



SPECIAL OLYMPICS FLORIDA, INC.
AND SUPPORTING ORGANIZATION
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018

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AND SUPPORTING ORGANIZATION
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DECEMBER 31, 2018

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Special Olympics Florida, Inc.
Special Olympics Florida Foundation, Inc.
Clermont, Florida

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Special Olympics Florida, Inc. (a nonprofit organization) and Special Olympics Florida Foundation, Inc. (collectively the Organization), which comprise the consolidated statements of financial position as of December 31, 2018, and the related consolidated statements of activities and changes in net assets, consolidated statements of functional expenses, and consolidated statements of cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2018, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of financial awards is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2019 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



Certified Public Accountants
February 27, 2019

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

	Special Olympics Florida	Special Olympics Florida Foundation	Eliminations	Total
ASSETS				
Cash and cash equivalents	\$ 901,702	\$ -	\$ -	\$ 901,702
Short-term investments	3,115,318	8,369,971	-	11,485,289
Accounts receivable	687,164	-	-	687,164
Prepaid expenses	403,632	-	-	403,632
Note receivable from related party	250,000	-	-	250,000
Due from SOFL Foundation	36,148	-	(36,148)	-
Beneficial interest in Community Foundation	132,014	-	-	132,014
Construction in progress	3,686	-	-	3,686
Property and equipment, net of accumulated depreciation of \$3,642,834	1,970,353	28,750	-	1,999,103
Total Assets	<u><u>\$ 7,500,017</u></u>	<u><u>\$ 8,398,721</u></u>	<u><u>\$ (36,148)</u></u>	<u><u>\$ 15,862,590</u></u>
LIABILITIES AND NET ASSETS				
Liabilities:				
Accounts payable and accrued expenses	\$ 823,676	\$ -	\$ -	\$ 823,676
Due to Special Olympics Florida	-	36,148	(36,148)	-
Deferred revenue	704,324	-	-	704,324
Total Liabilities	<u>1,528,000</u>	<u>36,148</u>	<u>(36,148)</u>	<u>1,528,000</u>
NET ASSETS				
Without donor restrictions:				
Undesignated	3,657,838	8,333,823	-	11,991,661
Invested in property and equipment	1,970,353	28,750	-	1,999,103
Total Net Assets Without Donor Restrictions	<u>5,628,191</u>	<u>8,362,573</u>	<u>-</u>	<u>13,990,764</u>
With donor restrictions:				
Purpose restrictions	343,826	-	-	343,826
Total Net Assets With Donor Restrictions	<u>343,826</u>	<u>-</u>	<u>-</u>	<u>343,826</u>
Total Net Assets	<u>5,972,017</u>	<u>8,362,573</u>	<u>-</u>	<u>14,334,590</u>
Total Liabilities and Net Assets	<u><u>\$ 7,500,017</u></u>	<u><u>\$ 8,398,721</u></u>	<u><u>\$ (36,148)</u></u>	<u><u>\$ 15,862,590</u></u>

Read Report of Independent Certified Public Accountants.
The accompanying notes are an integral part
of these financial statements.

SPECIAL OLYMPICS FLORIDA, INC.
AND SUPPORTING ORGANIZATION
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Special Olympics Florida	Special Olympics Florida Foundation	Eliminations	Consolidated Total
<i>Changes in Net Assets Without Donor Restrictions:</i>				
REVENUES				
Special events	\$ 4,205,877	\$ -	\$ -	\$ 4,205,877
Less direct costs	<u>(1,232,234)</u>	<u>-</u>	<u>-</u>	<u>(1,232,234)</u>
Total special events, net of direct costs	2,973,643	-	-	2,973,643
Contributions	8,512,814	-	(300,000)	8,212,814
Federal and state grants	902,990	-	-	902,990
Other grants and contracts	1,224,458	-	-	1,224,458
In-kind contributions	3,573,489	-	-	3,573,489
Investment return, net	(175,798)	(580,536)	-	(756,334)
Change in beneficial interest in Community Foundation	3,660	-	-	3,660
Gain (loss) on disposal of property and equipment	(1,168)	-	-	(1,168)
Net assets released from restrictions	<u>130,667</u>	<u>-</u>	<u>-</u>	<u>130,667</u>
Total Revenues Without Donor Restrictions	<u>17,144,755</u>	<u>(580,536)</u>	<u>(300,000)</u>	<u>16,264,219</u>
EXPENSES				
<i>Program Services:</i>				
Games	6,928,728	300,000	(300,000)	6,928,728
Training	2,316,649	-	-	2,316,649
Health programs	2,022,844	-	-	2,022,844
Unified Champion Schools	589,908	-	-	589,908
Other programs	<u>3,073,577</u>	<u>-</u>	<u>-</u>	<u>3,073,577</u>
<i>Total Program Services</i>	<u>14,931,706</u>	<u>300,000</u>	<u>(300,000)</u>	<u>14,931,706</u>
<i>Support Services:</i>				
Management and general	557,005	-	-	557,005
Fundraising	<u>1,889,779</u>	<u>46,150</u>	<u>-</u>	<u>1,935,929</u>
<i>Total Support Services</i>	<u>2,446,784</u>	<u>46,150</u>	<u>-</u>	<u>2,492,934</u>
TOTAL EXPENSES	<u>17,378,490</u>	<u>346,150</u>	<u>(300,000)</u>	<u>17,424,640</u>
Increase (Decrease) in Net Assets Without Donor Restrictions	<u>(233,735)</u>	<u>(926,686)</u>	<u>-</u>	<u>(1,160,421)</u>

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of these financial statements.

SPECIAL OLYMPICS FLORIDA, INC.
AND SUPPORTING ORGANIZATION
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2018

	Special Olympics Florida	Special Olympics Florida Foundation	Eliminations	Consolidated Total
<i>Changes in Net Assets With Donor Restrictions:</i>				
Net assets released from restrictions	(130,667)	-	-	(130,667)
Increase (Decrease) in Net Assets With Donor Restrictions	(130,667)	-	-	(130,667)
CHANGE IN NET ASSETS	(364,402)	(926,686)	-	(1,291,088)
NET ASSETS, beginning of year	6,336,419	9,289,259	-	15,625,678
NET ASSETS, end of year	<u>\$ 5,972,017</u>	<u>\$ 8,362,573</u>	<u>\$ -</u>	<u>\$ 14,334,590</u>

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SPECIAL OLYMPICS FLORIDA, INC.
AND SUPPORTING ORGANIZATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Program Services				Support Services			
	Games	Training	Health Programs	Unified Champion Schools	Other Programs	Total	Management and General	Total
salaries	\$ 1,043,744	\$ 713,114	\$ 411,763	\$ 148,654	\$ 1,011,133	\$ 3,328,408	\$ 185,574	\$ 791,773
employee benefits and payroll taxes	282,998	159,130	79,576	25,161	343,791	890,656	46,408	187,888
total salaries and related expenses	1,326,742	872,244	491,339	173,815	1,354,924	4,219,064	231,982	979,661
wards and recognition	69,788	13,256	10,847	3,754	44,151	141,797	13,155	48,723
conferences	2,748	3,327	5,268	1,435	21,515	34,293	1,485	3,432
consulting and fees	38,873	118,588	67,269	60,800	118,746	404,276	68,253	663,984
i-kind	1,436,259	466,734	1,051,885	-	473,932	3,428,810	43,590	144,679
insurance	45,076	33,936	-	-	100,692	179,704	11,779	26,760
odging	890,772	25,435	79,207	50,899	20,844	1,067,157	7,544	32,261
repairs and maintenance	12,433	6,486	13,700	-	8,630	41,249	582	7,155
thlete and coach meals	633,847	42,489	40,461	29,322	67,815	813,933	10,565	66,677
marketing recruitment	5,615	7,398	30,873	-	59,207	103,093	583	10,116
office expense	128,506	46,908	21,869	6,406	122,239	325,928	43,351	103,118
upplies	10,264	8,267	9,720	64	6,388	34,703	-	6,898
ther games	755,372	145,634	72,074	135,592	7,905	1,116,578	4,076	20,509
hirts	112,176	82,330	14,693	32,227	80,675	322,101	130	7,155
ostage	8,638	9,806	5,706	3,288	3,652	31,090	3,710	27,699
oftware	7,923	4,433	-	-	7,822	20,178	12,021	39,226
rinting, production, and website	9,252	5,485	938	1,210	24,391	41,275	2,237	9,649
activities and equipment rental	685,941	315,076	55,961	22,637	33,350	1,112,965	6,356	19,005
ilities	23,188	12,789	16,277	2,502	34,646	89,402	21,856	33,246
ravel	475,237	36,422	31,990	44,691	40,404	628,744	9,912	48,450
iscellaneous	26,414	10,392	1,689	1,391	16,051	55,936	30,398	89,560
pecial Olympics, Inc	-	-	-	-	233,180	233,180	-	15,000
total expenses before depreciation	6,705,064	2,267,435	2,021,766	570,033	2,881,158	14,445,456	523,565	2,418,695
depreciation expense	223,664	49,214	1,078	19,875	192,419	486,250	33,440	74,239
TOTAL EXPENSES	\$ 6,928,728	\$ 2,316,649	\$ 2,022,844	\$ 589,908	\$ 3,073,577	\$ 14,931,706	\$ 557,005	\$ 2,492,934

Read Report of Independent Certified Public Accountants.
The accompanying notes are an integral part
of these financial statements.

SPECIAL OLYMPICS FLORIDA, INC.
AND SUPPORTING ORGANIZATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
DECEMBER 31, 2018

	Special Olympics Florida	Special Olympics Florida Foundation	Consolidated Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Change in Net Assets	\$ (364,402)	\$ (926,686)	\$ (1,291,088)
<i>Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:</i>			
Depreciation	559,239	1,250	560,489
Loss on disposal of property and equipment	1,168	-	1,168
Net unrealized (gain) loss on investments	298,172	812,330	1,110,502
Net unrealized (gain) loss on beneficial interest in Community Foundation	(3,661)	-	(3,661)
(Increase) decrease in accounts receivable	(465,128)	-	(465,128)
(Increase) decrease in due to/from Foundation	263,852	(263,852)	-
(Increase) decrease in prepaid expenses	(189,724)	-	(189,724)
(Increase) decrease in note receivable from related party	(250,000)	-	(250,000)
Increase (decrease) in deferred revenue	(121,848)	-	(121,848)
Increase (decrease) in accounts payable and accrued expenses	137,662	-	137,662
Total adjustments	229,732	549,728	779,460
Net cash provided (used) by operating activities	(134,670)	(376,958)	(511,628)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	(758,691)	(30,000)	(788,691)
Proceeds from the sale of property and equipment	86,910	-	86,910
Proceeds from the sale of investments	647,490	637,752	1,285,242
Proceeds from the sale of beneficial interest in Community Foundation	44,000	-	44,000
Purchase of investments	(122,374)	(231,794)	(354,168)
Net cash provided (used) by investing activities	(102,665)	375,958	273,293
Net increase (decrease) in cash and cash equivalents	(237,335)	(1,000)	(238,335)
CASH AND CASH EQUIVALENTS, beginning of year	1,139,037	1,000	1,140,037
CASH AND CASH EQUIVALENTS, end of year	\$ 901,702	\$ -	\$ 901,702
NON-CASH AND SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Disposal of fully depreciated property	\$ 206,163	\$ -	\$ 206,163
Construction in progress transferred to property and equipment	\$ 183,631	\$ -	\$ 183,631

Read Report of Independent Certified Public Accountants.
The accompanying notes are an integral part
of these financial statements.

SPECIAL OLYMPICS FLORIDA, INC.
AND SUPPORTING ORGANIZATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE A – DESCRIPTION OF ORGANIZATIONS

Special Olympics Florida, Inc., (Special Olympics) is a Statewide nonprofit corporation that provides year-round sports training and athletic competition in a variety of Olympic-type sports and health programs for all children and adults with intellectual disabilities who wish to participate, giving them continuing opportunities to develop physical fitness, demonstrate courage, experience joy and participate in the sharing of gifts, skills and friendship with their families, other Special Olympic athletes and the community. Special Olympics is accredited by Special Olympics, Inc. (SOI). Throughout Florida, the Organization provides the following programs:

- *Games* include competitions and tournaments conducted throughout the year that allow athletes with similar abilities to achieve physical, mental, and spiritual growth through sports. There are 24 different sports offered to these athletes, so they may choose those best suited to their abilities and interests.
- *Training* allows the learning of functional sports and team building skills and rules, which empower the athletes and enable them to interact with the community. Training takes place not only as part of the Olympic type sports we offer, but also through our Young Athletes Program and our Athlete Leadership courses to enhance our athletes opportunities within our community. While providing the athletes with opportunities to build muscles and sharpen motor skills, training also builds self-confidence and the development of social skills that will help them live a better life.
- *Health Programs* strive to improve an athletes' well-being and overall sports experience through enhancement of health, wellness and fitness initiatives. Through partnerships, fitness and wellness programs, as well as robust Healthy Athletes programming, Special Olympics Florida is paving the way for inclusive health. We offer an approach that focuses on the whole person with an intellectual and developmental disability and provide integrated health care and referrals. Athletes are offered health care exams in eight disciplines, including health promotion, physical examinations, physical therapy, hearing, vision, podiatry, mental wellness, and dental care. Special Olympics Florida trains health care providers throughout the state, improving access to quality health care year-round for people with intellectual and developmental disabilities in their own communities.
- *Unified Champion Schools* is a sports education program that partners students with and without intellectual disabilities to create a more inclusive environment where students are able to work together, excel athletically and academically regardless of ability. Unified Champion Schools have three components, Unified Sports, Inclusive Youth Leadership and Whole-School Engagement all of which help foster respect, dignity and advocacy for people with intellectual disabilities.
- *Other Programs* include coaching and officiating certification programs, athlete and community outreach, and the promotion of training, competition and the Special Olympics mission.

Read Report of Independent Certified Public Accountants.

**SPECIAL OLYMPICS FLORIDA, INC.
AND SUPPORTING ORGANIZATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE A – DESCRIPTION OF ORGANIZATIONS (continued)

Special Olympics Florida Foundation, Inc. (the Supporting Organization) is a supporting organization whose purpose is to receive, hold, manage and invest funds to benefit Special Olympics Florida, Inc. The Supporting Organization is a Florida not-for-profit corporation established in September 2011.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

The consolidated financial statements include the accounts of Special Olympics Florida, Inc. and Special Olympics Florida Foundation, Inc. (collectively the Organization). The management and control of the Supporting Organization is at all times to be vested in the persons who control or manage Special Olympics Florida, Inc. Seventy-five percent (75%) of the Board of the supporting Organization consists of members of the Board of Directors of Special Olympics Florida, Inc. As such consolidation is required by Financial Accounting Standards Board (FASB) Accounting Standards Codification 958-810 Not-for-Profit Entities Consolidation. All material inter-organizational transactions have been eliminated.

Basis of Presentation and Recent Accounting Pronouncement

In August 2016, the FASB issued ASU 2016-14 (the ASU), *Not-for-Profit Entities (Topic 958)*, to make improvements to a not-for-profit entity's (NFPs) current financial reporting on net assets, expenses, liquidity, financial performance and cash flows. These improvements are intended to provide more useful information to donors, grantors, creditors and other users of a NFPs financial statements. The ASU is effective for fiscal years beginning after December 15, 2017 and the Organization has adopted the ASU for the year ended December 31, 2018.

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations, including restricted contributions whose restrictions are met in the same reporting period.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that:

- may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.
- be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

Read Report of Independent Certified Public Accountants.

SPECIAL OLYMPICS FLORIDA, INC.
AND SUPPORTING ORGANIZATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of increases or decreases in net assets during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers currency on hand, demand deposits and money market funds as cash and cash equivalents for purposes of the Statement of Cash Flows.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Interest and dividend income and gains and losses on investments are reported on the statement of activities as increases or decreases in unrestricted net assets unless their use is restricted by donor stipulations or law.

Functional Allocation of Expenses

Expenses are shown by natural expense classification and function in the accompanying consolidated statement of functional expenses. Expenses that are attributable to more than one program or supporting function are allocated on a reasonable basis that is consistently applied. Allocations are based on direct usage or management's estimate of the benefit derived by each activity. Management's estimates may be based on factors such as time and effort, square footage, clients served, or any other reasonable basis. The expenses that are allocated on the basis of estimates of time and effort are salaries, employee benefits and payroll taxes. Facilities, maintenance, insurance, utilities and depreciation are allocated on a square footage basis.

Accounts Receivable

Accounts receivable include fundraising sponsorships, direct marketing contributions and grants receivable resulting from grant contracts for services provided but not yet reimbursed at December 31, 2018. The Organization does not maintain an allowance for estimated uncollectible accounts as any amounts determined by the donor or unallowable by the grantor are deducted from revenue upon notification of the disallowance. No amounts were subsequently disallowed with respect to the amounts recorded at December 31, 2018.

Concentration of Credit Risk

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist principally of cash and cash equivalents and investments. The Organization places its deposits with high quality, credit-worthy financial institutions and investment companies. Accounts at financial institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. The amount in excess of the FDIC limit totaled \$655,450 for the year ended December 31, 2018. The Organization has not experienced any losses on its cash and cash equivalents. The Organization reviews its cash positions to minimize its exposure and mitigate its risk of loss.

Read Report of Independent Certified Public Accountants.

**SPECIAL OLYMPICS FLORIDA, INC.
AND SUPPORTING ORGANIZATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentration of Credit Risk, continued

Investments that potentially subject the Organization to concentrations of credit risk consist principally of investments in fixed income bond funds, mutual funds and equity securities. Quarterly portfolio reviews are performed to assist in the detection of any concentrations of risk. Management does not believe that any concentrations in investments exist.

Fair Value of Financial Instruments

Professional standards require disclosure of an estimated fair value of certain financial instruments. The Organization's significant financial instruments are cash and other current assets and liabilities. For these financial instruments, carrying values approximate fair value.

Concentration of Income Source

For the year ended December 31, 2018, contributions were 50% of total revenue with 49% of its contributions from one donor company.

Property and Equipment

Property and equipment are recorded at cost as of the date of acquisition, or fair value as of the date of receipt in the case of gifts. Depreciation is computed on a straight-line method over the estimated useful lives of each asset – building, 30 years, furniture and equipment, generally 3 - 7 years. Acquisitions of property and equipment in excess of \$1,000 are capitalized.

Contributions

The Organization reports pledges as contributions receivable when there is an unconditional promise to give, supported by evidence of the amount, timing, and nature of the contributions. Gifts of cash and other assets are reported as restricted support if they are received with donor-imposed time or purpose restrictions. When a donor restriction expires or is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the Consolidated Statements of Activities and Changes in Net Assets as net assets released from restrictions.

Deferred Revenue

Revenues from grants are recorded based upon the terms of the grantor allotment which generally provide that revenues are earned when the allowable costs of the specific grant provisions have been incurred. For the year ended December 31, 2018, deferred grant revenue in the amount of \$416,166 is reflected in the statement of financial position for amounts received but not earned. For the year ended December 31, 2018, deferred revenue also includes \$288,157 related to special events to be held in 2019.

Read Report of Independent Certified Public Accountants.

SPECIAL OLYMPICS FLORIDA, INC.
AND SUPPORTING ORGANIZATION
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated Materials, Services and Facilities

The Organization records various types of in-kind contributions. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of goods and property are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property or inventory.

A substantial number of unpaid volunteers have made significant contributions of their time to develop and maintain the Organization's programs. No amounts have been reported in the financial statements for voluntary donation of services because no objective basis is available to measure the value of such donations.

Contributions received in the form of marketable securities are recorded at the fair value of the security at the date of contribution.

Income Tax Status

Income taxes are not provided for in the financial statements since both Special Olympics Florida and the Supporting Organization are exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code and similar state provisions. The Organizations have been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. Management is not aware of any activities that would jeopardize the Organization's tax-exempt status.

The Organization accounts for uncertain tax positions, if any, in accordance with FASB Accounting Standards Codification Section 740. In accordance with these professional standards, the Organization recognizes tax positions only to the extent that Management believes it is "more likely than not" that its tax positions will be sustained upon IRS examination. Management believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements for the year ended December 31, 2018.

The Organization believes that their income tax filing positions will be sustained upon examination and do not anticipate any adjustments that would result in a material adverse effect on the Organization's financial condition, change in net assets or cash flows. Accordingly, the Organization has not recorded any reserves or related accruals for interest and penalties for uncertain income tax positions at December 31, 2018.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes they are no longer subject to income tax examinations for fiscal years ending prior to December 31, 2015.

Reclassification

Certain 2017 amounts have been reclassified to conform to the 2018 presentation.

Read Report of Independent Certified Public Accountants.

SPECIAL OLYMPICS FLORIDA, INC.
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NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE C – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the statement of financial position date. These financial assets are required to be reduced by those not available for general use within one year of the statement of financial position date:

Financial assets:	
Cash and cash equivalents	\$ 901,701
Short-term investments	11,485,287
Accounts receivable	687,164
Note receivable from related party	250,000
Beneficial interest in Community Foundation	<u>132,013</u>
Total financial assets available within one year	13,456,165
Less those unavailable for general expenditure within one year due:	
Donor imposed restrictions	(333,156)
Beneficial interest in Community Foundation	<u>(132,013)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 12,990,996</u>

The Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due and strives to operate within a prudent range of financial soundness and stability, maintain adequate liquid assets to fund near-term operating needs, and maintain sufficient reserves to provide reasonable assurance that any long-term obligations will be discharged. Financial assets in excess of daily cash requirements may be invested in money market funds or other short-term investments.

The Organization receives grants and contributions restricted by donors. The Organization considers grants and contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures.

NOTE D – FAIR VALUE MEASUREMENTS

Professional standards establish a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organizations' have the ability to access.

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NOTE D – FAIR VALUE MEASUREMENTS (continued)

Level 2

Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3

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

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

Following is a description of the valuation methodologies used for the assets measured at fair value:

Investments in cash alternatives, equities, fixed income, mutual funds and common stocks are valued at the closing price on the active market which the individual securities are traded.

Community Foundation investments are valued at the fair value of the investments of the related trust.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value at December 31, 2018:

	Fair Value Measurements at Reporting Date Using			
	Fair Value	(Level 1)	(Level 2)	(Level 3)
Equities	\$ 3,262,613	\$ 3,262,613	\$ -	\$ -
Exchange traded funds	4,099,722	4,099,722	-	-
Mutual funds	64,420	64,420	-	-
Fixed income securities	3,750,720	-	3,750,720	-
Beneficial interest in Community Foundation	132,013	-	-	132,013
Total	<u>\$ 11,309,488</u>	<u>\$ 7,426,755</u>	<u>\$3,750,720</u>	<u>\$ 132,013</u>

Included in short term investments on the Statement of Financial Position are cash and cash equivalents of \$307,812 that are not required to be included in the fair value hierarchy.

Read Report of Independent Certified Public Accountants.

SPECIAL OLYMPICS FLORIDA, INC.
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NOTE D – FAIR VALUE MEASUREMENTS (continued)

The reconciliation of the changes in the investment held at community foundations measured at fair value on a recurring basis using significant unobservable inputs (Level 3) is as follows:

January 1, 2018	\$ 172,353
Withdrawals for programs	(44,000)
Net appreciation (realized and unrealized)	<u>3,660</u>
December 31, 2018	<u>\$ 132,013</u>

NOTE E – PROPERTY AND EQUIPMENT

Property and equipment, at costs, at December 31, 2018:

Building and building improvements	\$ 2,372,227
Equipment	1,539,202
Furniture and Fixtures	682,129
Uniforms	700,921
Vehicles	<u>347,458</u>
Total Property and Equipment	5,641,937
Less: Accumulated Depreciation	<u>(3,642,834)</u>
Net Property and Equipment	<u>\$ 1,999,103</u>

NOTE F – DONATED MATERIALS, SERVICES AND FACILITIES

The Organization's contributed services, materials and use of facilities during the year ended December 31, 2018 are as follows:

Services	\$ 2,468,615
Facilities	627,172
Materials	<u>477,702</u>
	<u>\$ 3,573,489</u>

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SPECIAL OLYMPICS FLORIDA, INC.
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DECEMBER 31, 2018

NOTE F – DONATED MATERIALS, SERVICES AND FACILITIES (continued)

In-kind contributions are included in the following areas of the Organization:

Games	\$ 1,436,259
Training	466,734
Health Programs	1,051,885
Other Programs	473,932
Management and General	43,590
Fundraising	<u>101,089</u>
	<u>\$ 3,573,489</u>

NOTE G – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes:

Building endowment	\$ 333,156
The Gulf Coast Community Foundation – investment purposes	<u>10,670</u>
	<u>\$ 343,826</u>

NOTE H – NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of the passage of time or other events specified by donors. The net assets released from restrictions are as follows:

Purpose restrictions accomplished:

Building endowment – Clermont building improvements	\$ 86,667
Beneficial Interest in Community Foundation – withdrawal of program funds	<u>44,000</u>
	<u>\$ 130,667</u>

NOTE I – BUILDING ENDOWMENT

The Organization has established funds functioning as an endowment (the endowment) for which contributions have been restricted for the benefit of the headquarters in Clermont and includes all donor restricted funds. In accordance with professional standards, the Organization provides the composition of the endowment by net asset class and the endowment related activities for the year ended December 31, 2018. No change in the net asset classification of the endowment fund is required.

Read Report of Independent Certified Public Accountants.

**SPECIAL OLYMPICS FLORIDA, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE I – BUILDING ENDOWMENT (continued)

Endowment Net Asset Composition by Type of Fund as of December 31, 2018:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted Endowment funds	\$ -	\$ 333,156	\$ 333,156
Total funds	\$ -	\$ 333,156	\$ 333,156

Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2018:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 419,823	\$ 419,823
Contributions	-	-	-
Distributions	-	(86,667)	(86,667)
Endowment net assets, end of year	\$ -	\$ 333,156	\$ 333,156

Interpretation of Relevant Law

The Board of Directors has interpreted the law as requiring donor restricted net assets in an endowment fund to remain restricted until appropriated for expenditure by the Organization for the donor's intended purpose. In accordance with the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA), the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The purposes of the organization and the donor-restricted endowment fund
- 2) General economic conditions
- 3) The possible effect of inflation and deflation
- 4) The expected total return from income and the appreciation of investments
- 5) Other resources of the organization
- 6) The duration and preservation of the endowment fund

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for the endowment assets that attempt to provide funding for the future maintenance and repair of the headquarters building in Clermont, Florida. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner to achieve the overall target asset allocation of equity, fixed income and cash, minimize risk and maximize return within acceptable guidelines and achieve a competent rate of return.

Read Report of Independent Certified Public Accountants.

**SPECIAL OLYMPICS FLORIDA, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE I – BUILDING ENDOWMENT (continued)

Spending Policy

The original donor restricted contributions to the endowment and subsequent contributions are restricted for the benefit of the headquarters building for maintenance, repairs and operations. No part of the net earnings of the funds shall inure to the benefit of any individual.

NOTE J – AFFILIATED ORGANIZATION

As an accredited chapter of SOI (See Note A), the Organization remits accreditation fees and shares in contributions for nationwide SOI fundraising programs. The Organization incurred accreditation fees totaling \$248,180 for the year ended December 31, 2018. These fees are included as program and fundraising costs in the statement of functional expenses. In addition, the Organization received approximately \$731,959 in grants related to program services and contributions related to direct marketing programs from SOI during the year ended December 31, 2018. The balance due from SOI related to the direct marketing campaign at December 31, 2018 was \$184,223 and is included in accounts receivable.

NOTE K – LEASES

The Organization leases land on which the distribution center was built. This is a twenty five-year lease that contains a renewal clause for an additional period of twenty five years. In consideration of the Organization's agreement to allow the Lessor a portion of the storage building on the ground lease premises, base annual rent is zero.

The Organization leases land on which the building for the purpose of operating its programs was built. This is a fifty-year lease that contains a renewal clause for an additional lease term of twenty-five years and the opportunity to negotiate for a second twenty-five year extension. The base amount if this lease is zero.

NOTE L – RETIREMENT PLAN

The Organization participates in a defined contribution (401K) plan. The Organization's retirement plan covers all employees with one year of eligible service who have attained age 21. The Organization contributed 6% of salary of all eligible participants and a 2% match option for the year ended December 31, 2018. The Organization's contribution for the year ended December 31, 2018 was \$221,733 and no administrative expenses were incurred related to the plan.

Read Report of Independent Certified Public Accountants.

**SPECIAL OLYMPICS FLORIDA, INC.
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DECEMBER 31, 2018**

NOTE M – DEPARTMENT OF HIGHWAY SAFETY AND MOTOR VEHICLES

The Organization receives revenue from the sale of the Florida Special Olympics specialty license plate offered by the Florida Department of Highway Safety and Motor Vehicles (the Department). For the year ended December 31, 2018, the Organization recognized \$45,417 in revenue from the Department. The Organization expended the moneys on competition and training of individuals with intellectual disabilities in accordance with the mission of the Organization and in compliance with sections 320.08056 and 320.08058 of the Florida Statutes governing the use of the moneys received from the Department.

NOTE N – RELATED PARTY TRANSACTIONS

During the year ended December 31, 2018, Special Olympics USA Games 2022 Organizing Committee (2022 Games), a Florida not-for-profit corporation was formed for the planning, funding and operating of the 2022 Games to be held in Orlando, Florida in the summer of 2022. Three of the twelve board members of the 2022 Games are also board members of the Organization. During the year ended December 31, 2018, the Organization entered into a revolving promissory note with 2022 Games. The note is unsecured and allows for 2022 Games to draw funds up to \$1,000,000 at a fixed rate of interest of 3% annually. At December 31, 2018 the note receivable balance was \$250,000. As of the date of the issuance of the audit, February 27, 2019, the note receivable balance increased to \$400,000.

During the year ended December 31, 2018, the Foundation Board of Directors voted to contribute \$300,000 to Special Olympics Florida for funding of programs.

A member of the Board of Directors of the Foundation is a director with Walt Disney World Company. During the year ended December 31, 2018, the Organization paid the Walt Disney World Company \$773,738 related to State games held at the Wide World of Sports facility. In addition to the cost of renting the sports complex, Special Olympics participants stayed in resort hotel rooms, were provided meals and were treated to various ceremonies. The member of the board received no compensation from the business transactions.

A member of the Board of Directors is the Bureau Chief for the Florida Department of Education. During the year ended December 31, 2018 the Organization received approximately \$232,000 in grants for the Unified Champion Schools program.

NOTE O – PALM BEACH GYMNASIUM FACILITY

The Organization entered into an agreement in 2003 with Palm Beach County (the County) to raise funds for the design and construction of a gymnasium facility at the County's Special Populations Recreation Programming and Training Center (the Center). The Organization expended \$1,030,000 to Palm Beach County for the Center which was completed in 2006. As stated in the contract, the Organization has the right of first priority use of the Center's gymnasium for thirty (30) years within the parameters of the County's regular scheduling process. The County is responsible for the cost of operating and maintaining the gymnasium. There is no further financial obligation on the part of the Organization.

Read Report of Independent Certified Public Accountants.

SPECIAL OLYMPICS FLORIDA, INC.
AND SUPPORTING ORGANIZATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE P – SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 27, 2019 the date the financial statements were available to be issued.

Read Report of Independent Certified Public Accountants.

SUPPLEMENTARY INFORMATION AND OTHER REPORTS

SPECIAL OLYMPICS FLORIDA, INC.
AND SUPPORTING ORGANIZATION
SCHEDULE OF EXPENDITURES OF FINANCIAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018

Description Grantor/Program Title	Federal CFDA # or State CSFA #	Contract Number	Expenditures
STATE ASSISTANCE:			
FLORIDA AGENCY FOR PERSONS WITH DISABILITIES			
Special Olympics Florida - Healthy Athletes	67.028	WCX 18	\$ 452,668
FLORIDA DEPARTMENT OF EDUCATION			
Special Olympics Florida	48.065	92W-90845 -8Q001	232,389
Total Florida Department of Education			232,389
FLORIDA DEPARTMENT OF HIGHWAY SAFETY AND MOTOR VEHICLES			
Special Olympics License Plate Project	76.022		45,417
			\$ 730,474
TOTAL STATE ASSISTANCE			
FEDERAL ASSISTANCE:			
UNITED STATES DEPARTMENT OF EDUCATION			
<i>Passed Though Special Olympics International - Unified Champion Schools</i>			
Special Education - Olympic Education Programs	84.380		\$ 206,840
Total United States Department of Education			206,840
TOTAL FEDERAL ASSISTANCE			\$ 206,840
TOTAL STATE AND FEDERAL ASSISTANCE			\$ 937,314

Read Report of Independent Certified Public Accountants.



**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To Special Olympics Florida, Inc.
Special Olympics Florida Foundation, Inc.
Clermont, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Special Olympics Florida, Inc. (a nonprofit organization) and Special Olympics Florida Foundation, Inc. (collectively the Organization), which comprise the consolidated statements of financial position as of December 31, 2018, and the related consolidated statements of activities and change in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 27, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants
February 27, 2019