

Special Olympics Iowa, Inc.

Communications Letter

December 31, 2020

Preliminary Draft

**Special Olympics Iowa, Inc.
Table of Contents**

Audit Summary	1
Required Communication	2

Preliminary Draft

Audit Summary

Reporting on Financial Statements

Unmodified opinion issued on financial statements.

Non-attest Services

- Assistance with the preparation of the financial statements
- Preparation of the 990 informational return

Preliminary Draft

Required Communication

We have audited the financial statements of Special Olympics Iowa, Inc. (the organization), as of and for the year ended December 31, 2020 and have issued our report thereon dated _____, 2021. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated February 10, 2021, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the organization solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the organization is included in Note 1 to the financial statements. The organization adopted new accounting policies under accounting principles generally accepted in the United States of American related to the Paycheck Protection Program loan and Employee Retention Credits, which were new types of transactions to the organization in 2020. These transactions were accounted for by following Financial Accounting Standards Board Topic 958-605, Revenue Recognition for Not-for-Profit Entities. No authoritative accounting principles are available for these types of transactions, only analogous guidance. Management has applied accounting principles that it believes are applicable in similar situations. We have reviewed this approach and believe it is appropriate in this circumstance. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. The most sensitive estimate affecting the organization's financial statements is management's estimate of functional allocation of expenses which is based on periodic time and expense studies.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the organization's financial statements relate to fair value measurements of investments and endowment disclosures.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. The attached schedule summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Uncorrected and Corrected Misstatements (continued)

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the organization's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in a separate letter dated _____, 2021.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings or Issues

In the normal course of our professional association with the organization, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the organization's auditors.

This report is intended solely for the information and use of the Board of Directors and management of the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Urbandale, Iowa
_____, 2021

**Special Olympics Iowa, Inc.
Summary of Audit Differences
Year Ended December 31, 2020**

	<u>Current Year Effect on Net Income Over (Under) Statement</u>
Statement of activities misstatements:	
None	\$ -
Cumulative effect (before effect of prior year differences)	<u>\$ -</u>
Current year effect of prior years' unadjusted audit differences (These items relate to the timing of recognition)	
2019 contribution recorded in 2020	\$ 6,000
Incorrect amortization of prepaid insurance	(3,580)
Incorrect gain realized from sale of investments	(2,339)
Incorrect investment balance recorded	(2,044)
Unrecorded unconditional grant revenue	4,205
Unrecorded conditional grant revenue earned	<u>12,586</u>
Cumulative effect (after effect of prior year differences)	<u><u>\$ 14,828</u></u>
	<u>Ending Balance Over (Under) Statement</u>
Statement of financial position over (under) statements:	
Total assets	<u>\$ -</u>
Total liabilities	<u>\$ -</u>
Net assets	
Beginning	<u>\$ (14,828)</u>
Ending	<u>\$ -</u>