

Special Olympics Louisiana, Inc.

**Report of Independent Auditors
and
Financial Statements
and
Supplementary Information**

December 31, 2011

Special Olympics Louisiana, Inc.
Table of Contents

Report of Independent Auditors	1
Financial Statements	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6
Supplementary Information	11
Reports Required by Government Auditing Standards	14



REPORT OF INDEPENDENT AUDITORS

The Board of Directors
Special Olympics Louisiana, Inc.

We have audited the accompanying statement of financial position of Special Olympics Louisiana, Inc. (the Organization) as of December 31, 2011, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Special Olympics Louisiana, Inc. at December 31, 2011 and the changes in its net assets, and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards we have also issued a report dated April 26, 2012, on our consideration of Special Olympics Louisiana, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

A handwritten signature in black ink that reads "Carleton & Co CPAs". The signature is written in a cursive, flowing style.

Baton Rouge, Louisiana
April 26, 2012

Special Olympics Louisiana, Inc.
Statement of Financial Position
December 31, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Assets				
Current Assets				
Cash and cash equivalents	\$541,725	\$208,081		\$749,806
Certificates of Deposit	121,699		10,000	131,699
Accounts Receivable	243,055	40,000		283,055
Prepaid Expenses	92,445			92,445
Total Current Assets	998,924	248,081	10,000	1,257,005
Property & Equipment				
Purchased Land	50,000			50,000
Building	190,000			190,000
Equipment	477,157			477,157
Capital Improvements	56,337			56,337
Less Accumulated Depreciation & Amortization	(525,474)			(525,474)
Net Property & Equipment	248,020	0	0	248,020
TOTAL ASSETS	\$1,246,944	\$248,081	\$10,000	\$1,505,025
Liabilities and Net Assets				
Liabilities				
Accounts Payable and Accrued Expenses	\$33,718	\$159,181		\$192,899
Accrued Vacation Payable	44,578			44,578
Total Liabilities	78,296	159,181	0	237,477
Net Assets				
Net Assets	1,168,648	88,900	10,000	1,267,548
Total Net Assets	1,168,648	88,900	10,000	1,267,548
TOTAL LIABILITIES AND NET ASSETS	\$1,246,944	\$248,081	\$10,000	\$1,505,025

See Accompanying Auditor's Report and Notes to Financial Statements

Special Olympics Louisiana, Inc.
Statement of Activities
For the Twelve Months Ending December 31, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue				
Support				
General Contributions	\$412,847	\$125,000		\$537,847
State of Louisiana	258,509			258,509
Fund Raising	1,254,907			1,254,907
Donated Materials and Equipment	141,244			141,244
Donated Services	659,117			659,117
Total Support	2,726,624	125,000	0	2,851,624
Revenue				
Interest Income	4,196			4,196
Total Revenue	4,196	0	0	4,196
Net Assets Released from Restrictions:				
Satisfaction of Usage Restriction	88,088	(88,088)		0
TOTAL SUPPORT AND REVENUE	2,818,908	36,912	0	2,855,820
Expenses				
Program services	1,934,374			1,934,374
Development	739,910			739,910
Administration	158,028			158,028
Total Expenses	2,832,312	0	0	2,832,312
CHANGE IN NET ASSETS	(13,404)	36,912	0	23,508
BEGINNING BALANCE	1,182,052	51,988	10,000	1,244,040
ADJUSTMENTS TO BEGINNING NET ASSETS	0	0	0	0
ENDING NET ASSETS	\$1,168,648	\$88,900	\$10,000	\$1,267,548

See Accompanying Auditor's Report and Notes to Financial Statements

Special Olympics Louisiana, Inc.
Statement of Functional Expenses
For the Twelve Months Ending December 31, 2011

	Program	Development	Administration	TOTAL
Salary Expense	\$302,632	\$170,492	\$73,092	\$546,216
Payroll Taxes	22,809	13,206	5,585	41,600
Employee Retirement	26,197	15,549	(246)	41,500
Employee Insurance	43,347	23,346	6,295	72,988
Other Compensation	302,334		2,690	305,024
Post Retirement Payments			12,000	12,000
Total salaries and related expenses	697,319	222,593	99,416	1,019,328
Activity Supplies	85,062	7,484		92,546
Assessment Fees	38,951			38,951
Audit/Professional Fees	4,900	1,225	2,944	9,069
Direct Fundraising Cost		468,937		468,937
Equipment Maintenance/Rental	24,726	9,784	13,184	47,694
Games Expense	354,642			354,642
Insurance Expense	29,176	996	6,619	36,791
Meetings/Conferences	4,154	3,512	2,399	10,065
Office Expense	8,616	2,306	9,305	20,227
Office Maintenance	3,145	786	2,538	6,469
Postage Expense	8,865	1,215	662	10,742
PR Events/Campaigns	457,337	30		457,367
Rent Expense	3,174			3,174
Telephone Expense	6,990	1,096	2,531	10,617
Travel Expense	183,517	10,409	5,662	199,588
Utilities & Maintenance	6,203	1,564	3,352	11,119
Miscellaneous Expense			2,500	2,500
Total expenses before depreciation	1,916,777	731,937	151,112	2,799,826
Depreciation Expense	17,597	7,973	6,916	32,486
Total Expenses	\$1,934,374	\$739,910	\$158,028	\$2,832,312

See Accompanying Auditor's Report and Notes to Financial Statements

Special Olympics Louisiana, Inc.
Statement of Cash Flows
For the Twelve Months Ending December 31, 2011

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets from Operations	\$23,508
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Provided (Used) by Operating Activities:	
Depreciation & Amortization	31,040
Increase in contributions, grants and fund raising proceeds receivable	(140,094)
Increase in Prepaid and Other Assets	(44,244)
Increase in Accounts Payable	52,369
	(77,421)
Net Assets Used by Operating Activities	(77,421)

CASH FLOWS FROM INVESTING ACTIVITIES

Provided (Used) by Investing Activities:	
Redeemed/Decrease of Certificates of Deposit	99,604
Purchase of Fixed Assets	(13,544)
	86,060
Net Cash Provided By Investing Activities	86,060

NET INCREASE IN CASH AND CASH EQUIVALENTS	8,639
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CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	741,167
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CASH AND CASH EQUIVALENTS AT ENDING OF YEAR	\$749,806
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Special Olympics Louisiana, Inc.
Notes to Financial Statements
December 31, 2011

1 Organization

Special Olympics Louisiana, 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 athletic training and competition for individuals with intellectual disabilities in the State of Louisiana.

To further promote its primary purpose within the State of Louisiana, the Organization created Area programs, of which there are 13, to guide and direct the Special Olympics program throughout the respective geographic areas in accordance with the Organization's stated procedures and policies. Some of the Area programs are further subdivided into Parish/Local programs, which function in the same capacity within the parish or local boundaries. All programs with financial activity are included in the December 31, 2011 financial statements.

2 Significant Accounting Policies

The Organization follows the accounting and financial reporting guidelines set forth in the Standards of Accounting and Financial Reporting for Voluntary Health and Welfare Organizations.

Basis of Presentation

In 1995, Special Olympics Louisiana, Inc. adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets (unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets) based upon the existence or absence of donor-imposed restrictions. As permitted by this new standard, the Organization has discontinued the use of fund accounting and has, accordingly, reclassified its financial statements to present classes of net assets.

The organization also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made." Under SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Cash Equivalents

The Organization considers all highly liquid investments with a maturity date of three months or less when purchased to be cash equivalents.

Permanently Restricted Net Assets

The permanently restricted net assets consist of a certificate of deposit. The endowment was established to fund Organization activities in Acadia Parish. The principal amount is permanently restricted; however, interest income earned may be used by Acadia Parish Special Olympics to fund any activity and, therefore, is recorded in the current unrestricted fund.

Temporarily Restricted Net Assets

The temporarily restricted net assets consist of assets restricted temporarily by donors and for grant expenses not yet incurred. The first category represents the remaining assets for the creation of an Endowment Program. The second category represents the remaining assets from grants received for specific projects.

Special Olympics Louisiana, Inc.
Notes to Financial Statements
December 31, 2011

Real Estate, Buildings, Improvements and Equipment

Real estate, buildings, improvements and equipment are stated at cost, except for donated real estate and equipment, which are recorded at fair market value at date of receipt. Depreciation of buildings and equipment is computed by the straight-line method over the estimated useful lives of the assets, generally two to forty years.

Contributions

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give, due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received.

Allocation of Functional Expenses

The Organization classified expenses into three functions: Program Services, Development and Administration. Program Services includes all expenses directly related to activities and programs, and educating the public about the Organization's programs. Development consists of expenses related to the solicitation of contributions. Administration represents general and administrative costs not directly associated with activities and programs. Certain expenses have been allocated among classifications on the basis of estimates made by the Organization's management.

Income Taxes

The Organization is a tax-exempt, not-for-profit corporation exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501c(3). The Organization is also exempt from Louisiana income taxes.

Donated Materials, Equipment, and Services

The Organization is dependent on donated materials, equipment, and services (In-Kind Donations) for a significant portion of its operations and could not operate in its present form without the donation of such materials, equipment, and services. In-Kind Donations include, among others, athletic equipment for competition and training, food/meals for coaches, athletes, and volunteers at many events, supplies and other materials for basic operations, the free or discounted use of facilities for competition and training, and other services contributed by numerous businesses and individuals. Donated materials and equipment are reflected in the accompanying statements at their estimated values at date of receipt.

Special Olympics Louisiana, Inc.
Notes to Financial Statements
December 31, 2011

Donated Materials, Equipment, and Services (continued)

As part of the In-Kind Donations, the Organization receives various services, on a year-round basis, from individuals who donate their time as Area Directors and Parish Directors for programs and events sponsored by the Organization. The value of the services of the Area Directors is recorded as donated services, based on 25% of the lowest board-approved salary range for this position. The value of the services of the Parish Directors is recorded as donated services, based on 50% of the value calculated for an Area Director.

Before participation in any Special Olympics program at any level, all new athletes are required to have a physical examination, by a licensed examiner, in order to submit an accurate and complete Application for Participation in Special Olympics Louisiana. In certain instances, updated medicals are required, which require a medical examination by a licensed examiner. The medical personnel perform most of these physical examinations at no charge to the Organization. The value of these medical examinations is recorded as donated services.

Periodic services of volunteers needed for games, tournaments, fund raising events and general operations are not reflected in the Statement of Public Support, Revenue, and Expenses since those activities are not subject to a sufficient degree of operating supervision and control by the Organization to enable it to have a proper basis for measuring and recording the value of such services and costs.

All In-Kind Donations are reflected in the Statements of Activities, the Statement of Functional Expenses, and further detailed in the supplemental statement, Statement of Donated Materials, Services and Equipment.

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.

3 Accrued Vacation and Overtime Pay

Employees are allowed to carry forward a maximum of 360 hours of accrued vacation pay. Sick pay does not vest. The amount of accrued vacation as of December 31, 2011, was \$44,578 and is included in Accrued Vacation.

4 Real Estate, Buildings, Improvements and Equipment

At December 31, 2011, the cost of property, improvements, and equipment was follows:

Real Estate	\$50,000
Building	190,000
Capital Improvements	56,357
Equipment	<u>477,157</u>
	773,494
Less accumulated depreciation	<u>(525,474)</u>
	<u>\$248,020</u>

Special Olympics Louisiana, Inc.
Notes to Financial Statements
December 31, 2011

5 Defined Contribution Plan

After one year of employment, salaried employees who work over 1,000 hours are eligible to participate in the Organization's defined contribution plan. Contributions by the Organization to the plan are based on the participants' regular compensation and are funded currently. The Organization's contribution to the plan was \$41,500 for the year ended December 31, 2011 and is reflected in benefits expense in the Statement of Functional Expenses.

6 Fair Value of Financial Instruments

The Organization's financial instruments, none held for trading purposes, include cash and cash equivalents and contributions receivable. The Organization estimates that the fair value of all financial instruments at December 31, 2011, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position.

7 Volunteers

During the year, the Organization recorded approximately 14,000 individuals who gave their time and services to the program in various capacities needed to conduct the year-round activities, for an estimated donation of 136,547 hours, valued at \$2,793,610 for the year. These volunteers are an integral part in the overall success of the program.

8 Related Party Transactions

The Organization utilized the computer services of a company owned by a relative of the President/CEO with approval from the Board of Directors. The Organization paid this company \$2,309 for computer services in 2011 and this company contributed \$950 in computer services during the year, at no cost to the Organization.

9 Contracts and Grants

The Organization entered into several contracts during 2011 in order to fund different programs. Some of these programs are ongoing programs while some were one-time projects for a specific purpose.

State of Louisiana

The Organization entered into contracts with the State of Louisiana to provide \$113,000 and \$250,000 in services for the contract periods ending June 30, 2011 and 2012, respectively.

Donors

In 2011, the Organization entered into contracts with several donors to help fund the Special Olympics Louisiana Healthy Athletes Program, the Special Olympics Louisiana Safety Program, the Special Olympics Louisiana Young Athletes Program and the 2011 Camp Shriver at five locations.

Special Olympics Louisiana, Inc.
Notes to Financial Statements
December 31, 2011

10 Joint Allocation Cost of Telemarketing Fundraising

The Organization contracts for telemarketing services to raise funds for programming as well as to raise awareness of Special Olympics Louisiana, of statewide and local programs, and of year-round activities. In addition to solicitation of funds, the campaigns attempt to identify and recruit eligible athletes, volunteers, and coaches. They educate the public about the benefits of the programs offered by the Organization, and encourage individuals to become involved. The total raised through telemarketing campaigns was \$585,725 for the year. Expenses for the telemarketing campaigns totaled \$376,134 for the year and are allocated to fundraising, program and public education based on the content of the appeal, with the net amount of \$209,591 being retained by the Organization.

11 Fundraising Events

The organization's revenue and expense for Fundraising Events in 2011 is as follows:

	<u>Revenue</u>	<u>Expense</u>
Telemarketing Fundraising	585,725	141,086
LETR (Torch Run) Fundraising	246,465	42,975
ScholarWise Raffle	94,400	186,839
All Other Fundraising projects	328,317	98,037
Total All Projects	<u>1,254,907</u>	<u>468,937</u>

12 No Concentration of Credit Risk

The cash funds shown on the Statement of Financial Position do not contain any concentration of credit risk in that the amounts do not exceed the federally insured limits.

Supplementary Information



REPORT ON SUPPLEMENTAL INFORMATION

The Board of Directors
Special Olympics Louisiana, Inc.

Our report on our audit of the basic financial statements of Special Olympics Louisiana, Inc. appears on page 1. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements taken as a whole. The Statement of Donated Materials, Services and Equipment is presented for the purposes of additional analysis and are 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.

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Baton Rouge, Louisiana
April 26, 2012

Special Olympics Louisiana
Statement of Donated Materials, Services and Equipment
For the Twelve Months Ending December 31, 2011

	Chapter	Areas	Parishes	TOTAL
Expenses				
Other Compensation	\$289,512			\$289,512
Activity Supplies	3,196	5,406	100	8,702
Direct Fundraising Cost	95,957			95,957
Games Expense	190,732	52,659	6,906	250,297
Meetings/Conferences	657			657
Office Expense	27			27
Office Maintenance	40			40
PR Events/Campaigns	116,174			116,174
Rent Expense		720		720
Travel Expense	537	37,738		38,275
Total Expenses	\$ 696,832	\$ 96,523	\$ 7,006	\$ 800,361

**Reports Required
By
Government Auditing Standards**



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 Louisiana, Inc.

We have audited the financial statements of Special Olympics Louisiana, Inc. as of and for the year ended December 31, 2011, and have issued our report thereon dated April 26, 2012. We conducted our audit 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Special Olympics Louisiana, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

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 misstatements on a timely basis. 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 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 deficiencies, 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Special Olympics Louisiana, Inc.'s financial statements are free of material misstatements, 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 test disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Carleton & Co CPAs".

Baton Rouge, Louisiana
April 26, 2012

Special Olympics Louisiana
Schedule of Findings and Questioned Costs
For the Year Ending December 31, 2011

A. Summary of Audit Results

Financial Statements

Type of auditor's report issued: **Unqualified**

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified not considered to be material weaknesses? _____ Yes X No

Noncompliance material to the financial statements noted? _____ Yes X No

Federal Awards

Special Olympics Louisiana did not expend in excess of \$500,000 in federal financial assistance during the year ended December 31, 2011 and therefore, is exempt from the audit requirements of Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

B. Findings - Financial Statement Audit

None

C. Prior Year Financial Statement Findings

None