

**SPECIAL OLYMPICS CONNECTICUT, INC.**

**FINANCIAL STATEMENTS AND  
STATE SINGLE AUDIT REPORT**

**FOR THE YEARS ENDED  
DECEMBER 31, 2019 AND 2018**

# SPECIAL OLYMPICS CONNECTICUT, INC.

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## INDEPENDENT AUDITORS' REPORT

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

### *Report on Financial Statements*

We have audited the accompanying financial statements of Special Olympics Connecticut, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

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

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

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

## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Special Olympics Connecticut, Inc. as of December 31, 2019 and 2018, 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2020 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 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.

*Marum LLP*

New Haven, CT  
July 29, 2020

# SPECIAL OLYMPICS CONNECTICUT, INC.

## STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2019 AND 2018

	2019	2018
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 931,241	\$ 858,560
Investments	549,671	414,375
Unconditional promises to give	599,052	567,657
Prepaid expenses and other	<u>134,349</u>	<u>152,578</u>
<b>Total Current Assets</b>	2,214,313	1,993,170
<b>Long-Term Investments</b>	7,194,554	6,637,949
<b>Equipment</b> - less accumulated depreciation of \$260,588 in 2019 and \$247,160 in 2018	<u>37,105</u>	<u>31,163</u>
<b>Total Assets</b>	<u>\$ 9,445,972</u>	<u>\$ 8,662,282</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 89,176	\$ 39,964
Accrued expenses	<u>159,431</u>	<u>199,079</u>
<b>Total Current Liabilities</b>	<u>248,607</u>	<u>239,043</u>
<b>Net Assets</b>		
Without donor restrictions		
Board designated	2,001,589	1,919,512
Undesignated	<u>2,062,760</u>	<u>1,750,067</u>
	4,064,349	3,669,579
With donor restrictions	<u>5,133,016</u>	<u>4,753,660</u>
<b>Total Net Assets</b>	<u>9,197,365</u>	<u>8,423,239</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 9,445,972</u>	<u>\$ 8,662,282</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, 2019 AND 2018**

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals
<b>Revenue and Other Support</b>						
Contributions, grants and allocations	\$ 2,845,122	\$ 144,554	\$ 2,989,676	\$ 2,730,296	\$ 187,309	\$ 2,917,605
Donated materials and services	5,223,847	--	5,223,847	5,410,473	--	5,410,473
Fundraising	1,980,063	--	1,980,063	2,077,681	--	2,077,681
Net assets released from restriction	318,004	(318,004)	--	238,437	(238,437)	--
<b>Total Revenue and Other Support</b>	<u>10,367,036</u>	<u>(173,450)</u>	<u>10,193,586</u>	<u>10,456,887</u>	<u>(51,128)</u>	<u>10,405,759</u>
<b>Expenses</b>						
Program services	8,625,038	--	8,625,038	8,806,924	--	8,806,924
Fundraising	1,257,137	--	1,257,137	1,390,309	--	1,390,309
Administrative and general	503,593	--	503,593	449,389	--	449,389
<b>Total Expenses</b>	<u>10,385,768</u>	<u>--</u>	<u>10,385,768</u>	<u>10,646,622</u>	<u>--</u>	<u>10,646,622</u>
<b>Loss from Operations</b>	<u>(18,732)</u>	<u>(173,450)</u>	<u>(192,182)</u>	<u>(189,735)</u>	<u>(51,128)</u>	<u>(240,863)</u>
<b>Nonoperating Items</b>						
Investment return	92,478	111,921	204,399	73,833	134,987	208,820
Realized and unrealized (loss) gain on investments	321,024	440,885	761,909	(191,562)	(297,706)	(489,268)
<b>Net Nonoperating items</b>	<u>413,502</u>	<u>552,806</u>	<u>966,308</u>	<u>(117,729)</u>	<u>(162,719)</u>	<u>(280,448)</u>
<b>Excess (Deficiency) of Revenue and Other Support Over Expenses and Losses and Nonoperating Items</b>	394,770	379,356	774,126	(307,464)	(213,847)	(521,311)
<b>Net Assets - Beginning</b>	<u>3,669,579</u>	<u>4,753,660</u>	<u>8,423,239</u>	<u>3,977,043</u>	<u>4,967,507</u>	<u>8,944,550</u>
<b>Net Assets - Ending</b>	<u>\$ 4,064,349</u>	<u>\$ 5,133,016</u>	<u>\$ 9,197,365</u>	<u>\$ 3,669,579</u>	<u>\$ 4,753,660</u>	<u>\$ 8,423,239</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, 2019**

	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	\$ 684	\$ 26,165	\$ 205,598	\$ 22,496	\$ 155,104	\$ 67,275	\$ 477,322
Game supplies	4,362	103,438	158,833	69,306	198,083	99,052	633,074
Program grants	--	91,190	--	--	434,847	2,000	528,037
Salaries, wages and fringe benefits	2,432,611	619,248	829,393	226,809	1,519,395	168,499	5,795,955
Rentals	4,392	110,819	120,577	78,843	219,357	15,590	549,578
Professional fees	668	9,453	37,061	1,671	6,852	1,465	57,170
Administrative	2,827	37,421	8,849	7,067	27,763	24,037	107,964
Insurance and other	2,408	30,627	7,299	6,045	17,432	7,610	71,421
Automobile	1,749	3,632	3,067	1,477	14,741	11,132	35,798
Printing	1	45	569	3	1,395	15,482	17,495
Meeting, travel and conferences	30	2,123	3	--	8,868	14,292	25,316
Contract services	786	20,257	45,152	5,787	39,404	111,243	222,629
Advertising and public relations	<u>22</u>	<u>7,701</u>	<u>65</u>	<u>54</u>	<u>1,924</u>	<u>82,361</u>	<u>92,127</u>
<b>Total Expenses before Depreciation</b>	2,450,540	1,062,119	1,416,466	419,558	2,645,165	620,038	8,613,886
<b>Depreciation</b>	<u>3,173</u>	<u>1,375</u>	<u>1,834</u>	<u>543</u>	<u>3,424</u>	<u>803</u>	<u>11,152</u>
<b>Total Expenses</b>	<u>\$ 2,453,713</u>	<u>\$ 1,063,494</u>	<u>\$ 1,418,300</u>	<u>\$ 420,101</u>	<u>\$ 2,648,589</u>	<u>\$ 620,841</u>	<u>\$ 8,625,038</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, 2019**

	Supporting Services					Total Expenses
	Fundraising			Administrative and General	Total Supporting Services	
	Other Fundraising	Direct Marketing	Total Fundraising			
Meals and lodging	\$ 35,898	\$ 47	\$ 35,945	\$ 19,250	\$ 55,195	\$ 532,517
Game supplies	115,977	13	115,990	1,387	117,377	750,451
Program grants	--	--	--	--	--	528,037
Salaries, wages and fringe benefits	763,180	3,392	766,572	355,182	1,121,754	6,917,709
Rentals	54,317	179	54,496	18,731	73,227	622,805
Professional fees	11,219	47	11,266	4,899	16,165	73,335
Administrative	66,729	223	66,952	13,959	80,911	188,875
Insurance and other	43,882	169	44,051	17,650	61,701	133,122
Automobile	9,622	7	9,629	800	10,429	46,227
Printing	2,124	--	2,124	8	2,132	19,627
Meeting, travel and conferences	10,276	51	10,327	3,772	14,099	39,415
Contract services	112,804	15,735	128,539	67,145	195,684	418,313
Advertising and public relations	9,618	2	9,620	159	9,779	101,906
<b>Total Expenses before Depreciation</b>	<u>1,235,646</u>	<u>19,865</u>	<u>1,255,511</u>	<u>502,942</u>	<u>1,758,453</u>	<u>10,372,339</u>
<b>Depreciation</b>	<u>1,601</u>	<u>25</u>	<u>1,626</u>	<u>651</u>	<u>2,277</u>	<u>13,429</u>
<b>Total Expenses</b>	<u>\$ 1,237,247</u>	<u>\$ 19,890</u>	<u>\$ 1,257,137</u>	<u>\$ 503,593</u>	<u>\$ 1,760,730</u>	<u>\$10,385,768</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, 2018**

	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	\$ 801	\$ 26,498	\$ 222,263	\$ 18,883	\$ 182,364	\$ 92,505	\$ 543,314
Game supplies	1,258	120,463	147,422	72,453	215,271	16,559	573,426
Program grants	--	116,000	--	--	360,950	3,870	480,820
Salaries, wages and fringe benefits	2,433,567	640,658	750,508	243,399	1,766,802	170,645	6,005,579
Rentals	6,324	130,825	114,483	79,909	226,763	7,497	565,801
Professional fees	979	11,241	32,429	1,631	7,992	1,004	55,276
Administrative	3,583	30,551	6,077	5,975	28,110	6,397	80,693
Insurance and other	3,090	25,991	5,149	10,606	15,527	3,090	63,453
Automobile	1,513	2,909	2,505	1,637	16,096	4,146	28,806
Printing	38	399	592	113	5,418	9,600	16,160
Meeting, travel and conferences	--	23	--	--	37,610	6,085	43,718
Contract services	957	13,015	38,635	5,957	49,967	132,475	241,006
Advertising and public relations	43	4,148	97	72	886	92,431	97,677
<b>Total Expenses before Depreciation</b>	<b>2,452,153</b>	<b>1,122,721</b>	<b>1,320,160</b>	<b>440,635</b>	<b>2,913,756</b>	<b>546,304</b>	<b>8,795,729</b>
<b>Depreciation</b>	<b>3,121</b>	<b>1,429</b>	<b>1,680</b>	<b>561</b>	<b>3,709</b>	<b>695</b>	<b>11,195</b>
<b>Total Expenses</b>	<b>\$ 2,455,274</b>	<b>\$ 1,124,150</b>	<b>\$ 1,321,840</b>	<b>\$ 441,196</b>	<b>\$ 2,917,465</b>	<b>\$ 546,999</b>	<b>\$ 8,806,924</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, 2018**

	Supporting Services					
	Fundraising			Administrative and General	Total Supporting Services	Total Expenses
	Other Fundraising	Direct Marketing	Total Fundraising			
Meals and lodging	\$ 73,278	\$ 98	\$ 73,376	\$ 27,607	\$ 100,983	\$ 644,297
Game supplies	138,735	21	138,756	1,104	139,860	713,286
Program grants	--	--	--	--	--	480,820
Salaries, wages and fringe benefits	791,222	6,230	797,452	323,965	1,121,417	7,126,996
Rentals	81,807	355	82,162	18,451	100,613	666,414
Professional fees	11,806	82	11,888	4,241	16,129	71,405
Administrative	67,496	344	67,840	15,306	83,146	163,839
Insurance and other	37,810	257	38,067	13,389	51,456	114,909
Automobile	12,817	82	12,899	715	13,614	42,420
Printing	4,626	3	4,629	166	4,795	20,955
Meeting, travel and conferences	4,821	46	4,867	10,312	15,179	58,897
Contract services	106,583	19,139	125,722	33,362	159,084	400,090
Advertising and public relations	30,879	4	30,883	187	31,070	128,747
<b>Total Expenses before Depreciation</b>	<b>1,361,880</b>	<b>26,661</b>	<b>1,388,541</b>	<b>448,805</b>	<b>1,837,346</b>	<b>10,633,075</b>
<b>Depreciation</b>	<b>1,734</b>	<b>34</b>	<b>1,768</b>	<b>584</b>	<b>2,352</b>	<b>13,547</b>
<b>Total Expenses</b>	<b>\$ 1,363,614</b>	<b>\$ 26,695</b>	<b>\$ 1,390,309</b>	<b>\$ 449,389</b>	<b>\$ 1,839,698</b>	<b>\$10,646,622</b>

*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, 2019 AND 2018

	2019	2018
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 774,126	\$ (521,311)
Adjustments to reconcile net increase in net assets to net cash (used in) provided by operating activities:		
Depreciation	13,429	13,547
Realized gain on investments	(191,174)	(177)
Unrealized loss (gain) on investments	(570,613)	489,445
Contributions restricted for future capital expenditures	(25,952)	--
Changes in assets and liabilities:		
Unconditional promises to give	(31,395)	126,332
Prepaid expenses and other	18,229	(1,978)
Accounts payable	49,212	14,031
Accrued expenses	<u>(39,648)</u>	<u>68,928</u>
<b>Net Cash (Used in) Provided by Operating Activities</b>	<u>(3,786)</u>	<u>188,817</u>
<b>Cash Flows from Investing Activities</b>		
Purchases of equipment	(19,371)	(13,441)
Purchases of investments	(1,558,606)	(929,315)
Proceeds from sales of investments	<u>1,628,492</u>	<u>959,001</u>
<b>Net Cash Provided by Investing Activities</b>	<u>50,515</u>	<u>16,245</u>
<b>Cash Flows from Financing Activities</b>		
Contributions restricted for future capital expenditures	<u>25,952</u>	<u>--</u>
<b>Net Cash Provided by Financing Activities</b>	<u>25,952</u>	<u>--</u>
<b>Net Change in Cash and Cash Equivalents</b>	72,681	205,062
<b>Cash and Cash Equivalents - Beginning</b>	<u>858,560</u>	<u>653,498</u>
<b>Cash and Cash Equivalents - Ending</b>	<u>\$ 931,241</u>	<u>\$ 858,560</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, 2019 AND 2018

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#### 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 (Deficit) 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 or grantor 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 Association. 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.

##### *LOSS FROM OPERATIONS*

The statements of activities include a loss 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, 2019 AND 2018**

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#### **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, 2019 and 2018 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 or law.

# **SPECIAL OLYMPICS CONNECTICUT, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

### **FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

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#### **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 \$24,313 in 2019 and \$30,726 in 2018, 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.

##### ***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 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 ratably over the period of the grant or based on actual expenses incurred, with any unearned portion recorded as net assets with donor restrictions. 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 asset 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 statement 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, 2019 AND 2018

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#### 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:

	2019	2018
Direct marketing	\$ 383,570	\$ 406,329
Other significant special events:		
Torch run	733,101	579,449
Golf tournaments	393,659	370,143
Penguin plunge	212,344	277,397
50th anniversary gala	--	185,953
Over the Edge	101,049	106,281
All other events	<u>156,340</u>	<u>152,129</u>
	<u>\$ 1,980,063</u>	<u>\$ 2,077,681</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 2019 and 2018.

# SPECIAL OLYMPICS CONNECTICUT, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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#### 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, 2019 and 2018, the Organization recognized donated materials at fair value at the date of the gift in the financial statements of \$728,932 and \$775,515, 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 \$4,494,915 in 2019 and \$4,634,958 in 2018 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, 2019 AND 2018**

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#### **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 position 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, 2019 and 2018, 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 in progress.

##### ***ADVERTISING***

Advertising costs are expensed as incurred. The Organization incurred advertising expenses of \$1,218 and \$14,231 for the years ended December 31, 2019 and 2018, respectively.

##### ***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 2019 or 2018. Employees may make voluntary contributions to the plan up to the maximum amount allowed by the Code.

# **SPECIAL OLYMPICS CONNECTICUT, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

### **FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

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

##### *SUBSEQUENT EVENTS*

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through July 29, 2020, the date the financial statements were available to be issued. Except as disclosed below, there were no subsequent events that require recognition or disclosure in these financial statements.

On March 11, 2020, the World Health Organization declared the coronavirus to be a pandemic. The Organization derives a significant portion of its revenues from contributions and fundraising. As a result of the coronavirus, the Organization needs to continually evaluate its services to ensure the safety of staff and the public. Due to the unknown duration and extent of the pandemic, the Organization is unable to determine the impact the pandemic might have on future operations and financial performance.

In April 2020, the Organization received approval for a loan under the CARES Act Paycheck Protection Program from the Small Business Administration in the amount of \$415,825. The Organization anticipates meeting the loan requirements to qualify resulting in this loan being forgiven, thus turning into a grant in 2020. There can be no assurances the Organization will be able to meet the criteria for loan forgiveness.

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

The Organizations' investment policy allows the allocation of its investments to debt and equity securities and debt, equity and money market mutual funds. As of December 31, 2019 and 2018, funds are invested in mutual funds and money market funds.

# SPECIAL OLYMPICS CONNECTICUT, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

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

	2019	2018
Long-term investments:		
Board designated	\$ 2,001,589	\$ 1,919,512
Donor designated		
Restricted as to time or purpose	4,510,396	4,074,351
Donor-restricted endowment	682,569	644,086
	7,194,554	6,637,949
Unrestricted	549,671	414,375
	\$ 7,744,225	\$ 7,052,324

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

	2019		2018	
	Cost	Fair Value (Level 1)	Cost	Fair Value (Level 1)
Mutual funds:				
International Bonds	\$ 631,025	\$ 618,218	\$ 603,151	\$ 567,042
International Equities	691,467	809,523	726,398	716,247
US Bonds - 1-3 Year	1,720,349	1,714,862	1,203,009	1,153,432
US Bonds - 5-10 Year	979,333	1,007,556	943,754	915,339
US Bonds - High Yield	259,029	248,255	259,029	228,945
US Bonds - Leveraged Loan	292,210	279,028	284,460	263,036
US Bonds - TIPS	136,699	144,190	134,015	133,439
US Equities - Large Cap	1,122,091	1,635,095	1,319,217	1,570,620
US Equities - Mid Cap	285,238	287,349	477,323	475,395
US Equities - Small Cap	66,687	79,853	138,355	133,900
Money market funds	917,074	920,296	891,203	894,929
	\$ 7,101,202	\$ 7,744,225	\$ 6,979,914	\$ 7,052,324

# SPECIAL OLYMPICS CONNECTICUT, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

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

	<u>2019</u>	<u>2018</u>
Beginning of year:		
Cost	\$ 6,979,914	\$ 7,009,423
Fair value	<u>7,052,324</u>	<u>7,571,278</u>
Unrealized appreciation (depreciation)	<u>\$ 72,410</u>	<u>\$ 561,855</u>
End of year:		
Cost	\$ 7,101,202	\$ 6,979,914
Fair value	<u>7,744,225</u>	<u>7,052,324</u>
Unrealized appreciation	<u>\$ 643,023</u>	<u>\$ 72,410</u>

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

	<u>2019</u>	<u>2018</u>
Change in unrealized appreciation	\$ 570,613	\$ (489,445)
Realized gain on investment transactions	191,174	177
Investment income	<u>204,521</u>	<u>208,820</u>
Net investment return	<u>\$ 966,308</u>	<u>\$ (280,448)</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).

# SPECIAL OLYMPICS CONNECTICUT, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

##### *FAIR VALUE MEASUREMENT (CONTINUED)*

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.

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 freely 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, 2019 and 2018.

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

# SPECIAL OLYMPICS CONNECTICUT, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

##### *RISKS AND UNCERTAINTIES*

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.

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

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

	<u>2019</u>	<u>2018</u>
Undesignated	\$ 2,025,655	\$ 1,718,904
Designated by the governing board	2,001,589	1,919,512
Property and equipment, net	<u>37,105</u>	<u>31,163</u>
Total Net Assets Without Donor Restrictions	<u>\$ 4,064,349</u>	<u>\$ 3,669,579</u>

# SPECIAL OLYMPICS CONNECTICUT, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

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

	2019	2018
Subject to Expenditure for Specified Purpose:		
Building fund	\$ 3,110,996	\$ 2,711,712
Local program fund	834,923	839,007
Statewide programs	<u>676,324</u>	<u>692,168</u>
	4,622,243	4,242,887
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>\$ 5,133,016</u>	<u>\$ 4,753,660</u>

The Building Fund will 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.

#### ***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.

# SPECIAL OLYMPICS CONNECTICUT, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

##### *UNIFORM PRUDENT MANAGEMENT OF INSTITUTIONAL FUNDS ACT (CONTINUED)*

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, the fair value of assets associated with individual donor-restricted funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. These deficiencies, which would be reported in unrestricted net assets, can result from unfavorable market fluctuations.

#### 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 September 30, 2020, 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 2019 or 2018.

#### NOTE 6 – LEASES

The Organization leases its headquarters under the terms of a noncancellable operating lease that requires minimum annual rental payments of \$73,340 through December 31, 2023, and \$78,052 through December 31, 2025.

Rent expense amounted to \$70,293 in each of the years ended December 31, 2019 and 2018.

# SPECIAL OLYMPICS CONNECTICUT, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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#### 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, 2019 and 2018, the Organization incurred joint costs of \$589,839 and \$621,535, respectively, for informational materials and activities that included fundraising appeals, among other things.

The joint costs were allocated as follows:

	2019	2018
Fundraising	\$ 350,756	\$ 369,093
Program services:		
Outreach and volunteer	228,855	240,001
Training	787	957
Community Impact, Local and Health Programs	3,147	3,828
Summer Games	2,360	2,871
Holiday Sports Classic	787	957
Winter Games and other	3,147	3,828
	<u>\$ 589,839</u>	<u>\$ 621,535</u>

The Organization engaged an outside contractor to conduct fundraising solicitation and public awareness campaigns. Gross amounts raised were \$72,597 and \$60,747 in 2019 and 2018, respectively. Fees associated with professional fundraisers, included in the joint costs above, were approximately 51 percent in 2019 and 37 percent in 2018 of total funds raised.

# **SPECIAL OLYMPICS CONNECTICUT, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

### **FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

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#### **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, 2019 and 2018, the Organization received \$595,777 and \$628,365, respectively, from SOI cooperative national fundraising projects and incurred expenses of \$100,493 and \$93,515 in 2019 and 2018, 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, 2021. 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, 2019 AND 2018

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#### 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, 2019 and 2018, reduced by amounts that are not available to meet general expenditures within one year of the statement 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.

	2019	2018
Financial Assets at Year-End		
Cash and cash equivalents	\$ 931,241	\$ 858,560
Investments	7,744,225	7,052,324
Unconditional promises to give	<u>599,052</u>	<u>567,657</u>
Total Financial Assets Available at Year-End	9,274,518	8,478,541
Less Contractual or Donor-Imposed Restrictions		
Perpetual endowment	510,773	510,773
Restricted by donors	4,622,243	4,242,887
Board designated	<u>2,001,589</u>	<u>1,919,512</u>
Financial Assets Available to Meet Cash Needs for		
General Expenditures Within One Year	<u>\$ 2,139,913</u>	<u>\$ 1,805,369</u>

**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, 2019, 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 29, 2020.

***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) to determine the 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 an 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 may exist that have not been identified.

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

As part of obtaining reasonable assurance about whether Special Olympics Connecticut, Inc.'s financial statements are free of 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 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 29, 2020

**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 a 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 Compliance Supplement* that could have a direct and material effect on the Organization's major state program for the year ended December 31, 2019. The Organization's major state program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for the Organization's major state program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Organization's compliance.

### ***Opinion on Each Major State Program***

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 its major state program for the year ended December 31, 2019.

### **Report on Internal Control over Compliance**

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for its major state program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's 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 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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, 2019 and have issued our report thereon dated July 29, 2020, 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 29, 2020

**SPECIAL OLYMPICS CONNECTICUT, INC.**

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**

**FOR THE YEAR ENDED DECEMBER 31, 2019**

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State Grantor/Program Title	State Grant Program Core-CT Number	Expenditures
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, 2019**

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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, 2019. 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 PRESENTATION***

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, 2019.

**SPECIAL OLYMPICS CONNECTICUT, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED DECEMBER 31, 2019**

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**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 auditor's 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 programs included in the audit:

<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>

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, 2019**

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

- We issued reports, dated July 29, 2020 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.

### **II. 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 prior year findings.