

Special Olympics Wisconsin, Inc.

Madison, Wisconsin

Financial Statements

Years Ended December 31, 2011 and 2010

Special Olympics Wisconsin, Inc.

Financial Statements

Years Ended December 31, 2011 and 2010

Table of Contents

Independent Auditor’s Report 1

Financial Statements

 Statements of Financial Position2

 Statements of Activities.....3

 Statements of Functional Expenses4

 Statements of Cash Flows6

 Notes to Financial Statements7



Independent Auditor's Report

Board of Directors
Special Olympics Wisconsin, Inc.
Madison, Wisconsin

We have audited the accompanying statements of financial position of Special Olympics Wisconsin, Inc. (a nonprofit organization) as of December 31, 2011 and 2010, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of Special Olympics Wisconsin, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material 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 audits provide 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 Wisconsin, Inc. as of December 31, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

A handwritten signature in dark ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

May 18, 2012
Madison, Wisconsin

Special Olympics Wisconsin, Inc.

Statements of Financial Position

December 31, 2011 and 2010

<i>Assets</i>	2011	2010
Current assets:		
Cash and cash equivalents	\$ 1,452,142	\$ 1,487,398
Contributions receivable	46,459	166,180
Prepaid expenses	38,297	38,528
Total current assets	1,536,898	1,692,106
Investments	1,707,285	1,939,146
Property and equipment	175,089	172,489
Accumulated depreciation	(137,688)	(129,453)
Equipment, net	37,401	43,036
TOTAL ASSETS	\$ 3,281,584	\$ 3,674,288
<i>Liabilities and Net Assets</i>		
Current liabilities:		
Accounts payable	\$ 26,230	\$ 44,444
Accrued vacation	92,683	84,546
Total current liabilities	118,913	128,990
Net assets:		
Unrestricted	1,997,109	2,370,060
Unrestricted - Board designated	1,000,000	1,000,000
Total unrestricted net assets	2,997,109	3,370,060
Temporarily restricted net assets	145,267	155,643
Permanently restricted net assets	20,295	19,595
Total net assets	3,162,671	3,545,298
TOTAL LIABILITIES AND NET ASSETS	\$ 3,281,584	\$ 3,674,288

See accompanying notes to financial statements.

Special Olympics Wisconsin, Inc.

Statements of Activities

Years Ended December 31, 2011 and 2010

	2011	2010
Changes in unrestricted net assets:		
Public support and revenue:		
Public support:		
Contributions	\$ 2,260,266	\$ 2,373,412
Fund-raising	3,184,203	3,451,491
Total public support	5,444,469	5,824,903
Revenue:		
Registration fees	73,338	76,173
Investment income (loss)	(12,482)	214,619
Agency	1,046,755	885,725
Other	3,889	1,069
Total revenue	1,111,500	1,177,586
Net assets released from restriction through satisfaction of program restrictions	155,643	289,462
Total public support and revenue	6,711,612	7,291,951
Expenses:		
Program activities:		
Public education	614,250	650,675
Training	1,649,067	1,579,258
Games and competition	1,489,274	1,619,031
Outreach	321,785	217,665
Agency	750,614	730,471
Total program services	4,824,990	4,797,100
Support services:		
Administration and management	325,409	402,886
Fund-raising	1,934,164	1,880,460
Total support services	2,259,573	2,283,346
Total expenses	7,084,563	7,080,446
Changes in unrestricted net assets	(372,951)	211,505
Changes in temporarily restricted net assets:		
Contributions	145,267	155,643
Net assets released from restrictions	(155,643)	(289,462)
Changes in temporarily restricted net assets	(10,376)	(133,819)
Changes in permanently restricted net assets:		
Contributions	700	1,150
Changes in permanently restricted net assets	700	1,150
Changes in net assets	(382,627)	78,836
Net assets - Beginning of year	3,545,298	3,466,462
Net assets - End of year	\$ 3,162,671	\$ 3,545,298

See accompanying notes to financial statements.

Special Olympics Wisconsin, Inc.

Statements of Functional Expenses

Year Ended December 31, 2011

	PROGRAM SERVICES						SUPPORTING SERVICES			Total Expenses
	Public Education	Training	Games and Competition	Outreach	Agency	Total	Administration/Management	Fund-raising	Total	
Salaries	\$ 289,804	\$ 416,593	\$ 344,142	\$ 144,902	\$ 0	\$ 1,195,441	\$ 144,902	\$ 470,931	\$ 615,833	\$ 1,811,274
Employee expenses	63,839	91,768	75,808	31,919	0	263,334	31,919	103,738	135,657	398,991
Insurance	3,725	21,872	20,941	1,863	0	48,401	1,863	6,053	7,916	56,317
Professional fees and services	29,475	9,938	43,674	16,466	5,000	104,553	26,232	93,019	119,251	223,804
Office expenses	33,903	50,239	167,684	61,499	45,729	359,054	29,788	295,700	325,488	684,542
Advertising and public relations/education	0	0	0	147	4,485	4,632	1,343	35,871	37,214	41,846
Recognition and awards	1,235	29,330	62,933	11,029	3,129	107,656	5,024	71,662	76,686	184,342
Occupancy	35,297	51,900	158,942	12,705	0	258,844	24,369	88,028	112,397	371,241
Travel and meetings	12,691	28,309	68,204	11,813	0	121,017	43,632	60,480	104,112	225,129
National fee assessment	5,539	19,693	20,308	2,462	0	48,002	6,154	7,385	13,539	61,541
Printing and publications	1,580	5,434	12,192	8,268	8,249	35,723	8,680	38,376	47,056	82,779
Competition and training	0	0	273,578	13,940	559,893	847,411	0	375	375	847,786
Fund-raising	135,927	86	1,182	0	124,129	261,324	293	323,640	323,933	585,257
Miscellaneous	0	500	9,902	0	0	10,402	0	0	0	10,402
Depreciation	1,235	1,812	1,729	412	0	5,188	824	2,223	3,047	8,235
Total Expenses Before In-kind	614,250	727,474	1,261,219	317,425	750,614	3,670,982	325,023	1,597,481	1,922,504	5,593,486
In-kind	0	921,593	228,055	4,360	0	1,154,008	386	336,683	337,069	1,491,077
TOTAL EXPENSES	\$ 614,250	\$ 1,649,067	\$ 1,489,274	\$ 321,785	\$ 750,614	\$ 4,824,990	\$ 325,409	\$ 1,934,164	\$ 2,259,573	\$ 7,084,563

See accompanying notes to financial statements.

Special Olympics Wisconsin, Inc.

Statements of Functional Expenses (Continued)

Year Ended December 31, 2010

	PROGRAM SERVICES						SUPPORTING SERVICES			Total Expenses
	Public Education	Training	Games and Competition	Outreach	Agency	Total	Administration/Management	Fund-raising	Total	
Salaries	\$ 251,621	\$ 369,043	\$ 352,269	\$ 83,874	\$ 0	\$ 1,056,807	\$ 167,747	\$ 452,916	\$ 620,663	\$ 1,677,470
Employee expenses	55,096	80,807	77,134	18,365	0	231,402	36,730	99,173	135,903	367,305
Insurance	0	16,484	16,483	0	0	32,967	24,005	102	24,107	57,074
Professional fees and services	26,766	10,638	48,880	24,848	5,000	116,132	51,754	90,544	142,298	258,430
Office expenses	34,301	51,393	158,726	32,661	30,017	307,098	37,524	234,691	272,215	579,313
Advertising and public relations/education	1,040	0	0	4,898	2,998	8,936	1,290	31,804	33,094	42,030
Recognition and awards	1,461	11,174	61,114	12,620	13,267	99,636	6,685	54,021	60,706	160,342
Occupancy	32,014	47,289	144,544	10,896	0	234,743	22,528	68,713	91,241	325,984
Travel and meetings	8,673	29,257	61,195	10,020	0	109,145	35,190	58,546	93,736	202,881
National fee assessment	5,660	20,126	20,755	2,516	0	49,057	6,289	7,547	13,836	62,893
Printing and publications	2,408	4,966	15,666	3,205	8,533	34,778	3,891	48,752	52,643	87,421
Competition and training	0	0	354,751	10,169	546,117	911,037	0	470	470	911,507
Fund-raising	228,308	0	5,635	0	124,539	358,482	96	406,428	406,524	765,006
Miscellaneous	0	0	4,538	0	0	4,538	6,795	0	6,795	11,333
Depreciation	1,484	2,177	2,078	495	0	6,234	989	2,670	3,659	9,893
Total Expenses Before In-kind	648,832	643,354	1,323,768	214,567	730,471	3,560,992	401,513	1,556,377	1,957,890	5,518,882
In-kind	1,843	935,904	295,263	3,098	0	1,236,108	1,373	324,083	325,456	1,561,564
TOTAL EXPENSES	\$ 650,675	\$ 1,579,258	\$ 1,619,031	\$ 217,665	\$ 730,471	\$ 4,797,100	\$ 402,886	\$ 1,880,460	\$ 2,283,346	\$ 7,080,446

See accompanying notes to financial statements.

Special Olympics Wisconsin, Inc.

Statements of Cash Flows

Years Ended December 31, 2011 and 2010

	2011	2010
Increase in cash and cash equivalents:		
Cash flows from operating activities:		
Changes in net assets	(\$ 382,627)	\$ 78,836
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation	8,235	9,893
Loss on disposal of property	0	6,795
Realized and unrealized loss (gain) on investments	56,641	(172,658)
Changes in operating assets and liabilities:		
Contributions receivable	119,721	20,105
Prepaid expenses	231	(10,103)
Accounts payable	(18,214)	25,648
Accrued vacation	8,137	6,837
Net cash used in operating activities	(207,876)	(34,647)
Cash flows from investing activities:		
Purchase of property and equipment	(2,600)	(22,411)
Purchase of investments	(498,977)	(439,757)
Proceeds from sale of investments	674,197	510,463
Net cash provided by investing activities	172,620	48,295
Changes in cash and cash equivalents	(35,256)	13,648
Cash and cash equivalents - Beginning of year	1,487,398	1,473,750
Cash and cash equivalents - End of year	\$ 1,452,142	\$ 1,487,398

See accompanying notes to financial statements.

Special Olympics Wisconsin, Inc.

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies**

Nature of Operations

Special Olympics Wisconsin, Inc. (SOWI) was incorporated in 1972, as a nonprofit organization. The mission of SOWI is to provide year-round sports training and athletic competition in a variety of Olympic-type sports for persons eight years of age or older with intellectual disabilities. SOWI provides them with 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 Olympic athletes, and the community. The primary source of revenue is public support.

Organization Structure

SOWI is a statewide organization. With the Program Headquarters in Madison and seven Regional offices throughout the state, Special Olympics Wisconsin serves nearly 10,000 athletes in 196 communities. The financial position and results of activities of all are included in these financial statements.

The activity for the following Regional programs has been included in the financial statements for the years ended December 31, 2011 and 2010:

<u>Area Number</u>	
2	North Central Region Special Olympics
3	Indianhead Region Special Olympics
4	Fox Valley Region Special Olympics
5	Northeastern Region Special Olympics
6	South Central Region Special Olympics
7	Southeastern Region Special Olympics
8	Greater Milwaukee Region Special Olympics

The Local Agency programs' activity is included as Agency revenue and expenses on the Statement of Activities.

Basis of Presentation

All financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

Classification of Net Assets

Net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of SOWI and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations or where donor-imposed stipulations are met in the year of the contribution.

Special Olympics Wisconsin, Inc.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Classification of Net Assets (Continued)

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or may not be met, either by actions of SOWI and/or the passage of time. When a restriction expires, temporarily restricted net assets are transferred to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by SOWI. Generally, the donors of these assets permit SOWI to use all or part of the income earned on any related investments for general or specific purposes.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash Equivalents

For purpose of financial statement presentation, SOWI includes certificates of deposit as cash equivalents.

Contributions Receivable

Contributions receivable consists of general receivables and pledges receivable from SOWI's telemarketer. SOWI believes these receivables are fully collectible and no allowance for doubtful accounts has been recorded. In addition, SOWI expects to collect these receivables within one year, and therefore no discount has been calculated.

Investments

Investments are carried at fair value. Realized and unrealized gains and losses are reflected in the statements of activities as changes in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or law.

Property and Equipment

Property and equipment are recorded at cost. Assets costing greater than \$2,500 and having estimated useful lives of greater than one year are capitalized and depreciated using the straight-line method. Donated assets are recorded at the estimated fair market value of the asset at the time of the donation.

Special Olympics Wisconsin, Inc.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Income Taxes

SOWI is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. It is also exempt from Wisconsin franchise or income tax.

The Local Agencies that are included in this audit report are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. They are also exempt from Wisconsin franchise or income tax. These Agencies have elected to file a group return.

Uncertain Tax Positions

SOWI is required to assess whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the financial statements. SOWI has determined there are no amounts to record as assets or liabilities related to uncertain tax positions. Federal returns for tax years 2008, and beyond remain subject to examination by the Internal Revenue Service.

Revenue Recognition

Contributions are recognized when the donor makes a promise to give to SOWI that is, in substance, unconditional. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of activities as released from restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

In-Kind Contributions

Donated services are recognized if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by SOWI. Donated services and expenses are recorded at market value and are recognized as revenue and expense in the period they are received.

SOWI receives a significant amount of other volunteer time in various capacities that does not meet the above definition. Therefore, these services do not meet the criteria for recognition. As a result, no amount has been recognized in the financial statements for these services.

Special Olympics Wisconsin, Inc.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Functional Expenses

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

Fund-Raising Costs

SOWI achieves some of its programmatic and management and general goals using direct mail and telemarketing campaigns that include requests for contributions. The costs of conducting those campaigns were \$271,854 and \$456,616 for the years ended December 31, 2011 and 2010, respectively. These joint costs are not directly attributable to the program, management and general, or the fund-raising components of the activities and were allocated as follows:

	2011	2010
Public education	\$ 135,927	\$ 228,308
Fund-raising	135,927	228,308
Totals	\$ 271,854	\$ 456,616

Subsequent Events

Subsequent events have been evaluated through May 18, 2012, which is the date the financial statements were available to be issued.

Note 2 Concentration of Credit Risk

SOWI maintains cash balances and certificates of deposit at several financial institutions. Balances are insured at each financial institution up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). At certain times during the year, the bank balances may be in excess of FDIC coverage. SOWI has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

SOWI's investments are not insured and are subject to market risk (see Note 3).

Special Olympics Wisconsin, Inc.

Notes to Financial Statements

Note 3 Investments

SOWI maintains an investment account at an investment firm. The investments are diversified to limit the amount of credit risk exposure and are carried at fair value.

As of December 31, investments consist of the following:

	2011	2010
Corporate bonds	\$ 362,463	\$ 428,824
Certificate of deposits and bankers acceptances	25,276	76,103
U.S. Treasuries	100,241	100,668
Preferred stock	280	103
Mutual funds	560,917	716,294
Common stocks	601,116	585,840
Government obligations	56,992	31,314
Totals	\$ 1,707,285	\$ 1,939,146

As of December 31, investment activity is summarized as follows:

	2011	2010
Investment income (loss):		
Interest and dividends	\$ 56,908	\$ 55,898
Realized and unrealized gain (loss)	(56,641)	172,658
Subtotals	267	228,556
Fees	(12,749)	(13,937)
Investment income (loss)	(\$ 12,482)	\$ 214,619

Note 4 Fair Value Measurements

Accounting standards describe three levels of inputs that may be used to measure fair value (fair value hierarchy). The level of an asset or liability within the fair value hierarchy is based on the lowest level of input significant to the fair value measurement of that asset or liability.

Following is a brief description of each level of the fair value hierarchy:

Level 1 - Fair value measurement is based on quoted prices for identical assets or liabilities in active markets.

Level 2 - Fair value measurement is based on (1) quoted prices for similar assets or liabilities in active markets, (2) quoted prices for identical or similar assets or liabilities in markets that are not active, or (3) valuation models and methodologies for which all significant assumptions are or can be corroborated by observable market data.

Special Olympics Wisconsin, Inc.

Notes to Financial Statements

Note 4 Fair Value Measurements (Continued)

Level 3 - Fair value measurement is based on valuation models and methodologies that incorporate at least one significant assumption that cannot be corroborated by observable market data. Level 3 measurements reflect estimates about assumptions market participants would use in measuring fair value of the asset or liability.

Some assets and liabilities are measured at fair value on a recurring basis under accounting principles generally accepted in the United States. Other assets and liabilities, such as impaired investments, are measured at fair value on a nonrecurring basis. At December 31, 2011, SOWI does not have any liabilities that are measured at fair value on a recurring basis, nor are there assets or liabilities measured on a nonrecurring basis.

Following is a description of the valuation methodology used for each asset measured at fair value on a recurring basis:

- U.S. Treasuries, preferred stock, mutual funds, and common stocks are valued at quoted market prices.
- Corporate bonds, certificates of deposit and bankers acceptances, and government obligations are valued using quotes from pricing vendors based on recent trading activity and other observable market data.

Information regarding the fair value of assets measured at fair value on a recurring basis as of December 31, 2011, is as follows:

	Total Assets Measured at Fair Value	Recurring Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Corporate bonds	\$ 362,463	\$ 0	\$ 362,463	\$ 0
Certificates of deposits and bankers acceptances	25,276	0	25,276	0
U.S. Treasuries	100,241	100,241	0	0
Preferred stock	280	280	0	0
Mutual funds	560,917	560,917	0	0
Common stocks	601,116	601,116	0	0
Government obligations	56,992	0	56,992	0
Totals	\$1,707,285	\$1,262,554	\$ 444,731	\$ 0

Special Olympics Wisconsin, Inc.

Notes to Financial Statements

Note 4 Fair Value Measurements (Continued)

Information regarding the fair value of assets measured at fair value on a recurring basis as of December 31, 2010, is as follows:

	Total Assets Measured at Fair Value	Recurring Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Corporate bonds	\$ 428,824	\$ 0	\$ 428,824	\$ 0
Certificates of deposits and bankers acceptances	76,103	0	76,103	0
U.S. Treasuries	100,668	100,668	0	0
Preferred stock	103	103	0	0
Mutual funds	716,294	716,294	0	0
Common stocks	585,840	585,840	0	0
Government obligations	31,314	0	31,314	0
Totals	\$1,939,146	\$1,402,905	\$ 536,241	\$ 0

Note 5 Net Assets

Net assets consist of the following:

	2011	2010
Unrestricted net assets	\$ 2,014,759	\$ 2,370,060
Unrestricted - Board designated net assets	1,000,000	1,000,000
Temporarily restricted net assets	145,267	155,643
Permanently restricted net assets	20,295	19,595
Totals	\$ 3,180,321	\$ 3,545,298

The unrestricted net assets represent net assets that are available for use in operations of SOWI.

The unrestricted Board designated net assets represent net assets designated by the Board to be segregated from unrestricted net assets. SOWI has adopted the policy that certain net assets be maintained to ensure SOWI's ability to continue to provide quality services to athletes in the event of an emergency or changing economic conditions.

Temporarily restricted net assets represent contributions received that are restricted by time or purpose.

The permanently restricted net assets represent donations to the SOWI Endowment fund and may not be spent by SOWI. These funds are maintained in a separate bank account for which SOWI earns interest. This income is considered unrestricted and can be spent to support agency operations.

Special Olympics Wisconsin, Inc.

Notes to Financial Statements

Note 6 Lease Commitments

SOWI leases various facilities and equipment. Rent expense for the years ended December 31, 2011 and 2010, was \$332,256 and \$317,559, respectively. Future minimum lease payments on the leases having noncancelable terms beyond December 31, 2011, are as follows:

2012	\$	311,715
2013		254,948
2014		197,281
2015		168,242
2016		3,022
<u>Total</u>		<u>\$ 935,208</u>

Note 7 Retirement Plan

SOWI has a defined contribution retirement plan authorized under Section 403(b) of the Internal Revenue Code. The plan is open to all employees who have been employed by SOWI for six months. The retirement benefits are fully vested upon contribution to the plan. The plan calls for discretionary contributions by SOWI. SOWI's contributions for the years ended December 31, 2011 and 2010, were \$81,804 and \$73,353, respectively.

Note 8 Fund-Raising

SOWI holds various fund-raising events. The revenue and costs directly associated with fund-raising events for the years ended December 31 are as follows:

	2011	2010
Gross revenue	\$ 3,264,741	\$ 3,524,458
Less - Cost of sales	80,538	72,967
<u>Totals</u>	<u>\$ 3,184,203</u>	<u>\$ 3,451,491</u>