

SPECIAL OLYMPICS LOUISIANA, INC.
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Special Olympics Louisiana, Inc.
Covington, Louisiana

We have audited the accompanying financial statements of Special Olympics Louisiana, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe 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 Louisiana, Inc. as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Agency Head, Political Subdivision Head, or Chief Executive Officer is required by Louisiana Revised Statute 24:513 (A)(3) and is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2021, on our consideration of Special Olympics Louisiana, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Special Olympics Louisiana, Inc.'s on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Special Olympics Louisiana, Inc.'s internal control over financial reporting and compliance.

TWRU

CPAs & Financial Advisors
May 19, 2021

SPECIAL OLYMPICS LOUISIANA, INC.
COVINGTON, LOUISIANA

STATEMENTS OF FINANCIAL POSITION
(See Notes to Financial Statements)
December 31, 2020 and 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 335,346	\$ 980,249
Accounts and Grants Receivable	353,549	364,347
Prepaid Expense	29,135	18,404
	<u>718,030</u>	<u>1,363,000</u>
PROPERTY AND EQUIPMENT, NET	35,266	41,269
OTHER NONCURRENT ASSETS		
Investments	552,886	-
Security Deposits	3,000	3,000
TOTAL OTHER ASSETS	<u>555,886</u>	<u>3,000</u>
TOTAL ASSETS	<u>\$ 1,309,182</u>	<u>\$ 1,407,269</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 11,148	\$ 1,632
Accrued Expenses	21,089	95,334
Deferred Rent	1,140	1,428
Deferred Contribution	15,000	-
	<u>48,377</u>	<u>98,394</u>
TOTAL LIABILITIES	48,377	98,394
NET ASSETS		
Board Designated Operating Reserve	649,571	695,123
Unrestricted	383,612	1,153,704
Without Donor Restrictions	1,033,183	1,153,704
With Donor Restrictions	227,622	155,171
TOTAL NET ASSETS	<u>1,260,805</u>	<u>1,308,875</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,309,182</u>	<u>\$ 1,407,269</u>

SPECIAL OLYMPICS LOUISIANA, INC.
COVINGTON, LOUISIANA

STATEMENTS OF ACTIVITIES
(See Notes to Financial Statements)
For the Years Ended December 31, 2020 and 2019

	2020			2019		
	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
SUPPORT AND REVENUES						
Fundraising revenues	\$ 127,282	\$ -	\$ 127,282	\$ 422,134	\$ -	\$ 422,134
Contributions	383,412	-	383,412	647,389	9,200	656,589
Grants, Non Government	10,843	409,003	419,846	60,596	376,821	437,417
Government Grant	228,417	-	228,417	200,000	-	200,000
Donated Services & Materials	228,619	-	228,619	512,366	-	512,366
Investment Income	4,027	-	4,027	2,031	-	2,031
Miscellaneous Income	449	-	449	6,119	-	6,119
Changes in net asset restrictions:						
Released from Restrictions	336,552	(336,552)	-	408,469	(408,469)	-
	<u>1,319,601</u>	<u>72,451</u>	<u>1,392,052</u>	<u>2,259,104</u>	<u>(22,448)</u>	<u>2,236,656</u>
EXPENSES						
Program	1,160,816	-	1,160,816	1,597,898	-	1,597,898
Fundraising	144,184	-	144,184	363,049	-	363,049
General and Administrative	135,122	-	135,122	136,317	-	136,317
	<u>1,440,122</u>	<u>-</u>	<u>1,440,122</u>	<u>2,097,264</u>	<u>-</u>	<u>2,097,264</u>
Gain(Loss) on Disposal/Sale of Property & Equipment	-	-	-	220,110	-	220,110
Changes in net assets	(120,521)	72,451	(48,070)	381,950	(22,448)	359,502
NET ASSETS						
Beginning Balance	1,153,704	155,171	1,308,875	771,754	177,619	949,373
End of year	<u>\$ 1,033,183</u>	<u>\$ 227,622</u>	<u>\$ 1,260,805</u>	<u>\$ 1,153,704</u>	<u>\$ 155,171</u>	<u>\$ 1,308,875</u>

SPECIAL OLYMPICS LOUISIANA, INC.
COVINGTON, LOUISIANA

STATEMENTS OF FUNCTIONAL EXPENSES
(See Notes to Financial Statements)
For the Years Ended December 31, 2020 and 2019

	2020				2019			
	<i>Program</i>	<i>Fundraising</i>	<i>General & Administrative</i>	<i>Total</i>	<i>Program</i>	<i>Fundraising</i>	<i>General & Administrative</i>	<i>Total</i>
Activity Supplies/Games Expense	\$ 85,468	\$ 46,725	\$ 2,206	134,399	\$ 197,038	\$ 74,394	\$ 9,926	281,358
Membership Dues	28,661	-	518	29,179	45,533	140	\$ 247	45,920
Depreciation Expense	11,365	1,065	591	13,021	9,459	1,267	\$ 793	11,519
Donated Services & Materials	199,553	18,703	10,363	228,619	387,384	114,128	\$ 10,854	512,366
Employee Benefits	135,315	11,416	8,021	154,752	116,407	15,589	\$ 9,755	141,751
Equipment Maintenance/Rental	12,007	1,060	589	13,656	24,320	3,379	\$ 1,630	29,329
Insurance	36,990	3,466	1,923	42,379	39,667	6,200	\$ 3,324	49,191
Marketing and Advertising	1,199	831	9,811	11,841	20,032	3,025	\$ 529	23,586
Meetings/Conferences	-	-	555	555	21	3	\$ 8,471	8,495
Miscellaneous Expenses	59	202	1,960	2,221	3,120	1,022	\$ 247	4,389
Office Maintenance & Expenses	52,233	5,190	2,636	60,059	39,483	5,919	\$ 2,866	48,268
Payroll Taxes	42,222	3,711	2,442	48,375	40,552	5,431	\$ 3,399	49,382
Professional Fees	840	-	63,398	64,238	62,933	53,696	\$ 1,292	117,921
Salaries	512,282	48,002	26,638	586,922	520,783	69,750	\$ 43,644	634,177
Telephone & IT	24,794	2,132	1,153	28,079	27,361	3,664	\$ 2,294	33,319
Travel, Meals, and Lodging	17,828	1,681	2,318	21,827	63,805	5,442	\$ 37,046	106,293
	<u>\$ 1,160,816</u>	<u>\$ 144,184</u>	<u>\$ 135,122</u>	<u>\$ 1,440,122</u>	<u>\$ 1,597,898</u>	<u>\$ 363,049</u>	<u>\$ 136,317</u>	<u>\$ 2,097,264</u>

SPECIAL OLYMPICS LOUISIANA, INC.
COVINGTON, LOUISIANA

STATEMENTS OF CASH FLOWS
(See Notes to Financial Statements)
For the Years Ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (48,070)	\$ 359,502
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by (Used in) Operating Activities:		
Depreciation	13,021	11,519
Donated Investments	(3,860)	-
Gain on Sale of Marketable Securities	(507)	-
Unrealized Gain on Marketable Securities	(2,582)	-
(Gain)Loss on Disposal of Assets	-	(220,110)
Decrease (Increase) in Assets:		
Accounts Receivable	10,798	(65,572)
Prepaid Expenses	(10,731)	1,424
Security Deposits	-	(3,000)
Increase (Decrease) in Liabilities:		
Accounts Payable	9,516	3,060
Payroll Liabilities	(74,245)	74,200
Deferred Rent	(288)	-
Deferred Contributions	15,000	-
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(91,948)	161,023
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(7,018)	(25,066)
Proceeds from Disposal of Fixed Assets	-	393,150
Purchase of Marketable Securities	(557,536)	-
Proceeds from Sale of Marketable Securities	11,599	-
Certificate of Deposit Matured	-	10,000
CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	(552,955)	378,084
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(644,903)	539,107
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	980,249	441,142
CASH AND CASH EQUIVALENTS, END OF THE YEAR	\$ 335,346	\$ 980,249
DISCLOSURE OF NON-CASH ITEMS		
In-kind donations to the Organization	\$ 228,619	\$ 512,366

SPECIAL OLYMPICS LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities – Special Olympics Louisiana, Inc. (the Organization or SOLA) is a nonprofit corporation authorized and accredited by Special Olympics, Incorporated (SOI). The Organization was established in 1968 to provide year-round sports training and athletic competition in a variety of Olympic-type sports for all children and adults with intellectual disabilities, 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. SOLA currently has 12,317 registered athletes across the state, including student participation on over 500 elementary, middle/high school and college campuses. Despite COVID, 4,306 people with intellectual disabilities, 230 unified partners, 804 certified coaches, and 1210 general volunteers participated through in-person activities. An additional 3,168 athletes participated in virtual programming which included modified health and fitness modules. The accompanying financial statements include the activities of the Special Olympics Louisiana, Inc. headquarters (accredited US program office) and all affiliated units located throughout Louisiana. All Louisiana affiliated units are owned and operated under the direction of the Organization's chapter office.

Basis of Accounting - The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Basis of Presentation – The financial statement presentation of the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. Net assets without donor restrictions are resources that are free of donor-imposed or time restrictions and are available at the direction of the governing board. Net assets with donor restrictions are resources that are limited by donor-imposed stipulations. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or the fulfillment of an event or circumstance specified by the donor. Some net assets with donor restrictions neither expire by passage of time nor can be fulfilled or otherwise removed by specific action. There were no net assets with permanent donor restrictions at December 31, 2020. The only limit on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purpose specified in corporate documents, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. Further, net assets without donor restrictions can be earmarked for a specific purpose by the Board of Directors and will be shown as board designated on the financial statements. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements as net assets released from restrictions in the statement of activities. The organization has both net assets with donor restrictions and net assets without donor restrictions at December 31, 2020 and 2019.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Revenue Recognition – Contributions are recognized when the donor makes a promise to give that is unconditional. Conditional promises to give that are received in advance are reported as deferred contributions in the statements of financial position. Conditional promises to give are not recognized until they become unconditional. Contributions to be received in future periods are discounted at an appropriate discount rate. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

In-kind contributions are reflected as contributions at their estimated fair value at the date of donation. The Organization reports gifts of land, buildings, equipment and other nonmonetary contributions as unrestricted support unless explicit donor stipulations specify how the donated assets must be used.

Revenues from grants and contracts are recognized according to the specific agreement. Generally, revenues from grants are recognized in the period of the grant award while revenues from cost reimbursement contracts are recognized to the extent of services provided.

SPECIAL OLYMPICS LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents – For purposes of the Statement of Cash Flows, SOLA considers all highly liquid investments with a maturity of three months or less to be cash equivalents. However, cash, money funds and other such items with a maturity greater than three months are considered investments for the purpose of the statement of cash flows.

Accounts Receivables – Accounts receivables consist of grants, unconditional promises to give, and special event sponsorships. Management believes that receivables as reflected in the accompanying financial statements are collectible in full therefore no allowance has been recorded.

Property and Equipment – Property and equipment purchased with a cost of \$1,000 or more by the Organization is recorded at cost at the date of acquisition. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as an increase in net assets with donor restrictions and are considered released when placed into service.

Functional Allocation of Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of activities. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Tax-exempt status – The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision for income taxes has been made; however, if the Organization should engage in activities unrelated to the purpose for which it was created, taxable income could result. The Organization has no unrelated business income for the years ended December 31, 2020 and 2019.

Accrued Leave – Each employee is afforded the flexibility to take planned vacations as needed. Paid Time Off (PTO) is considered a gratuity of SOLA, therefore no PTO is accrued or paid out upon termination or separation.

Retirement plan – The Organization has a defined contribution pension plan, which covers all permanent employees that have completed one year of service. Contributions are made to the plan at 9% of the participants' gross salaries and an additional 1% matching contribution. Retirement expense was \$67,388 and \$57,686 for the years ended December 31, 2020 and 2019, respectively. These assets are held in mutual funds and/or annuity contracts under the plan independent of SOLA. The responsibility for administration and investment of the plan is with One America.

Advertising – SOLA follows the policy of charging the costs of advertising to expense as incurred. Advertising expense amounted to \$11,841 and \$23,586 for the years ended December 31, 2020 and 2019, respectively.

Investments – Investments in equity and debt securities are recorded at fair value. Dividends, interest, and other investment income including realized and unrealized gains and losses, net of any investment expenses, are included in changes in net assets without donor restrictions.

Reclassification - Certain accounts relating to the prior year have been reclassified to conform to the current year presentation with no effect on previously reported change in net assets.

SPECIAL OLYMPICS LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Paycheck Protection Program - During the year, SOLA received proceeds under the Paycheck Protection Program "PPP" administered by a Small Business Administration (SBA) approved partner. Established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), the PPP provides for forgivable loans to qualifying organizations as long as the organization maintains its payroll levels and uses the proceeds for eligible purposes, including payroll, benefits, rent, and utilities, over a "covered period". Up to 100% of a loan is forgivable. The forgiveness amount will be reduced if the organization terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period. SOLA intends to use PPP loan proceeds for purposes consistent with the PPP and apply for forgiveness within 10 months of the end of the covered period. See Note 14.

SOLA expects to meet the PPP's eligibility criteria, and concludes that the PPP loan represents, in substance, a grant that is expected to be forgiven. Accordingly, the Council has initially recorded the loan as a refundable advance and will record the forgiveness in accordance with guidance for conditional contributions when there is no longer a measurable performance or other barrier and a right to return of the PPP loan or when such conditions are explicitly waived. SOLA has interpreted the condition of the grant to be the approval of the forgiveness application by the lender and SBA, upon receipt of which the Council will recognize the amount forgiven as government grant revenue.

NOTE 2: INVESTMENTS

Investments are recorded at fair value and are comprised of both debt and equity securities. Investment fees for the year ended December 31, 2020 were \$1,563 and were subtracted from the investment income on the statements of activities.

The following schedule summarized the investment revenue and expenses in the statements of activities for the year ended December 31, 2020:

	<u>2020</u>
Interest & Dividends	\$ 2,501
Gain on Sale of Marketable Securities	507
Unrealized Gains (Losses), Net	2,582
Investment Fees	<u>(1,563)</u>
Investment Income	<u>\$ 4,027</u>

Investments are measured at fair value in the statements of financial position based on quoted market price. The following schedule summarizes the value of the investments at December 31, 2020:

	<u>2020</u>
Current Cost Basis	\$ 548,859
Unrealized Gains, Net	<u>4,027</u>
Marketable Securities at Fair Value	<u>\$ 552,886</u>

SPECIAL OLYMPICS LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019NOTE 3: FAIR VALUE INSTRUMENTS

Accounting principles generally accepted in the United States of America 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 and the lowest priority to unobservable inputs. 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.

Level 2 – Inputs to the valuation methodology include 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 by other means.

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

Investments at fair value consist of the following at December 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Corporate Bonds	\$ 40,939	\$ -	\$ -
Municipal Bonds	372,973	-	-
Common Stocks	128,540	-	-
Exchange-Traded Products	7,808	-	-
Bank Deposits	2,626	-	-
Total Market Value	<u>\$552,886</u>	<u>\$ -</u>	<u>\$ -</u>

There were no investments held at December 31, 2020.

NOTE 4: PROPERTY AND EQUIPMENT

Property and equipment, related service lives, and accumulated depreciation as of December 31, 2020 and 2019 were as follows:

	<u>Estimated Service Lives</u>	<u>2020</u>	<u>2019</u>
Furniture and Equipment	2 – 10 years	89,210	87,275
Accumulated depreciation		<u>(53,944)</u>	<u>(46,006)</u>
Net Property and Equipment		<u>\$ 35,266</u>	<u>\$ 41,269</u>

Depreciation expense was \$13,021 and \$11,519 for the years ended December 31, 2020 and 2019, respectively.

During 2019, SOLA sold the land, building, and improvements that were being used as the main office. The organization also disposed of impaired and obsolete furniture and equipment. The sale and disposals of fixed assets during the year resulted in a gain of \$220,110. During 2020, SOLA disposed of \$5,083 of fully depreciated assets and purchased \$7,018 of new assets.

SPECIAL OLYMPICS LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019NOTE 5: NET ASSETS

Net assets with donor restrictions at December 31, 2020 and 2019 are available to support the Organization in the following areas:

	<u>2020</u>	<u>2019</u>
Unified Champions School	\$ 163,805	\$ 116,692
Unified Sports	15,000	-
Healthy Athletes, Community, & Family	17,000	10,624
Fitness Programming	6,000	4,925
Specific Parish	13,317	17,821
All Others	12,500	5,109
	<u>\$ 227,622</u>	<u>\$ 155,171</u>

Net assets released from restrictions by incurring program related expenses or meeting time restrictions were as follows:

	<u>2020</u>	<u>2019</u>
Unified Champions School	\$ 177,887	\$ 229,022
Healthy Athletes, Community, & Family	93,127	76,994
Fitness Programming/Implementation	17,425	20,000
Unified Sports	-	23,726
Specific Parish	33,004	19,436
All Others	15,109	39,291
Released from Restrictions	<u>\$ 336,552</u>	<u>\$ 408,469</u>

NOTE 6: DONATED SERVICES AND MATERIALS

The Organization receives services, on a year-round basis, from individuals who donate their time as Area Directors and Parish Directors for programs and events sponsored by the Organization. The value of the services of is recorded as donated services, based on the independent sector per hour average and management's estimation of hours worked. These services are also recorded as expense and are allocated as 87% program, 8% fundraising, and 5% general & admin. The Organization also receives medical, transportation, security, and various other services from individuals with the expertise to provide those services and help SOLA reduce operating costs for programs and fundraising events.

The Organization also receives items donated or provided at a discount for fundraising and program events. Materials and other noncash donations are recorded at cost or estimated fair value determined at the date of donation.

Many individuals volunteer their time and perform a variety of tasks that assist the Organization in the performance of its programs, but these services do not meet the criteria for recognition as contributed services and are not recorded in the financial statements. During the years ending December 31, 2020 and 2019, SOLA estimates it received 38,700 hours from approximately 1,210 individuals and 92,795 hours from approximately 20,911 individuals, respectively. These volunteers are an integral part in the overall success of the Organization's programs.

SPECIAL OLYMPICS LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019NOTE 7: RELATED PARTY

Special Olympics, Inc. (SOI) distributes mailings to individuals requesting contributions on behalf of the Organization. SOI also collects contributions from its website and through other fundraising initiatives on behalf of the Organization. SOI also awards grants to the Organization. Total revenue from SOI recognized during the year ending December 31, 2020 was \$582,541 of which \$205,220 was in accounts receivable at December 31, 2020. Total revenue from SOI recognized during the year ending December 31, 2019 was \$487,574 of which \$152,526 was in accounts receivable at December 31, 2019.

The Organization paid accreditation fees to SOI of \$28,661 and \$44,737 for the years ended December 31, 2020 and 2019, respectively.

NOTE 8: ECONOMIC DEPENDENCY

The Organization derived approximately 42% and 21% of its revenues from Special Olympics, Inc. as fundraising revenue or grants for the years ended December 31, 2020 and 2019, respectively.

The Organization derived approximately 7% and 9% of its revenues from government grants for the years ended December 31, 2020 and 2019, respectively.

A significant reduction in these levels of support, if it were to occur, could have a significant effect on the Organization's programs and activities.

NOTE 9: CONCENTRATION OF CREDIT RISK

Financial instruments which subject SOLA to concentrations of credit risk consist primarily of receivables. In addition, SOLA maintains cash in local and regional financial institutions, which may at times exceed the FDIC limits. SOLA also maintains cash in a local investment firm that at times may exceed FDIC limits. Management believes the risk is limited.

NOTE 10: CONTINGENCIES

The Organization receives contracts from state and non-profit agencies for specific purposes that are subject to audit by the agencies. Such audits could lead to requests for reimbursement to the agency for expenditures disallowed under terms of the contract. It is the opinion of management that SOLA's compliance with the terms of contracts will result in negligible, if any, disallowed costs.

NOTE 11: INCOME TAXES

The Organization's administration recognizes the effect of income tax positions only if the positions are more likely than not of being sustained. Recognized income tax positions are recorded at the largest amount that is greater than 50% likely of being realized. Changes in the recognition or measurement are reflected in the period in which the change in judgment occurs. The Organization's administration has evaluated its position regarding the accounting for uncertain income tax positions. The Organization's administration does not believe that it has any uncertain tax positions and is no longer subject to federal, state, or local tax examinations by tax authorities for years before 2017.

SPECIAL OLYMPICS LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE 12: OPERATING LEASE

The Organization entered into a four-year operating lease agreement in September of 2019 for the use of a printer. Payments are \$756 per month, plus additional fees for usage.

The Organization entered into a three-year operating lease agreement in September of 2019 for the use of office equipment. Payments are \$199 per month.

The Organization entered into a five-year operating lease agreement in 2019 for the use of an office building located in Covington, Louisiana. SOLA posted a \$3,000 damage deposit and made monthly payments of \$3,000 per month. Payments for the remainder of the lease are \$3,500 per month. SOLA will have the option to renew the lease for an additional two or three years when the original lease expires in 2024.

Future Minimum Lease Payments are as follows:

2021	\$53,465
2022	\$52,667
2023	\$48,048
2024	\$35,000

NOTE 13: LIQUIDITY AND AVAILABILITY

During 2019 the Organization's Board of Directors approved policies regarding operating reserves, board designations, and investments. The target amount to be attained and maintained for the board-restricted operating reserve is \$2,000,000, representing approximately 100% of annual operating expenses. To establish the reserve fund, the Board of Directors has designated approximately \$695,000 of existing accumulated net assets to be invested into marketable securities. The remaining amount is to be funded over the next five fiscal years through funding strategies incorporated into SOLA's annual fundraising plan and capital budget.

The following reflects the Organizations financial assets as of the statement of financial position date, reduced by the amounts not available for general use within one year because of contractual or donor-imposed restrictions or internal designations.

	<u>12/31/20</u>	<u>12/31/19</u>
Cash	\$ 335,346	\$ 980,249
Investments	552,886	-
Receivables	<u>353,549</u>	<u>364,347</u>
Total Financial Assets	1,241,781	1,344,596
Subtract: Donor Restrictions	(227,622)	(155,171)
Board Designations	<u>(649,571)</u>	<u>(695,123)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 364,588</u>	<u>\$ 494,302</u>

SPECIAL OLYMPICS LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE 14: PAYCHECK PROTECTION PROGRAM

In 2020, SOLA was granted and received a \$128,417 loan under the Paycheck Protection Program "PPP" administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. SOLA initially recorded the loan as a refundable advance and subsequently recognized grant revenue in accordance with guidance for conditional contributions; that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. SOLA has recognized \$128,417 as government grant revenue for the year ended December 31, 2020, which represents 100% of the loan proceeds.

NOTE 15: BOARD DESIGNATED FUNDS

The Board of Directors designated an operating reserve to help ensure the long-term financial stability of the organization and position it to respond to varying economic conditions. The target amount to be attained and maintained for the operating reserve is \$2,000,000 and represents approximately 100% of the annual operating expenses of the organization. At December 31, 2020 the balance of this account was \$699,571, of which \$50,000 may be accessed by the organization as needed but must be approved by the board chair and board treasurer and repaid within three months. The remaining balance is to be funded through strategies incorporated into SOLA's annual fundraising plan and capital budget.

NOTE 16: ADOPTION OF NEW ACCOUNTING STANDARDS

Effective January 1, 2019, the Organization adopted the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU was issued to update its revenue recognition standard to clarify the principles of recognizing revenue and eliminate industry specific guidance as well as help financial statements users better understand the nature, amount, timing and uncertainty of revenue that is recognized. Primarily, the update requires the Organization to evaluate the various performance obligations related to its contracts. The adoption of this standard did not result in any changes in the way the Organization recognized revenue and therefore no changes to the previously issued financial statements were required. Based on the review of grant contracts and contribution documentation, management has determined this ASU does not have a significant impact of the financial statements.

Effective January 1, 2019, the Organization adopted the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2018-08, *Not for Profit Entities (Topic 958), Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This ASU was issued to assist in evaluating whether transactions should be accounted for as contributions (non-reciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance. This ASU was also made to assist in determining whether a contribution is conditional. The adoption of ASU 2018-08 did not have a material impact on the Organization's financial statements.



SPECIAL OLYMPICS LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE 17: SUBSEQUENT EVENTS

SOLA has evaluated all subsequent events through May 19, 2021, the date the financial statements were available to be issued.

Subsequent to year end, the loan under the PPP program was forgiven by the SBA for the full loan amount of \$128,417. The SBA paid the lender on behalf of SOLA.

Subsequent to year end, the SOLA was granted a second loan (the "Loan") in the aggregate amount of \$144,580 pursuant to the Paycheck Protection Program under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The Loan, which was in the form of a note dated February 25, 2021, issued by the Borrower, bears interest at a rate of 1% per annum, and has a maturity date of February 25, 2026. The note may be prepaid by the borrower at any time prior to maturity with no prepayment penalties. Funds from the loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before 24 weeks after the initial funding date. SOLA intends to use the entire loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. No determination has been made as to whether SOLA will be eligible for forgiveness, in whole or in part.



SPECIAL OLYMPICS LOUISIANA, INC.

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO EXECUTIVE DIRECTOR
For the Year Ended December 31, 2020

Executive Director: John Guzzardo

Salary and Bonus	\$	161,899
Benefits – cell phone		1,500
Benefits- insurance		31,686
Benefits – retirement		16,190
Reimbursements		<u>6,742</u>
TOTAL COMPENSATION, BENEFITS AND OTHER PAYMENTS	\$	<u>218,017</u>



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Special Olympics Louisiana, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Special Olympics Louisiana, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 19, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Special Olympics Louisiana, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Special Olympics Louisiana, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Special Olympics Louisiana, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Special Olympics Louisiana, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

TWRU

CPAs & Financial Advisors
Baton Rouge, Louisiana
May 19, 2021

SPECIAL OLYMPICS LOUISIANA, INC.

SUMMARY OF FINDINGS AND RESPONSES

December 31, 2020

No Findings Noted

SPECIAL OLYMPICS LOUISIANA, INC.

SUMMARY OF PRIOR YEAR FINDINGS AND RESPONSES

December 31, 2019

No Findings Noted

