

SPECIAL OLYMPICS LOUISIANA, INC.

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021



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, 2022 and 2021, 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, 2022 and 2021, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 opinions.

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 and *Government 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 and *Government 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.

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	16
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 <i>Government Auditing Standards</i>	17
Summary of Findings and Responses	18
Summary of Prior Year Findings and Responses	18

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, 2022 and 2021, 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, 2022 and 2021, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 opinions.

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 and *Government 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 and *Government 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 June 13, 2023, 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
June 13, 2023

SPECIAL OLYMPICS LOUISIANA, INC.
COVINGTON, LOUISIANA

STATEMENTS OF FINANCIAL POSITION
(See Notes to Financial Statements)
December 31, 2022 and 2021

ASSETS		2022	2021
CURRENT ASSETS			
Cash and Cash Equivalents	\$	494,468	\$ 314,283
Accounts and Grants Receivable		825,051	608,770
Prepaid Expense		43,218	16,073
TOTAL CURRENT ASSETS		1,362,737	939,126
PROPERTY AND EQUIPMENT			
Furniture and Fixtures		95,603	89,655
Office Equipment		2,226	-
Total Depreciable Assets		97,829	89,655
Accumulated Depreciation		(74,853)	(61,536)
Net Depreciable Assets		22,976	28,119
Operating Right of Use Asset		75,715	-
Financing Right of Use Asset		8,336	-
TOTAL PROPERTY AND EQUIPMENT		107,027	28,119
OTHER NONCURRENT ASSETS			
Investments		794,023	888,199
Security Deposits		3,000	3,000
TOTAL OTHER ASSETS		797,023	891,199
TOTAL ASSETS	\$	2,266,787	\$ 1,858,444

SPECIAL OLYMPICS LOUISIANA, INC.
COVINGTON, LOUISIANA

STATEMENTS OF FINANCIAL POSITION
(See Notes to Financial Statements)
December 31, 2022 and 2021

LIABILITIES AND NET ASSETS

	2022	2021
CURRENT LIABILITIES		
Accounts Payable	\$ 44,317	\$ 18,923
Accrued Expenses	43,083	30,989
Current Portion of Operating Lease Liability	41,264	-
Current Portion of Financing Lease Liability	8,393	-
Deferred Rent	-	857
Deferred Contribution	83,595	64,523
TOTAL CURRENT LIABILITIES	220,652	115,292
LONG TERM LIABILITIES		
Long Term Operating Lease Liability, Net of Current Portion	34,821	-
TOTAL LIABILITIES	255,473	115,292
NET ASSETS		
Board Designated Operating Reserve	894,935	988,767
Unrestricted	608,502	258,978
Without Donor Restrictions	1,503,437	1,247,745
With Donor Restrictions	507,877	495,407
TOTAL NET ASSETS	2,011,314	1,743,152
TOTAL LIABILITIES AND NET ASSETS	\$ 2,266,787	\$ 1,858,444

SPECIAL OLYMPICS LOUISIANA, INC.
COVINGTON, LOUISIANA

STATEMENTS OF ACTIVITIES

(See Notes to Financial Statements)

For the Years Ended December 31, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES						
Fundraising Revenues	\$ 266,844	\$ -	\$ 266,844	\$ 239,544	\$ -	\$ 239,544
Contributions	480,588	-	480,588	233,920	133,182	367,102
Grants, Non Government	296,185	819,817	1,116,002	63,392	632,426	695,818
Government Grants/Credits	333,652	-	333,652	384,839	-	384,839
Contributed Non Financial Assets	778,899	-	778,899	551,976	-	551,976
Investment (Loss) Income	(94,177)	-	(94,177)	39,835	-	39,835
Miscellaneous Income	351	-	351	14	-	14
Changes in net asset restrictions: Released from Restrictions	807,347	(807,347)	-	497,823	(497,823)	-
	2,869,689	12,470	2,882,159	2,011,343	267,785	2,279,128
EXPENSES						
Program	2,136,713	-	2,136,713	1,481,327	-	1,481,327
Fundraising	348,023	-	348,023	229,594	-	229,594
General and Administrative	129,261	-	129,261	85,713	-	85,713
	2,613,997	-	2,613,997	1,796,634	-	1,796,634
Gain(Loss) on Disposal/Sale of Property & Equipment	-	-	-	(147)	-	(147)
Changes in net assets	255,692	12,470	268,162	214,562	267,785	482,347
NET ASSETS						
Beginning Balance	1,247,745	495,407	1,743,152	1,033,183	227,622	1,260,805
End of year	\$ 1,503,437	\$ 507,877	\$ 2,011,314	\$ 1,247,745	\$ 495,407	\$ 1,743,152

SPECIAL OLYMPICS LOUISIANA, INC.
COVINGTON, LOUISIANA

STATEMENTS OF FUNCTIONAL EXPENSES
(See Notes to Financial Statements)
For the Years Ended December 31, 2022 and 2021

	2022				2021			
	Program	Fundraising	General & Administrative	Total	Program	Fundraising	General & Administrative	Total
Activity Supplies/Games Expense	\$ 307,378	\$ 50,064	\$ 18,596	\$ 376,038	\$ 163,607	\$ 28,393	\$ 16,384	\$ 208,384
Amortization Expense	8,177	1,332	494	10,003	-	-	-	-
Depreciation Expense	10,886	1,773	658	13,317	10,234	1,831	900	12,965
Donated Services & Materials	636,681	103,701	38,517	778,899	525,577	23,884	2,515	551,976
Employee Benefits	163,494	26,629	9,892	200,015	122,272	21,378	11,254	154,904
Equipment Maintenance/Rental	1,282	208	78	1,568	12,877	2,304	1,133	16,314
Insurance	36,835	6,000	2,228	45,063	32,487	5,813	2,857	41,157
Marketing and Advertising	15,640	2,547	946	19,133	8,852	1,583	778	11,213
Meetings/Conferences	9,903	1,613	600	12,116	1,444	258	128	1,830
Membership Dues	53,933	8,785	3,262	65,980	24,675	4,414	2,172	31,261
Miscellaneous Expenses	3,072	501	185	3,758	1,595	285	140	2,020
Office Maintenance & Expenses	69,436	11,309	4,204	84,949	22,360	46,400	1,713	70,473
Payroll Taxes	46,245	7,532	2,797	56,574	33,865	6,059	2,979	42,903
Professional Fees	45,286	7,376	2,740	55,402	48,136	2,302	1,130	51,568
Salaries	562,060	91,547	34,003	687,610	422,530	75,599	37,160	535,289
Telephone & IT	32,939	5,366	1,991	40,296	26,139	4,676	2,300	33,115
Travel, Meals, and Lodging	133,466	21,740	8,070	163,276	24,677	4,415	2,170	31,262
	<u>\$ 2,136,713</u>	<u>\$ 348,023</u>	<u>\$ 129,261</u>	<u>\$ 2,613,997</u>	<u>\$ 1,481,327</u>	<u>\$ 229,594</u>	<u>\$ 85,713</u>	<u>\$ 1,796,634</u>

SPECIAL OLYMPICS LOUISIANA, INC.
COVINGTON, LOUISIANA

STATEMENTS OF CASH FLOWS
(See Notes to Financial Statements)
For the Years Ended December 31, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 268,162	\$ 482,347
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by (Used in) Operating Activities:		
Depreciation	13,317	12,965
Amortization of Right of Use Assets	10,003	-
Unrealized Loss (Gain) on Marketable Securities	107,786	(30,558)
Loss on Disposal of Assets	-	147
Decrease (Increase) in Assets:		
Accounts Receivable	(216,281)	(255,221)
Operating Right of Use Assets	41,074	-
Prepaid Expenses	(27,145)	13,062
Increase (Decrease) in Liabilities:		
Accounts Payable	25,394	7,775
Payroll Liabilities	12,094	9,900
Operating Lease Obligations	(40,704)	-
Deferred Rent	(857)	(283)
Deferred Contributions	19,072	49,523
NET CASH PROVIDED (USED IN) BY OPERATING ACTIVITIES	211,915	289,657
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(8,174)	(5,965)
Purchase of Marketable Securities	(13,612)	(365,414)
Proceeds from Sale of Marketable Securities	2	60,659
CASH USED IN INVESTING ACTIVITIES	(21,784)	(310,720)
CASH FLOW FROM FINANCING ACTIVITIES		
Payments of Financing Lease Obligations	(9,946)	-
CASH USED IN FINANCING ACTIVITIES	(9,946)	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	180,185	(21,063)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	314,283	335,346
CASH AND CASH EQUIVALENTS, END OF THE YEAR	\$ 494,468	\$ 314,283
DISCLOSURE OF NON-CASH ITEMS		
In-kind donations to the Organization	\$ 778,899	\$ 551,976

SPECIAL OLYMPICS LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021**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. SOLA currently has 12,947 registered athletes across the state, including student participation on over 500 elementary, middle/high school and college campuses. In 2022, 6,254 people with intellectual disabilities, 459 unified partners, and 626 certified coaches, participated through in-person activities. An additional 2,128 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, 2022 and 2021. 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, 2022 and 2021.

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, 2022 and 2021

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, 2-10 years. 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.

Right of Use Assets - The Company has recorded an operating right of use asset which consists of an office lease and a financing right of use assets which consists of a copier lease, as a result of implementing ASC 842. The right of use assets are initially measured at an amount equal to the initial measurement date of the related lease liability plus any lease payments made prior to the lease term, less lease incentives and plus any ancillary charges necessary to place the lease into service. The right of use assets are amortized on a straight-line bases over the life of the related lease.

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, 2022 and 2021.

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 \$50,998 and \$39,323 for the years ended December 31, 2022 and 2021, 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 \$19,133 and \$11,213 for the years ended December 31, 2022 and 2021, 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.

SPECIAL OLYMPICS LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2022 and 2021 were \$5,307 and \$4,730 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, 2022 and 2021:

	<u>2022</u>
Interest & Dividends	\$ 18,194
Gain on Sale of Marketable Securities	2
Unrealized Gains (Losses), Net	(107,786)
Investment Fees	<u>(5,307)</u>
Investment Loss	<u>\$ (94,177)</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 Loss	<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, 2022 and 2021:

	<u>2022</u>
Current Cost Basis	\$ 865,016
Unrealized Losses, Net	<u>70,993</u>
Marketable Securities at Fair Value	<u>\$ 794,023</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, 2022 and 2021

NOTE 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, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Corporate Bonds	\$ 82,130	\$ -	\$ -
Municipal Bonds	366,533	-	-
Common Stocks	167,424	-	-
Exchange-Traded Products	40,526	-	-
Bank Deposits	137,410	-	-
Total Market Value	<u>\$ 794,023</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	\$ 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>

NOTE 4: PROPERTY AND EQUIPMENT

Property and equipment, related service lives, and accumulated depreciation as of December 31, 2022 and 2021 were as follows:

Depreciation expense was \$13,317 and \$12,965 for the years ended December 31, 2022 and 2021, respectively.

During 2022 and 2021, SOLA disposed of \$0 and \$5,520 fixed assets and purchased \$8,174 and \$5,965 of new assets, respectively.

SPECIAL OLYMPICS LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021NOTE 5: NET ASSETS

Net assets with donor restrictions at December 31, 2022 and 2021 are available to support the Organization in the following areas:

	<u>2022</u>	<u>2021</u>
Unified Champions School	\$ 334,828	\$ 318,813
Unified Sports	10,000	14,000
Healthy Athletes, Community, & Family	92,696	-
Fitness Programs	7,502	10,000
Specific Parish/Location	62,851	82,263
USA Games	-	70,331
	<u>\$ 507,877</u>	<u>\$ 495,407</u>

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

	<u>2022</u>	<u>2021</u>
Unified Champions School	\$ 662,984	\$ 294,992
Healthy Athletes, Community, & Family	38,222	162,576
Fitness Programs	70,331	7,500
Unified Sports	20,000	5,000
Specific Parish/Location	15,810	15,255
All Others	-	12,500
Released from Restrictions	<u>\$ 807,347</u>	<u>\$ 497,823</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, 2022 and 2021, SOLA estimates it received 36,948 hours from approximately 4,346 individuals and 34,380 hours from approximately 2,880 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, 2022 and 2021

NOTE 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, 2022 was \$313,578. Total revenue from SOI recognized during the year ending December 31, 2021 was \$701,125 of which \$201,485 was in accounts receivable at December 31, 2021.

The Organization paid accreditation fees to SOI of \$35,225 and \$29,126 for the years ended December 31, 2022 and 2021, respectively.

NOTE 8: ECONOMIC DEPENDENCY

The Organization derived approximately 11% and 31% of its revenues from Special Olympics, Inc. as fundraising revenue or grants for the years ended December 31, 2022 and 2021, respectively.

The Organization derived approximately 10% and 17% of its revenues from government grants for the years ended December 31, 2022 and 2021, respectively.

A significant reduction in these levels of support, if it were to occur, could have an 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 2019.

SPECIAL OLYMPICS LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 12: LEASES

The Organization has obligations as a lessee for an office lease and copier with initial noncancelable terms in excess of one year. The Organization classifies the office lease as an operating lease, and copier lease as a finance lease. These leases generally do not contain renewal options. The Organization's leases do not include termination options for either party to the lease or restrictive financial or other covenants. Payments due under the lease contracts include fixed payments plus, for many of the Organization's leases, variable payments. These variable lease payments are not included in the lease payments used to determine lease liability and are recognized as variable costs when incurred. The components of lease costs for the year ended December 31, 2022, are as follows:

	Operating Lease	Financing Lease
	December 31, 2022	December 31, 2022
Lease expense		
Finance lease expense		
Amortization of ROU assets	\$ -	\$ 10,003
Interest on lease liabilities	-	177
Operating lease expense	41,799	-
Short-term lease expense *	-	-
Variable lease expense	-	-
Total	\$ 41,799	\$ 10,181

Other Information

Cash paid for amounts included in the measurement of lease liabilities

Operating cash flows from finance leases (i.e. Interest)	\$ -	\$ 168
Financing cash flows from finance leases (i.e. principal portion)	\$ -	\$ 9,956
Operating cash flows from operating leases	\$ 42,000	\$ -
ROU assets obtained in exchange for new finance lease liabilities	\$ -	\$ 18,340
ROU assets obtained in exchange for new operating lease liabilities	\$ 116,788	\$ -
Weighted-average remaining lease term in years for finance leases	0.00	0.83
Weighted-average remaining lease term in years for operating leases	1.83	0.00
Weighted-average discount rate for finance leases	0.00%	1.37%
Weighted-average discount rate for operating leases	1.37%	0.00%

Maturity Analysis

	Operating	Finance
2023	\$ 42,000	\$ 8,437
2024	35,000	-
2025	-	-
2026	-	-
2027	-	-
Thereafter	-	-
Total undiscounted cash flows	77,000	8,437
Less: present value discount	(915)	(43)
Total lease liabilities	\$ 76,085	\$ 8,393

SPECIAL OLYMPICS LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021NOTE 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, 2022, 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>12/31/22</u>	<u>12/31/21</u>
Cash	\$ 494,468	\$ 314,283
Investments	794,023	888,199
Receivables	<u>825,051</u>	<u>608,770</u>
Total Financial Assets	2,113,542	1,811,252
Subtract: Donor Restrictions	(507,877)	(495,407)
Board Designations	<u>(894,935)</u>	<u>(988,767)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 710,730</u>	<u>\$ 327,078</u>

NOTE 14: 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, 2022 and 2021 the balance of this account was \$944,935 and \$1,038,767, 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 15: RECENT PRONOUNCEMENT

Effective January 1, 2022, the Organization adopted FASB ASC 842, *Leases*. The Organization determines if an arrangement contains a lease at inception based on whether the Organization has the right to control the asset during the contract period and other facts and circumstances. The Organization elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed it to carry forward the historical lease classification. The adoption of FASB ASC 842 resulted in the recognition of operating and financing right of use assets, net of prepaid lease payments and incentives, of \$116,788 and \$18,340, respectively as of January 1, 2022. The Organization recognized operating and financing liabilities of \$117,883 and \$18,392, respectively as of January 1, 2022. Results for periods beginning prior to January 1, 2022, continue to be reported in accordance with our historical accounting treatment. The adoption of FASB ASC 842 did not have a material impact on the Organization's statement of activities or cash flows.

SPECIAL OLYMPICS LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021NOTE 15: RECENT PRONOUNCEMENTS (CONTINUED)

As of January 1, 2022, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958), Presentation and Disclosures by Not-for-Profit Entities Contributed Nonfinancial Assets*. The ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. The Organization's adoption of ASU No. 2020-07 did not result in any adjustments to their financial statement presentation.

NOTE 16: SUBSEQUENT EVENTS

SOLA has evaluated all subsequent events through June 13, 2023, 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, 2022Executive Director: John Guzzardo

Salary and Bonus	\$ 161,490
Benefits – cell phone	1,443
Benefits- insurance	5,975
Benefits – retirement	1,615
Reimbursements	<u>5,607</u>
TOTAL COMPENSATION, BENEFITS AND OTHER PAYMENTS	<u>\$ 176,130</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, 2022, 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 13, 2023.

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 13, 2023

SPECIAL OLYMPICS LOUISIANA, INC.
SUMMARY OF FINDINGS AND RESPONSES
December 31, 2022

No Findings Noted

SUMMARY OF PRIOR YEAR FINDINGS AND RESPONSES
December 31, 2021

No Findings Noted