



United States
General Accounting Office
Washington, D.C. 20548

Accounting and Information
Management Division

B-278711

160359

April 17, 1998

The Honorable Alfonse M. D'Amato
Chairman
The Honorable Paul S. Sarbanes
Ranking Minority Member
Committee on Banking, Housing, and Urban Affairs
United States Senate

The Honorable James A. Leach
Chairman
The Honorable John J. LaFalce
Ranking Minority Member
Committee on Banking and Financial Services
House of Representatives

Subject: Commemorative Coin Program: The 1995 Special Olympics World Games Organizing Committee, Inc.

Section 303 of Public Law 103-186 required that we perform a one-time audit of the use of commemorative coin surcharge proceeds received by the 1995 Special Olympics World Games Organizing Committee, Inc. The Committee was established in 1992 to plan, organize, finance, and conduct the 1995 Special Olympics World Summer Games. Section 204 of Public Law 103-328 provided that the Committee use the surcharge proceeds from the sale of commemorative coins to (1) provide a world-class sporting event for athletes with mental retardation, (2) demonstrate their extraordinary talents, dedication, and courage, and (3) underwrite the costs of the 1995 games. The Committee ceased operations on December 31, 1995, and was dissolved effective December 31, 1996. Upon its dissolution, the Committee transferred its financial records to Special Olympics International, Inc.¹

¹Special Olympics International, Inc., incorporated in 1968, provides year-round national and international sports training and athletic competition in a variety of Olympic-type sports for people with mental retardation. It annually accredits organizations such as the 1995 Special Olympics World Games Organizing Committee, Inc., to act as affiliates for conducting Special Olympics activities.

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We determined that the Committee received about \$4.4 million in surcharge proceeds from the U.S. Mint from June 1995 through January 1996. The Committee's financial statements were audited for the calendar years ended 1992 through 1996 by independent public accounting firms. Those statements showed that the Committee's total revenues and expenses from all sources were each about \$33.8 million.

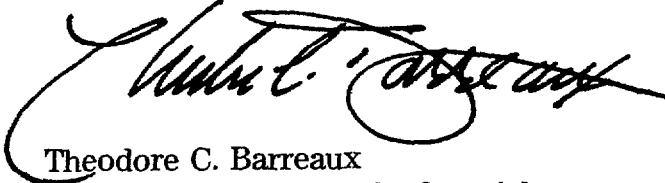
The Committee established a variety of accounts to record its expenses, but was not required to and did not separately account for expenses paid from surcharge proceeds. As a result, we could not determine specifically how the Committee used its surcharge proceeds for the 1995 games. Section 5134 of Title 31, United States Code, as amended by Public Law 104-208, addressed this issue with provisions that now require recipients that received coin surcharge proceeds after September 30, 1996, to (1) separately account for the receipt and expenditure of coin surcharge proceeds and (2) obtain annual financial audits by an independent public accounting firm until all surcharge proceeds received are expended or placed in trust.²

In conducting our work, we obtained direct confirmation from the U.S. Mint of the amount of surcharge proceeds transferred to the Committee. We reviewed the Committee's accounting for surcharge proceeds, traced to source documents certain transactions relating to the 1995 games, and verified that certain expenditures were related to the 1995 games. We also reviewed minutes of the Board of Directors' meetings related to surcharge proceeds. At the conclusion of our work, we provided a draft of this letter to the President of Special Olympics International, Inc. for comment and he had no comments. Our audit was performed from October 1997 through March 1998 in accordance with generally accepted government auditing standards.

²Section 529 of the Treasury, Postal Service, and General Government Appropriations Act, 1997, as enacted by Section 101(f) of Public Law 104-208, the Omnibus Consolidated Appropriations Act, 1997, also repealed Section 303 of Public Law 103-186, effective September 30, 1996.

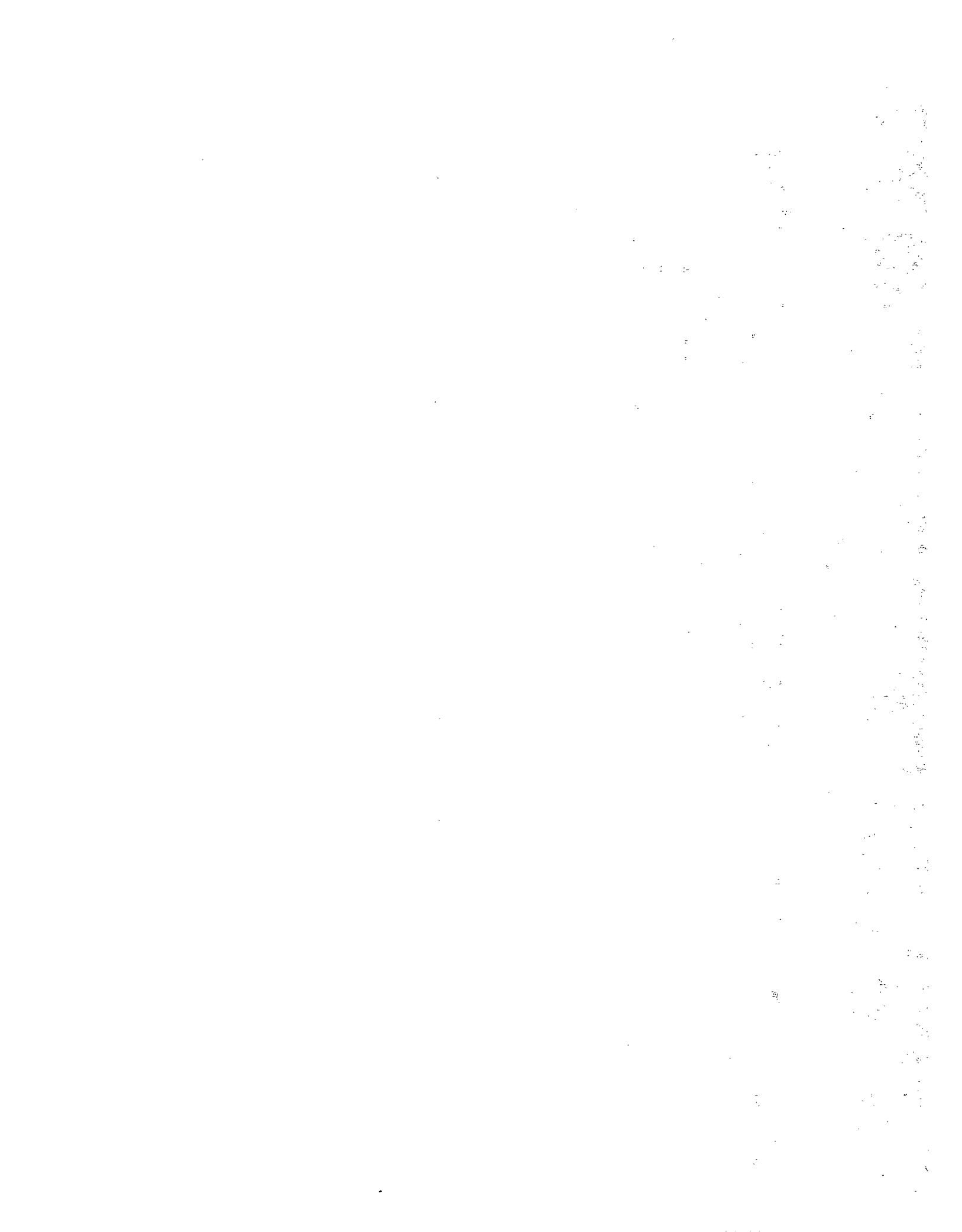
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Copies of this letter are being sent to interested parties and will be made available to others on request. Please contact me at (202) 512-9489 if you or your staffs have any questions about this letter.

A handwritten signature in black ink, appearing to read 'Theodore C. Barreaux', written in a cursive style.

Theodore C. Barreaux
Associate Director, Audit Oversight
and Liaison

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