

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

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

December 31, 2023 and 2022

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	4
Statements of Activities and Changes in Net Assets	5
Statements of Functional Expenses	6
Statements of Cash Flows	8
Notes to Financial Statements	9

Independent Auditor's Report

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

Opinion

We have audited the 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, 2023 and 2022 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Special Olympics New Jersey, Inc. as of December 31, 2023 and 2022, 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

A handwritten signature in black ink that reads "CohnReznick LLP".

Holmdel, New Jersey
May 10, 2024

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

Statements of Financial Position
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>Assets</u>		
Current assets		
Cash and cash equivalents	\$ 2,396,350	\$ 2,445,148
Certificates of deposit	891,064	254,545
Grants and other receivables	676,624	629,902
Prepaid expenses and other current assets	<u>385,456</u>	<u>331,531</u>
Total current assets	4,349,494	3,661,126
Investments	11,303,669	9,980,664
Land, buildings, equipment and furniture, net	<u>4,941,842</u>	<u>5,075,062</u>
Total assets	<u><u>\$ 20,595,005</u></u>	<u><u>\$ 18,716,852</u></u>
<u>Liabilities and Net Assets</u>		
Current liabilities		
Accounts payable and accrued expenses	\$ 614,913	\$ 572,637
Deferred revenue	672,778	519,022
Refundable advances	<u>62,131</u>	<u>201,782</u>
Total current liabilities	<u>1,349,822</u>	<u>1,293,441</u>
Total liabilities	<u>1,349,822</u>	<u>1,293,441</u>
Commitments and contingencies		
Net assets		
Without donor restrictions	19,167,184	17,423,411
With donor restrictions	<u>77,999</u>	<u>-</u>
Total net assets	<u>19,245,183</u>	<u>17,423,411</u>
Total liabilities and net assets	<u><u>\$ 20,595,005</u></u>	<u><u>\$ 18,716,852</u></u>

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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Revenue without restriction and other support		
Contributions of cash and other financial assets	\$ 3,583,962	\$ 3,547,521
Grants	<u>1,167,914</u>	<u>1,829,816</u>
Total	<u>4,751,876</u>	<u>5,377,337</u>
Special events revenue	5,491,718	4,394,044
Direct cost of special events	<u>(1,829,787)</u>	<u>(1,301,784)</u>
Net special events revenue	<u>3,661,931</u>	<u>3,092,260</u>
Contributions of nonfinancial assets	1,667,235	1,313,225
Net assets released from restrictions	<u>14,001</u>	<u>-</u>
Total revenue without restriction and other support	<u>10,095,043</u>	<u>9,782,822</u>
Expenses		
Activities and program services	8,187,570	7,874,688
Fundraising	1,283,967	1,158,672
General and administrative	<u>204,139</u>	<u>196,143</u>
Total expenses	<u>9,675,676</u>	<u>9,229,503</u>
Nonoperating items		
Net investment return	<u>1,324,406</u>	<u>(1,564,480)</u>
Total nonoperating items	<u>1,324,406</u>	<u>(1,564,480)</u>
Change in net assets without donor restrictions	1,743,773	(1,011,161)
Change in net assets with donor restrictions		
Contributions of cash and other financial assets	92,000	-
Net assets released from donor restrictions	<u>(14,001)</u>	<u>-</u>
Change in net assets with donor restrictions	<u>77,999</u>	<u>-</u>
Change in net assets	1,821,772	(1,011,161)
Net assets, beginning	<u>17,423,411</u>	<u>18,434,572</u>
Net assets, end	<u><u>\$ 19,245,183</u></u>	<u><u>\$ 17,423,411</u></u>

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, 2023

	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 costs	\$ 1,110,385	\$ 1,377,968	\$ 2,488,353	\$ -	\$ -	\$ -	\$ -	\$ 2,488,353
Salaries	-	2,422,694	2,422,694	-	678,354	678,354	129,210	3,230,258
Employee benefits	-	687,838	687,838	-	192,595	192,595	36,685	917,118
Payroll taxes	-	176,239	176,239	-	49,347	49,347	9,399	234,985
Training	-	86,110	86,110	-	3,863	3,863	736	90,709
Awards	-	67,983	67,983	-	2,006	2,006	-	69,989
Equipment	-	11,020	11,020	-	3,086	3,086	778	14,884
Insurance	-	138,131	138,131	-	7,944	7,944	1,906	147,981
Printing	-	480	480	-	-	-	-	480
Supplies	-	31,030	31,030	68,009	7,484	75,493	475	106,998
Chapter fees	-	141,175	141,175	-	-	-	-	141,175
Conferences and meetings	-	35,392	35,392	-	2,695	2,695	513	38,600
Occupancy	-	73,782	73,782	-	3,989	3,989	1,539	79,310
Postage and freight	-	1,966	1,966	-	343	343	65	2,374
Telephone	-	27,726	27,726	-	6,564	6,564	1,250	35,540
Repairs and maintenance	-	124,117	124,117	-	8,560	8,560	2,670	135,347
Public relations	116,767	777,060	893,827	13,310	-	13,310	-	907,137
Professional fees	207,237	206,481	413,718	-	57,041	57,041	5,871	476,630
Special events and programs	-	4,225	4,225	-	58	58	-	4,283
Grants	-	16,340	16,340	-	-	-	-	16,340
Depreciation	-	302,583	302,583	-	24,080	24,080	7,420	334,083
Miscellaneous	-	42,841	42,841	-	3,112	3,112	5,622	51,575
Direct costs	-	-	-	151,527	-	151,527	-	151,527
Total functional expenses	\$ 1,434,389	\$ 6,753,181	\$ 8,187,570	\$ 232,846	\$ 1,051,121	\$ 1,283,967	\$ 204,139	\$ 9,675,676
Percentage of total expenses FY 2023:			Program 85%			Fundraising 13%	Administrative 2%	

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, 2022

	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 costs	\$ 861,652	\$ 1,126,428	\$ 1,988,080	\$ -	\$ -	\$ -	\$ -	\$ 1,988,080
Salaries	-	2,350,036	2,350,036	-	658,010	658,010	125,335	3,133,381
Employee benefits	-	681,668	681,668	-	190,867	190,867	36,356	908,891
Payroll taxes	-	181,897	181,897	-	50,931	50,931	9,701	242,529
Training	-	86,332	86,332	-	5,904	5,904	1,125	93,361
Awards	-	62,555	62,555	-	9,290	9,290	-	71,845
Equipment	-	17,667	17,667	-	4,930	4,930	1,139	23,736
Insurance	-	116,429	116,429	-	7,539	7,539	1,784	125,752
Printing	-	2,455	2,455	-	-	-	-	2,455
Supplies	-	24,585	24,585	64,876	7,029	71,905	931	97,421
Chapter fees	-	151,801	151,801	-	-	-	-	151,801
Conferences and meetings	-	19,955	19,955	-	1,933	1,933	368	22,256
Occupancy	-	69,907	69,907	-	3,780	3,780	1,458	75,145
Postage and freight	-	3,894	3,894	-	730	730	139	4,763
Telephone	-	29,100	29,100	-	6,809	6,809	1,297	37,206
Repairs and maintenance	-	101,621	101,621	-	7,952	7,952	2,273	111,846
Public relations	109,807	1,196,635	1,306,442	26,966	-	26,966	-	1,333,408
Professional fees	199,233	124,670	323,903	28,361	34,908	63,269	4,563	391,735
Special events and programs	-	783	783	-	266	266	-	1,049
Grants	-	9,191	9,191	-	-	-	-	9,191
Depreciation	-	289,225	289,225	-	22,766	22,766	7,056	319,047
Miscellaneous	-	57,162	57,162	-	2,495	2,495	2,618	62,275
Direct costs	-	-	-	22,330	-	22,330	-	22,330
Total functional expenses	\$ 1,170,692	\$ 6,703,996	\$ 7,874,688	\$ 142,533	\$ 1,016,139	\$ 1,158,672	\$ 196,143	\$ 9,229,503
Percentage of total expenses FY 2022:			Program 85%	Fundraising 13%			Administrative 2%	

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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Change in net assets	\$ 1,821,772	\$ (1,011,161)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Net realized and unrealized gain on investments	(1,157,767)	1,669,913
Depreciation	334,083	319,047
Donated securities	(16,637)	(13,473)
Changes in operating assets and liabilities		
Grants and other receivables	(46,722)	(121,585)
Prepaid expenses and other current assets	(53,925)	(87,937)
Accounts payable and accrued expenses	42,276	29,069
Deferred revenue	153,756	15,276
Refundable advances	(139,651)	122,349
	<u>937,185</u>	<u>921,498</u>
Net cash provided by operating activities		
Cash flows from investing activities		
Purchase of certificates of deposit	(636,519)	(1,257)
Proceeds from sale of investments	2,646,959	5,276,789
Purchases of investments	(2,795,560)	(6,380,571)
Purchases of property and equipment	(200,863)	(962,053)
	<u>(985,983)</u>	<u>(2,067,092)</u>
Net cash used in investing activities		
Net decrease in cash and cash equivalents	(48,798)	(1,145,594)
Cash and cash equivalents, beginning	<u>2,445,148</u>	<u>3,590,742</u>
Cash and cash equivalents, end	<u>\$ 2,396,350</u>	<u>\$ 2,445,148</u>

See Notes to Financial Statements.

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

Notes to Financial Statements
December 31, 2023 and 2022

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, 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.

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

Notes to Financial Statements
December 31, 2023 and 2022

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.

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. The Organization expects all grants and other receivables to be collectable and therefore there is no allowance against uncollectable receivables at December 31, 2023 and 2022.

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.

Management has analyzed the tax positions taken by the Organization and has concluded that, as of December 31, 2023 and 2022, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization's federal and state information returns prior to fiscal years 2020 and 2019, 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, 2023 and 2022

The Organization's policy is to recognize interest expense and penalties if any, in general and administrative expenses. No such amounts have been recorded for the years ended December 31, 2023 and 2022.

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, 2023 and 2022.

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, 2023 and 2022, the Organization recorded \$62,131 and \$201,782 as refundable advances, respectively. At December 31, 2023 and 2022, 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, 2023 and 2022, conditional contributions approximating \$4,447,816 and \$1,573,305, for which no amounts had been received in advance, have not been recognized in the accompanying financial statements because the conditions on which they depend have not yet been met.

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, 2023 and 2022

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, 2023 and 2022, the deferred revenue balance totaled \$695,505 and \$519,022, respectively. Deferred revenue balance as of January 1, 2022 was \$503,746.

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, 2023 and 2022 was \$1,667,235 and \$1,313,225, respectively. See note 7 for further information.

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. Compensation and employee benefits, employee training, information technology and office equipment costs, are allocated on the basis of estimates of time and effort.

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 \$2,000. 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

New accounting pronouncements

Accounting Standards Update 2016-13, Measurement of Credit Losses on Financial Instruments

On January 1, 2023, the Organization adopted Accounting Standards Update 2016-13, *Measurement of Credit Losses on Financial Instruments*, and its related amendments ("ASC 326"). The new standard changes the impairment model for most financial assets that are measured at amortized cost and certain other instruments, including grant receivables, from an incurred loss model to an expected loss model and adds certain new required disclosures. Under the expected loss model, entities will recognize credit losses to be incurred over the entire contractual term of the instrument rather than delaying recognition of credit losses until it is probable that loss has been incurred. In accordance with ASC 326, the Organization evaluates certain criteria, including aging and historical write-offs, current economic condition of specific customers and future economic conditions to determine the appropriate allowance for

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

Notes to Financial Statements
December 31, 2023 and 2022

credit losses. The Organization's adoption of ASC 326 did not have a material impact as of January 1, 2023.

Subsequent events

The Organization has evaluated subsequent events through May 10, 2024, 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 addition to recurring annual fundraising events, the Organization 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, 2023 and 2022, reduced by amounts not available for general use because of donor restrictions within one year of the statement of financial position date:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 2,396,350	\$ 2,445,148
Certificates of deposit	891,064	254,545
Grants and other receivables	676,624	629,902
Investments	<u>11,303,669</u>	<u>9,980,664</u>
Financial assets available to meet cash needs for expenditures within one year	<u><u>\$ 15,267,707</u></u>	<u><u>\$ 13,310,259</u></u>

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

The Organization has various sources of liquidity at its disposal, including cash and cash equivalents and marketable debt and equity securities. See Note 6 for marketable debt and equity securities.

The Organization has invested a portion of its unrestricted resources in long-term investments but these funds remain available and may be spent if needed.

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

Notes to Financial Statements
December 31, 2023 and 2022

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. 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 - Land, buildings, equipment and furniture

Land, buildings, equipment and furniture at December 31, 2023 and 2022 consist of the following:

	2023	2022
Land	\$ 700,000	\$ 700,000
Buildings and improvements	8,257,744	7,421,678
Equipment, furniture and fixtures	917,392	794,035
Construction in progress	22,806	781,367
	9,897,942	9,697,080
Less accumulated depreciation	4,956,100	4,622,018
Total	<u>\$ 4,941,842</u>	<u>\$ 5,075,062</u>

Depreciation expense for the years ended December 31, 2023 and 2022 was \$334,083 and \$319,047, respectively. Construction in progress represent fixed assets not yet placed in service, therefore no depreciation was incurred as of the years ended December 31, 2023 and 2022.

Note 6 - 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; and

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

Notes to Financial Statements
December 31, 2023 and 2022

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, 2023 and 2022, there were no significant transfers in or out of Levels 1, 2 or 3.

Investments carried at fair value at December 31, 2023 and 2022, are classified in the tables below in one of the three categories described above:

Assets at fair value as of December 31, 2023				
	Level 1	Level 2	Level 3	Total
Stocks	\$ 1,550,126	\$ -	\$ -	\$ 1,550,126
Mutual funds	5,784,307	-	-	5,784,307
Money market funds	419,950	-	-	419,950
Corporate bonds	-	3,549,286	-	3,549,286
Total investments at fair value	<u>\$ 7,754,383</u>	<u>\$ 3,549,286</u>	<u>\$ -</u>	<u>\$ 11,303,669</u>

Assets at fair value as of December 31, 2022				
	Level 1	Level 2	Level 3	Total
Stocks	\$ 1,266,270	\$ -	\$ -	\$ 1,266,270
Mutual funds	5,083,628	-	-	5,083,628
Money market funds	566,414	-	-	566,414
Corporate bonds	-	3,064,352	-	3,064,352
Total investments at fair value	<u>\$ 6,916,312</u>	<u>\$ 3,064,352</u>	<u>\$ -</u>	<u>\$ 9,980,664</u>

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, 2023 and 2022.

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

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

Notes to Financial Statements
December 31, 2023 and 2022

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 7 - Contributed goods and services

The Organization received contributed goods and services for the years ended December 31:

	2023			2022			Valuation Techniques and Inputs
	Activities and Program	Fundraising	Total	Activities and Program	Fundraising	Total	
Competition							The Organization was provided gifts-in-kind of supplies, services, and venues at no cost to conduct competitions. Valuation is based on vendor supplied rates and current market rates.
	\$ 1,110,385	\$ -	\$ 1,110,385	\$ 861,652	\$ -	\$ 861,652	
Professional fees							The Organization was provided professional services and volunteer time at no cost to assist at fundraising events, administrative projects, and competitions. Valuation is based on current market rates for similar services.
	207,237	-	207,237	199,233	28,361	227,594	
Public relations							The Organization was provided media public service announcements and photography services at no cost to promote events, competitions and the mission. Valuation is based on vendor supplied rates and current market rates for similar services.
	116,767	13,310	130,077	109,807	26,966	136,773	
Supplies							The Organization was provided supplies at no cost to all facets of business to support the mission of the Organization. Valuation is based on vendor supplied rates and current market rates.
	-	68,009	68,009	-	64,876	64,876	
Direct costs							The Organization was provided gifts-in-kind of direct costs at no cost to conduct fundraising events to support the mission of the Organization. These costs included supplies and venue usage. Valuation is based on vendor supplied rates and current market rates.
	-	151,527	151,527	-	22,330	22,330	
Total	<u>\$ 1,434,389</u>	<u>\$ 232,846</u>	<u>\$ 1,667,235</u>	<u>\$ 1,170,692</u>	<u>\$ 142,533</u>	<u>\$ 1,313,225</u>	

The Organization's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the Organization.

All gifts-in-kind received by the Organization for the years ended December 31, 2023 and 2022 were considered without donor restrictions and able to be used by the Organization as determined by the board of directors and management.

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

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

Notes to Financial Statements
December 31, 2023 and 2022

be made by June 30 of the following year. Pension plan costs for the years ended December 31, 2023 and 2022 were \$182,896 and \$177,483, 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.

The Organization is required to pay chapter fees to Special Olympics International ("SOI"). The amount of fees paid to SOI was \$141,175 and \$151,801 for the years ended December 31, 2023 and 2022, respectively.

Note 10 - Employee retention credit

In March 2021, the American Rescue Plan of 2021 ("ARPA") made a number of changes to the employee retention tax credits previously made available under the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"), including modifying and extending the Employee Retention Credit ("ERC") through September 30, 2021. As a result of the CARES Act and ARPA, eligible employers can claim a refundable tax credit against qualifying payroll expenses. During the year ended December 31, 2023, the Organization determined that it met the ERC eligibility criteria. For the year ended December 31, 2023, the Company claimed ERC of approximately \$777,000, which is reflected as contributions of cash and other financial assets in the statement of activities of which approximately \$253,000 is included in grants and other receivables on the statement of financial position as of December 31, 2023.

Note 11 - Investment Tax Credit

In August 2022, the Inflation Reduction Act of 2022 ("IRA") updated and expanded the Investment Tax Credit ("ITC") for solar power projects. The ITC, which was previously set at a 26% credit for 2023 and 10% credit for every year after, was updated and raised to 30% of eligible project installation costs through 2032. The Organization elected to account for the ITC consistent with the Organization's policy of government grants under Subtopic 958-605 contribution model approach. Under this approach the ITC will be recognized as contribution revenue when the conditions of the contribution are substantially met. During the year ended December 31, 2023, the Organization determined that it met the ITC eligibility criteria and recognized a contribution and receivable of approximately \$203,000 which is reflected in contributions of cash and other financial assets in the statement of activities and in grants and other receivable on the statement of financial position, respectively.



Independent Member of Nexia International

cohnreznick.com