

**SPECIAL OLYMPICS IOWA, INC.**  
**(A Nonprofit Organization)**

**FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITOR'S REPORT**

**DECEMBER 31, 2016**

## CONTENTS

Independent Auditor's Report	1
Financial Statements:	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6



*Shareholders*

Michael E. Brinker, CPA  
David A. Farnsworth, CPA  
David W. Hurst, CPA

Kathleen A. Koenig, CPA  
Robert R. McGowen, CPA  
Brian K. Newton, CPA

John A. Schmidt, CPA  
Daniel A. Schwarz, CPA/ABV  
S. James Smith, CPA

*Consultants and Former Shareholders*

Michael W. McNichols, CPA  
Thomas J. Pflanz, CPA  
Joni M. Tonnemacher, CPA, MAFF

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Special Olympics Iowa, Inc.

We have audited the accompanying financial statements of Special Olympics Iowa, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses, and cash flows for the year 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 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 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 organization'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 the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Special Olympics Iowa, Inc. as of December 31, 2016, 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.

**Report on Summarized Comparative Information**

We have previously audited the organization's financial statements as of and for the year ended December 31, 2015, and we expressed an unmodified opinion on those audited financial statements in our report dated June 2, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*McGowen, Hurst, Clark + Smith, P.C.*

West Des Moines, Iowa  
May 18, 2017

**SPECIAL OLYMPICS IOWA, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2016 WITH**  
**COMPARATIVE TOTALS FOR 2015**

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,799,154	\$ 1,825,555
Investments	353,400	333,737
Certificates of deposit	100,000	-
Accounts receivable	121,777	109,108
Prepaid expenses	3,772	19,258
Unconditional promises to give	42,295	41,295
Property and equipment, net of accumulated depreciation	1,803,550	1,823,406
Beneficial interests in trusts	171,115	164,878
	<u>                    </u>	<u>                    </u>
TOTAL ASSETS	<u>\$ 4,395,063</u>	<u>\$ 4,317,237</u>
<b>LIABILITIES</b>		
Accounts payable - trade	\$ 24,594	\$ 34,755
Accrued expenses	138,839	33,139
	<u>                    </u>	<u>                    </u>
TOTAL LIABILITIES	163,433	67,894
<b>NET ASSETS</b>		
Unrestricted net assets	3,956,285	3,978,081
Temporarily restricted net assets	104,230	106,384
Permanently restricted net assets	171,115	164,878
	<u>                    </u>	<u>                    </u>
TOTAL NET ASSETS	<u>4,231,630</u>	<u>4,249,343</u>
	<u>                    </u>	<u>                    </u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,395,063</u>	<u>\$ 4,317,237</u>

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

**SPECIAL OLYMPICS IOWA, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2016 WITH**  
**COMPARATIVE TOTALS FOR 2015**

	<u>2016</u>	<u>2015</u>
UNRESTRICTED NET ASSETS		
REVENUES		
Contributions	\$ 862,868	\$ 918,703
Fundraising	1,541,877	1,422,839
Program revenues	91,777	131,384
Grants and appropriations	219,676	244,979
In-kind donations	1,383,704	1,396,366
Investment income	25,581	6,708
Gain on sale of assets	2,200	-
Net assets released from restriction	19,149	65,881
Distributions from beneficial interest in trusts	6,550	7,597
TOTAL REVENUES	<u>4,153,382</u>	<u>4,194,457</u>
EXPENSES		
Program services:		
Games and competition	2,433,131	2,210,645
Challenge days	88,838	67,764
Healthy athletes	110,243	54,511
Unified sports	368,465	406,081
Young athletes	167,141	167,395
Athlete leadership program	27,813	40,370
Total program services	<u>3,195,631</u>	<u>2,946,766</u>
Supporting services:		
Fundraising	797,601	924,760
Management and general	181,946	258,274
Total supporting services	<u>979,547</u>	<u>1,183,034</u>
TOTAL EXPENSES	<u>4,175,178</u>	<u>4,129,800</u>
NET CHANGE IN UNRESTRICTED NET ASSETS	(21,796)	64,657
TEMPORARILY RESTRICTED NET ASSETS		
Grant and contribution income	16,995	3,271
Net assets released from restriction - satisfaction of purpose	(19,149)	(65,881)
NET CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	(2,154)	(62,610)
PERMANENTLY RESTRICTED NET ASSETS		
Contributions made to beneficial interest in trusts	6,470	15,350
Distributions from beneficial interest in trusts	(6,550)	(7,597)
Change in valuation of beneficial interest in trusts	6,317	(6,437)
NET CHANGE IN PERMANENTLY RESTRICTED NET ASSETS	<u>6,237</u>	<u>1,316</u>
NET CHANGE IN NET ASSETS	(17,713)	3,363
NET ASSETS - BEGINNING OF YEAR	<u>4,249,343</u>	<u>4,245,980</u>
NET ASSETS - END OF YEAR	<u>\$ 4,231,630</u>	<u>\$ 4,249,343</u>

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

**SPECIAL OLYMPICS IOWA, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2016 WITH COMPARATIVE TOTALS FOR 2015**

	Program Services						Supporting Services			Total Expenses	2015 Total Expenses	
	Games and Competition	Challenge Days	Healthy Athletes	Unified Sports	Young Athletes	Athlete Leadership Program	Total	Fund Raising	Management and General			
Salaries	\$ 685,400	\$ 25,025	\$ 31,056	\$ 103,791	\$ 47,080	\$ 7,832	\$ 900,184	\$ 274,882	\$ 127,608	\$ 402,490	\$1,302,674	\$ 1,270,155
Events and games supplies	288,432	10,532	13,065	43,690	19,825	3,308	378,852	-	-	-	378,852	387,540
Accreditation fee	26,388	963	1,195	3,996	1,813	302	34,657	-	-	-	34,657	33,352
Professional fees and services	617	23	28	93	42	7	810	810	19,956	20,766	21,576	14,007
Insurance	24,196	884	1,096	3,664	1,662	276	31,778	5,735	3,155	8,890	40,668	23,941
Bank fees	-	-	-	-	-	-	-	-	8,220	8,220	8,220	8,649
Building maintenance	29,234	1,067	1,325	4,427	2,008	334	38,395	5,022	1,864	6,886	45,281	54,212
Utilities	9,856	360	447	1,492	676	113	12,944	3,983	1,496	5,479	18,423	17,869
Equipment repairs	9,130	333	414	1,383	627	104	11,991	273	273	546	12,537	20,908
Education	20,686	755	937	3,133	1,421	236	27,168	-	-	-	27,168	34,096
Office expense	16,548	604	749	2,506	1,137	189	21,733	5,452	816	6,268	28,001	26,151
Telephone	3,510	128	159	532	241	40	4,610	1,785	1,275	3,060	7,670	8,759
Information technology	12,146	444	550	1,839	834	139	15,952	4,915	2,966	7,881	23,833	32,675
Postage and shipping	5,763	210	261	873	396	66	7,569	810	800	1,610	9,179	11,207
Printing	14,794	540	671	2,240	1,016	169	19,430	3,479	938	4,417	23,847	29,700
Permits and licenses	672	25	30	102	46	8	883	3,460	-	3,460	4,343	1,382
Meeting expense	7,897	288	358	1,196	542	90	10,371	24,976	1,353	26,329	36,700	34,496
Travel	85,703	3,129	3,883	12,978	5,887	979	112,559	4,018	-	4,018	116,577	102,096
Dues and subscriptions	2,131	78	97	323	146	24	2,799	1,149	-	1,149	3,948	3,928
Public relations	8,337	304	378	1,263	573	95	10,950	3,015	-	3,015	13,965	6,086
Volunteer recruitment	8,865	324	402	1,342	609	101	11,643	8,022	-	8,022	19,665	22,635
Awards	18,446	673	836	2,793	1,267	211	24,226	577	-	577	24,803	24,569
Souvenir expense	30,968	1,131	1,403	4,689	2,127	354	40,672	4,806	-	4,806	45,478	39,436
Telemarketing expense	-	-	-	-	-	-	-	38,811	-	38,811	38,811	48,709
Fundraising	-	-	-	-	-	-	-	119,504	-	119,504	119,504	83,128
Special events - Torch Run	-	-	-	-	-	-	-	168,229	-	168,229	168,229	180,382
In-kind expenses	973,212	35,534	44,097	147,375	66,849	11,120	1,278,187	93,218	-	93,218	1,371,405	1,370,418
Miscellaneous	98,911	3,611	4,482	14,978	6,794	1,130	129,906	-	3,370	3,370	133,276	153,314
Depreciation	51,289	1,873	2,324	7,767	3,523	586	67,362	20,670	7,856	28,526	95,888	86,000
<b>TOTAL EXPENSES</b>	<b>\$2,433,131</b>	<b>\$ 88,838</b>	<b>\$110,243</b>	<b>\$ 368,465</b>	<b>\$ 167,141</b>	<b>\$ 27,813</b>	<b>\$ 3,195,631</b>	<b>\$ 797,601</b>	<b>\$ 181,946</b>	<b>\$ 979,547</b>	<b>\$4,175,178</b>	<b>\$ 4,129,800</b>

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

**SPECIAL OLYMPICS IOWA, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2016 WITH**  
**COMPARATIVE TOTALS FOR 2015**

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net change in net assets	\$ (17,713)	\$ 3,363
Adjustments to reconcile net change in net assets to net change in cash from operating activities:		
Depreciation	95,888	86,000
Donated property and equipment	-	(15,000)
Gain on sale of property and equipment	(2,200)	-
Realized and unrealized (gains)/losses on investments	(11,577)	9,565
Discount on unconditional promises to give	(1,000)	(1,505)
Increase in beneficial interest	(12,787)	(8,913)
Change in:		
Accounts receivable	(12,669)	(14,354)
Prepaid expenses	15,486	22,760
Accounts payable and accrued liabilities	91,656	31,915
NET CHANGE IN CASH FROM OPERATING ACTIVITIES	<u>145,084</u>	<u>113,831</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment purchases	(8,086)	(11,237)
Distributions from beneficial interest in trusts	6,550	7,597
Certificate of deposit purchases	(100,000)	-
Property and equipment purchases	(69,949)	-
NET CHANGE IN CASH FROM INVESTING ACTIVITIES	<u>(171,485)</u>	<u>(3,640)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(26,401)	110,191
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,825,555</u>	<u>1,715,364</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,799,154</u>	<u>\$ 1,825,555</u>

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

**SPECIAL OLYMPICS IOWA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

**NATURE OF ACTIVITIES** - Special Olympics Iowa, Inc. (the Organization) provides year-round sports training and athletic competition in a variety of Olympic-type sports for individuals with intellectual disabilities by giving them continuing opportunities to develop physical fitness, demonstrate courage, experience joy and participate in a sharing of gifts, skills, and friendship with their families, other Special Olympics athletes and the community. The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Following is a description of the Organization's programs:

Games and Competition - The Organization provides Olympic-style training and competition in twenty-three different sports throughout the year for individuals with intellectual disabilities.

Challenge Days - The Organization provides specially designed events using switch-activated equipment for athletes with the most severe and profound disabilities and athletes who are aging out of the traditional programs.

Healthy Athletes - The Organization provides a screening program that is designed to help increase a healthy lifestyle for individuals with intellectual disabilities. The Organization offers free screenings in seven disciplines – FUNFitness (general fitness), Fit Feet (podiatry), Health Promotion (healthy lifestyle choices), Healthy Hearing (hearing), MedFest (sports physicals), Opening Eyes (vision), and Special Smiles (dental hygiene).

Unified Sports - The Organization pairs Special Olympics athletes and athletes without intellectual disabilities on the same sports team and each team participates in competitions.

Young Athletes - The Organization provides an introductory program offering play day activities to children with intellectual disabilities between the ages of two and seven.

Athlete Leadership Program - The Organization provides athletes with opportunities for greater participation beyond sports training and competition: as coaches, officials, team captains, spokespeople and Board and committee members.

**FINANCIAL STATEMENT PRESENTATION** - The Organization reports its financial position and activities through three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The Organization records contributions received as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Time-restricted and purpose-restricted contributions are recorded as temporarily restricted net assets and are then released to unrestricted net assets upon expiration of the time restriction or fulfillment of the purpose. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions are met in the fiscal year in which the contributions are recognized.

All contributions are considered to be available for the general programs of the Organization unless specifically restricted by the donor. Contributions are recorded as revenue at the earlier of the date of receipt or the date an unconditional promise is given by a donor.



**SPECIAL OLYMPICS IOWA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES** - Continued

**CASH AND CASH EQUIVALENTS** - The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

At December 31, 2016, the Organization had deposits in certain financial institutions in excess of FDIC insured limits. The risk is managed by maintaining all deposits in high quality financial institutions. Deposits in excess of FDIC insured limits totaled approximately \$623,000 at December 31, 2016.

**CERTIFICATES OF DEPOSIT** - The Organization's certificates of deposit bear interest at rates ranging from 0.30% to 1.50% and mature at various times through December 13, 2021.

**ACCOUNTS RECEIVABLE** - Accounts receivable at December 31, 2016 includes \$64,905 due from Special Olympics, Inc. for donations collected on behalf of the Organization. The remaining \$48,786 represents other contributions receivable from fundraisers and events held during 2016. Management periodically reviews accounts receivable to determine if any amounts may be uncollectible, and establishes an allowance for doubtful accounts, if necessary. No allowance related to accounts receivable was considered necessary at December 31, 2016.

**INVESTMENTS** - The Organization's investments are presented at fair value. Changes in unrealized gains and losses, if any, are included as a component of investment income on the statement of activities. Fair value of the investments in marketable securities is determined using Level 1 measurements, as defined by U.S. generally accepted accounting principles. Level 1 measurements are unadjusted quoted prices for identical assets or liabilities in active markets.

**BENEFICIAL INTERESTS IN TRUSTS** - During 2004, a donor established a trust with the Organization as the beneficiary of the trust. These assets are neither in the possession of, nor under the control of the Organization. In the event the Organization ceases to exist or ceases to continue the work for which they were organized the trustee will transfer the remaining assets to a new beneficiary. The Organization reports its beneficial interest in the trust at the fair value provided by the trustee as a component of permanently restricted net assets. Under the terms of the trust, the Organization receives the income from the trust to support the Organization's activities and reports those distributed earnings as unrestricted investment income. Changes in the fair value of the funds are reported as permanently restricted changes in beneficial interest. Distributions to the Organization from the trust totaled \$6,550 in 2016.

Certain donors have contributed funds to the Community Foundation of Greater Des Moines and the Community Foundation of Greater Dubuque through Endow Iowa accounts where Special Olympics Iowa, Inc. is the designated beneficiary of a portion of the earnings from those funds. Contributions received are recorded as permanently restricted net assets (\$6,470 in 2016). There were no distributions to the Organization during 2016.

The fair value of the beneficial interest in trusts are valued using Level 3 measurements, as defined by U.S. generally accepted accounting principles as there is no direct ownership of the underlying investments. However, the underlying investments in the funds consist of investments that are measured by the trustees using Level 1 or Level 2 inputs.

**SPECIAL OLYMPICS IOWA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES** - Continued

The following table provides a summary of changes in fair value of the Organization's beneficial interests in trusts for the year ended December 31, 2016.

Beginning balance	\$ 164,878
Interest and dividends	4,507
Unrealized gains	4,325
Contributions	6,470
Distributions	(6,550)
Investment fees	(2,515)
Ending balance	<u>\$ 171,115</u>

**PROPERTY AND EQUIPMENT** - Property and equipment are recorded at cost or at market value at the date of acquisition, if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging from three to fifty years. Long-lived assets are presented at fair value where information indicates the Organization might be unable to recover, through operations or sale, the carrying amount of long-lived assets. The Organization has not identified any impaired assets at December 31, 2016.

**IN-KIND GIFTS** - Significant in-kind donations, including services donated by area directors and coaches, are recorded as income and expense at their estimated fair value at the time the service is performed.

**FUNCTIONAL ALLOCATION OF EXPENSES** - The allocations of functional expenses were made by direct assignment of cost to functional categories where a direct relationship exists. Other common expenses have been allocated to functional categories based on time, use and occupancy estimates. Management and general expenses include those expenses that are not directly identifiable with any specific function but provide for the overall support and direction of the Organization.

**UNCERTAIN TAX POSITIONS** - Management is unaware of any uncertain income tax positions at December 31, 2016. Interest and penalties associated with income tax matters would be presented as components of income tax expense. There were no interest or penalty charges during 2016.

**ADVERTISING** - The Organization expenses advertising costs as they are incurred. There were no significant advertising expenses in 2016.

**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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**SPECIAL OLYMPICS IOWA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES** - Continued

**JOINT SERVICE COSTS** - The Organization engages a third-party to provide certain telemarketing services on behalf of the Organization. These services include soliciting contributions, recruiting volunteers, and promoting awareness of the Organization. The costs of conducting these activities are not specifically attributable to particular components of the Organization's activities. These joint service costs were allocated by management based on the content of the telemarketing scripts as follows:

Fundraising	\$	38,811
Program		38,811
	<u>\$</u>	<u>77,622</u>

**COMPARATIVE TOTALS** - The amounts shown for 2015 in the accompanying financial statements are included to provide a basis for comparison with 2016 and are not intended to present all information necessary for a fair presentation in conformity with accounting principles generally accepted in the United States of America. Certain prior year amounts have been reclassified to conform to the current year presentation.

**SUBSEQUENT EVENTS** - Management has evaluated subsequent events through May 18, 2017, the date the financial statements were available to be issued.

**NOTE B - INVESTMENTS**

Investments consist of the following at December 31, 2016:

	<u>Cost</u>	<u>Unrealized Gains (Losses)</u>	<u>Fair Value</u>
Money market funds	\$ 9,277	\$ -	\$ 9,277
Mutual funds:			
Equity	161,198	8,575	169,773
Fixed income	141,832	(1,816)	140,016
International	37,766	(3,432)	34,334
	<u>\$ 350,073</u>	<u>\$ 3,327</u>	<u>\$ 353,400</u>

Following is a summary of the Organization's investment income at December 31, 2016:

Interest and dividend income	\$ 14,004
Realized and unrealized gains on investments	11,577
Total investment income	<u>\$ 25,581</u>

**SPECIAL OLYMPICS IOWA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE C - UNCONDITIONAL PROMISES TO GIVE**

Unconditional promises to give consist of the following at December 31, 2016:

Unconditional promises to give	\$ 51,050
Less: Unamortized discount	<u>(8,755)</u>
	42,295
Less: Allowance for uncollectible amounts	<u>-</u>
Net unconditional promises to give	<u>\$ 42,295</u>
Amounts due in:	
Less than one year	\$ -
One to five years	-
More than five years	<u>51,050</u>
	<u>\$ 51,050</u>

Pledges receivable due in more than one year are recorded at the present value of estimated future cash flows using a discount rate that approximates the prime rate in effect at the time of the gift. Pledges from a portion of an estate or will are discounted based on the remaining life expectancy of the donor.

Management periodically reviews outstanding pledges receivable to determine whether the allowance for potentially uncollectible pledges is adequate.

**NOTE D - PROPERTY AND EQUIPMENT**

Following is a summary of property and equipment at December 31, 2016:

Land	\$ 230,012
Building and improvements	1,929,647
Furniture	29,843
Equipment	294,237
Vehicles	<u>169,981</u>
	2,653,720
Less: Accumulated depreciation	<u>850,170</u>
Net property and equipment	<u>\$ 1,803,550</u>

**NOTE E - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets totaling \$19,149 at December 31, 2016 were released to unrestricted net assets during 2016 as purpose restrictions were met. Following is a summary of donor specified purpose and time restrictions at December 31, 2016:

Restricted for:	
Young Athletes Program	\$ 35,000
2017 Summer Games	10,000
Project Unify	5,995
Technology upgrades	10,940
Unconditional promises to give in future periods	<u>42,295</u>
	<u>\$ 104,230</u>

**SPECIAL OLYMPICS IOWA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE F - SERVICE AGREEMENT AND RETIREMENT PLAN**

Beginning July 1, 2016, a professional employer organization (PEO) provides human resource management and payroll processing and payroll tax administration to employees of the Organization. The Organization reimburses the PEO for all salary and benefit expenses, along with a fee for its services. The agreement continues indefinitely until either party terminates the agreement. The Organization must provide 60 days advance written notice to terminate the agreement. In the event of termination, the services provided by the PEO will be transferred back to the Organization.

The Organization sponsors a 401(k) defined contribution retirement plan covering all eligible employees. The Organization matches 50% of employees' deferrals up to 8% of eligible compensation. Additional contributions can also be made to the plan at the discretion of the Board of Directors. Retirement plan expense was \$22,000 for the year ended December 31, 2016.

**NOTE G - AFFILIATE TRANSACTIONS**

The Organization is accredited by Special Olympics, Inc. (SOI) to conduct Special Olympic activities within the state. During 2016, the Organization received approximately \$274,000 from SOI cooperative national fundraising projects and paid approximately \$35,000 to SOI for accreditation fees and conference registrations.