

SPECIAL OLYMPICS NEW HAMPSHIRE, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2010

AND

INDEPENDENT AUDITORS' REPORT

SPECIAL OLYMPICS NEW HAMPSHIRE, INC.

DECEMBER 31, 2010

TABLE OF CONTENTS

	<u>Page (s)</u>
Independent Auditors' Report.....	1
Financial Statements:	
Statement of Financial Position.....	2
Statement of Activities.....	3
Statement of Functional Expenses.....	4
Statement of Cash Flows.....	5
Notes to Financial Statements.....	6 - 9
Supplemental Information:	
Schedule of Support and Revenue.....	10



William P. Connor, CPA

CERTIFIED
PUBLIC
ACCOUNTANT

INDEPENDENT AUDITORS' REPORT


To the Board of Directors of
Special Olympics New Hampshire, Inc.:

We have audited the accompanying statement of financial position of Special Olympics New Hampshire, Inc. (a nonprofit organization) as of December 31, 2010, and the related statement 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. The prior year summarized comparative information has been derived from the Organization's 2009 financial statements and, in our report dated September 2, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing 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 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 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 New Hampshire, Inc. as of 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information contained in Schedule 1 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects to the financial statements as a whole.


Manchester, New Hampshire
April 21, 2011

SPECIAL OLYMPICS NEW HAMPSHIRE, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2010

(with comparative totals for 2009)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>				
CURRENT ASSETS:				
Cash and cash equivalents (Note 1)	\$423,254	\$ -	\$423,254	\$ 67,557
Investments (Note 2)	-	-	-	198,986
Accounts receivable (Note 3)	116,964	-	116,964	85,614
Inventory (Note 1)	41,958	-	41,958	27,945
Prepaid expenses	<u>17,897</u>	<u>-</u>	<u>17,897</u>	<u>34,224</u>
Total current assets	<u>600,073</u>	<u>-</u>	<u>600,073</u>	<u>414,326</u>
FIXED ASSETS, at cost (Note 1):				
Vehicles & equipment	154,366	-	154,366	138,655
Less - Accumulated depreciation and amortization	<u>81,811</u>	<u>-</u>	<u>81,811</u>	<u>73,897</u>
	<u>72,555</u>	<u>-</u>	<u>72,555</u>	<u>64,758</u>
OTHER ASSETS (Note 1)	<u>42,686</u>	<u>-</u>	<u>42,686</u>	<u>42,686</u>
	<u>\$715,314</u>	<u>\$ -</u>	<u>\$715,314</u>	<u>\$521,770</u>
<u>LIABILITIES AND NET ASSETS</u>				
CURRENT LIABILITIES:				
Accounts payable	\$ 51,973	\$ -	\$ 51,973	\$ 83,244
Accrued expenses	20,136	-	20,136	54,240
Unearned revenue and support	<u>77,425</u>	<u>-</u>	<u>77,425</u>	<u>63,170</u>
Total current liabilities	<u>149,534</u>	<u>-</u>	<u>149,534</u>	<u>200,654</u>
NET ASSETS:				
Unrestricted undesignated	565,780	-	565,780	321,116
Temporarily restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>565,780</u>	<u>-</u>	<u>565,780</u>	<u>321,116</u>
	<u>\$715,314</u>	<u>\$ -</u>	<u>\$715,314</u>	<u>\$521,770</u>

The accompanying notes to financial statements
are an integral part of these statements.

SPECIAL OLYMPICS NEW HAMPSHIRE, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2010

(with comparative totals for 2009)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2010</u>	<u>2009</u>
UNRESTRICTED NET ASSETS:				
SUPPORT AND REVENUE (Schedule 1):				
Contributions (Note 7)	\$2,104,355	\$ -	\$2,104,355	\$2,234,422
Telemarketing (Note 3)	377,141	-	377,141	391,032
Fundraising	992,057	-	992,057	948,715
State of New Hampshire	22,513	-	22,513	22,513
Mail campaigns	93,549	-	93,549	82,146
Service revenue	19,460	-	19,460	22,331
Miscellaneous	14,501	-	14,501	15,362
Net assets related from donor restrictions	-	-	-	-
Total support and revenue	<u>3,623,576</u>	<u>-</u>	<u>3,623,576</u>	<u>3,716,521</u>
PROGRAM AND SUPPORT SERVICES EXPENSES (Notes 1, 4, 6, and 7):				
Program services	2,930,881	-	2,930,881	3,146,811
Development	298,860	-	298,860	341,968
Administrative	<u>178,660</u>	<u>-</u>	<u>178,660</u>	<u>130,428</u>
Total program and support services expenses	<u>3,408,401</u>	<u>-</u>	<u>3,408,401</u>	<u>3,619,207</u>
OTHER REVENUES (EXPENSES):				
Investment return (Note 2)	20,703	-	20,703	12,054
Interest & dividends	<u>8,786</u>	<u>-</u>	<u>8,786</u>	<u>6,746</u>
	<u>29,489</u>	<u>-</u>	<u>29,489</u>	<u>18,800</u>
INCREASE (DECREASE) IN NET ASSETS	244,664	-	244,664	116,114
NET ASSETS, beginning of year	<u>321,116</u>	<u>-</u>	<u>321,116</u>	<u>205,002</u>
NET ASSETS, end of year	<u>\$ 565,780</u>	<u>\$ -</u>	<u>\$ 565,780</u>	<u>\$ 321,116</u>

The accompanying notes to financial statements
are an integral part of these statements.

SPECIAL OLYMPICS NEW HAMPSHIRE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2010
(with comparative totals for 2009)

	<u>Program Services</u>							
	<u>Program Events</u>	<u>Other Events</u>	<u>Training</u>	<u>Public Education</u>	<u>Development</u>	<u>Administrative</u>	<u>2010 Total</u>	<u>2009 Total</u>
IN-KIND EXPENSES:								
Services, materials, equipment and facilities	\$1,412,959	\$ 97,642	\$ 740	\$ 270	\$ 20,074	\$ 8,225	\$1,539,910	\$1,781,582
SALARIES AND RELATED EXPENSES	<u>261,138</u>	<u>146,998</u>	<u>19,829</u>	<u>7,580</u>	<u>45,549</u>	<u>117,724</u>	<u>598,818</u>	<u>578,872</u>
OTHER EXPENSES:								
Athlete awards and recognition	21,524	-	-	-	-	-	21,524	21,017
Professional fees	2,941	1,660	224	86	498	1,332	6,741	6,134
Depreciation and amortization	4,740	1,386	187	72	417	1,111	7,913	11,075
Equipment and supplies	71,727	21,185	478	157	7,165	2,442	103,154	125,301
Equipment rental and maintenance	26,786	19,867	340	166	1,089	2,014	50,262	51,992
Food	50,080	40,131	913	101	10,414	963	102,602	105,054
Housing	117,704	6,002	9,670	7	-	114	133,497	154,401
Insurance	9,947	5,509	744	285	1,655	4,420	22,560	19,997
Memberships, dues and conferences	18,133	6,326	1,950	603	1,781	4,185	32,978	37,238
Mileage	5,861	3,461	338	115	681	83	10,539	12,862
Postage and shipping	4,026	1,203	235	90	1,679	1,394	8,627	10,359
Printing and photography	2,103	7,348	24	9	5,556	141	15,181	8,063
Public transportation	32,308	2,102	5,730	18	439	268	40,865	21,832
Rent - facility, office and events	28,996	27,410	1,663	599	9,656	9,873	78,197	73,397
Special Olympics International	8,414	4,756	643	246	1,430	3,815	19,304	16,328
Support and volunteer recognition	16,859	95,155	293	38	2,111	592	115,048	118,372
Telephone	5,455	3,083	457	159	928	2,475	12,557	14,611
Vehicles	2,966	1,683	227	87	506	1,350	6,819	5,428
Vendor services	119,113	57,963	2,704	80,399	184,724	11,320	456,223	420,010
Bank charges	<u>10,626</u>	<u>6,007</u>	<u>812</u>	<u>310</u>	<u>2,508</u>	<u>4,819</u>	<u>25,082</u>	<u>25,282</u>
	<u>560,309</u>	<u>312,237</u>	<u>27,632</u>	<u>83,547</u>	<u>233,237</u>	<u>52,711</u>	<u>1,269,673</u>	<u>1,258,753</u>
TOTAL FUNCTIONAL EXPENSES	<u>\$2,234,406</u>	<u>\$556,877</u>	<u>\$ 48,201</u>	<u>\$ 91,397</u>	<u>\$298,860</u>	<u>\$178,660</u>	<u>\$3,408,401</u>	<u>\$3,619,207</u>

The accompanying notes to financial statements are an integral part of these statements.

SPECIAL OLYMPICS NEW HAMPSHIRE, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2010
(with comparative totals for 2009)

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ 244,664	\$ 116,114
Adjustment to reconcile increase in net assets to net cash provided by operating activities -		
Depreciation	7,913	11,075
Unrealized (appreciation) depreciation on investments	(20,703)	(29,054)
Proceeds from sale of fixed assets	-	11,484
(Increase) decrease in the following assets:		
Accounts receivable	(31,350)	(66,643)
Inventory	(14,013)	(809)
Prepaid expenses	16,327	(1,781)
Increase (decrease) in the following liabilities:		
Accounts payable	(31,271)	(46,908)
Accrued expenses	(34,104)	19,229
Unearned revenue	<u>14,255</u>	<u>53,074</u>
Net cash provided by (used in) operating activities	<u>151,718</u>	<u>65,781</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(15,710)	(59,429)
(Increase) decrease in other assets	-	4,230
Transfer of cash	225,518	17,000
Purchase of investments	(276,296)	(229,672)
Proceeds from sales of investments	<u>270,467</u>	<u>222,938</u>
Net cash provided by (used in) investing activities	<u>203,979</u>	<u>(44,933)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	355,697	20,848
CASH AND CASH EQUIVALENTS, beginning of year	<u>67,557</u>	<u>46,709</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 423,254</u>	<u>\$ 67,557</u>

The accompanying notes to financial statements
are an integral part of these statements.

SPECIAL OLYMPICS NEW HAMPSHIRE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

1. Summary of significant accounting policies:

Nature of business - The Organization is a nonprofit corporation formed under Chapter 292 of the Revised Statutes Annotated of the State of New Hampshire. It provides the organizational structure and is the State sponsor of the New Hampshire Special Olympic Games. The Special Olympics are athletic competitions held at local, state, national and international levels for persons with mental challenges.

The Organization is dependent, to a significant extent, upon contributions from the general public for annual support of its operations and services. Contributions are obtained through year-round telemarketing and direct mail programs, as well as, ongoing initiatives encompassing foundations, corporations, and related development programs.

Standards of accounting and reporting - The Organization follows the standards of accounting and financial reporting prescribed for voluntary health and welfare organizations. The Organization follows the accrual method of accounting, recognizing revenue when it is earned and expenses when incurred.

The Organization reports information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporary restricted net assets, and permanently restricted net assets.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income and gains, if any, on related investments for general or specific purposes.

Temporary restricted net assets - Represents amounts that have been contributed to the Organization that have restrictions that preclude the Organization from using funds to a future period.

Unrestricted net assets - Net assets not subject to donor-imposed stipulations which the Organization may use at its discretion.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions or by law. Expenses are reported as decreases in unrestricted net assets except where related to donor-imposed restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless either use is restricted by explicit donor stipulations or law. Expirations of temporary restrictions on net assets, that is, when the donor-imposed stipulated purpose has been accomplished and/or the stipulated time period has elapsed, are reported as net assets released from restrictions between the applicable classes of net assets.

Cash and cash equivalents - All highly liquid investments with a maturity of one year or less are considered to be cash equivalents. At December 31, 2010, the carrying amount of the Organization's cash was \$423,254 and the institution balances were \$422,938. Of this amount all was covered by federal depositor's insurance and \$-0- was uninsured.

SPECIAL OLYMPICS NEW HAMPSHIRE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

1. Summary of significant accounting policies (continued):

Depreciation and amortization - The Organization follows the policy of charging to functional expenses annual amounts of depreciation and amortization which allocates the cost of fixed assets over their estimated useful lives. The Organization employs the straight-line method for determining the annual charge for depreciation. The ranges of estimated useful lives used are as follows:

	<u>Years</u>
Vehicles	5
Office, furniture & equipment	3 - 7

Expenditures for repairs and maintenance are expensed when incurred and betterments are capitalized. Assets sold or otherwise disposed of are removed from the accounts, along with the related depreciation allowances, and any gain or loss is recognized.

Inventory - Inventory is stated at the lower of cost or market (first-in, first-out) basis.

Functional expenses - Direct expenses are charged to their specific program as incurred. Any expenditures not directly chargeable are allocated to a program based on the proportion of time spent on each program by the staff.

Public education and support - Joint public education and support expenses meeting the criteria for joint activities under ASC 958-720, Accounting for Costs of Activities of Not-for-Profit Organizations and State and Local Government Entities that include fund raising have been allocated to public education and public support programs as required. The Organization during the year ended December 31, 2010 incurred cost from its direct solicitation program that amounted to \$191,543 of which \$76,617 was classified as public education program expense and \$114,926 was classified as development expense under this standard.

Other assets - Assets included in the other assets category reflect primarily time share real estate contracts or deeds that have been donated by various unrelated parties. These time share weeks are used as door prizes or raffle prizes in several fundraisers conducted by the Organization. They have been recorded at the fair value at the date they were contributed.

Use of 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.

SPECIAL OLYMPICS NEW HAMPSHIRE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

2. Investments:

The Organization records investments at fair market value. Book value represents the costs of the original investments and fair value has been determined using level 1 inputs, quoted market prices. There were no level 2 or 3 inputs to derive fair market value. The Organization liquidated their investments during the year ended December 31, 2010 and all funds were transferred to their cash accounts. The investment return for 2010 includes realized gains of \$15,184 and there were no management or investment fees charged. The fair market value and the unrealized appreciation of the investments at December 31, 2009 is summarized as follows:

	<u>Book Value</u>	<u>Market Value</u>	<u>Unrealized Appreciation</u>
Mutual funds:			
Cash/cash money market	\$ 2,890	\$ 2,890	\$ -
Bond funds	94,187	95,782	1,595
Equity funds	<u>107,528</u>	<u>100,314</u>	<u>(7,214)</u>
	<u>\$204,605</u>	<u>\$198,986</u>	<u>\$(5,619)</u>

During the year ended December 31, 2009, investment return included net realized losses of \$8,819 and there were no management or investment fees charged. Additionally, these investments are not covered by Federal Deposit insurance.

3. Accounts receivable:

Included in accounts receivable at December 31, 2010 are telemarketing pledges receivable of \$16,594. These pledges represent promises to give in less than one year and are recorded net of anticipated uncollected amounts. The anticipated uncollected amounts are based on the average percent of pledges uncollected over the past five years. The allowance for uncollectible pledges was \$2,500 at December 31, 2010 and 2009, respectively.

4. Rent expense:

On August 30, 2010 the Organization extended its primary office lease for a period of three years that will end on December 23, 2011. The lease calls for monthly payments of \$3,104. Additionally, the Organization rents a storage facility and various facilities for the respective games under short term rental agreements.

Future minimum lease payments are as follows:

2011	\$37,248
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5. Income taxes:

The Organization is a nonprofit, tax-exempt corporation under the Internal Revenue Service Code Section 501(c)(3). Therefore, a provision for income taxes is not required. The Organization can be taxed on activities considered by the Internal Revenue Service to be outside of the Organization's exempt purpose.

SPECIAL OLYMPICS NEW HAMPSHIRE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

6. Retirement plan:

The Organization maintains a 403(b) tax deferred annuity retirement plan whereby the Organization contributes between 2% and 10% of the employee's salary based upon the employee's years of service. For the years ended December 31, 2010 and 2009, the Organization's retirement plan expense amounted to \$17,673 and \$22,012, respectively. Retirement plan expense is included in salaries expense.

7. Contributions:

Donated materials, equipment, facilities and essential services are reflected as contributions in the accompanying financial statements at fair market value, at the date of the donation. Rent of office space has been calculated at a market rate of \$14 per square foot. These transactions have been recorded as follows:

	<u>2010</u>	<u>2009</u>
Donated services, materials, equipment and facilities	<u>\$1,539,910</u>	<u>\$1,781,582</u>

8. Subsequent Events:

Management has evaluated subsequent events through April 21, 2011, the date on which the financial statements were available to be issued.

SCHEDULE OF SUPPORT AND REVENUE

FOR THE YEAR ENDED DECEMBER 31, 2010
(with comparative totals for 2009)

	<u>2010</u>	<u>2009</u>
SUPPORT AND REVENUE:		
Contributions (Note 7)		
In-Kind	\$1,539,910	\$1,781,582
Individual	65,487	57,764
Memorial	70,438	63,488
Foundation	152,759	96,386
Corporate	131,790	108,602
Social clubs	32,324	32,039
Board of directors	<u>111,647</u>	<u>94,561</u>
	<u>2,104,355</u>	<u>2,234,422</u>
Telemarketing (Note 3)		
Magazine	48,715	41,343
Annual report	97,682	97,905
Consumer	<u>230,744</u>	<u>251,784</u>
	<u>377,141</u>	<u>391,032</u>
Fundraising		
Penguin plunge	656,451	598,497
Fund raising other	197,330	221,165
Torch run	<u>138,276</u>	<u>129,053</u>
	<u>992,057</u>	<u>948,715</u>
Miscellaneous		
Special Olympics International	14,501	15,362
Interest and dividend income	<u>8,786</u>	<u>6,746</u>
	<u>23,287</u>	<u>22,108</u>
State of New Hampshire	<u>22,513</u>	<u>22,513</u>
Mail campaigns	<u>93,549</u>	<u>82,146</u>
Service revenue	<u>19,460</u>	<u>22,331</u>
 Total support and revenue	 <u>\$3,632,362</u>	 <u>\$3,723,267</u>