

SPECIAL OLYMPICS LOUISIANA, INC.
HAMMOND, LOUISIANA
FINANCIAL STATEMENTS
DECEMBER 31, 2012

F. C. SCHNEIDER, CPA, LLC
A Public Accounting Firm
Baton Rouge, Louisiana

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Special Olympics Louisiana, Inc.
Baton Rouge, Louisiana

I have audited the accompanying financial statements of Special Olympics Louisiana, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements:

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also

includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion:

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Special Olympics Louisiana, Inc. as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards:

In accordance with *Government Auditing Standards*, I have also issued my report dated June 27, 2013, on my consideration of Special Olympics Louisiana, Inc.'s internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Special Olympics Louisiana, Inc.'s internal control over financial reporting and compliance.

J. C. Schneider, CPA, LLC

June 27, 2013

SPECIAL OLYMPICS LOUISIANA, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2012

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 640,941
Cash and cash equivalents - restricted	227,547
Certificates of deposit	122,096
Certificates of deposit - restricted	10,000
Accounts receivable	284,662
Prepaid expense	45,122

1,330,368

PROPERTY AND EQUIPMENT (NET)

243,234

TOTAL ASSETS

\$ 1,573,602

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 136,063
Payroll liabilities	70,909

TOTAL LIABILITIES

206,972

NET ASSETS

Unrestricted	1,095,336
Unrestricted - Board designated	-
Temporarily restricted	261,294
Permanently restricted	10,000

TOTAL NET ASSETS

1,366,630

TOTAL LIABILITIES AND NET ASSETS

\$ 1,573,602

See accompanying notes

SPECIAL OLYMPICS LOUISIANA, INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
SUPPORT AND REVENUES				
Fundraising revenues	\$ 1,125,391	\$ -	\$ -	\$ 1,125,391
Contributions	469,603	348,000	-	817,603
Government grant	210,250	-	-	210,250
Donated services	601,489	-	-	601,489
Donated materials	51,136	-	-	51,136
Registration fees	4,662	-	-	4,662
Interest income	2,496	-	-	2,496
Changes in net asset restrictions:				
Released from restrictions	175,606	(175,606)	-	-
	<u>2,640,633</u>	<u>172,394</u>	<u>-</u>	<u>2,813,027</u>
EXPENSES				
Program expenses	1,912,462	-	-	1,912,462
Fundraising	597,491	-	-	597,491
General and administrative	184,625	-	-	184,625
	<u>2,694,578</u>	<u>-</u>	<u>-</u>	<u>2,694,578</u>
Changes in net assets	(53,945)	172,394	-	118,449
NET ASSETS				
Beginning of year, restated	1,149,281	88,900	10,000	1,248,181
End of year	<u>\$ 1,095,336</u>	<u>\$ 261,294</u>	<u>\$ 10,000</u>	<u>\$ 1,366,630</u>

See accompanying notes

SPECIAL OLYMPICS LOUISIANA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2012

	<u>Program</u>	<u>Fundraising</u>	<u>General & Administrative</u>	<u>Total</u>
Salary expense	\$ 322,738	\$ 201,336	\$ 98,877	\$ 622,951
Payroll taxes	26,059	15,254	7,975	49,288
Employee retirement	23,040	15,961	6,983	45,984
Employee insurance	45,837	21,751	8,307	75,895
Other compensation	18,159	874	145	19,178
Post retirement payments	-	-	12,000	12,000
Activity supplies	138,142	5,657	-	143,799
Assessment fees	43,205	-	-	43,205
Audit/professional fees	6,040	1,260	2,700	10,000
Depreciation expense	13,919	6,071	4,676	24,666
Direct fundraising cost	-	238,355	-	238,355
Equipment maintenance/rental	18,703	11,697	13,070	43,470
Games expense	135,317	473	-	135,790
Insurance expense	28,520	936	6,627	36,083
Meetings/conferences	13,601	4,681	128	18,410
Office expense	8,559	3,387	12,093	24,039
Office maintenance	4,000	797	2,081	6,878
Postage expense	4,075	2,230	1,839	8,144
PR events/campaigns	302,360	-	-	302,360
Rent expense	3,229	-	-	3,229
Telephone expense	8,017	1,228	2,845	12,090
Travel Expense	137,765	17,449	1,066	156,280
Utilities & maintenance	5,393	1,421	3,045	9,859
Donated Services	574,647	26,842	-	601,489
Donated Materials	31,137	19,831	168	51,136
	<u>\$ 1,912,462</u>	<u>\$ 597,491</u>	<u>\$ 184,625</u>	<u>\$ 2,694,578</u>

See accompanying notes

SPECIAL OLYMPICS LOUISIANA, INC.
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2012

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 118,449
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	24,666
Changes in operating assets and liabilities:	
Accounts receivable	(1,607)
Prepaid expenses	47,323
Accounts payable	(56,836)
Payroll liabilities	6,964
	138,959

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of fixed assets	(19,880)
Purchase of certificates of deposits	(397)
	(20,277)

NET INCREASE IN CASH AND CASH EQUIVALENTS 118,682

CASH AND CASH EQUIVALENTS

Beginning of the year	749,806
End of the year	\$ 868,488

RECONCILIATION OF CASH AND CASH EQUIVALENTS

Cash and cash equivalents, unrestricted	640,941
Cash and cash equivalents, restricted	227,547
	\$ 868,488

DISCLOSURE OF NON-CASH ITEMS

In-kind donations to the Organization	\$ 652,625
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See accompanying notes

SPECIAL OLYMPICS LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

A: SIGNIFICANT ACCOUNTING POLICIES

Organization and operations:

Special Olympics Louisiana, Inc. (the Organization or SOLA) is a nonprofit corporation authorized and accredited by Special Olympics, Incorporated (SOI). The Organization was established in 1968 to provide year-round sports training and athletic competition in a variety of Olympic-type sports for all children and adults with intellectual disabilities, giving them continuing opportunities to develop physical fitness, demonstrate courage, experience joy, and participate in a sharing of gifts, skills and friendship with their families, other Special Olympics athletes and the community. Currently, more than 13,700 children and adults with intellectual disabilities in Louisiana participate in more than 100 statewide competitions. The accompanying financial statements include the activities of the Special Olympics Louisiana, Inc. headquarters (accredited US program office) and all affiliated units located throughout Louisiana. All Louisiana affiliated units are owned and operated under the direction of the Organization's chapter office.

Financial statement presentation:

SOLA reports 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, which are described as follows:

Unrestricted Net Assets are net assets that are not subject to donor-imposed stipulations and are available for use at the organization's discretion.

Temporarily Restricted Net Assets are net assets subject to donor-imposed stipulations that may or will be met, either by actions of the organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets are net assets subject to donor-imposed stipulations that the organization maintain the contribution permanently. Generally, the donors of these assets permit the organization to use all or part of the income earned on any related investments for general or specific purposes.

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

A: SIGNIFICANT ACCOUNTING POLICIES (Continued)

estimates.

Revenue Recognition:

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.

In-kind contributions are reflected as contributions at their estimated fair value at the date of donation. The Organization reports gifts of land, buildings, equipment and other nonmonetary contributions as unrestricted support unless explicit donor stipulations specify how the donated assets must be used.

Revenue from grants and contracts are recognized according to the specific agreement. Generally, revenues from grants are recognized in the period of the grant award while revenues from cost reimbursement contracts are recognized to the extent of services provided.

Cash and Cash Equivalents:

For purposes of the statements of cash flows, SOLA considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The only cash equivalents held by SOLA during 2012 were money market accounts.

Receivables:

Management believes that receivables as reflected in the accompanying financial statements are collectible in full therefore no allowance has been recorded.

Functional Allocation of Expenses:

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Tax-exempt status:

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Accrued Leave:

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, 2012, was \$43,471 and is included in payroll liabilities.

A: SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pension plan:

The Organization has a defined contribution pension plan, which covers all permanent employees that have completed one year of service. Contributions are made to the plan at 9% of the participants' gross salaries and an additional 1% matching contribution. Retirement expense was \$ 41,500 for the year ended December 31, 2012.

These assets are held in the trust fund established under the Plan; the trust fund is independent of SOLA. The responsibility for administration of the Plan is with the Mutual of America.

Advertising:

SOLA follows the policy of charging the costs of advertising to expense as incurred. Advertising expense amounted to \$37,750 for the year ended December 31, 2012.

B: PROPERTY

Property and equipment, related service lives, and accumulated depreciation as of December 31, 2012 were as follows:

	Estimated Service Lives	
Land	-	\$ 50,000
Buildings	10 - 40 years	256,969
Furniture and equipment	2 - 10 years	403,441
		<hr/>
		710,410
Accumulated depreciation		(467,176)
		<hr/>
		<u>\$ 243,234</u>

Depreciation expense was \$24,666 for the year ended December 31, 2012.

C: NET ASSETS

Temporarily restricted net assets at December 31, 2012 are available for specific programs to support the Organization in the following areas:

C: NET ASSETS (Continued)

Project Unify	\$ 195,820
Healthy Athletes Program	20,000
Wellness & Activity Program	10,000
Military Programs	31,574
Endowment Establishment Fund	3,900
	<u>\$ 261,294</u>

Net assets released from restrictions by incurring program related expenses were as follows:

Project Unify	\$ 119,180
Healthy Athletes Program	20,000
Wellness & Activity Program	25,000
Military Programs	11,426
	<u>\$ 175,606</u>

Permanently restricted net assets of \$10,000 at December 31, 2012 are restricted to investment in perpetuity, the income from which is expendable to support the activities in Acadia Parish

D: DONATED SERVICES, MATERIALS AND EQUIPMENT

Donated Services:

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.

D: DONATED SERVICES, MATERIALS AND EQUIPMENT (Continued)

Donated services recorded in the financial statements are as follows:

	<u>Program</u>	<u>Fundraising</u>	<u>General & Administrative</u>	<u>Total</u>
Other Compensation	\$ 334,955			\$ 334,955
Activity Supplies		250		250
Direct fundraising cost		20,100		20,100
Games expense	167,235			167,235
Meetings/conferences	275	5,183		5,458
PR Events/campaigns	41,274			41,274
Travel expense	30,908	1,309		32,217
	<u>\$ 574,647</u>	<u>\$ 26,842</u>	<u>\$ -</u>	<u>\$ 601,489</u>

Many individuals volunteer their time and perform a variety of tasks that assist the Organization in the performance of its programs, but these services do not meet the criteria for recognition as contributed services and as such, are not recorded in the financial statements. SOLA estimates it received 136,500 hours from approximately 14,000 individuals. These volunteers are an integral part in the overall success of the Organization's programs.

Donated Materials & Equipment:

Donated materials recorded in the financial statements are as follows:

	<u>Program</u>	<u>Fundraising</u>	<u>General & Administrative</u>	<u>Total</u>
Activity Supplies	\$ 3,949	\$ 3,372		\$ 7,321
Direct fundraising cost		16,459		16,459
Games expense	18,235			18,235
Office Expense			168	168
PR Events/campaigns	3,510			3,510
Travel expense	5,443			5,443
	<u>\$ 31,137</u>	<u>\$ 19,831</u>	<u>\$ 168</u>	<u>\$ 51,136</u>

E: RELATED PARTY

Special Olympics Inc. (SOI) distributes mailings to individuals requesting contributions on behalf of the Organization. SOI also collects contributions from its website and through other fundraising initiatives on behalf of the Organization. SOI also awards grants to the Organization. Total revenue from SOI recognized during the year ending December 31, 2012 was \$499,328 of which \$149,301 was in accounts receivable at December 31, 2012.

E: RELATED PARTY (Continued)

The Organization recorded accreditation fees and other various payments to SOI of \$42,212 for the year ending December 31, 2012.

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 \$4,129 for computer services in 2012. In turn, this company contributed \$2,540 in computer services during the year, at no cost to the Organization.

F: JOINT COST ALLOCATION

The Organization accounts for all joint activity costs in accordance with FASB ASC 958-720-20, Accounting for Costs of Activities of Not-For Profit Organizations and State and Local Governmental Entities That Include Fund Raising. This statement requires that certain criteria be met before joint activity costs are allocated between functions. If the criteria are not met, all joint activity costs are considered fund raising costs.

Joint cost activity related to telemarketing costs for volunteer recruitment, athlete recruitment and support of programs in the amounts of \$387,011 for the year ended December 31, 2012 and have been allocated as follows:

Programs and games	\$ 243,817
Fundraising	143,194
	<u>\$ 387,011</u>

G: ECONOMIC DEPENDENCY

The Organization derived approximately 9% of its contributions under a corporate and residential outreach program contracts with a national marketing agency for the year ended December 31, 2012.

The Organization derived approximately 9% of its revenues from governmental sources as earned revenue or grants for the year ended December 31, 2012.

A significant reduction in these levels of support if it were to occur could have a significant effect on the Organization's programs and activities.

H: CONCENTRATION OF CREDIT RISK

Financial instruments which subject SOLA to concentrations of credit risk consist primarily of receivables. In addition, SOLA maintains cash in local and regional financial institutions, which, may, at times, exceed the FDIC limits. Management believes the risk is limited.

I: CONTINGENCIES

The Organization receives contracts from state and non-profit agencies for specific purposes that are subject to audit by the agencies. Such audits could lead to requests for reimbursement to the agency for expenditures disallowed under terms of the contract. It is the opinion of management that SOLA's compliance with the terms of contracts will result in negligible, if any, disallowed costs.

J: SUBSEQUENT EVENTS

In preparing these financial statements, SOLA has evaluated events and transactions for potential recognition or disclosure through June 27, 2013, the date the financial statements were available to be issued.

K: PRIOR PERIOD ADJUSTMENT

During 2012, a correction of an error was recorded to restate a previously reported amount. The correction resulted in a reduction of \$19,367 to previously reported unrestricted net assets as of December 31, 2011. The prior period adjustment was the result of not accruing certain payroll expenses at the end of 2011.

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**INDEPENDENT AUDITOR'S 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 of
Special Olympics Louisiana, Inc.
Baton Rouge, Louisiana

I have audited, in accordance with the 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, the financial statements of Special Olympics Louisiana, Inc. (SOLA), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated June 27, 2013.

Internal Control Over Financial Reporting:

In planning and performing my audit of the financial statements, I considered SOLA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SOLA's internal control. Accordingly, I do not express an opinion on the effectiveness of SOLA's internal control.

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 and correct, 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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material

weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters:

As part of obtaining reasonable assurance about whether SOLA's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report:

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

J. C. Schneider, CPA, LLC

June 27, 2013

SPECIAL OLYMPICS LOUISIANA, INC.
SUMMARY OF FINDINGS AND RESPONSES
December 31, 2012

No findings noted

SPECIAL OLYMPICS LOUISIANA, INC.
SUMMARY OF PRIOR YEAR FINDINGS AND RESPONSES
December 31, 2012

No findings noted