

SPECIAL OLYMPICS LOUISIANA, INC.  
HAMMOND, LOUISIANA

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017



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## 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, 2018 and 2017, 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, 2018 and 2017, 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 June 11, 2019, 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  
June 11, 2019

SPECIAL OLYMPICS LOUISIANA, INC.  
HAMMOND, LOUISIANA

STATEMENTS OF FINANCIAL POSITION  
(See Notes to Financial Statements)  
December 31, 2018 and 2017

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 441,142	\$ 492,165
Certificates of Deposit	-	102,464
Accounts Receivable	298,775	222,043
Pledges Receivable, Current Portion, Net of Allowance	-	19,789
Prepaid Expense	19,828	23,388
TOTAL CURRENT ASSETS	<u>759,745</u>	<u>859,849</u>
PROPERTY AND EQUIPMENT, NET	200,762	214,574
NON CURRENT ASSETS		
Certificates of Deposit	10,000	10,000
Pledges Receivable, Noncurrent Portion, Net of Allowance	-	34,702
TOTAL NON CURRENT ASSETS	<u>10,000</u>	<u>44,702</u>
TOTAL ASSETS	<u>\$ 970,507</u>	<u>\$ 1,119,125</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 9,074	\$ 20,663
Payroll Liabilities	12,060	57,124
TOTAL LIABILITIES (ALL CURRENT)	<u>21,134</u>	<u>77,787</u>
NET ASSETS		
Without Donor Restrictions	761,754	859,108
With Donor Restrictions	187,619	182,230
TOTAL NET ASSETS	<u>949,373</u>	<u>1,041,338</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 970,507</u>	<u>\$ 1,119,125</u>

SPECIAL OLYMPICS LOUISIANA, INC.  
HAMMOND, LOUISIANA

STATEMENTS OF ACTIVITIES  
(See Notes to Financial Statements)  
For the Years Ended December 31, 2018 and 2017

	2018			2017		
	<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>
<b>SUPPORT AND REVENUES</b>						
Fundraising revenues	\$ 935,554	\$ 3,500	\$ 939,054	\$ 802,513	\$ 3,695	\$ 806,208
Contributions	383,879	319,000	702,879	353,730	198,050	551,780
Government grant	150,000	-	150,000	100,000	-	100,000
Donated services	371,189	-	371,189	775,079	-	775,079
Donated materials	117,547	-	117,547	122,633	-	122,633
Registration fees	-	-	-	3,131	-	3,131
Miscellaneous Income	6,042	-	6,042	0	-	-
Interest Income	7,051	-	7,051	9,634	-	9,634
Changes in net asset restrictions:						
Released from restrictions	265,534	(265,534)	-	253,899	(253,899)	-
	<u>2,236,796</u>	<u>56,966</u>	<u>2,293,762</u>	<u>2,420,619</u>	<u>(52,154)</u>	<u>2,368,465</u>
<b>EXPENSES</b>						
Program expenses	1,445,917	-	1,445,917	2,056,270	-	2,056,270
Fundraising	538,680	-	538,680	462,500	-	462,500
General and administrative	344,317	-	344,317	185,450	-	185,450
	<u>2,328,914</u>	<u>-</u>	<u>2,328,914</u>	<u>2,704,220</u>	<u>-</u>	<u>2,704,220</u>
Loss on Disposal of Assets	(5,236)	-	(5,236)	-	-	-
Loss on Pledges Receivable	-	(51,577)	(51,577)	-	(14,975)	-
Changes in net assets	(97,354)	5,389	(91,965)	(283,601)	(67,129)	(350,730)
<b>NET ASSETS</b>						
Beginning of year	859,108	182,230	1,041,338	1,142,709	249,359	1,392,068
End of year	<u>\$ 761,754</u>	<u>\$ 187,619</u>	<u>\$ 949,373</u>	<u>\$ 859,108</u>	<u>\$ 182,230</u>	<u>\$ 1,041,338</u>

SPECIAL OLYMPICS LOUISIANA, INC.  
HAMMOND, LOUISIANA

STATEMENTS OF FUNCTIONAL EXPENSES  
(See Notes to Financial Statements)  
For the Years Ended December 31, 2018 and 2017

	2018				2017			
	<i>Program</i>	<i>Fundraising</i>	<i>General &amp; Administrative</i>	<i>Total</i>	<i>Program</i>	<i>Fundraising</i>	<i>General &amp; Administrative</i>	<i>Total</i>
Salaries	\$ 327,741	\$ 186,701	\$ 161,773	\$ 676,215	\$ 380,812	\$ 214,804	\$ 73,543	\$ 669,159
Payroll Taxes	26,737	14,958	14,815	56,510	29,068	16,818	5,327	51,213
Employee Retirement	33,183	12,064	7,471	52,718	27,250	11,824	6,184	45,258
Employee Insurance	31,614	32,153	19,147	82,914	46,168	30,373	7,483	84,024
Other Compensation	3,919	-	-	3,919	11,725	-	-	11,725
Post Retirement Payments	-	-	17,000	17,000	-	-	12,000	12,000
Activity Supplies	113,591	3,782	-	117,373	114,187	1,255	-	115,442
Assessment Fees	32,270	-	-	32,270	34,934	-	-	34,934
Audit/Professional Fees	7,595	2,270	44,097	53,962	8,864	1,400	3,000	13,264
Depreciation Expense	9,801	2,091	1,202	13,094	13,188	2,992	1,639	17,819
Direct Fundraising Cost	-	168,428	-	168,428	-	77,187	-	77,187
Equipment Maintenance/Rental	21,478	18,120	15,425	55,023	22,424	19,676	16,111	58,211
Games Expense	266,618	-	-	266,618	171,408	-	-	171,408
Insurance	37,634	1,588	10,544	49,766	36,632	1,148	9,322	47,102
Meetings/Conferences	13,822	14,554	1,352	29,728	11,879	2,282	874	15,035
Office Expenses	2,903	786	11,086	14,775	4,606	1,685	7,092	13,383
Office Maintenance	4,077	550	3,819	8,446	5,294	1,123	2,560	8,977
Postage	897	989	856	2,742	1,581	1,286	556	3,423
PR Events/Campaigns	4,497	3,564	-	8,061	131,390	2,037	-	133,427
Storage Rental	4,722	-	-	4,722	5,490	-	-	5,490
Taxes and Licenses	-	1,032	-	1,032	-	3,627	-	3,627
Telephone	4,593	1,014	3,610	9,217	5,427	1,317	2,040	8,784
Travel	66,675	26,620	11,247	104,542	187,289	5,717	1,651	194,657
Utilities & Maintenance	5,439	1,361	4,303	11,103	6,138	1,534	3,287	10,959
Donated Services	328,826	37,753	4,610	371,189	730,545	11,768	32,766	775,079
Donated Materials	97,285	8,302	11,960	117,547	69,971	52,647	15	122,633
	<u>\$ 1,445,917</u>	<u>\$ 538,680</u>	<u>\$ 344,317</u>	<u>\$ 2,328,914</u>	<u>\$ 2,056,270</u>	<u>\$ 462,500</u>	<u>\$ 185,450</u>	<u>\$ 2,704,220</u>

SPECIAL OLYMPICS LOUISIANA, INC.  
HAMMOND, LOUISIANA

STATEMENTS OF CASH FLOWS  
(See Notes to Financial Statements)  
For the Years Ended December 31, 2018 and 2017

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (91,965)	\$ (350,730)
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by (Used in) Operating Activities:		
Depreciation	13,094	17,819
Loss on Disposal of Assets	5,236	-
Bad Debt Expense on Pledges Receivable	51,577	15,501
Decrease (Increase) in Assets:		
Accounts Receivable	(76,732)	299,731
Pledges Receivable	2,914	(600)
Prepaid Expenses	3,560	4,830
Increase (Decrease) in Liabilities:		
Accounts Payable	(11,589)	6,635
Payroll Liabilities	(45,064)	8,182
	(148,969)	1,368
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(4,518)	(21,932)
Certificates of Deposit Matured	102,464	-
Certificate of Deposits Interest Reinvested	-	(4)
	97,946	(21,936)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Decrease in Long Term Pledge Receivables	-	1,187
	-	1,187
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(51,023)	(19,381)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR</b>	492,165	511,546
<b>CASH AND CASH EQUIVALENTS, END OF THE YEAR</b>	\$ 441,142	\$ 492,165
 <b>DISCLOSURE OF NON-CASH ITEMS</b>		
In-kind donations to the Organization	\$ 488,736	\$ 897,712

SPECIAL OLYMPICS LOUISIANA, INC.  
Hammond, Louisiana

NOTES TO FINANCIAL STATEMENTS  
December 31, 2018 and 2017

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 1972 to provide year-round sports training and athletic competition in a variety of Olympic-type sports for all children and adults with intellectual disabilities in the State of Louisiana, 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 8,000 children and adults with intellectual disabilities in Louisiana participate in more than 100 competitions across the state. The accompanying financial statements include the activities of the Special Olympics Louisiana, Inc. central office (accredited US program office) and all affiliated subprograms located throughout Louisiana. All Louisiana affiliated subprograms are operated under the direction and guidance of the Organization's central 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 Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, such as those that the donor stipulates that resources be maintained in perpetuity. Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits 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 purposes specified in corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. 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 by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. The Organization has both net assets without donor restrictions and net assets with donor restrictions as of December 31, 2018 and 2017.

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 net assets with donor restrictions or net assets without donor restrictions, depending on the existence or nature of any donor restrictions. When the stipulated time restriction or purpose restriction ends, net assets with donor restrictions are reclassified to net assets without donor restrictions as a release from restrictions.

SPECIAL OLYMPICS LOUISIANA, INC.  
Hammond, Louisiana

NOTES TO FINANCIAL STATEMENTS  
December 31, 2018 and 2017

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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.

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, 2018 and 2017.

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 an increase in net assets without donor restrictions 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.

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.

SPECIAL OLYMPICS LOUISIANA, INC.  
Hammond, Louisiana

NOTES TO FINANCIAL STATEMENTS  
December 31, 2018 and 2017

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2018 and 2017.

Accrued Leave – Each employee is afforded the flexibility to take planned vacations as needed. Paid Time Off (PTO) is considered a gratuity of Special Olympics Louisiana. Therefore, no PTO time is accrued or paid out upon separation. This policy was put into place in 2018 and all unused accrued vacation time from the previous accrual policy expired in November of 2018. The amount of accrued vacation as of December 31, 2017, was \$43,167 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 \$52,718 and \$45,258 for the years ended December 31, 2018 and 2017, respectively.

Advertising – SOLA follows the policy of charging the costs of advertising to expense as incurred. Advertising expense amounted to \$8,061 and \$183,390 for the years ended December 31, 2018 and 2017, respectively, of which \$0 and \$49,963 was reflected in the financial statements as donated services for the years ended December 31, 2018 and 2017, 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 for the year ended December 31, 2017 and is shown as a reduction in contributions receivable. Pledges due beyond one year have been discounted at an annual rate of 5%. At the beginning of 2018, management assessed the collectability of past due pledges based on past knowledge of collections and communications with the donors and decided the remaining pledges receivable balance in the amount of \$51,577 should be written off as bad debt expense.

Pledges receivable consist of the following:

	<u>2018</u>	<u>2017</u>
Pledges receivable	\$ -	\$ 77,392
Less		
Allowance for uncollectible pledges	-	(12,880)
Unamortized discount for future payments	-	(10,021)
Pledges receivable, net	<u>\$ -</u>	<u>\$ 54,491</u>
Pledges receivable within one year, net	\$ -	\$ 19,789
Pledges receivable within one to five years, net	<u>-</u>	<u>34,702</u>
	<u>\$ -</u>	<u>\$ 54,491</u>

SPECIAL OLYMPICS LOUISIANA, INC.  
Hammond, Louisiana

NOTES TO FINANCIAL STATEMENTS  
December 31, 2018 and 2017

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment, related service lives, and accumulated depreciation as of December 31, 2018 and 2017 were as follows:

	<u>Estimated Service Lives</u>	<u>2018</u>	<u>2017</u>
Land	-	\$ 50,000	\$ 50,000
Buildings	11 – 40 years	236,158	258,609
Furniture and equipment	2 – 10 years	<u>209,348</u>	<u>402,118</u>
		495,506	710,727
Accumulated depreciation		<u>(294,744)</u>	<u>(496,153)</u>
Net Property and Equipment		<u>\$ 200,762</u>	<u>\$ 214,574</u>

Depreciation expense was \$13,094 and \$17,819 for the years ended December 31, 2018 and 2017, respectively. During 2018, the Organization disposed of fixed assets with a cost of \$220,115 and related accumulated depreciation of \$214,879 resulting in a loss on disposal of assets of \$5,236.

NOTE 4: NET ASSETS

Net assets with donor restrictions at December 31, 2018 and 2017 are available for specific programs to support the Organization in the following areas:

	<u>2018</u>	<u>2017</u>
Unified Champions School	\$ 149,440	\$ 109,289
Other Programs	20,922	-
State Summer Games	5,000	-
Endowment Establishment Fund	-	3,900
Annual Campaign Breakfasts	-	54,491
Specific Parishes	12,257	-
All Others	-	14,550
	<u>\$ 187,619</u>	<u>\$ 182,230</u>

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

	<u>2018</u>	<u>2017</u>
Unified Champions School	\$ 173,349	\$ 222,968
Healthy Athletes	3,500	-
Fitness Implementation	9,078	-
Specific Parish	40,243	-
Time Restriction	2,914	3,058
Reclassifications	3,900	-
All Others	32,550	27,873
Released from Restrictions	<u>\$ 265,534</u>	<u>\$ 253,899</u>

Loss of pledges receivable that were written off during 2018 resulted in a release of net assets with donor restrictions of \$51,577.

SPECIAL OLYMPICS LOUISIANA, INC.  
Hammond, Louisiana

NOTES TO FINANCIAL STATEMENTS  
December 31, 2018 and 2017

NOTE 5: DONATED SERVICES AND MATERIALS

**Donated Services:**

The Organization receives various services, on a year-round basis, from individuals who donate their time as Area Directors and Parish Directors for subprograms of the Organization. The value of the services of the Area Directors is recorded as donated services, based on 25% of the lowest board-approved salary range for this position. The value of the services of the Parish Directors is recorded as donated services, based on 50% of the value calculated for an Area Director.

Donated services recorded in the financial statements are as follows:

	<u>2018</u>			
	<u>Program</u>	<u>Fundraising</u>	<u>General &amp; Admin.</u>	<u>Total</u>
Services	\$ 328,827	\$ 37,752	\$ 4,610	\$ 371,189
Materials	97,285	8,302	11,960	117,547
	<u>\$ 426,112</u>	<u>\$ 46,054</u>	<u>\$ 16,570</u>	<u>\$ 488,736</u>
	<u>2017</u>			
	<u>Program</u>	<u>Fundraising</u>	<u>General &amp; Admin.</u>	<u>Total</u>
Services	\$ 730,545	\$ 11,768	\$ 32,766	\$ 775,079
Materials	69,971	52,647	15	122,633
	<u>\$ 800,516</u>	<u>\$ 64,415</u>	<u>\$ 32,781</u>	<u>\$ 897,712</u>

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, 2018 and 2017, SOLA estimates it received 202,400 hours from approximately 8,800 individuals and 363,881 hours from approximately 21,369 individuals, respectively. These volunteers are an integral part in the overall success of the Organization's programs.

NOTE 6: 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 2018 was \$431,163 of which \$127,500 was in accounts receivable at December 31, 2018. Total revenue from SOI recognized during 2017 was \$302,933 of which \$106,300 was in accounts receivable at December 31, 2017.

The Organization recorded accreditation fees and other various payments to SOI of \$54,209 and \$52,778 for the years ended December 31, 2018 and 2017, respectively.

SPECIAL OLYMPICS LOUISIANA, INC.  
Hammond, Louisiana

NOTES TO FINANCIAL STATEMENTS  
December 31, 2018 and 2017

NOTE 7: ECONOMIC DEPENDENCY

The Organization derived approximately 16% and 12% of its revenues from Special Olympics, Inc. as fundraising revenue or grants for the years ended December 31, 2018 and 2017, respectively.

The Organization derived approximately 5% and 4% of its revenues from governmental sources as grants for the years ended December 31, 2018 and 2017, 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 8: 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 financial institutions, which exceeded the FDIC limits many times throughout the year. Management and the board are aware of the risk and will designate certain amounts over the FDIC limit to be transferred to a separate financial institution or invested.

NOTE 9: 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 10: 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 2015.

SPECIAL OLYMPICS LOUISIANA, INC.  
Hammond, Louisiana

NOTES TO FINANCIAL STATEMENTS  
December 31, 2018 and 2017

NOTE 11: 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 2019 through 2021 are \$6,800.

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 2019 through 2022 are \$12,387.

NOTE 12: LIQUIDITY AND AVAILABILITY

The Organization's Board of Directors in conjunction with management are creating policies surrounding operating reserves, investments and board designations. At December 31, 2018 those policies had not yet been finalized.

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

	<u>12/31/18</u>
Cash	\$ 441,142
Receivables	<u>298,775</u>
Total Financial Assets	739,917
Subtract: donor restrictions for specific purpose	<u>(187,619)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 552,298</u>

NOTE 13: CHANGE IN ACCOUNTING PRINCIPLE

In August 2016, the FASB issued Accounting Standards Update (ASU) 2016-14, Not for Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The ASU addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, the lack of consistency in the type of information provided about expenses and investment return. The Organization has implemented ASU 2016-14 and has presented the financial statements accordingly.

NOTE 14: RECLASSIFICATIONS

As of January 1, 2018 the Organization adopted Accounting Standards Update 2016-14: *Presentation of Financial Statements of Not-For-Profit Entities*. Throughout this process it was realized that \$10,000 had previously been classified as permanently restricted net assets but should have actually been classified as unrestricted net assets. This resulted in a \$10,000 increase in Net Assets without Donor Restrictions and a \$10,000 decrease in Net Assets with Donor Restrictions at the beginning of the prior year. Total net assets did not change.

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.  
Hammond, Louisiana

NOTES TO FINANCIAL STATEMENTS  
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NOTE 15: SUBSEQUENT EVENTS

In preparing these financial statements, SOLA has evaluated events and transactions for potential recognition or disclosure through June 11, 2019, 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, 2018Executive Director: Patricia C. Bourgeois

Salary	\$	97,548
Benefits – insurance		842
Benefits – retirement		14,632
Reimbursements		<u>2,842</u>
TOTAL COMPENSATION, BENEFITS AND OTHER PAYMENTS	\$	<u>115,864</u>

Executive Director: John Guzzardo

Salary	\$	49,531
Benefits – insurance		1,628
Benefits – retirement		470
Reimbursements		<u>3,812</u>
TOTAL COMPENSATION, BENEFITS AND OTHER PAYMENTS	\$	<u>55,441</u>



**TWRU**  
CPAs & Financial Advisors

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*

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, 2018, 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 June 11, 2019.

### **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  
June 11, 2019

SPECIAL OLYMPICS LOUISIANA, INC.

SUMMARY OF FINDINGS AND RESPONSES

December 31, 2018

No Findings Noted

SUMMARY OF PRIOR YEAR FINDINGS AND RESPONSES

December 31, 2017

No Findings Noted

