



SPECIAL OLYMPICS FLORIDA, INC.
AND SUPPORTING ORGANIZATION
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

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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 Audit of the Financial Statements

Opinion

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, 2022, and the related consolidated statements of activities and changes in net assets, consolidated statement of functional expenses, and consolidated statement of cash flows for the year 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 the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 financial statements.

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

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

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

Supplementary Information

Report on Schedule of Expenditures of Financial Assistance Required by Chapter 10.650, Rules of the Auditor General, State of Florida

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of financial assistance is presented for purposes of additional analysis as required by Chapter 10.650, Rules of the Auditor General, State of Florida, 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 Matters

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 19, 2023 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.

Reeder & Associates, PA

Certified Public Accountants
April 19, 2023

**SPECIAL OLYMPICS FLORIDA, INC.
AND SUPPORTING ORGANIZATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022**

	Special Olympics Florida	Special Olympics Florida Foundation	Eliminations	Total
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 1,769,773	\$ -	\$ -	\$ 1,769,773
Investments	4,841,706	7,954,152	-	12,795,858
Grants receivable	1,975,400	-	-	1,975,400
Accounts receivable	796,409	-	-	796,409
Pledges receivable	300,000	-	-	300,000
Due from SOFL Foundation	307,819	-	(307,819)	-
Prepaid expenses	355,630	-	-	355,630
Total Current Assets	10,346,737	7,954,152	(307,819)	17,993,070
Investments	-	50,010	-	50,010
Right-of-use asset, operating leases	850,201	-	-	850,201
Property and equipment, net of accumulated depreciation	1,315,873	-	-	1,315,873
Total Assets	<u>\$ 12,512,811</u>	<u>\$ 8,004,162</u>	<u>\$ (307,819)</u>	<u>\$ 20,209,154</u>
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts payable and accrued expenses	\$ 1,307,346	\$ -	\$ -	\$ 1,307,346
Due to Special Olympics Florida	-	307,819	(307,819)	-
Operating lease liability, current portion	181,249	-	-	181,249
Deferred revenue	817,212	-	-	817,212
Total Current Liabilities	2,305,807	307,819	(307,819)	2,305,807
Operating lease liability, long-term portion	668,952	-	-	668,952
Total Liabilities	<u>2,974,759</u>	<u>307,819</u>	<u>(307,819)</u>	<u>2,974,759</u>
NET ASSETS				
Without donor restrictions:				
Undesignated	7,599,973	7,646,343	-	15,246,316
Invested in property and equipment	1,315,873	-	-	1,315,873
Total Net Assets Without Donor Restrictions	<u>8,915,846</u>	<u>7,646,343</u>	<u>-</u>	<u>16,562,189</u>
With donor restrictions:				
Time restrictions	300,000	-	-	300,000
Restricted in perpetuity - endowment	322,206	50,000	-	372,206
Total Net Assets With Donor Restrictions	<u>622,206</u>	<u>50,000</u>	<u>-</u>	<u>672,206</u>
Total Net Assets	<u>9,538,052</u>	<u>7,696,343</u>	<u>-</u>	<u>17,234,395</u>
Total Liabilities and Net Assets	<u>\$ 12,512,811</u>	<u>\$ 8,004,162</u>	<u>\$ (307,819)</u>	<u>\$ 20,209,154</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, 2022**

	Special Olympics Florida	Special Olympics Florida Foundation	Eliminations	Consolidated Total
<i>Changes in Net Assets Without Donor Restrictions:</i>				
REVENUES				
Special events	\$ 4,657,606	\$ -	\$ -	\$ 4,657,606
Less direct costs	<u>(1,484,530)</u>	<u>-</u>	<u>-</u>	<u>(1,484,530)</u>
Total special events, net of direct costs	3,173,076	-	-	3,173,076
Contributions	9,127,942		(300,000)	8,827,942
Federal and state grants	1,538,332	-	-	1,538,332
Other grants and contracts	1,436,448	-	-	1,436,448
In-kind contributions	1,892,434	-	-	1,892,434
Investment return, net	(638,588)	(955,920)	-	(1,594,508)
Gain on disposition of property and equipment	28,324	-	-	28,324
Net assets released from restrictions	<u>207,223</u>	<u>-</u>	<u>-</u>	<u>207,223</u>
Total Revenues Without Donor Restrictions	<u>16,765,191</u>	<u>(955,920)</u>	<u>(300,000)</u>	<u>15,509,271</u>
EXPENSES				
<i>Program Services:</i>				
Games	5,928,915	-	-	5,928,915
Training	2,460,891	-	-	2,460,891
Health programs	999,903	-	-	999,903
Unified Champion Schools	1,312,176	-	-	1,312,176
Other programs	<u>4,328,476</u>	<u>300,000</u>	<u>(300,000)</u>	<u>4,328,476</u>
<i>Total Program Services</i>	<u>15,030,361</u>	<u>300,000</u>	<u>(300,000)</u>	<u>15,030,361</u>
<i>Support Services:</i>				
Management and general	636,122	-	-	636,122
Fundraising	<u>1,844,812</u>	<u>89,460</u>	<u>-</u>	<u>1,934,272</u>
<i>Total Support Services</i>	<u>2,480,934</u>	<u>89,460</u>	<u>-</u>	<u>2,570,394</u>
TOTAL EXPENSES	<u>17,511,295</u>	<u>389,460</u>	<u>(300,000)</u>	<u>17,600,755</u>
Increase (Decrease) in Net Assets Without Donor Restrictions	<u>(746,104)</u>	<u>(1,345,380)</u>	<u>-</u>	<u>(2,091,484)</u>

Read Report of Independent Certified Public Accountants.
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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, 2022**

	Special Olympics Florida	Special Olympics Florida Foundation	Eliminations	Consolidated Total
<i>Changes in Net Assets With Donor Restrictions:</i>				
Endowment contributions	\$ -	\$ 50,000	\$ -	50,000
Net assets released from restrictions	(207,223)	-	-	\$ (207,223)
Increase (Decrease) in Net Assets With Donor Restrictions	(207,223)	50,000	-	\$ (157,223)
CHANGE IN NET ASSETS	(953,327)	(1,295,380)	-	(2,248,707)
NET ASSETS, beginning of year	10,491,379	8,991,723	-	19,483,102
NET ASSETS, end of year	<u>\$ 9,538,052</u>	<u>\$ 7,696,343</u>	<u>\$ -</u>	<u>\$ 17,234,395</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 STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<i>Program Services</i>						<i>Support Services</i>			
	<u>Games</u>	<u>Training</u>	<u>Health Programs</u>	<u>Unified Champion Schools</u>	<u>Other Programs</u>	<u>Total</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	<u>Total Expenses</u>
Salaries	\$ 1,045,484	\$ 783,612	\$ 357,672	\$ 332,439	\$ 1,987,685	\$ 4,506,892	\$ 242,882	\$ 1,064,403	\$ 1,307,285	\$ 5,814,177
Employee benefits and payroll taxes	292,819	164,711	73,597	90,449	648,314	1,269,890	42,619	146,410	189,029	1,458,919
Total salaries and related expenses	1,338,303	948,323	431,269	422,888	2,635,999	5,776,782	285,501	1,210,813	1,496,314	7,273,096
Awards and recognition	78,192	24,544	8,186	5,976	55,613	172,511	4,797	27,960	32,757	205,268
Conferences	2,650	2,345	-	920	27,471	33,386	414	2,770	3,184	36,570
Consulting and fees	40,422	40,166	5,850	166,377	20,620	273,435	44,096	42,424	86,520	359,955
In-kind	1,119,150	173,133	221,127	-	265,400	1,778,810	36,195	77,429	113,624	1,892,434
Insurance	61,706	48,764	-	-	127,496	237,966	16,479	19,196	35,675	273,641
Lodging	524,410	78,520	14,443	61,581	78,889	757,843	6,161	40,955	47,116	804,959
Repairs and maintenance	15,636	9,466	11,088	-	10,136	46,326	1,982	8,070	10,052	56,378
Athlete and coach meals	604,128	85,274	9,088	29,346	22,559	750,395	2,500	31,636	34,136	784,531
Marketing recruitment	15,818	12,608	65,112	19,066	135,659	248,263	570	44,202	44,772	293,035
Office expense	136,788	48,236	7,445	2,784	111,230	306,483	29,606	64,799	94,405	400,888
Supplies	7,699	4,324	5,293	3,024	9,061	29,401	-	3,348	3,348	32,749
Other games	850,929	356,186	84,103	148,545	157,318	1,597,081	1,213	36,568	37,781	1,634,862
Shirts	66,518	78,327	8,036	270,215	67,862	490,958	2,683	11,988	14,671	505,629
Postage	16,203	20,981	31,839	28,651	13,802	111,476	544	33,817	34,361	145,837
Software	7,118	3,624	76	5	5,973	16,796	9,183	15,802	24,985	41,781
Printing, production, and website	28,728	20,362	22,592	6,011	65,946	143,639	1,180	13,521	14,701	158,340
Facilities and equipment rental	603,351	383,235	27,789	12,576	29,443	1,056,394	7,442	28,629	36,071	1,092,465
Utilities	21,186	9,661	9,817	1,781	43,729	86,174	2,910	8,655	11,565	97,739
Travel	265,644	38,609	21,986	108,120	52,392	486,751	3,362	86,635	89,997	576,748
Miscellaneous	28,919	9,639	1,012	1,311	25,854	66,735	65,213	69,908	135,121	201,856
Special Olympics, Inc.	-	-	-	-	273,338	273,338	-	15,000	15,000	288,338
Total expenses before depreciation	5,833,498	2,396,327	986,151	1,289,177	4,235,790	14,740,943	522,031	1,894,125	2,416,156	17,157,099
Depreciation expense	95,417	64,564	13,752	22,999	92,686	289,418	114,091	40,147	154,238	443,656
TOTAL EXPENSES	\$ 5,928,915	\$ 2,460,891	\$ 999,903	\$ 1,312,176	\$ 4,328,476	\$ 15,030,361	\$ 636,122	\$ 1,934,272	\$ 2,570,394	\$ 17,600,755

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, 2022**

	Special Olympics Florida	Special Olympics Florida Foundation	Consolidated Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Change in Net Assets	\$ (953,327)	\$ (1,295,380)	\$ (2,248,707)
<i>Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:</i>			
Depreciation	443,656	-	443,656
Gain on disposition of property and equipment	(28,324)	-	(28,324)
Net unrealized (gain) loss on investments	756,027	351,646	1,107,673
(Increase) decrease in accounts and grants receivable	34,639	-	34,639
(Increase) decrease in pledges receivable	207,223	-	207,223
(Increase) decrease in due to/from Foundation	677,137	(677,137)	-
(Increase) decrease in prepaid expenses	103,753	-	103,753
Increase (decrease) in deferred revenue	(299,141)	-	(299,141)
Increase (decrease) in accounts payable and accrued expenses	97,684	-	97,684
Total adjustments	1,992,654	(325,491)	1,667,163
Net cash provided (used) by operating activities	1,039,327	(1,620,871)	(581,544)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	(309,863)	-	(309,863)
Proceeds from sale of property and equipment	37,411	-	37,411
Proceeds from the sale of investments	3,800,004	9,976,678	13,776,682
Purchase of investments	(3,318,240)	(8,355,807)	(11,674,047)
Net cash provided (used) by investing activities	209,312	1,620,871	1,830,183
Net increase (decrease) in cash and cash equivalents	1,248,639	-	1,248,639
CASH AND CASH EQUIVALENTS, beginning of year	521,134	-	521,134
CASH AND CASH EQUIVALENTS, end of year	\$ 1,769,773	\$ -	\$ 1,769,773
NON-CASH AND SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Disposal of fully depreciated property	\$ (49,513)	\$ -	\$ (49,513)
Non-cash lease liability from obtaining right-of-use asset	\$ 850,201	\$ -	\$ 850,201

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, 2022**

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 27 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 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, 2022**

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 February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, which supersedes existing guidance for accounting for leases under *Topic 840, Leases*. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; ASU 2018-20, *Narrow-scope Improvements for Lessors*; ASU 2019-01, *Leases (Topic 842): Codification Improvements*; ASU 2020-05, *Leases (Topic 842): Lessors – Certain Leases with Variable Lease Payments*; and ASU 2021-09, *Leases (Topic 842): Discount Rate for Lessees That Are Not Public Business Entities*. The most significant change in the new leasing guidance is the requirement to recognize right-of-use (ROU) assets and lease liabilities for operating leases on the consolidated statements of financial position.

The Organization elected to adopt these ASUs effective January 1, 2022 and utilized all of the available practical expedients. The adoption had an impact on the Organization's consolidated statements of financial position but did not have an impact on the consolidated statements of activities. The most significant impact was the recognition of an operating lease ROU asset and lease liability for operating leases. For leases that commenced before January 1, 2022 the Organization has applied the modified retrospective transition method which resulted in beginning of year information not being restated.

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.

**SPECIAL OLYMPICS FLORIDA, INC.
AND SUPPORTING ORGANIZATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation and Recent Accounting Pronouncement, continued

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 consolidated statements of activities as net assets released from restrictions.
- are 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.

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 consolidated statements 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 consolidated statements of financial position. Interest and dividend income and gains and losses on investments are reported on the consolidated statements 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.

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.

Read Report of Independent Certified Public Accountants.

**SPECIAL OLYMPICS FLORIDA, INC.
AND SUPPORTING ORGANIZATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts and Grants Receivable

Accounts and grants receivable include fundraising sponsorships, direct marketing contributions and receivables resulting from grant contracts for services provided but not yet reimbursed at December 31, 2022. 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, 2022.

Pledges Receivable

Pledges receivable are unconditional promises to give that are recognized as contributions when the promise is received. Pledges receivable that are expected to be collected within one year are recorded at net realizable value. Pledges receivable that are expected to be collected in future years are recorded at the fair value at the date of promise. That fair value is computed using present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue. Management has determined that pledges receivable are fully collectible, and there was no allowance for doubtful accounts at December 31, 2022.

Contributions

The Organization reports contributions as pledges 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, 2022, deferred grant revenue in the amount of \$339,562 is reflected in the consolidated statements of financial position for amounts received but not earned. For the year ended December 31, 2022, deferred revenue also includes \$477,650 related to special events to be held in 2023.

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 \$1,479,442 for the year ended December 31, 2022. 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, 2022**

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.

Concentration of Income Source

For the year ended December 31, 2022, contributions were 58% of total revenue with 29% 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.

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 consolidated 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 consolidated financial statements for voluntary donation of services because no objective basis is available to measure the value of such donations.

Income Tax Status

The Organization is exempt from federal income taxes under Section 501 (c)(3) of the Internal Revenue Code and similar state provisions. The Organization is treated as a public supported organization, and not as a private foundation. Accordingly, no provision for income taxes has been reflected in the accompanying consolidated financial statements. The Organization accounts for uncertain tax positions, if any, in accordance with ASC Section 740.

Management is not aware of any activities that would jeopardize the organization's tax-exempt status. The Organization is not aware of any tax positions that it has taken that are subject to a significant degree of uncertainty. The Organization believes it is no longer subject to income tax examinations for fiscal years ending prior to December 31, 2019.

Read Report of Independent Certified Public Accountants.

**SPECIAL OLYMPICS FLORIDA, INC.
AND SUPPORTING ORGANIZATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

The Organization leases certain office equipment. The determination of whether an arrangement is a lease is made at the lease's inception. Under Topic 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities in the consolidated statements of financial position. ROU assets represent the Organization's right to use an underlying asset for the lease term, and lease liabilities represent the Organization's obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization uses the implicit rate when it is readily determinable. The Organization has elected, under Topic 842, the practical expedient to use the risk-free rate to discount future lease payments for leases that do not provide an implicit rate. The risk-free rate utilized will be the published US Treasury bond yield curve rates for maturities approximating each lease's remaining term. The Organization accounts for agreements with lease and non-lease components as a single lease. The Organization has elected to apply the short-term lease exception to all leases with a term of one year or less. Lease expense is recognized for these leases on a straight-line basis over the lease term.

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	\$ 1,769,773
Investments	12,795,858
Grants receivable	1,975,400
Accounts receivable	796,409
Pledges receivable	<u>300,000</u>
Total financial assets available within one year	17,637,440
Less those unavailable for general expenditure within one year due to:	
Donor imposed purpose restrictions	<u>(372,206)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 17,265,234</u>

Read Report of Independent Certified Public Accountants.

**SPECIAL OLYMPICS FLORIDA, INC.
AND SUPPORTING ORGANIZATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE C – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (continued)

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.

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.

Read Report of Independent Certified Public Accountants.

**SPECIAL OLYMPICS FLORIDA, INC.
AND SUPPORTING ORGANIZATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE D – FAIR VALUE MEASUREMENTS (continued)

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

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

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value at December 31, 2022:

	Fair Value Measurements at Reporting Date Using			
	Fair Value	(Level 1)	(Level 2)	(Level 3)
Cash and money market funds	\$ 444,097	\$ 444,097	\$ -	\$ -
Stocks and exchange traded funds	6,878,543	6,878,543	-	-
Fixed income securities	5,523,228	-	5,523,228	-
Total	<u>\$ 12,845,868</u>	<u>\$ 7,322,640</u>	<u>\$5,523,228</u>	<u>\$ -</u>

NOTE E – PROPERTY AND EQUIPMENT

Property and equipment, at costs, at December 31, 2022:

Building and building improvements	\$ 2,383,178
Equipment	2,067,232
Furniture and Fixtures	741,247
Uniforms	424,917
Vehicles	478,575
Total Property and Equipment	<u>6,095,149</u>
Less: Accumulated Depreciation	<u>(4,779,276)</u>
Net Property and Equipment	<u>\$ 1,315,873</u>

NOTE F – NET ASSETS WITH DONOR RESTRICTIONS

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

Building maintenance	\$ 322,206
Endowment	50,000
Time restrictions	<u>300,000</u>
	<u>\$ 672,206</u>

Net assets with donor restrictions of \$207,223 were released in satisfaction of use of restrictions during the year ended December 31, 2022.

Read Report of Independent Certified Public Accountants.

**SPECIAL OLYMPICS FLORIDA, INC.
AND SUPPORTING ORGANIZATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE G – LEASES

The Organization has obligations as a lessee for certain facilities and office equipment with initial noncancelable terms in excess of one year. Lease terms may include options to extend or terminate certain leases. The value of a lease option is reflected in the valuation if it is reasonably certain management will exercise an option to extend or terminate a lease. As disclosed in Note B, the Organization adopted ASC 842 during the fiscal year. As of December 31, 2022, the ROU asset had a balance of \$850,201 and the lease liability had current portion (\$181,249) and noncurrent portion (\$668,952) balances as shown on the consolidated statements of financial position.

Additional information about the Organization's operating leases as of December 31, 2022 is as follows:

Lease costs:	Program Services	Management and General	Fund- raising	Total
Operating lease cost	\$ 83,210	\$ 4,895	\$ 9,789	\$97,894

Other Information:

Cash paid for amounts included in measuring operating lease liabilities – Operating cash flows from operating leases	\$ 97,894
Lease assets obtained in exchange for lease obligations – Operating leases	\$ 850,201
Weighted-average remaining lease term (months)	75
Weighted-average discount rate	3%

Maturities of the operating lease liability as of December 31, 2022 are as follows:

Year ending December 31:

2023	\$ 181,249
2024	184,157
2025	159,485
2026	96,540
2027	65,032
Thereafter	<u>163,738</u>
Total lease payments	<u>\$ 850,201</u>

Leases with an initial term of 12 months or less are not recorded on the consolidated statements of financial position. Lease expense is recognized for these leases on a straight-line basis over the lease term.

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.

Read Report of Independent Certified Public Accountants.

**SPECIAL OLYMPICS FLORIDA, INC.
AND SUPPORTING ORGANIZATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE H – DONATED MATERIALS, SERVICES AND FACILITIES

The Organization's contributed services, materials and use of facilities during the year ended December 31, 2022 are as follows:

Services	\$ 1,555,113
Facilities	305,664
Materials	<u>31,657</u>
	<u><u>\$ 1,892,434</u></u>

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

Games	\$ 1,119,150
Training	173,133
Health Programs	221,127
Other Programs	265,400
Management and General	36,195
Fundraising	<u>77,429</u>
	<u><u>\$ 1,892,434</u></u>

NOTE I – ENDOWMENT

At December 31, 2022, the Organization was the beneficiary of two endowment funds that totaled \$372,206.

Endowment Net Asset Composition by Type of Fund as of December 31, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Building maintenance	\$ -	\$ 322,206	\$ 322,206
Permanent endowment	<u>-</u>	<u>50,000</u>	<u>50,000</u>
	<u><u>\$ -</u></u>	<u><u>\$ 372,206</u></u>	<u><u>\$ 372,206</u></u>

Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 322,206	\$ 322,206
Contributions	-	50,000	50,000
Distributions	<u>-</u>	<u>-</u>	<u>-</u>
Endowment net assets, end of year	<u><u>\$ -</u></u>	<u><u>\$ 372,206</u></u>	<u><u>\$ 372,206</u></u>

Read Report of Independent Certified Public Accountants.

**SPECIAL OLYMPICS FLORIDA, INC.
AND SUPPORTING ORGANIZATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE I – ENDOWMENT (continued)

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 building maintenance endowment assets that attempt to provide funding for future maintenance and repairs of the headquarters building in Clermont, Florida. For the permanent endowment assets, the investment and spending policies emphasize continued focus on planned giving. Under these policies, 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.

Spending Policy

Each endowment fund has an endowment book value, an endowment spending base and an endowment market value. For the Building endowment, distributions are made on an as needed basis. For the permanent endowment, distributions will be made on an annual basis in accordance with the permanent endowment spending policy. The current annual spending rate for the permanent endowment is up to 5.0% of the endowment principal fund's adjusted endowment spending base.

NOTE J – EMPLOYEE RETENTION CREDITS

The Organization is eligible for the Employee Retention Credit (ERC) under the CARES Act. Grants receivable for the ERC at December 31, 2022 are \$1,790,837 which represents refunds due on the 2020 and 2021 Form 941 Employer Quarterly Federal Tax Return for the two quarters ended March 31, 2020 and June 30, 2020 and the three quarters ended March 31, 2021, June 30, 2021 and September 30, 2021. In accordance with ASC 958-605-25 Not-For-Profit Entities Revenue Recognition, the Organization accounted for the funds as a conditional grant.

Read Report of Independent Certified Public Accountants.

**SPECIAL OLYMPICS FLORIDA, INC.
AND SUPPORTING ORGANIZATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE K – 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 \$288,338 for the year ended December 31, 2022. These fees are included as program and fundraising costs in the consolidated statement of functional expenses. In addition, the Organization received from SOI approximately \$784,000 in contributions related to direct marketing programs and \$540,000 of grants related to Unified Champion Schools during the year ended December 31, 2022.

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, 2022. The Organization's contribution for the year ended December 31, 2022 was \$296,100 and no administrative expenses were incurred related to the plan.

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, 2022, the Organization recognized \$43,976 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

A member of the Board of Directors is a senior manager with Walt Disney World Company. During the year ended December 31, 2022, the Organization paid the Walt Disney World Company \$740,693 related to State games held at the Wide World of Sports facility. 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, 2022 the Organization received approximately \$526,060 in grants for the Unified Champion Schools program.

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. 2022 Games operates under the direction of a separate board of directors and is not economically dependent on the Organization. As such, in accordance with FASB ASC 958-810 Not-for-profit Entities Consolidation, it is not consolidated with the Organization.

Read Report of Independent Certified Public Accountants.

**SPECIAL OLYMPICS FLORIDA, INC.
AND SUPPORTING ORGANIZATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE N – RELATED PARTY TRANSACTIONS (continued)

The Organization and 2022 Games entered into a contract for sponsorship revenue with a corporation. The Organization and SOFL split the contributions. The total agreement was for \$2,000,000 to be paid out over 5 years. The Organization received \$150,000 in 2022 and a pledge receivable for the remaining \$300,000 is reported on the consolidated statements of financial position. The Organization also received \$1,371,000 in contributions from the 2022 Games. This represented the Organization's share of surplus revenues after the 2022 Games concluded. The Organization has accrued an additional \$53,405 in revenues that is expected be received as an additional distribution from the 2022 Games.

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.

NOTE P – SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 19, 2023 the date the consolidated financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION
AND OTHER REPORTS**

**SPECIAL OLYMPICS FLORIDA, INC.
AND SUPPORTING ORGANIZATION
SCHEDULE OF EXPENDITURES OF FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2022**

Description Grantor/Program Title	State CFSA # or Federal ALN	Contract Number	Expenditures
STATE FINANCIAL ASSISTANCE:			
FLORIDA AGENCY FOR PERSONS WITH DISABILITIES			
Special Olympics Florida - Healthy Athletes	67.028	ACX72	\$ 426,858
FLORIDA DEPARTMENT OF EDUCATION			
Special Olympics Florida	48.065	92W-90845	526,060
FLORIDA DEPARTMENT OF HIGHWAY SAFETY AND MOTOR VEHICLES			
Special Olympics License Plate Project	76.022		43,976
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			\$ 996,894
FEDERAL ASSISTANCE:			
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Special Olympics International - Unified Champion Schools</i>			
Special Education - Olympic Education Programs	84.380		\$ 541,438
TOTAL EXPENDITURES OF FEDERAL FINANCIAL ASSISTANCE			\$ 541,438
TOTAL EXPENDITURES OF STATE AND FEDERAL FINANCIAL ASSISTANCE			\$ 1,538,332

Read Report of Independent Certified Public Accountants.

**SPECIAL OLYMPICS FLORIDA, INC.
AND SUPPORTING ORGANIZATION
NOTES TO SCHEDULE OF EXPENDITURES OF
FINANCIAL ASSISTANCE
DECEMBER 31, 2022**

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Financial Assistance (the Schedule) includes the federal and state award activity of Special Olympics, Florida, Inc. (Special Olympics) under programs of the Federal Government and State of Florida for the year ended December 31, 2022. The information in the Schedule is presented in accordance with the requirements of Chapter 10.650, Rules of the Auditor General, State of Florida. Because the Schedule presents only a selected portion of the operations of the Special Olympics, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Special Olympics. Expenditures reported on the Schedule are reported on the accrual basis of accounting.



**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, 2022, 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 consolidated financial statements, and have issued our report thereon dated April 19, 2023.

Report on 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 consolidated 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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.

Report on 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.

Reeder & Associates, PA

Certified Public Accountants
April 19, 2023



**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH
MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH CHAPTER 10.650 RULES OF THE AUDITOR GENERAL**

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

Report on Compliance for Each Major State Project

Opinion on Each Major State Project

We have audited Special Olympics Florida, Inc. and Special Olympics Florida Foundation, Inc. (the Organization) compliance with the types of compliance requirements described in the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of the Organization's major State projects for the year ended December 31, 2022. The Organization's major State projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements, referred to above that could have a direct and material effect on each of its major State projects for the year ended December 31, 2022.

Basis for Opinion on Each Major State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of *Chapter 10.650 Rules of the Auditor General, Florida Single Audit Act, Audits of Nonprofit and For-Profit Organizations* (Chapter 10.650). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's state financial assistance projects.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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, *Government Auditing Standards*, and Chapter 10.650 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major state financial assistance project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and Chapter 10.650, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Chapter 10.650, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.650. Accordingly, this report is not suitable for any other purpose.

Reeder & Associates, PA

Certified Public Accountants

April 19, 2023

**SPECIAL OLYMPICS FLORIDA, INC.
AND SUPPORTING ORGANIZATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2022**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the basic financial statements of (the Organization).
2. No significant deficiencies were disclosed during the audit of the basic financial statements and no material weaknesses are reported.
3. No instances of noncompliance material to the basic financial statements of the Organization were disclosed during the audit of the basic financial statements.
4. There were no significant deficiencies disclosed during the audit of the major state project.
5. The auditor's report on compliance for the major state project for the Organization expresses an unmodified opinion.
6. There were no audit findings relative to the major state project of the Organization.
7. The state project tested as a major project included:

Florida Department of Education
48.065 Special Olympics Florida

\$526,060

8. The threshold for distinguishing Type A and Type B projects was \$300,000 for major state projects.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

NONE

C. FINDINGS AND QUESTIONED COSTS – MAJOR STATE PROJECTS

NONE

D. OTHER ISSUES

NONE

E. PRIOR YEAR FINDINGS

NONE

F. MANAGEMENT LETTER -CHAPTER 10.650, RULES OF THE AUDITOR GENERAL, STATE OF FLORIDA
NO ITEMS REQUIRED TO BE REPORTED