

**SPECIAL OLYMPICS MISSOURI, INC. AND
SUPPORTING ORGANIZATION**

**CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2019 AND 2018



***Special
Olympics***
Missouri



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To the Board of Directors
Special Olympics Missouri, Inc. and Supporting Organization
Jefferson City, Missouri

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying consolidated financial statements of *Special Olympics Missouri, Inc. and Supporting Organization* (both non-profit organizations)(collectively, the Organization) which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated 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 Organization'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Adjustment

As discussed in Note 16 to the financial statements, a prior period adjustment was recorded for \$250,000, which resulted in a decrease in pledges receivable and net assets of \$250,000 as of December 31, 2016.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedule of financial position and consolidating schedule of activities on pages 20 and 21 are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

May 7, 2020
St. Louis, Missouri

Mueller Prost LC

Certified Public Accountants

SPECIAL OLYMPICS MISSOURI, INC. AND SUPPORTING ORGANIZATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>
Current Assets		
Cash and cash equivalents	\$ 3,300,553	\$ 193,135
Investments	50,123	272,376
Pledges receivable - current, net	400,361	580,340
Inventory	14,061	14,051
Prepaid expenses	<u>78,812</u>	<u>29,886</u>
Total Current Assets	<u>3,843,910</u>	<u>1,089,788</u>
Property and Equipment, Net of Depreciation	<u>12,297,702</u>	<u>14,815,739</u>
Other Assets		
Long-term investments	-	50,882
Pledges receivable - long-term, net	322,750	557,466
Land held for sale	475,000	475,000
Cash surrender value-life insurance	<u>9,213</u>	<u>3,750</u>
Total Other Assets	<u>806,963</u>	<u>1,087,098</u>
Total Assets	\$ <u>16,948,575</u>	\$ <u>16,992,625</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Checks written in excess of cash balance	\$ -	\$ 2,932
Current portion of long-term debt	47,546	45,193
Accounts payable	22,558	200,137
Construction payable	1,422,111	-
Agency liabilities	136,661	-
Accrued vacation	<u>102,710</u>	<u>112,787</u>
Total Current Liabilities	<u>1,731,586</u>	<u>361,049</u>
Long-Term Debt, Net of Current Portion	<u>21,192</u>	<u>68,817</u>
Total Liabilities	<u>1,752,778</u>	<u>429,866</u>
Net Assets		
Without donor restrictions	<u>14,364,953</u>	<u>15,178,909</u>
With donor restrictions		
Time-restricted for future periods	723,111	1,137,806
Purpose restricted	<u>107,733</u>	<u>246,044</u>
Total Net Assets With Donor Restrictions	<u>830,844</u>	<u>1,383,850</u>
Total Net Assets	<u>15,195,797</u>	<u>16,562,759</u>
Total Liabilities and Net Assets	\$ <u>16,948,575</u>	\$ <u>16,992,625</u>

SPECIAL OLYMPICS MISSOURI, INC. AND SUPPORTING ORGANIZATION
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>NET ASSETS WITHOUT DONOR RESTRICTIONS</u>		
Revenue and Support		
Contributions	\$ 553,805	\$ 782,275
Direct marketing	341,988	337,360
Investment income	15,915	32,074
Other income	99,026	183,303
Grants and trusts	611,776	403,534
Special events, including contributions	1,969,382	2,367,841
Sponsorships	221,507	242,726
Donated services and in-kind contributions	<u>1,708,242</u>	<u>2,906,081</u>
Total Revenue and Support	<u>5,521,641</u>	<u>7,255,194</u>
Net Assets Released from Restrictions	<u>971,602</u>	<u>6,895,131</u>
Total Revenue	<u>6,493,243</u>	<u>14,150,325</u>
Program Services Expenses		
Program	5,329,810	6,562,879
Support Services Expenses		
Management	196,663	259,153
Fundraising	<u>829,751</u>	<u>1,059,214</u>
Total Expenses	<u>6,356,224</u>	<u>7,881,246</u>
Increase in Net Assets without Donor Restrictions before Catastrophic Loss	<u>137,019</u>	<u>6,269,079</u>
<u>NET ASSETS WITH DONOR RESTRICTIONS</u>		
Change in Net Assets With Donor Restrictions		
Contributions, net	332,857	1,026,991
Other income	-	113,528
Special events, including contributions	54,509	86,426
Sponsorships	500	6,297
Direct marketing	34,189	54,939
Grants and trusts	12,500	-
Less: net assets released from restrictions	<u>(971,602)</u>	<u>(6,895,131)</u>
Decrease in Net Assets with Donor Restrictions	<u>(537,047)</u>	<u>(5,606,950)</u>
Increase (Decrease) in Net Assets prior to Catastrophic Loss	(400,028)	662,129
Catastrophic Loss, net of Insurance Proceeds	<u>(966,934)</u>	<u>-</u>
Increase (Decrease) in Net Assets	<u>(1,366,962)</u>	<u>662,129</u>
Net Assets, Beginning of Year, as Originally Stated		<u>16,150,630</u>
Prior Period Adjustment		<u>(250,000)</u>
Net Assets, Beginning of Year, as Restated	<u>16,562,759</u>	<u>15,900,630</u>
Net Assets, End of Year	<u>\$ 15,195,797</u>	<u>\$ 16,562,759</u>

The notes to consolidated financial statements are an integral part of these financial statements.

SPECIAL OLYMPICS MISSOURI, INC. AND SUPPORTING ORGANIZATION
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Total</u>
	<u>Program</u>		<u>Management</u>	<u>Fundraising</u>	
Assessments	\$ 81,101	\$ -	\$ -	\$ -	81,101
Bad Debt Expense	564	-	-	13,221	13,785
Conferences/Meetings	95,415	-	-	12,767	108,182
Depreciation	210,835	216	-	4,952	216,003
Donated Services/In-kind Contributions	1,631,335	-	-	144,454	1,775,789
Employee Benefits	381,191	29,216	-	83,447	493,854
Equipment/Uniforms	30,689	-	-	-	30,689
Equipment Rent/Maintenance	89,484	644	-	9,137	99,265
Food	71,962	-	-	3,963	75,925
Housing	199,440	-	-	283	199,723
Insurance	88,784	434	-	-	89,218
Interest	4,671	6,650	-	-	11,321
Memberships/Dues/Subscriptions	1,805	-	-	82	1,887
Miscellaneous	1,460	-	-	6,006	7,466
Occupancy	132,197	726	-	1,089	134,012
Postage/Shipping	13,973	133	-	2,021	16,127
Printing/Production	94,284	2	-	20,924	115,210
Professional Fees/Consultants/Fees for Services	280,826	14,413	-	129,886	425,125
Recognition	191,415	-	-	30,283	221,698
Salaries	1,473,965	143,674	-	364,829	1,982,468
Supplies	74,363	246	-	1,188	75,797
Telephone	36,552	309	-	463	37,324
Transportation	37,918	-	-	-	37,918
Travel	41,594	-	-	281	41,875
Venues	63,987	-	-	475	64,462
Total Functional Expenses	\$ 5,329,810	\$ 196,663	\$ 829,751	\$ 6,356,224	
	84%	3%	13%		

SPECIAL OLYMPICS MISSOURI, INC. AND SUPPORTING ORGANIZATION
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
	<u>Program</u>	<u>Management</u>	<u>Fundraising</u>	
Assessments	\$ 94,358	\$ -	\$ -	94,358
Bad Debt Expense	-	-	6,477	6,477
Conferences/Meetings	106,217	-	13,531	119,748
Depreciation	107,565	32,742	317	140,624
Donated Services/In-kind Contributions	2,523,305	-	351,194	2,874,499
Employee Benefits	372,997	36,408	87,465	496,870
Equipment/Uniforms	87,311	-	-	87,311
Equipment Rent/Maintenance	84,763	505	7,771	93,039
Food	141,230	-	4,923	146,153
Housing	268,195	-	305	268,500
Insurance	83,626	-	253	83,879
Interest	6,916	-	-	6,916
Memberships/Dues/Subscriptions	3,260	-	51	3,311
Miscellaneous	113	-	17,299	17,412
Occupancy	162,124	1,418	2,127	165,669
Postage/Shipping	12,654	442	629	13,725
Printing/Production	109,721	6	21,127	130,854
Professional Fees/Consultants/Fees for Services	305,958	24,343	149,535	479,836
Recognition	290,001	18	36,795	326,814
Salaries	1,352,044	160,918	353,664	1,866,626
Supplies	167,458	2,115	3,860	173,433
Telephone	27,238	238	356	27,832
Transportation	122,781	-	-	122,781
Travel	51,384	-	1,011	52,395
Venues	81,660	-	524	82,184
Total Functional Expenses	\$ 6,562,879	\$ 259,153	\$ 1,059,214	\$ 7,881,246
	83%	4%	13%	

SPECIAL OLYMPICS MISSOURI, INC. AND SUPPORTING ORGANIZATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities		
Increase (Decrease) in net assets	\$ <u>(1,366,962)</u>	\$ <u>662,129</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation expense	216,003	140,624
Unrealized gains on investments	17,690	(1,147)
Loss on disposal of fixed assets	-	490
Catastrophic loss, net of insurance proceeds	966,934	-
Change in assets - (increase) decrease		
Accounts receivable	-	45,518
Pledges receivable, net	414,695	3,212,847
Inventory	(10)	1,611
Prepaid expenses	(48,926)	200,887
Cash surrender value - life insurance	(5,463)	203
Change in liabilities - increase (decrease)		
Checks written in excess of cash balance	(2,932)	2,932
Accounts payable	(177,579)	145,679
Agency liabilities	136,661	-
Accrued vacation	(10,077)	(1,481)
Total Adjustments	<u>1,506,996</u>	<u>3,748,163</u>
Net Cash Provided by Operating Activities	<u>140,034</u>	<u>4,410,292</u>
Cash Flows from Investing Activities		
Purchase of investments	(2,538,583)	(5,846,343)
Proceeds from sale of investments	2,794,028	9,605,089
Cash paid for property and equipment	(16,845)	(8,761,159)
Insurance proceeds on property and equipment	<u>2,774,056</u>	-
Net Cash Provided by (Used In) Investing Activities	<u>3,012,656</u>	<u>(5,002,413)</u>
Cash Flows from Financing Activity		
Principal payments on long-term debt	<u>(45,272)</u>	<u>(43,029)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	3,107,418	(635,150)
Cash and Cash Equivalents - Beginning of Year	<u>193,135</u>	<u>828,285</u>
Cash and Cash Equivalents - End of Year	<u>\$ <u>3,300,553</u></u>	<u>\$ <u>193,135</u></u>
Supplemental Disclosure of Cash Flow Information		
Cash Paid for Interest	\$ <u>11,321</u>	\$ <u>6,916</u>

SPECIAL OLYMPICS MISSOURI, INC. AND SUPPORTING ORGANIZATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Special Olympics Missouri, Inc. (SOMO) is a tax exempt, non-profit corporation organized under Section 501(c)(3) of the Internal Revenue Code (IRC). It was organized with one overarching program to provide year-round sports training and athletic competition in a variety of Olympic-type sports for 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. SOMO's support comes primarily from individual donors' contributions and special events.

SOMO Endowment Fund, Inc. (the Foundation) is a tax-exempt non-profit organization organized under Section 501(c)(3) of the IRC. The exclusive purpose of the Foundation is to act as a supporting organization to SOMO. The Foundation does not represent a legal endowment and has not received any perpetually restricted funds.

Principles of Consolidated Financial Statements

The consolidated financial statements include the accounts of SOMO and its supporting organization, the Foundation (collectively, the Organization). All significant inter-company transactions and account balances have been eliminated in the consolidation.

Basis of Accounting

The Organization maintains its records on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Inventory

Inventory is valued at cost, on a first-in, first-out basis and consists primarily of souvenirs.

Investments

The Organization carries investments in securities with readily determinable fair values, which are presented at their fair values in the consolidated statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying consolidated statements of activities.

SPECIAL OLYMPICS MISSOURI, INC. AND SUPPORTING ORGANIZATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Pledges Receivable

Unconditional pledges receivable (promises to give) are recognized as revenue or gains in the period pledged and as assets, decreases of liabilities, or expense depending on the form of the benefits received. Pledges receivable are recorded at net realizable value for current and long-term pledges receivable. The adjustments for net realizable value for the years ended December 31, 2019 and 2018 were \$18,752 and \$38,054, respectively. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Property and Equipment

Property and equipment are capitalized at cost or, if donated, at the approximate fair value at the date of donation. The Organization capitalizes all asset purchases exceeding \$5,000 with a useful life greater than one year. Depreciation is computed using the straight-line method according to the following schedule:

Building and components	7 - 75 years
Office furniture and equipment	5 - 10 years
Games and program equipment	5 years
Vehicles	5 years

The total depreciation expense included in the consolidated statements of activities for the years ended December 31, 2019 and 2018 was \$216,003 and \$140,624, respectively.

Agency Liabilities

Agency liabilities represent amounts held by the Organization on behalf of others.

Concentration of Credit Risk

The Organization maintains its bank accounts at several financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. One bank, to insure balances over the FDIC limit, has the account in a cash management system that all collected funds are swept into an overnight repurchase agreement in which the Organization has a perfected interest in the collateral that is pledged to its account. The Organization has not experienced any losses on such accounts for balances in excess of the FDIC insurance. Management believes the Organization is not exposed to any significant credit risk related to those accounts.

Revenue and Revenue Recognition

The Organization recognizes contributions, direct marketing, other income, grants and trusts, and sponsorships when cash, securities or other assets; an unconditional pledge; or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are recognized when the conditions on which they depend have been met. There were no conditional promises to give as of December 31, 2019 and 2018. The Organization records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

SPECIAL OLYMPICS MISSOURI, INC. AND SUPPORTING ORGANIZATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Net Asset Presentation

Net assets, revenue, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board had designated, from net assets without donor restrictions, net assets for the Training for Life Campus, which were released during the year ended December 31, 2018.

Net Assets with Donor Restrictions – Net assets subject to donor- (or certain grantor-) 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, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Donated Services and In-kind Contributions

Donated services are recognized as contributions in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-605, *Revenue Recognition*, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provided other services throughout the years that are not recognized as contributions in the consolidated financial statements since the recognition criteria under ASC 958-605 were not met. In-kind contributions are recorded at the fair market value at the time of the donation.

Special Events

The gross revenue for special events includes contributions for the events and event revenue. Special events for the Organization are joint cost events. The Organization evaluates the purpose, audience, and content of the events to determine the allocations of the costs between program and fundraising expenses.

SPECIAL OLYMPICS MISSOURI, INC. AND SUPPORTING ORGANIZATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Income Tax Status

SOMO and the Foundation are qualified not-for-profit organizations under Section 509(a) of the IRC and are, therefore, exempt from federal income taxes under Section 501(c)(3) of the IRC.

SOMO and the Foundation follow FASB Accounting Standards Codification (ASC) 740-10, *Income Taxes – Overall*. The Organization has assessed their federal and state tax positions and determined that there were no unrelated business income taxes and no uncertainties or possible related effects that need to be recorded as of or for the years ended December 31, 2019 and 2018.

Printing and Publications

Advertising costs are expensed as incurred. Advertising expense, included in printing / production and donated services/in-kind contributions, amounted to \$269,998 and \$792,576 for the years ended December 31, 2019 and 2018, respectively.

Functional Allocation of Expenses

Expenses are charged to programs and supporting services, which include management and fundraising on the basis of actual costs incurred by the specific program or supporting service, as well as on the basis of periodic time and expense studies. Management expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization. The expenses that are allocated include events, payroll, payroll taxes, benefits, Torch Runs, Polar Plunges, and certain headquarter expenses. Payroll, payroll taxes and benefits are allocated based on monthly employee timesheets, which codes each employee's hours to program, management, or fundraising. State, district and area events are allocated to their state, district, region or area based on the ratio of athletes attending the events. Torch Run and Polar Plunge events are allocated based on the evaluation of the audience, purpose, content and call to action of the joint cost events. Certain headquarter expenses are allocated between program, management and fundraising based on the ratio of square footage occupied by individuals performing each activity. Expenses allocated based on square footage ratio include occupancy, equipment rental, maintenance, telephone, and supplies.

Reclassifications

Certain reclassifications have been made to the prior year consolidated financial statements to conform to the current year presentation.

SPECIAL OLYMPICS MISSOURI, INC. AND SUPPORTING ORGANIZATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Recent Accounting Pronouncements

Effective January 1, 2019, the Organization adopted ASU 2014-09; FASB ASC 606 – *Revenue from Contracts with Customers*, which clarifies the principles for recognizing revenue and creates a common revenue standard. Under this ASU, entities recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which, the entity expects to be entitled in exchange for those goods or services. Entities shall recognize revenue from contracts with customers within the scope of this standard through following a five-step process.

The guidance in this standard does not apply to contributions within the scope of FASB ASC 958, *Not-for-Profit Entities*. The Organization's exchange revenues (from special events), which are subject to ASC 606, are immaterial to the consolidated financial statements.

Analysis of the various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no change to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

Effective January 1, 2019, The Organization has adopted ASU No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

Future Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases: Amendments to the FASB Accounting Standards Codification*, which amends the existing guidance on accounting for leases, and is effective for fiscal years beginning after December 15, 2020, for entities other than public business entities. This ASU requires the recognition of lease assets and liabilities on the consolidated statements of financial position and the disclosure of key information about leasing arrangements. Early adoption is permitted and modified retrospective application is required for leases that exist or are entered into after the beginning of the earliest comparative period in the consolidated financial statements. The Organization is currently evaluating the impact that this guidance will have on its consolidated financial statements.

NOTE 2 LIQUIDITY AND AVAILABILITY

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents, equity securities, and a line of credit.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities of training, coaching instructing and sports education, as well as, oversight of services utilized to support and raise funds for those activities as general expenditures.

The Organization operates within the board approved balanced budget.

SPECIAL OLYMPICS MISSOURI, INC. AND SUPPORTING ORGANIZATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 LIQUIDITY AND AVAILABILITY (CONTINUED)

As of December 31, 2019, the following table shows the total financial assets held by the Organization and the amounts of those financial assets that could readily be made available within one year of the consolidated statements of financial position date to meet general expenditures:

Amounts available to be used within one year:	
Cash and cash equivalents	\$ 3,300,553
Investments	50,123
Pledges receivable, net	<u>723,111</u>
Total Financial Assets at Year End	<u>4,073,787</u>
Less: amounts not available to be used within one year:	
Pledges receivable – long-term, net	(322,750)
Agency liabilities (cash held for others)	(136,661)
Net assets with donor restrictions, excluding pledges receivable time restrictions	<u>(107,733)</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 3,506,643</u>

Special Olympics Missouri, Inc. has a \$1,000,000 board approved line of credit available through June 6, 2020 to meet cash needs for general expenditures, as further described in Note 8. The line of credit is not subject to donor or other contractual restrictions. Funds are immediately available to draw upon in the event of an unanticipated liquidity need. As of December 31, 2019, \$1,000,000 remained available on the line-of-credit.

NOTE 3 INVESTMENTS AND FAIR VALUE MEASUREMENTS

The framework for measuring fair value 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 (level I) and the lowest priority to unobservable inputs (level III). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level I – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level II – 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; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level II input must be observable for substantially the full term of the asset or liability.

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

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

SPECIAL OLYMPICS MISSOURI, INC. AND SUPPORTING ORGANIZATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2019 and December 31, 2018.

Corporate bonds are valued at the daily price of the bond multiplied by the par value of the bond.

Pledges receivable utilize Level III inputs and are reported at net realizable value.

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value on a recurring basis as of December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Corporate Bonds – Level I	\$ 50,123	\$ 323,258
Pledges Receivable – Level III	<u>723,111</u>	<u>1,387,806</u>
	773,234	1,711,064
Less: pledges receivable	<u>(723,111)</u>	<u>(1,387,806)</u>
Total Investments	<u><u>\$ 50,123</u></u>	<u><u>\$ 323,258</u></u>

Financial assets and liabilities valued using level I inputs are based on unadjusted quoted market prices within active markets. Valuation techniques utilized to determine fair value are consistently applied.

The following table provides further details of the Level III fair value measurements.

Balance at December 31, 2017	\$ 4,350,653
New pledges	442,424
Pledges paid	(3,676,834)
Change in net present value of long-term pledges	<u>21,563</u>
Balance at December 31, 2018	<u>1,137,806</u>
New pledges	205,791
Pledges paid	(631,470)
Pledges withdrawn	(8,318)
Change in net present value of long-term pledges	<u>19,302</u>
Balance at December 31, 2019	<u><u>\$ 723,111</u></u>

NOTE 4 PLEDGES RECEIVABLE

Pledges receivable at December 31, are as follows:

	<u>2019</u>	<u>2018</u>
Receivable in less than one year	\$ 400,361	\$ 580,340
Receivable in one to five years	<u>322,750</u>	<u>557,466</u>
Total	<u><u>\$ 723,111</u></u>	<u><u>\$ 1,137,806</u></u>

Pledges receivable are reported at net realizable value as prescribed by U.S. GAAP. There was no allowance for uncollectible pledges at December 31, 2019 and 2018.

SPECIAL OLYMPICS MISSOURI, INC. AND SUPPORTING ORGANIZATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5 PROPERTY AND EQUIPMENT, NET

Property and equipment were comprised of the following at December 31, 2019 and 2018:

	<u>Original Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
2019			
Office Equipment	\$ 286,206	\$ 50,346	\$ 235,860
Program Equipment	91,801	20,226	71,575
Computer Equipment	129,568	116,285	13,283
Vehicles	144,238	138,167	6,071
Furniture & Fixtures	56,559	8,393	48,166
Building & Components	7,375,584	89,786	7,285,798
Signage	25,173	10,335	14,838
Land	3,200,000	-	3,200,000
Construction in Progress	1,422,111	-	1,422,111
Total	<u>\$ 12,731,240</u>	<u>\$ 433,538</u>	<u>\$ 12,297,702</u>
2018			
Office Equipment	\$ 380,726	\$ 60,296	\$ 319,800
Program Equipment	166,019	18,803	147,216
Computer Equipment	135,928	111,060	24,868
Vehicles	193,580	155,601	37,979
Furniture & Fixtures	98,662	8,186	90,476
Building & Components	11,072,635	102,832	10,969,803
Signage	26,046	449	25,597
Land	3,200,000	-	3,200,000
Total	<u>\$ 15,273,596</u>	<u>\$ 457,857</u>	<u>\$ 14,815,739</u>

See Note 15 for information on the catastrophic loss relating to the Training for Life Campus.

NOTE 6 LAND HELD FOR SALE

The Organization currently owns land held for sale. At December 31, 2019 and 2018, the land's appraised value was \$475,000.

NOTE 7 LONG-TERM DEBT, NET

The Organization's obligation under long-term debt consists of the following bank loan:

	<u>2019</u>	<u>2018</u>
Variable interest with a floor of 5% and a ceiling of 7.690%, monthly payments of principal and interest of \$4,162, per promissory note dated January 11, 2012, with final balloon payment due on January 20, 2022. Due to accelerated payments made, the final payment on the debt is scheduled to be June 20, 2021	\$ <u>68,738</u>	\$ <u>114,010</u>

SPECIAL OLYMPICS MISSOURI, INC. AND SUPPORTING ORGANIZATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 LONG-TERM DEBT, NET (CONTINUED)

The future scheduled maturities of long-term debt are as follows:

Year ending December 31,

2020	\$ 47,546
2021	<u>21,192</u>
Total	<u>\$ 68,738</u>

NOTE 8 LINE-OF-CREDIT

The Organization maintains a \$1,000,000 line of credit (LOC) with Jefferson Bank of Missouri, which originated on June 6, 2018 and expires on June 6, 2020. The LOC is secured by a construction deed of trust on real property of the Organization and has an interest rate of 4.75% with monthly interest-only payments. There were no amounts outstanding on this LOC as of December 31, 2019 and 2018.

NOTE 9 ACCRUED VACATION

Vacation time is earned at the rates shown below:

One to four years of employment	15 days per year
Five to nine years of employment	16.5 days per year
Ten to fourteen years of employment	18 days per year
Fifteen to twenty-four years of employment	21 days per year
Twenty-five years of employment and up	24 days per year

Vacation time, based on date of employment, may be accumulated and limited up to 120 hours for one to four years, 132 hours for five to nine years, 144 hours for ten to fourteen years, and 168 hours for fifteen to twenty-four years and 192 hours for twenty-five years and up.

Sick leave is not payable upon termination and therefore, is not accrued.

SPECIAL OLYMPICS MISSOURI, INC. AND SUPPORTING ORGANIZATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 NET ASSETS WITH DONOR RESTRICTIONS

Donor Restricted net assets are comprised of the following:

	2019	2018
Purpose Restricted		
Other purpose restrictions	\$ 42,000	\$ 42,000
Restricted for specific events and groups	63,733	204,044
Restricted for the Back Nine	2,000	-
Total Purpose Restricted	107,733	246,044
Time-Restricted for Future Periods		
Pledges receivable	723,111	1,137,806
Total	\$ 830,844	\$ 1,383,850

Restrictions released during 2019 and 2018 were \$971,602 and \$6,895,131, respectively.

NOTE 11 DONATED SERVICES AND IN-KIND CONTRIBUTIONS

Significant materials, property, facilities, and services are donated to the Organization by various individuals and organizations. The following schedule reflects the donations received. The corresponding expenses are presented in donated services / in-kind contributions expense or property and equipment. The difference between donated services and in-kind contributions revenue and expense is due to pledges receivable for donated services recognized in revenue when the pledge was made, but the expense or property and equipment addition is recognized when the services are received. Also donated property and equipment increase in-kind contributions revenue, but do not generate a direct expense offset since the donation is recognized as an increase in the asset on the consolidated statements of financial position.

	2019	2018
Donated Materials and Facilities Revenue	\$ 953,950	\$ 1,702,057
Donated Services Revenue	754,292	1,204,024
Total	\$ 1,708,242	\$ 2,906,081

NOTE 12 RETIREMENT PLAN

The Organization offers all employees a 403(b)-tax sheltered annuity plan. Employees may contribute twenty percent (20%) of their annual gross wages up to a maximum of \$19,000 and \$18,500 for 2019 and 2018, respectively. In 2019 and 2018, SOMO matched employee contributions up to 5% and made discretionary contributions of 3%. The total retirement plan expense for the years ended December 31, 2019 and 2018 was \$92,176 and \$106,947 respectively.

SPECIAL OLYMPICS MISSOURI, INC. AND SUPPORTING ORGANIZATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 13 RELATED-PARTY TRANSACTIONS

SOMO and the Foundation have entered into a Master Fundraising Agreement. The terms of the agreement address the Foundation's fundraising activities on behalf of SOMO. The Foundation contributed \$523,213 and \$3,613,147 to SOMO during the years ended December 31, 2019 and 2018, respectively.

The Organization is related to Special Olympics, Inc. (SOI), the international non-profit organization. During the years ended December 31, 2019 and 2018, the Organization paid \$81,101 and \$94,358 respectively, for assessments due to SOI.

NOTE 14 LEASE COMMITMENTS

The Organization leases facilities and miscellaneous office equipment under various operating leases throughout Missouri. Rent expense, exclusive of donated facilities and inclusive of month-to-month leases, for the years ended December 31, 2019 and 2018 totaled \$98,267 and \$129,521 respectively.

Future annual minimum lease payments for facilities are as follows:

Year ending December 31,

2020	\$ 82,825
2021	72,062
2022	43,962
2023	25,194
2024	8,398
Total	<u>\$ 232,441</u>

NOTE 15 CATASTROPHIC LOSS

On May 22, 2019, a tornado touched down and severely damaged the Organization's Training for Life Campus (TLC). As a result, the Organization was forced to relocate to temporary office space and cancel their state summer games as well as other various competitions. No depreciation was taken on the TLC or TLC related assets after May 22, 2019. Depreciation will resume when the property and equipment are placed back in service. During the year ended December 31, 2019, the Organization has received \$2,866,550 in property and equipment and business interruption insurance proceeds and has written off fully and partially destroyed property and equipment that had a net book value of approximately \$3,700,000. The receipt of the insurance proceeds netted with the write off of property and equipment resulted in a \$966,934 net catastrophic loss. The Organization has begun reconstruction of the TLC and as of December 31, 2019, has incurred \$1,422,111 of reconstruction costs, which are recorded as construction in progress included in property and equipment on the consolidated statements of financial position.

As of December 31, 2019, the claim with the insurance company was still open. The Organization received an additional claim payment for \$2,613,913 in April 2020.

SPECIAL OLYMPICS MISSOURI, INC. AND SUPPORTING ORGANIZATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16 PRIOR PERIOD ADJUSTMENT

During the year ended December 31, 2016, a pledge for in-kind services in the amount of \$250,000 was recorded. It was later clarified that the pledge was a summarization of multiple smaller in-kind pledges for the construction of the TLC and should not have been recorded. A prior period adjustment was recorded which decreased pledges receivable and net assets with donor restrictions as of December 31, 2016 by \$250,000.

NOTE 17 SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of the independent auditors' report, the date the consolidated financial statements were available to be issued.

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact revenue and support. The extent of the impact of COVID-19 on the Organization's financial condition will depend on certain developments, including the duration and spread of the outbreak, impact on the Organization's donors, employees, athletes, and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Organization's financial condition is uncertain. As a result, in April 2020, the Organization applied for and was approved for a Payroll Protection Program loan in the amount of \$496,000.

See Note 15 for subsequent receipt of additional insurance proceeds.

SPECIAL OLYMPICS MISSOURI, INC. AND SUPPORTING ORGANIZATION
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
DECEMBER 31, 2019

	<u>Special Olympics Missouri, Inc.</u>	<u>SOMO Endowment Fund, Inc.</u>	<u>Eliminations</u>	<u>Total</u>
<u>ASSETS</u>				
Current Assets				
Cash and cash equivalents	\$ 3,081,163	\$ 219,390	\$ -	\$ 3,300,553
Investments	50,123	-	-	50,123
Pledges receivable - current, net	96,175	304,186	-	400,361
Inventory	14,061	-	-	14,061
Prepaid expenses	78,812	-	-	78,812
Total Current Assets	<u>3,320,334</u>	<u>523,576</u>	<u>-</u>	<u>3,843,910</u>
Property and Equipment, Net of Depreciation	<u>12,297,702</u>	<u>-</u>	<u>-</u>	<u>12,297,702</u>
Other Assets				
Due from SEF	88,210	-	(88,210)	-
Due from SOMO	-	3,275	(3,275)	-
Pledges receivable - long-term, net	-	322,750	-	322,750
Land held for sale	475,000	-	-	475,000
Cash surrender value-life insurance	-	9,213	-	9,213
Total Other Assets	<u>563,210</u>	<u>335,238</u>	<u>(91,485)</u>	<u>806,963</u>
 Total Assets	 \$ <u>16,181,246</u>	 \$ <u>858,814</u>	 \$ <u>(91,485)</u>	 \$ <u>16,948,575</u>
<u>LIABILITIES AND NET ASSETS</u>				
Current Liabilities				
Current portion of long-term debt	\$ 47,546	\$ -	\$ -	\$ 47,546
Due to SOMO	-	88,210	(88,210)	-
Due to Foundation	3,275	-	(3,275)	-
Accounts payable	21,065	1,493	-	22,558
Construction payable	1,422,111	-	-	1,422,111
Agency liabilities	136,661	-	-	136,661
Accrued vacation	102,710	-	-	102,710
Total Current Liabilities	<u>1,733,368</u>	<u>89,703</u>	<u>(91,485)</u>	<u>1,731,586</u>
Long-Term Debt, Net of Current Portion	<u>21,192</u>	<u>-</u>	<u>-</u>	<u>21,192</u>
Total Liabilities	<u>1,754,560</u>	<u>89,703</u>	<u>(91,485)</u>	<u>1,752,778</u>
Net Assets				
Without donor restrictions	<u>14,224,778</u>	<u>140,175</u>	<u>-</u>	<u>14,364,953</u>
With donor restrictions				
Time-restricted for future periods	96,175	626,936	-	723,111
Purpose restricted	105,733	2,000	-	107,733
Total Net Assets With Donor Restrictions	<u>201,908</u>	<u>628,936</u>	<u>-</u>	<u>830,844</u>
Total Net Assets	<u>14,426,686</u>	<u>769,111</u>	<u>-</u>	<u>15,195,797</u>
Total Liabilities and Net Assets	 \$ <u>16,181,246</u>	 \$ <u>858,814</u>	 \$ <u>(91,485)</u>	 \$ <u>16,948,575</u>

SPECIAL OLYMPICS MISSOURI, INC. AND SUPPORTING ORGANIZATION
CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Special Olympics Missouri, Inc.	SOMO Endowment Fund, Inc.	Eliminations	Total
<u>Net Assets without Donor Restrictions</u>				
Revenue and Support				
Contributions	\$ 512,283	\$ 41,522	\$ -	\$ 553,805
Direct marketing	341,988	-	-	341,988
Investment income	15,870	45	-	15,915
Other income	99,026	-	-	99,026
Grants and trusts	611,776	-	-	611,776
Special events, including contributions	1,969,382	-	-	1,969,382
Sponsorships	221,507	-	-	221,507
Donated services and in-kind contributions	1,708,242	-	-	1,708,242
Transfer from SOMO Endowment Fund	523,213	-	(523,213)	-
Total Revenue and Support	<u>6,003,287</u>	<u>41,567</u>	<u>(523,213)</u>	<u>5,521,641</u>
Net Assets Released from Restrictions	<u>617,897</u>	<u>353,705</u>	<u>-</u>	<u>971,602</u>
Total Revenue without Donor Restrictions	<u>6,621,184</u>	<u>395,272</u>	<u>(523,213)</u>	<u>6,493,243</u>
Program Services Expenses				
Program	5,329,810	523,213	(523,213)	5,329,810
Support Services Expenses				
Management	193,616	3,047	-	196,663
Fundraising	742,397	87,354	-	829,751
Total Expenses	<u>6,265,823</u>	<u>613,614</u>	<u>(523,213)</u>	<u>6,356,224</u>
Increase (Decrease) in Net Assets without Donor Restrictions				
Donor Restrictions	<u>355,361</u>	<u>(218,342)</u>	<u>-</u>	<u>137,019</u>
<u>Net Assets with Donor Restrictions</u>				
Change in Net Assets with Donor Restrictions				
Contributions, net	45,532	287,325	-	332,857
Special events, including contributions	54,509	-	-	54,509
Sponsorships	500	-	-	500
Direct marketing	34,189	-	-	34,189
Grants and trusts	12,500	-	-	12,500
Less: net assets released from restrictions	<u>(617,897)</u>	<u>(353,705)</u>	<u>-</u>	<u>(971,602)</u>
Decrease in Net Assets with Donor Restrictions	<u>(470,667)</u>	<u>(66,380)</u>	<u>-</u>	<u>(537,047)</u>
Decrease in Net Assets prior to Catastrophic Loss	<u>(115,306)</u>	<u>(284,722)</u>	<u>-</u>	<u>(400,028)</u>
Catastrophic Loss, net of Insurance Proceeds	<u>(966,934)</u>	<u>-</u>	<u>-</u>	<u>(966,934)</u>
Decrease in Net Assets	<u>(1,082,240)</u>	<u>(284,722)</u>	<u>-</u>	<u>(1,366,962)</u>
Net Assets, Beginning of Year, as Originally Stated	<u>15,758,926</u>	<u>1,053,833</u>	<u>-</u>	<u>16,812,759</u>
Prior Period Adjustment	<u>(250,000)</u>	<u>-</u>	<u>-</u>	<u>(250,000)</u>
Net Assets, Beginning of Year, as Restated	<u>15,508,926</u>	<u>1,053,833</u>	<u>-</u>	<u>16,562,759</u>
Net Assets, End of Year	<u>\$ 14,426,686</u>	<u>\$ 769,111</u>	<u>\$ -</u>	<u>\$ 15,195,797</u>