

Special Olympics Wisconsin, Inc.

Madison, Wisconsin

Financial Statements

Years Ended December 31, 2009 and 2008

Special Olympics Wisconsin, Inc.

Financial Statements

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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, 2009 and 2008, 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, 2009 and 2008, 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 cursive script that reads "Wipfli LLP".

Wipfli LLP

June 3, 2010
Madison, Wisconsin

Special Olympics Wisconsin, Inc.

Statements of Financial Position

December 31, 2009 and 2008

<i>Assets</i>	2009	2008
Current assets:		
Cash and cash equivalents	\$ 1,473,750	\$ 1,446,825
Contributions receivable	186,285	157,103
Prepaid expenses	28,425	28,300
Total current assets	1,688,460	1,632,228
Investments	1,837,194	1,422,932
Property and equipment	256,660	230,720
Accumulated depreciation	(219,347)	(210,127)
Equipment, net	37,313	20,593
TOTAL ASSETS	\$ 3,562,967	\$ 3,075,753
<i>Liabilities and Net Assets</i>		
Current liabilities:		
Accounts payable	\$ 18,796	\$ 18,304
Accrued vacation	77,709	84,294
Total current liabilities	96,505	102,598
Net assets:		
Unrestricted	2,158,555	1,778,563
Unrestricted - Board designated	1,000,000	1,000,000
Total unrestricted net assets	3,158,555	2,778,563
Temporarily restricted net assets	289,462	177,417
Permanently restricted net assets	18,445	17,175
Total net assets	3,466,462	2,973,155
TOTAL LIABILITIES AND NET ASSETS	\$ 3,562,967	\$ 3,075,753

See accompanying notes to financial statements.

Special Olympics Wisconsin, Inc.

Statements of Activities

Years Ended December 31, 2009 and 2008

	2009	2008
Changes in unrestricted net assets:		
Public support and revenue:		
Public support:		
Contributions	\$ 2,162,744	\$ 2,098,683
Fund-raising	3,266,805	3,276,237
Total public support	5,429,549	5,374,920
Revenue:		
Registration fees	81,912	76,521
Investment income (loss)	336,347	(499,556)
Agency	858,465	977,264
Other	179	1,872
Total revenue	1,276,903	556,101
Net assets released from restriction through satisfaction of program restrictions	177,417	10,000
Total public support and revenue	6,883,869	5,941,021
Expenses:		
Program activities:		
Public education	678,503	762,582
Training	1,619,221	1,624,806
Games and competition	1,337,748	1,302,632
Outreach	241,879	146,380
Agency	699,444	782,296
Total program services	4,576,795	4,618,696
Support services:		
Administration and management	258,405	235,954
Fund-raising	1,668,677	1,635,752
Total support services	1,927,082	1,871,706
Total expenses	6,503,877	6,490,402
Changes in unrestricted net assets	379,992	(549,381)
Changes in temporarily restricted net assets:		
Contributions	289,462	177,417
Net assets released from restrictions	(177,417)	(10,000)
Changes in temporarily restricted net assets	112,045	167,417
Changes in permanently restricted net assets:		
Contributions	1,270	2,400
Changes in permanently restricted net assets	1,270	2,400
Changes in net assets	493,307	(379,564)
Net assets - Beginning of year	2,973,155	3,352,719
Net assets - End of year	\$ 3,466,462	\$ 2,973,155

See accompanying notes to financial statements.

Special Olympics Wisconsin, Inc.

Statements of Functional Expenses

Year Ended December 31, 2009

	PROGRAM SERVICES						SUPPORTING SERVICES			Total Expenses
	Public Education	Training	Games and Competition	Outreach	Agency	Total	Administration/ Management	Fund-raising	Total	
Salaries	\$ 234,668	\$ 391,114	\$ 312,891	\$ 78,223	\$ 0	\$ 1,016,896	\$ 109,512	\$ 438,048	\$ 547,560	\$ 1,564,456
Employee expenses	61,171	101,952	81,562	20,391	0	265,076	28,547	114,186	142,733	407,809
Insurance	2,594	22,441	21,576	865	0	47,476	1,210	5,820	7,030	54,506
Professional fees and services	21,905	8,406	36,415	25,123	5,000	96,849	30,872	87,553	118,425	215,274
Office expenses	33,156	53,839	50,515	30,823	23,196	191,529	23,274	174,975	198,249	389,778
Advertising and public relations/education	7,220	0	0	0	2,722	9,942	1,645	21,161	22,806	32,748
Recognition and awards	564	9,046	54,969	4,127	4,220	72,926	8,682	54,847	63,529	136,455
Occupancy	30,352	50,587	40,470	10,117	0	131,526	14,164	57,372	71,536	203,062
Travel and meetings	12,132	31,932	59,735	9,143	0	112,942	31,309	54,610	85,919	198,861
National fee assessment	5,128	18,234	18,804	2,279	0	44,445	5,698	6,838	12,536	56,981
Printing and publications	19,509	6,983	5,135	15,120	7,837	54,584	1,865	19,344	21,209	75,793
Competition and training	0	1,060	474,608	45,207	508,367	1,029,242	0	75	75	1,029,317
Fund-raising	248,721	0	2,439	0	133,301	384,461	0	374,988	374,988	759,449
Miscellaneous	0	0	4,575	0	0	4,575	169	199	368	4,943
Depreciation	1,383	2,305	1,844	461	0	5,993	645	2,582	3,227	9,220
Total Expenses Before In-kind	678,503	697,899	1,165,538	241,879	684,643	3,468,462	257,592	1,412,598	1,670,190	5,138,652
In-kind	0	921,322	172,210	0	14,801	1,108,333	813	256,079	256,892	1,365,225
TOTAL EXPENSES	\$ 678,503	\$ 1,619,221	\$ 1,337,748	\$ 241,879	\$ 699,444	\$ 4,576,795	\$ 258,405	\$ 1,668,677	\$ 1,927,082	\$ 6,503,877

See accompanying notes to financial statements.

Special Olympics Wisconsin, Inc.

Statements of Functional Expenses (Continued)

Year Ended December 31, 2008

	PROGRAM SERVICES						SUPPORTING SERVICES			Total Expenses
	Public Education	Training	Games and Competition	Outreach	Agency	Total	Administration/ Management	Fund-raising	Total	
Salaries	\$ 211,041	\$ 376,859	\$ 346,710	\$ 75,372	\$ 0	\$ 1,009,982	\$ 105,521	\$ 391,933	\$ 497,454	\$ 1,507,436
Employee expenses	58,668	104,764	96,383	20,953	0	280,768	29,334	108,954	138,288	419,056
Insurance	2,389	23,055	22,714	853	0	49,011	1,194	4,639	5,833	54,844
Professional fees and services	21,566	7,009	29,869	5,733	5,000	69,177	23,784	63,756	87,540	156,717
Office expenses	29,814	51,069	52,545	11,485	62,030	206,943	25,554	131,722	157,276	364,219
Advertising and public relations/education	6,041	0	0	0	1,417	7,458	1,617	11,172	12,789	20,247
Recognition and awards	564	12,665	39,014	6,792	8,385	67,420	5,861	54,455	60,316	127,736
Occupancy	27,754	49,561	45,597	9,912	0	132,824	13,877	52,324	66,201	199,025
Travel and meetings	8,272	29,688	60,683	11,226	0	109,869	21,204	71,549	92,753	202,622
National fee assessment	5,360	19,059	19,655	2,383	0	46,457	5,956	7,147	13,103	59,560
Printing and publications	25,105	6,277	5,945	1,185	6,249	44,761	1,018	23,005	24,023	68,784
Competition and training	0	1,490	461,471	0	566,537	1,029,498	0	213	213	1,029,711
Fund-raising	299,795	0	5,235	0	131,928	436,958	0	408,309	408,309	845,267
Miscellaneous	0	0	4,250	0	0	4,250	0	0	0	4,250
Depreciation	1,361	2,430	2,236	486	0	6,513	680	2,527	3,207	9,720
Total Expenses Before In-kind	697,730	683,926	1,192,307	146,380	781,546	3,501,889	235,600	1,331,705	1,567,305	5,069,194
In-kind	64,852	940,880	110,325	0	750	1,116,807	354	304,047	304,401	1,421,208
TOTAL EXPENSES	\$ 762,582	\$ 1,624,806	\$ 1,302,632	\$ 146,380	\$ 782,296	\$ 4,618,696	\$ 235,954	\$ 1,635,752	\$ 1,871,706	\$ 6,490,402

See accompanying notes to financial statements.

Special Olympics Wisconsin, Inc.

Statements of Cash Flows

Years Ended December 31, 2009 and 2008

	2009	2008
Increase in cash and cash equivalents:		
Cash flows from operating activities:		
Changes in net assets	\$ 493,307	(\$ 379,564)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	9,220	9,720
Realized and unrealized (gain) loss on investments	(294,912)	555,495
Changes in operating assets and liabilities:		
Contributions receivable	(29,182)	16,221
Prepaid expenses	(125)	2,064
Accounts payable	492	6,676
Accrued vacation	(6,585)	14,092
Net cash provided by operating activities	172,215	224,704
Cash flows from investing activities:		
Purchase of property and equipment	(25,940)	(11,995)
Purchase of investments	(552,298)	(594,602)
Proceeds from sale of investments	432,948	392,937
Net cash used in investing activities	(145,290)	(213,660)
Changes in cash and cash equivalents	26,925	11,044
Cash and cash equivalents - Beginning of year	1,446,825	1,435,781
Cash and cash equivalents - End of year	\$ 1,473,750	\$ 1,446,825

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 cognitive 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 Area 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 Area programs has been included in the financial statements for the years ended December 31, 2009 and 2008:

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

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.

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.

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.

Special Olympics Wisconsin, Inc.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

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.

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

In-kind contributions are recognized as contributions in accordance with ASC 958. 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 as the value of these services is not readily determinable.

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.

Special Olympics Wisconsin, Inc.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

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 \$497,442 and \$599,590 for the years ended December 31, 2009 and 2008, 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:

	2009	2008
Public education	\$ 248,721	\$ 299,795
Fund-raising	248,721	299,795
Totals	\$ 497,442	\$ 599,590

Reclassification

Certain amounts for the year ended December 31, 2008, have been reclassified to conform with the 2009 presentation. There was no effect on net assets for these reclassifications.

Subsequent Events

Subsequent events have been evaluated through June 3, 2010, 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:

	2009	2008
Corporate bonds	\$ 483,349	\$ 242,163
Certificate of deposits and bankers acceptances	76,404	55,224
U.S. Treasuries	99,781	94,181
Preferred stock	198	152
Mutual funds	599,036	464,669
Common stocks	502,590	399,333
Government obligations	75,836	167,210
Totals	\$ 1,837,194	\$ 1,422,932

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

	2009	2008
Investment income (loss):		
Interest and dividends	\$ 53,342	\$ 68,347
Realized and unrealized gain (loss)	294,912	(555,495)
Subtotals	348,254	(487,148)
Fees	(11,907)	(12,408)
Investment income (loss)	\$ 336,347	(\$ 499,556)

Note 4 Net Assets

Net assets consist of the following:

	2009	2008
Unrestricted net assets	\$ 2,158,555	\$ 1,778,563
Unrestricted - Board designated net assets	1,000,000	1,000,000
Temporarily restricted net assets	289,462	177,417
Permanently restricted net assets	18,445	17,175
Totals	\$ 3,466,462	\$ 2,973,155

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

Special Olympics Wisconsin, Inc.

Notes to Financial Statements

Note 4 Net Assets (Continued)

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.

Note 5 Lease Commitments

SOWI leases various facilities and equipment. Rent expense for the years ended December 31, 2009 and 2008, was \$251,463 and \$245,867, respectively. Future minimum lease payments on the leases having noncancelable terms beyond December 31, 2009, are as follows:

2010	\$	243,168
2011		145,266
2012		125,889
2013		70,681
2014		21,743
<hr/>		
Total	\$	606,747

Note 6 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, 2009 and 2008, were \$68,896 and \$66,312, respectively.

Note 7 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:

	2009	2008
Gross revenue	\$ 3,335,993	\$ 3,341,303
Less - Cost of sales	61,421	65,066
<hr/>		
Totals	\$ 3,274,572	\$ 3,276,237

Special Olympics Wisconsin, Inc.

Notes to Financial Statements

Note 8 Fair Value Measurements

SOWI determines fair values determined by Level 1 inputs utilizing quoted market prices in active markets and fair values determined by Level 2 inputs utilizing market information that is observable, such as quoted market prices for similar items, broker/dealer quotes, or models using market interest rates or yield curves. SOWI does not have any financial instruments valued using Level 3 inputs.

Information regarding the fair value of assets measured at fair value on a recurring basis as of December 31, 2009, is as follows:

	Assets Measured at Fair Value	Recurring Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments	\$1,837,194	\$ 1,201,605	\$ 635,589	\$0

Information regarding the fair value of assets measured at fair value on a recurring basis as of December 31, 2008, is as follows:

	Assets Measured at Fair Value	Recurring Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments	\$1,422,932	\$ 958,335	\$ 464,597	\$0