



## **Special Olympics Oregon, Inc.**

Financial Statements and Other Information  
as of and for the Year Ended December 31, 2014  
and Report of Independent Accountants

SPECIAL OLYMPICS OREGON, INC.

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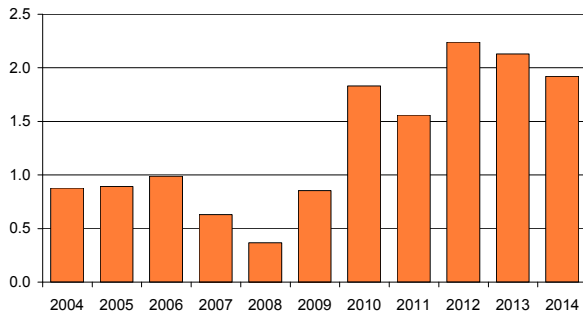
# The Year in Review

January 1 - December 31, 2014

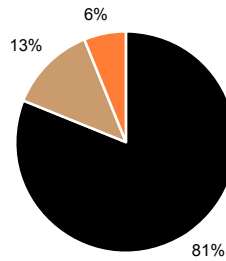
Total Assets	\$1.92 million
Total Revenues	\$6.92 million
Total Expenses	\$7.40 million
Net Operating Loss	\$586 thousand
Total Program Support of Special Olympics Athletes	\$6.01 million

## Funding Highlights

ASSETS OF SPECIAL OLYMPICS OREGON 2004-2014  
(in millions)

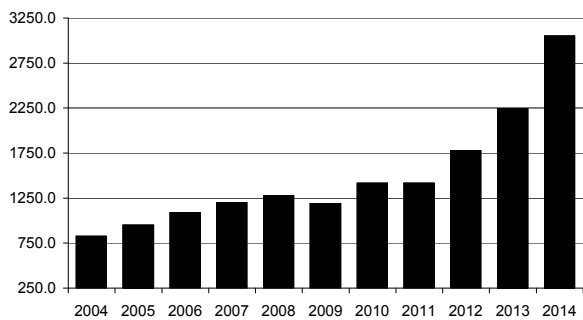


DISTRIBUTION OF OPERATING EXPENSES 2014

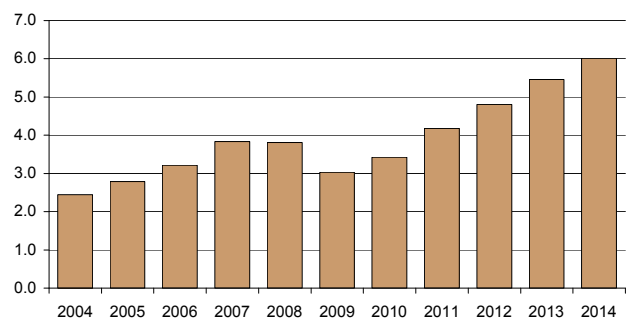


**81%** Program activities. \$6.01 million  
**13%** Fundraising. \$937 thousand  
**6%** Management and general. \$455 thousand

IN-KIND DONATIONS 2004-2014  
(in thousands)



INVESTMENT IN PROGRAMS 2004-2014  
(in millions)



# Letter from Special Olympics Oregon's Chief Executive Officer

**The Special Olympics Oregon Vision: "Provide high quality, sustainable programs to our current Oregon communities while developing financial and operational excellence."**

No small vision. But Special Olympics Oregon is compelled to think big. We serve the largest disability population in the state, impacting one-in-five Oregon families, and the demand for the organization's life-changing services grows exponentially year-by-year.

Special Olympics Oregon is, indeed, visionary and gigantic in terms of its aspiration. But it takes big *and* little innovations – every day, every week, every month – to get there. The year 2014 was a remarkable combination of both, particularly, in three major areas:

Our **Unified Sports**® program joins individuals with and without intellectual disabilities as partners on teams. Unified Sports is organized and managed by Special Olympics Oregon in partnership with multiple Oregon school districts, as well as with other community organizations. In Oregon's schools and the general population, we are meeting the demand to provide greater opportunities for extracurricular activities for individuals with disabilities.



Our ground-breaking initiative, **Oregon Team Wellness**®, is a fitness and nutrition curriculum designed specifically for individuals with intellectual disabilities as well as those without disabilities. Developed with the head of the OHSU Wellness Center and other professionals in the field of health and fitness, Oregon Team Wellness®, under the tagline "*Wellness Is A Sport,*" has been launched in Oregon and will soon be introduced in three other states.

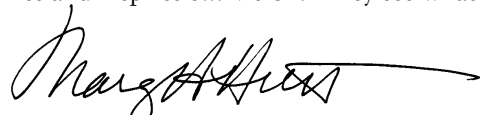
Our statewide **Respect Campaign**, led by Special Olympics Oregon in collaboration with student leaders in nearly 200 Oregon schools, is helping to counteract bullying and promote a culture of inclusion and respect for all who may be "different."



In addition to the three programs above, Special Olympics Oregon participation has grown to over 12,000, up 70% over the last five years. We have also more than doubled our in-kind contributions since the year 2000, to over \$3 million in 2014, reflecting extraordinary community and volunteer support.

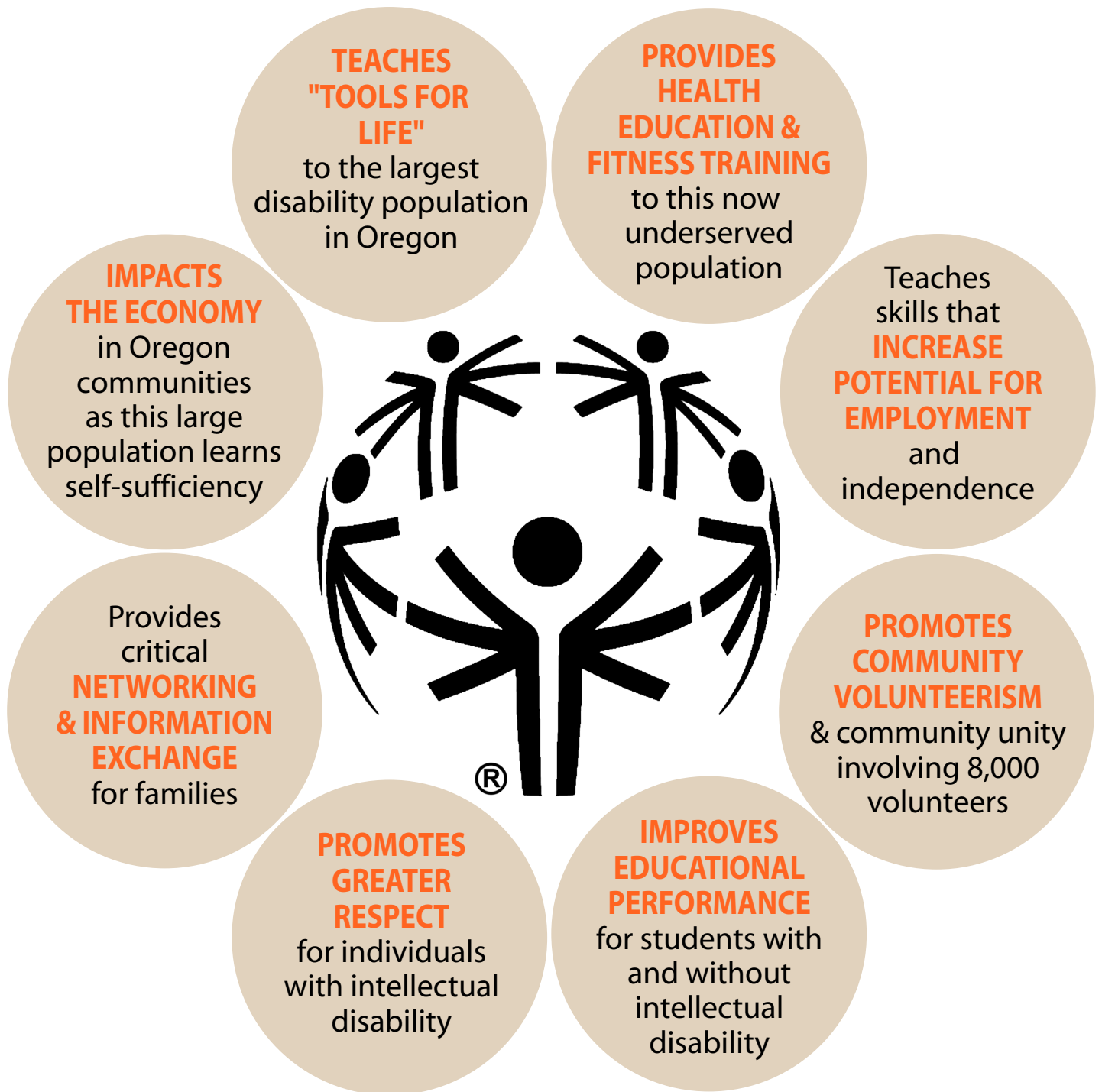
The year 2014 was also a year when *timing* emerged as a key factor. A number of major funding sources expected to "tip" before year-end were delayed. However, those critical tipping points were hit early first quarter 2015, resulting in very strong Q1 financials – nearly \$500,000 above budget and contributing significantly to the organization's 2015 revenue strategy.

As always, we end another year with deep appreciation to the donors, volunteers, community leaders, business partners, families, and other stakeholders who share the great and important vision of Special Olympics Oregon. We will, most assuredly, achieve the vision we all share. But it will not be with our will alone; rather with the courage of the thousands we serve. *Their* vision defines and inspires *our* vision. They see what we cannot. They make us smarter. And they make us better.

  
Margaret H. Hunt, Chief Executive Officer

## Impact of Special Olympics Oregon

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## 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, 2014, 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, 2014, 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 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 18, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Gary C. Co. & Co. LLP*

August 3, 2015

SPECIAL OLYMPICS OREGON, INC.

**STATEMENT OF FINANCIAL POSITION**

DECEMBER 31, 2014

(WITH COMPARATIVE AMOUNTS FOR 2013)

	<b>2014</b>	<b>2013</b>
<b>Assets:</b>		
Cash and cash equivalents	\$ 148,348	302,674
Grants and contributions receivable ( <i>note 3</i> )	1,171,822	1,316,544
Accounts receivable	16,000	3,375
Prepaid expenses and other assets	39,905	22,340
Investments in certificates of deposit	60,306	60,179
Beneficial interest in charitable trust held by others ( <i>note 4</i> )	317,478	293,789
Property and equipment ( <i>note 5</i> )	167,734	126,770
<b>Total assets</b>	<b>\$ 1,921,593</b>	<b>2,125,671</b>
<b>Liabilities:</b>		
Accounts payable and accrued expenses	317,652	249,438
Deferred revenue	14,500	28,500
Note payable ( <i>note 6</i> )	587,452	362,969
<b>Total liabilities</b>	<b>919,604</b>	<b>640,907</b>
<b>Net assets:</b>		
Unrestricted	(907,876)	(322,352)
Temporarily restricted ( <i>note 7</i> )	1,858,566	1,755,817
Permanently restricted ( <i>note 7</i> )	51,299	51,299
<b>Total net assets</b>	<b>1,001,989</b>	<b>1,484,764</b>
Commitments ( <i>notes 6 and 13</i> )		
<b>Total liabilities and net assets</b>	<b>\$ 1,921,593</b>	<b>2,125,671</b>

See accompanying notes to financial statements.



## SPECIAL OLYMPICS OREGON, INC.

**STATEMENT OF ACTIVITIES**

YEAR ENDED DECEMBER 31, 2014  
(WITH COMPARATIVE TOTALS FOR 2013)

	2014			Total	2013
	Unrestricted	Temporarily restricted	Permanently restricted		
<b>Revenues, gains, and other support:</b>					
Contributions <i>(note 8)</i>	\$ 1,452,218	682,533	—	2,134,751	2,518,223
Corporate support	213,993	150,000	—	363,993	286,946
Foundation grants	66,346	307,274	—	373,620	304,552
Special events, less direct costs of \$962,333 in 2014 and \$880,182 in 2013 <i>(note 9)</i>	864,101	—	—	864,101	910,638
Outside events <i>(note 9)</i>	47,460	—	—	47,460	52,500
In-kind contributions <i>(note 10)</i>	3,054,187	—	—	3,054,187	2,781,450
Net change in the carrying value of a charitable trust	—	23,689	—	23,689	25,000
Merchandise sales and other	58,228	127	—	58,355	14,322
Total revenues and gains	5,756,533	1,163,623	—	6,920,156	6,893,631
Net assets released from restrictions <i>(note 11)</i>	1,060,874	(1,060,874)	—	—	—
Total revenues, gains, and other support	6,817,407	102,749	—	6,920,156	6,893,631
<b>Expenses <i>(note 12):</i></b>					
Program services	6,010,817	—	—	6,010,817	5,459,128
Fundraising	747,370	—	—	747,370	830,119
Special events promotion and management	189,684	—	—	189,684	135,952
Management and general	455,060	—	—	455,060	406,639
Total expenses	7,402,931	—	—	7,402,931	6,831,838
Increase (decrease) in net assets	(585,524)	102,749	—	(482,775)	61,793
Net assets at beginning of year	(322,352)	1,755,817	51,299	1,484,764	1,422,971
Net assets at end of year	\$ (907,876)	1,858,566	51,299	1,001,989	1,484,764

See accompanying notes to financial statements.

## SPECIAL OLYMPICS OREGON, INC.

**STATEMENT OF FUNCTIONAL EXPENSES**

YEAR ENDED DECEMBER 31, 2014  
(WITH COMPARATIVE TOTALS FOR 2013)

	2014					Total	2013
	Program services	Fund-raising	Special events promotion and management	Management and general			
Salaries and related costs	\$ 1,043,926	406,954	–	318,486	1,769,366	1,743,798	
Competition and training	1,778,886	–	–	–	1,778,886	1,436,040	
Volunteer services	2,500,720	–	–	–	2,500,720	2,394,460	
Professional services	210,975	219,722	–	42,685	473,382	482,496	
Occupancy	90,490	35,276	–	27,607	153,373	147,655	
Supplies and equipment	22,108	8,618	–	6,745	37,471	38,451	
Telephone	19,448	7,582	–	5,933	32,963	30,863	
Postage and shipping	13,033	5,080	–	3,976	22,089	14,075	
Travel	98,111	23,678	–	17,962	139,751	110,388	
Printing and copying	31,070	12,112	–	9,479	52,661	59,847	
Special events promotion	–	–	189,684	–	189,684	135,952	
National accreditation fees	50,345	–	–	–	50,345	47,053	
Insurance	24,934	475	–	372	25,781	24,838	
Interest	5,939	2,315	–	1,813	10,067	13,649	
Depreciation	26,703	10,410	–	8,147	45,260	66,721	
Other	94,129	15,148	–	11,855	121,132	85,552	
<b>Total expenses</b>	<b>\$ 6,010,817</b>	<b>747,370</b>	<b>189,684</b>	<b>455,060</b>	<b>7,402,931</b>	<b>6,831,838</b>	

See accompanying notes to financial statements.

## SPECIAL OLYMPICS OREGON, INC.

**STATEMENT OF CASH FLOWS**

YEAR ENDED DECEMBER 31, 2014  
(WITH COMPARATIVE TOTALS FOR 2013)

	<b>2014</b>	<b>2013</b>
<b>Cash flows from operating activities:</b>		
Cash received from grants, contributions, and others	\$ 4,922,710	5,038,409
Cash paid to employees, suppliers, and others	(5,205,101)	(5,022,035)
Cash paid for interest	(10,067)	(13,649)
Net cash provided by (used in) operating activities <i>(note 16)</i>	(292,458)	2,725
<b>Cash flows from investing activities:</b>		
Purchase of capital assets	(86,224)	(71,310)
Reinvestment of interest income	(127)	(151)
Net cash used in investing activities	(86,351)	(71,461)
<b>Cash flows from financing activities:</b>		
Net drawdown on (repayment of) line of credit	224,483	(32,031)
Net cash provided by (used in) financing activities	224,483	(32,031)
Net decrease in cash and cash equivalents	(154,326)	(100,767)
Cash and cash equivalents at beginning of year	302,674	403,441
Cash and cash equivalents at end of year	\$ 148,348	302,674

See accompanying notes to financial statements.

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

### 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.

**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, if any, 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, 2014, 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, 2011 through 2013.

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 August 3, 2015, which is the date the financial statements were available to be issued.

**Summarized Financial Information for 2013** – The accompanying financial information as of and for the year ended December 31, 2013 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, 2014 are summarized as follows:

<i>Unconditional promises expected to be collected in:</i>	
Less than one year	\$ 751,822
One year to five years	420,000
	\$ 1,171,822

### 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, 2014 are valued at \$1,861,748. A contribution receivable of \$317,478 is recorded at December 31, 2014, 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, 2014 is as follows:

Software	\$ 499,398
Computer equipment	73,373
Leasehold improvements	72,849
Office equipment	48,554
Furniture	22,140
	716,314
Less accumulated depreciation	(548,580)
	\$ 167,734

### 6. Note Payable

Special Olympics maintains a line of credit for up to \$750,000, secured by all of the organization's assets and bearing interest at 3.50%. The line expired on July 10, 2015, and was subsequently renewed for one year. At December 31, 2014, \$587,452 is outstanding.

The agreement with the bank requires that the organization maintain a minimum tangible net worth of not less than \$1,000,000, measured annually. The bank has reported that the organization is in compliance with this requirement as of December 31, 2014.

## 7. Restrictions and Limitations on Net Asset Balances

### TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at December 31, 2014:

<i>Expendable grants and contributions:</i>	
Project Unify	\$ 88,061
To support the Special Olympics program in Cottage Grove	29,198
For state games, competitions, and training	515,000
For operations in future periods	899,822
Beneficial interest in charitable trust held by others	317,478
	1,849,559
<i>Expendable endowment earnings:</i>	
Purpose unrestricted earnings not yet appropriated for expenditure	9,007
	\$ 1,858,566

### PERMANENTLY RESTRICTED NET ASSETS

At December 31, 2014, the organization held a single donor-restricted endowment fund in the amount of \$60,306, representing \$51,299 as the original value of gifts donated to the permanent endowment and \$9,007 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, 2014:

	Temporarily restricted	Permanently restricted	Total
Endowment net assets at beginning of year	\$ 8,880	51,299	60,179
Investment income	127	-	127
Endowment net assets at end of year	\$ 9,007	51,299	60,306

At December 31, 2014, 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, 2014:

Telephone solicitations	\$ 727,601
Direct mail activities	188,713
Other contributions	1,218,437
	\$ 2,134,751

## 9. Special Events and Outside Events

During the year ended December 31, 2014, the organization benefited from the following special events:

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

The above events resulted in gross revenues totaling \$1,826,434, with net revenues totaling \$864,101 after direct costs of \$962,333.

*Outside Events* – In addition, during the year ended December 31, 2014, the organization also benefited from the following "outside" events (i.e., events conducted by another organization on behalf of Special Olympics Oregon), receiving \$47,460 in revenues from the following:

- Rip City 3-on-3
- LPGA 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, 2014 are summarized as follows:

<i>Program services:</i>	
Volunteer certified coaches	\$ 1,922,320
Volunteer local program coordinators and managers	578,400
<i>Competitions:</i>	
Materials and supplies	238,561
Donated services	97,350
Free use of facilities	138,158
<i>Fundraising:</i>	
Special events promotion	79,398
	<hr/>
	\$ 3,054,187

## 11. Net Assets Released from Restrictions

During the year ended December 31, 2014, \$1,060,874 of net assets were released from temporary restrictions for operating purposes by incurring expenses in satisfaction of the restricted purposes specified by the organization's donors, or by the occurrence of other events specified by donors.

## 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 fundraising and program categories. During the year ended December 31, 2014, the organization incurred joint costs of \$330,261 through the conduct of telephone solicitation campaigns, of which 42% were allocated 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, 2014 are as follows:

<i>Years ending December 31,</i>	
2015	\$ 164,975
2016	158,428
2017	172,731
2018	168,815
	<hr/>
	\$ 664,949

Rent expense under all lease agreements, net of property taxes credits, totaled \$120,815 for the year ended December 31, 2014.

#### 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, 2014, 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, 2014 is as follows:

Fair value at beginning of year	\$ 293,789
Net change in the carrying value of a charitable trust	23,689
Fair value at end of year	\$ 317,478

#### 16. Statement of Cash Flows Reconciliation

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

Decrease in net assets	\$ (482,775)
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<i>Adjustments to reconcile decrease in net assets to net cash used in operating activities:</i>	
Depreciation	45,260
Net change in the carrying value of a charitable trust	(23,689)
<i>Net changes in:</i>	
Grants and contributions receivable	144,722
Accounts receivable	(12,625)
Prepaid expenses and other assets	(17,565)
Accounts payable and accrued expenses	68,214
Deferred revenue	(14,000)
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Total adjustments	190,317
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Net cash used in operating activities	\$ (292,458)
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**GOVERNING BOARD AND MANAGEMENT**

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**Board of Directors**  
**AS OF FEBRUARY, 2015**

Kerry Tymchuk, *Chair*  
*Executive Director*  
*Oregon Historical Society*

Irene Barhyte, *Treasurer*  
*Senior Associate Dean of Finance*  
*Oregon Health & Science University*

Jack Folliard, *Secretary*  
*Executive Director*  
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Chris Bathurst  
*General Merchandise Manager*  
*The Kroger Co.*

Mike Burrill, Jr.  
*President*  
*Burrill Development Co., LLC*

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*Senior Vice President*  
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*ESCO Corporation*

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*Senior Vice President & Chief Actuarial Officer*  
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*Portland Timbers & Thorns*

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*Corvallis Police Department*  
*Chair, Oregon Law Enforcement Torch Run*  
*Executive Council*

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*Partner*  
*Hathaway Koback Connors, LLP*

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*Nike, Inc.*

Megdy Khoury  
*Vice President/Relationship Manager*  
*Wells Fargo Commercial Banking*

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*Attorney*  
*Lane Powell, PC*

Atheena McClaughry  
*Athlete – Special Olympics Oregon*

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*Managing Member*  
*Arcadia Consulting, LLC*

Michael T. Mudrow, Esq.  
*Director of Legal Services*  
*Cambia Health Solutions*

**GOVERNING BOARD AND MANAGEMENT, CONTINUED**

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*President*  
*The S Group, Inc.*

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*Chief Investment Officer*  
*AKT Wealth Advisors, LLC*

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*Healthline Networks, Inc.*

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*Retired KeyBank Executive*

Gary A. Wanderscheid  
*Oregon Central Regional Manager*  
*Les Schwab Tire Centers, Inc.*

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Arthur Steinhorn, *Chief Financial Officer*

Kim Bergstrom, *Senior Vice President of Development*

Janet Capetty, *Senior Vice President of Field Services*

Mark Hanken, *Senior Vice President of Sports*

SPECIAL OLYMPICS OREGON, INC.

**INQUIRIES AND OTHER INFORMATION**

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