

SPECIAL OLYMPICS IOWA, INC.
(A Nonprofit Organization)

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2017

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



McGOWEN, HURST,
CLARK & SMITH, P.C.

A Step Ahead.

1601 West Lakes Parkway, Suite 500
West Des Moines, Iowa 50266
515-288-3279 • Fax 515-280-1190

106 E. Jefferson Street, P.O. Box 312
Winterset, Iowa 50273-0312
515-462-1882 • Fax 515-462-1577

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, 2017, 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 organization'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, 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.

Report on Summarized Comparative Information

We have previously audited the organization's 2016 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated May 18, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, 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
September 6, 2018

SPECIAL OLYMPICS IOWA, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017 WITH
COMPARATIVE TOTALS FOR DECEMBER 31, 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 1,810,519	\$ 1,799,154
Accounts receivable	73,308	72,991
Investments	404,764	353,400
Certificates of deposit	100,060	100,000
Prepaid expenses	23,189	3,772
Unconditional promises to give	63,197	91,081
Property and equipment, net of accumulated depreciation	1,703,514	1,803,550
Beneficial interests in trusts	192,054	171,115
	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 4,370,605</u>	<u>\$ 4,395,063</u>
 LIABILITIES		
Accounts payable - trade	\$ 23,826	\$ 24,594
Accrued expenses	23,204	47,359
Deferred revenue	81,461	91,480
	<u> </u>	<u> </u>
TOTAL LIABILITIES	128,491	163,433
 NET ASSETS		
Unrestricted net assets	4,018,810	3,956,285
Temporarily restricted net assets	31,250	104,230
Permanently restricted net assets	192,054	171,115
	<u> </u>	<u> </u>
TOTAL NET ASSETS	<u>4,242,114</u>	<u>4,231,630</u>
	<u> </u>	<u> </u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,370,605</u>	<u>\$ 4,395,063</u>

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

SPECIAL OLYMPICS IOWA, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017 WITH
COMPARATIVE TOTALS FOR DECEMBER 31, 2016

	<u>2017</u>	<u>2016</u>
UNRESTRICTED NET ASSETS		
REVENUES		
Contributions	\$ 670,536	\$ 781,326
Statewide partners sponsorship	125,000	75,000
Fundraising	1,626,441	1,541,877
Program revenues	113,131	91,777
Grants and appropriations	258,051	219,676
In-kind donations	1,457,913	1,383,704
Investment income	57,066	25,581
Gain (loss) on sale of assets	(25)	2,200
Net assets released from restriction	74,230	19,149
Distributions from beneficial interest in trusts	5,941	6,550
TOTAL REVENUES	<u>4,388,284</u>	<u>4,146,840</u>
EXPENSES		
Program services:		
Games and competition	2,365,135	2,428,158
Challenge days	56,727	88,656
Healthy athletes	37,125	110,018
Unified sports	657,146	367,712
Young athletes	135,199	166,789
Athlete leadership program	-	27,756
Total program services	<u>3,251,332</u>	<u>3,189,089</u>
Supporting services:		
Fundraising	902,615	797,601
Management and general	171,812	181,946
Total supporting services	<u>1,074,427</u>	<u>979,547</u>
TOTAL EXPENSES	<u>4,325,759</u>	<u>4,168,636</u>
NET CHANGE IN UNRESTRICTED NET ASSETS	62,525	(21,796)
TEMPORARILY RESTRICTED NET ASSETS		
Grant and contribution income	1,250	16,995
Net assets released from restriction - satisfaction of purpose	(74,230)	(19,149)
NET CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	(72,980)	(2,154)
PERMANENTLY RESTRICTED NET ASSETS		
Contributions made to beneficial interests in trusts	3,382	6,470
Distributions from beneficial interests in trusts	(5,941)	(6,550)
Change in valuation of beneficial interests in trusts	23,498	6,317
NET CHANGE IN PERMANENTLY RESTRICTED NET ASSETS	<u>20,939</u>	<u>6,237</u>
NET CHANGE IN NET ASSETS	10,484	(17,713)
NET ASSETS - BEGINNING OF YEAR	<u>4,231,630</u>	<u>4,249,343</u>
NET ASSETS - END OF YEAR	<u>\$ 4,242,114</u>	<u>\$ 4,231,630</u>

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

SPECIAL OLYMPICS IOWA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017 WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2016

	Program Services										Supporting Services			2016
	Games and Competition	Challenge Days	Healthy Athletes	Unified Sports	Young Athletes	Total	Fund Raising	Management and General	Total	Total Expenses	Total Expenses	Total Expenses	Total Expenses	
Salaries	\$ 596,460	\$ 14,306	\$ 9,362	\$ 165,725	\$ 34,096	\$ 819,949	\$ 319,939	\$ 113,561	\$ 433,500	\$ 1,253,449	\$ 452,785	\$ 1,302,674		
Events and games supplies	329,372	7,900	5,170	91,515	18,828	452,785	-	-	-	452,785	378,852			
Accreditation fee	27,490	659	432	7,638	1,571	37,790	-	-	-	37,790	34,637			
Professional fees and services	969	23	15	269	56	1,332	1,332	18,972	20,304	21,636	21,576			
Insurance	27,694	664	435	7,695	1,583	38,071	4,656	1,754	6,410	44,481	40,668			
Bank fees	48	1	1	13	3	66	-	9,513	9,513	9,579	11,031			
Building maintenance	20,913	502	328	5,811	1,195	28,749	3,628	2,148	5,776	34,525	45,281			
Utilities	7,588	182	119	2,108	434	10,431	4,683	1,521	6,204	16,635	18,423			
Equipment repairs	21,956	526	345	6,101	1,255	30,183	464	464	928	31,111	12,537			
Education	20,111	482	316	5,588	1,150	27,647	-	-	-	27,647	27,168			
Professional Development	80	2	1	22	5	110	-	-	-	110	285			
Office expense	13,318	320	209	3,700	761	18,308	985	1,056	2,041	20,349	27,716			
Telephone	3,550	85	56	986	203	4,880	2,107	1,405	3,512	8,392	7,670			
Information technology	15,948	382	250	4,431	912	21,923	9,673	2,404	12,077	34,000	23,833			
Postage and shipping	6,530	157	103	1,814	373	8,977	984	978	1,962	10,939	9,179			
Printing	6,594	158	103	1,832	377	9,064	1,172	880	2,052	11,116	23,847			
Permits and licenses	426	10	7	119	24	586	1,266	-	1,266	1,852	4,343			
Meeting expense	7,601	182	119	2,112	435	10,449	31,416	1,943	33,359	43,808	36,700			
Travel	75,859	1,820	1,191	21,077	4,336	104,283	2,574	-	2,574	106,857	116,346			
Dues and subscriptions	3,485	84	55	968	199	4,791	1,107	-	1,107	5,898	3,948			
Public relations	6,498	156	102	1,806	371	8,933	3,183	-	3,183	12,116	13,464			
Volunteer recruitment	8,619	207	135	2,395	493	11,849	8,023	-	8,023	19,872	19,665			
Awards	18,782	450	295	5,219	1,073	25,819	157	-	157	25,976	24,803			
Souvenir expense	34,149	819	536	9,488	1,952	46,944	6,343	-	6,343	53,287	45,478			
Telemarketing expense	-	-	-	-	-	-	39,496	-	39,496	39,496	38,811			
Fundraising	-	-	-	-	-	-	112,151	-	112,151	112,151	119,504			
Special events - Torch Run	-	-	-	-	-	-	183,528	-	183,528	183,528	168,229			
In-kind expenses	958,432	22,988	15,044	266,298	54,787	1,317,549	135,965	-	135,965	1,453,514	1,371,405			
Miscellaneous - program expenses	58,630	1,406	920	16,290	3,352	80,598	-	-	-	80,598	65,374			
Miscellaneous - other	48,737	1,169	765	13,541	2,786	66,998	-	2,175	2,175	69,173	59,281			
Depreciation	45,296	1,087	711	12,585	2,589	62,268	27,783	13,038	40,821	103,089	95,888			
TOTAL EXPENSES	\$2,365,135	\$ 56,727	\$ 37,125	\$ 657,146	\$ 135,199	\$ 3,251,332	\$902,615	\$ 171,812	\$ 1,074,427	\$4,325,759	\$ 4,168,636			

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

SPECIAL OLYMPICS IOWA, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2017 WITH
COMPARATIVE TOTALS FOR DECEMBER 31, 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net change in net assets	\$ 10,484	\$ (17,713)
Adjustments to reconcile net change in net assets to net change in cash from operating activities:		
Depreciation	103,089	95,888
(Gain) loss on sale of assets	25	(2,200)
Realized and unrealized (gains)/losses on investments and certificates of deposit	(51,424)	(11,577)
Discount on unconditional promises to give	-	(1,000)
Beneficial interests in trusts contributions	(3,382)	(6,470)
Increase in beneficial interests in trusts	(23,498)	(6,317)
Change in:		
Accounts receivable	(317)	(12,669)
Prepaid expenses	(19,417)	15,486
Unconditional promises to give	27,884	-
Accounts payable and accrued expenses	(24,923)	7,990
Deferred revenue	(10,019)	83,666
NET CHANGE IN CASH FROM OPERATING ACTIVITIES	<u>8,502</u>	<u>145,084</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment purchases	(1,503)	(8,086)
Proceeds from sale of investments	1,503	-
Certificate of deposit purchases	-	(100,000)
Property and equipment purchases	(18,963)	(69,949)
Proceeds from sale of property and equipment	<u>15,885</u>	<u>-</u>
NET CHANGE IN CASH FROM INVESTING ACTIVITIES	<u>(3,078)</u>	<u>(178,035)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Distributions from beneficial interests in trusts	<u>5,941</u>	<u>6,550</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	11,365	(26,401)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,799,154</u>	<u>1,825,555</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,810,519</u>	<u>\$ 1,799,154</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.

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.

Permanently restricted net assets represent net asset subjected to donor-imposed restrictions that stipulate the resources be maintained permanently, but permit the use of part of all of the income derived from the donated assets for either specified or unspecified purposes.

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, 2017, 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 \$694,000 at December 31, 2017.

ACCOUNTS RECEIVABLE - Accounts receivable at December 31, 2017 includes \$54,247 due from Special Olympics, Inc. for donations collected on behalf of the Organization. The remaining \$19,061 represents other miscellaneous receivable items. 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, 2017.

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, 2022.

INVESTMENTS - Investments are stated at fair value. Changes in unrealized gains and losses, if any, are presented as a component of investment income on the Statement of Activities. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date.

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the Organization's investment balances.

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 distributions from the trust to support the Organization's activities and reports those distributed earnings as unrestricted 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 \$5,941 in 2017.

Certain donors have contributed funds to the Community Foundation of Greater Des Moines (CFGDM) and the Community Foundation of Greater Dubuque (CFGD) through agency funds where Special Olympics Iowa, Inc. is the designated beneficiary. The Foundation reports its beneficial interest in the funds at the fair value, which is determined and provided by the CFGDM and CFGD as a component of permanently restricted net assets. Distributions to the Organization from the funds for each fiscal year is to be requested by the Organization and may not exceed 5% of the fund balance on December 31st of the previous year. Distributions from the funds are unrestricted. There were no distributions to the Organization during 2017 from the funds held at the CFGDM and the CFGD. Donor contributions to the funds are reported as permanently restricted contributions (\$3,382 in 2017). Changes in the fair value of the funds are reported in the Statement of Activities as permanently restricted change in valuation of beneficial interests in trusts.

SPECIAL OLYMPICS IOWA, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A - SIGNIFICANT ACCOUNTING POLICIES - Continued

PROMISES TO GIVE - Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Unconditional promises to give are expected to be collected during 2018. Management periodically reviews outstanding unconditional promises to give to determine whether the allowance for potential uncollected unconditional promises to give is adequate. Management has determined that no allowance is necessary for the year ended December 31, 2017.

The Organization has conditional promises to give of \$51,050 at December 31, 2017, representing conditional promises to give that are included in the donors' estates. These conditional promises to give have not been recorded in the Organization's financial statements.

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, 2017.

FAIR VALUE MEASUREMENTS - Professional standards establish a framework for measuring fair value. That 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 or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs). The three levels of the fair value hierarchy are:

- Level 1 - quoted prices in active markets for identical assets or liabilities.
- Level 2 - quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; modeling with inputs that have observable inputs (i.e. interest rates observable at commonly quoted intervals).
- Level 3 - valuation is generated from model-based techniques that use significant assumptions not observable in the market.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

DEFERRED REVENUE - Deferred revenue at December 31, 2017 consists of statewide partner sponsorships received in 2017 from various organizations for opportunities to market their business or gain recognition during future events to be held in 2018 by Special Olympics. When these sponsorships are collected, they are recorded as deferred revenue until these future events have occurred.

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.

SPECIAL OLYMPICS IOWA, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A - SIGNIFICANT ACCOUNTING POLICIES - Continued

UNCERTAIN TAX POSITIONS - Management is unaware of any uncertain income tax positions at December 31, 2017. 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 2017.

ADVERTISING - The Organization expenses advertising costs as they are incurred. There were no significant advertising expenses in 2017.

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.

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	\$	39,496
Program		<u>39,496</u>
		<u><u>\$ 78,992</u></u>

COMPARATIVE TOTALS - The amounts shown for 2016 in the accompanying financial statements are included to provide a basis for comparison with 2017 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 September 6, 2018, the date the financial statements were available to be issued.

NOTE B - INVESTMENTS

Investments consist of the following at December 31, 2017:

	<u>Cost</u>	<u>Unrealized Gains</u>	<u>Fair Value</u>
Money market funds	\$ 22,424	\$ -	\$ 22,424
Mutual funds:			
Equity	161,198	36,787	197,985
Fixed income	141,832	350	142,182
International	37,766	4,407	42,173
	<u>\$ 363,220</u>	<u>\$ 41,544</u>	<u>\$ 404,764</u>

SPECIAL OLYMPICS IOWA, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE B - INVESTMENTS - Continued

Following is a summary of the Organization's investment income at December 31, 2017:

Interest and dividend income	\$ 5,642
Realized and unrealized gains on investments	51,424
Total investment and certificates of deposit income	<u>\$ 57,066</u>

The fair value of the investments in marketable securities is determined using Level 1 measurements.

NOTE C - BENEFICIAL INTERESTS IN TRUSTS

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. Level 3 measurements is when the valuation is generated from model-based techniques that use significant assumptions not observable in the market. However, the underlying investments in the funds consist of investments that are measured by the trustees using Level 1 or Level 2 inputs.

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, 2017.

Beginning balance	\$ 171,115
Interest and dividends	6,143
Realized gains	191
Unrealized gains	19,995
Contributions	3,382
Distributions	(5,941)
Investment fees	(2,831)
Ending balance	<u>\$ 192,054</u>

NOTE D - PROPERTY AND EQUIPMENT

Following is a summary of property and equipment at December 31, 2017:

Land	\$ 230,012
Building and improvements	1,929,647
Furniture	29,843
Equipment	294,237
Vehicles	164,268
	<u>2,648,007</u>
Less: Accumulated depreciation	944,493
Net property and equipment	<u>\$ 1,703,514</u>

SPECIAL OLYMPICS IOWA, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE E - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets totaling \$74,230 at December 31, 2017 were released to unrestricted net assets during 2017 as purpose restrictions were met. Following is a summary of donor specified purpose and time restrictions at December 31, 2017:

Restricted for:	
Young Athletes Program	\$ 30,000
Dyersville Progress Adults	1,250
	<u>\$ 31,250</u>

NOTE F - SERVICE AGREEMENT AND RETIREMENT PLAN

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 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 \$28,351 for the year ended December 31, 2017.

NOTE G - AFFILIATE TRANSACTIONS

The Organization is accredited by Special Olympics, Inc. (SOI) to conduct Special Olympic activities within the state. During 2017, the Organization received approximately \$297,000 from SOI cooperative national fundraising projects and paid approximately \$38,000 to SOI for accreditation fees and conference registrations.