



***Special Olympics***  
Georgia

**SPECIAL OLYMPICS GEORGIA, INC.  
ATLANTA, GEORGIA**

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED  
DECEMBER 31, 2011 AND 2010**

**SPECIAL OLYMPICS GEORGIA, INC.**  
**INDEX TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011 AND 2010**

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**Jones and Kolb**  
**Certified Public Accountants**  
**Atlanta, Georgia**

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Special Olympics Georgia, Inc.  
Atlanta, Georgia

We have audited the accompanying statements of financial position of Special Olympics Georgia, Inc. (the "Organization") as of December 31, 2011 and 2010, and the related statements of activities and net assets, functional expenses and cash flows for the years 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our 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 Georgia, 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 U.S. generally accepted accounting principles.

*Jones and Kolb*

March 20, 2012

**SPECIAL OLYMPICS GEORGIA, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,573,737	\$ 1,378,434
Investments	7,918,714	7,734,539
Pledges receivable, net	40,229	17,082
Accounts receivable	20,812	21,058
Prepaid expenses	33,101	29,841
	<u>9,586,593</u>	<u>9,180,954</u>
 <b>PROPERTY AND EQUIPMENT</b>		
Property and equipment	287,816	259,837
Less accumulated depreciation	225,924	203,106
	<u>61,892</u>	<u>56,731</u>
 <b>OTHER ASSETS</b>		
Long-term pledges receivable, net	20,956	43,994
Deposits	9,247	8,947
	<u>30,203</u>	<u>52,941</u>
	<u>\$ 9,678,688</u>	<u>\$ 9,290,626</u>

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

**SPECIAL OLYMPICS GEORGIA, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2011 AND 2010**

**LIABILITIES AND NET ASSETS**

	<b>2011</b>	<b>2010</b>
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 1,077	\$ 2,000
Accrued expenses	63,433	82,827
Deferred revenue	204,964	196,891
Total current liabilities	269,474	281,718
 <b>NET ASSETS</b>		
Unrestricted		
Board designated	210,000	210,000
Undesignated	9,138,029	8,737,832
Total unrestricted	9,348,029	8,947,832
Temporarily restricted	61,185	61,076
Total net assets	9,409,214	9,008,908
Total liabilities and net assets	\$ 9,678,688	\$ 9,290,626

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

**SPECIAL OLYMPICS GEORGIA, INC.**  
**STATEMENTS OF ACTIVITIES AND NET ASSETS**  
**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2011 Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2010 Total</u>
<b>PUBLIC SUPPORT AND REVENUE</b>						
Support and contributions	\$ 2,088,378	\$ 104,923	\$ 2,193,301	\$ 1,824,007	\$ 104,909	\$ 1,928,916
Loss on uncollectible pledges	-	(11,634)	(11,634)	-	(85,493)	(85,493)
In-kind contributions	351,063	-	351,063	352,584	-	352,584
Direct marketing contributions	647,192	-	647,192	625,881	-	625,881
Investment income (loss)	25,923	-	25,923	759,604	-	759,604
Fundraising projects	1,039,009	-	1,039,009	931,707	-	931,707
Revenue from Special Olympics, Inc.	171,609	-	171,609	191,537	-	191,537
Registration and other income	218,793	-	218,793	224,226	-	224,226
	<u>4,541,967</u>	<u>93,289</u>	<u>4,635,256</u>	<u>4,909,546</u>	<u>19,416</u>	<u>4,928,962</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>						
	<u>93,180</u>	<u>(93,180)</u>	<u>-</u>	<u>73,506</u>	<u>(73,506)</u>	<u>-</u>
<b>EXPENSES</b>						
Program services						
Sports and training	1,409,774	-	1,409,774	1,393,903	-	1,393,903
Field services	1,458,489	-	1,458,489	1,497,439	-	1,497,439
Public education	158,235	-	158,235	228,718	-	228,718
	<u>3,026,498</u>	<u>-</u>	<u>3,026,498</u>	<u>3,120,060</u>	<u>-</u>	<u>3,120,060</u>

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

**SPECIAL OLYMPICS GEORGIA, INC.**  
**STATEMENTS OF ACTIVITIES AND NET ASSETS**  
**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	<b><u>Unrestricted</u></b>	<b><u>Temporarily Restricted</u></b>	<b><u>2011 Total</u></b>	<b><u>Unrestricted</u></b>	<b><u>Temporarily Restricted</u></b>	<b><u>2010 Total</u></b>
Support services						
General and administrative	221,086	-	221,086	211,792	-	211,792
Development	862,090	-	862,090	775,069	-	775,069
Public relations	125,276	-	125,276	145,706	-	145,706
	<u>1,208,452</u>	<u>-</u>	<u>1,208,452</u>	<u>1,132,567</u>	<u>-</u>	<u>1,132,567</u>
Total support services						
Total expenses	<u>4,234,950</u>	<u>-</u>	<u>4,234,950</u>	<u>4,252,627</u>	<u>-</u>	<u>4,252,627</u>
<b>CHANGE IN NET ASSETS</b>	400,197	109	400,306	730,425	(54,090)	676,335
<b>NET ASSETS</b>						
Beginning of year	<u>8,947,832</u>	<u>61,076</u>	<u>9,008,908</u>	<u>8,217,407</u>	<u>115,166</u>	<u>8,332,573</u>
<b>NET ASSETS</b>						
End of year	<u><u>\$ 9,348,029</u></u>	<u><u>\$ 61,185</u></u>	<u><u>\$ 9,409,214</u></u>	<u><u>\$ 8,947,832</u></u>	<u><u>\$ 61,076</u></u>	<u><u>\$ 9,008,908</u></u>

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

**SPECIAL OLYMPICS GEORGIA, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	Program Services				Support Services				Total Expenses
	Sports and Training	Field Services	Public Education	Total	General and Administrative	Development	Public Relations	Total	
Salaries and benefits	\$ 347,931	\$ 411,002	\$ 125,756	\$ 884,689	\$ 115,887	\$ 209,942	\$ 46,662	\$ 372,491	\$ 1,257,180
Direct marketing	140,161	-	-	140,161	-	140,160	-	140,160	280,321
Lodging	355,949	13,746	323	370,018	80	486	160	726	370,744
Uniforms	2,375	175,310	-	177,685	-	-	-	-	177,685
Meals	23,206	78,561	351	102,118	111	647	93	851	102,969
Promotion	13,556	24,712	-	38,268	-	37,106	-	37,106	75,374
Supplies	6,543	66,271	601	73,415	685	1,103	150	1,938	75,353
Transportation	49,506	101,970	3,124	154,600	1,696	10,464	1,065	13,225	167,825
Rent	27,382	49,914	8,119	85,415	8,886	13,814	2,035	24,735	110,150
Awards	24,248	117,858	113	142,219	616	23,582	541	24,739	166,958
Payments to Special Olympics, Inc.	19,396	28,050	5,769	53,215	6,249	9,620	1,446	17,315	70,530
Facilities	31,505	69,232	-	100,737	-	29,294	485	29,779	130,516
Other fundraising	-	-	-	-	-	138,671	-	138,671	138,671
Other games expenses	81,955	41,014	-	122,969	-	-	-	-	122,969
Printing	428	5,698	127	6,253	439	3,608	1,160	5,207	11,460
Equipment rental and maintenance	10,507	18,571	2,987	32,065	3,253	5,023	749	9,025	41,090
Insurance	14,316	20,680	4,254	39,250	4,624	7,143	1,066	12,833	52,083
Postage and shipping	1,096	5,222	52	6,370	1,043	6,027	119	7,189	13,559
Investment expenses	-	-	-	-	53,776	-	-	53,776	53,776
Telephone	3,687	9,944	1,093	14,724	1,196	1,859	274	3,329	18,053
Professional fees	5,913	8,551	1,759	16,223	1,905	2,933	441	5,279	21,502
Contract services	5,421	63,465	1,077	69,963	1,167	37,152	58,597	96,916	166,879
Volunteer professional development	8,061	71,561	-	79,622	5,691	57,922	406	64,019	143,641
Other expenses	2,154	62,315	538	65,007	11,408	12,896	128	24,432	89,439
In-kind expenses	227,109	4,185	-	231,294	-	108,983	9,150	118,133	349,427
Depreciation	7,369	10,657	2,192	20,218	2,374	3,655	549	6,578	26,796
<b>Total expenses</b>	<b>\$ 1,409,774</b>	<b>\$ 1,458,489</b>	<b>\$ 158,235</b>	<b>\$ 3,026,498</b>	<b>\$ 221,086</b>	<b>\$ 862,090</b>	<b>\$ 125,276</b>	<b>\$ 1,208,452</b>	<b>\$ 4,234,950</b>

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



**SPECIAL OLYMPICS GEORGIA, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	Program Services				Support Services				Total Expenses
	Sports and Training	Field Services	Public Education	Total	General and Administrative	Development	Public Relations	Total	
Salaries and benefits	\$ 342,535	\$ 417,863	\$ 123,161	\$ 883,559	\$ 114,415	\$ 212,607	\$ 45,002	\$ 372,024	\$ 1,255,583
Direct marketing	177,536	-	-	177,536	-	177,535	-	177,535	355,071
Lodging	371,776	16,982	607	389,365	67	928	179	1,174	390,539
Uniforms	3,383	178,059	-	181,442	-	-	-	-	181,442
Meals	23,200	87,099	297	110,596	89	524	88	701	111,297
Promotion	4,985	44,625	-	49,610	-	38,007	-	38,007	87,617
Supplies	7,475	58,365	638	66,478	775	1,274	160	2,209	68,687
Transportation	26,382	104,006	2,392	132,780	1,343	3,954	1,265	6,562	139,342
Rent	27,259	46,463	7,857	81,579	9,382	15,706	1,967	27,055	108,634
Awards	3,113	128,479	131	131,723	821	25,389	783	26,993	158,716
Payments to Special Olympics, Inc.	20,199	28,279	5,821	54,299	6,951	11,634	1,457	20,042	74,341
Facilities	46,064	61,269	-	107,333	-	26,409	605	27,014	134,347
Other fundraising	-	-	-	-	-	135,875	-	135,875	135,875
Other games expenses	81,319	47,859	-	129,178	-	-	-	-	129,178
Printing	532	17,567	58	18,157	503	2,255	1,137	3,895	22,052
Equipment rental and maintenance	11,527	20,865	3,250	35,642	3,881	6,495	813	11,189	46,831
Insurance	13,730	19,220	3,956	36,906	4,724	7,907	990	13,621	50,527
Postage and shipping	553	4,951	30	5,534	1,196	7,737	83	9,016	14,550
Investment expenses	-	-	-	-	50,061	-	-	50,061	50,061
Telephone	3,527	10,307	1,016	14,850	1,214	2,031	254	3,499	18,349
Professional fees	5,842	8,179	1,683	15,704	2,010	3,365	421	5,796	21,500
Contract services	2,148	72,652	619	75,419	739	28,240	27,998	56,977	132,396
Volunteer professional development	581	66,004	-	66,585	640	42,261	302	43,203	109,788
Other expenses	2,586	44,217	639	47,442	10,331	16,517	532	27,380	74,822
In-kind expenses	209,899	3,300	74,340	287,539	-	3,945	61,100	65,045	352,584
Depreciation	7,752	10,829	2,223	20,804	2,650	4,474	570	7,694	28,498
<b>Total expenses</b>	<b>\$ 1,393,903</b>	<b>\$ 1,497,439</b>	<b>\$ 228,718</b>	<b>\$ 3,120,060</b>	<b>\$ 211,792</b>	<b>\$ 775,069</b>	<b>\$ 145,706</b>	<b>\$ 1,132,567</b>	<b>\$ 4,252,627</b>

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

**SPECIAL OLYMPICS GEORGIA, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 400,306	\$ 676,335
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH AND CASH EQUIVALENTS PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Depreciation expense	26,796	28,498
In-kind donation of asset	(1,637)	-
Unrealized and realized loss (income) on investments	159,022	(593,193)
Decrease (increase) in operating assets:		
Pledges receivable, current	(23,147)	54,090
Accounts receivable	246	236
Other assets	19,478	(9,260)
(Decrease) increase in operating liabilities:		
Accounts payable	(923)	2,000
Accrued expenses	(19,394)	(4,861)
Deferred revenue	8,073	16,100
Total adjustments	<u>168,514</u>	<u>(506,390)</u>
Net cash and cash equivalents provided by (used in) operating activities	<u>568,820</u>	<u>169,945</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(30,320)	(23,005)
Proceeds from sales of investments	1,739,459	2,591,880
Purchases of investments	<u>(2,082,656)</u>	<u>(2,800,259)</u>
Net cash and cash equivalents provided by (used in) investing activities	<u>(373,517)</u>	<u>(231,384)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	195,303	(61,439)
<b>CASH AND CASH EQUIVALENTS, Beginning of year</b>	<u>1,378,434</u>	<u>1,439,873</u>
<b>CASH AND CASH EQUIVALENTS, End of year</b>	<u>\$ 1,573,737</u>	<u>\$ 1,378,434</u>

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

**SPECIAL OLYMPICS GEORGIA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Special Olympics Georgia, Inc. (the "Organization") is a Georgia not-for-profit corporation that is accredited by Special Olympics, Incorporated ("SOI") to conduct "Special Olympics activities" within the State of Georgia. The Organization provides year-round programs of sports training and athletic competition for children and adults with intellectual disabilities in Georgia. The major program activities are divided into the following three areas:

Sports and training – includes but is not limited to planning, implementing, managing and evaluating the five state competitions held throughout the year.

Field services – includes but is not limited to providing services and support to local and area agencies and volunteers.

Public education – includes but is not limited to activities associated with increasing public awareness and knowledge about the activities and benefits of the Organization's programs.

The programs are supported primarily through contributions from individuals, corporations and foundations.

The Organization's financial statements include the combined accounts of the state office and all area and county programs, presented net of intra-organization transactions.

B. In accordance with the Accounting Principles Generally Accepted in the United States of America ("U.S. GAAP"), the Organization 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. The Organization did not have any permanently restricted net assets as of December 31, 2011 and 2010.

C. The costs of providing program services and other activities have been summarized on a functional basis in the accompanying Statements of Activities and Net Assets. Accordingly, certain costs have been allocated among the various program and supporting services benefited.

D. The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

**SPECIAL OLYMPICS GEORGIA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

E. The Organization considers all highly liquid debt instruments with a maturity of three months or less at the date of purchase, not held in an investment account, to be cash and cash equivalents.

F. The Organization maintains balances with banks in excess of the Federally insured limit of \$250,000 for the years ended December 31, 2011 and 2010. Other financial instruments, principally receivables, accounts payable and accrued expenses, are reported in accordance with U.S. GAAP. Management believes no significant credit risk exists with respect to any of its financial instruments.

G. A framework for establishing fair value of assets and liabilities has been established by U.S. GAAP. That framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy as established by U.S. GAAP are described below:

Level 1 - Quoted prices (unadjusted) of identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2 - Significant other observable inputs other than Level 1 measurements, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

Level 3 - Significant unobservable inputs that reflect an entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

**SPECIAL OLYMPICS GEORGIA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The Organization used the following methods and significant assumptions to estimate fair value:

Common stocks, mutual funds and U.S treasuries - Valued at the closing price reported on the active market on which the individual securities are traded.

Corporate obligations and government related securities - Valued based on quoted prices for similar assets.

Money market accounts - Valued as cash and cash equivalents which approximates fair market value.

H. Investments and securities held by the Organization are valued in accordance with U.S. GAAP. Net appreciation in the fair value of investments, which consists of the unrealized gains and losses on those investments, is included in the Statements of Activities and Net Assets.

I. In accordance with U.S. GAAP, contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. 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. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Unconditional pledges that are expected to be collected within one year are recorded at net realizable value. Unconditional pledges that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in support and contributions in the accompanying Statement of Activities and Net Assets.

The Organization uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made. The allowance was \$33,000 and \$60,500 for the years ended December 31, 2011 and 2010, respectively.

J. Various individuals, corporations and foundations donate significant services, facilities and materials to the Organization for use in its programs. For the years ended December 31, 2011 and 2010, contributed materials and facilities of \$340,191 and \$328,109, respectively, have

**SPECIAL OLYMPICS GEORGIA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

been recorded at the estimated fair market value at the date of donation, and have been included in revenue and expenses on the Statement of Activities and Net Assets. Of these amounts, \$232,091 in 2011 and \$274,209 in 2010 relate to materials, food and facilities for the Winter, Fall, Summer and World Games; and \$108,100 in 2011 and \$53,900 in 2010 relates to advertising to promote the annual Polar Plunge and Duck Derby.

Contributed services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Medical services of \$805 and \$19,275 for the Winter and Summer Games were recorded for the years ended December 31, 2011 and 2010, respectively. In prior years, the majority of the donated medical services were provided by an orthopedic supply company, which did not donate services in 2011.

Professional services for photography and entertainment of \$8,430 and \$5,200 for the Winter and Summer Games were recorded for the years ended December 31, 2011 and 2010, respectively. In addition, furniture and fixtures with a fair market value of \$1,637 were donated to the State office in December of 2011. Depreciation will be recorded on the donated items in accordance with the Organization's depreciation policy and included in depreciation expense.

A substantial number of volunteers donated a significant amount of time to assist in the Organization's program and services fundraising activities. These contributed services are not recorded in the financial statements as the services do not meet the criteria noted above. The Organization received approximately 52,800 and 58,910 hours of donated services for the years ended December 31, 2011 and 2010, respectively.

K. The Organization capitalizes all expenditures for property and equipment in excess of \$1,000. Purchased property and equipment are recorded at cost and donated assets are recorded at its estimated fair market value at date of donation. Depreciation is provided using the straight-line method over the estimated useful life of the asset ranging from three to five years.

L. Deferred revenue represents annual athlete registration, Winter Games registration, event sponsorships and advance monies received under a reimbursement grant.

**SPECIAL OLYMPICS GEORGIA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Deferred revenue consists of the following for the years ended December 31:

	<u>2011</u>	<u>2010</u>
Games and annual athlete registration	\$ 19,030	\$ 12,179
Event sponsorships	175,235	167,322
Reimbursement grant	<u>10,699</u>	<u>17,390</u>
Total	<u>\$ 204,964</u>	<u>\$ 196,891</u>

M. The Organization is generally exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC"). However the Organization is subject to IRC Section 511(a) for income taxes on unrelated business income. The Organization had no tax liability for the years ended December 31, 2011 and 2010. In accordance with U.S. GAAP, the Organization has evaluated uncertainties in tax positions for all open tax years and the year ended December 31, 2011. Currently the 2008, 2009 and 2010 tax years are open and subject to examination by the Internal Revenue Service. However, the Organization is not currently under audit nor has the Organization been contacted by the Internal Revenue Service.

The Internal Revenue Service has classified the Organization as a publicly supported charitable organization as described in Section 509(a) of the Internal Revenue Code which allows donors to take the maximum charitable contribution deduction.

N. Management has evaluated subsequent events through March 20, 2012, which is the date these financial statements were available to be issued.

**SPECIAL OLYMPICS GEORGIA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

**2. PLEDGES RECEIVABLE**

The Organization records pledges receivable if the pledge is unconditional. For the years ended December 31, 2011 and 2010, the Organization recorded pledges due within one year of \$40,229 and \$17,082, net of an allowance for uncollectible pledges of \$23,566 and \$16,920, respectively.

Pledges receivable that are expected to be collected in future years are recorded at present value as calculated in accordance with Accounting Standards Codification Topic 820 as implemented for the year ended December 31, 2011. The Organization has recorded long-term pledges of \$20,956 and \$43,994, net of unamortized discounts of \$1,733 and \$1,884, and net of an allowance for uncollectible pledges of \$9,434 and \$43,580, as of December 31, 2011 and 2010, respectively.

Losses on uncollectible pledges totaled \$27,413 and were taken against the allowance for uncollectible pledges for the year ended December 31, 2011. Losses on uncollectible pledges of \$85,493 for the year ended December 31, 2010 were recorded in the Statements of Activities and Net Assets.

**3. INVESTMENTS**

Investment income (loss) is composed of the following for the years ended December 31:

	<u>2011</u>	<u>2010</u>
Interest and dividends	\$ 184,945	\$ 166,411
Net realized gain on sales of securities	140,486	133,599
Net unrealized gain (loss) on securities	<u>(299,508)</u>	<u>459,594</u>
Investment income (loss)	25,923	759,604
Less investment expenses	<u>53,776</u>	<u>50,061</u>
Investment income, net	<u>\$ (27,853)</u>	<u>\$ 709,543</u>



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The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of December 31:

	<b>2011</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
Common stocks and mutual funds	\$ 5,821,340	\$ -	\$ 5,821,340
Money market funds	1,129,438	-	1,129,438
U.S. treasuries	206,718	-	206,718
Corportate obligations	-	705,467	705,467
Government related securities	-	55,751	55,751
	<b>\$ 7,157,496</b>	<b>\$ 761,218</b>	<b>\$ 7,918,714</b>
	<b>2010</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
Common stocks and mutual funds	\$ 5,227,807	\$ -	\$ 5,227,807
Money market funds	1,537,488	-	1,537,488
U.S. treasuries	203,362	-	203,362
Corportate obligations	-	584,340	584,340
Government related securities	-	181,542	181,542
	<b>\$ 6,968,657</b>	<b>\$ 765,882</b>	<b>\$ 7,734,539</b>

During 2011, the Organization elected to pay \$31,258 for certain expenses directly from money market funds. These expenses consisted of \$14,758 paid to bring athletes from St. Lucia to participate in the Special Olympic Georgia Fall games, \$11,500 paid to Over the Edge USA for fundraising activities and \$5,000 paid to a consulting firm for general and administrative research on non-profit salary structure. These expenses were recorded in the Statements of Activities and Net Assets and in the Statement of Functional Expenses for the year ended December 31, 2011.

In prior years, money market funds were not utilized to pay non-investment related expenses.

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**4. PROPERTY AND EQUIPMENT**

Property and equipment consist of the following as of December 31:

	<u>2011</u>	<u>2010</u>
Furniture and fixtures	\$ 15,589	\$ 13,952
Office equipment	255,169	228,827
Vehicles	<u>17,058</u>	<u>17,058</u>
 Total	 287,816	 259,837
Less accumulated depreciation	<u>225,924</u>	<u>203,106</u>
 Property and equipment, net	 <u><u>\$ 61,892</u></u>	 <u><u>\$ 56,731</u></u>

Depreciation expense was \$26,796 and \$28,498 for the years ended December 31, 2011 and 2010, respectively.

**5. LEASE COMMITMENTS**

In September 2004, the Organization leased new state office facilities under a non-cancelable operating lease expiring on April 30, 2012. This lease requires the Organization to pay base monthly rent plus common area maintenance. The Organization did not have to pay rent for the first eight months of occupancy under the new lease agreement.

On September 16, 2011, the Organization signed an Amendment to the state office facilities lease to extend the lease term to November 30, 2017. The new lease continues the requirement for the Organization to pay base monthly rent plus common area maintenance. The base monthly rent expense includes a yearly escalation of approximately 2.5%.

The Organization is required to pay the maintenance fee for the entire term of the lease, but will receive an abatement of the base monthly rent for the first seven months of the lease term. The Organization records rent expense in accordance with ASC Topic 840.

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On December 19, 2011, the Special Olympics office in Valdosta, Georgia entered into a lease agreement for a 24 month lease term beginning on January 1, 2012. The lease payment is \$600 per month for the lease term. The lease includes an automatic renewal clause for an additional two year period unless either party terminates thirty days prior to the date of expiration.

Future minimum rental payments required under these leases are as follows:

<u>Year ending December 31:</u>	<u>Amount</u>
2012	\$ 44,909
2013	77,812
2014	72,384
2015	74,184
2016	76,040
Thereafter	<u>71,371</u>
Total	<u>\$ 416,700</u>

The Organization also rents office space for three additional regional offices on a month-to-month basis as well as office equipment. Total rent expense, including utilities and other costs, for the years ended December 31, 2011 and 2010 totaled \$110,150 and \$108,634, respectively.

**6. ALLOCATION OF JOINT COSTS**

For the years ended December 31, 2011 and 2010, the Organization incurred joint costs of \$280,321 and \$355,071, respectively, for direct marketing activities that includes participant and volunteer recruitment as well as fundraising appeals. Of these costs, 50% was allocated each to sports and training expense and development.

**7. TEMPORARILY RESTRICTED NET ASSETS**

For the years ended December 31, 2011 and 2010, temporarily restricted net assets consist of \$61,185 and \$61,076, respectively, which is restricted for use until received in future periods.

**8. RELATED PARTY TRANSACTIONS**

For the years ended December 31, 2011 and 2010, the Organization reported income of \$171,609 and \$191,537, respectively, from SOI representing cooperative national fundraising projects, direct mail campaigns and grants, and expenses of \$70,530 and \$74,341, respectively, to SOI for program support.

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**9. PENSION PLAN**

The Organization maintains a self-directed simplified employee pension plan for all employees who have completed three years of service. The Plan provides for the Organization to make contributions in the amount of five percent of the compensation of eligible participants. Each eligible participant is fully vested when the contribution is made. Investments of each participant's account balance are self-directed. The Organization's contributions for the years ended December 31, 2011 and 2010 were \$30,288 and \$28,196, respectively.

**10. RISKS AND UNCERTAINTIES**

The capital markets are currently experiencing unprecedented volatility that is causing significant fluctuations in the market value of investments. These conditions could impact investments. Investments are subject to interest rate risk, credit risk and market risk. Due to the level of risk associated with certain investments, it is likely that the market volatility in the near term will affect the amounts reported in the accompanying financial statements.