SPECIAL OLYMPICS TENNESSEE, INC.

COMBINED FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES

As of and for the Years Ended December 31, 2017 and 2016

And Report of Independent Auditor

Cherry Bekaert LLP
CPAs & Advisors

SPECIAL OLYMPICS TENNESSEE, INC.

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Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor

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

We have audited the accompanying combined financial statements of Special Olympics Tennessee, Inc. (a nonprofit organization), which comprise the combined statements of financial position as of December 31, 2017, and the related combined statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined financial statements based on our audit. We conducted our audit 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of Special Olympics Tennessee, Inc. as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The combined financial statements as of December 31, 2016, were audited by other auditors whose report dated June 13, 2017, expressed an unmodified opinion on those statements.

Report on Combining Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining information on pages 19 and 21 is presented for purposes of additional analysis of the combined 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 combined 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 combined financial statements. The combining information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole. The combining information on pages 20 and 22 was subjected to the auditing procedures applied in the 2016 audit of the basic combined financial statements by other auditors, whose report on such information stated that it was fairly stated in all material respects in relation to the combined financial statements taken as a whole.

Cherry Bekaert LLP

Nashville, Tennessee
August 29, 2018

SPECIAL OLYMPICS TENNESSEE, INC.

COMBINED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2017 AND 2016

	2017	2016
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 569,167	$ 1,010,404
Contributed support and other receivables	105,585	104,113
Prepaid expenses	31,569	24,203
Total Current Assets	706,321	1,138,720
Investments	2,988,019	2,308,309
Beneficial interest in assets at Community Foundation of Middle Tennessee	114,725	105,613
Property and equipment	216,872	200,857
Less accumulated depreciation	(152,869)	(128,621)
Property and Equipment, net	64,003	72,236
Total Assets	$ 3,873,068	$ 3,624,878
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	$ 36,989	$ 27,451
Accrued vacation	52,655	35,441
Total Current Liabilities	89,644	62,892
Net Assets:		
Unrestricted:		
Undesignated	3,653,825	3,435,032
Designated by board as agency fund	114,725	105,613
Temporarily restricted	14,874	21,341
Total Net Assets	3,783,424	3,561,986
Total Liabilities and Net Assets	$ 3,873,068	$ 3,624,878

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

SPECIAL OLYMPICS TENNESSEE, INC.

COMBINED STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2017

	Unrestricted	Temporarily Restricted	Total
Revenues, Gains and Other Support:			
Other contributions (including in-kind of $232,481)	$ 867,964	$ -	$ 867,964
Special events	716,924	-	716,924
Direct marketing contributions	458,237	-	458,237
Investment income, net (Note 3)	350,895	-	350,895
Other income	68,541	-	68,541
Other grants	10,666	-	10,666
Gain on beneficial interest in assets at Community Foundation of Middle Tennessee, net	9,112	-	9,112
Net assets released from restrictions:			
Satisfaction of program restrictions	6,467	(6,467)	-
Total Revenues, Gains and Other Support	2,488,806	(6,467)	2,482,339
Expenses:			
Games/competition	928,891	-	928,891
Training	75,487	-	75,487
Other program expenses	774,336	-	774,336
Total program expenses	1,778,714	-	1,778,714
Management and general	55,877	-	55,877
Fundraising	426,310	-	426,310
Total Expenses	2,260,901	-	2,260,901
Change in net assets	227,905	(6,467)	221,438
Net assets, beginning of year	3,540,645	21,341	3,561,986
Net assets, end of year	$ 3,768,550	$ 14,874	$ 3,783,424

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

SPECIAL OLYMPICS TENNESSEE, INC.

COMBINED STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2016

	Unrestricted	Temporarily Restricted	Total
Revenues, Gains and Other Support:			
Other contributions (including in-kind of $80,597)	$ 678,993	$ -	$ 678,993
Special events	592,968	-	592,968
Direct marketing contributions	525,331	-	525,331
Investment income, net (Note 3)	211,460	-	211,460
Other income	97,422	-	97,422
Other grants	8,499	-	8,499
Gain on beneficial interest in assets at Community Foundation of Middle Tennessee, net	5,542	-	5,542
Net assets released from restrictions:			
Satisfaction of program restrictions	5,301	(5,301)	-
Total Revenues, Gains and Other Support	2,125,516	(5,301)	2,120,215
Expenses:			
Games/competition	857,959	-	857,959
Training	53,751	-	53,751
Other program expenses	639,245	-	639,245
Total program expenses	1,550,955	-	1,550,955
Management and general	40,700	-	40,700
Fundraising	382,574	-	382,574
Total Expenses	1,974,229	-	1,974,229
Change in net assets	151,287	(5,301)	145,986
Net assets, beginning of year	3,389,358	26,642	3,416,000
Net assets, end of year	$ 3,540,645	$ 21,341	$ 3,561,986

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

SPECIAL OLYMPICS TENNESSEE, INC.
COMBINED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
Cash flows from operating activities:		
Change in net assets	$ 221,438	$ 145,986
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	23,245	12,384
Net unrealized and realized gain loss on investments	(222,240)	(121,118)
Net unrealized and realized gain on beneficial interest in assets at Community Foundation of Middle Tennessee	(14,512)	(5,542)
Changes in operating assets and liabilities:		
Contributed support and other receivables	(1,472)	(11,425)
Prepaid expenses	(7,366)	11,990
Accounts payable	9,538	7,787
Accrued vacation	17,214	-
Net cash provided by operating activities	25,845	40,062
Cash flows from investing activities:		
Distribution from beneficial interest in assets at Community Foundation of Middle Tennessee	5,400	5,600
Purchases of investments	(547,051)	(102,635)
Proceeds from sales of investments	89,581	64,094
Purchases of property and equipment	(15,012)	(13,617)
Net cash used in investing activities	(467,082)	(46,558)
Net decrease in cash and cash equivalents	(441,237)	(6,496)
Cash and cash equivalents, beginning of year	1,010,404	1,016,900
Cash and cash equivalents, end of year	$ 569,167	$ 1,010,404

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

SPECIAL OLYMPICS TENNESSEE, INC.

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2017

	Games/ Competition	Training	Other Program Expenses	Management and General	Fundraising	Total
Salaries	$ 241,362	$ 31,758	$ 254,064	$ 25,406	$ 82,571	$ 635,161
Payroll taxes and benefits	57,869	7,614	60,914	6,091	19,797	152,285
Subtotal Salaries/Benefits	299,231	39,372	314,978	31,497	102,368	787,446
Direct marketing costs	-	-	83,477	-	83,476	166,953
Special events	-	-	40,194	-	160,776	200,970
Miscellaneous	72,645	6,275	50,202	5,020	16,316	150,458
Travel/meetings/conferences	86,421	843	6,743	674	2,191	96,872
Supplies	92,879	1,466	11,724	1,173	3,810	111,052
Contracted services (including $207,621 in-kind)	124,696	15,052	120,411	12,041	39,134	311,334
Rent	48,419	3,895	31,160	3,116	10,127	96,717
Meals (including $24,860 in-kind)	94,521	-	-	-	-	94,521
SOI program support	-	-	42,769	-	-	42,769
Insurance	-	-	43,487	-	-	43,487
Grants	11,281	5,640	5,640	-	-	22,561
Awards	53,560	-	-	-	460	54,020
Facilities/lodging	22,865	-	-	-	-	22,865
Depreciation	8,833	1,163	9,298	930	3,021	23,245
Equipment rental/maintenance	4,816	634	5,070	507	1,647	12,674
Telephone	4,825	634	5,080	508	1,651	12,698
Communications	1,621	213	1,706	171	555	4,266
Postage/shipping	1,542	203	1,622	162	527	4,056
Dues and subscriptions	736	97	775	78	251	1,937
Subtotal Other Expenses	629,660	36,115	459,358	24,380	323,942	1,473,455
Total Expenses	$ 928,891	$ 75,487	$ 774,336	$ 55,877	$ 426,310	$ 2,260,901

The accompanying notes to the combined financial statements are an integral part of this statement.

SPECIAL OLYMPICS TENNESSEE, INC.

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2016

	Games/ Competition	Training	Other Program Expenses	Management and General	Fundraising	Total
Salaries	$ 221,838	$ 29,189	$ 233,513	$ 23,352	$ 75,892	$ 583,784
Payroll taxes and benefits	55,778	7,339	58,714	5,870	19,082	146,783
Subtotal Salaries/Benefits	277,616	36,528	292,227	29,222	94,974	730,567
Direct marketing costs	-	-	106,486	-	106,486	212,972
Special events	-	-	35,887	-	143,547	179,434
Miscellaneous	64,810	2,332	18,657	1,869	6,063	93,731
Travel/meetings/conferences	94,075	1,853	13,486	1,349	4,383	115,146
Supplies	87,961	1,044	8,350	835	2,714	100,904
Contracted services (including $50,525 in-kind)	69,913	6,558	52,466	5,247	17,052	151,236
Rent	90,340	431	3,450	345	1,121	95,687
Meals (including $30,072 in-kind)	93,136	-	-	-	-	93,136
SOI program support	-	-	45,145	-	-	45,145
Insurance	-	-	42,043	-	-	42,043
Grants	5,430	2,715	2,715	-	-	10,860
Awards	30,985	-	-	-	276	31,261
Facilities/lodging	26,277	-	-	-	-	26,277
Depreciation	4,706	619	4,954	495	1,610	12,384
Equipment rental/maintenance	4,685	616	4,931	493	1,603	12,328
Telephone	4,373	575	4,604	460	1,496	11,508
Communications	1,683	221	1,772	177	576	4,429
Postage/shipping	1,070	142	1,126	113	366	2,817
Dues and subscriptions	899	117	946	95	307	2,364
Subtotal Other Expenses	580,343	17,223	347,018	11,478	287,600	1,243,662
Total Expenses	$ 857,959	$ 53,751	$ 639,245	$ 40,700	$ 382,574	$ 1,974,229

The accompanying notes to the combined financial statements are an integral part of this statement.

Note 1—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 thirty area programs located throughout Tennessee.

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

The following is a summary of the Organization's significant accounting policies:

Basis of Presentation – The combined 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 ("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:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the combined statements of activities as net assets released from restrictions.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes. The Organization had no permanently restricted net assets at December 31, 2017 and 2016.

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 unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Donor restricted contributions are generally reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year the contributions are recognized.

Cash and Cash Equivalents – For purposes of the combined 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 2 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, 2017 and 2016.

Note 1—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 combined 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 combined financial statements.

Functional Expenses – Costs of providing the Organization's programs are summarized and reported on a functional basis. Expenses of each program include costs directly associated with the program and other indirect costs determined to benefit that program. These costs have been allocated between program and supporting services based on estimates made by management.

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 combined financial statements.

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

Subsequent Events – The Organization evaluated subsequent events through August 29, 2018, when these combined financial statements were available to be issued. The Organization is not aware of any significant events that occurred subsequent to the combined statement of financial position date but prior to the filing of this report that would have a material impact on the combined financial statements.

Note 2—Investments

Investments consist of the following at December 31:

	2017	2016
Common stocks	$ 1,423,927	$ 1,152,656
Mutual funds	1,285,591	1,121,421
Certificate of deposit	244,907	-
Exchange traded funds	33,594	34,232
Total Investments	$ 2,988,019	$ 2,308,309

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

Note 2—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, 2017:

	Level 1	Level 2	Level 3	Total
Mutual Funds:				
Large blend	$ 305,666	$ -	$ -	$ 305,666
Moderate allocation	263,251	-	-	263,251
Short-term bond	231,462	-	-	231,462
World allocation	199,028	-	-	199,028
Large growth	171,121	-	-	171,121
Foreign large blend	78,590	-	-	78,590
Multi-sector bond	27,988	-	-	27,988
Foreign large value	8,485	-	-	8,485
Total Mutual Funds	1,285,591	-	-	1,285,591
Common Stocks:				
Basic materials	336,241	-	-	336,241
Consumer goods	364,676	-	-	364,676
Services	158,466	-	-	158,466
Healthcare	103,194	-	-	103,194
Technology	206,731	-	-	206,731
Financial	54,434	-	-	54,434
Industrial goods	144,680	-	-	144,680
REIT	55,505	-	-	55,505
Total Common Stocks	1,423,927	-	-	1,423,927
Certificate of deposit	244,907	-	-	244,907
Exchange Traded Funds:				
Financial	33,594	-	-	33,594
Total investments at fair value	$ 2,988,019	$ -	$ -	$ 2,988,019

Note 2—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, 2016:

	Level 1	Level 2	Level 3	Total
Mutual Funds:				
Large blend	$ 255,304	$ -	$ -	$ 255,304
Moderate allocation	232,195	-	-	232,195
Short-term bond	227,906	-	-	227,906
World allocation	174,208	-	-	174,208
Large growth	135,783	-	-	135,783
Foreign large blend	62,992	-	-	62,992
Multi-sector bond	26,304	-	-	26,304
Foreign large value	6,729	-	-	6,729
Total Mutual Funds	1,121,421	-	-	1,121,421
Common Stocks:				
Basic materials	392,807	-	-	392,807
Consumer goods	330,331	-	-	330,331
Services	103,591	-	-	103,591
Healthcare	101,383	-	-	101,383
Technology	89,404	-	-	89,404
Financial	68,782	-	-	68,782
Industrial goods	66,358	-	-	66,358
Total Common Stocks	1,152,656	-	-	1,152,656
Exchange Traded Funds:				
Financial	34,232	-	-	34,232
Total investments at fair value	$ 2,308,309	$ -	$ -	$ 2,308,309

During 2017 and 2016, interest and dividends earned from these investments totaled $128,655 and $90,342, respectively. Net unrealized and realized gains on investments amounted to $222,240 and $121,118 for 2017 and 2016, respectively.

Note 3—Contributed support and other receivables

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

	2017	2016
Special Olympics International	$ 33,970	$ 8,508
Unconditional pledges	16,584	17,599
Other contributed support receivable and other receivables	55,031	78,006
Total contributed support and other receivables	105,585	104,113
Less noncurrent receivables	-	-
Current contributed support and other receivables	$ 105,585	$ 104,113

Note 4—Property and equipment

Property and equipment consist of the following at December 31:

	2017	2016
Equipment and fixtures	$ 156,236	$ 140,221
Automobiles	60,636	60,636
	216,872	200,857
Less accumulated depreciation	(152,869)	(128,621)
	$ 64,003	$ 72,236

Note 5—Temporarily restricted net assets

Temporarily restricted net assets are restricted for the following purposes at December 31:

	2017	2016
Area 27 (Wilson County) activities	$ 14,874	$ 21,341

Note 6—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:

	2017	2016
Combined Statements of Activities		
SOI cooperative national fundraising projects:		
Contributions and promotions	$ -	$ 1,056
Direct mail marketing campaign	154,150	137,278
Total support	$ 154,150	$ 138,334
Payments to SOI: Program support	$ 42,769	$ 45,145
Combined Statements of Financial Position		
Contributions receivable from SOI National fundraising projects	$ 33,970	$ 8,508

Note 7—Direct marketing campaign

The Organization conducts marketing campaigns through an outside vendor, including direct mail and telemarketing, to raise funds and to increase public knowledge and awareness of the Organization's mission and activities. In addition to the direct mail marketing revenue in Note 6, direct mail and telemarketing projects for the years ended December 31, 2017 and 2016, resulted in contributions of $304,087 and $388,053, respectively. The Organization's vendor provided services for total costs of $166,953 and $212,972 during 2017 and 2016, respectively. The arrangement with the Organization's vendor extends through December 2018.

Note 8—Other contributions

Other contributions as reflected in the accompanying combined statements of activities consist of the following for the years ended December 31:

	2017	2016
Corporate	$ 122,298	$ 275,089
Other	337,258	126,573
Individuals	90,928	97,348
Foundations	80,362	92,673
In-kind facilities, rent, services, meals and other	232,481	140,458
United Way designations	4,637	6,713
	$ 867,964	$ 738,854

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, Corporate Challenge, Guitars and Cards, Over the Edge, the Golf Classic, and various other community events. Proceeds from special events totaled $716,924 and $592,968 during 2017 and 2016, respectively.

Note 10—Supporting Services

Management and general expenses include expenses that are not directly related to specific programs. Management and general expenses totaled $55,877 and $40,700 in 2017 and 2016, respectively, which approximate 2% and 2% of revenues, gains, and other support for 2017 and 2016, respectively. Together, fundraising and management and general expenses represent 19% and 22% of revenues, gains, and other support in 2017 and 2016, respectively.

Note 11—Employee retirement plan

The Organization maintained a 403(b) tax-sheltered annuity retirement program available for eligible employees. Any employee who was at least 21 years old and had completed two years of service was permitted to participate in the plan. Effective December 31, 2008, the Organization ceased accepting contributions to its 403(b) plan and replaced it with a new 401(k) plan beginning January 1, 2009. Under the 401(k) 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 2017 or 2016.

Note 12—Concentration

At times, the Organization maintains cash and investments in amounts in excess of federally insured limits. Amounts in excess of federally insured limits at December 31, 2017, totaled $5,432. In management's opinion, risk relating to such deposits is minimal based on the credit rating of its depositories and based on the diversity of its investments.

Note 13—Leases

In May 2015, the Organization entered into an operating lease for office space. Rent expense under this and other arrangements totaled $96,717 and $95,687 for 2017 and 2016, respectively. Future minimum lease payments required under this and other office space and equipment lease arrangements are as follows:

Years Ending December 31,	
2018	$ 88,706
2019	37,730
	$ 126,436

Note 14—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 combined statements of financial position. Changes in the value of the asset are recorded in the accompanying combined statements of activities. Net assets related to the investments are reflected as designated by the board as an agency fund in the accompanying combined statements of financial position.

SUPPLEMENTAL SCHEDULES

SPECIAL OLYMPICS TENNESSEE, INC.

COMBINING STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2017

	State Office	Area Units	Eliminations	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	$ 355,902	$ 213,265	$ -	$ 569,167
Contributed support and other receivables	132,239	445,349	(472,003)	105,585
Prepaid expenses	31,569	-	-	31,569
Total Current Assets	519,710	658,614	(472,003)	706,321
Investments	2,756,455	231,564	-	2,988,019
Beneficial interest in assets at Community Foundation of Middle Tennessee	114,725	-	-	114,725
Property and equipment	168,657	48,215	-	216,872
Less accumulated depreciation	(119,350)	(33,519)	-	(152,869)
Property and equipment, net	49,307	14,696	-	64,003
Total Assets	$ 3,440,197	$ 904,874	$ (472,003)	$ 3,873,068
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts payable	$ 473,224	$ 35,768	$ (472,003)	$ 36,989
Accrued vacation	52,655	-	-	52,655
Total Current Liabilities	525,879	35,768	(472,003)	89,644
Net Assets:				
Unrestricted:				
Undesignated	2,799,593	854,232	-	3,653,825
Designated by board as agency fund	114,725	-	-	114,725
Temporarily restricted	-	14,874	-	14,874
Total Net Assets	2,914,318	869,106	-	3,783,424
Total Liabilities and Net Assets	$ 3,440,197	$ 904,874	$ (472,003)	$ 3,873,068

SPECIAL OLYMPICS TENNESSEE, INC.

COMBINING STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2016

	State Office	Area Units	Eliminations	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	$ 767,948	$ 242,456	$ -	$ 1,010,404
Contributed support and other receivables	123,722	340,575	(360,184)	104,113
Prepaid expenses	24,203	-	-	24,203
Total Current Assets	915,873	583,031	(360,184)	1,138,720
Investments	2,096,437	211,872	-	2,308,309
Beneficial interest in assets at Community Foundation of Middle Tennessee	105,613	-	-	105,613
Property and equipment	158,702	42,155	-	200,857
Less accumulated depreciation	(104,735)	(23,886)	-	(128,621)
Property and Equipment, net	53,967	18,269	-	72,236
Total Assets	$ 3,171,890	$ 813,172	$ (360,184)	$ 3,624,878
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts payable	$ 363,894	$ 23,741	$ (360,184)	$ 27,451
Accrued vacation	35,441	-	-	35,441
Total Current Liabilities	399,335	23,741	(360,184)	62,892
Net Assets:				
Unrestricted:				
Undesignated	2,666,942	768,090	-	3,435,032
Designated by board as agency fund	105,613	-	-	105,613
Temporarily restricted	-	21,341	-	21,341
Total Net Assets	2,772,555	789,431	-	3,561,986
Total Liabilities and Net Assets	$ 3,171,890	$ 813,172	$ (360,184)	$ 3,624,878

SPECIAL OLYMPICS TENNESSEE, INC.
COMBINING STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2017

	State Office		Area Units			
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	Eliminations	Total
Revenues, Gains and Other Support:						
Other contributions (including in-kind of $232,481)	$ 634,065	$ -	$ 233,899	$ -	$ -	$ 867,964
Special events	358,312	-	358,612	-	-	716,924
Direct marketing contributions	458,237	-	-	-	-	458,237
Investment income, net	330,520	-	20,375	-	-	350,895
Other income	195,243	-	113,370	-	(240,072)	68,541
Other grants	10,666	-	-	-	-	10,666
Gain on beneficial interest in assets at Community Foundation of Middle Tennessee	9,112	-	-	-	-	9,112
Net assets released from restrictions:						
Satisfaction of program restrictions	-	-	6,467	(6,467)	-	-
Total revenues, gains and other support	1,996,155	-	732,723	(6,467)	(240,072)	2,482,339
Expenses:						
Games/competition	626,058	-	400,517	-	(97,684)	928,891
Training	78,765	-	14,204	-	(17,482)	75,487
Other program expenses	728,969	-	127,613	-	(82,246)	774,336
Total program expenses	1,433,792	-	542,334	-	(197,412)	1,778,714
Management and general	51,552	-	11,363	-	(7,038)	55,877
Fundraising	369,048	-	92,884	-	(35,622)	426,310
Total Expenses	1,854,392	-	646,581	-	(240,072)	2,260,901
Change in net assets	141,763	-	86,142	(6,467)	-	221,438
Net assets, beginning of year	2,772,555	-	768,090	21,341	-	3,561,986
Net assets, end of year	$ 2,914,318	$ -	$ 854,232	$ 14,874	$ -	$ 3,783,424

SPECIAL OLYMPICS TENNESSEE, INC.

COMBINING STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2016

	State Office		Area Units			
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	Eliminations	Total
Revenues, Gains and Other Support:						
Other contributions (including in-kind of $80,597)	$ 464,002	$ -	$ 214,991	$ -	$ -	$ 678,993
Special events	268,007	-	324,961	-	-	592,968
Direct marketing contributions	525,331	-	-	-	-	525,331
Investment income, net	199,250	-	12,210	-	-	211,460
Other income	214,488	-	61,375	-	(178,441)	97,422
Other grants	8,499	-	-	-	-	8,499
Gain on beneficial interest in assets at Community Foundation of Middle Tennessee	5,542	-	-	-	-	5,542
Net assets released from restrictions:						
Satisfaction of program restrictions	-	-	5,301	(5,301)	-	-
Total revenues, gains and other support	1,685,119	-	618,838	(5,301)	(178,441)	2,120,215
Expenses:						
Games/competition	577,980	-	337,487	-	(57,508)	857,959
Training	49,081	-	12,107	-	(7,437)	53,751
Other program expenses	620,163	-	106,400	-	(87,318)	639,245
Total program expenses	1,247,224	-	455,994	-	(152,263)	1,550,955
Management and general	36,955	-	9,693	-	(5,948)	40,700
Fundraising	333,142	-	69,662	-	(20,230)	382,574
Total Expenses	1,617,321	-	535,349	-	(178,441)	1,974,229
Change in net assets	67,798	-	83,489	(5,301)	-	145,986
Net assets, beginning of year	2,704,757	-	684,601	26,642	-	3,416,000
Net assets, end of year	$ 2,772,555	$ -	$ 768,090	$ 21,341	$ -	$ 3,561,986