



Gary McGee & Co. LLP
CERTIFIED PUBLIC ACCOUNTANTS

Special Olympics Oregon, Inc.

Financial Statements and Other Information
as of and for the Year Ended December 31, 2012
and Report of Independent Accountants

SPECIAL OLYMPICS OREGON, INC.

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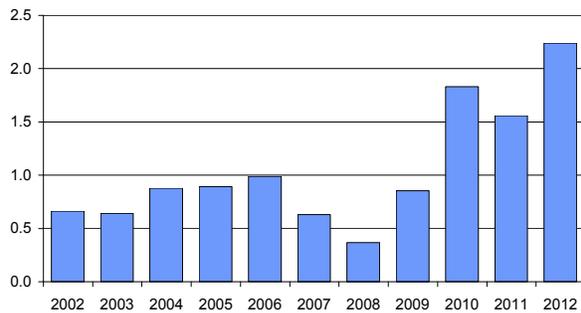
The Year in Review

January 1 - December 31, 2012

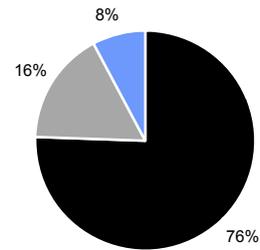
Total Assets	\$2.24 million
Total Revenues	\$6.76 million
Total Expenses	\$6.36 million
Total Net Surplus	\$401 thousand
Total Program Support of Special Olympics Athletes	\$4.81 million

Funding Highlights

ASSETS OF SPECIAL OLYMPICS OREGON 2002-2012
(in millions)

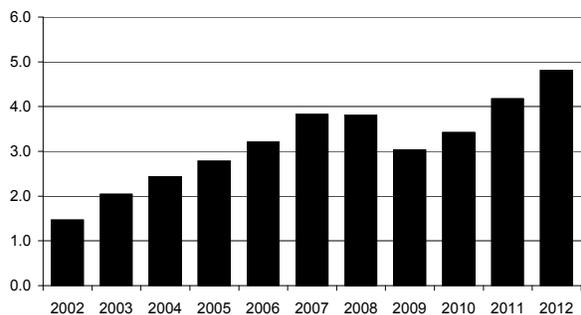


DISTRIBUTION OF OPERATING EXPENSES 2012

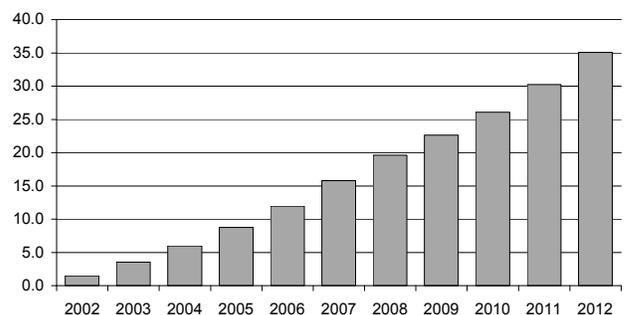


76% Program activities. \$4.81 million.
16% Fundraising. \$1.06 million
8% Management and general. \$493 thousand

INVESTMENT IN PROGRAM SERVICES 2002-2012
(in millions)



CUMULATIVE INVESTMENT IN PROGRAMS 2002-2012
(in millions)



Letter from Special Olympics Oregon's Chief Executive Officer

It's been said that what is measured is what gets done.

For Special Olympics Oregon, 2012 was a year to be measured. In every important way, progress was made: more revenue raised, more grants received, more sponsors signed, more media earned, more coaches trained, more programs offered, more volunteers recruited, and, best of all, more Oregonians with intellectual disability served than ever before. In short, we measured . . . and a lot got done.

Here's a few of the specific results:

- For the second year in a row, continued to serve over 10,000 participants, which is nearly double the number served only 5 years ago
- Raised over \$1 million more than the prior year; highlights included:
 - ✓ Major gifts of \$1,000 or more nearly doubled
 - ✓ Grant revenue more than doubled
 - ✓ Recurring donations increased more than three-fold
 - ✓ Planned gifts significantly exceeded all prior years
- Social media followers increased 80%
- Grants and contributions receivable increased by 32%

We also continued to lead the nation with a number of innovative programs developed at Special Olympics Oregon, including *Oregon Team Wellness*, a new education and training program designed especially for our constituency to improve their health and wellness off the field of play. Our *SO-Empowered* proprietary web-based software that is bringing Special Olympics processes into the digital age is now being licensed to other state chapters.

There are other measurables . . . but perhaps most meaningful is the progress made in ways that cannot be measured: Number of hugs given and received. Number of smiles seen and shared. Number of hearts touched. Number of lives changed.

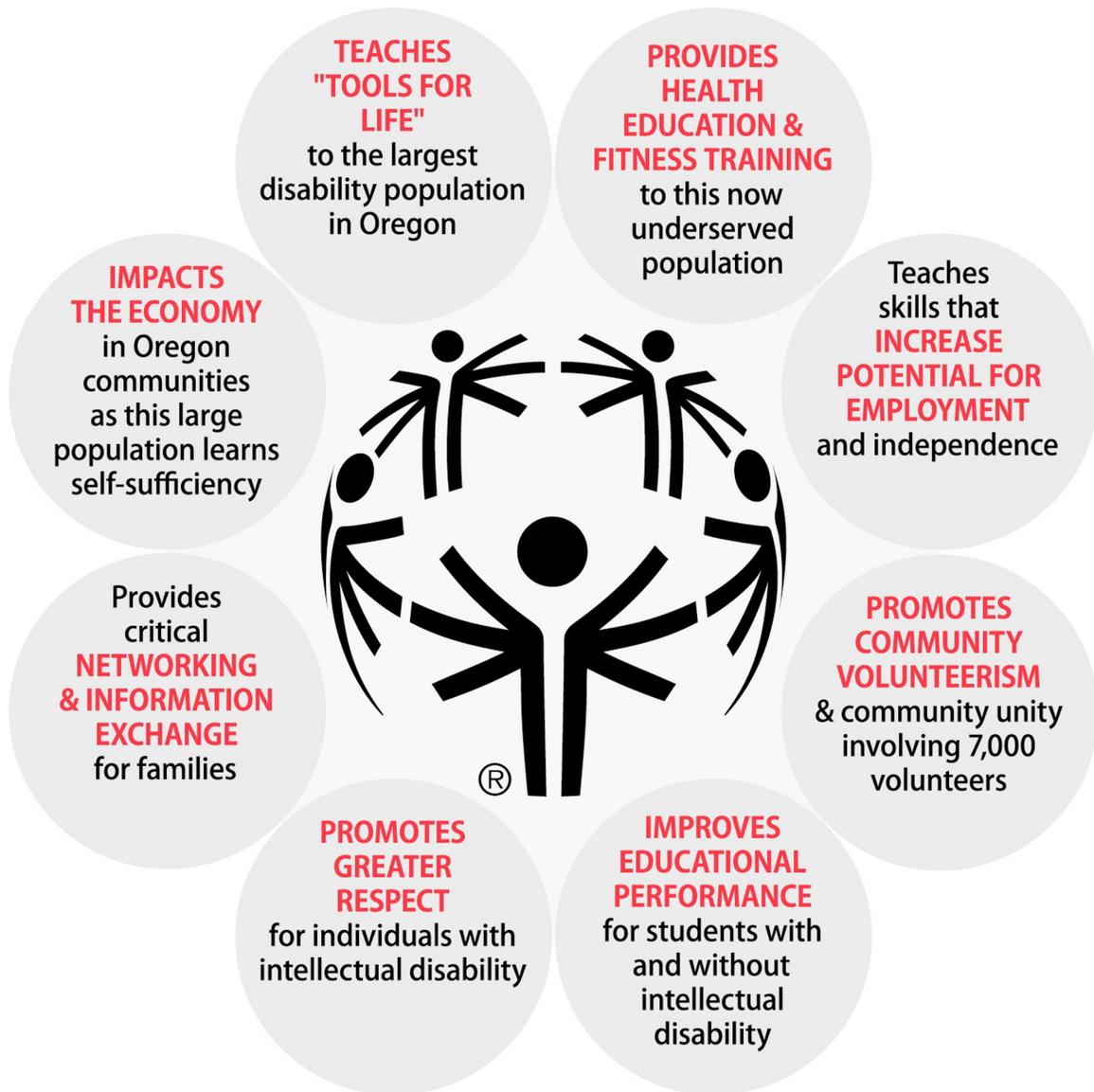
And how does one measure the growth of confidence and self-worth? *How do you measure joy?*

These are the real and lasting measurements of Special Olympics Oregon. We can't quantify them, but we see them every day in the faces of our athletes, their families, their coaches, their volunteers and their fans. And often, when a boy whose parents thought he'd never walk completes a race . . . when a girl bullied in school is now cheered by hundreds of fans in the stands . . . when a child in a wheelchair discovers he can bowl . . . and when those who have intellectual disability are treated with respect and dignity . . . it is then we feel it in our hearts.

It's not easy to measure "changing the world." But it's very nice to know we're doing it.

Margaret H. Hunt, CEO

Impact of Special Olympics Oregon



REPORT OF INDEPENDENT ACCOUNTANTS

*The Board of Directors
Special Olympics Oregon, Inc.:*

We have audited the accompanying financial statements of Special Olympics, Oregon, Inc., which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Special Olympics Oregon, Inc. as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States.

Summarized Comparative Information

We have previously audited Special Olympic Oregon, Inc.'s 2011 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 20, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Ami Gu & Co. LLP

March 19, 2013

SPECIAL OLYMPICS OREGON, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2012

(WITH COMPARATIVE AMOUNTS FOR 2011)

	2012	2011
Assets:		
Cash and cash equivalents	\$ 403,441	58,402
Grants and contributions receivable (<i>note 3</i>)	1,357,161	1,024,817
Accounts receivable	5,304	-
Prepaid expenses and other assets	26,150	46,190
Investments in certificates of deposit	60,028	59,766
Beneficial interest in charitable trust held by others (<i>note 4</i>)	268,789	245,518
Property and equipment (<i>note 5</i>)	122,181	126,095
Total assets	\$ 2,243,054	1,560,788
Liabilities:		
Accounts payable and accrued expenses	425,083	163,820
Note payable (<i>note 6</i>)	395,000	375,000
Total liabilities	820,083	538,820
Net assets:		
Unrestricted	(575,512)	(426,820)
Temporarily restricted (<i>note 7</i>)	1,947,184	1,397,489
Permanently restricted (<i>note 7</i>)	51,299	51,299
Total net assets	1,422,971	1,021,968
Commitments (<i>note 13</i>)		
Total liabilities and net assets	\$ 2,243,054	1,560,788

See accompanying notes to financial statements.

SPECIAL OLYMPICS OREGON, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2012
(WITH COMPARATIVE TOTALS FOR 2011)

	2012			Total	2011
	Unrestricted	Temporarily restricted	Permanently restricted		
Revenues, gains, and other support:					
Contributions (<i>note 8</i>)	\$ 1,690,619	464,453	—	2,155,072	1,743,788
Corporate support	237,066	319,402	—	556,468	291,355
Grants	167,016	525,766	—	692,782	262,168
Special events, less direct costs of \$845,693 in 2012 and \$1,085,136 in 2011 (<i>note 9</i>)	1,038,497	—	—	1,038,497	1,028,830
Outside events (<i>note 9</i>)	38,629	—	—	38,629	32,021
In-kind contributions (<i>note 10</i>)	2,244,897	—	—	2,244,897	1,782,311
Net change in the carrying value of a charitable trust	—	23,271	—	23,271	1,705
Merchandise sales and other	14,097	262	—	14,359	8,239
Total revenues and gains	5,430,821	1,333,154	—	6,763,975	5,150,417
Net assets released from restrictions (<i>note 11</i>)	783,459	(783,459)	—	—	—
Total revenues, gains, and other support	6,214,280	549,695	—	6,763,975	5,150,417
Expenses (<i>note 12</i>):					
Program services	4,808,730	—	—	4,808,730	4,178,253
Fundraising	914,633	—	—	914,633	849,326
Special events promotion and management	146,868	—	—	146,868	149,505
Management and general	492,741	—	—	492,741	446,685
Total expenses	6,362,972	—	—	6,362,972	5,623,769
Increase (decrease) in net assets	(148,692)	549,695	—	401,003	(473,352)
Net assets at beginning of year	(426,820)	1,397,489	51,299	1,021,968	1,495,320
Net assets at end of year	\$ (575,512)	1,947,184	51,299	1,422,971	1,021,968

See accompanying notes to financial statements.

SPECIAL OLYMPICS OREGON, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2012
(WITH COMPARATIVE TOTALS FOR 2011)

	2012					Total	2011
	Program services	Fund-raising	Special events promotion and management	Management and general			
Salaries and related costs	\$ 895,495	482,189	–	344,421	1,722,105	1,533,221	
Competition and training	1,334,928	–	–	–	1,334,928	1,208,903	
Volunteer services	1,901,460	–	–	–	1,901,460	1,473,500	
Professional services	245,156	285,220	–	43,388	573,764	621,392	
Occupancy	82,438	44,390	–	31,707	158,535	170,950	
Supplies and equipment	17,540	9,445	–	6,746	33,731	37,590	
Telephone	14,604	7,864	–	5,617	28,085	28,603	
Postage and shipping	7,428	4,000	–	2,857	14,285	17,845	
Travel	79,217	14,750	–	10,309	104,276	74,418	
Printing and copying	50,527	27,207	–	19,434	97,168	81,297	
Special events promotion	–	–	146,868	–	146,868	149,505	
National accreditation fees	42,584	–	–	–	42,584	38,151	
Insurance	23,805	366	–	261	24,432	23,417	
Interest	5,876	3,164	–	2,260	11,300	8,211	
Depreciation	35,961	19,364	–	13,831	69,156	79,277	
Other	71,711	16,674	–	11,910	100,295	77,489	
Total expenses	\$ 4,808,730	914,633	146,868	492,741	6,362,972	5,623,769	

See accompanying notes to financial statements.

SPECIAL OLYMPICS OREGON, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2012
(WITH COMPARATIVE TOTALS FOR 2011)

	2012	2011
Cash flows from operating activities:		
Cash received from grants, contributions, and others	\$ 4,971,367	4,749,788
Cash paid to employees, suppliers, and others	(4,602,009)	(4,947,395)
Cash paid for interest	(11,300)	(8,211)
Net cash provided by (used in) operating activities	358,058	(205,818)
Cash flows from investing activities:		
Purchase of capital assets	(65,242)	(21,869)
Reinvestment of interest income	(262)	(648)
Net cash used in investing activities	(65,504)	(22,517)
Cash flows from financing activities:		
Proceeds from contributions restricted for capital acquisition	32,485	–
Net proceeds from draws on line of credit	20,000	375,000
Principal payments made on note payable to related party	–	(90,000)
Net cash provided by financing activities	52,485	285,000
Net increase in cash and cash equivalents	345,039	56,665
Cash and cash equivalents at beginning of year	58,402	1,737
Cash and cash equivalents at end of year	\$ 403,441	58,402

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

1. Organization

Special Olympics Oregon, Inc. is a private, non-profit organization founded in Oregon in 1968 to provide year-round sports training and athletic competition in a variety of Olympic-style sports for individuals with intellectual disabilities. The organization provides individuals 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 Olympics athletes, and the community.

Special Olympics Oregon is affiliated with, and accredited by, Special Olympics, Inc., the national organization.

2. Summary of Significant Accounting Policies

The significant accounting policies followed by the organization are described below to enhance the usefulness of the financial statements to the reader.

Basis of Accounting – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles and the principles of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors.

Basis of Presentation – Special Olympics Oregon has adopted the provisions of Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) No. 958-605, *Revenue Recognition*, and FASB ASC No. 958-205, *Presentation of Financial Statements*. Under these provisions, net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the organization and changes therein are classified and reported as follows:

- *Unrestricted net assets* – Net assets not subject to donor-imposed stipulations.
- *Temporarily restricted net assets* – Net assets subject to donor-imposed stipulations that will be met either by actions of the organization and/or the passage of time.
- *Permanently restricted net assets* – Net assets subject to donor-imposed stipulations that they be maintained permanently by the organization. The donors of these assets generally permit the organization to use the investment return generated on related investments for either general or specific purposes.

Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions. The receipt of contributions with restrictions that are satisfied in the same reporting period as received are reported as unrestricted support.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. In the opinion of management, such differences would not be significant.

Contributions – Contributions, which include unconditional promises to give (“pledges”), are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Contributions of Long-Lived Assets – Contributions of property and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues of the unrestricted net asset class. Contributions of cash or other assets to be used to acquire equipment with such donor stipulations are reported as revenues of the temporarily restricted net asset class; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

Benefits Provided to Donors at Special Events – Special Olympics Oregon conducts special fundraising events in which a portion of the gross proceeds paid by the participants represents payment for the direct cost of the benefits received by participants at the event. Unless a verifiable, objective means exists to demonstrate otherwise, the fair value of meals, entertainment, and other benefits provided at special events is measured at the actual cost to the organization.

Cash Equivalents – For purposes of the financial statements, the organization considers all liquid investments having initial maturities of three months or less to be cash equivalents.

Investments – Investments consist of certificates of deposit with initial maturities of greater than three months. Interest income is accrued as earned.

Capital Assets and Depreciation – Generally, property and equipment in excess of \$1,000 are capitalized and reported at cost when purchased, and at fair value when acquired by gift. Depreciation is generally provided on a straight-line basis over the estimated useful lives of the respective assets, which is 3 to 7 years for office and certain computer equipment and software, 5 to 7 years for furniture, and over the term of the lease for leasehold improvements (which is generally 5 years).

Revenue Recognition – All grants and contributions are considered available for unrestricted use unless specifically restricted by the donor. Revenues for services are recognized at the time services are provided and the revenues are earned.

Outstanding Legacies – Special Olympics Oregon is the beneficiary under various wills and trust agreements, the total realizable amounts of which are not presently determinable. The organization’s share of such bequests is recorded when the probate court has declared the testamentary instrument valid and the proceeds are measurable.

Beneficial Interest in Charitable Trust – Special Olympics Oregon is the remainder beneficiary of a charitable trust in which a donor-designated beneficiary retains a life interest. The assets are invested and administered by an independent trustee, and distributions are made to the beneficiary during the term of the agreement. The funds in the trust are invested in equity and debt securities, and the organization records its beneficial interest in the trust based on estimated future cash receipts. The initial recognition of the gift was reported as a contribution, and subsequent adjustments to the assets’ carrying values are reported in the accompanying financial statements as a change in the carrying value of the charitable trust. The beneficial interest is classified as temporarily restricted due to the existence of the donor-imposed time restriction.

Advertising Expenses – Advertising and promotional costs are charged to expense as they are incurred.

Endowment Funds and Interpretation of

Relevant Law – Effective January 1, 2008, the State of Oregon adopted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) which governs Oregon charitable institutions with respect to the management, investment, and expenditure of endowment funds.

The Board of Directors has interpreted Oregon’s adoption of UPMIFA as requiring the organization to adopt investment and spending policies that preserve the fair value of the original gift as of the date of gift, absent explicit donor stipulations to the contrary. Although the organization has a long-term fiduciary duty to the donor (and to others) for a fund of perpetual duration, the preservation of the endowment’s purchasing power is only one of several factors that are considered in managing and investing these funds. Furthermore, in accordance with UPMIFA, a portion of the endowment’s historic dollar value may be appropriated for expenditure in support of the restricted purposes of the endowment if this is consistent with a spending policy that otherwise satisfies the requisite standard of prudence under UPMIFA.

As a result of this interpretation, the organization classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) subsequent gifts to the endowment, and (3) accumulations made pursuant to the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Net earnings (realized and unrealized) on the investment of endowment assets are classified as temporarily restricted if the terms of the gift impose restrictions on the use of the income, until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA and until expended in a manner consistent with the purpose or time restrictions, if any, imposed

by the donor. Any investment return classified as permanently restricted represents only those amounts required to be retained permanently as a result of explicit donor stipulations.

During the year ended December 31, 2012, no appropriations from donor-restricted endowment assets were made by the organization’s Board of Directors.

Concentrations of Credit Risk – Special Olympics Oregon’s financial instruments that are exposed to concentrations of credit risk consist primarily of certificates of deposit. These financial instruments may subject the organization to concentrations of credit risk as, from time to time, balances may exceed amounts insured by the Federal Deposit Insurance Corporation.

Certain receivables may also, from time to time, subject the organization to concentrations of credit risk. To minimize its exposure to significant losses from customer or donor insolvencies, management evaluates the financial condition of its customers and donors, and monitors concentrations of credit risk arising from similar geographic regions, activities, or economic characteristics. When necessary, receivables are reported net of an allowance for uncollectible accounts.

Income Taxes – Special Olympics Oregon is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law, and is a publicly supported organization as defined in Sections 170(b)(1)(A)(vi) and 509(a)(1). Contributions to the organization qualify for applicable charitable contribution deductions. For tax purposes, the organization’s open audit periods are for the years ended December 31, 2009 through 2011.

Special Olympics Oregon has adopted the recognition requirements for uncertain income tax positions as required by FASB ASC No. 740-10, *Income Taxes*. Under this standard, income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities.

Subsequent Events – As required by FASB ASC No. 855-10, *Subsequent Events*, subsequent events have been evaluated by management through March 19, 2013, which is the date the financial statements were available to be issued.

Summarized Financial Information for 2011 – The accompanying financial information as of and for the year ended December 31, 2011 is presented for comparative purposes only and is not intended to represent a complete financial statement presentation.

Other Significant Accounting Policies – Other significant accounting policies are set forth in the financial statements and the following notes.

3. Grants and Contributions Receivable

Grants and contributions receivable at December 31, 2012 are summarized as follows:

<i>Unconditional promises expected to be collected in:</i>	
Less than one year	\$ 1,016,161
One year to five years	341,000
	\$ 1,357,161

4. Beneficial Interest in Charitable Trust Held by Others

Special Olympics Oregon is the beneficiary of a charitable remainder trust established by the will of a donor. Upon the death of the income beneficiary, the organization will receive 50% of the remaining assets of the trust. The trust's assets are managed by a third party trustee not affiliated with Special Olympics Oregon. Total trust assets at December 31, 2012 are valued at \$1,701,336. A contribution receivable of \$268,789 is recorded at December 31, 2012, representing the actuarially determined present value of the estimated future cash flows that will inure to the organization, using a discount rate of 3.2%.

5. Property and Equipment

A summary of property and equipment at December 31, 2012 is as follows:

Software	\$ 357,317
Leasehold improvements	72,849
Computer equipment	57,920
Office equipment	48,554
Furniture	22,140
	558,780
Less accumulated depreciation	(436,599)
	\$ 122,181

6. Note Payable

Special Olympics maintains a line of credit for up to \$400,000, secured by all of the organization's assets and bearing interest at prime rate as published in *The Wall Street Journal*, plus 1.5% (5.25% at December 31, 2012). The line expires on February 10, 2013. At December 31, 2012, \$395,000 is outstanding.

On January 31, 2013, the agreement was renegotiated. The line of credit was increased to \$500,000 at an initial interest rate of 4.75%, and the expiration date extended to February 10, 2014.

The agreement with the bank requires that the organization maintain a minimum tangible net worth of not less than \$750,000, measured annually. At December 31, 2012, the organization's tangible net worth totaled \$1,422,971.

7. Restrictions and Limitations on Net Asset Balances

TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at December 31, 2012:

Expendable grants and contributions:

For the 2013 and 2014	
Summer State Games	\$ 500,000
Project Unify	105,766
Volunteer Leadership Retention	95,000
To support the Special Olympics program in Cottage Grove	44,238
For operations in future periods	924,662
Beneficial interest in charitable trust held by others	268,789

1,938,455

Expendable endowment earnings:

Purpose unrestricted earnings not yet appropriated for expenditure	8,729
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\$ 1,947,184

PERMANENTLY RESTRICTED NET ASSETS

At December 31, 2012, the organization held a single donor-restricted endowment fund in the amount of \$60,028, representing \$51,299 as the original value of gifts donated to the permanent endowment and \$8,729 in accumulated endowment earnings. The investment earnings generated by this endowment can be used for such general, unrestricted purposes as determined by the Board of Directors.

The following summarizes the organization's endowment-related activities for the year ended December 31, 2012:

	Temporarily restricted	Perm- anently restricted	Total
Endowment net assets at beginning of year	\$ 8,467	51,299	59,766
Investment income	262	-	262
Endowment net assets at end of year	\$ 8,729	51,299	60,028

At December 31, 2012, the organization's endowment funds were invested in certificates of deposit.

8. Contributions

The following summarizes the source of the organization's contributions for the year ended December 31, 2012:

Telephone solicitations	\$ 930,103
Direct mail activities	177,244
Other contributions	1,047,725
	<hr/> \$ 2,155,072 <hr/>

9. Special Events and Outside Events

During the year ended December 31, 2012, the organization benefited from the following special events:

- The Bite of Oregon
- Governors' Gold Awards
- Polar Plunge
- Law Enforcement Torch Run
- Breakfast of Champions
- "Athletes for Athletes" Radiothon
- Other community events

The above events resulted in net revenues totaling \$1,038,497, after direct costs of \$845,693.

Outside Events – In addition, during the year ended December 31, 2012, the organization also benefited from the following "outside" events (i.e., events conducted by another organization on behalf of Special Olympics Oregon), receiving \$38,629 in revenues:

- B.U.L.L. Session
- Global Business Awards
- Hair-M Golf Tournament

10. In-Kind Contributions

Special Olympics Oregon receives contributed services from a large number of volunteers who assist in fundraising and program efforts through their participation in a range of activities. In accordance with FASB ASC No. 958-605, significant services received that create or enhance a non-financial asset or require specialized skills that the organization would have purchased if not donated are recognized in the statement of activities. In addition, in-kind contributions of equipment, materials, and the free use of facilities are recorded where there is an objective basis upon which to value these contributions and where the contributions are an essential part of the organization's activities.

Special Olympics Oregon's in-kind contributions for the year ended December 31, 2012 are summarized as follows:

<i>Program services:</i>	
Volunteer certified coaches	\$ 1,481,280
Volunteer local program coordinators and managers	420,180
<i>Competitions:</i>	
Materials and supplies	211,839
Donated services	74,363
Free use of facilities	52,963
Legal services	4,272
	<hr/>
	\$ 2,244,897

During the year ended December 31, 2012, the organization also received donated advertising, promotion and public education services (including newspaper, radio, television, and internet) valued at approximately \$1,748,729. These contributions are not reported in the accompanying financial statements because they do not satisfy the standards set forth in FASB ASC No. 958-605.

11. Net Assets Released from Restrictions

During the year ended December 31, 2012, the organization incurred \$783,459 in expenses in satisfaction of the restricted purposes specified by donors, or by the occurrence of other events, as follows:

Operating support	\$ 750,974
Capital acquisitions	32,485
	<hr/>
	\$ 783,459

12. Expenses

The costs of providing the various programs and other activities of the organization have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses by their natural classification are presented in the statement of functional expenses.

In accordance with generally accepted accounting principles, certain of the organization's fundraising costs qualify as costs of a joint activity (i.e., an activity that combines a fundraising function with one or more program functions), and have been allocated between the the fundraising and program categories. During the year ended December 31, 2012, the organization incurred joint costs of \$432,994 through the conduct of telephone solicitation campaigns, which were allocated 42% to program services and 58% to fundraising.

13. Operating Leases

Special Olympics Oregon leases its administrative offices under an agreement expiring on December 31, 2018. The organization also leases various office equipment under noncancelable long-term leases expiring at various dates through December of 2017.

Minimum future lease payments under these leases as of December 31, 2012 are as follows:

<i>Years ending December 31,</i>	
	<hr/>
2013	\$ 157,039
2014	160,847
2015	164,975
2016	158,428
2017	172,731
2018	168,815
	<hr/>
	\$ 982,835

Rent expense under all lease agreements totaled \$171,903 for the year ended December 31, 2012.

14. Retirement Plan

The organization provides all employees who are scheduled to work 30 hours or more each week with a qualified retirement plan as described under Section 401(k) of the Internal Revenue Code. All employees may make voluntary contributions to the plan on a pre-tax basis up to the limits allowed by law from their first day of employment. Employees select from among several investment options. Employer contributions to the plan have been suspended since June of 2009.

15. Fair Value Measurements

The accompanying financial statements report the organization's beneficial interest in charitable trust held by others at fair value. These assets have been classified, for disclosure purposes, based on a hierarchy defined by FASB ASC No. 820, *Fair Value Measurements and Disclosures*. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3).

At December 31, 2012, the beneficial interest in charitable trust held by others is measured at fair value on a recurring basis. This asset is measured at fair value using information received from the trustee (i.e., level 3). A summary of the change in valuation of this asset during the year ended December 31, 2012 is as follows:

Fair value at beginning of year	\$ 245,518
Change in the value of the beneficial interest in charitable trust held by others	23,271
Fair value at end of year	\$ 268,789

16. Reclassification of 2011 Comparative Totals

Certain 2011 revenues totaling \$174,795 related to the Governors' Gold Award event have been reclassified from special events revenues to grants and contributions revenues to conform to the 2012 presentation.

17. Statement of Cash Flows Reconciliation

The following presents a reconciliation of the increase in net assets (as reported on the statement of activities) to net cash provided by operating activities (as reported on the statement of cash flows):

Increase in net assets	\$ 401,003
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<i>Adjustments to reconcile increase in net assets to net cash provided by operating activities:</i>	
Depreciation	69,156
Net change in the carrying value of a charitable trust	(23,271)
Proceeds from contributions restricted for capital acquisition	(32,485)
<i>Net changes in:</i>	
Grants and contributions receivable	(332,344)
Accounts receivable	(5,304)
Prepaid expenses and other assets	20,040
Accounts payable and accrued expenses	261,263
Total adjustments	(42,945)
Net cash provided by operating activities	\$ 358,058

GOVERNING BOARD AND MANAGEMENT

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AS OF MARCH, 2013

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Kim Bergstrom, *Chief Development Officer*

Janet Capetty, *Senior Vice President of Field Services*

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SPECIAL OLYMPICS OREGON, INC.

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