statements**  
**December 31, 2020 and 2019**

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, 2020 and 2019.

**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, 2020 and 2019.

**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, 2020 and 2019, the Organization incurred joint costs of \$0 and \$27,480, respectively, for direct marketing activities that included fundraising appeals. For the years ended December 31, 2020 and 2019, the Organization allocated \$0 and \$13,740, respectively, to activities and program services and \$0 and \$13,740, 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

**Subsequent events**

The Organization has evaluated subsequent events through June 23, 2021, 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

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

**Notes to Financial Statements**  
**December 31, 2020 and 2019**

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.

The following reflects the Organization's financial assets as of December 31, 2020 and 2019, reduced by amounts not available for general use because of donor restrictions within one year of the balance sheet date:

	2020	2019
Cash and cash equivalents	\$ 4,107,481	\$ 2,706,899
Certificates of deposit	253,091	250,664
Pledges receivable	-	60,000
Grants and other receivables	481,265	180,327
Investments	8,057,828	7,217,841
 Total financial assets	 12,899,665	 10,415,731
 Donor-imposed restrictions unavailable within one year due to purpose restrictions	 -	 (60,000)
 Financial assets available to meet cash needs for expenditures within one year	 <u>\$ 12,899,665</u>	 <u>\$ 10,355,731</u>

**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, 2020, the Organization's uninsured cash and cash equivalents and certificates of deposit balances totaled approximately \$4,004,000. 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.

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

**Notes to Financial Statements**  
**December 31, 2020 and 2019**

**Note 5 - Land, buildings, equipment and furniture**

Land, buildings, equipment and furniture at December 31, 2020 and 2019 consist of the following:

	2020	2019
Land	\$ 700,000	\$ 700,000
Buildings and improvements	7,269,406	7,227,135
Equipment, furniture and fixtures	789,798	862,243
	8,759,204	8,789,378
Less accumulated depreciation	4,043,666	3,949,180
Total	\$ 4,715,538	\$ 4,840,198

Depreciation expense for the years ended December 31, 2020 and 2019 was \$332,155 and \$360,146, respectively. Fully depreciated assets totaling \$237,668 and \$0 were disposed of during the years ended December 31, 2020 and 2019, respectively.

**Note 6 - Net assets with donor restrictions**

As of December 31, 2020 and 2019, net assets with donor restrictions are restricted for the following purposes or periods:

	2020	2019
Subject to the passage of time		
Pledges receivable	\$ -	\$ 60,000

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

	2020	2019
Time restrictions expired		
Collection of pledges	\$ 60,000	\$ 10,000

**Note 7 - 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.

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

**Notes to Financial Statements**  
**December 31, 2020 and 2019**

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; and

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, 2020 and 2019, there were no significant transfers in or out of Levels 1, 2 or 3.

Investments carried at fair value at December 31, 2020 and 2019, are classified in the tables below in one of the three categories described above:

	Assets at fair value as of December 31, 2020			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 934,132	\$ -	\$ -	\$ 934,132
Mutual funds	4,581,392	-	-	4,581,392
Money market funds	173,798	-	-	173,798
Corporate bonds	-	2,368,506	-	2,368,506
Total investments at fair value	\$ 5,689,322	\$ 2,368,506	\$ -	\$ 8,057,828

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

**Notes to Financial Statements**  
**December 31, 2020 and 2019**

	Assets at fair value as of December 31, 2019			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 804,024	\$ -	\$ -	\$ 804,024
Mutual funds	4,057,990	-	-	4,057,990
Money market funds	223,657	-	-	223,657
Corporate bonds	-	2,132,170	-	2,132,170
Total investments at fair value	\$ 5,085,671	\$ 2,132,170	\$ -	\$ 7,217,841

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, 2020 and 2019.

Stocks, mutual funds, and money market 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 8 - 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, 2020 and 2019 were \$158,696 and \$154,565, respectively.

**Note 9 - 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.



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

**Notes to Financial Statements**  
**December 31, 2020 and 2019**

The Organization is required to pay chapter fees to Special Olympics International ("SOI"). The amount of fees paid to SOI was \$116,266 and \$152,997 for the years ended December 31, 2020 and 2019, respectively.

**Note 10 - Economic relief loan**

On April 18, 2020, the Organization entered into an unsecured promissory note with a commercial bank for an aggregate principal amount of approximately \$748,182 pursuant to the Paycheck Protection Program (the "PPP Loan"), which was established under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") and is administered by the U.S. Small Business Administration (the "SBA"). The PPP Loan promissory note contains customary events of default relating to, among other things, payment defaults, breach of representations and warranties, or provisions of the promissory note. The occurrence of an event of default may result in the repayment of all amounts outstanding and/or filing suit and obtaining judgment against the Organization.

Under the CARES Act, PPP Loan recipients meeting certain criteria set by the SBA may be eligible for full or partial forgiveness of such loans. While the company believes it met the SBAs criteria in 2020, it did not submit its application for PPP loan forgiveness as of December 31, 2020. See Note 12 for related subsequent event.

**Note 11 - Contingency**

In December early 2020 and continuing into 2021, the coronavirus that causes Covid-19 was reported to have surfaced in China. The spread of this virus globally including in early 2020 has caused business disruption domestically in the United States, the area in which the Organization operates, and uncertainty in the financial markets. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of this event. Therefore, while the Organization expects this matter to negatively impact the Organization's financial position, results of operations, or cash flows, the extent of the financial impact and duration cannot be reasonably estimated at this time.

**Note 12 - Subsequent events**

The Organization submitted its application for PPP Loan forgiveness subsequent to December 31, 2020 and received notice from its lender on May 19, 2021 that the SBA approved forgiveness of the full amount of the PPP loan and the related interest thereon. Accordingly, the Organization will derecognize \$748,182 of the PPP Loan and recognize a corresponding gain on debt forgiveness, which will be included in other income for the year ending December 31, 2021. There is a six-year period during which the SBA can review the Organization's forgiveness calculation.



**Independent Member of Nexia International**

**[cohnreznick.com](http://cohnreznick.com)**