

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

**CONSOLIDATED FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2021 AND 2020**



***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**

### **Opinion**

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, 2021 and 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.

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

### **Basis for Opinion**

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

### **Responsibilities of Management for the 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, and for 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.

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

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)**

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedule of financial position and consolidating schedule of activities on pages 19 and 20 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 20, 2022  
St. Louis, Missouri

*Wipfli LLP*

**SPECIAL OLYMPICS MISSOURI, INC. AND SUPPORTING ORGANIZATION**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2021 AND 2020**

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
Current Assets		
Cash and cash equivalents	\$ 3,591,991	\$ 1,893,500
Pledges receivable - current, net	328,330	269,718
Inventory	13,001	7,725
Prepaid expenses	<u>112,600</u>	<u>40,994</u>
Total Current Assets	<u>4,045,922</u>	<u>2,211,937</u>
Property and Equipment, Net of Depreciation	<u>15,915,070</u>	<u>16,286,437</u>
Other Assets		
Pledges receivable - long-term, net	21,225	161,175
Land held for sale	-	300,000
Cash surrender value-life insurance	<u>41,422</u>	<u>19,388</u>
Total Other Assets	<u>62,647</u>	<u>480,563</u>
Total Assets	<b>\$ <u>20,023,639</u></b>	<b>\$ <u>18,978,937</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Current Liabilities		
Accounts payable	24,611	5,152
Agency liabilities	157,530	149,899
Accrued expenses	-	3,624
Accrued vacation	<u>50,435</u>	<u>86,694</u>
Total Current Liabilities	<u>232,576</u>	<u>245,369</u>
Total Liabilities	<u>232,576</u>	<u>245,369</u>
Net Assets		
Without donor restrictions	<u>18,657,661</u>	<u>18,014,923</u>
With donor restrictions		
Time-restricted for future periods	349,555	430,893
Purpose restricted	<u>783,847</u>	<u>287,752</u>
Total Net Assets With Donor Restrictions	<u>1,133,402</u>	<u>718,645</u>
Total Net Assets	<u>19,791,063</u>	<u>18,733,568</u>
Total Liabilities and Net Assets	<b>\$ <u>20,023,639</u></b>	<b>\$ <u>18,978,937</u></b>

**SPECIAL OLYMPICS MISSOURI, INC. AND SUPPORTING ORGANIZATION**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b><u>NET ASSETS WITHOUT DONOR RESTRICTIONS</u></b>		
Revenue and Support		
Contributions	\$ 573,550	\$ 827,016
Direct marketing	271,201	260,569
Investment income, net	58,060	32,842
Other income	64,134	13,972
Grants and trusts	542,113	513,529
Special events, including contributions	1,696,470	1,456,683
Sponsorships	321,918	318,915
Donated services and in-kind contributions	549,394	760,877
Unrealized loss on land held for sale	-	(175,000)
Paycheck protection program grant	381,545	496,000
Total Revenue and Support	<u>4,458,385</u>	<u>4,505,403</u>
Net Assets Released from Restrictions	<u>245,481</u>	<u>430,284</u>
Total Revenue	<u>4,703,866</u>	<u>4,935,687</u>
Program Services Expenses		
Program	3,337,461	3,428,152
Support Services Expenses		
Management	265,695	176,736
Fundraising	680,465	574,510
Total Expenses	<u>4,283,621</u>	<u>4,179,398</u>
Increase in Net Assets without Donor Restrictions before Catastrophic Loss	<u>420,245</u>	<u>756,289</u>
<b><u>NET ASSETS WITH DONOR RESTRICTIONS</u></b>		
Change in Net Assets With Donor Restrictions		
Contributions, net	250,000	216,960
Special events, including contributions	479,847	28,665
Sponsorships	-	4,480
Direct marketing	124,802	57,981
Grants and trusts	10,000	10,000
Less: net assets released from restrictions	<u>(245,481)</u>	<u>(430,284)</u>
Increase (Decrease) in Net Assets with Donor Restrictions	<u>619,168</u>	<u>(112,198)</u>
Increase in Net Assets prior to Catastrophic Loss	1,039,413	644,091
Insurance Proceeds Gain from Prior Catastrophic Loss Involuntary Conversion	<u>18,082</u>	<u>2,893,680</u>
Increase in Net Assets	<u>1,057,495</u>	<u>3,537,771</u>
Net Assets, Beginning of Year	<u>18,733,568</u>	<u>15,195,797</u>
Net Assets, End of Year	<b>\$ <u>19,791,063</u></b>	<b>\$ <u>18,733,568</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, 2021**

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
		<u>Management</u>	<u>Fundraising</u>	
Assessments	\$ 63,300	\$ -	\$ -	63,300
Conferences/Meetings	13,096	-	977	14,073
Depreciation	362,455	371	8,541	371,367
Donated Services/In-kind Contributions	459,077	154	90,341	549,572
Employee Benefits	289,875	12,516	42,497	344,888
Equipment/Uniforms	9,285	-	-	9,285
Equipment Rent/Maintenance	93,263	483	10,126	103,872
Food	56,292	-	527	56,819
Housing	35,201	-	381	35,582
Insurance	116,857	-	-	116,857
Interest	2,545	-	-	2,545
Memberships/Dues/Subscriptions	1,644	-	31	1,675
Miscellaneous	2	-	801	803
Occupancy	118,337	738	1,107	120,182
Postage/Shipping	11,225	150	402	11,777
Printing/Production	80,310	-	16,986	97,296
Professional Fees/Consultants/Fees for Services	327,975	29,927	78,916	436,818
Recognition	201,666	-	55,903	257,569
Salaries	951,154	220,960	371,184	1,543,298
Supplies	67,743	154	1,095	68,992
Telephone	18,879	242	363	19,484
Transportation	7,382	-	35	7,417
Travel	29,215	-	182	29,397
Venues	20,683	-	70	20,753
Total Functional Expenses	<b>\$ 3,337,461</b>	<b>\$ 265,695</b>	<b>\$ 680,465</b>	<b>\$ 4,283,621</b>
	78%	6%	16%	

**SPECIAL OLYMPICS MISSOURI, INC. AND SUPPORTING ORGANIZATION**  
**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</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	57,759	-	16,086	73,845
Professional Fees/Consultants/Fees for Services	261,718	3,436	63,562	328,716
Recognition	108,509	-	25,321	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>\$ <u>3,428,152</u></b>	<b>\$ <u>176,736</u></b>	<b>\$ <u>574,510</u></b>	<b>\$ <u>4,179,398</u></b>
	82%	4%	14%	

**SPECIAL OLYMPICS MISSOURI, INC. AND SUPPORTING ORGANIZATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Increase in net assets	\$ <u>1,057,495</u>	\$ <u>3,537,771</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation expense	371,367	167,175
Unrealized gains on investments	-	124
Unrealized loss on land held for sale	-	175,000
Insurance Proceeds Gain from Prior Catastrophic Loss Involuntary Conversion	(18,082)	(2,893,680)
Change in cash surrender value - life insurance	(22,034)	(10,175)
Change in assets - (increase) decrease		
Pledges receivable, net	81,338	292,218
Inventory	(5,276)	6,336
Prepaid expenses	(71,606)	37,818
Change in liabilities - increase (decrease)		
Accounts payable	19,459	(17,406)
Agency liabilities	7,631	13,238
Accrued expenses	(3,624)	3,624
Accrued vacation	(36,259)	(16,016)
Total Adjustments	<u>322,914</u>	<u>(2,241,744)</u>
Net Cash Provided by Operating Activities	<u>1,380,409</u>	<u>1,296,027</u>
Cash Flows from Investing Activities		
Proceeds (loss) from sale of investments	-	49,999
Cash paid for property and equipment	-	(5,578,021)
Proceeds from sale of land held for sale	300,000	-
Insurance proceeds on property and equipment	18,082	2,893,680
Net Cash Provided by (Used In) Investing Activities	<u>318,082</u>	<u>(2,634,342)</u>
Cash Flows from Financing Activity		
Principal payments on long-term debt	<u>-</u>	<u>(68,738)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,698,491	(1,407,053)
Cash and Cash Equivalents - Beginning of Year	<u>1,893,500</u>	<u>3,300,553</u>
Cash and Cash Equivalents - End of Year	<b>\$ <u>3,591,991</u></b>	<b>\$ <u>1,893,500</u></b>
Supplemental Disclosure of Cash Flow Information		
Cash Paid for Interest	\$ <u>2,545</u>	\$ <u>5,533</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, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing COVID-19 pandemic.

**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, 2021 and 2020 were \$3,914 and \$9,350, 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 Organization reviews their long-lived assets periodically to determine potential impairment. No impairment loss was recognized in 2021 or 2020.

The total depreciation expense included in the consolidated statements of activities for the years ended December 31, 2021 and 2020 was \$371,367 and \$167,175, 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.

**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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**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, 2021 and 2020. 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.

**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, 2021 and 2020.

**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 \$136,232 and \$134,606 for the years ended December 31, 2021 and 2020, 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.

**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 year ended 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, 2021 and 2020, 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>2021</u>	<u>2020</u>
Amounts available to be used within one year:		
Cash and cash equivalents	\$ 3,591,991	\$ 1,893,500
Pledges receivable, net	<u>349,555</u>	<u>430,893</u>
Total Financial Assets at Year End	<u>3,944,063</u>	<u>2,324,393</u>
Less: amounts not available to be used within one year:		
Pledges receivable – long-term, net	(21,225)	(161,175)
Agency liabilities (cash held for others)	(157,530)	(149,899)
Net assets with donor restrictions, excluding pledges receivable time restrictions accounted for above	<u>(783,847)</u>	<u>(287,752)</u>
Financial Assets Available to Meet General Expenditure Over the Next Twelve Months	<b>\$ <u>2,981,461</u></b>	<b>\$ <u>1,725,567</u></b>

Special Olympics Missouri, Inc. has a \$1,000,000 board approved line of credit available through June 6, 2022 to meet cash needs for general expenditures, as further described in Note 6. 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, 2021, \$1,000,000 remained available on the line-of-credit.

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**NOTE 3 PLEDGES RECEIVABLE**

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Pledges receivable at December 31, are as follows:

	<u>2021</u>	<u>2020</u>
Receivable in less than one year	\$ 328,330	\$ 269,718
Receivable in one to five years	<u>21,225</u>	<u>161,175</u>
Total	<b>\$ <u>349,555</u></b>	<b>\$ <u>430,893</u></b>

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, 2021 and 2020.

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

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**NOTE 4 PROPERTY AND EQUIPMENT, NET**

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Property and equipment were comprised of the following at December 31, 2021 and 2020:

	<u>Original Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
<b><u>2021</u></b>			
Office Equipment	\$ 327,055	\$ 102,948	\$ 224,107
Program Equipment	158,371	36,159	122,212
Computer Equipment	153,661	133,223	20,438
Vehicles	55,113	55,113	-
Furniture & Fixtures	78,205	13,780	64,425
Building & Components	12,682,310	434,804	12,247,506
Signage	56,875	20,493	36,382
Land	<u>3,200,000</u>	<u>-</u>	<u>3,200,000</u>
Total	<b><u>\$ 16,711,590</u></b>	<b><u>\$ 796,520</u></b>	<b><u>\$ 15,915,070</u></b>
<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>

See Note 13 for information on the catastrophic loss relating to the Training for Life Campus.

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**NOTE 5 LAND HELD FOR SALE**

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The Organization sold land during the year ended December 31, 2021, which was land held for sale. The land was sold for \$300,000, which was the adjusted basis.

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**NOTE 6 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, 2022. 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, 2021 and 2020.

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

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**NOTE 7 ACCRUED VACATION**

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Vacation time is earned at the rates shown below:

One to four years of employment	10 hours per month
Five to nine years of employment	11 hours per month
Ten to fourteen years of employment	12 hours per month
Fifteen to twenty-four years of employment	14 hours per month
Twenty-five years of employment and up	16 hours per month

Vacation time, based on date of employment, may be accumulated and limited up to 80 hours for one to four years, 92 hours for five to nine years, 104 hours for ten to fourteen years, and 128 hours for fifteen to twenty-four years and 152 hours for twenty-five years and up.

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

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**NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS**

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Donor Restricted net assets are comprised of the following:

	<u>2021</u>	<u>2020</u>
Purpose Restricted		
Other purpose restrictions	\$ 42,000	\$ 42,000
Restricted for specific events and programs	639,847	193,752
Restricted for the Back Nine	<u>102,000</u>	<u>52,000</u>
Total Purpose Restricted	783,847	287,752
Time-Restricted for Future Periods		
Pledges receivable	<u>349,555</u>	<u>430,893</u>
Total	<b><u>\$ 1,133,402</u></b>	<b><u>\$ 718,645</u></b>

Restrictions released during 2021 and 2020 were \$245,481 and \$430,284, respectively.

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**NOTE 9 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 \$549,394 and \$760,877 for the years ended December 31, 2021 and 2020, respectively.

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

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**NOTE 10 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 \$19,500 and \$19,000 for 2021 and 2020, respectively. In 2021 and 2020, SOMO matched employee contributions up to 5%. The total retirement plan expense for the years ended December 31, 2021 and 2020 was \$54,210 and \$49,393 respectively, included in employee benefits on the consolidated statements of functional expenses.

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**NOTE 11 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 \$140,000 and \$442,416 to SOMO during the years ended December 31, 2021 and 2020, respectively.

The Organization is related to Special Olympics, Inc. (SOI), the international non-profit organization. During the years ended December 31, 2021 and 2020, the Organization paid \$63,300 and \$72,780 respectively, for assessments due to SOI.

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**NOTE 12 LEASE COMMITMENTS**

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The Organization leases facilities and miscellaneous office equipment under various operating leases throughout Missouri expiring through 2025. Rent expense, exclusive of donated facilities and inclusive of month-to-month leases, for the years ended December 31, 2021 and 2020 totaled \$79,836 and \$99,800 respectively.

Future annual minimum lease payments for facilities are as follows:

Year ending December 31:

2022	\$ 87,605
2023	68,945
2024	28,653
2025	921
Total	<u>\$ 186,124</u>

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

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**NOTE 13 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 years ended December 31, 2021 and 2020, the Organization received additional insurance proceeds of \$18,082 and \$2,893,680 which were recorded as a gain due to all of the destroyed property and equipment being written off in the prior years. 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 14 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.

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**NOTE 15 PAYCHECK PROTECTION PROGRAM**

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Associated with the Coronavirus (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 (SBA) Paycheck Protection Program (PPP) loan of \$496,000 with an annual interest rate of 1% if it is not forgiven. The PPP loan 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 of the first round of PPP funds and recorded the first round of PPP funding as revenue. The Organization deems the application for forgiveness to be administrative and not an additional condition on the funding. The Organization received forgiveness for the first round of PPP funds on February 25, 2021.

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

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**NOTE 15 PAYCHECK PROTECTION PROGRAM (CONTINUED)**

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In February 2021, the Organization obtained a second round of PPP funding in the amount of \$381,545, with an annual interest rate of 1% if it is not forgiven. The Organization had met the conditions for forgiveness of the second round of PPP funds and recorded the second round of PPP funding as revenue. The Organization received forgiveness for the second round of PPP funds in August 2021.

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**NOTE 16 SUBSEQUENT EVENTS**

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

**SPECIAL OLYMPICS MISSOURI, INC. AND SUPPORTING ORGANIZATION**  
**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**  
**DECEMBER 31, 2021**

	<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	\$ 3,536,293	\$ 55,698	\$ -	\$ 3,591,991
Pledges receivable - current, net	157,102	171,228	-	328,330
Inventory	13,001	-	-	13,001
Prepaid expenses	112,600	-	-	112,600
Total Current Assets	<u>3,818,996</u>	<u>226,926</u>	<u>-</u>	<u>4,045,922</u>
Property and Equipment, Net of Depreciation	<u>15,915,070</u>	<u>-</u>	<u>-</u>	<u>15,915,070</u>
Other Assets				
Pledges receivable - long-term, net	-	21,225	-	21,225
Cash surrender value-life insurance	-	41,422	-	41,422
Total Other Assets	<u>-</u>	<u>62,647</u>	<u>-</u>	<u>62,647</u>
Total Assets	<b><u>\$ 19,734,066</u></b>	<b><u>\$ 289,573</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 20,023,639</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>				
Current Liabilities				
Accounts payable	\$ 24,611	-	-	24,611
Agency liabilities	157,530	-	-	157,530
Accrued vacation	50,435	-	-	50,435
Total Current Liabilities	<u>232,576</u>	<u>-</u>	<u>-</u>	<u>232,576</u>
Total Liabilities	<u>232,576</u>	<u>-</u>	<u>-</u>	<u>232,576</u>
Net Assets				
Without donor restrictions	<u>18,562,541</u>	<u>95,120</u>	<u>-</u>	<u>18,657,661</u>
With donor restrictions				
Time-restricted for future periods	157,102	192,453	-	349,555
Purpose restricted	781,847	2,000	-	783,847
Total Net Assets With Donor Restriction	<u>938,949</u>	<u>194,453</u>	<u>-</u>	<u>1,133,402</u>
Total Net Assets	<u>19,501,490</u>	<u>289,573</u>	<u>-</u>	<u>19,791,063</u>
Total Liabilities and Net Assets	<b><u>\$ 19,734,066</u></b>	<b><u>\$ 289,573</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 20,023,639</u></b>

**SPECIAL OLYMPICS MISSOURI, INC. AND SUPPORTING ORGANIZATION**  
**CONSOLIDATING SCHEDULE OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Special Olympics <u>Missouri, Inc.</u>	SOMO Endowment <u>Fund, Inc.</u>	<u>Eliminations</u>	<u>Total</u>
<b><u>Net Assets without Donor Restrictions</u></b>				
Revenue and Support				
Contributions	\$ 539,124	\$ 34,426	\$ -	\$ 573,550
Direct marketing	271,201	-	-	271,201
Investment income, net	57,999	61	-	58,060
Other income	64,134	-	-	64,134
Grants and trusts	542,113	-	-	542,113
Special events, including contributions	1,696,470	-	-	1,696,470
Sponsorships	321,918	-	-	321,918
Donated services and in-kind contributions	549,394	-	-	549,394
Transfer from SOMO Endowment Fund	140,000	-	(140,000)	-
Paycheck protection program grant	<u>381,545</u>	<u>-</u>	<u>-</u>	<u>381,545</u>
Total Revenue and Support	<u>4,563,898</u>	<u>34,487</u>	<u>(140,000)</u>	<u>4,458,385</u>
Net Assets Released from Restrictions	<u>103,742</u>	<u>141,739</u>	<u>-</u>	<u>245,481</u>
Total Revenue without Donor Restrictions	<u>4,667,640</u>	<u>176,226</u>	<u>(140,000)</u>	<u>4,703,866</u>
Program Services Expenses				
Program	3,337,461	140,000	(140,000)	3,337,461
Support Services Expenses				
Management	265,695	-	-	265,695
Fundraising	<u>659,350</u>	<u>21,115</u>	<u>-</u>	<u>680,465</u>
Total Expenses	<u>4,262,506</u>	<u>161,115</u>	<u>(140,000)</u>	<u>4,283,621</u>
Increase (Decrease) in Net Assets without Donor Restrictions	<u>405,134</u>	<u>15,111</u>	<u>-</u>	<u>420,245</u>
<b><u>Net Assets with Donor Restrictions</u></b>				
Change in Net Assets with Donor Restrictions				
Contributions, net	250,000	-	-	250,000
Special events, including contributions	479,847	-	-	479,847
Direct marketing	124,802	-	-	124,802
Grants and trusts	10,000	-	-	10,000
Less: net assets released from restrictions	<u>(103,742)</u>	<u>(141,739)</u>	<u>-</u>	<u>(245,481)</u>
Increase (Decrease) in Net Assets with Donor Restrictions	<u>760,907</u>	<u>(141,739)</u>	<u>-</u>	<u>619,168</u>
Increase (Decrease) in Net Assets prior to Catastrophic Loss	<u>1,166,041</u>	<u>(126,628)</u>	<u>-</u>	<u>1,039,413</u>
Insurance Proceeds Gain from Prior Catastrophic Loss				
Involuntary Conversion	<u>18,082</u>	<u>-</u>	<u>-</u>	<u>18,082</u>
Increase (Decrease) in Net Assets	<u>1,184,123</u>	<u>(126,628)</u>	<u>-</u>	<u>1,057,495</u>
Net Assets, Beginning of Year	<u>18,317,367</u>	<u>416,201</u>	<u>-</u>	<u>18,733,568</u>
Net Assets, End of Year	<u>\$ 19,501,490</u>	<u>\$ 289,573</u>	<u>\$ -</u>	<u>\$ 19,791,063</u>