

SPECIAL OLYMPICS LOUISIANA, INC.
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020



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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, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Special Olympics Louisiana, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Special Olympics Louisiana, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Special Olympics Louisiana's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Special Olympics Louisiana's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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 20, 2022, 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
Baton Rouge, Louisiana
May 20, 2022

SPECIAL OLYMPICS LOUISIANA, INC.
COVINGTON, LOUISIANA

STATEMENTS OF FINANCIAL POSITION
(See Notes to Financial Statements)
December 31, 2021 and 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 314,283	\$ 335,346
Accounts and Grants Receivable	608,770	353,549
Prepaid Expense	16,073	29,135
TOTAL CURRENT ASSETS	939,126	718,030
PROPERTY AND EQUIPMENT, NET	28,119	35,266
OTHER NONCURRENT ASSETS		
Investments	888,199	552,886
Security Deposits	3,000	3,000
TOTAL OTHER ASSETS	891,199	555,886
TOTAL ASSETS	\$ 1,858,444	\$ 1,309,182
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 18,923	11,148
Accrued Expenses	30,989	21,089
Deferred Rent	857	1,140
Deferred Contribution	64,523	15,000
TOTAL LIABILITIES	115,292	48,377
NET ASSETS		
Board Designated Operating Reserve	988,767	649,571
Unrestricted	258,978	383,612
Without Donor Restrictions	1,247,745	1,033,183
With Donor Restrictions	495,407	227,622
TOTAL NET ASSETS	1,743,152	1,260,805
TOTAL LIABILITIES AND NET ASSETS	\$ 1,858,444	\$ 1,309,182

SPECIAL OLYMPICS LOUISIANA, INC.
COVINGTON, LOUISIANA

STATEMENTS OF ACTIVITIES
(See Notes to Financial Statements)
For the Years Ended December 31, 2021 and 2020

	2021			2020		
	<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	\$ 239,544	\$ -	\$ 239,544	\$ 127,282	\$ -	\$ 127,282
Contributions	233,920	133,182	367,102	383,412	-	383,412
Grants, Non Government	63,392	632,426	695,818	10,843	409,003	419,846
Government Grants/Credits	384,839	-	384,839	228,417	-	228,417
Donated Services & Materials	551,976	-	551,976	228,619	-	228,619
Investment Income	39,835	-	39,835	4,027	-	4,027
Miscellaneous Income	14	-	14	449	-	449
Changes in net asset restrictions:						
Released from Restrictions	497,823	(497,823)	-	336,552	(336,552)	-
	<u>2,011,343</u>	<u>267,785</u>	<u>2,279,128</u>	<u>1,319,601</u>	<u>72,451</u>	<u>1,392,052</u>
EXPENSES						
Program	1,481,327	-	1,481,327	1,160,816	-	1,160,816
Fundraising	229,594	-	229,594	144,184	-	144,184
General and Administrative	85,713	-	85,713	135,122	-	135,122
	<u>1,796,634</u>	<u>-</u>	<u>1,796,634</u>	<u>1,440,122</u>	<u>-</u>	<u>1,440,122</u>
Gain(Loss) on Disposal/Sale of Property & Equipment	(147)	-	(147)	-	-	-
Changes in net assets	214,562	267,785	482,347	(120,521)	72,451	(48,070)
NET ASSETS						
Beginning Balance	1,033,183	227,622	1,260,805	1,153,704	155,171	1,308,875
End of year	<u>\$ 1,247,745</u>	<u>\$ 495,407</u>	<u>\$ 1,743,152</u>	<u>\$ 1,033,183</u>	<u>\$ 227,622</u>	<u>\$ 1,260,805</u>

SPECIAL OLYMPICS LOUISIANA, INC.
COVINGTON, LOUISIANA

STATEMENTS OF FUNCTIONAL EXPENSES
(See Notes to Financial Statements)
For the Years Ended December 31, 2021 and 2020

	2021				2020			
	<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	\$ 163,607	\$ 28,393	\$ 16,384	\$ 208,384	\$ 85,468	\$ 46,725	\$ 2,206	\$ 134,399
Membership Dues	24,675	4,414	2,172	31,261	28,661	-	518	29,179
Depreciation Expense	10,234	1,831	900	12,965	11,365	1,065	591	13,021
Donated Services & Materials	525,577	23,884	2,515	551,976	199,553	18,703	10,363	228,619
Employee Benefits	122,272	21,378	11,254	154,904	135,315	11,416	8,021	154,752
Equipment Maintenance/Rental	12,877	2,304	1,133	16,314	12,007	1,060	589	13,656
Insurance	32,487	5,813	2,857	41,157	36,990	3,466	1,923	42,379
Marketing and Advertising	8,852	1,583	778	11,213	1,199	831	9,811	11,841
Meetings/Conferences	1,444	258	128	1,830	-	-	555	555
Miscellaneous Expenses	1,595	285	140	2,020	59	202	1,960	2,221
Office Maintenance & Expenses	22,360	46,400	1,713	70,473	52,233	5,190	2,636	60,059
Payroll Taxes	33,865	6,059	2,979	42,903	42,222	3,711	2,442	48,375
Professional Fees	48,136	2,302	1,130	51,568	840	-	63,398	64,238
Salaries	422,530	75,599	37,160	535,289	512,282	48,002	26,638	586,922
Telephone & IT	26,139	4,676	2,300	33,115	24,794	2,132	1,153	28,079
Travel, Meals, and Lodging	24,677	4,415	2,170	31,262	17,828	1,681	2,318	21,827
	<u>\$ 1,481,327</u>	<u>\$ 229,594</u>	<u>\$ 85,713</u>	<u>\$ 1,796,634</u>	<u>\$ 1,160,816</u>	<u>\$ 144,184</u>	<u>\$ 135,122</u>	<u>\$ 1,440,122</u>

SPECIAL OLYMPICS LOUISIANA, INC.
COVINGTON, LOUISIANA

STATEMENTS OF CASH FLOWS
(See Notes to Financial Statements)
For the Years Ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 482,347	\$ (48,070)
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by (Used in) Operating Activities:		
Depreciation	12,965	13,021
Donated Investments	-	(3,860)
Gain on Sale of Marketable Securities	-	(507)
Unrealized Gain on Marketable Securities	(30,558)	(2,582)
(Gain) Loss on Disposal of Assets	147	-
Decrease (Increase) in Assets:		
Accounts Receivable	(255,221)	10,798
Prepaid Expenses	13,062	(10,731)
Increase (Decrease) in Liabilities:		
Accounts Payable	7,775	9,516
Payroll Liabilities	9,900	(74,245)
Deferred Rent	(283)	(288)
Deferred Contributions	49,523	15,000
NET CASH PROVIDED (USED IN) BY OPERATING ACTIVITIES	289,657	(91,948)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(5,965)	(7,018)
Purchase of Marketable Securities	(365,414)	(557,536)
Proceeds from Sale of Marketable Securities	60,659	11,599
CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	(310,720)	(552,955)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(21,063)	(644,903)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	335,346	980,249
CASH AND CASH EQUIVALENTS, END OF THE YEAR	\$ 314,283	\$ 335,346
DISCLOSURE OF NON-CASH ITEMS		
In-kind donations to the Organization	\$ 551,976	\$ 228,619

SPECIAL OLYMPICS LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities – Special Olympics Louisiana, Inc. (the Organization or SOLA) is a nonprofit corporation authorized and accredited by Special Olympics, Incorporated (SOI). The Organization was established in 1968 to provide year-round sports training and athletic competition in a variety of Olympic-type sports for all children and adults with intellectual disabilities, giving them continuing opportunities to develop physical fitness, demonstrate courage, experience joy, and participate in a sharing of gifts, skills and friendship with their families, other Special Olympics athletes and the community. SOLA currently has 12,856 registered athletes across the state, including student participation on over 500 elementary, middle/high school and college campuses. In 2021, 6,869 people with intellectual disabilities, 623 unified partners, 932 certified coaches, and 2880 general volunteers participated through in-person activities. An additional 4,428 athletes participated in virtual programming which included modified health and fitness modules. The accompanying financial statements include the activities of the Special Olympics Louisiana, Inc. headquarters (accredited US program office) and all affiliated units located throughout Louisiana. All Louisiana affiliated units are owned and operated under the direction of the Organization's chapter office.

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

Basis of Presentation – The financial statement presentation of the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. Net assets without donor restrictions are resources that are free of donor-imposed or time restrictions and are available at the direction of the governing board. Net assets with donor restrictions are resources that are limited by donor-imposed stipulations. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or the fulfillment of an event or circumstance specified by the donor. Some net assets with donor restrictions neither expire by passage of time nor can be fulfilled or otherwise removed by specific action. There were no net assets with permanent donor restrictions at December 31, 2021 and 2020. The only limit on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purpose specified in corporate documents, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. Further, net assets without donor restrictions can be earmarked for a specific purpose by the Board of Directors and will be shown as board designated on the financial statements. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements as net assets released from restrictions in the statement of activities. The organization has both net assets with donor restrictions and net assets without donor restrictions at December 31, 2021 and 2020.

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

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

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

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

SPECIAL OLYMPICS LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Tax-exempt status – The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision for income taxes has been made; however, if the Organization should engage in activities unrelated to the purpose for which it was created, taxable income could result. The Organization has no unrelated business income for the years ended December 31, 2021 and 2020.

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

Retirement plan – The Organization has a defined contribution pension plan, which covers all permanent employees that have completed one year of service. Contributions are made to the plan at 9% of the participants' gross salaries and an additional 1% matching contribution. Retirement expense was \$39,323 and \$67,388 for the years ended December 31, 2021 and 2020, respectively. These assets are held in mutual funds and/or annuity contracts under the plan independent of SOLA. The responsibility for administration and investment of the plan is with One America.

Advertising – SOLA follows the policy of charging the costs of advertising to expense as incurred. Advertising expense amounted to \$11,213 and \$11,841 for the years ended December 31, 2021 and 2020, respectively.

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

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

SPECIAL OLYMPICS LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Paycheck Protection Program - During 2021 and 2020, SOLA received proceeds under the Paycheck Protection Program "PPP" administered by a Small Business Administration (SBA) approved partner. Established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), the PPP provides for forgivable loans to qualifying organizations as long as the organization maintains its payroll levels and uses the proceeds for eligible purposes, including payroll, benefits, rent, and utilities, over a "covered period". Management believed these loans to be 100% forgivable so they were classified as government revenue in the year received.

NOTE 2: INVESTMENTS

Investments are recorded at fair value and are comprised of both debt and equity securities. Investment fees for the year ended December 31, 2021 and 2020 were \$4,730 and \$1,563 and were subtracted from investment income on the statements of activities.

The following schedules summarize the investment revenue and expenses in the statements of activities for the year ended December 31, 2021 and 2020:

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

	<u>2021</u>
Interest & Dividends	\$ 14,007
Gain on Sale of Marketable Securities	-
Unrealized Gains (Losses), Net	30,558
Investment Fees	<u>(4,730)</u>
Investment Income	<u>\$ 39,835</u>

Investments are measured at fair value in the statements of financial position based on quoted market price. The following schedules summarize the value of the investments at December 31, 2021 and 2020:

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

	<u>2021</u>
Current Cost Basis	\$ 851,407
Unrealized Gains, Net	<u>36,792</u>
Marketable Securities at Fair Value	<u>\$ 888,199</u>

SPECIAL OLYMPICS LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020NOTE 3: FAIR VALUE INSTRUMENTS

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or by other means.

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

Investments at fair value consist of the following at December 31, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Corporate Bonds	\$ 72,578	\$ -	\$ -
Municipal Bonds	341,725	-	-
Common Stocks	171,105	-	-
Exchange-Traded Products	27,137	-	-
Bank Deposits	275,654	-	-
Total Market Value	<u>\$ 888,199</u>	<u>\$ -</u>	<u>\$ -</u>

Investments at fair value consist of the following at December 31, 2021:

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

NOTE 4: PROPERTY AND EQUIPMENT

Property and equipment, related service lives, and accumulated depreciation as of December 31, 2021 and 2020 were as follows:

	<u>Estimated Service Lives</u>	<u>2021</u>	<u>2020</u>
Furniture and Equipment	2 – 10 years	89,655	89,210
Accumulated depreciation		(61,536)	(53,944)
Net Property and Equipment		<u>\$ 28,119</u>	<u>\$ 35,266</u>

Depreciation expense was \$12,965 and \$13,021 for the years ended December 31, 2021 and 2020, respectively.

During 2021 and 2020, SOLA disposed of \$5,520 and \$5,083 fixed assets and purchased \$5,965 and \$7,018 of new assets, respectively. Only \$5,372 of the fixed assets disposed of in 2021 were fully depreciated resulting in a loss of \$147.

SPECIAL OLYMPICS LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020NOTE 5: NET ASSETS

Net assets with donor restrictions at December 31, 2021 and 2020 are available to support the Organization in the following areas:

	<u>2021</u>	<u>2020</u>
Unified Champions School	\$ 318,813	\$ 163,805
Unified Sports	14,000	15,000
Healthy Athletes, Community, & Family	-	17,000
Fitness Programs	10,000	6,000
Specific Parish/Location	82,263	13,317
USA Games	70,331	-
All Others	-	12,500
	<u>\$ 495,407</u>	<u>\$ 227,622</u>

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

	<u>2021</u>	<u>2020</u>
Unified Champions School	\$ 294,992	\$ 177,887
Healthy Athletes, Community, & Family	162,576	93,127
Fitness Programs	7,500	17,425
Unified Sports	5,000	-
Specific Parish/Location	15,255	33,004
All Others	12,500	15,109
Released from Restrictions	<u>\$ 497,823</u>	<u>\$ 336,552</u>

NOTE 6: DONATED SERVICES AND MATERIALS

The Organization receives services, on a year-round basis, from individuals who donate their time as Area Directors and Parish Directors for programs and events sponsored by the Organization. The value of the services of is recorded as donated services, based on the independent sector per hour average and management's estimation of hours worked. These services are also recorded as expense and are allocated as 79% program, 14% fundraising, and 7% 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, 2021 and 2020, SOLA estimates it received 34,380 hours from approximately 2,880 individuals and 38,700 hours from approximately 1,210 individuals, respectively. These volunteers are an integral part in the overall success of the Organization's programs.

SPECIAL OLYMPICS LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020NOTE 7: RELATED PARTY

Special Olympics, Inc. (SOI) distributes mailings to individuals requesting contributions on behalf of the Organization. SOI also collects contributions from its website and through other fundraising initiatives on behalf of the Organization. SOI also awards grants to the Organization. Total revenue from SOI recognized during the year ending December 31, 2021 was \$701,125. Total revenue from SOI recognized during the year ending December 31, 2020 was \$582,541 of which \$205,220 was in accounts receivable at December 31, 2020.

The Organization paid accreditation fees to SOI of \$29,126 and \$28,661 for the years ended December 31, 2021 and 2020, respectively.

NOTE 8: ECONOMIC DEPENDENCY

The Organization derived approximately 31% and 42% of its revenues from Special Olympics, Inc. as fundraising revenue or grants for the years ended December 31, 2021 and 2020, respectively.

The Organization derived approximately 17% and 7% of its revenues from government grants for the years ended December 31, 2021 and 2020, respectively.

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

NOTE 9: CONCENTRATION OF CREDIT RISK

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

NOTE 10: CONTINGENCIES

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

NOTE 11: INCOME TAXES

The Organization's administration recognizes the effect of income tax positions only if the positions are more likely than not of being sustained. Recognized income tax positions are recorded at the largest amount that is greater than 50% likely of being realized. Changes in the recognition or measurement are reflected in the period in which the change in judgment occurs. The Organization's administration has evaluated its position regarding the accounting for uncertain income tax positions. The Organization's administration does not believe that it has any uncertain tax positions and is no longer subject to federal, state, or local tax examinations by tax authorities for years before 2018.

SPECIAL OLYMPICS LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020NOTE 12: OPERATING LEASE

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

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

The Organization entered into a five-year operating lease agreement in 2019 for the use of an office building located in Covington, Louisiana. SOLA posted a \$3,000 damage deposit and made monthly payments of \$3,000 per month. Payments for the remainder of the lease are \$3,500 per month. Amendment was signed in December of 2021 resulting in an additional \$1,200 to \$1,700 payment monthly as the lease nears the end. SOLA will have the option to renew the lease for an additional two or three years when the original lease expires in 2024.

Future Minimum Lease Payments are as follows:

2022	\$68,667
2023	\$67,948
2024	\$52,000

NOTE 13: LIQUIDITY AND AVAILABILITY

During 2019 the Organization's Board of Directors approved policies regarding operating reserves, board designations, and investments. The target amount to be attained and maintained for the board-restricted operating reserve is \$2,000,000, representing approximately 100% of annual operating expenses. As of December 31, 2021 the Board of Directors has designated approximately \$988,767 of existing accumulated net assets to be managed by an investment firm and classified as board restricted. The remaining amount is to be funded over the next five fiscal years through funding strategies incorporated into SOLA's annual fundraising plan and capital budget.

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

	<u>12/31/21</u>	<u>12/31/20</u>
Cash	\$ 314,283	\$ 335,346
Investments	888,199	552,886
Receivables	<u>608,770</u>	<u>353,549</u>
Total Financial Assets	1,811,252	1,241,781
Subtract: Donor Restrictions	(495,407)	(227,622)
Board Designations	<u>(988,767)</u>	<u>(649,571)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 327,078</u>	<u>\$ 364,588</u>

SPECIAL OLYMPICS LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE 14: PAYCHECK PROTECTION PROGRAM

In 2020, SOLA was granted and received a \$128,417 loan under the Paycheck Protection Program "PPP" administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. SOLA initially recorded the loan as a refundable advance but subsequently recognized grant revenue before the year ended in accordance with guidance for conditional contributions; that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. In 2021, SOLA was granted an additional \$144,580 PPP loan which was forgiven fully by the end of 2021. This amount was recorded as government grant revenue in the current year.

NOTE 15: BOARD DESIGNATED FUNDS

The Board of Directors designated an operating reserve to help ensure the long-term financial stability of the organization and position it to respond to varying economic conditions. The target amount to be attained and maintained for the operating reserve is \$2,000,000 and represents approximately 100% of the annual operating expenses of the organization. At December 31, 2021 and 2020 the balance of this account was \$ 1,038,767 and \$699,571, respectively, of which \$50,000 may be accessed by the organization as needed but must be approved by the board chair and board treasurer and repaid within three months. The remaining balance is to be funded through strategies incorporated into SOLA's annual fundraising plan and capital budget.

NOTE 16: RECENT PRONOUNCEMENT

In January 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. A modified retrospective transition approach is required. An entity may adopt the guidance either (1) retrospectively to each prior reporting period presented in the financial statements with a cumulative effect adjustment recognized at the beginning of the earliest comparative period presented or (2) retrospectively at the beginning of the period of adoption through a cumulative-effect adjustment. The new standard also provides a number of practical expedients. ASU 2016-02 is effective for financial statements issued for annual periods beginning after December 15, 2021. The Organization is currently evaluating the impact of the pending adoption of the new standard on its financial statements.

NOTE 17: SUBSEQUENT EVENTS

SOLA has evaluated all subsequent events through May 20, 2022, 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, 2021

Executive Director: John Guzzardo

Salary and Bonus	\$	165,052
Benefits – cell phone		1,500
Benefits- insurance		29,190
Benefits – retirement		16,505
Reimbursements		<u>10,620</u>
TOTAL COMPENSATION, BENEFITS AND OTHER PAYMENTS	\$	<u>222,867</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, 2021, 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, 2022.

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 20, 2022

SPECIAL OLYMPICS LOUISIANA, INC.
SUMMARY OF FINDINGS AND RESPONSES
December 31, 2021

No Findings Noted

SUMMARY OF PRIOR YEAR FINDINGS AND RESPONSES
December 31, 2020

No Findings Noted