

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

**CONSOLIDATED FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2020 AND 2019**



***Special  
Olympics***  
*Missouri*

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

## **INDEPENDENT AUDITOR'S 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, 2020, 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 Consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these 2020 consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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, 2020, 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.

## 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.

## Prior Period Financial Statements

The consolidated financial statements of *Special Olympics Missouri, Inc. and Supporting Organization* as of December 31, 2019, were audited by Mueller Prost LC, which combined practices with Wipfli LLP as of June 1, 2021, and whose reported dated May 7, 2020, expressed an unmodified opinion on those consolidated financial statements.

June 24, 2021  
St. Louis, Missouri

*Wipfli LLP*

**SPECIAL OLYMPICS MISSOURI, INC. AND SUPPORTING ORGANIZATION**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2020 AND 2019**

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
Current Assets		
Cash and cash equivalents	\$ 1,893,500	\$ 3,300,553
Investments	-	50,123
Pledges receivable - current, net	269,718	400,361
Inventory	7,725	14,061
Prepaid expenses	40,994	78,812
Total Current Assets	<u>2,211,937</u>	<u>3,843,910</u>
Property and Equipment, Net of Depreciation	<u>16,286,437</u>	<u>12,297,702</u>
Other Assets		
Pledges receivable - long-term, net	161,175	322,750
Land held for sale	300,000	475,000
Cash surrender value-life insurance	19,388	9,213
Total Other Assets	<u>480,563</u>	<u>806,963</u>
Total Assets	<b>\$ <u>18,978,937</u></b>	<b>\$ <u>16,948,575</u></b>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Current portion of long-term debt	\$ -	\$ 47,546
Accounts payable	5,152	22,558
Construction payable	-	1,422,111
Agency liabilities	149,899	136,661
Accrued expenses	3,624	-
Accrued vacation	86,694	102,710
Total Current Liabilities	<u>245,369</u>	<u>1,731,586</u>
Long-Term Debt, Net of Current Portion	<u>-</u>	<u>21,192</u>
Total Liabilities	<u>245,369</u>	<u>1,752,778</u>
Net Assets		
Without donor restrictions	<u>18,014,923</u>	<u>14,364,953</u>
With donor restrictions		
Time-restricted for future periods	430,893	723,111
Purpose restricted	287,752	107,733
Total Net Assets With Donor Restrictions	<u>718,645</u>	<u>830,844</u>
Total Net Assets	<u>18,733,568</u>	<u>15,195,797</u>
Total Liabilities and Net Assets	<b>\$ <u>18,978,937</u></b>	<b>\$ <u>16,948,575</u></b>

**SPECIAL OLYMPICS MISSOURI, INC. AND SUPPORTING ORGANIZATION**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b><u>NET ASSETS WITHOUT DONOR RESTRICTIONS</u></b>		
Revenue and Support		
Contributions	\$ 827,016	\$ 553,805
Direct marketing	260,569	341,988
Investment income, net	32,842	15,915
Other income	13,972	99,026
Grants and trusts	513,529	611,776
Special events, including contributions	1,456,683	1,969,382
Sponsorships	318,915	221,507
Donated services and in-kind contributions	760,877	1,708,242
Unrealized loss on land held for sale	(175,000)	-
Paycheck protection program grant	496,000	-
Total Revenue and Support	<u>4,505,403</u>	<u>5,521,641</u>
Net Assets Released from Restrictions	<u>430,284</u>	<u>971,602</u>
Total Revenue	<u>4,935,687</u>	<u>6,493,243</u>
Program Services Expenses		
Program	3,426,318	5,329,810
Support Services Expenses		
Management	176,736	196,663
Fundraising	576,344	829,751
Total Expenses	<u>4,179,398</u>	<u>6,356,224</u>
Increase in Net Assets without Donor Restrictions before Catastrophic Loss	<u>756,289</u>	<u>137,019</u>
<b><u>NET ASSETS WITH DONOR RESTRICTIONS</u></b>		
Change in Net Assets With Donor Restrictions		
Contributions, net	216,960	332,857
Special events, including contributions	28,665	54,509
Sponsorships	4,480	500
Direct marketing	57,981	34,189
Grants and trusts	10,000	12,500
Less: net assets released from restrictions	<u>(430,284)</u>	<u>(971,602)</u>
Decrease in Net Assets with Donor Restrictions	<u>(112,198)</u>	<u>(537,047)</u>
Increase (Decrease) in Net Assets prior to Catastrophic Loss	644,091	(400,028)
Insurance Proceeds Gain from Prior Catastrophic Loss Involuntary Conversion	2,893,680	-
Catastrophic Loss Involuntary Conversion, net of Insurance Proceeds	<u>-</u>	<u>(966,934)</u>
Increase (Decrease) in Net Assets	<u>3,537,771</u>	<u>(1,366,962)</u>
Net Assets, Beginning of Year	<u>15,195,797</u>	<u>16,562,759</u>
Net Assets, End of Year	<b>\$ <u>18,733,568</u></b>	<b>\$ <u>15,195,797</u></b>

*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, 2020**

	<u>Program</u> <u>Services</u>	<u>Supporting Services</u>		<u>Total</u>
	<u>Program</u>	<u>Management</u>	<u>Fundraising</u>	
Assessments	\$ 72,780	\$ -	\$ -	\$ 72,780
Bad Debt Expense	8,774	-	2,361	11,135
Conferences/Meetings	7,181	-	814	7,995
Depreciation	163,163	167	3,845	167,175
Donated Services/In-kind Contributions	659,832	257	88,794	748,883
Employee Benefits	348,951	11,384	44,872	405,207
Equipment/Uniforms	3,816	-	-	3,816
Equipment Rent/Maintenance	95,123	717	9,057	104,897
Food	10,512	-	609	11,121
Housing	19,109	-	392	19,501
Insurance	106,597	-	-	106,597
Interest	5,533	-	-	5,533
Memberships/Dues/Subscriptions	1,057	-	59	1,116
Miscellaneous	10,225	-	-	10,225
Occupancy	136,153	329	494	136,976
Postage/Shipping	7,062	61	171	7,294
Printing/Production	57,635	-	16,210	73,845
Professional Fees/Consultants/Fees for Services	261,662	3,436	63,618	328,716
Recognition	106,855	-	26,975	133,830
Salaries	1,222,576	160,024	314,655	1,697,255
Supplies	68,813	123	2,462	71,398
Telephone	23,405	238	357	24,000
Transportation	3,408	-	-	3,408
Travel	12,257	-	189	12,446
Venues	13,839	-	410	14,249
Total Functional Expenses	<b>\$ 3,426,318</b>	<b>\$ 176,736</b>	<b>\$ 576,344</b>	<b>\$ 4,179,398</b>
	82%	4%	14%	

**SPECIAL OLYMPICS MISSOURI, INC. AND SUPPORTING ORGANIZATION**  
**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)**  
**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	<b>\$ 5,329,810</b>	<b>\$ 196,663</b>	<b>\$ 829,751</b>	<b>\$ 6,356,224</b>
	84%	3%	13%	

**SPECIAL OLYMPICS MISSOURI, INC. AND SUPPORTING ORGANIZATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Increase (Decrease) in net assets	\$ <u>3,537,771</u>	\$ <u>(1,366,962)</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation expense	167,175	216,003
Unrealized gains on investments	124	17,690
Unrealized loss on land held for sale	175,000	-
Insurance Proceeds Gain from Prior Catastrophic Loss Involuntary Conversion	(2,893,680)	-
Catastrophic Loss Involuntary Conversion, net of Insurance Proceeds	-	966,934
Change in assets - (increase) decrease		
Pledges receivable, net	292,218	414,695
Inventory	6,336	(10)
Prepaid expenses	37,818	(48,926)
Cash surrender value - life insurance	(10,175)	(5,463)
Change in liabilities - increase (decrease)		
Checks written in excess of cash balance	-	(2,932)
Accounts payable	(17,406)	(177,579)
Agency liabilities	13,238	136,661
Accrued expenses	3,624	-
Accrued vacation	(16,016)	(10,077)
Total Adjustments	<u>(2,241,744)</u>	<u>1,506,996</u>
Net Cash Provided by Operating Activities	<u>1,296,027</u>	<u>140,034</u>
Cash Flows from Investing Activities		
Purchase of investments	-	(2,538,583)
Proceeds from sale of investments	49,999	2,794,028
Cash paid for property and equipment	(5,578,021)	(16,845)
Insurance proceeds on property and equipment	2,893,680	2,774,056
Net Cash Provided by (Used In) Investing Activities	<u>(2,634,342)</u>	<u>3,012,656</u>
Cash Flows from Financing Activity		
Principal payments on long-term debt	<u>(68,738)</u>	<u>(45,272)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,407,053)	3,107,418
Cash and Cash Equivalents - Beginning of Year	<u>3,300,553</u>	<u>193,135</u>
Cash and Cash Equivalents - End of Year	<b>\$ <u>1,893,500</u></b>	<b>\$ <u>3,300,553</u></b>
Supplemental Disclosure of Cash Flow Information		
Cash Paid for Interest	\$ <u>5,533</u>	\$ <u>11,321</u>

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

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**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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**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 intercompany 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**

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

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**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 pledges expected to be collected within one year. Pledges receivable expected to be collected in future years are initially recorded at fair value using present value techniques. The adjustments for net realizable value for the years ended December 31, 2020 and 2019 were \$9,350 and \$18,752, 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, 2020 and 2019 was \$167,175 and \$216,003, 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, 2020 and 2019. 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**

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

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**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.

**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**

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

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**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 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, 2020 and 2019.

**Printing and Publications**

Advertising costs are expensed as incurred. Advertising expense, included in printing / production and donated services/in-kind contributions on the consolidated statements of functional expenses, amounted to \$134,606 and \$269,998 for the years ended December 31, 2020 and 2019, respectively.

**Functional Allocation of Expenses**

Expenses are charged to program 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.

**Recent Accounting Pronouncements**

The Organization has adopted ASU 2018-13, *Disclosure Framework – Changes to the Disclosure Requirement for Fair Value Measurements*. This ASU modifies the disclosure requirements on fair value measurements based on the concepts in the Concepts Statement, including the consideration of costs and benefits. The fair value measurements disclosures have been modified in accordance with this standard.

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

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

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**Future Accounting Pronouncements**

In February 2016, the FASB issued ASU 2016-02, *Leases: Amendments to the FASB Accounting Standards Codification* (Topic 842), which amends the existing guidance on accounting for leases. This ASU requires the recognition of lease assets and liabilities on the statement 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 financial statements. In June 2020, the FASB issued ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842) Effective Dates for Certain Entities*. Prior to ASU No. 2020-05 the amendments to Topic 842 would be effective for the year ended December 31, 2021, for entities other than public business entities. ASU No. 2020-05 defers the effective date of the amendments to Topic 842 to the yearend December 31, 2022. Management has adopted the provisions of ASU No. 2020-05 and will defer implementation of the amendments to Topic 842. Management is currently evaluating the impact of adopting ASU 2016-02 on the consolidated financial statements and the related notes to the consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses*. The standard requires a financial asset (including trade receivables) measured at amortized cost basis to be presented at the net amount expected to be collected. Thus, the statement of activities will reflect the measurement of credit losses for newly recognized financial assets as well as the expected increases or decreases of expected credit losses that have taken place during the period. This standard will be effective for the calendar year ending December 31, 2023. Management is currently evaluating the impact of adoption of this ASU on the consolidated financial statements and the related notes to the consolidated financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities: Presentation and Disclosures by Not-for-Profit Entities for Contributed Services*. This ASU requires contributed nonfinancial assets to be presented on a separate line in the Statements of Activities, apart from contributions of cash and other financial assets. It also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets. This standard will be effective for annual periods beginning after June 15, 2021. Management is currently evaluating the impact of adoption of this ASU on the consolidated financial statements and the related notes to the consolidated financial statements.

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**NOTE 2 LIQUIDITY AND AVAILABILITY**

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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 had 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.

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

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**NOTE 2 LIQUIDITY AND AVAILABILITY (CONTINUED)**

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The Organization operates within the board approved balanced budget.

As of December 31, 2020 and 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:

	<u>2020</u>	<u>2019</u>
Amounts available to be used within one year:		
Cash and cash equivalents	\$ 1,893,500	\$ 3,300,553
Investments	-	50,123
Pledges receivable, net	<u>430,893</u>	<u>723,111</u>
Total Financial Assets at Year End	<u>2,324,393</u>	<u>4,073,787</u>
Less: amounts not available to be used within one year:		
Pledges receivable – long-term, net	(161,175)	(322,750)
Agency liabilities (cash held for others)	(149,899)	(136,661)
Net assets with donor restrictions, excluding pledges receivable time restrictions	<u>(287,752)</u>	<u>(107,733)</u>
Financial Assets Available to Meet General Expenditure Over the Next Twelve Months	<b>\$ <u>1,725,567</u></b>	<b>\$ <u>3,506,643</u></b>

Special Olympics Missouri, Inc. has a \$1,000,000 board approved line of credit available through June 6, 2021 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, 2020, \$1,000,000 remained available on the line-of-credit.

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**NOTE 3 INVESTMENTS AND FAIR VALUE MEASUREMENTS**

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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.

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

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**NOTE 3 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)**

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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.

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, 2020 and December 31, 2019.

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

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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Corporate Bonds – Level I	\$ _____ -	\$ <u>50,123</u>
Total Investments	\$ <u>_____</u> -	\$ <u><b>50,123</b></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.

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**NOTE 4 PLEDGES RECEIVABLE**

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Pledges receivable at December 31, are as follows:

	<u>2020</u>	<u>2019</u>
Receivable in less than one year	\$ 269,718	\$ 400,361
Receivable in one to five years	<u>161,175</u>	<u>322,750</u>
Total	\$ <u><b>430,893</b></u>	\$ <u><b>723,111</b></u>

Pledges receivable are reported at net realizable value as prescribed by U.S. GAAP. There was no allowance for uncollectible pledges necessary at December 31, 2020 and 2019.

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

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**NOTE 5 PROPERTY AND EQUIPMENT, NET**

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Property and equipment were comprised of the following at December 31, 2020 and 2019:

	<u>Original Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
<b><u>2020</u></b>			
Office Equipment	\$ 327,055	\$ 64,207	\$ 262,848
Program Equipment	158,371	22,501	135,870
Computer Equipment	153,661	123,130	30,531
Vehicles	71,713	71,713	-
Furniture & Fixtures	78,205	9,941	68,264
Building & Components	12,682,310	137,188	12,545,122
Signage	56,875	13,073	43,802
Land	<u>3,200,000</u>	<u>-</u>	<u>3,200,000</u>
Total	<b><u>\$ 16,728,190</u></b>	<b><u>\$ 441,753</u></b>	<b><u>\$ 16,286,437</u></b>
<b><u>2019</u></b>			
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	<u>1,422,111</u>	<u>-</u>	<u>1,422,111</u>
Total	<b><u>\$ 12,731,240</u></b>	<b><u>\$ 433,538</u></b>	<b><u>\$ 12,297,702</u></b>

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

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**NOTE 6 LAND HELD FOR SALE**

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The Organization currently owns land held for sale. At December 31, 2020 and 2019, the land's appraised value was \$300,000 and \$475,000, respectively.

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**NOTE 7 LONG-TERM DEBT, NET**

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

	<u>2020</u>	<u>2019</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 was made on August 31, 2020.	\$ <u>          -</u>	\$ <u>68,738</u>

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

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**NOTE 8 LINE-OF-CREDIT**

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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, 2021. The LOC is secured by a 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, 2020 and 2019.

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**NOTE 9 ACCRUED VACATION**

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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.

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**NOTE 10 NET ASSETS WITH DONOR RESTRICTIONS**

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Donor Restricted net assets are comprised of the following:

	<u>2020</u>	<u>2019</u>
Purpose Restricted		
Other purpose restrictions	\$ 42,000	\$ 42,000
Restricted for specific events and programs	193,752	63,733
Restricted for the Back Nine	<u>52,000</u>	<u>2,000</u>
Total Purpose Restricted	287,752	107,733
Time-Restricted for Future Periods		
Pledges receivable	<u>430,893</u>	<u>723,111</u>
Total	<u>\$ 718,645</u>	<u>\$ 830,844</u>

Restrictions released during 2020 and 2019 were \$430,284 and \$971,602, respectively.

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

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**NOTE 11 DONATED SERVICES AND IN-KIND CONTRIBUTIONS**

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Significant materials, property, facilities, and services are donated to the Organization by various individuals and organizations. The corresponding expenses are presented in donated services / in-kind contributions expense on the consolidated statements of functional expenses or property and equipment on the consolidated statements of financial position. 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. Total donated materials, facilities, and services revenue was

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**NOTE 12 RETIREMENT PLAN**

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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 2020 and 2019, respectively. In 2020 and 2019, SOMO matched employee contributions up to 5% and made discretionary contributions of 3%. The total retirement plan expense for the years ended December 31, 2020 and 2019 was \$49,393 and \$92,176 respectively, included in employee benefits on the consolidated statements of functional expenses.

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**NOTE 13 RELATED-PARTY TRANSACTIONS**

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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 \$442,416 and \$523,213 to SOMO during the years ended December 31, 2020 and 2019, respectively.

The Organization is related to Special Olympics, Inc. (SOI), the international non-profit organization. During the years ended December 31, 2020 and 2019, the Organization paid \$72,780 and \$81,101 respectively, for assessments due to SOI.

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

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**NOTE 14 LEASE COMMITMENTS**

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The Organization leases facilities and miscellaneous office equipment under various operating leases throughout Missouri expiring through 2024. Rent expense, exclusive of donated facilities and inclusive of month-to-month leases, for the years ended December 31, 2020 and 2019 totaled \$99,800 and \$98,267 respectively.

Future annual minimum lease payments for facilities are as follows:

Year ending December 31, 2020 :

2021	\$	72,062
2022		43,062
2023		25,194
2024		<u>8,398</u>
Total	\$	<u><b>148,716</b></u>

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**NOTE 15 CATASTROPHIC LOSS INVOLUNTARY CONVERSION**

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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 from May 22, 2019 to August 1, 2020. Depreciation resumed when the property and equipment were placed back in service as noted below. During the year ended December 31, 2019, the Organization received \$2,866,550 in property and equipment and business interruption insurance proceeds and wrote 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 on the involuntary conversion for the year ended December 31, 2019. The Organization began reconstruction of the TLC during 2019 and reconstruction was completed in August 2020.

During the year ended December 31, 2020, the Organization received additional insurance proceeds of \$2,893,680 which were recorded as a gain due to all of the destroyed property and equipment being written off in the prior year. During 2020 the Organization placed into service approximately \$13,210,000 in property and equipment at completion of the reconstruction. This total property and equipment placed in service included new replacement assets, repaired assets, and assets previously taken out of service due to the inability to use the TLC.

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**NOTE 16 CONTINGENCIES**

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On March 11, 2020, the World Health Organization declared the outbreak of the Coronavirus (COVID-19) as a global pandemic. The extent and impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the athletes, employees, donors and vendors, all of which are uncertain and cannot be predicted.

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

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**NOTE 17 PAYCHECK PROTECTION PROGRAM**

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Associated with the COVID-19 pandemic, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was enacted to provide economic assistance to American businesses. Through the CARES Act, in April 2020, the Organization obtained funding from the Small Business Administration's Paycheck Protection Program (PPP) of \$496,000 with an annual interest rate of 1% if it isn't forgiven. The PPP has provisions that allow for full or partial loan forgiveness if the loan proceeds are used on approved expenses in accordance with the PPP and other regulations, including employee counts, are followed. Per FASB ASC 958-605, the PPP funds were treated as a conditional contribution because the Organization expected the PPP loan to be forgiven.

As of December 31, 2020, the Organization had met the conditions for forgiveness and recorded the PPP funding as revenue. The Organization deems the application for forgiveness to be administrative and not an additional condition on the funding. As noted in Note 18, the Organization received forgiveness on February 25, 2021.

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**NOTE 18 SUBSEQUENT EVENTS**

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

In February 2021, the Organization obtained funding from the Small Business Administration's second round of PPP funding of \$381,545 and expects that the full amount will be forgiven.

As noted above in Note 18, the first round of PPP funding was forgiven on February 25, 2021.

**SPECIAL OLYMPICS MISSOURI, INC. AND SUPPORTING ORGANIZATION**  
**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**  
**DECEMBER 31, 2020**

	<u>Special Olympics Missouri, Inc.</u>	<u>SOMO Endowment Fund, Inc.</u>	<u>Eliminations</u>	<u>Total</u>
<b><u>ASSETS</u></b>				
Current Assets				
Cash and cash equivalents	\$ 1,767,610	\$ 125,890	\$ -	\$ 1,893,500
Pledges receivable - current, net	96,701	173,017	-	269,718
Inventory	7,725	-	-	7,725
Prepaid expenses	40,994	-	-	40,994
Total Current Assets	<u>1,913,030</u>	<u>298,907</u>	<u>-</u>	<u>2,211,937</u>
Property and Equipment, Net of Depreciation	<u>16,286,437</u>	<u>-</u>	<u>-</u>	<u>16,286,437</u>
Other Assets				
Due from SEF	68,267	-	(68,267)	-
Due from SOMO	-	4,998	(4,998)	-
Pledges receivable - long-term, net	-	161,175	-	161,175
Land held for sale	300,000	-	-	300,000
Cash surrender value-life insurance	-	19,388	-	19,388
Total Other Assets	<u>368,267</u>	<u>185,561</u>	<u>(73,265)</u>	<u>480,563</u>
Total Assets	<b><u>\$ 18,567,734</u></b>	<b><u>\$ 484,468</u></b>	<b><u>\$ (73,265)</u></b>	<b><u>\$ 18,978,937</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>				
Current Liabilities				
Due to SOMO	\$ -	\$ 68,267	\$ (68,267)	\$ -
Due to Foundation	4,998	-	(4,998)	-
Accounts payable	5,152	-	-	5,152
Agency liabilities	149,899	-	-	149,899
Accrued expenses	3,624	-	-	3,624
Accrued vacation	86,694	-	-	86,694
Total Current Liabilities	<u>250,367</u>	<u>68,267</u>	<u>(73,265)</u>	<u>245,369</u>
Total Liabilities	<u>250,367</u>	<u>68,267</u>	<u>(73,265)</u>	<u>245,369</u>
Net Assets				
Without donor restrictions	<u>17,934,914</u>	<u>80,009</u>	<u>-</u>	<u>18,014,923</u>
With donor restrictions				
Time-restricted for future periods	96,701	334,192	-	430,893
Purpose restricted	285,752	2,000	-	287,752
Total Net Assets With Donor Restrictions	<u>382,453</u>	<u>336,192</u>	<u>-</u>	<u>718,645</u>
Total Net Assets	<u>18,317,367</u>	<u>416,201</u>	<u>-</u>	<u>18,733,568</u>
Total Liabilities and Net Assets	<b><u>\$ 18,567,734</u></b>	<b><u>\$ 484,468</u></b>	<b><u>\$ (73,265)</u></b>	<b><u>\$ 18,978,937</u></b>

**SPECIAL OLYMPICS MISSOURI, INC. AND SUPPORTING ORGANIZATION**  
**CONSOLIDATING SCHEDULE OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Special Olympics Missouri, Inc.	SOMO Endowment Fund, Inc.	Eliminations	Total
<b><u>Net Assets without Donor Restrictions</u></b>				
Revenue and Support				
Contributions	\$ 727,171	\$ 99,845	\$ -	\$ 827,016
Direct marketing	260,569	-	-	260,569
Investment income, net	32,840	2	-	32,842
Other income	13,972	-	-	13,972
Grants and trusts	513,529	-	-	513,529
Special events, including contributions	1,456,683	-	-	1,456,683
Sponsorships	318,915	-	-	318,915
Donated services and in-kind contributions	760,877	-	-	760,877
Transfer from SOMO Endowment Fund	442,416	-	(442,416)	-
Unrealized loss on land held for sale	(175,000)	-	-	(175,000)
Paycheck protection program grant	496,000	-	-	496,000
Total Revenue and Support	<u>4,847,972</u>	<u>99,847</u>	<u>(442,416)</u>	<u>4,505,403</u>
Net Assets Released from Restrictions	<u>126,883</u>	<u>303,401</u>	<u>-</u>	<u>430,284</u>
Total Revenue without Donor Restrictions	<u>4,974,855</u>	<u>403,248</u>	<u>(442,416)</u>	<u>4,935,687</u>
Program Services Expenses				
Program	3,426,318	442,416	(442,416)	3,426,318
Support Services Expenses				
Management	176,736	-	-	176,736
Fundraising	555,345	20,999	-	576,344
Total Expenses	<u>4,158,399</u>	<u>463,415</u>	<u>(442,416)</u>	<u>4,179,398</u>
Increase (Decrease) in Net Assets without Donor Restrictions	<u>816,456</u>	<u>(60,167)</u>	<u>-</u>	<u>756,289</u>
<b><u>Net Assets with Donor Restrictions</u></b>				
Change in Net Assets with Donor Restrictions				
Contributions, net	206,302	10,658	-	216,960
Special events, including contributions	28,665	-	-	28,665
Sponsorships	4,480	-	-	4,480
Direct marketing	57,981	-	-	57,981
Grants and trusts	10,000	-	-	10,000
Less: net assets released from restrictions	(126,883)	(303,401)	-	(430,284)
Increase (Decrease) in Net Assets with Donor Restrictions	<u>180,545</u>	<u>(292,743)</u>	<u>-</u>	<u>(112,198)</u>
Increase (Decrease) in Net Assets prior to Catastrophic Loss	<u>997,001</u>	<u>(352,910)</u>	<u>-</u>	<u>644,091</u>
Insurance Proceeds Gain from Prior Catastrophic Loss				
Involuntary Conversion	<u>2,893,680</u>	<u>-</u>	<u>-</u>	<u>2,893,680</u>
Increase (Decrease) in Net Assets	<u>3,890,681</u>	<u>(352,910)</u>	<u>-</u>	<u>3,537,771</u>
Net Assets, Beginning of Year	<u>14,426,686</u>	<u>769,111</u>	<u>-</u>	<u>15,195,797</u>
Net Assets, End of Year	<u>\$ 18,317,367</u>	<u>\$ 416,201</u>	<u>\$ -</u>	<u>\$ 18,733,568</u>