

SPECIAL OLYMPICS NEW MEXICO, INC.

FINANCIAL STATEMENTS

Years Ended December 31, 2010 and 2009

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Special Olympics New Mexico, Inc.
Albuquerque, New Mexico

We have audited the accompanying statements of financial position of Special Olympics New Mexico, Inc. (a nonprofit organization) as of December 31, 2010 and 2009, and the related statements of activities, 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 examining, on a test basis, evidence supporting 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 New Mexico, Inc. as of December 31, 2010 and 2009, 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 of America.

Broderick & Company, LLC

Broderick & Company, LLC

March 25, 2011

Special Olympics New Mexico, Inc.

Statements of Financial Position

December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Assets		
Cash	\$ 432,267	\$ 393,201
Accounts receivable	4,174	84,771
Inventory	2,948	1,754
Prepaid expenses	13,747	6,571
Investments	444,143	356,558
Property and equipment	37,715	48,373
Restricted certificate of deposit	-	50,000
Endowment fund	56,883	50,517
	<u>991,877</u>	<u>991,745</u>
Total assets	<u>\$ 991,877</u>	<u>\$ 991,745</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 6,914	\$ 21,838
Accrued liabilities	8,953	10,429
Deferred revenue	14,000	21,100
Capital lease obligation	15,443	20,160
	<u>45,310</u>	<u>73,527</u>
Total liabilities	<u>45,310</u>	<u>73,527</u>
Net assets		
Unrestricted	905,473	878,624
Permanently restricted net assets	41,094	39,594
	<u>946,567</u>	<u>918,218</u>
Total net assets	<u>946,567</u>	<u>918,218</u>
Total liabilities and net assets	<u>\$ 991,877</u>	<u>\$ 991,745</u>

See accompanying notes to financial statements.

Special Olympics New Mexico, Inc.

Statement of Activities

Year Ended December 31, 2010

	<u>Unrestricted</u>			
	<u>Chapter</u>	<u>Area and Local</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues, gains, and other support				
Contributions	\$ 928,019	\$ 243,600	\$ 1,500	\$ 1,173,119
Direct marketing revenue	322,209	-	-	322,209
Special events	233,218	73,088	-	306,306
State contract	291,250	-	-	291,250
Program sponsor and registration	276,481	-	-	276,481
Investment income	7,362	801	-	8,163
Total revenues, gains, and other support	2,058,539	317,489	1,500	2,377,528
Expenses				
Program services				
Sporting events and games	775,399	145,553	-	920,952
Sports training	465,240	87,332	-	552,572
Public education activities	310,160	58,221	-	368,381
Total program services	1,550,799	291,106	-	1,841,905
Management and general	176,179	363	-	176,542
Fund-raising	329,022	1,710	-	330,732
Total expenses	2,056,000	293,179	-	2,349,179
Changes in net assets	2,539	24,310	1,500	28,349
Net assets, beginning of year	563,594	315,030	39,594	918,218
Net assets, end of year	\$ 566,133	\$ 339,340	\$ 41,094	\$ 946,567

See accompanying notes to financial statements.

Special Olympics New Mexico, Inc.

Statement of Activities

Year Ended December 31, 2009

	<u>Unrestricted</u>			
	<u>Chapter</u>	<u>Area and Local</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues, gains, and other support				
Contributions	\$ 821,878	\$ 225,252	\$ 500	\$ 1,047,630
Direct marketing revenue	320,654	-	-	320,654
Special events	252,131	63,406	-	315,537
State contract	324,500	-	-	324,500
Program sponsor and registration	243,039	-	-	243,039
Investment income	13,191	1,114	-	14,305
	<u>1,975,393</u>	<u>289,772</u>	<u>500</u>	<u>2,265,665</u>
Expenses				
Program services				
Sporting events and games	721,554	147,373	-	868,927
Sports training	432,932	88,424	-	521,356
Public education activities	288,622	58,949	-	347,571
Total program services	<u>1,443,108</u>	<u>294,746</u>	<u>-</u>	<u>1,737,854</u>
Management and general	156,661	403	-	157,064
Fund-raising	284,394	1,518	-	285,912
	<u>1,884,163</u>	<u>296,667</u>	<u>-</u>	<u>2,180,830</u>
Changes in net assets	91,230	(6,895)	500	84,835
Net assets, beginning of year	<u>472,364</u>	<u>321,925</u>	<u>39,094</u>	<u>833,383</u>
Net assets, end of year	<u>\$ 563,594</u>	<u>\$ 315,030</u>	<u>\$ 39,594</u>	<u>\$ 918,218</u>

See accompanying notes to financial statements.

Special Olympics New Mexico, Inc.
Statement of Functional Expenses
Year Ended December 31, 2010

	2010			
	Program Services	Management and General	Fund-raising	Total
Salaries	\$ 294,169	\$ 109,322	\$ 116,218	\$ 519,709
Program donated services	511,586	-	-	511,586
Program food and lodging	323,646	-	-	323,646
Outreach	180,921	-	-	180,921
Equipment and uniforms	129,503	-	-	129,503
Fund-raising expense	-	-	124,348	124,348
Benefits	68,184	25,339	26,937	120,460
Special events	54,394	-	39,147	93,541
Other program expenses	81,113	-	-	81,113
Program awards and recognition	49,533	-	-	49,533
Rent	22,478	6,480	6,480	35,438
Program facilities	32,012	-	-	32,012
Telephone	13,034	5,214	7,821	26,069
Chapter assessment fees	22,310	-	-	22,310
Depreciation	13,469	4,490	4,490	22,449
Office supplies and expenses	16,788	2,165	2,703	21,656
Other expenses	8,991	5,994	-	14,985
Insurance	12,011	1,335	-	13,346
Accounting services	-	12,795	-	12,795
Travel, meetings, and conferences	4,399	-	1,467	5,866
Printing and postage	3,364	1,121	1,121	5,606
Professional services	-	2,287	-	2,287
	<u>\$ 1,841,905</u>	<u>\$ 176,542</u>	<u>\$ 330,732</u>	<u>\$ 2,349,179</u>
Total expenses	<u>\$ 1,841,905</u>	<u>\$ 176,542</u>	<u>\$ 330,732</u>	<u>\$ 2,349,179</u>

See accompanying notes to financial statements.

Special Olympics New Mexico, Inc.

Statement of Functional Expenses

Year Ended December 31, 2009

2009

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund-raising</u>	<u>Total</u>
Salaries	\$ 300,919	\$ 93,229	\$ 113,722	\$ 507,870
Program donated services	411,685	-	-	411,685
Program food and lodging	319,247	-	-	319,247
Outreach	190,327	-	-	190,327
Equipment and uniforms	120,351	-	-	120,351
Benefits	62,473	19,355	23,609	105,437
Fund-raising expense	-	-	91,356	91,356
Other program expenses	88,642	-	-	88,642
Special events	37,305	-	30,523	67,828
Program awards and recognition	53,142	-	-	53,142
Rent	23,579	6,824	6,824	37,227
Program facilities	31,114	-	-	31,114
Depreciation	19,738	6,580	6,580	32,898
Telephone	12,914	5,166	7,748	25,828
Chapter assessment fees	21,672	-	-	21,672
Office supplies and expenses	14,963	1,914	2,267	19,144
Other expenses	9,444	6,296	-	15,740
Insurance	12,059	1,340	-	13,399
Accounting services	-	11,211	-	11,211
Printing and postage	5,144	1,715	1,715	8,574
Travel, meetings, and conferences	3,136	1,568	1,568	6,272
Professional services	-	1,866	-	1,866
Total expenses	<u>\$ 1,737,854</u>	<u>\$ 157,064</u>	<u>\$ 285,912</u>	<u>\$ 2,180,830</u>

See accompanying notes to financial statements.

Special Olympics New Mexico, Inc.
Statements of Cash Flows
Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities		
Change in net assets	\$ 28,349	\$ 84,835
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	22,449	32,898
Gain on endowment fund	(4,634)	(7,083)
Loss on investments	1,231	-
Gain on disposal of asset	-	(2,245)
Changes in operating assets and liabilities:		
Accounts receivable	80,597	(93)
Prepaid expenses	(7,176)	5,492
Inventory	(1,194)	3,463
Accounts payable	(14,924)	11,440
Accrued liabilities	(1,476)	2,377
Deferred revenue	(7,100)	5,800
Contributions restricted for long-term purposes		
Permanently restricted contributions	(1,500)	(500)
	<u>94,622</u>	<u>136,384</u>
Cash flows from investing activities		
Purchase of investments	(58,336)	(35,597)
Proceeds on sale of investments	21,625	-
Reinvested investment income	(3,837)	(5,833)
Purchases of property and equipment	(11,791)	(2,586)
	<u>(52,339)</u>	<u>(44,016)</u>
Cash flows from financing activities		
Principal payments on capital lease obligation	(4,717)	(4,131)
Collections of contributions for long term purposes	1,500	500
	<u>(3,217)</u>	<u>(3,631)</u>
Change in cash and cash equivalents	39,066	88,737
Cash and cash equivalents, beginning of year	<u>393,201</u>	<u>304,464</u>
Cash and cash equivalents, end of year	<u>\$ 432,267</u>	<u>\$ 393,201</u>
Supplemental disclosure		
Interest paid	\$ 865	\$ 987
Noncash investing transactions		
Capital lease equipment trade in	\$ -	\$ 5,104
Capital lease obligation incurred for use of equipment	\$ -	\$ 24,290

See accompanying notes to financial statements.

Special Olympics New Mexico, Inc.

Notes to Financial Statements

December 31, 2010 and 2009

Note 1 – Nature of Activities

Special Olympics New Mexico, Inc. (SONM) was incorporated on September 6, 1977 for the purpose of providing year-round sports training and athletic competition in a variety of Olympic-type sports for children and adults with mental challenges (intellectual disabilities). SONM gives the participants continuing opportunities to develop physical fitness, demonstrate courage, experience joy and participate in sharing of gifts, skills and friendship with their families, other Special Olympic athletes and the community. SONM currently offers 15 Olympic-type sports to over 2,600 athletes. SONM has over 1,000 certified volunteer coaches and over 6,000 volunteers statewide.

SONM offers five state competitions. The State Summer Games, the largest event, includes competition in track and field, gymnastics, cycling, unified volleyball, unified bocce and bocce. These are held in Albuquerque at the University of New Mexico. The Four Corners Invitational includes competition in golf, soccer, unified softball, and aquatics. These are hosted in Farmington. The State Equestrian Tournament is held at the Curry County Fairgrounds in Clovis. SONM's Holiday Classic is held in Las Cruces and Albuquerque. In Las Cruces, basketball is played at New Mexico State University and bowling is held at Sun Lanes to accommodate bowlers in the south. Bowling is also held in Bernalillo at Santa Ana Starlight Lanes to host increased numbers of bowlers in the northern half of our state. Poly hockey (hockey without ice) is held in February, at the Eastern New Mexico Fairgrounds in Roswell.

At two of the State Competitions, SONM offers its Healthy Athlete Program, designed to help Special Olympics athletes improve their health and fitness. Athletes receive health screenings done by health care professionals. These include dentistry, optometry, audiology, physical therapy, and podiatry. The Healthy Athletes initiative goes beyond providing direct services at Special Olympics events; it also provides additional training for health care professionals about the special needs of patients with developmental disabilities and serves to educate the public and policy makers about the special health care needs of Special Olympics athletes. Through better health and fitness, each athlete's ability to train and compete is improved.

Note 2 – Summary of Significant Accounting Policies

Date of Management Review

SONM has evaluated subsequent events through March 25, 2011, which is the date the financial statements were available to be issued.

Special Olympics New Mexico, Inc.

Notes to Financial Statements

December 31, 2010 and 2009

Note 2 – Summary of Significant Accounting Policies - continued

Financial Statement Presentation

The financial statements are presented on the accrual basis of accounting in accordance with generally accepted accounting principles. SONM is required to report 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 statements of activities reflect the two operating segments of SONM. Chapter is the overall administrative body of SONM. Chapter facilitates all statewide activities and state competitions. Area/Local consists of the six geographic locations throughout the state of New Mexico. Area/Local hosts the regional and community programs and competitions.

Revenues, Gains, and Other Support

In order to support its various programs, SONM generates its revenue and support through a variety of sources. The primary source of support is gifts and bequests from individuals and corporations. Corporations and individuals may also contribute funds to sponsor specific events offered by SONM. SONM also generates revenue and support through telemarketing contracts and from a State of New Mexico grant. Additionally, SONM hosts various special events.

SONM reports contributions received as unrestricted, temporarily restricted, or permanently restricted depending on the absence or existence and nature of any donor restrictions. If the restriction is satisfied in the same period the contribution is received, the contribution is reported as unrestricted.

Donated materials and other non-cash donations are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated assets to a specific purpose. The total of donated materials and noncash donations were \$260,930 in 2010 and \$207,189 in 2009.

Donated services are recognized as contributions if the donated services create or enhance non-financial assets or require specialized skills, and are provided by individuals possessing those skills, and would otherwise be purchased by SONM. SONM recognized \$511,586 in 2010 and \$411,115 in 2009 for services provided by certified coaches and officials.

Special Olympics New Mexico, Inc.

Notes to Financial Statements

December 31, 2010 and 2009

Note 2 – Summary of Significant Accounting Policies - continued

Accounts Receivable

Accounts receivable are for grants, contracts and contributions. Accounts receivable are considered to be fully collectible. Accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be written off and charged to bad debt expense. SONM considers all receivables over 90 days to be past due. Receivables over 90 days were \$0 at December 31, 2010 and 2009. There was no bad debt expense in 2010 or 2009.

Investments

Investments consist of money market funds, certificates of deposit, government securities and corporate securities and are reported at fair values based on quoted prices in active markets (all Level 1 measurements) in the statement of financial position. Investment gains and losses are included in the statement of activities.

Inventory

Inventories consist of souvenir goods to be sold at events. Inventories are valued at the lower of cost or market determined on the average cost method.

Property and Equipment

Property and equipment are stated at cost. Donated assets that are to be used by SONM are capitalized at their fair market value on the date of the gift. Depreciation is computed using the straight-line method over estimated useful lives of three to ten years. All acquisitions of property and equipment in excess of \$500 are capitalized.

Deferred Revenue

SONM receives revenue for special events which will occur in a future year and are recorded as deferred revenue.

Functional Allocation of Expenses

The costs of providing programs and supporting services have been summarized by function based on evaluation of the related benefit by management. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Special Olympics New Mexico, Inc.

Notes to Financial Statements

December 31, 2010 and 2009

Note 2 – Summary of Significant Accounting Policies -continued

Income Taxes

SONM is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as “other than a private foundation.”

SONM’s income tax filings are subject to audit by various taxing authorities. SONM’s open audit periods are 2008 to 2010. SONM adopted the provisions of FASB ASC 740-10 “Accounting for Uncertainty in Income Taxes” on July 1, 2009. As a result of the implementation, SONM has not recognized any changes to the financial statements for uncertain tax positions.

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 of assets, liabilities and disclosures. Accordingly, actual results could differ from those estimates.

Advertising

SONM expenses advertising costs as incurred. For 2010 and 2009, advertising expense was \$114,964 and \$105,905, respectively, including donated advertising of \$98,080 and \$94,632, respectively.

Note 3 – Accounts Receivable

Accounts receivable consist of the following:

	2010	2009
Other	\$ 2,530	\$ 12,469
Telemarketing revenue	1,644	9,552
State of New Mexico contract	-	62,750
	<u>\$ 4,174</u>	<u>\$ 84,771</u>

Special Olympics New Mexico, Inc.

Notes to Financial Statements

December 31, 2010 and 2009

Note 4 – Investments

Investments are stated at fair value and consist of:

	<u>2010</u>		Unrealized Gain
	Cost	Fair Value	
Money market funds	\$ 325,373	\$ 325,373	\$ -
Certificates of deposit	60,000	60,000	-
Government securities	57,331	58,541	1,210
Corporate securities	54	229	175
	<u>\$ 442,758</u>	<u>\$ 444,143</u>	<u>\$ 1,385</u>

	<u>2009</u>		Unrealized Gain
	Cost	Fair Value	
Money market funds	\$ 266,095	\$ 266,095	\$ -
Government securities	77,845	80,463	2,618
Certificates of deposit	10,000	10,000	-
	<u>\$ 353,940</u>	<u>\$ 356,558</u>	<u>\$ 2,618</u>

The following summarizes the investment income in the statement of activities. The investment income includes income from investments, certificates of deposit and the endowment fund.

	<u>2010</u>	<u>2009</u>
Interest and dividend income	\$ 5,332	\$ 7,727
Net realized and unrealized gains	<u>3,403</u>	<u>7,083</u>
	8,735	14,810
Less investment fees	<u>(572)</u>	<u>(505)</u>
	<u>\$ 8,163</u>	<u>\$ 14,305</u>

Note 5 – Fair Value Measurements

FASB ASC 820-10, Fair Value Measurements, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. SONM uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. All of SONM's investments are Level 1 at December 31, 2010 and 2009.

Special Olympics New Mexico, Inc.

Notes to Financial Statements

December 31, 2010 and 2009

Note 6 – Property and Equipment

Property and equipment consist of the following:

	<u>2010</u>	<u>2009</u>
Office equipment and software	\$ 158,703	\$ 148,860
Program equipment	<u>124,847</u>	<u>122,899</u>
	283,550	271,759
Less accumulated depreciation	<u>245,835</u>	<u>223,386</u>
	<u>\$ 37,715</u>	<u>\$ 48,373</u>

Depreciation expense was \$22,449 and \$32,898 for the years ended December 31, 2010 and 2009, respectively.

Note 7 – Endowment Fund Investments and Spending Policy

SONM's endowment funds are held by the Albuquerque Community Foundation as a part of its pooled investments. Variance power has been granted to the Albuquerque Community Foundation. These assets will be returned to SONM if the Albuquerque Community Foundation ceases to be a charitable organization. These investments are stated at fair market value.

Annual distributions can be made pursuant to current Albuquerque Community Foundation policy. Current policy states that distributions will be based on 5% of the average twelve quarters' fund balance if requested by SONM. There were no distributions for 2010 or 2009.

Endowment net asset composition by type of fund is as follows for years ended December 31, 2010 and 2009:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>
<u>December 31, 2010</u>		
Donor-restricted endowment funds	\$ -	\$ 41,094
Unrestricted funds	<u>15,789</u>	<u>-</u>
Total funds	<u>\$ 15,789</u>	<u>\$ 41,094</u>
<u>December 31, 2009</u>		
Donor-restricted endowment funds	\$ -	\$ 39,594
Unrestricted funds	<u>10,923</u>	<u>-</u>
Total funds	<u>\$ 10,923</u>	<u>\$ 39,594</u>

Special Olympics New Mexico, Inc.

Notes to Financial Statements

December 31, 2010 and 2009

Note 7 – Endowment Fund Investments and Spending Policy - continued

Changes in endowment net assets are as follows for 2010 and 2009:

<u>December 31, 2010</u>	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total Net Endowment Assets</u>
Endowment net assets, beginning of year	\$ 10,923	\$ 39,594	\$ 50,517
Contributions	-	1,500	1,500
Investment income	5,438	-	5,438
Investment fees	(572)	-	(572)
Endowment net assets, end of year	<u>\$ 15,789</u>	<u>\$ 41,094</u>	<u>\$ 56,883</u>

<u>December 31, 2009</u>	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total Net Endowment Assets</u>
Endowment net assets, beginning of year	\$ 4,340	\$ 39,094	\$ 43,434
Contributions	-	500	500
Investment income	7,088	-	7,088
Investment fees	(505)	-	(505)
Endowment net assets, end of year	<u>\$ 10,923</u>	<u>\$ 39,594</u>	<u>\$ 50,517</u>

Note 8 – Line of Credit

SONM had a \$50,000 bank line of credit at December 31, 2009 with no outstanding balance. Interest was accrued on the outstanding balance at the variable corporate base rate established by the lender. Collateral on the line of credit was a \$50,000 certificate of deposit. The bank line of credit was not renewed by SONM in 2010.

Note 9 – Capital Lease Obligation

SONM's property under capital lease is \$24,290 in 2010 and 2009 and is included in office equipment and software net of the accumulated depreciation of \$9,716 in 2010 and \$4,858 in 2009.

Special Olympics New Mexico, Inc.

Notes to Financial Statements

December 31, 2010 and 2009

Note 9 – Capital Lease Obligation - continued

Capital lease obligation consists of the following:

	<u>2010</u>	<u>2009</u>
Capital lease obligation to finance company, payable in monthly installments of \$465, including interest at 4.8%, due December 2013.	\$ 15,443	\$ 20,160

Maturities of the capital lease obligation as per the new lease agreement are as follows:
2011 - \$4,949; 2012 - \$5,191; 2013 - \$5,303.

Note 10 – Unrestricted Net Assets

Unrestricted net assets consist of the following:

	<u>2010</u>	<u>2009</u>
Chapter	\$ 566,153	\$ 563,594
Area/Local	339,340	315,030
	<u>\$ 905,473</u>	<u>\$ 878,624</u>

The Board of Directors has created a board designated fund which sets aside a percentage of unrestricted revenues. The board designated funds are reserved in anticipation of future liabilities or unexpected events. The board designated funds consist of the following:

	<u>2010</u>	<u>2009</u>
Investments	\$ 383,958	\$ 346,372

Note 11 – Commitments and Contingencies

SONM leased office space under an operating lease. Lease expense on the office space was \$29,820 and \$29,820 for 2010 and 2009, respectively. The lease expired December 31, 2010 and they are now renting their office space on a month-to-month basis.

Special Olympics New Mexico, Inc.

Notes to Financial Statements

December 31, 2010 and 2009

Note 12 – Direct Marketing Contributions

SONM contracts with a professional marketing agency to conduct direct marketing campaigns, including direct mail and telemarketing, to raise funds and increase public knowledge and awareness of SONM's mission and activities. The campaign resulted in contributions of \$245,570 and \$243,108 for the years ended December 31, 2010 and 2009, respectively. These contributions are included in direct marketing revenues on the Statements of Activities. SONM incurred costs of \$168,453 and \$160,509, to the professional marketing agency in 2010 and 2009, respectively. The majority of the effort by the telemarketing contractor is to raise awareness about SONM, encourage volunteer participation, and seek out potential athletes. On the Statement of Functional Expenses the joint costs allocated to program expenses are \$92,649 in 2010 and \$88,280 in 2009. Joint costs allocated to fundraising expenses are \$75,804 in 2010 and \$72,229 in 2009.

Note 13 – Related Party Transactions

SONM is accredited by Special Olympics International, Inc. (SOI) to conduct sports training and competition activities within New Mexico. SONM made payments to SOI of \$22,310 and \$21,672 for 2010 and 2009, respectively, for program support and assessments.

SONM has a direct mail fundraising agreement with SOI in which SOI does the direct mail fundraising and SONM shares the proceeds with SOI. SONM received income from this agreement for years ended December 31, 2010 and 2009 of \$76,336 and \$77,131, respectively.

Note 14 – Pension Plan

SONM has a defined contribution 403(b) Plan that covers all eligible employees of SONM. Participating employees are eligible to contribute a percentage of their salary to the Plan. SONM contributes up to three percent matching contribution of participating employees' salary to the Plan. Pension expense was \$13,405 and \$12,135 for the years ended December 31, 2010 and 2009, respectively.

Note 15 – Concentrations of Credit Risk

Financial instruments that potentially subject SONM to concentration consist principally of cash and investments. SONM places its investments with financial institutions and investment brokerage firms. Investments with financial institutions are federally insured and investments held by investment brokerage firms are insured by the brokerage firm. At December 31, 2010 and 2009, SONM's uninsured cash balances totaled \$120,676 and \$81,664, respectively.