

Special Olympics Iowa, Inc.

Communications Letter

December 31, 2022

Preliminary Draft

**Special Olympics Iowa, Inc.
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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
- Assistance with implementation of ASC 842

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, 2022 and have issued our report thereon dated May 1, 2023. 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 January 6, 2023, 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 Special Olympics Iowa, Inc.'s internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of Special Olympics Iowa, Inc. 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.

Significant Risks Identified

We have identified the following significant risks:

- Revenue recognition is considered a fraud risk on substantially all audit engagements as it is generally the largest line item impacting the organization's financial position. In addition, complexities exist surrounding the application of Accounting Standards Codification (ASC) 606, which was previously effective, but continues to create complexity as organizations obtain new or modify existing revenue sources.
- Management override of internal control is considered a risk in substantially all engagements as management may be incentivized to produce better results.

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. As described in Note 1, the organization changed accounting policies related to presentation and disclosure of contributed non-financial assets ("in-kind support") by adopting FASB Accounting Standards Update (ASU) No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. There were no significant impacts to the financial statements as a result of this adoption. 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. We have evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements as a whole.

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 also 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 misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

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. There were no material correct misstatements noted.

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 Special Olympics Iowa, Inc.'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 May __, 2023.

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 Special Olympics Iowa, Inc., 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

May __, 2022

Special Olympics Iowa, Inc.
Summary of Audit Differences – Uncorrected Misstatements
Year Ended December 31, 2022

	Current Year Effect on Net Income Over (Under) Statement
Statement of financial position misstatements:	
Right-of-use asset and lease liability	\$ -
Cumulative effect (before effect of prior year differences)	\$ -
Current year effect of prior years' unadjusted audit differences:	
None	\$ -
Cumulative effect (after effect of prior year differences)	\$ -
	Ending Balance Over (Under) Statement
Balance sheet over (under) statements:	
Total assets	\$ 5,075
Total liabilities	\$ (5,075)
Net Assets:	
Beginning	\$ -
Ending	\$ -