

Special Olympics Louisiana, Inc.**Report of Independent Auditors
and
Financial Statements
and
Supplementary Information****December 31, 2010**

Under provisions of state law this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 9/7/11

Special Olympics Louisiana, Inc.
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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, 2010, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, 2010 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 June 15, 2011, 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".

Baton Rouge, Louisiana
June 15, 2011

Special Olympics Louisiana, Inc.
Statement of Financial Position
December 31, 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Assets				
Current Assets				
Cash and cash equivalents	\$604,179	\$136,988		\$741,167
Certificates of Deposit	221,303		10,000	231,303
Accounts Receivable	107,754	35,000		142,754
Interest Receivable	208			208
Prepaid Expenses	48,201			48,201
Total Current Assets	981,645	171,988	10,000	1,163,633
Property & Equipment				
Purchased Land	50,000			50,000
Building	190,000			190,000
Equipment	466,510			466,510
Capital Improvements	53,440			53,440
Less Accumulated Depreciation & Amortization	(494,435)			(494,435)
Net Property & Equipment	265,515	0	0	265,515
TOTAL ASSETS	\$1,247,160	\$171,988	\$10,000	\$1,429,148
Liabilities and Net Assets				
Liabilities				
Accounts Payable and Accrued Expenses	\$21,976	\$120,000		\$141,976
Accrued Vacation Payable	43,132			43,132
Total Liabilities	65,108	120,000	0	185,108
Net Assets				
Net Assets	1,182,052	51,988	10,000	1,244,040
Total Net Assets	1,182,052	51,988	10,000	1,244,040
TOTAL LIABILITIES AND NET ASSETS	\$1,247,160	\$171,988	\$10,000	\$1,429,148

See Accompanying Auditor's Report and Notes to Financial Statements

Special Olympics Louisiana, Inc.
Statement of Activities
For the Twelve Months Ending December 31, 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue				
Support				
General Contributions	\$353,216	\$100,000		\$453,216
State of Louisiana	97,660	20,000		117,660
Fund Raising	1,310,775			1,310,775
Donated Materials and Equipment	116,841			116,841
Donated Services	609,806			609,806
Total Support	2,488,298	120,000	0	2,608,298
Revenue				
Registration Fees	399			399
Interest Income	12,018			12,018
Total Revenue	12,417	0	0	12,417
Net Assets Released from Restrictions:				
Satisfaction of Usage Restriction	209,149	(209,149)		0
TOTAL SUPPORT AND REVENUE	2,709,864	(89,149)	0	2,620,715
Expenses				
Program services	1,869,286			1,869,286
Development	1,198,318			1,198,318
Administration	182,545			182,545
Total Expenses	3,250,149	0	0	3,250,149
CHANGE IN NET ASSETS	(540,285)	(89,149)	0	(629,434)
BEGINNING BALANCE	1,722,337	141,137	10,000	1,873,474
ADJUSTMENTS TO BEGINNING NET ASSETS	0	0	0	0
ENDING NET ASSETS	\$1,182,052	\$51,988	\$10,000	\$1,244,040

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, 2010

	Program	Development	Administration	TOTAL
Salary Expense	\$353,268	\$207,254	\$79,794	\$640,316
Payroll Taxes	28,108	16,455	6,225	50,788
Employee Retirement	31,826	16,337	6,539	54,702
Employee Insurance	49,717	25,580	5,470	80,767
Other Compensation	335,189	7,399	2,846	345,434
Post Retirement Payments			12,000	12,000
Total salaries and related expenses	798,108	273,025	112,874	1,184,007
Activity Supplies	134,056	3,739		137,795
Assessment Fees	36,624			36,624
Audit/Professional Fees	4,373	1,877	7,917	14,167
Direct Fundraising Cost		811,997		811,997
Equipment Maintenance/Rental	15,970	15,338	16,686	47,994
Games Expense	273,490	43		273,533
Insurance Expense	28,725	1,135	6,311	36,171
Meetings/Conferences	15,613	4,830	5,304	25,747
Office Expense	11,735	3,066	11,006	25,807
Office Maintenance	4,225	1,154	3,723	9,102
Postage Expense	3,814	8,318	1,346	13,478
PR Events/Campaigns	313,348	31,463		344,811
Rent Expense	3,494	1,485		4,979
Telephone Expense	8,003	2,658	2,468	13,129
Travel Expense	189,560	24,462	1,666	215,688
Utilities & Maintenance	7,143	4,051	3,358	14,552
Total expenses before depreciation	1,848,281	1,188,641	172,659	3,209,581
Depreciation Expense	21,005	9,677	9,886	40,568
Total Expenses	\$1,869,286	\$1,198,318	\$182,545	\$3,250,149

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, 2010

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets from Operations	(\$629,434)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Provided (Used) by Operating Activities:	
Depreciation & Amortization	34,908
Decrease in contributions, grants and fund raising proceeds receivable	22,328
Decrease in Prepaid and Other Assets	44,686
Increase in Accounts Payable	<u>107,929</u>
Net Assets Used by Operating Activities	<u>(419,583)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Provided (Used) by Investing Activities:	
Redeemed/Decrease of Certificates of Deposit	397,661
Purchase of Fixed Assets	<u>(8,952)</u>
Net Cash Provided By Investing Activities	<u>388,709</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS	(30,874)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>772,041</u>
CASH AND CASH EQUIVALENTS AT ENDING OF YEAR	<u><u>\$741,167</u></u>

See Accompanying Auditor's Report and Notes to Financial Statements

Special Olympics Louisiana, Inc.

Notes to Financial Statements

December 31, 2010

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, 2010 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, 2010

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, 2010

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, 2010, was \$43,132 and is included in Accrued Vacation.

4 Real Estate, Buildings, Improvements and Equipment

At December 31, 2010, the cost of property, improvements, and equipment was follows:

Real Estate	\$50,000
Building	190,000
Capital Improvements	53,440
Equipment	<u>466,510</u>
	759,950
Less accumulated depreciation	<u>(494,435)</u>
	<u>\$265,515</u>

Special Olympics Louisiana, Inc.
Notes to Financial Statements
December 31, 2010

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 \$54,702 for the year ended December 31, 2010 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, 2010, 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 12,200 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 133,141 hours, valued at \$2,775,990 for the year. These volunteers are an integral part in the overall success of the program.

8 Related Party Transactions

The Organization purchased, with approval from the Board of Directors, \$982 of trophies, awards and plaques from Land of Sports-Trophies and Awards, a company owned by the President/CEO. In addition, Land of Sports-Trophies and Awards contributed \$6,037 trophies, awards and plaques during the year, at no cost to the Organization. The Organization must obtain competitive bids, prior to trophy and plaque purchases, regardless of the amount, and is required to choose the lowest bid, while still maintaining the quality previously received from other similar companies. The Organization purchased \$14,661 of trophies, awards and plaques from other companies in 2010.

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 \$2,013 for computer services in 2010 and this company contributed \$1,856 in computer services during the year, at no cost to the Organization.

9 Contracts and Grants

The Organization entered into several contracts during 2010 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 \$293,000 and \$113,000 in services for the contract periods ending June 30, 2010 and 2011, respectively.

Donors

In 2010, 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 2010 Camp Shriver at five locations.

Special Olympics Louisiana, Inc.
Notes to Financial Statements
December 31, 2010

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 \$633,493 for the year. Expenses for the telemarketing campaigns totaled \$407,309 for the year and are allocated to fundraising, program and public education based on the content of the appeal, with the net amount of \$226,184 being retained by the Organization.

11 ScholarWise Fundraising Raffle

In June 2009, Special Olympics Louisiana, Inc. engaged ScholarWise, LLC to develop an education scholarship raffle as a new fundraising venture in 2010. The tickets sold were for the chance to win a \$120,000 education scholarship. For the 2010 event, ticket sales and other revenue for the event totaled \$78,000. In addition to the start up costs, the Organization incurred \$229,000 operating costs and \$120,000 prize costs. The estimated net cash outflow for the fundraiser was \$373,000.

At the conclusion of the 2010 event, the Organization decided to continue with the project for another year. As of the issuance date of the report, June 15, 2011, the Organization has incurred an estimated \$89,000 operating costs and \$120,000 prize costs. Ticket sales as of the issuance date of the report are \$95,000. The estimated net cash outflow for the fundraiser as of the report issuance date is \$114,000. Special Olympics Louisiana, Inc. continues to recognize that a project of this size will take more than a few cycles to result in positive net cash outlays and continues to build on the experience of these two years to that effect. As evidenced by some of the changes made to the project from the first year to the second year, ticket sales increased and expenses were decreased.

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.

Carleton & Co CPAs

Baton Rouge, Louisiana
June 15, 2011

Special Olympics Louisiana
Statement of Donated Materials, Services and Equipment
For the Twelve Months Ending December 31, 2010

	<u>Chapter</u>	<u>Areas</u>	<u>Parishes</u>	<u>TOTAL</u>
Expenses				
Other Compensation	\$327,257	\$77	\$1,581	\$328,915
Activity Supplies	6,055	6,100		12,155
Direct Fundraising Cost	126,343	1,416		127,759
Games Expense	79,653	73,525	7,560	160,738
Meetings/Conferences	3,099	100		3,199
Office Expense	177	300		477
Office Maintenance	96			96
PR Events/Campaigns	50,862	950		51,812
Rent Expense	1,485			1,485
Travel Expense	9,278	28,723		38,001
Utilities & Maintenance	1,125			1,125
Total Expenses	<u>\$ 605,430</u>	<u>\$ 111,191</u>	<u>\$ 9,141</u>	<u>\$ 725,762</u>

See Accompanying Auditor's Report and Notes to Financial Statements

**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, 2010, and have issued our report thereon dated June 15, 2011. 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 control deficiency 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 significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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, and is not intended to be and should not be used by anyone other than these specified parties.

Baton Rouge, Louisiana
June 15, 2011

Special Olympics Louisiana
Schedule of Findings and Questioned Costs
For the Year Ending December 31, 2010

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, 2009 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