

SPECIAL OLYMPICS LOUISIANA, INC.
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018



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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, 2019 and 2018, 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, 2019 and 2018, 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, 2020, 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 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 20, 2020

SPECIAL OLYMPICS LOUISIANA, INC.
COVINGTON, LOUISIANA

STATEMENTS OF FINANCIAL POSITION
(See Notes to Financial Statements)
December 31, 2019 and 2018

| | <u>2019</u> | <u>2018</u> |
|------------------------------------|---------------------|-------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and Cash Equivalents | \$ 980,249 | \$ 441,142 |
| Accounts Receivable | 364,347 | 298,775 |
| Prepaid Expense | 18,404 | 19,828 |
| TOTAL CURRENT ASSETS | <u>1,363,000</u> | <u>759,745</u> |
| PROPERTY AND EQUIPMENT, NET | 41,269 | 200,762 |
| OTHER ASSETS | | |
| Certificates of Deposit | - | 10,000 |
| Security Deposits | 3,000 | - |
| TOTAL OTHER ASSETS | <u>3,000</u> | <u>10,000</u> |
| TOTAL ASSETS | <u>\$ 1,407,269</u> | <u>\$ 970,507</u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts Payable | \$ 3,060 | \$ - |
| Accrued Expenses | 95,334 | 21,134 |
| TOTAL LIABILITIES | <u>98,394</u> | <u>21,134</u> |
| NET ASSETS | | |
| Board Designated Operating Reserve | 695,123 | - |
| Unrestricted | 458,581 | 771,754 |
| Without Donor Restrictions | 1,153,704 | 771,754 |
| With Donor Restrictions | 155,171 | 177,619 |
| TOTAL NET ASSETS | <u>1,308,875</u> | <u>949,373</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 1,407,269</u> | <u>\$ 970,507</u> |

SPECIAL OLYMPICS LOUISIANA, INC.
COVINGTON, LOUISIANA

STATEMENTS OF ACTIVITIES
(See Notes to Financial Statements)
For the Years Ended December 31, 2019 and 2018

| | 2019 | | | 2018 | | |
|---|---------------------------------------|------------------------------------|---------------------|---------------------------------------|------------------------------------|-------------------|
| | <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 | \$ 422,134 | \$ - | \$ 422,134 | \$ 935,554 | \$ 3,500 | \$ 939,054 |
| Contributions | 647,389 | 9,200 | 656,589 | 123,967 | 212,000 | 335,967 |
| Grants, Non Government | 60,596 | 376,821 | 437,417 | 259,912 | 107,000 | 366,912 |
| Government Grant | 200,000 | - | 200,000 | 150,000 | - | 150,000 |
| Donated services | 263,205 | - | 263,205 | 371,189 | - | 371,189 |
| Donated materials | 249,161 | - | 249,161 | 117,547 | - | 117,547 |
| Miscellaneous Income | 6,111 | - | 6,111 | 6,042 | - | 6,042 |
| Interest Income | 2,039 | - | 2,039 | 7,051 | - | 7,051 |
| Changes in net asset restrictions: | | | | | | |
| Released from restrictions | 408,469 | (408,469) | - | 265,534 | (265,534) | - |
| | <u>2,259,104</u> | <u>(22,448)</u> | <u>2,236,656</u> | <u>2,236,796</u> | <u>56,966</u> | <u>2,293,762</u> |
| EXPENSES | | | | | | |
| Program expenses | 1,594,612 | - | 1,594,612 | 1,445,917 | - | 1,445,917 |
| Fundraising | 362,659 | - | 362,659 | 538,680 | - | 538,680 |
| General and administrative | 139,993 | - | 139,993 | 344,317 | - | 344,317 |
| | <u>2,097,264</u> | <u>-</u> | <u>2,097,264</u> | <u>2,328,914</u> | <u>-</u> | <u>2,328,914</u> |
| Gain(Loss) on Disposal/Sale of Property & Equipment | 220,110 | - | 220,110 | (5,236) | - | (5,236) |
| Loss on Pledges Receivable | - | - | - | - | (51,577) | (51,577) |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(51,577)</u> | <u>(51,577)</u> |
| Changes in net assets | 381,950 | (22,448) | 359,502 | (97,354) | 5,389 | (91,965) |
| NET ASSETS | | | | | | |
| Beginning Balance | 771,754 | 177,619 | 949,373 | 869,108 | 172,230 | 1,041,338 |
| End of year | <u>\$ 1,153,704</u> | <u>\$ 155,171</u> | <u>\$ 1,308,875</u> | <u>\$ 771,754</u> | <u>\$ 177,619</u> | <u>\$ 949,373</u> |

SPECIAL OLYMPICS LOUISIANA, INC.
COVINGTON, LOUISIANA

STATEMENTS OF FUNCTIONAL EXPENSES
(See Notes to Financial Statements)
For the Years Ended December 31, 2019 and 2018

| | 2019 | | | | 2018 | | | |
|---------------------------------|---------------------|--------------------|-------------------------------------|---------------------|---------------------|--------------------|-------------------------------------|---------------------|
| | <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 | \$ 193,707 | \$ 35,514 | \$ 3,665 | \$ 232,886 | \$ 380,209 | \$ 3,782 | \$ - | \$ 383,991 |
| Assessment Fees | 45,533 | 140 | 247 | 45,920 | 32,270 | - | - | 32,270 |
| Depreciation Expense | 9,459 | 1,267 | 793 | 11,519 | 9,801 | 2,091 | 1,202 | 13,094 |
| Direct Fundraising Cost | - | 45,368 | - | 45,368 | - | 168,428 | - | 168,428 |
| Donated Materials | 172,766 | 75,795 | 600 | 249,161 | 97,285 | 8,302 | 11,960 | 117,547 |
| Donated Services | 214,618 | 38,333 | 10,254 | 263,205 | 328,826 | 37,753 | 4,610 | 371,189 |
| Employee Benefits | 116,407 | 15,589 | 9,755 | 141,751 | 68,716 | 44,217 | 43,618 | 156,551 |
| Equipment Maintenance/Rental | 24,320 | 3,379 | 1,630 | 29,329 | 21,478 | 18,120 | 15,425 | 55,023 |
| Insurance | 39,667 | 6,200 | 3,324 | 49,191 | 37,634 | 1,588 | 10,544 | 49,766 |
| Marketing and Advertising | 20,032 | 3,025 | 529 | 23,586 | 4,497 | 3,564 | - | 8,061 |
| Meetings/Conferences | 21 | 3 | 8,471 | 8,495 | 13,822 | 14,554 | 1,352 | 29,728 |
| Miscellaneous Expenses | 3,120 | 1,022 | 247 | 4,389 | - | 1,032 | - | 1,032 |
| Office Maintenance & Expenses | 39,483 | 5,919 | 2,866 | 48,268 | 18,038 | 3,686 | 20,064 | 41,788 |
| Payroll Taxes | 40,552 | 5,431 | 3,399 | 49,382 | 26,737 | 14,958 | 14,815 | 56,510 |
| Professional Fees | 62,978 | 46,818 | 11,229 | 121,025 | 7,595 | 2,270 | 44,097 | 53,962 |
| Salaries | 520,783 | 69,750 | 43,644 | 634,177 | 327,741 | 186,701 | 161,773 | 676,215 |
| Telephone & IT | 27,361 | 3,664 | 2,294 | 33,319 | 4,593 | 1,014 | 3,610 | 9,217 |
| Travel, Meals, and Lodging | 63,805 | 5,442 | 37,046 | 106,293 | 66,675 | 26,620 | 11,247 | 104,542 |
| | <u>\$ 1,594,612</u> | <u>\$ 362,659</u> | <u>\$ 139,993</u> | <u>\$ 2,097,264</u> | <u>\$ 1,445,917</u> | <u>\$ 538,680</u> | <u>\$ 344,317</u> | <u>\$ 2,328,914</u> |

SPECIAL OLYMPICS LOUISIANA, INC.
COVINGTON, LOUISIANA

STATEMENTS OF CASH FLOWS
(See Notes to Financial Statements)
For the Years Ended December 31, 2019 and 2018

| | 2019 | 2018 |
|---|------------|-------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in Net Assets | \$ 359,502 | \$ (91,965) |
| Adjustments to Reconcile Change in Net Assets to Net Cash | | |
| Provided by (Used in) Operating Activities: | | |
| Depreciation | 11,519 | 13,094 |
| (Gain)Loss on Disposal of Assets | (220,110) | 5,236 |
| Bad Debt Expense on Pledges Receivable | - | 51,577 |
| Decrease (Increase) in Assets: | | |
| Accounts Receivable | (65,572) | (76,732) |
| Pledges Receivable | - | 2,914 |
| Prepaid Expenses | 1,424 | 3,560 |
| Security Deposits | (3,000) | - |
| Increase (Decrease) in Liabilities: | | |
| Accounts Payable | 3,060 | (11,589) |
| Payroll Liabilities | 74,200 | (45,064) |
| | 161,023 | (148,969) |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | | |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| (Purchase) of Fixed Assets | (25,066) | (4,518) |
| Proceeds from Disposal of Fixed Assets | 393,150 | - |
| Certificate of Deposit Matured | 10,000 | 102,464 |
| | 378,084 | 97,946 |
| CASH USED IN INVESTING ACTIVITIES | | |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 539,107 | (51,023) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR | 441,142 | 492,165 |
| CASH AND CASH EQUIVALENTS, END OF THE YEAR | \$ 980,249 | \$ 441,142 |
| DISCLOSURE OF NON-CASH ITEMS | | |
| In-kind donations to the Organization | \$ 512,366 | \$ 488,736 |

SPECIAL OLYMPICS LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE 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. Currently, more than 15,106 children and adults with intellectual disabilities in Louisiana participate in more than 100 statewide competitions. 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, 2019. 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, 2019 and 2018.

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 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.

SPECIAL OLYMPICS LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Certificates of Deposit – Certificates of Deposit represent interest bearing accounts at financial institutions with maturity terms of three months or greater. Certificates of Deposit are stated at face value plus interest when it is compounded to the account. These amounts represent face value.

Accounts Receivables – Accounts receivables consist of grant receivables and special event sponsorship receivables. 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, 2019 and 2018.

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. This policy was put into place in 2018 and all unused accrued PTO from the previous policy expired in November of 2018.

SPECIAL OLYMPICS LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$57,686 and \$52,718 for the years ended December 31, 2019 and 2018, 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 \$23,586 and \$7,861 for the years ended December 31, 2019 and 2018, respectively.

NOTE 2: PROPERTY AND EQUIPMENT

Property and equipment, related service lives, and accumulated depreciation as of December 31, 2019 and 2018 were as follows:

| | <u>Estimated Service Lives</u> | <u>2019</u> | <u>2018</u> |
|----------------------------|--------------------------------|------------------|-------------------|
| Land | - | \$ - | \$ 50,000 |
| Building and Improvements | 10 – 40 years | - | 68,609 |
| Furniture and Equipment | 2 – 10 years | <u>87,275</u> | <u>376,897</u> |
| | | 87,275 | 495,506 |
| Accumulated depreciation | | <u>(46,006)</u> | <u>(294,744)</u> |
| Net Property and Equipment | | <u>\$ 41,269</u> | <u>\$ 200,762</u> |

Depreciation expense was \$11,519 and \$13,094 for the years ended December 31, 2019 and 2018, 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.

NOTE 3: NET ASSETS

Net assets with donor restrictions at December 31, 2019 and 2018 are available to support the Organization in the following areas:

| | <u>2019</u> | <u>2018</u> |
|---------------------------------------|-------------------|-------------------|
| Unified Champions School | \$ 116,692 | \$ 149,440 |
| State Summer Games | - | 5,000 |
| Healthy Athletes, Community, & Family | 10,624 | - |
| Fitness Programming | 4,925 | - |
| Specific Parish | 27,821 | 12,257 |
| All Others | <u>5,109</u> | <u>20,922</u> |
| | <u>\$ 165,171</u> | <u>\$ 187,619</u> |

SPECIAL OLYMPICS LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE 3: NET ASSETS (CONTINUED)

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

| | <u>2019</u> | <u>2018</u> |
|---------------------------------------|-------------------|-------------------|
| Unified Champions School | \$ 229,022 | \$ 173,349 |
| Healthy Athletes, Community, & Family | 76,994 | 3,500 |
| Fitness Programming/Implementation | 20,000 | 9,078 |
| Unified Sports | 23,726 | - |
| Specific Parish | 19,436 | 40,243 |
| All Others | <u>39,291</u> | <u>39,364</u> |
| Released from Restrictions | <u>\$ 408,469</u> | <u>\$ 265,534</u> |

NOTE 4: 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 85% program, 10% 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, 2019 and 2018, SOLA estimates it received 92,795 hours from approximately 20,911 individuals and 202,400 hours from approximately 8,800 individuals, respectively. These volunteers are an integral part in the overall success of the Organization's programs.

NOTE 5: 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, 2019 was \$487,574 of which \$152,526 was in accounts receivable at December 31, 2019. Total revenue from SOI recognized during the year ending December 31, 2018 was \$431,163 of which \$127,500 was in accounts receivable at December 31, 2018.

SPECIAL OLYMPICS LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE 5: RELATED PARTY (CONTINUED)

The Organization recorded accreditation fees and other various payments to SOI of \$44,737 and \$54,209 for the years ended December 31, 2019 and 2018, respectively.

During the year, three of the board members made personal contributions to the Organization totaling \$800.

NOTE 6: ECONOMIC DEPENDENCY

The Organization derived approximately 21% and 19% of its revenues from Special Olympics, Inc. as fundraising revenue or grants for the years ended December 31, 2019 and 2018, respectively.

The Organization derived approximately 9% and 7% of its revenues from governmental sources as grants for the years ended December 31, 2019 and 2018, 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 7: 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 exceeds FDIC limits. Management believes the risk is limited.

NOTE 8: 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 9: 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 2016.

SPECIAL OLYMPICS LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE 10: 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 5 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 2 or 3 year years when the original lease expires in 2024.

Future Minimum Lease Payments are as follows:

| | |
|------|----------|
| 2020 | \$53,452 |
| 2021 | \$53,460 |
| 2022 | \$52,664 |
| 2023 | \$48,048 |
| 2024 | \$35,000 |

NOTE 11: 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 as the beginning balance of the fund. 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. At December 31, 2019 these funds were held as cash by a local investment company and will be invested in 2020 per the investment policy approved by the Board of Directors.

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>12/31/19</u> | <u>12/31/18</u> |
| Cash | \$ 980,249 | \$ 441,142 |
| Receivables | <u>364,347</u> | <u>298,775</u> |
| Total Financial Assets | 1,344,596 | 739,917 |
| Subtract: Donor Restrictions | (155,171) | (177,619) |
| Board Designations | <u>(695,123)</u> | <u>-</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 494,302</u> | <u>\$ 562,298</u> |

SPECIAL OLYMPICS LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE 12: RECLASSIFICATIONS AND PRIOR PERIOD ADJUSTMENTS

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.

During the current year it was discovered that a previous donation was incorrectly recorded as restricted revenue, but further review of the supporting documents proved no donor restrictions were applicable. 2018 beginning net assets were restated to move this amount from net assets with donor restrictions to net assets without donor restrictions on the statements of activities. Total net assets were not affected.

NOTE 13: SUBSEQUENT EVENTS

In preparing these financial statements, SOLA has evaluated events and transactions for potential recognition or disclosure through May 20, 2020, the date the financial statements were available to be issued.

The COVID-19 outbreak in the United States has caused business disruption through closures required by the governor. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closures and the related impacts on operating results. SOLA cannot reasonably estimate the financial impact at this time.

SPECIAL OLYMPICS LOUISIANA, INC.

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO EXECUTIVE DIRECTOR
For the Year Ended December 31, 2019Executive Director: John Guzzardo

| | |
|---|-------------------|
| Salary | \$ 125,000 |
| Benefits – cell phone | 309 |
| Benefits – retirement | 12,500 |
| Reimbursements | <u>16,304</u> |
| TOTAL COMPENSATION, BENEFITS AND OTHER PAYMENTS | <u>\$ 154,113</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, 2019, 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 20, 2020.

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 20, 2020

SPECIAL OLYMPICS LOUISIANA, INC.
SUMMARY OF FINDINGS AND RESPONSES
December 31, 2019

No Findings Noted

SPECIAL OLYMPICS LOUISIANA, INC.
SUMMARY OF PRIOR YEAR FINDINGS AND RESPONSES
December 31, 2018

No Findings Noted