

SPECIAL OLYMPICS LOUISIANA, INC.
HAMMOND, LOUISIANA

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016



TWRU

CPAs & Financial Advisors

TABLE OF CONTENTS

Independent Auditors' Report..... 1

Statements of Financial Position 3

Statements of Activities 4

Statements of Functional Expenses..... 5

Statements of Cash Flows 6

Notes to Financial Statements 7

Schedule of Compensation, Benefits and Other Payments to Executive Director..... 15

Independent Auditors' 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*..... 16

Summary of Findings and Responses 17

Summary of Prior Year Findings and Responses..... 18





INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Special Olympics Louisiana, Inc.
Hammond, 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, 2017 and 2016, 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, 2017 and 2016, 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 23, 2018, 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 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 23, 2018

SPECIAL OLYMPICS LOUISIANA, INC.
HAMMOND, LOUISIANA

STATEMENTS OF FINANCIAL POSITION
(See Notes to Financial Statements)
December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 469,184	\$ 436,383
Cash and Cash Equivalents, Restricted	22,981	75,163
Certificates of Deposit	102,464	102,460
Accounts Receivable	118,243	416,774
Accounts Receivable, Restricted	103,800	105,000
Pledges Receivable, Current Portion, Net of Allowance	19,789	19,189
Prepaid Expense	23,388	28,218
TOTAL CURRENT ASSETS	<u>859,849</u>	<u>1,183,187</u>
PROPERTY AND EQUIPMENT, NET	214,574	210,461
OTHER ASSETS		
Certificates of Deposit, Restricted	10,000	10,000
Pledges Receivable, Noncurrent Portion, Net of Allowance	34,702	51,390
TOTAL OTHER ASSETS	<u>44,702</u>	<u>61,390</u>
TOTAL ASSETS	<u>\$ 1,119,125</u>	<u>\$ 1,455,038</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 20,663	\$ 14,028
Payroll Liabilities	57,124	48,942
TOTAL LIABILITIES	<u>77,787</u>	<u>62,970</u>
NET ASSETS		
Unrestricted	849,108	1,132,709
Temporarily Restricted	182,230	249,359
Permanently Restricted	10,000	10,000
TOTAL NET ASSETS	<u>1,041,338</u>	<u>1,392,068</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,119,125</u>	<u>\$ 1,455,038</u>



SPECIAL OLYMPICS LOUISIANA, INC.
HAMMOND, LOUISIANA

STATEMENTS OF ACTIVITIES
(See Notes to Financial Statements)
For the Years Ended December 31, 2017 and 2016

	2017				2016			
	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total</i>	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total</i>
SUPPORT AND REVENUES								
Fundraising revenues	\$ 749,648	\$ 3,695	\$ -	\$ 753,343	\$ 746,340	\$ 17,321	\$ -	\$ 763,661
Contributions	406,595	198,050	-	604,645	765,402	275,000	-	1,040,402
Government grant	100,000	-	-	100,000	102,760	-	-	102,760
Donated services	775,079	-	-	775,079	680,561	-	-	680,561
Donated materials	122,633	-	-	122,633	84,936	-	-	84,936
Registration fees	3,131	-	-	3,131	6,298	-	-	6,298
Interest Income	9,634	-	-	9,634	8,534	-	-	8,534
Changes in net asset restrictions:								
Released from restrictions	253,899	(253,899)	-	-	209,774	(209,774)	-	-
	<u>2,420,619</u>	<u>(52,154)</u>	<u>-</u>	<u>2,368,465</u>	<u>2,604,605</u>	<u>82,547</u>	<u>-</u>	<u>2,687,152</u>
EXPENSES								
Program expenses	2,056,270	-	-	2,056,270	1,937,453	-	-	1,937,453
Fundraising	462,500	-	-	462,500	493,649	-	-	493,649
General and administrative	185,450	-	-	185,450	161,824	-	-	161,824
	<u>2,704,220</u>	<u>-</u>	<u>-</u>	<u>2,704,220</u>	<u>2,592,926</u>	<u>-</u>	<u>-</u>	<u>2,592,926</u>
Loss on Pledges Receivable	-	(14,975)	-	(14,975)	-	(10,679)	-	(10,679)
Changes in net assets	(283,601)	(67,129)	-	(350,730)	11,679	71,868	-	83,547
NET ASSETS								
Beginning of year	1,132,709	249,359	10,000	1,392,068	1,121,030	177,491	10,000	1,308,521
End of year	<u>\$ 849,108</u>	<u>\$ 182,230</u>	<u>\$ 10,000</u>	<u>\$ 1,041,338</u>	<u>\$ 1,132,709</u>	<u>\$ 249,359</u>	<u>\$ 10,000</u>	<u>\$ 1,392,068</u>

SPECIAL OLYMPICS LOUISIANA, INC.
HAMMOND, LOUISIANA

STATEMENTS OF FUNCTIONAL EXPENSES
(See Notes to Financial Statements)
For the Years Ended December 31, 2017 and 2016

	2017				2016			
	<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>
Salaries	\$ 380,812	\$ 214,804	\$ 73,543	\$ 669,159	\$ 393,548	\$ 197,650	\$ 66,996	\$ 658,194
Payroll Taxes	29,068	16,818	5,327	51,213	30,189	15,157	4,958	50,304
Employee Retirement	27,250	11,824	6,184	45,258	23,435	16,612	5,739	45,786
Employee Insurance	46,168	30,373	7,483	84,024	49,643	20,270	3,168	73,081
Other Compensation	11,725	-	-	11,725	10,165	15,045	18,482	43,692
Post Retirement Payments	-	-	12,000	12,000	-	-	12,000	12,000
Activity Supplies	114,187	1,255	-	115,442	127,068	2,434	-	129,502
Assessment Fees	34,934	-	-	34,934	39,274	-	-	39,274
Audit/Professional Fees	8,864	1,400	3,000	13,264	5,516	1,379	2,955	9,850
Depreciation Expense	13,188	2,992	1,639	17,819	15,373	7,105	1,792	24,270
Direct Fundraising Cost	-	77,187	-	77,187	-	101,639	-	101,639
Equipment Maintenance/Rental	22,424	19,676	16,111	58,211	24,895	17,097	15,815	57,807
Games Expense	171,408	-	-	171,408	155,466	-	-	155,466
Insurance	36,632	1,148	9,322	47,102	31,718	1,084	9,089	41,891
Meetings/Conferences	11,879	2,282	874	15,035	10,258	3,132	610	14,000
Office Expenses	4,606	1,685	7,092	13,383	7,801	2,908	8,120	18,829
Office Maintenance	5,294	1,123	2,560	8,977	4,708	1,175	2,727	8,610
Postage	1,581	1,286	556	3,423	3,183	1,555	1,089	5,827
PR Events/Campaigns	131,390	2,037	-	133,427	115,463	1,718	-	117,181
Rent	5,490	-	-	5,490	5,207	-	-	5,207
Taxes and Licenses	-	3,627	-	3,627	-	2,351	-	2,351
Telephone	5,427	1,317	2,040	8,784	5,403	1,504	2,406	9,313
Travel	187,289	5,717	1,651	194,657	182,991	11,063	2,746	196,800
Utilities & Maintenance	6,138	1,534	3,287	10,959	5,954	1,488	3,132	10,574
Donated Services	730,545	11,768	32,766	775,079	628,220	52,341	-	680,561
Donated Materials	69,971	52,647	15	122,633	61,975	18,942	-	80,917
	<u>\$ 2,056,270</u>	<u>\$ 462,500</u>	<u>\$ 185,450</u>	<u>\$ 2,704,220</u>	<u>\$ 1,937,453</u>	<u>\$ 493,649</u>	<u>\$ 161,824</u>	<u>\$ 2,592,926</u>

SPECIAL OLYMPICS LOUISIANA, INC.
HAMMOND, LOUISIANA

STATEMENTS OF CASH FLOWS
(See Notes to Financial Statements)
For the Years Ended December 31, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (350,730)	\$ 83,547
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	17,819	24,270
Amortization of Discount on Pledges Receivable and Increase in Allowance	15,501	11,059
Decrease (Increase) in Assets:		
Accounts Receivable	299,731	(250,245)
Pledges Receivable	(600)	18
Prepaid Expenses	4,830	(4,880)
Increase (Decrease) in Liabilities:		
Accounts Payable	6,635	(29,619)
Payroll Liabilities	8,182	10,420
	1,368	(155,430)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(21,932)	(18,870)
Certificate of Deposit Interest Reinvested	(4)	(7)
	(21,936)	(18,877)
CASH USED IN INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Decreases (Increases) in Long Term Pledge Receivables	1,187	(9,804)
	1,187	(9,804)
CASH PROVIDED BY (USED IN) BY FINANCING ACTIVITIES		
NET DECREASE IN CASH AND CASH EQUIVALENTS	(19,381)	(184,111)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	511,546	695,657
CASH AND CASH EQUIVALENTS, END OF THE YEAR	\$ 492,165	\$ 511,546
RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents, unrestricted	\$ 469,184	\$ 436,383
Cash and cash equivalents, restricted	22,981	75,163
	\$ 492,165	\$ 511,546
DISCLOSURE OF NON-CASH ITEMS		
In-kind donations to the Organization	\$ 897,712	\$ 765,497



SPECIAL OLYMPICS LOUISIANA, INC.
Hammond, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

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 three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Unrestricted net assets are resources that are free of donor-imposed or time restrictions and are available at the direction of the governing board. Temporarily restricted net assets are resources that are limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by specific action pursuant to those stipulations. Permanently restricted net assets are those resources whose use is limited to donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by specific action. Generally, the donors of these assets permit the organization to use all or part of the income earned on any related investments for general or specific purposes.

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 – The Organization accounts for contributions as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence or nature of any donor restrictions. When the stipulated time restriction or purpose restriction ends, temporarily restricted net assets are reclassified to unrestricted net assets as a release from restrictions.

Contributions are recognized when the donor makes a promise to give that is unconditional, usually in the form of a pledge. 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.
Hammond, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

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, both unrestricted and restricted, 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 classified as certificates of deposits in the statement of financial position and 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.

Pledges Receivables – Pledges are recorded at their net realizable value. SOLA uses the allowance method to determine uncollectible pledges. The allowance is based on management's analysis of specific balances. Pledges are recorded after being discounted to the anticipated net present value of the future cash flows.

Promises to Give – Conditional promises to give are not included as support until the conditions are substantially met. There were no conditional promises to give as of December 31, 2017 and 2016.

Property and Equipment – Property and equipment purchased 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 restricted support.

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, 2017 and 2016.



SPECIAL OLYMPICS LOUISIANA, INC.
Hammond, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accrued Leave – Employees are allowed to carry forward a maximum of 360 hours of accrued vacation pay. Sick pay does not vest. The amount of accrued vacation as of December 31, 2017 and 2016, was \$43,167 and \$35,212, respectively, and is included in payroll liabilities.

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 \$45,258 and \$45,786 for the years ended December 31, 2017 and 2016, respectively. These assets are held in the trust fund established under the Plan; the trust fund is independent of SOLA. The responsibility for administration of the Plan is with the Mutual of America.

Advertising – SOLA follows the policy of charging the costs of advertising to expense as incurred. Advertising expense amounted to \$183,390 and \$127,254 for the years ended December 31, 2017 and 2016, respectively, of which \$49,963 and \$10,073 was reflected in the financial statements as donated services for the years ended December 31, 2017 and 2016, respectively.

NOTE 2: PLEDGES RECEIVABLE

Pledges receivable are unconditional promises to pay certain amounts in the future. Management evaluates the collectability of its receivables and records an allowance for estimated uncollectible amounts. SOLA recorded a provision for uncollectible pledges of \$12,880 and \$37,890 for the years ended December 31, 2017 and 2016, respectively, and is a reduction in contributions. Pledges due beyond one year have been discounted at an annual rate of 5%.

Pledges receivable consist of the following:

	<u>2017</u>	<u>2016</u>
Pledges receivable	\$ 77,392	\$ 119,812
Less		
Allowance for uncollectible pledges	(12,880)	(37,890)
Unamortized discount for future payments	<u>(10,021)</u>	<u>(11,343)</u>
Pledges receivable, net	<u>\$ 54,491</u>	<u>\$ 70,579</u>
Pledges receivable within one year, net	\$ 19,789	\$ 19,189
Pledges receivable within one to five years, net	<u>34,702</u>	<u>51,390</u>
	<u>\$ 54,491</u>	<u>\$ 70,579</u>



SPECIAL OLYMPICS LOUISIANA, INC.
Hammond, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment, related service lives, and accumulated depreciation as of December 31, 2017 and 2016 were as follows:

	<u>Estimated Service Lives</u>	<u>2017</u>	<u>2016</u>
Land	-	\$ 50,000	\$ 50,000
Buildings	10 – 40 years	258,609	258,609
Furniture and equipment	2 – 10 years	<u>402,118</u>	<u>380,186</u>
		710,727	688,795
Accumulated depreciation		<u>(496,153)</u>	<u>(478,334)</u>
Net Property and Equipment		<u>\$ 214,574</u>	<u>\$ 210,461</u>

Depreciation expense was \$17,819 and \$24,270 for the years ended December 31, 2017 and 2016, respectively.

NOTE 4: NET ASSETS

Temporarily restricted net assets at December 31, 2017 and 2016 are available for specific programs to support the Organization in the following areas:

	<u>2017</u>	<u>2016</u>
Unified Champions School	\$ 109,289	\$ 154,757
Endowment Establishment Fund	3,900	3,900
Annual Campaign Breakfast	54,491	69,196
All Others	<u>14,550</u>	<u>21,506</u>
	<u>\$ 182,230</u>	<u>\$ 249,359</u>

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

	<u>2017</u>	<u>2016</u>
Unified Champions School	\$ 222,968	\$ 144,043
Annual Campaign Breakfast	3,058	9,296
All Others	<u>27,873</u>	<u>56,435</u>
Released from Restrictions	<u>\$ 253,899</u>	<u>\$ 209,774</u>

Permanently restricted net assets of \$10,000 at December 31, 2017 and 2016 are restricted to investment in perpetuity, the income from which is expendable to support the activities in Acadia Parish.



SPECIAL OLYMPICS LOUISIANA, INC.
Hammond, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 7: JOINT COST ALLOCATION

The Organization accounts for all joint activity costs in accordance with FASB ASC 958720-20, Accounting for Costs of Activities of Not-For Profit Organizations and State and Local Governmental Entities That Include Fund Raising. This statement requires that certain criteria be met before joint activity costs are allocated between functions. If the criteria are not met, all joint activity costs are considered fund raising costs.

Joint cost activity related to telemarketing costs for volunteer recruitment, athlete recruitment and support of programs amounted to \$62,886 and \$84,687 for the years ended December 31, 2017 and 2016, respectively, and have been allocated as follows:

	<u>2017</u>	<u>2016</u>
Programs and games	\$ 39,618	\$ 31,532
Fundraising	<u>23,268</u>	<u>53,155</u>
	<u>\$ 62,886</u>	<u>\$ 84,687</u>

NOTE 8: ECONOMIC DEPENDENCY

The Organization derived approximately 12% and 16% of its revenues from Special Olympics, Inc. as fundraising revenue or grants for the years ended December 31, 2017 and 2016, respectively.

The Organization derived approximately 4% and 3% of its revenues from governmental sources as earned revenue or grants for the years ended December 31, 2017 and 2016, 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. 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.



SPECIAL OLYMPICS LOUISIANA, INC.
Hammond, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 11: INCOME TAXES

In 2009, the Organization adopted the recent accounting guidance related to accounting for uncertainty in income taxes, which sets out a consistent framework to determine the appropriate level of tax reserves to maintain for uncertain tax positions. 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. With few exceptions, the Organization is no longer subject to federal, state, or local tax examinations by tax authorities for years before 2014.

NOTE 12: OPERATING LEASE

The Organization entered into a five year operating lease agreement in 2016 for the use of office equipment. Payments of \$1,700 are made quarterly. Future minimum lease payments for 2018 through 2020 are \$6,800 and future minimum lease payment for 2021 is \$1,700.

The Organization entered into a five year operating lease agreement in 2017 for the use of a printer. Payments are \$1,032 per month, plus additional fees for usage. Future minimum lease payments for 2018 through 2022 are \$12,387.

NOTE 13: RECLASSIFICATIONS

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.

NOTE 14: SUBSEQUENT EVENTS

In preparing these financial statements, SOLA has evaluated events and transactions for potential recognition or disclosure through May 23, 2018, the date the financial statements were available to be issued.



SPECIAL OLYMPICS LOUISIANA, INC.

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO EXECUTIVE DIRECTOR
For the Year Ended December 31, 2017Executive Director: Patricia C. Bourgeois

Salary	\$ 140,440
Benefits – insurance	486
Benefits – retirement	14,044
Reimbursements	2,541
Travel	1,177
Registration fees	400
Meals	58
Lodging	<u>838</u>
TOTAL COMPENSATION, BENEFITS AND OTHER PAYMENTS	<u>\$ 159,984</u>



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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, 2017, 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 23, 2018.

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.

CPAs & Financial Advisors
Baton Rouge, Louisiana
May 23, 2018

SPECIAL OLYMPICS LOUISIANA, INC.

SUMMARY OF FINDINGS AND RESPONSES
December 31, 2017

No Findings Noted



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SPECIAL OLYMPICS LOUISIANA, INC.

SUMMARY OF PRIOR YEAR FINDINGS AND RESPONSES
December 31, 2017

No Findings Noted

