

Special Olympics Missouri, Inc. and Supporting Organization

Consolidated Financial Statements and
Supplementary Information

December 31, 2022 and 2021



**Special
Olympics**
Missouri

Independent Auditor's Report

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

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, 2022 and 2021, 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, 2022 and 2021, 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 ("GAAP").

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). 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 Special Olympics Missouri, Inc. and Supporting Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the 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 Special Olympics Missouri, Inc. and Supporting Organization's ability to continue as a going concern for one year after the date the 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 GAAS 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.

In performing an audit in accordance with GAAS, 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 Special Olympics Missouri, Inc. and Supporting 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 Special Olympics Missouri, Inc. and Supporting 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 23 and 24 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.

Wipfli LLP

St. Louis, Missouri

July 7, 2023

Special Olympics Missouri, Inc. and Supporting Organization

Consolidated Statements of Financial Position

December 31,	2022	2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 4,421,073	\$ 3,591,991
Pledges receivable - current	105,118	328,330
Inventory	11,504	13,001
Prepaid expenses	41,539	112,600
Total current assets	4,579,234	4,045,922
Property and equipment, net of depreciation	15,727,557	15,915,070
Other assets:		
Pledges receivable - long-term, net	-	21,225
Cash surrender value-life insurance	41,769	41,422
Operating lease right of use asset	90,347	-
Total other assets	132,116	62,647
Total assets	20,438,907	20,023,639
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	43,535	24,611
Agency liabilities	186,463	157,530
Current portion of operating lease obligations	63,338	-
Accrued vacation	59,556	50,435
Total current liabilities	352,892	232,576
Noncurrent portion of operating lease obligations	27,009	-
Total liabilities	379,901	232,576
Net assets:		
Without donor restrictions	19,333,512	18,657,661
With donor restrictions		
Time-restricted for future periods	105,118	349,555
Purpose restricted	620,376	783,847
Total net assets with donor restrictions	725,494	1,133,402
Total net assets	20,059,006	19,791,063
Total liabilities and net assets	\$ 20,438,907	\$ 20,023,639

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

Special Olympics Missouri, Inc. and Supporting Organization

Consolidated Statements of Activities

Years Ended December 31,	2022	2021
Net Assets without Donor Restrictions		
Revenue and support:		
Contributions	\$ 1,138,165	\$ 573,550
Direct marketing	251,328	271,201
Interest income, net	28,119	58,060
Other income	139,839	64,134
Grants and trusts	687,254	542,113
Special events, including contributions	1,562,446	1,696,470
Sponsorships	424,090	321,918
Donated services and in-kind contributions	911,275	549,394
Employee Retention Tax Credit	527,514	-
Paycheck protection program grant	-	381,545
Total revenue and support	5,670,030	4,458,385
Net assets released from restrictions	603,923	245,481
Total revenue and support	6,273,953	4,703,866
Program services expenses:		
Program	4,539,409	3,337,461
Support services expenses:		
Management	354,467	265,695
Fundraising	709,704	680,465
Total expenses	5,603,580	4,283,621
Increase in net assets without donor restrictions before catastrophic loss	670,373	420,245
Net Assets with Donor Restrictions		
Changes in net assets with donor restrictions:		
Contributions, net	52,373	250,000
Special events, including contributions	69,626	479,847
Direct marketing	74,016	124,802
Grants and trusts	-	10,000
Less: net assets released from restrictions	(603,923)	(245,481)
Increase (decrease) in net assets with donor restrictions	(407,908)	619,168
Increase in net assets prior to catastrophic loss	262,465	1,039,413
Insurance proceeds gain from prior catastrophic loss involuntary conversion	5,478	18,082
Increase in net assets	267,943	1,057,495
Net assets - beginning of year	19,791,063	18,733,568
Net assets - end of year	\$ 20,059,006	\$ 19,791,063

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

Year Ended December 31, 2022

	Supporting Services			Total
	Program	Management	Fundraising	
Assessments	\$ 81,576	\$ -	\$ -	\$ 81,576
Bad debt expense	-	-	40,000	40,000
Conferences/meetings	37,512	-	6,501	44,013
Depreciation	363,467	372	8,565	372,404
Donated services/in-kind contributions	807,640	461	90,453	898,554
Employee benefits	276,120	11,045	42,936	330,101
Equipment/uniforms	92,016	-	-	92,016
Equipment rent/maintenance	108,342	535	10,860	119,737
Food	129,825	-	1,239	131,064
Housing	154,719	-	589	155,308
Insurance	122,136	-	155	122,291
Memberships/dues/subscriptions	2,825	-	63	2,888
Miscellaneous	-	-	204	204
Occupancy	163,436	1,370	2,054	166,860
Postage/shipping	18,164	229	370	18,763
Printing/production	80,410	-	15,238	95,648
Professional fees/consultants/fees for services	413,868	136,393	40,002	590,263
Recognition	208,485	-	36,267	244,752
Salaries	1,087,770	203,409	411,273	1,702,452
Supplies	122,946	418	1,766	125,130
Telephone	19,068	235	352	19,655
Transportation	111,633	-	78	111,711
Travel	51,894	-	739	52,633
Venues	85,557	-	-	85,557
Total functional expenses	\$ 4,539,409	\$ 354,467	\$ 709,704	\$ 5,603,580
	81%	6%	13%	

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

Year Ended December 31, 2021

	Supporting Services			Total
	Program	Management	Fundraising	
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	\$ 3,337,461	\$ 265,695	\$ 680,465	\$ 4,283,621
	78%	6%	16%	

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

Special Olympics Missouri, Inc. and Supporting Organization

Consolidated Statements of Cash Flows

<i>Years Ended December 31,</i>	2022	2021
Change in cash and cash equivalents:		
Cash flows from operating activities:		
Increase in net assets	\$ 267,943	\$ 1,057,495
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Depreciation	372,404	371,367
Insurance proceeds gain from prior catastrophic loss involuntary conversion	(5,478)	(18,082)
Change in cash surrender value - life insurance	(347)	(22,034)
Operating lease right of use asset	(44,370)	-
Change in assets - (increase) decrease		
Pledges receivable, net	244,437	81,338
Inventory	1,497	(5,276)
Prepaid expenses	71,061	(71,606)
Changes in liabilities - increase (decrease):		
Accounts payable	18,924	19,459
Agency liabilities	28,933	7,631
Accrued expenses		(3,624)
Accrued vacation	9,121	(36,259)
Operating lease obligations	44,370	-
Total adjustments	740,552	322,914
Net cash flows from operating activities	1,008,495	1,380,409
Cash flows from investing activities:		
Cash paid for property and equipment	(184,891)	-
Proceeds from sale of land held for sale	-	300,000
Insurance proceeds on property and equipment	5,478	18,082
Net cash flows from investing activities	(179,413)	318,082
Net increase in cash and cash equivalents	829,082	1,698,491
Cash and cash equivalents - beginning of year	3,591,991	1,893,500
Cash and cash equivalents - end of year	\$ 4,421,073	\$ 3,591,991
<i>Supplemental Disclosure of cash flow information:</i>		
Cash paid for interest	\$ -	\$ 2,545
Right of use asset established with lease obligation	\$ 76,528	\$ -

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

Special Olympics Missouri, Inc. and Supporting Organization

Notes to Consolidated Financial Statements

Note 1: Organization and Summary of Significant Accounting Policies

Nature of Organization

Special Olympics Missouri, Inc. (SOMO) is a tax exempt, non-profit corporation organized under Section 501(c)(3) of the Internal Revenue Code (IRC). It was organized with one overarching program to provide year-round sports training and athletic competition in a variety of Olympic-type sports for children and adults with intellectual disabilities, giving them continuing opportunities to develop physical fitness, demonstrate courage, experience joy, and participate in a sharing of gifts, skills and friendship with their families, other Special Olympics athletes, and the community. SOMO's support comes primarily from 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 the lower of cost or net realizable value, using the first in, first out basis and consists primarily of souvenirs.

Special Olympics Missouri, Inc. and Supporting Organization

Notes to Consolidated Financial Statements

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

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. The Organization did not hold any investments as of December 31, 2022 and 2021.

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. There was no adjustment for net realizable value for the year ended December 31, 2022. The adjustment for net realizable value for the year ended December 31, 2021, was \$3,914. 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
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 2022 or 2021.

The total depreciation expense included in the consolidated statements of activities for the years ended December 31, 2022 and 2021 was \$372,404 and \$371,367, respectively.

Agency Liabilities

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

Special Olympics Missouri, Inc. and Supporting Organization

Notes to Consolidated Financial Statements

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

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, 2022 and 2021. 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 Assets Presentation

Net assets and revenues, expenses, 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.

Special Olympics Missouri, Inc. and Supporting Organization

Notes to Consolidated Financial Statements

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

Donated Services and In-Kind Contributions (Contributed Non-financial Assets)

Donated noncash assets are recorded as contributions of non-financial assets at their fair values at the date of donation. Donated services are recognized as contributions of non-financial assets 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.

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, 2022 and 2021.

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 \$92,682 and \$136,232 for the years ended December 31, 2022 and 2021, 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

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

Leases

The Organization is a lessee in multiple noncancelable operating leases. If the contract provides the Organization the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be or contain a lease. Right of use assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. The right of use asset is also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.

The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. Increases (decreases) to variable lease payments due to subsequent changes in an index or rate are recorded as variable lease expense (income) in the future period in which they are incurred. As of January 1, 2022, there were no leases with variable payments that depend on an index. The Organization does have variable lease payments for common area maintenance charges from the landlord, that are expensed as incurred.

The Organization has elected to use a risk-free rate for a term similar to the underlying lease as the discount rate if the implicit rate in the lease contract is not readily determinable.

The right of use asset for operating leases is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. The right of use asset for finance leases is amortized on a straight-line basis over the lease term. For operating leases with lease payments that fluctuate over the lease term, the total lease costs are recognized on a straight-line basis over the lease term.

For all underlying classes of assets, the Organization has elected to not recognize right of use assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise. Leases containing termination clauses in which either party may terminate the lease without cause and the notice period is less than 12 months are deemed short-term leases with lease costs included in short-term lease expense. The Organization recognizes short-term lease cost on a straight-line basis over the lease term.

The Organization made an accounting policy election for all its leased equipment to not separate the lease components of a contract and its associated non-lease components, if any.

Special Olympics Missouri, Inc. and Supporting Organization

Notes to Consolidated Financial Statements

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

Adoption of Accounting Pronouncements

In September 2020, the FASB issued Accounting Standards Update (ASU) No. 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 consolidated 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 is effective for annual periods beginning after June 15, 2021. Management has adopted ASU 2020-07 for the Organization's financial statements and related disclosures as of January 1, 2022, on a retrospective basis, with no effect on net assets.

In February 2016, the FASB issued ASU No. 2016-02, Leases, ASC Topic 842. ASU 2016-02 is intended to improve financial reporting of leasing transactions by requiring organizations that lease assets to recognize assets and liabilities for the rights and obligations created by leases on the statement of financial position. This accounting update also requires additional disclosures surrounding the amount, timing, and uncertainty of cash flows arising from leases. The Organization adopted this guidance for the year ended December 31, 2022, with modified retrospective application to January 1, 2022, through a cumulative-effect adjustment. The Organization has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, the Organization accounted for its existing operating leases as operating leases and capital leases as finance leases under the new guidance, without reassessing (a) whether the contracts contain a lease under ASC Topic 842, (b) whether the classification of the leases would be different in accordance with ASC Topic 842, or (c) whether any unamortized initial direct costs before transition adjustments (as of December 31, 2021) would have met the definition of initial direct costs in ASC Topic 842 at lease commencement. Similarly, the Organization did not reassess service contracts evaluated for lease treatment under ASC 840 for embedded leases under ASC 842.

As a result of the adoption of the new lease accounting guidance, the Organization recognized the following right of use assets and lease liabilities as of January 1, 2022:

Right-of-use assets (ROU) - operating leases	\$58,189
Lease obligations - operating leases	\$58,189

This standard did not have a material impact on the Organization's net assets or cash flows from operations and had an immaterial impact on the Organization's operating results. The most significant impact was the recognition of the right of use assets and lease obligations for operating leases.

Special Olympics Missouri, Inc. and Supporting Organization

Notes to Consolidated Financial Statements

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

Future Accounting Pronouncements

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.

Subsequent Events

The Organization has evaluated subsequent events through July 7, 2023, which is the date the financial statements were available to be issued.

Note 2: Liquidity and Availability

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

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

The Organization operates within the board approved budget.

Special Olympics Missouri, Inc. and Supporting Organization

Notes to Consolidated Financial Statements

Note 2: Liquidity and Availability (Continued)

As of December 31, 2022 and 2021, 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:

<i>Years Ended December 31,</i>	2022	2021
Amounts available to be used within one year:		
Cash and cash equivalents	\$ 4,421,073	\$ 3,591,991
Pledges receivable, net	105,118	349,555
Total financial assets at year end	4,526,191	3,941,546
Less: amounts not available to be used within one year:		
Pledges receivable – long-term, net	-	(21,225)
Agency liabilities (cash held for others)	(186,463)	(157,530)
Net assets with donor restrictions, excluding pledges receivable time restrictions accounted for above	(620,376)	(783,847)
Financial assets available to meet general expenditures over the next twelve months	\$ 3,719,352	\$ 2,978,944

Special Olympics Missouri, Inc. has a \$1,000,000 board approved line of credit available through June 5, 2023 to meet cash needs for general expenditures, as further described in Note 5. 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, 2022 and 2021, \$1,000,000 remained available on the line-of-credit.

Note 3: Pledges Receivable

Pledges receivable balances at December 31, are as follows:

	2022	2021
Receivable in less than one year	\$ 105,118	\$ 328,330
Receivable in one to five years	-	21,225
Total	\$ 105,118	\$ 349,555

Pledges receivable are reported at net realizable value as prescribed by U.S. GAAP. There was no allowance for uncollectible pledges deemed necessary at December 31, 2022 and 2021.

Special Olympics Missouri, Inc. and Supporting Organization

Notes to Consolidated Financial Statements

Note 4: Property and Equipment

A summary of property and equipment is as follows as of December 31:

	Original Cost	Accumulated Depreciation	Net Book Value
2022			
Office Equipment	\$ 334,848	\$ 142,154	\$ 192,694
Program Equipment	165,871	50,568	115,303
Computer Equipment	153,661	143,137	10,524
Vehicles	169,599	-	169,599
Furniture & Fixtures	78,205	17,620	60,585
Building & Components	12,682,310	732,420	11,949,890
Signage	56,875	27,913	28,962
Land	3,200,000	-	3,200,000
Total	16,841,369	\$ 1,113,812	\$ 15,727,557
2021			
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	3,200,000	-	3,200,000
Total	\$ 16,711,590	\$ 796,520	\$ 15,915,070

See Note 12 for information on the catastrophic loss relating to the Training for Life Campus.

Note 5: Line of Credit

The Organization maintains a \$1,000,000 line of credit (LOC) with Jefferson Bank of Missouri, which originated on June 6, 2018, and expires on June 5, 2023. 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, 2022 and 2021.

Special Olympics Missouri, Inc. and Supporting Organization

Notes to Consolidated Financial Statements

Note 6: Accrued Vacation

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	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.

Note 7: Net Assets with Donor Restrictions

Donor Restricted net assets are comprised of the following:

	2022	2021
Purpose Restricted		
Other purpose restrictions	\$ 42,000	\$ 42,000
Restricted for specific events and programs	426,376	639,847
Restricted for the Back Nine	152,000	102,000
Total purpose restricted	620,376	783,847
Time-restricted for future periods		
Pledges receivable	105,118	349,555
Total	\$ 725,494	\$ 1,133,402

Restrictions released during 2022 and 2021 were \$603,923 and \$245,481, respectively.

Note 8: Donated Services and In-Kind Contributions

For the years ended December 31 :

	2022	2021
Professional services - management and general and fundraising	\$ 38,835	\$ -
Coaches hours and facilities - program	469,764	354,927
Event items - program and fundraising	353,170	194,467
Items for athletes - program	49,506	-
Total	\$ 911,275	\$ 549,394

Special Olympics Missouri, Inc. and Supporting Organization

Notes to Consolidated Financial Statements

Note 8: Donated Services and In-Kind Contributions (Continued)

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.

Contributed services recognized include professional services from a substantial number of unpaid volunteers and companies possessing specialized skills that are essential services to the Organization's programs. Contributed services are valued and are reported at the estimated fair value in the consolidated financial statements based on current rates for similar services.

In addition, many third parties donate materials and supplies. In valuing these donations, the Organization estimated the fair value on the basis of estimates of what would be paid for similar products.

Contributed nonfinancial assets did not have donor-imposed restrictions.

Note 9: Retirement Plan

The Organization offers all employees a 403(b)-tax sheltered annuity plan. Employees may contribute twenty percent (20%) of their annual gross wages up to a maximum of \$20,500 and \$19,500 for 2022 and 2021, respectively. In 2022 and 2021, SOMO matched employee contributions up to 5%. The total retirement plan expense for the years ended December 31, 2022 and 2021, was \$41,250 and \$54,210 respectively, included in employee benefits on the consolidated statements of functional expenses.

Note 10: Related Party Transactions

SOMO and the Foundation have entered into a Master Fundraising Agreement. The terms of the agreement address the Foundation's fundraising activities on behalf of SOMO. The Foundation contributed \$1,000 and \$140,000 to SOMO during the years ended December 31, 2022 and 2021, respectively.

The Organization is related to Special Olympics, Inc. (SOI), the international non-profit organization. During the years ended December 31, 2022 and 2021, the Organization paid \$81,576 and \$63,300 respectively, for assessments due to SOI.

Special Olympics Missouri, Inc. and Supporting Organization

Notes to Consolidated Financial Statements

Note 11: Lease Commitment

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 year ended December 31, 2022 totaled \$60,088.

The Organization's office space leases require it to make variable payments for the Organization's proportionate share of the building's property taxes, insurance, and common area maintenance. These variable lease payments are not included in lease payments used to determine the lease liability and are recognized as variable costs when incurred.

Operating leases are included in the following asset and liability accounts on the Organization's Consolidated Statement of Financial Position: Operating lease right of use asset, Current portion of operating lease obligations, and Noncurrent portion of operating lease obligations. Right of use assets and liabilities arising from finance leases would be included in the following asset and liability accounts on the Organization's Statement of Financial Position: Net Property, Plant and Equipment, Current portion of finance lease obligations, and Noncurrent portion of finance lease obligations. The Organization did not have any finance leases as of December 31, 2022.

Components of lease expense were as follows for the year ended December 31, 2022:

	2022
Operating lease cost	\$ 60,088
Variable lease cost	3,437
Total	\$ 63,525

Consolidated statement of financial position information related to operating leases is as follows as of December 31, 2022:

Operating lease right of use asset	\$ 90,347
Current portion of operating lease obligations	63,338
Noncurrent portion of operating lease obligations	27,009
Total lease obligations	\$ 90,347

Supplemental cash flow information related to leases is as follows as of December 31, 2022:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 47,755

Weighted average remaining lease term	1.35 months
Weighted average discount rate	1.95 %

Special Olympics Missouri, Inc. and Supporting Organization

Notes to Consolidated Financial Statements

Note 11: Lease Commitment (Continued)

Maturities of lease obligations at December 31, 2022 are as follows:

<i>Year ending December 31,</i>	
2023	63,338
2024	27,009
Total	\$ 90,347

Future annual minimum lease payments for facilities are as follows as of December 31, 2021:

<i>Year ending December 31,</i>	
2022	\$ 87,605
2023	68,945
2024	28,653
2025	921
Total	\$ 186,124

Note 12: Catastrophic Loss Involuntary Conversion

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, 2022 and 2021, the Organization received additional insurance proceeds of \$5,478 and \$18,082 which were recorded as a gain due to all of the destroyed property and equipment being written off in the prior years.

Special Olympics Missouri, Inc. and Supporting Organization

Notes to Consolidated Financial Statements

Note 13: Paycheck Protection Program

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.

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 during the year ended December 31, 2021. The Organization received forgiveness for the second round of PPP funds in August 2021.

Note 14: Employee Retention Tax Credit

The CARES Act provided for refundable payroll tax credits known as the Employee Retention Tax Credit (ERTC). The ERTC allows qualified employers to receive a credit of 50% of the employee qualified wages and related payroll costs paid after March 13, 2020 through December 31, 2020, up to a maximum credit of \$5,000 per employee. The Taxpayer Certainty and Disaster Tax Relief Act of 2020, enacted December 27, 2020, amended and extended the ERTC (and the availability of certain advance payments of the tax credits) under section 2301 of the CARES Act until June 30, 2021. The American Rescue Plan Act (ARPA), enacted March 11, 2021, added section 3134 to the Internal Revenue Code (IRC) to amend and extend the ERTC (and the availability of certain advance payments of the tax credits) until September 31, 2021. As a result of the new legislation, eligible employers can now claim a refundable tax credit against the employer share of Social Security tax equal to 70% of the qualified wages they pay to employees after December 31, 2020, through September 2021. Qualified wages are limited to \$10,000 per employee per calendar quarter in 2021. Thus, the maximum ERTC amount available is \$7,000 per employee per calendar quarter, for a total maximum of \$21,000 per employee in 2021. The government assistance is not recognized until there is reasonable assurance that (1) any conditions attached to the assistance will be met and (2) the assistance will be received. During the year ended December 31, 2022, the Organization received \$527,514 in credits under the ERTC program. The amount is presented on the Consolidated Statements of Activities.

Special Olympics Missouri, Inc. and Supporting Organization
Consolidating Schedule of Financial Position

December 31, 2022

	Special Olympics Missouri, Inc.	SOMO Endowment Fund, Inc.	Eliminations	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 4,121,422	\$ 299,651	-	\$ 4,421,073
Pledges receivable - current	94,016	11,102	-	105,118
Inventory	11,504	-	-	11,504
Prepaid expenses	41,539	-	-	41,539
Due from related party	1,000	2,514	(3,514)	-
Total current assets	4,269,481	313,267	(3,514)	4,579,234
Property and equipment, net	15,727,557	-	-	15,727,557
Other assets:				
Cash surrender value-life insurance	-	41,769	-	41,769
Operating lease right of use asset	90,347	-	-	90,347
Total other assets	90,347	41,769	-	132,116
Total assets	20,087,385	355,036	(3,514)	20,438,907
Liabilities and Net Assets				
Current liabilities:				
Accounts payable	43,535	-	-	43,535
Agency liabilities	186,463	-	-	186,463
Current portion of operating lease obligations	63,338	-	-	63,338
Due to related party	2,514	1,000	(3,514)	-
Accrued vacation	59,556	-	-	59,556
Total current liabilities	355,406	1,000	(3,514)	352,892
Noncurrent portion of operating lease obligations	27,009	-	-	27,009
Total liabilities	382,415	1,000	(3,514)	379,901
Net assets:				
Without donor restrictions	18,992,578	340,934	-	19,333,512
With donor restrictions				
Time-restricted for future periods	94,016	11,102	-	105,118
Purpose restricted	618,376	2,000	-	620,376
Total net assets with donor restrictions	712,392	13,102	-	725,494
Total net assets	19,704,970	354,036	-	20,059,006
Total liabilities and net assets	\$ 20,087,385	\$ 355,036	\$ (3,514)	\$ 20,438,907

See independent auditor's report.

Special Olympics Missouri, Inc. and Supporting Organization

Consolidating Schedule of Activities

Year Ended December 31, 2022

	Special Olympics Missouri, Inc.	SOMO Endowment Fund, Inc.	Eliminations	Total
Net Assets without Donor Restrictions				
Revenue and support:				
Contributions	\$ 1,028,298	\$ 109,867	-	\$ 1,138,165
Direct marketing	251,328	-	-	251,328
Interest income, net	28,036	83	-	28,119
Other income	139,839	-	-	139,839
Grants and trusts	687,254	-	-	687,254
Special events, including contributions	1,562,446	-	-	1,562,446
Sponsorships	424,090	-	-	424,090
Donated services and in-kind contributions	911,275	-	-	911,275
Transfer from SOMO Endowment Fund	1,000	-	(1,000)	-
ERTC income	527,514	-	-	527,514
Total revenue and support	5,561,080	109,950	(1,000)	5,670,030
Net assets released from restrictions	422,573	181,350	-	603,923
Total revenue without donor restrictions	5,983,653	291,300	(1,000)	6,273,953
Program services expenses:				
Program	4,539,409	1,000	(1,000)	4,539,409
Support services expenses:				
Management	354,467	-	-	354,467
Fundraising	665,217	44,487	-	709,704
Total expenses	5,559,093	45,487	(1,000)	5,603,580
Increase (decrease) in net assets without donor restrictions	424,560	245,813	-	670,373
Net Assets with Donor Restrictions				
Change in net assets with donor restrictions:				
Contributions, net	52,373	-	-	52,373
Special events, including contributions	69,626	-	-	69,626
Direct marketing	74,016	-	-	74,016
Less: net assets released from restrictions	(422,573)	(181,350)	-	(603,923)
Increase (decrease) in net assets with donor restrictions	(226,558)	(181,350)	-	(407,908)
Increase in net assets prior to catastrophic loss	198,002	64,463	-	262,465
Insurance proceeds gain from prior catastrophic loss				
Involuntary conversion	5,478	-	-	5,478
Increase in net assets	203,480	64,463	-	267,943
Net assets - beginning of year	19,501,490	289,573	-	19,791,063
Net assets - end of year	\$ 19,704,970	\$ 354,036	\$ -	\$ 20,059,006

See independent auditor's report.