

**SPECIAL OLYMPICS CONNECTICUT, INC.**

**FINANCIAL STATEMENTS AND  
STATE SINGLE AUDIT REPORT**

**AS OF AND FOR THE YEARS ENDED  
DECEMBER 31, 2021 AND 2020**

# SPECIAL OLYMPICS CONNECTICUT, INC.

## CONTENTS

---

<b>Independent Auditors' Report .....</b>	<b>1-3</b>
---	------------

### **Financial Statements**

Statements of Financial Position.....	4
Statements of Activities .....	5
Statements of Functional Expenses .....	6-9
Statements of Cash Flows.....	10

<b>Notes to Financial Statements.....</b>	<b>11-26</b>
---	--------------

<b>Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....</b>	<b>27-28</b>
--	--------------

<b>Independent Auditors' Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act.....</b>	<b>29-32</b>
--	--------------

Schedule of Expenditures of State Financial Assistance .....	33
Notes to Schedule of Expenditures of State Financial Assistance.....	34
Schedule of Findings and Questioned Costs.....	35-36

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
**Special Olympics Connecticut, Inc.**

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of Special Olympics Connecticut, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Special Olympics Connecticut, Inc. as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Special Olympics Connecticut, Inc. 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### *Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government 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 Special Olympics Connecticut, Inc.'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 Special Olympics Connecticut, Inc.'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.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 18, 2022 on our consideration of Special Olympics Connecticut, Inc.'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 solely 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 the effectiveness of Special Olympics Connecticut, Inc.'s 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 Special Olympics Connecticut, Inc.'s internal control over financial reporting and compliance.

*Marcum LLP*

New Haven, CT  
July 18, 2022

# SPECIAL OLYMPICS CONNECTICUT, INC.

## STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2021 AND 2020

	2021	2020
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 2,411,365	\$ 1,899,094
Investments	485,221	458,976
Grants and unconditional promises to give	1,146,057	348,582
Prepaid expenses and other	<u>137,693</u>	<u>131,345</u>
<b>Total Current Assets</b>	4,180,336	2,837,997
<b>Long-Term Investments</b>	7,888,998	7,494,862
<b>Equipment</b> - less accumulated depreciation of \$193,837 in 2021 and \$285,960 in 2020	<u>108,141</u>	<u>101,578</u>
<b>Total Assets</b>	<u>\$ 12,177,475</u>	<u>\$ 10,434,437</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 75,333	\$ 35,483
Accrued expenses	<u>130,523</u>	<u>141,202</u>
<b>Total Current Liabilities</b>	<u>205,856</u>	<u>176,685</u>
<b>Net Assets</b>		
Without donor restrictions		
Board designated	2,095,199	1,997,273
Undesignated	<u>3,508,845</u>	<u>2,780,707</u>
	5,604,044	4,777,980
With donor restrictions	<u>6,367,575</u>	<u>5,479,772</u>
<b>Total Net Assets</b>	<u>11,971,619</u>	<u>10,257,752</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 12,177,475</u>	<u>\$ 10,434,437</u>

*The accompanying notes are an integral part of these financial statements.*

# SPECIAL OLYMPICS CONNECTICUT, INC.

## STATEMENTS OF ACTIVITIES

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals
<b>Revenue and Other Support</b>						
Contributions, grants and allocations	\$ 2,372,458	\$ 866,236	\$ 3,238,694	\$ 2,550,732	\$ 207,933	\$ 2,758,665
PPP loan forgiveness	441,502	--	441,502	415,825	--	415,825
Donated materials and services	1,317,783	--	1,317,783	2,159,036	--	2,159,036
Fundraising	1,305,094	--	1,305,094	1,065,230	--	1,065,230
Net assets released from restriction	<u>207,967</u>	<u>(207,967)</u>	<u>--</u>	<u>216,360</u>	<u>(216,360)</u>	<u>--</u>
<b>Total Revenue and Other Support</b>	<u>5,644,804</u>	<u>658,269</u>	<u>6,303,073</u>	<u>6,407,183</u>	<u>(8,427)</u>	<u>6,398,756</u>
<b>Expenses</b>						
Program services	2,763,389	--	2,763,389	4,451,480	--	4,451,480
Fundraising	1,424,650	--	1,424,650	992,344	--	992,344
Administrative and general	<u>817,405</u>	<u>--</u>	<u>817,405</u>	<u>502,801</u>	<u>--</u>	<u>502,801</u>
<b>Total Expenses</b>	<u>5,005,444</u>	<u>--</u>	<u>5,005,444</u>	<u>5,946,625</u>	<u>--</u>	<u>5,946,625</u>
<b>Income from Operations</b>	<u>639,360</u>	<u>658,269</u>	<u>1,297,629</u>	<u>460,558</u>	<u>(8,427)</u>	<u>452,131</u>
<b>Nonoperating Items</b>						
Investment return	58,425	65,244	123,669	78,244	96,149	174,393
Realized and unrealized gain on investments	<u>128,279</u>	<u>164,290</u>	<u>292,569</u>	<u>174,829</u>	<u>259,034</u>	<u>433,863</u>
<b>Net Nonoperating items</b>	<u>186,704</u>	<u>229,534</u>	<u>416,238</u>	<u>253,073</u>	<u>355,183</u>	<u>608,256</u>
<b>Excess of Revenue and Other Support Over Expenses and Nonoperating Items</b>	826,064	887,803	1,713,867	713,631	346,756	1,060,387
<b>Net Assets - Beginning</b>	<u>4,777,980</u>	<u>5,479,772</u>	<u>10,257,752</u>	<u>4,064,349</u>	<u>5,133,016</u>	<u>9,197,365</u>
<b>Net Assets - Ending</b>	<u>\$ 5,604,044</u>	<u>\$ 6,367,575</u>	<u>\$ 11,971,619</u>	<u>\$ 4,777,980</u>	<u>\$ 5,479,772</u>	<u>\$ 10,257,752</u>

*The accompanying notes are an integral part of these financial statements.*

**SPECIAL OLYMPICS CONNECTICUT, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Program Services						Total Program Services
	Training	Community Impact, Local and Health Programs	Summer Games	Holiday Sports Classic	Winter Games and Other	Outreach and Volunteer	
Meals and lodging	\$ 614	\$ 3,217	\$ 7,861	\$ 1,623	\$ 17,399	\$ 19,597	\$ 50,311
Game supplies	1,237	32,328	29,436	10,092	101,302	51,253	225,648
Program grants	--	48,000	--	--	400,750	--	448,750
Salaries, wages and fringe benefits	63,170	663,280	126,339	94,754	347,432	126,339	1,421,314
Rentals	2,527	49,213	9,714	21,454	36,377	11,649	130,934
Professional fees	835	8,762	1,669	1,252	4,590	3,169	20,277
Administrative	2,750	32,272	5,783	4,637	29,637	19,975	95,054
Insurance and other	2,544	27,233	5,089	3,867	14,005	7,024	59,762
Automobile	339	1,118	2,096	484	7,177	3,910	15,124
Printing	--	19	--	--	433	569	1,021
Meeting, travel and conferences	--	3,737	--	--	290	50	4,077
Contract services	300	6,460	6,275	80	23,664	209,262	246,041
Advertising and public relations	27	4,620	6,013	40	918	6,652	18,270
<b>Total Expenses before Depreciation</b>	<b>74,343</b>	<b>880,259</b>	<b>200,275</b>	<b>138,283</b>	<b>983,974</b>	<b>459,449</b>	<b>2,736,583</b>
<b>Depreciation</b>	<b>730</b>	<b>8,643</b>	<b>1,967</b>	<b>1,357</b>	<b>9,661</b>	<b>4,448</b>	<b>26,806</b>
<b>Total Expenses</b>	<b>\$ 75,073</b>	<b>\$ 888,902</b>	<b>\$ 202,242</b>	<b>\$ 139,640</b>	<b>\$ 993,635</b>	<b>\$ 463,897</b>	<b>\$ 2,763,389</b>

*The accompanying notes are an integral part of these financial statements.*



**SPECIAL OLYMPICS CONNECTICUT, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Supporting Services					Total Expenses
	Fundraising			Administrative and General	Total Supporting Services	
	Other Fundraising	Direct Marketing	Total Fundraising			
Meals and lodging	\$ 9,631	\$ --	\$ 9,631	\$ 8,870	\$ 18,501	\$ 68,812
Game supplies	56,367	92	56,459	716	57,175	282,823
Program grants	--	--	--	--	--	448,750
Salaries, wages and fringe benefits	1,080,199	4,422	1,084,621	652,541	1,737,162	3,158,476
Rentals	52,097	177	52,274	26,103	78,377	209,311
Professional fees	14,270	58	14,328	8,621	22,949	43,226
Administrative	58,752	360	59,112	7,051	66,163	161,217
Insurance and other	46,413	178	46,591	26,284	72,875	132,637
Automobile	4,192	5	4,197	753	4,950	20,074
Printing	26	--	26	--	26	1,047
Meeting, travel and conferences	5	--	5	1,210	1,215	5,292
Contract services	76,004	63	76,067	77,033	153,100	399,141
Advertising and public relations	7,423	2	7,425	276	7,701	25,971
<b>Total Expenses before Depreciation</b>	1,405,379	5,357	1,410,736	809,458	2,220,194	4,956,777
<b>Depreciation</b>	13,861	53	13,914	7,947	21,861	48,667
<b>Total Expenses</b>	<u>\$ 1,419,240</u>	<u>\$ 5,410</u>	<u>\$ 1,424,650</u>	<u>\$ 817,405</u>	<u>\$ 2,242,055</u>	<u>\$5,005,444</u>

*The accompanying notes are an integral part of these financial statements.*

**SPECIAL OLYMPICS CONNECTICUT, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Program Services						Total Program Services
	Training	Community Impact, Local and Health Programs	Summer Games	Holiday Sports Classic	Winter Games and Other	Outreach and Volunteer	
Meals and lodging	\$ 400	\$ 298	\$ 425	\$ --	\$ 109,555	\$ 13,110	\$ 123,788
Game supplies	6,623	26,080	4,900	6,667	116,242	45,519	206,031
Program grants	--	82,500	--	--	443,900	1,500	527,900
Salaries, wages and fringe benefits	539,952	580,193	145,700	121,306	1,429,611	1,662	2,818,424
Rentals	2,516	50,080	4,618	16,854	160,869	8,622	243,559
Professional fees	683	9,712	7,426	1,025	3,889	1,542	24,277
Administrative	2,338	32,046	5,382	5,262	24,518	17,188	86,734
Insurance and other	2,444	34,611	1,222	3,665	10,995	5,301	58,238
Automobile	278	2,436	497	359	6,669	3,293	13,532
Printing	40	265	9	154	4,952	943	6,363
Meeting, travel and conferences	--	10,554	--	--	197	50	10,801
Contract services	280	6,713	55,805	5,625	52,409	94,503	215,335
Advertising and public relations	23	5,842	45,026	87	853	45,687	97,518
<b>Total Expenses before Depreciation</b>	<u>555,577</u>	<u>841,330</u>	<u>271,010</u>	<u>161,004</u>	<u>2,364,659</u>	<u>238,920</u>	<u>4,432,500</u>
<b>Depreciation</b>	<u>2,379</u>	<u>3,603</u>	<u>1,160</u>	<u>689</u>	<u>10,125</u>	<u>1,024</u>	<u>18,980</u>
<b>Total Expenses</b>	<u>\$ 557,956</u>	<u>\$ 844,933</u>	<u>\$ 272,170</u>	<u>\$ 161,693</u>	<u>\$ 2,374,784</u>	<u>\$ 239,944</u>	<u>\$ 4,451,480</u>

*The accompanying notes are an integral part of these financial statements.*

**SPECIAL OLYMPICS CONNECTICUT, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)**

**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Supporting Services					Total Expenses
	Fundraising			Administrative and General	Total Supporting Services	
	Other Fundraising	Direct Marketing	Total Fundraising			
Meals and lodging	\$ 4,718	\$ --	\$ 4,718	\$ 2,283	\$ 7,001	\$ 130,789
Game supplies	50,081	4	50,085	435	50,520	256,551
Program grants	--	--	--	--	--	527,900
Salaries, wages and fringe benefits	697,569	3,392	700,961	359,151	1,060,112	3,878,536
Rentals	49,348	189	49,537	22,515	72,052	315,611
Professional fees	12,199	51	12,250	6,113	18,363	42,640
Administrative	53,246	400	53,646	11,800	65,446	152,180
Insurance and other	43,322	183	43,505	21,870	65,375	123,613
Automobile	4,625	150	4,775	1,484	6,259	19,791
Printing	1,661	1	1,662	163	1,825	8,188
Meeting, travel and conferences	--	--	--	211	211	11,012
Contract services	56,866	32	56,898	74,411	131,309	346,644
Advertising and public relations	10,074	2	10,076	203	10,279	107,797
<b>Total Expenses before Depreciation</b>	983,709	4,404	988,113	500,639	1,488,752	5,921,252
<b>Depreciation</b>	4,212	19	4,231	2,162	6,393	25,373
<b>Total Expenses</b>	<u>\$ 987,921</u>	<u>\$ 4,423</u>	<u>\$ 992,344</u>	<u>\$ 502,801</u>	<u>\$ 1,495,145</u>	<u>\$5,946,625</u>

*The accompanying notes are an integral part of these financial statements.*

# SPECIAL OLYMPICS CONNECTICUT, INC.

## STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 1,713,867	\$ 1,060,387
Adjustments to reconcile net increase in net assets to net cash provided by operating activities:		
Depreciation	48,667	25,373
Realized (gain) loss on investments	(1,436,222)	99,896
Unrealized loss (gain) on investments	1,143,653	(533,759)
Contributions restricted for future capital expenditures	(28,208)	--
Changes in assets and liabilities:		
Grants and unconditional promises to give	(797,475)	250,470
Prepaid expenses and other	(6,348)	3,004
Accounts payable	39,850	(53,693)
Accrued expenses	(10,679)	(18,229)
<b>Net Cash Provided by Operating Activities</b>	<u>667,105</u>	<u>833,449</u>
<b>Cash Flows from Investing Activities</b>		
Purchases of equipment	(55,230)	(89,846)
Purchases of investments	(9,717,864)	(410,324)
Proceeds from sales of investments	<u>9,590,052</u>	<u>634,574</u>
<b>Net Cash (Used in) Provided by Investing Activities</b>	<u>(183,042)</u>	<u>134,404</u>
<b>Cash Flows from Financing Activities</b>		
Contributions restricted for future capital expenditures	<u>28,208</u>	<u>--</u>
<b>Net Cash Provided by Financing Activities</b>	<u>28,208</u>	<u>--</u>
<b>Net Change in Cash and Cash Equivalents</b>	512,271	967,853
<b>Cash and Cash Equivalents - Beginning</b>	<u>1,899,094</u>	<u>931,241</u>
<b>Cash and Cash Equivalents - Ending</b>	<u>\$ 2,411,365</u>	<u>\$ 1,899,094</u>

*The accompanying notes are an integral part of these financial statements.*

# SPECIAL OLYMPICS CONNECTICUT, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

---

#### NOTE 1 – OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

##### *NATURE OF OPERATIONS*

Special Olympics Connecticut, Inc. (the Organization) is a tax-exempt, not-for-profit corporation. The primary purpose of the Organization is to provide opportunities throughout the year for sports training and athletic competition for individuals with intellectual disabilities in the State of Connecticut.

##### *SIGNIFICANT ACCOUNTING POLICIES*

##### *BASIS OF PRESENTATION*

The financial statements of the Organization are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis, revenues are recognized when earned and expenses when the related liability for goods or services is incurred, regardless of the timing of cash flows.

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

**Net Assets Without Donor Restrictions** – Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

**Net Assets With Donor Restrictions** – Assets subject to usage limitations based on donor-imposed restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Organization. Certain restrictions may need to be maintained in perpetuity.

Earnings related to restricted net assets will be included in net assets without donor-restrictions unless otherwise specifically required to be included in donor-restricted net assets by the donor or by applicable state or federal laws.

##### *INCOME FROM OPERATIONS*

The statements of activities include income from operations as the performance indicator. Changes in unrestricted net assets that are excluded from the performance indicator, consistent with industry practice, include investment return and unrealized gains (losses) on investments.

# **SPECIAL OLYMPICS CONNECTICUT, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

### **FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

---

#### **NOTE 1 – OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### ***USE OF ESTIMATES***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates include assessing the fair value of donated materials and services, fair value of investments and the estimated useful lives of long lived assets, among others. Actual results could differ from those estimates.

##### ***CASH AND CASH EQUIVALENTS***

The Organization considers all highly liquid investments with an initial maturity at purchase of three months or less to be cash and cash equivalents for the purpose of the statement of cash flows. The Organization maintains its cash accounts at federally insured financial institutions. Generally, the Organization's cash and cash equivalents exceed Federal Deposit Insurance Corporation (FDIC) limits of up to \$250,000 per depositor. However, the Organization has not experienced any losses in such accounts and believes that its cash and cash equivalents are not exposed to significant risk. At times the Organization maintains depository balances in excess of the insured amounts.

##### ***PROMISES TO GIVE***

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. Conditional promises to give are recognized when the conditions on which they depend are substantially met. All unconditional promises to give at December 31, 2021 and 2020 are due within one year.

##### ***INVESTMENT VALUATION AND INVESTMENT INCOME RECOGNITION***

Investments are measured at fair value in the statements of financial position. Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Investment income (including realized and unrealized gains and losses on investments, interest and dividends) is included in the excess of revenue over expenses unless the income is restricted by donor.

# SPECIAL OLYMPICS CONNECTICUT, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

---

#### NOTE 1 – OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### *INVESTMENT VALUATION AND INVESTMENT INCOME RECOGNITION (CONTINUED)*

Purchases and sales of securities are recorded on the trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Expenses relating to investment income, including custodial fees and investment advisory fees, amounted to \$24,016 in 2021 and \$18,733 in 2020, and have been netted against investment return in the accompanying statements of activities.

The Board of Directors develops the investment policies and monitors the Organization's adherence to these investment policies. In 2021, the Organization adjusted its investment policies and adopted a lower cost approach, moving the majority of its investments from actively managed funds to passive exchange-traded funds, resulting in a significant amount of internal purchase and sale transactions between the investment sub-accounts.

##### *BOARD DESIGNATED NET ASSETS*

Board designated net assets consist of assets set aside by the Board of Directors to be used for future operations as deemed necessary by the Board, and amounts to be used to fund local programs in the New London area, over which the Board retains control and may at its discretion subsequently use for other purposes.

##### *REVENUE RECOGNITION*

The Organization reports unconditional contributions of cash and other assets at fair value at the date of the contribution. Fundraising is recognized in the period the event takes place. Grant revenue is recognized as the respective conditions in the contract have been met, with any unearned portion recorded as net assets with donor restrictions. Unconditional contributions, fundraising and grants received are recorded as unrestricted or restricted support, depending on the existence or nature of any donor restrictions.

All donor-restricted support is reported as an increase in net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met within the same year received are reported as unrestricted contributions in the accompanying financial statements. Contributions of marketable securities are valued at fair value on the date of donation.

# SPECIAL OLYMPICS CONNECTICUT, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

---

#### NOTE 1 – OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### *REVENUE RECOGNITION (CONTINUED)*

The Organization receives significant support for its programs from fundraising events and activities, as follows:

	2021	2020
Direct marketing	\$ 411,098	\$ 350,979
Other significant special events:		
Torch run	419,149	276,548
Golf tournaments	265,002	179,757
Penguin plunge	35,990	140,378
Over the Edge	91,896	71,642
All other events	<u>81,959</u>	<u>45,926</u>
	<u>\$ 1,305,094</u>	<u>\$ 1,065,230</u>

##### *EQUIPMENT*

Equipment is recorded at cost, except for donated items, which are recorded at fair value at the date of the gift. Maintenance and repairs are charged to expense as incurred. When equipment is retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the results of operations for the respective period. Depreciation of the equipment is computed on the straight-line method over the estimated useful lives of the assets, which range from three to seven years.

##### *LONG-LIVED ASSETS*

The Organization continually evaluates whether events and circumstances have occurred that may warrant revision of the estimated useful life of its long-lived assets or whether the remaining balance of its long-lived assets should be evaluated for possible impairment. The Organization records impairment losses on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of those assets. There were no impairment losses recognized during 2021 and 2020.



# SPECIAL OLYMPICS CONNECTICUT, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

---

#### NOTE 1 – OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### *DONATED MATERIALS AND SERVICES*

The Organization is dependent on donated materials and services for a significant portion of its operations and could not operate in its present form without the donation of such services and materials. Donations include, among other things, athletic equipment, food and other materials, use of facilities and other services contributed by numerous donors.

Amounts recorded in the financial statements relating to donated materials and services are as follows:

Donated Materials – During the years ended December 31, 2021 and 2020, the Organization recognized donated materials at fair value at the date of the gift in the financial statements of \$262,339 and \$452,327, respectively.

Donated Services – In addition, the Organization receives various services from individuals with special skills who donate their time as area and local chapter coordinators and volunteers for programs and events sponsored by the Special Olympics program. The value of contributed time amounted to \$1,055,444 in 2021 and \$1,706,709 in 2020 and is recognized in the financial statements as contributions, since the volunteers' time met the criteria for such recognition.

The expenses related to the contributed services consist of volunteer time and are included in salaries, wages and fringe benefits. In addition, a substantial number of individuals have donated significant amounts of time to the Organization's program services that do not meet the criteria for recognition under the standards. No amounts have been recognized in the financial statements for those services.

##### *FUNCTIONAL EXPENSES*

The Organization allocates its expenses on a functional basis among its program and support services. Expenses that can be identified with a specific program or support service are charged directly according to their natural expenditure classification. All other expenses are allocated based on square footage, estimates of time and effort, and other allocation metrics, depending on the nature of the expense.

# SPECIAL OLYMPICS CONNECTICUT, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

---

#### NOTE 1 – OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### *INCOME TAXES*

The Organization is exempt from income taxes under Section 501(c)(3) of the Code. As such, the Organization is exempt from state and federal income taxes on income related to its tax-exempt purpose. The Organization also qualifies under Section 501(a) (2) of the Code as “other than private foundation”. The Organization accounts for uncertainty in income tax positions by applying a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax positions taken or expected to be taken in a tax return. Management has analyzed the tax position taken and has concluded that as of December 31, 2021 and 2020, there are no tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods pending or in progress.

##### *PENSION*

The Organization maintains a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code (the Code), covering full-time employees of the Organization. Contributions are at the discretion of the Board of Directors. The Organization did not make contributions to the Plan for 2021 or 2020. Employees may make voluntary contributions to the plan up to the maximum amount allowed by the Code.

##### *SUBSEQUENT EVENTS*

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through July 18, 2022, the date the financial statements were available to be issued. There were no subsequent events identified requiring recognition or disclosure in these financial statements.

# SPECIAL OLYMPICS CONNECTICUT, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

#### NOTE 2 – INVESTMENTS AND FAIR VALUE MEASUREMENT

The Organizations' investment policy allows the allocation of its investments to debt and equity securities, and money market mutual funds. As of December 31, 2021 and 2020, funds are invested in mutual funds and money market mutual funds.

The Organization's investments at December 31 consisted of the following:

	2021	2020
Long-term investments:		
Board designated	\$ 2,095,199	\$ 1,997,273
Donor designated		
Restricted as to time or purpose	5,046,005	4,789,286
Donor-restricted endowment	747,794	708,303
	7,888,998	7,494,862
Unrestricted	485,221	458,976
	\$ 8,374,219	\$ 7,953,838

The cost and fair value of investments at December 31 are as follows:

	2021		2020	
	Cost	Fair Value (Level 1)	Cost	Fair Value (Level 1)
Mutual funds:				
International Equities	\$ 1,531,759	\$ 1,452,044	\$ 691,467	\$ 866,993
International Bonds	--	--	424,297	436,614
US Bonds - 1-3 Year	2,438,673	2,414,056	1,739,083	1,764,393
US Bonds - 5-10 Year	2,267,831	2,260,145	1,001,160	1,074,000
US Bonds - High Yield	327,991	318,109	259,028	246,448
US Bonds - Leveraged Loan	--	--	280,582	279,107
US Bonds - TIPS	--	--	137,063	158,233
US Equities - Large Cap	1,300,771	1,436,991	1,364,894	2,127,141
US Equities - Mid Cap	229,351	246,176	177,205	270,818
US Equities - Small Cap	214,082	216,066	66,687	94,501
Money market mutual funds	30,632	30,632	635,590	635,590
	\$ 8,341,090	\$ 8,374,219	\$ 6,777,056	\$ 7,953,838

# SPECIAL OLYMPICS CONNECTICUT, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

---

#### NOTE 2 – INVESTMENTS AND FAIR VALUE MEASUREMENT (CONTINUED)

The following summarizes the unrealized appreciation for the years ended December 31:

	2021	2020
Beginning of year:		
Cost	\$ 6,777,056	\$ 7,101,202
Fair value	<u>7,953,838</u>	<u>7,744,225</u>
Unrealized appreciation	<u>\$ 1,176,782</u>	<u>\$ 643,023</u>
End of year:		
Cost	\$ 8,341,090	\$ 6,777,056
Fair value	<u>8,374,219</u>	<u>7,953,838</u>
Unrealized appreciation	<u>\$ 33,129</u>	<u>\$ 1,176,782</u>

The following summarizes the return on investments for the years ended December 31:

	2021	2020
Change in unrealized appreciation	\$ (1,143,653)	\$ 533,759
Realized gain (loss) on investment transactions	1,436,222	(99,896)
Investment income	<u>123,669</u>	<u>174,393</u>
Net investment return	<u>\$ 416,238</u>	<u>\$ 608,256</u>

#### *FAIR VALUE MEASUREMENT*

Generally accepted accounting principles establish a framework for measuring fair value. That 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 Organization has the ability to access.

# SPECIAL OLYMPICS CONNECTICUT, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

---

#### NOTE 2 – INVESTMENTS AND FAIR VALUE MEASUREMENT (CONTINUED)

##### *FAIR VALUE MEASUREMENT (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 fair value measurement level of the asset or liability 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 inputs and minimize the use of unobservable inputs.

The Organization values investments in securities that are actively traded and listed on a national securities exchange or reported on the NASDAQ national market at their last sales price as of the last business day of the year. There have been no changes in the methodologies used at December 31, 2021 and 2020.

Based on the above, the fair value for all of the Organization's investments are measured based on Level 1 inputs, as defined above.

##### *RISKS AND UNCERTAINTIES FOR INVESTMENTS*

The Organization's investment securities are subject to exposure to various risks such as interest rate risk, financial market risk, and credit risk. Due to the level of risk associated with investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the value of investment securities reported in the Organization's financial statements.

# SPECIAL OLYMPICS CONNECTICUT, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

---

#### NOTE 3 – NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions at December 31 are as follows:

	2021	2020
Undesignated	\$ 3,400,704	\$ 2,679,129
Designated by the governing board	2,095,199	1,997,273
Equipment, net	<u>108,141</u>	<u>101,578</u>
Total Net Assets Without Donor Restrictions	<u>\$ 5,604,044</u>	<u>\$ 4,777,980</u>

#### NOTE 4 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31 may be expended for:

	2021	2020
Subject to Expenditure for Specified Time or Purpose:		
Building fund	\$ 3,538,940	\$ 3,361,039
Local program fund	882,185	833,284
Statewide programs	963,032	774,676
Grants unavailable for expenditure until collected	<u>472,645</u>	<u>--</u>
	5,856,802	4,968,999
Subject to Appropriation and Expenditure When a Specified Event Occurs:		
Endowment contributions from which the income is expendable for program activities	<u>510,773</u>	<u>510,773</u>
Total Net Assets With Donor Restrictions	<u>\$ 6,367,575</u>	<u>\$ 5,479,772</u>

The Building Fund is intended to be used to construct a new corporate headquarters and the regional and local program funds will be used to support future activities.

The Local Program Fund consists of contributions to the Organization to provide long-term support to local programs. These funds will provide annual support through a 5 percent spending policy for all eligible local programs, in accordance with the Organization's local program accreditation process. In addition, in the event of organizational hardship, the Organization may request up to ten percent of the fund's principal for operational purposes.

# SPECIAL OLYMPICS CONNECTICUT, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

---

#### NOTE 4 – NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

##### *UNIFORM PRUDENT MANAGEMENT OF INSTITUTIONAL FUNDS ACT*

As required by accounting principles generally accepted in the United States of America (US GAAP), net assets, are classified and reported based on the existence or absence of donor-imposed restrictions.

The State of Connecticut adopted a version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). In the absence of authoritative guidance on the application of Connecticut's UPMIFA to donor-restricted funds, the Organization interprets UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund, absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the donor-restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Any remaining portion of the donor-restricted funds that is not classified in net assets with donor restrictions would be classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. From time to time, donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There were no deficiencies, which would be reported in donor-restricted net assets, for the years ended December 31, 2021 and 2020.

#### NOTE 5 – LINE OF CREDIT

The Organization has an available \$500,000 line of credit agreement with a bank. The line of credit is subject to annual review on November 30, 2022, and is secured by certain investments, with interest charged on advances at the bank's base lending rate. The line of credit is due on demand and was not used during 2021 or 2020.

# SPECIAL OLYMPICS CONNECTICUT, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

---

#### NOTE 6 – LEASES

The Organization leases its headquarters under the terms of a noncancellable operating lease that originally required minimum annual rental payments of \$73,340. Effective May 2021, the Organization renegotiated the lease, and reduced the space under lease, with a reduction in the required minimum annual rental payment to \$59,131, through December 31, 2025. Rent expense, included in the statements of functional expenses, amounted to \$65,511 and \$72,254 in years ended December 31, 2021 and 2020, respectively.

#### NOTE 7 – JOINT COSTS

The Organization solicits support through a variety of fund-raising activities, including direct mail and telephone solicitation. These fund-raising activities are conducted with activities related to program functions, and include components that would otherwise be associated with program or supporting services. Joint costs are costs incurred as part of the fund-raising function, with elements of program and/or supporting service functions.

During the years ended December 31, 2021 and 2020, the Organization incurred joint costs of \$293,303 and \$241,911, respectively, for informational materials and activities that included fundraising appeals, among other things.

The joint costs were allocated as follows:

	2021	2020
Fundraising	\$ 175,982	\$ 145,147
Program services:		
Outreach and volunteer	<u>117,321</u>	<u>96,764</u>
	<u>\$ 293,303</u>	<u>\$ 241,911</u>



# **SPECIAL OLYMPICS CONNECTICUT, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

### **FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

---

#### **NOTE 8 – AFFILIATED ORGANIZATIONS AND RELATED PARTY TRANSACTIONS**

The Organization is accredited by Special Olympics, Inc. (SOI) to conduct activities within the State of Connecticut. For the years ended December 31, 2021 and 2020, the Organization received \$786,443 and \$612,643, respectively, from SOI cooperative national fundraising projects and incurred expenses of \$85,363 and \$78,816 in 2021 and 2020, respectively, to SOI for accreditation fees and program support.

As part of the cooperative national fundraising projects noted above, the Organization entered into an agreement with SOI to perform integrated direct marketing services through December 31, 2022. Pursuant to the agreement, SOI provides integrated direct marketing services to the Organization including residential telemarketing, direct mail, public education campaigns and on-line giving. Further, the agreement with SOI provides that the Organization will share in the net revenues generated by SOI, as defined. These net revenues are included in the amounts reflected above.

The Organization has retained the right to terminate its agreement with SOI at any time if it does not consider the economic benefits realized to be in accordance with its goals.

#### **NOTE 9 – CONTINGENCIES**

Amounts received or receivable from granting agencies are subject to audit and adjustment by Federal and State grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time although the Organization expects such amounts, if any, to be insignificant.

From time to time, the Organization is involved in routine litigation that arises in the ordinary course of business. There are no pending significant legal proceedings to which the Organization is a party for which management believes, after consulting legal counsel, the ultimate outcome would have a material adverse effect on the Organization's financial position.

# SPECIAL OLYMPICS CONNECTICUT, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

---

#### NOTE 10 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization’s primary sources of support are derived from contributions, grant, and allocation, donated materials and services, and fundraising events. Financial assets in excess of daily cash requirements are invested in money market funds and other short-term investments.

The following table reflects the Organization’s financial assets as of December 31, 2021 and 2020, reduced by amounts that are not available to meet general expenditures within one year of the statements of financial position date because of contractual restrictions or internal board designations. Amounts not available include donor restricted balances, board-designated investments intended to fund future operations and local program activities not considered in the annual operating budget. In the event the need arises to utilize the board-designated funds for liquidity purposes, the reserves could be drawn upon through board resolution. Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions.

	2021	2020
Financial Assets at Year-End		
Cash and cash equivalents	\$ 2,411,365	\$ 1,899,094
Investments	8,374,219	7,953,838
Grants and unconditional promises to give	<u>1,146,057</u>	<u>348,582</u>
Total Financial Assets Available at Year-End	11,931,641	10,201,514
Less Contractual or Donor-Imposed Restrictions		
Perpetual endowment	510,773	510,773
Restricted by donors	5,856,802	4,968,999
Board designated	<u>2,095,199</u>	<u>1,997,273</u>
Financial Assets Available to Meet Cash Needs for		
General Expenditures Within One Year	<u>\$ 3,468,867</u>	<u>\$ 2,724,469</u>

The Organization has a policy to structure its financial assets to be available as general expenditures, liabilities, or other obligations come due. The Organization also has an available \$500,000 line of credit agreement with a bank (see Note 5).

# SPECIAL OLYMPICS CONNECTICUT, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

---

#### **NOTE 11 – U.S. SMALL BUSINESS ADMINISTRATION PAYCHECK PROTECTION PROGRAM LOAN**

In April 2020, the Organization received a loan (the “PPP Loans”) in the amount of \$415,825 under the Paycheck Protection Program established by the Coronavirus Aid, Relief and Economic Security Act. In February 2021, the Organization received a loan (the “PPP Loans”) in the amount of \$441,502 under the Paycheck Protection Program established by the Coronavirus Aid, Relief and Economic Security Act.

The Organization has elected to account for these funds as conditional contributions under FASB ASC 958-605, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASC 958-605). The contribution has a right of return in the form of an obligation to be repaid if barriers to entitlement are not met. These barriers include incurring qualifying expenses and maintaining certain levels of employee full time equivalents and salary ranges over the covered period of the loans.

During the years ended December 31, 2021 and 2020, the Organization met the conditions associated with the PPP loans. The Organization applied for forgiveness of the 2020 PPP Loan, and the associated note was forgiven by the SBA in August 10, 2021. The Organization applied for forgiveness of the 2021 PPP Loan, and the associated note was forgiven by the SBA on June 15, 2022.

Accordingly, the Organization recognized \$441,502 and \$415,825, respectively, as PPP Loan Forgiveness in the accompanying statement of activities for the years ended December 31, 2021 and 2020.

#### **NOTE 12 – EMPLOYEE RETENTION CREDIT**

The Organization is eligible for the Employee Retention Credit (ERC under the CARES Act, which provides a refundable tax credit against certain employment taxes of up to \$5,000 per employee for eligible employers. Then tax credit is equal to 50% of qualified wages paid to employees during a quarter, capped at \$10,000 of qualified wages per employee through December 31, 2020, with additional relief provisions including slightly expanded qualified wage caps through December 31, 2021. Accordingly, the Organization filed Form 941-X, Adjusted Employer’s Quarterly Federal Tax Return of Claim for Refund (Form 941-X) for the quarter ended June 30, 2020 on January 5, 2022 in the amount of \$118,684. The Organization also filed Form 941-X forms for the quarters ended March 31, 2021, June 30, 2021 and September 30, 2021 on June 13, 2022 in the amounts of \$152,798, \$156,642, and \$163,205, respectively.

# **SPECIAL OLYMPICS CONNECTICUT, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

### **FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

---

#### **NOTE 12 – EMPLOYEE RETENTION CREDIT (CONTINUED)**

On June 13, 2022, the Organization received \$125,642 as final settlement for the Form 941-X filed for the quarter ended June 30, 2020, which included interest paid on the refund amount. Final settlement of the 2021 Form 941-X returns is anticipated in 2022.

The Organization has elected to account for these funds as governmental grants in accordance with ASC 958-605. Given the eligibility requirements connected to ERC, barriers and a right of return exist. These barriers include the various eligibility requirements and incurring qualifying payroll expenses. Accordingly, the Organization recognized as a grant receivable \$598,287, with \$125,642 included in contributions, grants, and allocation without restrictions, with the remaining amount of \$472,645 included in grants, contributions, and allocations with restrictions pending the timing of receipts.

#### **NOTE 13 – RISKS AND UNCERTAINTIES**

On March 11, 2020, the World Health Organization declared the coronavirus to be a pandemic. The Organization derives a significant portion of its support from grants, contributions, and fundraising. The Organization has remained operational during the pandemic, however certain special events and program activities were curtailed during a certain time period. As a result, the Organization needs to continually evaluate its services to ensure the safety of its staff and the public. Due to the unknown duration and extent of the pandemic, the Organization is unable to determine the continued impact the pandemic might have on future operations and financial performance.

**INDEPENDENT AUDITORS' REPORT 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 the Board of Directors  
**Special Olympics Connecticut, Inc.**

We have audited, 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, the financial statements of Special Olympics Connecticut, Inc., which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 18, 2022.

***INTERNAL CONTROL OVER FINANCIAL REPORTING***

In planning and performing our audit of the financial statements, we considered Special Olympics Connecticut, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Special Olympics Connecticut, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Special Olympics Connecticut, Inc.'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies may exist that were not been identified.

#### ***COMPLIANCE AND OTHER MATTERS***

As part of obtaining reasonable assurance about whether Special Olympics Connecticut, Inc.'s 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 financial statements. 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 Special Olympics Connecticut, Inc. internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Special Olympics Connecticut, Inc. internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Marcum LLP*

New Haven, CT  
July 18, 2022

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE AND REPORT ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE REQUIRED BY THE STATE SINGLE AUDIT ACT**

Board of Directors  
**Special Olympics Connecticut, Inc.**

***REPORT ON COMPLIANCE FOR MAJOR STATE PROGRAM***

***OPINION ON MAJOR STATE PROGRAM***

We have audited Special Olympics Connecticut, Inc.'s (the Organization) compliance with the types of compliance requirements described in the *Office of Policy and Management's Compliance Supplement* that could have a direct and material effect on the Organization's major state program for the year ended December 31, 2021. The Organization's major state program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major state program for the year ended December 31, 2021.

***BASIS FOR OPINION ON EACH MAJOR STATE PROGRAM***

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 State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Our responsibilities under those standards and the State Single Audit Act are further described in the Auditors' 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 state program. Our audit does not provide a legal determination of 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 program.

## ***Auditors' 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 the State Single Audit Act 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 program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the State Single Audit Act, 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 the State Single Audit Act, 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 state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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 program 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 program 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 Auditors' 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 the State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

## ***REPORT ON SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE REQUIRED BY THE STATE SINGLE AUDIT ACT***

We have audited the financial statements of Special Olympics Connecticut, Inc. as of and for the year ended December 31, 2021 and have issued our report thereon dated July 18, 2022, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act 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 schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

*Marcum LLP*

New Haven, CT  
July 18, 2022

**SPECIAL OLYMPICS CONNECTICUT, INC.**

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

---

<u>State Grantor/Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
Department of Developmental Services Service/Program/Enrichment	25329-15DDS0101OT	<u>\$ 300,000</u>

*See Notes to Schedule of Expenditures of State Financial Assistance.*

# **SPECIAL OLYMPICS CONNECTICUT, INC.**

## **NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE FOR THE YEAR ENDED DECEMBER 31, 2021**

---

The accompanying schedule of expenditures of state financial assistance (the Schedule) includes state grant activity of Special Olympics Connecticut, Inc. (the Organization) under a program of the State of Connecticut for the year ended December 31, 2021. The State of Connecticut Department of Developmental Services has provided financial assistance through a grant and in accordance with the General Statutes of the State of Connecticut. That financial assistance program funds the training and outreach program of the Organization as listed on the Schedule of Expenditures of State Financial Assistance.

### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Organization conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations. The information in the Schedule of Expenditures of State Financial Assistance is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

#### ***BASIS OF ACCOUNTING***

The expenditures reported in the Schedule of Expenditures of State Financial Assistance are reported on the accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule of Expenditures of State Financial Assistance.

### **NOTE 2 – SUBRECIPIENTS**

Special Olympics Connecticut, Inc. had no subrecipients for the year ended December 31, 2021.

**SPECIAL OLYMPICS CONNECTICUT, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

---

**I. SUMMARY OF AUDITOR’S RESULTS**

***FINANCIAL STATEMENTS***

Type of auditors’ report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ Yes  X  No
- Significant deficiency(ies) identified? \_\_\_\_\_ Yes  X  None reported
- Noncompliance material to financial statements noted? \_\_\_\_\_ Yes  X  No

***STATE FINANCIAL ASSISTANCE***

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ Yes  X  No
- Significant deficiency(ies) identified? \_\_\_\_\_ Yes  X  None reported

Type of auditors’ report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act? \_\_\_\_\_ Yes  X  No

The following schedule reflects the major program included in the audit:

State Grantor/Program Title	State Grant Program Core-CT Number	Expenditures
Department of Developmental Services Service/Program/Enrichment	25329-15DDS0101OT	\$ <u> 300,000 </u>

Dollar threshold used to distinguish between type A and type B programs: \$100,000

# **SPECIAL OLYMPICS CONNECTICUT, INC.**

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

---

### **II. FINANCIAL STATEMENT FINDINGS**

- We issued reports, dated July 18, 2022 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*.
- Our report on compliance indicated no reportable instances of noncompliance.
- Our report on internal control over financial reporting indicated no material weaknesses.

### **III. FINDINGS AND QUESTIONED COSTS FOR STATE FINANCIAL ASSISTANCE PROGRAMS**

There were no findings or questioned costs related to state financial assistance programs.

### **IV. SCHEDULE OF PRIOR YEAR FINDINGS**

There were no findings related to State financial assistance programs in the prior year.