

SPECIAL OLYMPICS TENNESSEE, INC.

FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

As of and for the Years Ended December 31, 2020 and 2019

And Report of Independent Auditor

SPECIAL OLYMPICS TENNESSEE, INC.
TABLE OF CONTENTS

REPORT OF INDEPENDENT AUDITOR 1-2

FINANCIAL STATEMENTS

 Statements of Financial Position 3

 Statements of Activities..... 4-5

 Statements of Cash Flows 6

 Statements of Functional Expenses 7-8

 Notes to the Financial Statements 9-17

SUPPLEMENTARY SCHEDULES

 Combining Statements of Activities 18-19

Report of Independent Auditor

To the Board of Directors
Special Olympics Tennessee, Inc.
Nashville, Tennessee

We have audited the accompanying financial statements of Special Olympics Tennessee, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, cash flows, and functional expenses 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 audits 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 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 Tennessee, 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.

Emphasis of Matter

As more fully described in Note 16 to the financial statements, Special Olympics Tennessee, Inc. has been impacted by the outbreak of the novel coronavirus (COVID-19), which was declared a global pandemic by the World Health Organization in March 2020. Our conclusion is not modified with respect to this matter.

Report on Combining Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The combining information on pages 18 to 19 is presented for purposes of additional analysis of the financial statements rather than to present the financial position, activities, and cash flows of the individual components, and it is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The combining information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining information is fairly stated in all material respects in relation to the financial statements as a whole.



Nashville, Tennessee
June 3, 2021

SPECIAL OLYMPICS TENNESSEE, INC.
STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2020 AND 2019

ASSETS	2020	2019
Current Assets:		
Cash and cash equivalents	\$ 900,609	\$ 1,167,833
Contributed support and other receivables	260,494	51,882
Prepaid expenses and other current assets	<u>22,572</u>	<u>32,780</u>
Total Current Assets	1,183,675	1,252,495
Investments	3,460,375	2,917,093
Beneficial interest in assets at Community		
Foundation of Middle Tennessee	124,208	116,552
Property and equipment, net	<u>54,618</u>	<u>28,096</u>
Total Assets	<u><u>\$ 4,822,876</u></u>	<u><u>\$ 4,314,236</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 38,163	\$ 96,098
Accrued vacation	<u>38,380</u>	<u>18,162</u>
Total Current Liabilities	<u>76,543</u>	<u>114,260</u>
Net Assets:		
Without Donor Restrictions:		
Undesignated	2,051,325	3,873,424
Designated by the board as building and capital reserve	1,750,000	-
Designated by the board as operating reserve	680,800	-
Designated by the board as agency fund	<u>124,208</u>	<u>116,552</u>
Total Without Donor Restrictions	4,606,333	3,989,976
With donor restrictions	<u>140,000</u>	<u>210,000</u>
Total Net Assets	<u>4,746,333</u>	<u>4,199,976</u>
Total Liabilities and Net Assets	<u><u>\$ 4,822,876</u></u>	<u><u>\$ 4,314,236</u></u>

SPECIAL OLYMPICS TENNESSEE, INC.
STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support:			
Contributions	\$ 1,434,428	\$ -	\$ 1,434,428
Direct marketing contributions	5,540	-	5,540
Grants	590,689	-	590,689
Investment gain, net (Note 3)	169,308	-	169,308
Other income (including in-kind of \$91,669)	95,190	-	95,190
Net assets with donor restrictions released from restrictions	70,000	(70,000)	-
Total Revenues, Gains, and Other Support	<u>2,365,155</u>	<u>(70,000)</u>	<u>2,295,155</u>
Expenses:			
Personnel	880,420	-	880,420
Professional fees	137,709	-	137,709
General operations	446,768	-	446,768
Athlete training and games (including in-kind of \$91,669)	283,901	-	283,901
Total Expenses	<u>1,748,798</u>	<u>-</u>	<u>1,748,798</u>
Change in net assets	616,357	(70,000)	546,357
Net assets, beginning of year	<u>3,989,976</u>	<u>210,000</u>	<u>4,199,976</u>
Net assets, end of year	<u>\$ 4,606,333</u>	<u>\$ 140,000</u>	<u>\$ 4,746,333</u>

The accompanying notes to the financial statements are an integral part of these statements.

SPECIAL OLYMPICS TENNESSEE, INC.
STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support:			
Contributions	\$ 1,940,088	\$ 210,000	\$ 2,150,088
Direct marketing contributions	160,129	-	160,129
Grants	123,576	-	123,576
Investment gain, net (Note 3)	476,641	-	476,641
Other income (including in-kind of \$216,591)	265,664	-	265,664
Net assets with donor restrictions released from restrictions	1,388	(1,388)	-
Total Revenues, Gains, and Other Support	<u>2,967,486</u>	<u>208,612</u>	<u>3,176,098</u>
Expenses:			
Personnel	790,557	-	790,557
Professional fees	131,378	-	131,378
General operations	625,934	-	625,934
Athlete training and games (including in-kind of \$216,591)	984,010	-	984,010
Total Expenses	<u>2,531,879</u>	<u>-</u>	<u>2,531,879</u>
Change in net assets	435,607	208,612	644,219
Net assets, beginning of year	<u>3,554,369</u>	<u>1,388</u>	<u>3,555,757</u>
Net assets, end of year	<u>\$ 3,989,976</u>	<u>\$ 210,000</u>	<u>\$ 4,199,976</u>

The accompanying notes to the financial statements are an integral part of these statements.

SPECIAL OLYMPICS TENNESSEE, INC.
STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 546,357	\$ 644,219
Adjustment to reconcile change in net assets to cash flows from operating activities:		
Depreciation	21,988	23,613
Net unrealized and realized gain on investments	(63,084)	(327,355)
Net unrealized and realized gain on beneficial interest in assets at Community Foundation of Middle Tennessee	(13,356)	(19,515)
Changes in operating assets and liabilities:		
Contributed support and other receivables	(208,612)	10,325
Prepaid expenses and other current assets	10,208	(5,484)
Accounts payable	(57,935)	50,526
Accrued vacation	20,218	2,197
Cash flows from operating activities	<u>255,784</u>	<u>378,526</u>
Cash flows from investing activities:		
Distribution from beneficial interest in assets at Community Foundation of Middle Tennessee	5,700	5,700
Purchases of investments	(1,090,290)	(691,162)
Proceeds from sales of investments	610,092	789,226
Purchases of property and equipment	(48,510)	-
Cash flows from investing activities	<u>(523,008)</u>	<u>103,764</u>
Change in cash and cash equivalents	(267,224)	482,290
Cash and cash equivalents, beginning of year	1,167,833	685,543
Cash and cash equivalents, end of year	<u>\$ 900,609</u>	<u>\$ 1,167,833</u>

The accompanying notes to the financial statements are an integral part of these statements.

SPECIAL OLYMPICS TENNESSEE, INC.
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2020

	Program Expenses	Management and General	Fundraising	Total
Salaries	\$ 646,510	\$ 21,921	\$ 31,077	\$ 699,508
Payroll taxes and benefits	165,953	6,187	8,772	180,912
Subtotal Salaries/Benefits	812,463	28,108	39,849	880,420
Advertising and promotion	1,350	52	9,385	10,787
In-kind services	83,823	3,245	4,601	91,669
Conferences, conventions, and meetings	14,996	4,617	7,197	26,810
Credit card and other service charges	8,424	326	1,155	9,905
Depreciation	20,106	778	1,104	21,988
Dues and subscriptions	39,108	1,514	2,370	42,992
Equipment rental	24,166	213	31,823	56,202
Insurance	50,279	1,946	2,960	55,185
Miscellaneous expense	27,222	1,346	11,659	40,227
Office supplies	99,538	2,205	34,824	136,567
Printing and publications	1,430	56	1,175	2,661
Postage and delivery	1,965	5	803	2,773
Repairs and maintenance	742	29	41	812
Taxes	780	30	43	853
Telecommunication	31,411	1,099	2,144	34,654
Travel expenses	36,312	169	5,256	41,737
Occupancy	90,075	3,487	5,994	99,556
Professional fees	57,592	67,530	12,587	137,709
Awards	17,763	-	11,671	29,434
Uniforms/clothing	24,249	-	529	24,778
Registration fees	316	12	751	1,079
Subtotal Other Expenses	631,647	88,659	148,072	868,378
Total Expenses	<u>\$ 1,444,110</u>	<u>\$ 116,767</u>	<u>\$ 187,921</u>	<u>\$ 1,748,798</u>

The accompanying notes to the financial statements are an integral part of these statements.

SPECIAL OLYMPICS TENNESSEE, INC.
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2019

	Program Expenses	Management and General	Fundraising	Total
Salaries	\$ 536,162	\$ 30,726	\$ 75,880	\$ 642,768
Payroll taxes and benefits	123,221	7,081	17,487	147,789
Subtotal Salaries/Benefits	659,383	37,807	93,367	790,557
Advertising and promotion	18,832	479	2,389	21,700
In-kind services	180,618	10,368	25,605	216,591
Conferences, conventions, and meetings	271,745	24,874	39,625	336,244
Credit card and other service charges	98,732	5,679	16,188	120,599
Depreciation	19,683	1,133	2,797	23,613
Dues and subscriptions	33,177	1,909	4,715	39,801
Equipment rental	59,854	833	27,306	87,993
Insurance	38,699	2,204	5,443	46,346
Miscellaneous expense	64,625	1,516	2,650	68,791
Office supplies	79,023	1,288	53,188	133,499
Printing and publications	2,824	69	740	3,633
Postage and delivery	1,114	45	453	1,612
Repairs and maintenance	698	40	99	837
Taxes, penalties, and interest	5,895	339	838	7,072
Telecommunication	28,258	1,595	4,565	34,418
Travel expenses	142,926	438	13,282	156,646
Occupancy	86,850	4,969	12,271	104,090
Professional fees	45,571	69,866	15,438	130,875
Awards	40,171	-	22,306	62,477
Uniforms/clothing	105,772	-	1,699	107,471
Registration fees	31,928	353	4,733	37,014
Subtotal Other Expenses	1,356,995	127,997	256,330	1,741,322
Total Expenses	\$ 2,016,378	\$ 165,804	\$ 349,697	\$ 2,531,879

The accompanying notes to the financial statements are an integral part of these statements.

SPECIAL OLYMPICS TENNESSEE, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

Note 1—Nature of organization and summary of significant accounting policies

Special Olympics Tennessee, Inc. (the “Organization”) is a Tennessee nonprofit corporation that provides sports training and athletic competition in a variety of Olympic-type sports for children and adults with intellectual disabilities. These activities are funded through contributions, direct marketing, and special events. The Organization includes the combined accounts of the state office located in Nashville and approximately 30 area programs located throughout Tennessee.

Transactions and balances between the state and area offices have been eliminated for financial reporting purposes.

Basis of Presentation – The financial statements of the Organization are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. There were no such contributions for the years ended December 31, 2020 and 2019. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Contributions – Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions received are recorded as with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in without donor restrictions net assets if the restrictions expire in the year the contributions are recognized.

Cash and Cash Equivalents – For purposes of the statements of cash flows, the Organization considers all cash funds, cash bank accounts, money market funds, and highly-liquid debt instruments purchased with an original maturity when purchased of three months or less to be cash equivalents.

Investments – Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. See Note 3 for discussion of fair value measurements. Gains or losses on such investments are reported as a change in net assets in the period they occur.

Contributed Support and Other Receivables – Contributed support and other receivables are reviewed annually as to their collectability. Based on collection experience and management’s review, no allowance for doubtful amounts is considered necessary at December 31, 2020 and 2019.

SPECIAL OLYMPICS TENNESSEE, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

Note 1—Nature of organization and summary of significant accounting policies (continued)

Property and Equipment – Property and equipment is recorded at cost. Expenditures for ordinary maintenance and repairs are charged to operations. Renewals and betterments that materially extend the life of the asset are capitalized. Depreciation is provided in amounts necessary to allocate the cost of the various classes of assets over their estimated useful lives using the straight-line method. Estimated useful lives of all major classes are as follows:

Equipment and fixtures	5 years
Automobiles	3 to 5 years

In-Kind Contributions – The Organization receives various types of in-kind support including contributed facilities, materials, equipment, and professional services. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as in-kind support are offset by like amounts included in expenses.

Additionally, the Organization receives a significant amount of contributed time from volunteers that does not meet the recognition criteria described above. Accordingly, the value of this contributed time has not been determined and is not reflected in the accompanying financial statements.

Revenue Recognition – Revenue from merchandise sales is included in other income on the statement of activities. Revenue is recognized at the time of the goods are transferred.

Advertising – The cost of advertising is expensed as incurred.

Functional Expenses – Costs of providing the Organization's programs are reported on a functional basis in the statement of functional expenses. The Organization considers all of its activities as a single program. Expenses of the program include costs directly associated with the program and other indirect costs determined to benefit the program. These costs have been allocated between program and supporting services based on estimates made by management based primarily on time and effort.

Income Taxes – The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation. Accordingly, no provision for income taxes has been made.

The Organization follows Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") guidance related to unrecognized tax benefits. The guidance clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements. This guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. The Organization has no tax penalties or interest reported in the accompanying financial statements.

Use of Estimates – The preparation of financial statements in conformity with U.S. GAAP 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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

SPECIAL OLYMPICS TENNESSEE, INC.
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

Note 1—Nature of organization and summary of significant accounting policies (continued)

Future Pronouncements – In February 2016, FASB issued Accounting Standards Update (“ASU”) 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for the Organization’s year ending December 31, 2022. The Organization is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

Note 2—Liquidity and availability of resources

The table below represents financial assets available for general expenditures within one year at December 31:

	<u>2020</u>	<u>2019</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 900,609	\$ 1,167,833
Contributed support and other receivables	260,494	51,882
Investments	3,460,375	2,917,093
Beneficial interest in assets at Community Foundation of Middle Tennessee	<u>124,208</u>	<u>116,552</u>
Total financial assets	<u>4,745,686</u>	<u>4,253,360</u>
Less amounts not available to be used for general expenditures within one year:		
Board designated	2,555,008	116,552
Purpose restriction	<u>140,000</u>	<u>210,000</u>
Financial assets not available to be used within one year	<u>2,695,008</u>	<u>326,552</u>
Financial assets available to meet general expenditures within one year	<u>\$ 2,050,678</u>	<u>\$ 3,926,808</u>

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities of games and competitions, training, and other activities, as well as the conduct of services undertaken to support those activities to be general expenditures. However, the board-designated amounts could be made available, if necessary. As part of the Organization’s liquidity management plan, cash in excess of daily requirements is invested in the Organization’s investment fund.

SPECIAL OLYMPICS TENNESSEE, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

Note 3—Investments

Investments consist of the following at December 31:

	2020	2019
Mutual funds	\$ 1,575,762	\$ 1,200,659
Common stocks	1,332,190	1,337,796
Certificate of deposit	552,423	353,866
Exchange traded funds	-	24,772
Total investments	<u>\$ 3,460,375</u>	<u>\$ 2,917,093</u>

The Organization's investment policy is generally to maintain 15% to 75% of its portfolio in equities, 15% to 75% in fixed income securities, and 0% to 50% in cash and cash equivalents.

The Organization's investments are subject to normal market risks. Such risks may cause various fluctuations in value. Management attempts to manage such risks by maintaining a diversified portfolio of investments.

The Organization follows the *Fair Value Measurement* topic of FASB ASC, which establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

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

Level 2 – Inputs to the valuation methodology include the following:

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

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

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

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Short-term investments are valued at cost which approximates fair value. The Organization's fixed income securities and equities are valued at the closing price reported on the active market on which the individual securities are traded.

SPECIAL OLYMPICS TENNESSEE, INC.
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

Note 3—Investments (continued)

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

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of December 31, 2020:

	Level 1	Level 2	Level 3	Total
Mutual funds:				
Large blend	\$ 407,471	\$ -	\$ -	\$ 407,471
Moderate allocation	544,189	-	-	544,189
World allocation	224,297	-	-	224,297
Large growth	293,365	-	-	293,365
Foreign large blend	106,440	-	-	106,440
Total mutual funds	<u>1,575,762</u>	<u>-</u>	<u>-</u>	<u>1,575,762</u>
Common stocks:				
Basic materials	258,575	-	-	258,575
Consumer goods	353,261	-	-	353,261
Services	108,063	-	-	108,063
Healthcare	176,938	-	-	176,938
Technology	173,848	-	-	173,848
Financial	181,910	-	-	181,910
REIT	79,595	-	-	79,595
Total common stocks	<u>1,332,190</u>	<u>-</u>	<u>-</u>	<u>1,332,190</u>
Certificate of deposit	<u>552,423</u>	<u>-</u>	<u>-</u>	<u>552,423</u>
Total investments at fair value	<u>\$ 3,460,375</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,460,375</u>

For the year ended December 31, 2020, interest and dividends earned from these investments totaled approximately \$106,000 and net unrealized and realized gains on investments amounted to approximately \$63,000.

SPECIAL OLYMPICS TENNESSEE, INC.
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

Note 3—Investments (continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of December 31, 2019:

	Level 1	Level 2	Level 3	Total
Mutual funds:				
Large blend	\$ 355,892	\$ -	\$ -	\$ 355,892
Moderate allocation	297,071	-	-	297,071
World allocation	217,190	-	-	217,190
Large growth	212,721	-	-	212,721
Foreign large blend	87,766	-	-	87,766
Multi-sector bond	30,019	-	-	30,019
Total mutual funds	1,200,659	-	-	1,200,659
Common stocks:				
Basic materials	361,925	-	-	361,925
Consumer goods	343,971	-	-	343,971
Services	107,824	-	-	107,824
Healthcare	74,686	-	-	74,686
Technology	199,399	-	-	199,399
Financial	178,916	-	-	178,916
REIT	71,075	-	-	71,075
Total common stocks	1,337,796	-	-	1,337,796
Certificate of deposit	353,866	-	-	353,866
Exchange traded funds:				
Financial	24,772	-	-	24,772
Total investments at fair value	\$ 2,917,093	\$ -	\$ -	\$ 2,917,093

For the year ended December 31, 2019, interest and dividends earned from these investments totaled approximately \$132,000 and net unrealized and realized gains on investments amounted to approximately \$345,000.

Note 4—Contributed support and other receivables

Contributed support and other receivables consist of the following at December 31:

	2020	2019
Special Olympics International	\$ 78,143	\$ 25,645
CARES Act funding	144,331	-
Other	38,020	26,237
Total contributed support and other receivables	\$ 260,494	\$ 51,882

SPECIAL OLYMPICS TENNESSEE, INC.
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

Note 5—Property and equipment

Property and equipment consist of the following at December 31:

	2020	2019
Equipment and fixtures	\$ 215,366	\$ 166,857
Automobiles	36,308	60,635
	251,674	227,492
Less accumulated depreciation	(197,056)	(199,396)
	<u>\$ 54,618</u>	<u>\$ 28,096</u>

Note 6—Net assets with donor restrictions

Net assets with donor restrictions are restricted for the following purposes at December 31:

	2020	2019
Health Screenings	\$ 140,000	\$ 210,000

Note 7—Affiliated organization

The Organization is accredited by Special Olympics International, Inc. ("SOI") to conduct Special Olympics activities within Tennessee. Following is a summary of transactions with SOI during the years ended December 31:

	2020	2019
Combined Statements of Financial Position:		
Contributions receivable from SOI National fundraising projects	\$ 78,143	\$ 25,645
Combined Statements of Activities:		
SOI cooperative national fundraising project revenue	\$ 221,608	\$ 205,921
Federal awards passed through SOI	\$ 228,566	\$ 48,000
Payments to SOI: Accreditation fee	\$ 39,367	\$ 38,126

Note 8—Direct marketing campaign

The Organization conducts marketing campaigns through outside vendors, including direct mail and telemarketing to raise funds and to increase public knowledge and awareness of the Organization's mission and activities. Direct mail and telemarketing projects for the year ended December 31, 2020 and 2019 resulted in contributions of \$5,540 and \$160,129, respectively. The Organization's vendor provided services for total costs of \$-0- and \$52,520 during 2020 and 2019, respectively, which are included in credit card and other service charges in the statements of functional expenses.

SPECIAL OLYMPICS TENNESSEE, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

Note 9—Special events

The Organization receives support from various special events, some of which are conducted by the Organization and its volunteers throughout the state. Such events include Polar Bear Plunge, Music City Blitz, Bowl for the Gold, and various other community events. Proceeds from special events are included in contributions in the statements of activities.

Note 10—CARES Act funding

In accordance with Section 1102 of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), the Organization applied for and received a Paycheck Protection Program loan on April 28, 2020, totaling \$152,750. Section 1106 of the CARES Act provides for forgiveness of up to the full principal amount of qualifying loans including accrued interest to the extent the Organization incurs certain qualifying expenses and maintains a certain level of average full-time equivalent employees during the measurement period following closing of the loan. Any portion of the loan that is not forgiven has a term of five years with an interest rate of 1%. The Organization received notification that the loan had been forgiven as of December 31, 2020 and has reflected the loan as grant revenue for the year ended December 31, 2020.

Additionally, the Organization was awarded an additional \$191,054 for coronavirus related supplies, technology upgrades, and certain personnel costs on a cost reimbursement basis. Amounts expended under the grant are recorded in grant revenue for the year ended December 31, 2020. Of this amount, \$144,000 is reflected in contributed support and other receivables at December 31, 2020.

Note 11—Supporting services

Management and general expenses include expenses that are not directly related to specific programs. Management and general expenses totaled \$116,767 and \$165,804 in 2020 and 2019, respectively, which is approximately 5% and 5% of revenues, gains, and other support for those years, respectively. Together, fundraising and management and general expenses represent approximately 13% and 16% of revenues, gains, and other support in 2020 and 2019, respectively.

Note 12—Employee retirement plan

The Organization maintains a 401(k) plan for eligible employees. Under the plan, contributions are not required; however, the Organization may contribute an amount, which vests immediately, as determined by the Board of Directors based on each employee's total compensation. Employees may also make pretax contributions to the plan. The Organization did not make any contributions into the plan during 2020 and 2019.

Note 13—Concentration

At times, the Organization maintains cash and investments in amounts in excess of federally insured limits. For the year ended December 31, 2020, there was approximately \$102,000 of in excess of federally insured limits. For the year ended December 31, 2019, there was approximately \$173,000 in excess of federally insured limits.

SPECIAL OLYMPICS TENNESSEE, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

Note 14—Leases

During 2019, the Organization entered into operating leases for office space and office equipment. Rent expense under these arrangements totaled approximately \$94,000 and \$97,000 for 2020 and 2019, respectively. Future minimum lease payments required the office space and equipment lease arrangements are as follows:

Years Ending December 31,

2021	\$ 98,682
2022	92,577
2023	91,060
2024	45,507
	<u>\$ 327,826</u>

Note 15—Community Foundation of Middle Tennessee

The Community Foundation of Middle Tennessee (the “Foundation”) maintains agency investments on behalf of the Organization. The investments result from unrestricted amounts transferred by the Organization to the Foundation in prior years. The Organization has recorded the related asset “beneficial interest in assets at Community Foundation of Middle Tennessee” in the accompanying statements of financial position. Changes in the value of the asset are recorded in the accompanying statement of activities. Net assets related to the investments are reflected as designated by the board as an agency fund in the accompanying statements of financial position.

Note 16—Uncertainty

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant volatility in the financial markets. The coronavirus outbreak and government responses are creating disruption to global supply chains and adversely impacting many industries. The outbreak could have a material, adverse impact on economic and market conditions and trigger a period of global economic shutdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material, adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Organization, its performance, and its financial results.

Note 17—Subsequent events

The Organization evaluated subsequent events through June 3, 2021 when the financial statements were available to be issued. The Organization applied for and received a second round of funding under the Paycheck Protection Program (“PPP”) on February 16, 2021, totaling \$167,250. Such funding contains the same stipulations as the PPP loan described in Note 10. The Organization anticipates having this PPP loan forgiven during 2021.

Additionally, the Organization received a bequest of \$100,000 in April of 2021.

SUPPLEMENTARY SCHEDULES

SPECIAL OLYMPICS TENNESSEE, INC.
COMBINING STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2020

	State Office		Area Units		
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support:					
Contributions	\$ 973,411	\$ -	\$ 461,017	\$ -	\$ 1,434,428
Direct marketing contributions	3,040	-	2,500	-	5,540
Grants	575,689	-	15,000	-	590,689
Investment gain, net (Note 3)	149,136	-	20,172	-	169,308
Other income (including in-kind of \$91,669)	91,719	-	3,471	-	95,190
Net assets with donor restrictions released from restrictions	70,000	(70,000)	-	-	-
Total Revenues, Gains, and Other Support	1,862,995	(70,000)	502,160	-	2,295,155
Expenses:					
Personnel	779,001	-	101,419	-	880,420
Professional fees	127,505	-	10,204	-	137,709
General operations	370,410	-	76,358	-	446,768
Athlete training and games (including in-kind of \$91,669)	179,276	-	104,625	-	283,901
Total Expenses	1,456,192	-	292,606	-	1,748,798
Change in Net Assets	\$ 406,803	\$ (70,000)	\$ 209,554	\$ -	\$ 546,357

SPECIAL OLYMPICS TENNESSEE, INC.
COMBINING STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2019

	State Office		Area Units		
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support:					
Contributions	\$ 1,200,988	\$ 210,000	\$ 739,100	\$ -	\$ 2,150,088
Direct marketing contributions	133,630	-	26,499	-	160,129
Grants	113,576	-	10,000	-	123,576
Investment gain, net (Note 3)	444,328	-	32,313	-	476,641
Other income (including in-kind of \$216,591)	239,165	-	26,499	-	265,664
Net assets with donor restrictions released from restrictions	-	-	1,388	(1,388)	-
Total Revenues, Gains, and Other Support	<u>2,131,687</u>	<u>210,000</u>	<u>835,799</u>	<u>(1,388)</u>	<u>3,176,098</u>
Expenses:					
Personnel	681,093	-	109,464	-	790,557
Professional fees	121,169	-	10,209	-	131,378
General operations	480,289	-	145,645	-	625,934
Athlete training and games (including in-kind of \$216,591)	<u>536,628</u>	<u>-</u>	<u>447,382</u>	<u>-</u>	<u>984,010</u>
Total Expenses	<u>1,819,179</u>	<u>-</u>	<u>712,700</u>	<u>-</u>	<u>2,531,879</u>
Change in Net Assets	<u>\$ 312,508</u>	<u>\$ 210,000</u>	<u>\$ 123,099</u>	<u>\$ (1,388)</u>	<u>\$ 644,219</u>