



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

Financial Statements and Other Information  
as of and for the Year Ended December 31, 2015  
and Report of Independent Accountants

SPECIAL OLYMPICS OREGON, INC.

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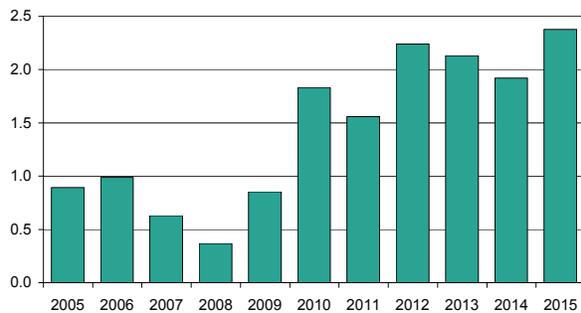
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## The Year in Review

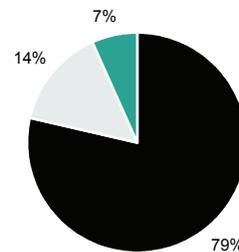
Years ended December 31,	2015	2014
Total Revenues	\$ 8.14 million	\$ 6.92 million
Total In-Kind Contributions (included in total revenues)	\$ 3.35 million	\$ 3.05 million
Total Expenses	\$ 7.93 million	\$ 7.40 million
Total Program Support of Special Olympics Athletes	\$ 6.24 million	\$ 6.01 million
Total Assets	\$ 2.38 million	\$ 1.92 million
Total Net Assets	\$ 1.21 million	\$ 1.00 million

## Funding Highlights

ASSETS OF SPECIAL OLYMPICS OREGON 2005-2015  
(in millions)

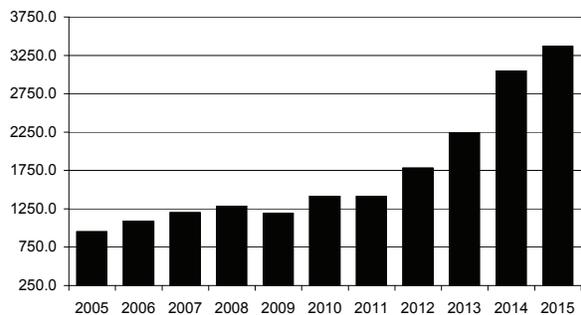


DISTRIBUTION OF OPERATING EXPENSES 2015

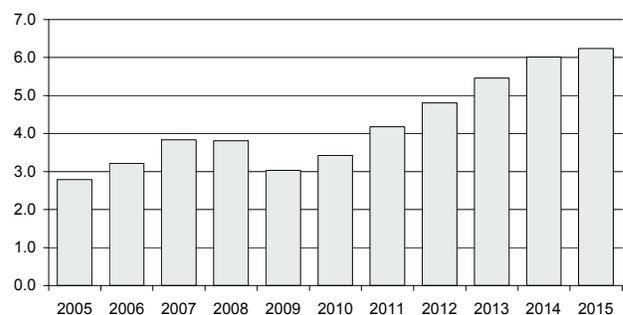


**79%** Program activities. \$6.24 million  
**14%** Fundraising. \$1.16 million  
**7%** Management and general. \$530 thousand

IN-KIND DONATIONS 2005-2015  
(in thousands)



TOTAL DIRECT MISSION SUPPORT 2005-2015  
(in millions)



# Letter from Special Olympics Oregon's Chief Executive Officer

**"If you think you can do a thing or think you can't do a thing, you're right."**

~ Henry Ford

Henry Ford was gone nearly a quarter of a century before the very first Special Olympics event in 1972, but had he been there at Chicago's Soldier Field, he'd be cheering. Ford would be watching some very extraordinary athletes, all with intellectual disabilities, who rarely let what they *can't* do interfere with what they *can*.

Year-round and statewide, Special Olympics Oregon serves the largest disability population in the state. In 2015, we expanded the number of participants to nearly 14,000, bringing us to 983% growth over the last ten years. It takes a lot of "can-do" vision and support from donors, volunteers, community leaders, business partners, families, and other stakeholders to bring our life changing programs to so many. Fortunately, there's abundant inspiration: spend a day with our athletes and the word "can't" disappears from your vocabulary.

The year 2015 was strong, resulting in increased resources – financial and human – and growth in our current service level:

- We increased our total revenue by 17.6%.
- We increased our net assets by 21%.
- We increased our in-kind contributions by 10%, now at \$3.35 million.
- We engaged new talent, hiring a new Chief Development Officer.
- We continued to demonstrate our operational efficiency: 76% of every donation directly funds our programs, which, by all charity standards, is an excellent metric.
- We launched the first phase of a multi-year endowment campaign, which, when complete, will secure the organization's long-term sustainability for decades to come.

Special Olympics Oregon also continues to excel in industry innovation:



Our **Unified Sports® Program** is rapidly expanding in Oregon school districts, bringing greater extracurricular opportunities for individuals with disabilities.

**Our ground-breaking proprietary initiative, Oregon Team Wellness®,** has now launched in four other states, bringing health and wellness education to our participants off the field of play.



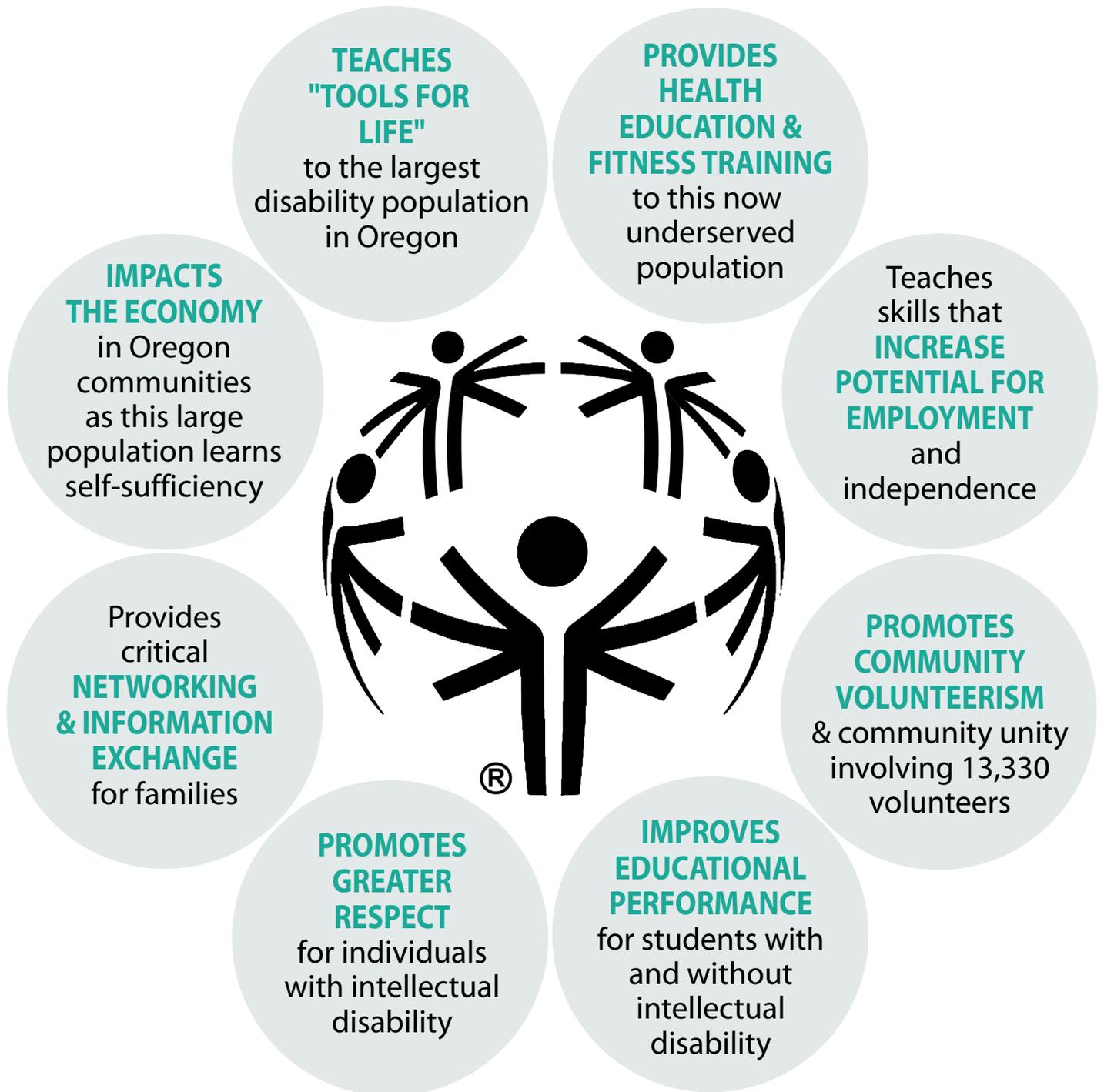
Our statewide **Respect Campaign**, led by Special Olympics Oregon in hundreds of Oregon schools, is helping to counteract bullying and promote a culture of inclusion and respect for all who may be "different."

Because intellectual disability impacts one in five Oregon families, there are tens of thousands more whose lives can be changed by our programs. Our mission is clear: reach them all. *Can* we do it? Like our remarkable athletes, we *can* . . . and we will.

  
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, 2015, 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, 2015, 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 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 3, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Ernst & Young LLP*

May 31, 2016

## SPECIAL OLYMPICS OREGON, INC.

**STATEMENT OF FINANCIAL POSITION**

DECEMBER 31, 2015

(WITH COMPARATIVE AMOUNTS FOR 2014)

	<b>2015</b>	<b>2014</b>
<b>Assets:</b>		
Cash and cash equivalents	\$ 107,688	148,348
Grants and contributions receivable ( <i>note 4</i> )	1,781,794	1,171,822
Accounts receivable	–	16,000
Prepaid expenses and other assets	29,109	39,905
Investments in certificates of deposit	51,312	60,306
Beneficial interest in a charitable trust held by others ( <i>note 5</i> )	282,478	317,478
Property and equipment ( <i>note 6</i> )	127,014	167,734
<b>Total assets</b>	<b>\$ 2,379,395</b>	<b>1,921,593</b>
<b>Liabilities:</b>		
Accounts payable and accrued expenses	401,768	317,652
Deferred revenue	33,893	14,500
Short-term note payable ( <i>note 7</i> )	730,281	587,452
<b>Total liabilities</b>	<b>1,165,942</b>	<b>919,604</b>
<b>Net assets:</b>		
Unrestricted	(1,172,950)	(907,876)
Temporarily restricted ( <i>note 8</i> )	2,335,104	1,858,566
Permanently restricted ( <i>note 8</i> )	51,299	51,299
<b>Total net assets</b>	<b>1,213,453</b>	<b>1,001,989</b>
Commitments ( <i>notes 7, 14, and 16</i> )		
<b>Total liabilities and net assets</b>	<b>\$ 2,379,395</b>	<b>1,921,593</b>

See accompanying notes to financial statements.

## SPECIAL OLYMPICS OREGON, INC.

**STATEMENT OF ACTIVITIES**

YEAR ENDED DECEMBER 31, 2015  
(WITH COMPARATIVE TOTALS FOR 2014)

	2015			Total	2014
	Unrestricted	Temporarily restricted	Permanently restricted		
<b>Revenues, gains, and other support:</b>					
Contributions ( <i>note 9</i> )	\$ 1,427,266	385,765	–	1,813,031	2,134,751
Corporate support	417,812	1,207,969	–	1,625,781	363,993
Foundation grants	38,182	367,249	–	405,431	373,620
Special events, less direct costs of \$883,293 in 2015 and \$962,333 in 2014 ( <i>note 10</i> )	936,146	–	–	936,146	864,101
Outside events ( <i>note 10</i> )	36,390	–	–	36,390	47,460
In-kind contributions ( <i>note 11</i> )	3,353,099	–	–	3,353,099	3,054,187
Net change in the carrying value of a charitable trust	–	(35,000)	–	(35,000)	23,689
Merchandise sales and other	6,584	58	–	6,642	58,355
Total revenues and gains	6,215,479	1,926,041	–	8,141,520	6,920,156
Net assets released from restrictions ( <i>note 12</i> )	1,449,503	(1,449,503)	–	–	–
Total revenues, gains, and other support	7,664,982	476,538	–	8,141,520	6,920,156
<b>Expenses (<i>note 13</i>):</b>					
Program services	6,236,912	–	–	6,236,912	6,010,817
Fundraising	950,726	–	–	950,726	747,370
Special events promotion and management	212,507	–	–	212,507	189,684
Management and general	529,911	–	–	529,911	455,060
Total expenses	7,930,056	–	–	7,930,056	7,402,931
Increase (decrease) in net assets	(265,074)	476,538	–	211,464	(482,775)
Net assets at beginning of year	(907,876)	1,858,566	51,299	1,001,989	1,484,764
Net assets at end of year	\$ (1,172,950)	2,335,104	51,299	1,213,453	1,001,989

See accompanying notes to financial statements.

## SPECIAL OLYMPICS OREGON, INC.

**STATEMENT OF FUNCTIONAL EXPENSES**

YEAR ENDED DECEMBER 31, 2015  
(WITH COMPARATIVE TOTALS FOR 2014)

	2015					Total	2014
	Program services	Fund-raising	Special events promotion and management	Management and general			
Salaries and related costs	\$ 1,052,072	555,811	–	377,158	1,985,041	1,769,366	
Competition and training	1,630,387	–	–	–	1,630,387	1,778,886	
Volunteer services	2,844,080	–	–	–	2,844,080	2,500,720	
Professional services	217,570	237,107	–	48,234	502,911	473,382	
Occupancy	84,434	44,607	–	30,269	159,310	153,373	
Supplies and equipment	27,235	14,388	–	9,763	51,386	37,471	
Telephone	16,944	8,952	–	6,074	31,970	32,963	
Postage and shipping	13,222	6,985	–	4,740	24,947	22,089	
Travel	74,161	17,277	–	9,160	100,598	139,751	
Printing and copying	25,033	13,225	–	8,974	47,232	52,661	
Special events promotion	–	–	212,507	–	212,507	189,684	
National accreditation fees	53,021	–	–	–	53,021	50,345	
Insurance	26,785	360	–	245	27,390	25,781	
Interest	16,044	8,476	–	5,751	30,271	10,067	
Depreciation	29,023	15,333	–	10,404	54,760	45,260	
Other	126,901	28,205	–	19,139	174,245	121,132	
<b>Total expenses</b>	<b>\$ 6,236,912</b>	<b>950,726</b>	<b>212,507</b>	<b>529,911</b>	<b>7,930,056</b>	<b>7,402,931</b>	

See accompanying notes to financial statements.

## SPECIAL OLYMPICS OREGON, INC.

**STATEMENT OF CASH FLOWS**

YEAR ENDED DECEMBER 31, 2015  
(WITH COMPARATIVE TOTALS FOR 2014)

	<b>2015</b>	<b>2014</b>
<b>Cash flows from operating activities:</b>		
Cash received from grants, contributions, and others	\$ 5,132,135	4,922,710
Cash paid to employees, suppliers, and others	(5,280,307)	(5,205,101)
Cash paid for interest	(30,271)	(10,067)
Net cash used in operating activities	(178,443)	(292,458)
<b>Cash flows from investing activities:</b>		
Purchase of capital assets	(14,040)	(86,224)
Reinvestment of interest income	(58)	(127)
Proceeds from the sale of investments	9,052	-
Net cash used in investing activities	(5,046)	(86,351)
<b>Cash flows from financing activities:</b>		
Net drawdown on line of credit	142,829	224,483
Net cash provided by financing activities	142,829	224,483
Net decrease in cash and cash equivalents	(40,660)	(154,326)
Cash and cash equivalents at beginning of year	148,348	302,674
Cash and cash equivalents at end of year	\$ 107,688	148,348

See accompanying notes to financial statements.

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

### 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. Pledges are reported net of an allowance for uncollectible amounts and a discount for the present value of future cash flows. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management’s judgment, including such factors as prior collection history, type of contribution, and nature of fundraising activity.

**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 a 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, 2015, the organization's Board of Directors appropriated endowment assets totaling \$9,052 for expenditure (see note 8).

**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.

**Subsequent Events** – As required by FASB ASC No. 855-10, *Subsequent Events*, subsequent events have been evaluated by management through May 31, 2016, which is the date the financial statements were available to be issued.

**Summarized Financial Information for 2014** – The accompanying financial information as of and for the year ended December 31, 2014 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. Changes in Accounting Policies

During the year ended December 31, 2015, the organization changed its accounting policies and practices in two areas:

In order to more precisely match operating revenues with expenses, management has changed its practice for the release of donor restrictions and the resulting recognition of operating revenues associated with gifts received in support of the annual Summer Games and similar events. Previously, the organization delayed recognition of these annual gifts as operating revenues to the year of the event itself. Beginning with the 2015 year, the organization changed its policies to release such gifts into operating revenue when and to the extent the funds were actually used to underwrite the costs of producing the events, even if those costs were incurred prior to the year of the event it-self. The effect of this change in 2015 was to increase operating revenues by \$162,898.

In order to more accurately and uniformly reflect the receipt and use of multi-year corporate sponsorships, management has modified revenue recognition practices. Prior to 2015, corporate sponsorships were generally, though not consistently, viewed by the organization as exchange transactions, with revenue delayed until the performance of the event itself and the “earning” of the revenues. Beginning in 2015, however, management determined that there was little or no commensurate benefit returned to the sponsors for these commitments, and that it would be more appropriate to report this support as unconditional restricted contributions, with total revenues recognized at the time the promise was received and operating revenues recognized when the funds were used in accordance with the donor’s expressed restrictions. The effect of this change in 2015 was to increase total contributed revenues by \$711,978.

### 4. Grants and Contributions Receivable

Grants and contributions receivable are summarized as follows at December 31, 2015:

<i>Unconditional promises expected to be collected within:</i>	
Less than one year	\$ 772,865
One year to five years	740,000
More than five years	350,000
	1,862,865
Less allowance for doubtful collection of receivables	(1,540)
Less discount <sup>1</sup>	(79,531)
	\$ 1,781,794

<sup>1</sup> Unconditional promises to give due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 1.75%.

**5. Beneficial Interest in a 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, 2015 are valued at \$1,784,667. A contribution receivable of \$282,478 is recorded at December 31, 2015, representing the actuarially-determined present value of the estimated future cash flows that will inure to the organization, using a discount rate of 7.0%.

**6. Property and Equipment**

A summary of property and equipment at December 31, 2015 is as follows:

Software	\$ 499,398
Computer equipment	64,045
Leasehold improvements	72,849
Office equipment	52,498
Furniture	22,140
	710,930
Less accumulated depreciation	(583,916)
	\$ 127,014

**7. Short-Term 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 expires on July 10, 2016. At December 31, 2015, \$730,281 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, 2015. The agreement with the bank

also requires that for 30 consecutive days during the calendar the year, the aggregate principal advances outstanding under the note should not exceed \$250,000. As of and for the year ended December 31, 2015, Special Olympics was not in compliance with this covenant. However, subsequent to this date, management obtained a waiver of this covenant from the bank.

**8. Restrictions and Limitations on Net Asset Balances**

**TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consist of the following at December 31, 2015:

*Expendable grants and contributions:*

For games, competitions, and training	\$ 920,522
Project Unify	123,158
Oregon Team Wellness	79,565
To support the Special Olympics program in Cottage Grove	22,152
Healthy Athletes	17,000
For operations in future periods	890,216
Beneficial interest in charitable trust held by others	282,478
	2,335,091

*Expendable endowment earnings:*

Purpose unrestricted earnings not yet appropriated for expenditure	13
	\$ 2,335,104

*Continued*

**PERMANENTLY RESTRICTED NET ASSETS**

At December 31, 2015, the organization held a single donor-restricted endowment fund in the amount of \$51,312, representing \$51,299 as the original value of gifts donated to the permanent endowment and \$13 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, 2015:

	Temporarily restricted	Perma- nently restricted	Total
Endowment net assets at beginning of year	\$ 9,007	51,299	60,306
Investment income	58	–	58
Appropriation of endowment assets for expenditure	(9,052)	–	(9,052)
Endowment net assets at end of year	\$ 13	51,299	51,312

At December 31, 2015, the organization’s endowment funds were invested in certificates of deposit.

**9. Contributions**

The following summarizes the source of the organization’s contributions for the year ended December 31, 2015:

Direct marketing	\$ 892,303
Other contributions	1,170,728
	<u>\$ 2,063,031</u>

**10. Special Events and Outside Events**

During the year ended December 31, 2015, the organization benefited from the following special events:

- Polar Plunge Statewide
- Governors’ Gold Awards
- Law Enforcement Torch Runs
- The Bite of Oregon
- Breakfast with Champions
- 27-Hour Radiothon
- Global Business Awards
- Other community events

The above events resulted in gross revenues totaling \$1,819,439, with net revenues totaling \$936,146 after direct costs of \$883,293.

*Outside Events* – In addition, during the year ended December 31, 2015, the organization also benefited from the following “outside” events (i.e., events conducted by another organization on behalf of Special Olympics Oregon), receiving \$36,390 in revenues from the following:

- Rip City 3-on-3
- LPGA Golf Tournament

**11. 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, 2015 are summarized as follows:

<i>Program services:</i>	
Volunteer certified coaches	\$ 2,267,440
Volunteer local program coordinators and managers	576,640
<i>Competitions:</i>	
Materials and supplies	194,190
Donated services	92,264
Free use of facilities	99,976
Other	6,109
<i>Fundraising:</i>	
Special events promotion	111,498
Other	2,968
<i>Management and general:</i>	
Other	2,014
	\$ 3,353,099

## 12. Net Assets Released from Restrictions

During the year ended December 31, 2015, \$1,449,503 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.

## 13. 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, 2015, the organization incurred joint costs of \$341,133 through the conduct of telephone solicitation campaigns, of which 42% were allocated to program services and 58% to fundraising.

## 14. 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, 2015 are as follows:

<i>Years ending December 31,</i>	
2016	\$ 158,428
2017	172,731
2018	168,815
	\$ 499,974

Rent expense under all lease agreements, net of \$16,647 in property taxes credits, totaled \$148,328 for the year ended December 31, 2015.

## 15. 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.

## 16. Unemployment Insurance Coverage

The organization participates in the Northwest Agencies Trust for funding of unemployment insurance. Use of the Trust is intended to reduce the organization's unemployment costs. The Trust provides the organization with a program of self-insurance, with stop-loss insurance purchased to cover unusual amounts of unemployment costs. The Trust bills the organization for amounts intended to reach a predetermined reserve level. The assessments, billed quarterly, consider any investment income and adjust for administrative costs, payments to former employees, and insurance payments. During the year ended June 30, 2015, the organization contributed \$7,155 to the Trust; the Trust paid out \$3,402 in benefits and charged \$4,464 in insurance and participation costs.

## 17. 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, 2015, 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, 2015 is as follows:

Fair value at beginning of year	\$ 317,478
Net change in the carrying value of a charitable trust	(35,000)
Fair value at end of year	\$ 282,478

## 18. 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 used in operating activities (as reported on the statement of cash flows):

Increase in net assets	\$ 211,464
<i>Adjustments to reconcile increase in net assets to net cash used in operating activities:</i>	
Depreciation	54,760
Net change in the carrying value of a charitable trust	35,000
<i>Net changes in:</i>	
Grants and contributions receivable	(609,972)
Accounts receivable	16,000
Prepaid expenses and other assets	10,796
Accounts payable and accrued expenses	84,116
Deferred revenue	19,393
Total adjustments	(389,907)
Net cash used in operating activities	\$ (178,443)

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**GOVERNING BOARD AND MANAGEMENT**

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AS OF FEBRUARY 2016**

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Jack Folliard, *Secretary*  
*Executive Director*  
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*Merchandise Planning*  
*Home, Apparel, Electronics*  
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*Newberg-Dundee Police Department*  
*Chair, Oregon LETR Executive Council*

Lt. Jeff Kaer  
*Portland Police Bureau*  
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Dave Pearson  
*Director of Business Operations*  
*Aerotek*

*Continued*

**GOVERNING BOARD AND MANAGEMENT, CONTINUED**

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*Les Schwab Tire Centers, Inc.*

Brandon Wynne  
*Special Olympics Oregon Athlete*

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Torre Chisholm, *Chief Development Officer*

Arthur Steinhorn, *Chief Financial Officer*

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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