

AUDITED FINANCIAL STATEMENTS

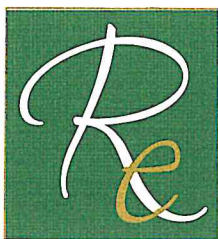
SPECIAL OLYMPICS SOUTH CAROLINA, INC.
Columbia, South Carolina

December 31, 2022

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Audited Financial Statements

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RISH & ENZASTIGA

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Special Olympics South Carolina, Inc.
Columbia, South Carolina

Opinion

We have audited the accompanying financial statements of Special Olympics South Carolina, Inc., which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Special Olympics South Carolina, Inc as of December 31, 2022, and the changes in its net assets and its cash flows for the year 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Special Olympics South Carolina, 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 South Carolina's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a

guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2023, on our consideration of Special Olympic South Carolina, Inc.'s internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with the report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental information, including the schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



May 23, 2023
Lexington, South Carolina

STATEMENTS OF FINANCIAL POSITION
SPECIAL OLYMPICS SOUTH CAROLINA, INC.

December 31, 2022

ASSETS

Current Assets	
Cash and cash equivalents - Note C	\$ 3,923,887
Investments - Note G	3,095,407
Accounts receivable	<u>133,250</u>
Total Current Assets	<u>7,152,544</u>
Property & Equipment, less \$113,843 accumulated depreciation, - Note D	<u>349,887</u>
TOTAL ASSETS	<u><u>\$ 7,502,431</u></u>

LIABILITIES AND NET ASSETS

Liabilities	
Current Liabilities	
Accounts payable	\$ 14,109
Accrued expenses	<u>34,037</u>
Total Current Liabilities	<u>48,146</u>
TOTAL LIABILITIES	<u>48,146</u>
Net Assets	
Without Restrictions	<u>7,454,285</u>
TOTAL NET ASSETS	<u>7,454,285</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 7,502,431</u></u>

STATEMENTS OF ACTIVITIES

SPECIAL OLYMPICS SOUTH CAROLINA, INC.

Year Ended December 31, 2022

Changes in net assets - without restrictions

Revenue

Contributions and grants	\$ 1,409,588
State funds	250,000
Grants	1,281,273
Special events, less \$295,178 in expenses	1,520,926
Investment income	83,651
Unrealized gain/(loss) on investments	(226,244)
Other	<u>414,816</u>

Total Revenue	4,734,010
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Expenses

Program services	3,234,239
Management and general	134,133
Fund raising	<u>224,380</u>

Total Expenses	<u>3,592,752</u>
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INCREASE/(DECREASE) IN NET ASSETS	1,141,258
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Net Assets, Beginning of Year	<u>6,313,027</u>
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NET ASSETS, END OF YEAR	<u><u>\$ 7,454,285</u></u>
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STATEMENTS OF CASH FLOWS

SPECIAL OLYMPICS SOUTH CAROLINA, INC.

Year Ended December 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 1,141,258
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	12,127
Unrealized loss / (gain) on investments	226,244
Investment income	(83,651)
Changes in operating assets and liabilities - increase/(decrease) in cash flow	
Accounts receivable	(133,250)
Accrued expenses	5,839
Accounts payable	8,322

NET CASH PROVIDED BY OPERATING ACTIVITIES 1,176,889

CASH FLOWS FROM INVESTING ACTIVITIES

Investments purchased (1,886,202)

NET CASH FLOWS PROVIDED /(USED)
BY INVESTING ACTIVITIES (1,886,202)

NET CHANGE IN CASH (709,313)

Cash and cash equivalents, Beginning of Year 4,633,200

CASH AND CASH EQUIVALENTS, END OF YEAR \$ 3,923,887

Supplemental Information

- None -

STATEMENT OF FUNCTIONAL EXPENSES
SPECIAL OLYMPICS SOUTH CAROLINA, INC.

Year Ended December 31, 2022

	Program Services	Management and General	Fund Raising	Total
Gross salaries	\$ 910,526	\$ 90,719	\$ 154,273	\$ 1,155,518
Payroll taxes	64,035	7,023	11,568	82,626
Health and dental	89,685	9,836	16,201	115,722
Disability and workers compensation	18,175	1,994	3,283	23,452
Pension - Note E	93,053	10,206	16,810	120,069
Life insurance	5,495	602	993	7,090
Staff development	6,220	-	1,555	7,775
Audit fees	1,644	4,931	-	6,575
Office supplies	5,010	924	308	6,242
Telephone	6,347	793	793	7,933
Postage	2,617	327	327	3,271
General occupancy	13,463	1,683	1,683	16,829
Liability insurance	31,053	3,882	3,882	38,817
Depreciation - Note D	9,701	1,213	1,213	12,127
Special Olympics Intl. Assessment - Note B	59,426	-	-	59,426
Equipment expense	49,052	-	-	49,052
Miscellaneous	59,271	-	-	59,271
Volunteer services	45,128	-	-	45,128
Games and conferences	1,569,140	-	-	1,569,140
Public education / fundraising events - Note A	195,198	-	11,491	206,689
	<u>\$ 3,234,239</u>	<u>\$ 134,133</u>	<u>\$ 224,380</u>	<u>\$ 3,592,752</u>
	<u>90.02%</u>	<u>3.73%</u>	<u>6.25%</u>	<u>100.00%</u>

NOTES TO FINANCIAL STATEMENTS

SPECIAL OLYMPICS SOUTH CAROLINA, INC.

December 31, 2022

NOTE A – OVERVIEW AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting principles followed by Special Olympics South Carolina, Inc. (the Organization) and the methods of applying those principles that materially affect the determination of financial position, changes in net assets and cash flows are summarized below:

Nature of Activities

Special Olympics South Carolina, Inc. is a nonprofit corporation organized under the laws of the State of South Carolina for the purpose of providing training and athletic competition in a variety of Olympic type sports for mentally handicapped individuals. The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The primary sources of revenue for the Organization are contributions from businesses and individuals.

Allocation of Expenses – Program, Management and Fundraising

The costs of providing the various programs and activities have been summarized on the statement of functional expenses. Certain costs have been allocated among the programs and services expenses. Program services consist of the various athletic competitions held throughout the State, Nationally and World games. General and administrative expenses are those not related to a specific program. Payroll and payroll costs are allocated based on the estimated time for each activity.

Cash and Cash Equivalents

For financial statement reporting purposes, the Organization considers all short-term cash investments and other highly liquid investments such as treasury bills, commercial paper and money market funds with a maturity of three months or less to be cash and cash equivalents.

Equipment

Equipment is maintained on the basis of historical cost less accumulated depreciation. Costs of additions and major improvements are capitalized. The costs of assets retired or otherwise disposed and the related accumulated depreciation are eliminated from the accounts. The net book value of assets traded is added to the cost of the replacement asset. Expenditures for maintenance and repairs are charged directly to operations as incurred. Depreciation charged to operations for financial statement reporting is computed on the straight-line method over the estimated useful lives of the respective assets ranging from 5- 39 years.

NOTES TO FINANCIAL STATEMENTS

SPECIAL OLYMPICS SOUTH CAROLINA, INC.

December 31, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--CONTINUED

Revenue Recognition

Donations and allocations from other organizations are recognized as income in the period in which they are received unless they are received under contractual agreement, in which case they are recognized when earned.

A substantial number of volunteers have donated time to the Organization's program services. However, since no objective basis exists for recording and assigning values to their services, they are not reflected in the accompanying financial statements. Similarly, the value of various "in-kind" contributions by individuals and organizations to the Organization's activities, where such contributions are not subject to measurement or control, has not been recorded. Management estimates this amount to be greater than \$600,000 (*unaudited*).

All contributions, donations, and other support are considered available for unrestricted use unless specifically restricted by the donor. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Affiliated Organizations

The accompanying financial statements reflect the accounts of the state organization and all of its affiliates and chapters. All significant inter-organizational accounts and transactions have been eliminated from the financial statements.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS
SPECIAL OLYMPICS SOUTH CAROLINA, INC.

December 31, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—CONTINUED

Accrued Compensated Absences

Absences are accrued at the rate of 3 – 6.7 hours per pay period depending on years of employment with the Organization.

Policy for Bad Debt Allowance

The Organization uses the allowance method for uncollectible amounts and bad debts, where an allowance is recorded for estimated bad debts based on historical averages.

Fair Value

Investments are shown at fair market value based on the last price on the exchange where the equity is traded (Level 1).

Net Asset Presentation

Net Assets, revenue, gains and losses are classified based on the existence of donor or grantor-imposed restrictions. Net Assets without restrictions are available for general operations and not subject to any restrictions. Net Assets with restrictions are subject to the imposed restrictions set when the funds are recorded.

NOTE B – AFFILIATED ORGANIZATIONS

Special Olympics South Carolina, Inc. is accredited annually by the National Organization of Special Olympics, Inc. Accreditation is based on successfully meeting specific organizational, programmatic, and legal requirements. The accreditation allows Special Olympics South Carolina, Inc. to use the Special Olympics name and logo, receive grant support, and participate in conferences and supporting events conducted by Special Olympics, Inc. Special Olympics South Carolina, Inc. received \$987,014 in support from the National Organization through special projects and activities conducted in South Carolina, during the year ended December 31, 2022. Special Olympics South Carolina, Inc. paid \$59,426 to Special Olympics International during the year ended December 31, 2022. Within South Carolina, there are 16 local Special Olympics areas. These local organizations operate under the auspices of Special Olympics South Carolina, Inc. All area programs of the Organization maintain separate operating bank accounts. The accompanying financial statements include the accounts and activities of the local affiliated organizations.

NOTES TO FINANCIAL STATEMENTS

SPECIAL OLYMPICS SOUTH CAROLINA, INC.

December 31, 2022

NOTE C – CASH AND CASH EQUIVALENTS

The Organization has aggregate cash risk of loss at December 31, 2022 in the amount of \$1,110,675 at one commercial institution, \$1,041,383 at a second commercial institution. The cash risk of loss is the concentration of cash held by a financial institution in excess of the \$250,000 Federal Depository Insurance Coverage per financial institution.

NOTE D – PROPERTY, PLANT & EQUIPMENT

The following is a summary of changes in property, plant, and equipment for the year ended December 31, 2022:

	Balance, <u>January 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	Balance, <u>December 31, 2022</u>
Building & Improvements	\$ 422,933	\$ --	\$ --	\$ 422,933
Furniture & Equipment	<u>40,797</u>	<u>--</u>	<u>--</u>	<u>40,797</u>
Accumulated Depreciation	<u>(101,716)</u>	<u>(12,127)</u>	<u>--</u>	<u>(113,843)</u>
Net Equipment	<u>\$ 362,014</u>	<u>\$ (12,127)</u>	<u>\$ --</u>	<u>\$ 349,887</u>

The Organization had \$12,127 in depreciation expense for the year. Land of \$50,000 is a non-depreciable asset. Its value is included in the Building & Improvements asset category.

NOTES TO FINANCIAL STATEMENTS
SPECIAL OLYMPICS SOUTH CAROLINA, INC.

December 31, 2022

NOTE E – COMMITMENTS AND CONTINGENCIES

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the State and Federal Governments. Any disallowed claims, including amounts previously collected, may constitute a liability of the applicable funds. The amount, if any, of expense, which may be disallowed by the grantor cannot be determined at this time. Management expects such amounts to be immaterial.

Liquidity and Availability

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. Currently the Organization has \$7,019,294 available to meet general expenditures within one year.

Subsequent Events

Management has evaluated the effects of any subsequent events through the date of the auditor's report.

Income Taxes

The Organization has been granted tax exempt status under IRS Sec 501 (C) 3. Management has analyzed the tax positions taken by the Organization and has concluded that as of May 23, 2023, there are no uncertain tax positions that would require recognition of a liability (or asset) or disclosure in the financial statements.

The following years are subject to examination by major tax jurisdictions at December 31, 2022.

Federal	2016 - 2022
South Carolina	2016 – 2022

NOTES TO FINANCIAL STATEMENTS
SPECIAL OLYMPICS SOUTH CAROLINA, INC.

December 31, 2022

NOTE F - RETIREMENT PLAN & RETIREMENT EXPENSES

Retirement Plan Description

The Organization has established a retirement plan that covers all full-time employees who have been with the Organization for one year and are 21 years old. The Organization contributes 10% of each eligible employee's gross salary to the plan. A participant's account balance shall be vested upon completion of three years of vesting service, or upon attainment of early retirement age.

Retirement Plan Expenses

The Organization contributes 10% of the gross salary for each eligible employee. Employer contributions to the plan for the year ending December 31, 2022 and December 31, 2021 were \$120,069 & \$113,533, respectively.

NOTE G – INVESTMENTS

All investments are shown at fair market value based on the last price on the exchange where the equity is traded (Level 1). Investments consist of bonds and equities that are traded on a public stock exchange. The Organization's cost basis is the value of the donation on the date the contribution was made or when the investment was purchased. The fair market value at December 31, 2022 was \$3,095,407. The unrealized loss on the investments was \$226,244. Investment income of \$408,413 consists of realized gains, interest and dividends on securities held.

Balance 1/1/2022	\$ 1,381,796
Unrealized loss	(226,244)
Investment income	83,651
Investments purchased	<u>1,856,204</u>
Balance 12/31/2022	<u>\$ 3,095,407</u>

Investment allocation consisted of 52.8% fixed income (\$1,634,375) including Corporate Bonds, US Treasury and Other Governmental Securities and 47.2% equities (\$1,461,032)

NOTE H – ACCRUED COMPENSATED ABSENCES

The Organization had accrued compensation absences of \$20,806 at December 31, 2022.

SUPPLEMENTAL INFORMATION

**RISH AND ENZASTIGA
CERTIFIED PUBLIC ACCOUNTANTS
411 NORTH LAKE DRIVE
LEXINGTON, SC 29072
803-359-9921**

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors
Special Olympics South Carolina, Inc.
Columbia, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Special Olympics South Carolina, Inc., as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements and have issued our report thereon dated May 23, 2023.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

A 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.

A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Rish and Enzastiga
Certified Public Accountants

May 23, 2023
Lexington, South Carolina

**RISH AND ENZASTIGA
CERTIFIED PUBLIC ACCOUNTANTS
411 NORTH LAKE DRIVE
LEXINGTON, SC 29072
803-359-9921**

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

To the Board of Directors
Special Olympics South Carolina Inc
Columbia, South Carolina

Report on Compliance for Each Major Federal Program

We have audited Special Olympics South Carolina's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2022. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Special Olympics South Carolina complied in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

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 audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance 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 federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, 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 Uniform Guidance, 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.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance. Our opinion on each major federal program is not modified with respect to these matters.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 federal 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 federal 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Rish and Enzastiga
Certified Public Accountants

Lexington, South Carolina
May 23, 2023

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

SPECIAL OLYMPICS SOUTH CAROLINA, INC

Year Ended December 31, 2022

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. Department of Education			
Thru SC Department of Education Special Education Grants to States	84.027		\$ 250,000
Thru Special Olympics National Special Education - Special Olympics Education Programs	84.380		<u>590,000</u>
Total U. S. Department of Education			<u>840,000</u>
U. S Department of Health and Human Services			
Thru Special Olympics National Disabilities Prevention	93.184		<u>92,563</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 932,563</u>

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

SPECIAL OLYMPICS SOUTH CAROLINA, INC.

Year ended December 31, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Special Olympics South Carolina, Inc. federal award programs and presents transactions on the accrual basis of accounting.

NOTE 2 – MAJOR PROGRAMS

The Special Education – Special Olympics Education Program was tested as a major program.

NOTE 3 – INDIRECT COST

The Organization has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SPECIAL OLYMPICS SOUTH CAROLINA, INC.

Year Ended December 31, 2022

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued – unmodified

Internal control over financial reporting:

- Material weaknesses identified? ☐ yes ☒ no
- Significant deficiency identified that are not considered to be material weaknesses ☐ yes ☒ no

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? ☐ yes ☒ no
- Significant deficiency identified that are not considered to be material weaknesses? ☐ yes ☒ no

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 the Uniform Guidance ☐ yes ☒ no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.380	Special Education – Special Olympics Program

Dollar threshold used to distinguish between type A and type B programs? \$ 750,000

Auditee qualified as low-risk auditee? ☐ yes ☒ no

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SPECIAL OLYMPICS SOUTH CAROLINA, INC.

Year Ended December 31, 2022

Section II – Financial Statement Findings

No findings noted

Section III – Federal Award Findings and Questioned Costs

No federal awards findings and questioned costs.

Section IV – Schedule of Corrective Action

No schedule of corrective action needed.