



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, 2013
and Report of Independent Accountants

SPECIAL OLYMPICS OREGON, INC.

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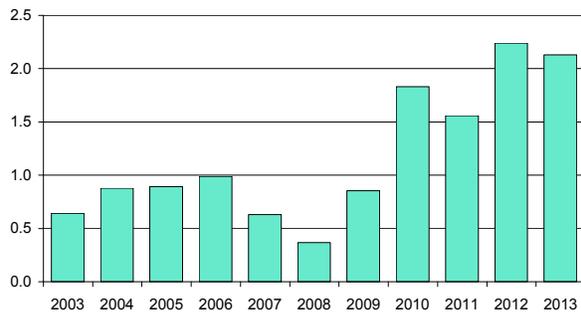
The Year in Review

January 1 - December 31, 2013

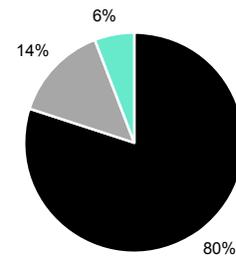
Total Assets	\$2.13 million
Total Revenues	\$6.89 million
Total Expenses	\$6.83 million
Total Net Surplus	\$62 thousand
Total Program Support of Special Olympics Athletes	\$5.46 million

Funding Highlights

ASSETS OF SPECIAL OLYMPICS OREGON 2003-2013
(in millions)

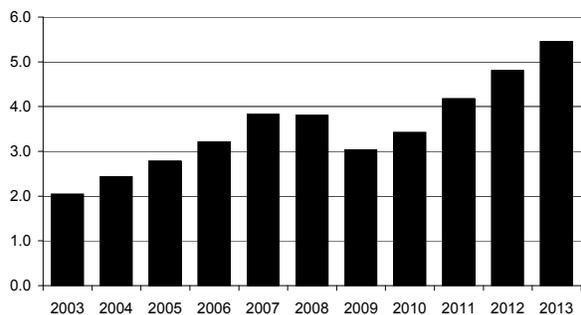


DISTRIBUTION OF OPERATING EXPENSES 2013

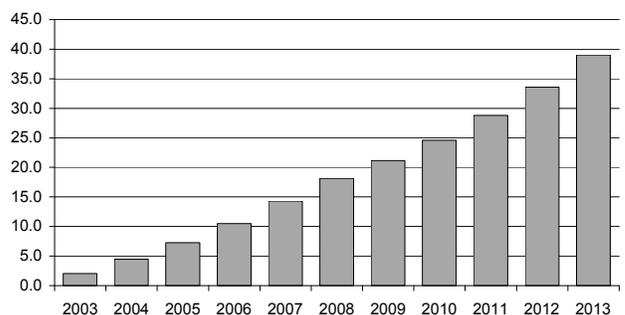


80% Program activities. \$5.46 million
14% Fundraising. \$966 thousand
6% Management and general. \$407 thousand

INVESTMENT IN PROGRAM SERVICES 2003-2013
(in millions)



CUMULATIVE INVESTMENT IN PROGRAMS 2003-2013
(in millions)



Letter from Special Olympics Oregon's Chief Executive Officer

"Every day you may make progress. Every step may be fruitful. Yet there will stretch out before you an ever-lengthening, ever-ascending, ever-improving path. You know you will never get to the end of the journey. But this, so far from discouraging, only adds to the joy and glory of the climb."

—Sir Winston Churchill

These inspiring words, uttered, ironically, by a man who had a speech impediment, go far to describe the world of Special Olympics Oregon. In both the mission and the business, we are "ever-lengthening, ever-ascending, ever-improving."

The year 2013 was no exception:

- We expanded the number of participations to 12,000, up 70% over the last five years.
- We're leading the nation with an exciting new initiative called *Oregon Team Wellness* that provides, for the first time, a health and wellness curriculum uniquely designed for individuals with intellectual disability.
- We have built the first phase of a 21st century digital infrastructure that will streamline our statewide service delivery.
- We developed key corporate and community partnerships that have enabled us to now reinstate all of our major State Games.
- We have more than doubled our in-kind contributions over the last five years to \$2.8M in 2013.
- We have produced positive net revenue for four of the past five years, resulting in \$1.8M of positive net revenue in that time frame.
- And we have significantly improved our operational efficiency: 80% of every donation directly funds our life-changing programs, which, by all charity standards, is an excellent metric.

We are proud of this progress, ever grateful to the donors, volunteers, community leaders, business partners, Board of Directors, families, and other stakeholders who share our vision. Are we at the end of the journey? Most certainly not – there are thousands more to serve and a critical need for sustainable revenue. But this, as Sir Winston notes, is "so far from discouraging, only adds to the joy and glory of the climb."

What a privilege it is to be on this path with some of the most remarkable human beings on the planet: the athletes of Special Olympics Oregon. They understand challenge, they thrive on hope, and they will themselves to victory. The rest of us just watch and learn.

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, 2013, 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, 2013, 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 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 19, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Craig J. Galt & CO. LLP

March 18, 2014

SPECIAL OLYMPICS OREGON, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2013

(WITH COMPARATIVE AMOUNTS FOR 2012)

	2013	2012
Assets:		
Cash and cash equivalents	\$ 302,674	403,441
Grants and contributions receivable (<i>note 3</i>)	1,316,544	1,357,161
Accounts receivable	3,375	5,304
Prepaid expenses and other assets	22,340	26,150
Investments in certificates of deposit	60,179	60,028
Beneficial interest in charitable trust held by others (<i>note 4</i>)	293,789	268,789
Property and equipment (<i>note 5</i>)	126,770	122,181
Total assets	\$ 2,125,671	2,243,054
Liabilities:		
Accounts payable and accrued expenses	249,438	425,083
Deferred revenue	28,500	-
Note payable (<i>note 6</i>)	362,969	395,000
Total liabilities	640,907	820,083
Net assets:		
Unrestricted	(322,352)	(575,512)
Temporarily restricted (<i>note 7</i>)	1,755,817	1,947,184
Permanently restricted (<i>note 7</i>)	51,299	51,299
Total net assets	1,484,764	1,422,971
Commitments (<i>note 13</i>)		
Total liabilities and net assets	\$ 2,125,671	2,243,054

See accompanying notes to financial statements.

SPECIAL OLYMPICS OREGON, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2013
(WITH COMPARATIVE TOTALS FOR 2012)

	2013			Total	2012
	Unrestricted	Temporarily restricted	Permanently restricted		
Revenues, gains, and other support:					
Contributions <i>(note 8)</i>	\$ 1,883,625	634,598	—	2,518,223	2,256,537
Corporate support	206,946	80,000	—	286,946	556,468
Foundation grants	73,470	231,082	—	304,552	692,782
Special events, less direct costs of \$880,182 in 2013 and \$845,693 in 2012 <i>(note 9)</i>	910,638	—	—	910,638	952,911
Outside events <i>(note 9)</i>	52,500	—	—	52,500	22,750
In-kind contributions <i>(note 10)</i>	2,781,450	—	—	2,781,450	2,244,897
Net change in the carrying value of a charitable trust	—	25,000	—	25,000	23,271
Merchandise sales and other	14,171	151	—	14,322	14,359
Total revenues and gains	5,922,800	970,831	—	6,893,631	6,763,975
Net assets released from restrictions <i>(note 11)</i>	1,162,198	(1,162,198)	—	—	—
Total revenues, gains, and other support	7,084,998	(191,367)	—	6,893,631	6,763,975
Expenses <i>(note 12)</i>:					
Program services	5,459,128	—	—	5,459,128	4,808,730
Fundraising	830,119	—	—	830,119	914,633
Special events promotion and management	135,952	—	—	135,952	146,868
Management and general	406,639	—	—	406,639	492,741
Total expenses	6,831,838	—	—	6,831,838	6,362,972
Increase (decrease) in net assets	253,160	(191,367)	—	61,793	401,003
Net assets at beginning of year	(575,512)	1,947,184	51,299	1,422,971	1,021,968
Net assets at end of year	\$ (322,352)	1,755,817	51,299	1,484,764	1,422,971

See accompanying notes to financial statements.

SPECIAL OLYMPICS OREGON, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2013
(WITH COMPARATIVE TOTALS FOR 2012)

	2013						
	Program services	Fund- raising	Special events pro- motion and management	Management and general	Total	2012	
Salaries and related costs	\$ 993,965	470,825	–	279,008	1,743,798	1,722,105	
Competition and training	1,436,040	–	–	–	1,436,040	1,334,928	
Volunteer services	2,394,460	–	–	–	2,394,460	1,901,460	
Professional services	204,287	228,607	–	49,602	482,496	573,764	
Occupancy	84,163	39,867	–	23,625	147,655	158,535	
Supplies and equipment	21,917	10,382	–	6,152	38,451	33,731	
Telephone	17,592	8,333	–	4,938	30,863	28,085	
Postage and shipping	8,023	3,800	–	2,252	14,075	14,285	
Travel	81,844	17,556	–	10,988	110,388	104,276	
Printing and copying	34,113	16,158	–	9,576	59,847	97,168	
Special events promotion	–	–	135,952	–	135,952	146,868	
National accreditation fees	47,053	–	–	–	47,053	42,584	
Insurance	24,271	356	–	211	24,838	24,432	
Interest	7,780	3,685	–	2,184	13,649	11,300	
Depreciation	38,031	18,015	–	10,675	66,721	69,156	
Other	65,589	12,535	–	7,428	85,552	100,295	
Total expenses	\$ 5,459,128	830,119	135,952	406,639	6,831,838	6,362,972	

See accompanying notes to financial statements.

SPECIAL OLYMPICS OREGON, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2013
(WITH COMPARATIVE TOTALS FOR 2012)

	2013	2012
Cash flows from operating activities:		
Cash received from grants, contributions, and others	\$ 5,038,409	4,971,367
Cash paid to employees, suppliers, and others	(5,022,035)	(4,602,009)
Cash paid for interest	(13,649)	(11,300)
Net cash provided by operating activities (<i>note 17</i>)	2,725	358,058
Cash flows from investing activities:		
Purchase of capital assets	(71,310)	(65,242)
Reinvestment of interest income	(151)	(262)
Net cash used in investing activities	(71,461)	(65,504)
Cash flows from financing activities:		
Proceeds from contributions restricted for capital acquisition	–	32,485
Net proceeds (payments) from draws on line of credit	(32,031)	20,000
Net cash provided by (used in) financing activities	(32,031)	52,485
Net increase (decrease) in cash and cash equivalents	(100,767)	345,039
Cash and cash equivalents at beginning of year	403,441	58,402
Cash and cash equivalents at end of year	\$ 302,674	403,441

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

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, 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, 2013, 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, 2010 through 2012.

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 18, 2014, which is the date the financial statements were available to be issued.

Summarized Financial Information for 2012 – The accompanying financial information as of and for the year ended December 31, 2012 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, 2013 are summarized as follows:

<i>Unconditional promises expected to be collected in:</i>	
Less than one year	\$ 1,016,544
One year to five years	300,000
	\$ 1,316,544

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, 2013 are valued at \$1,836,043. A contribution receivable of \$293,789 is recorded at December 31, 2013, 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, 2013 is as follows:

Software	\$ 423,796
Leasehold improvements	72,849
Computer equipment	62,751
Office equipment	48,554
Furniture	22,140
	630,090
Less accumulated depreciation	(503,320)
	\$ 126,770

6. Note Payable

Special Olympics maintains a line of credit for up to \$500,000, secured by all of the organization's assets and bearing interest at 3.75%. The line expires on July 10, 2014. At December 31, 2013, \$362,969 is outstanding.

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, 2013, the organization's tangible net worth totaled \$1,081,851.

7. Restrictions and Limitations on Net Asset Balances

TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at December 31, 2013:

<i>Expendable grants and contributions:</i>	
Project Unify	\$ 86,341
To support the Special Olympics program in Cottage Grove	35,966
For state games, competitions, and training	173,000
For operations in future periods	1,157,841
Beneficial interest in charitable trust held by others	293,789
	1,746,937
<i>Expendable endowment earnings:</i>	
Purpose unrestricted earnings not yet appropriated for expenditure	8,880
	\$ 1,755,817

PERMANENTLY RESTRICTED NET ASSETS

At December 31, 2013, the organization held a single donor-restricted endowment fund in the amount of \$60,179, representing \$51,299 as the original value of gifts donated to the permanent endowment and \$8,880 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, 2013:

	Temporarily restricted	Perma- nently restricted	Total
Endowment net assets at beginning of year	\$ 8,729	51,299	60,028
Investment income	151	-	151
Endowment net assets at end of year	\$ 8,880	51,299	60,179

At December 31, 2013, 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, 2013:

Telephone solicitations	\$ 767,983
Direct mail activities	179,801
Other contributions	1,570,439
	\$ 2,518,223

9. Special Events and Outside Events

During the year ended December 31, 2013, 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
- Global Business Awards
- Other community events

The above events resulted in gross revenues totaling \$1,790,820, with net revenues totaling \$910,638 after direct costs of \$880,182.

Outside Events – In addition, during the year ended December 31, 2013, the organization also benefited from the following "outside" events (i.e., events conducted by another organization on behalf of Special Olympics Oregon), receiving \$52,500 in revenues from the following:

- Oregon Leadership Dinner
- B.U.L.L. Session
- 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, 2013 are summarized as follows:

<i>Program services:</i>	
Volunteer certified coaches	\$ 1,906,640
Volunteer local program coordinators and managers	487,820
<i>Competitions:</i>	
Materials and supplies	241,364
Donated services	90,067
Free use of facilities	55,559
	<hr/>
	\$ 2,781,450

During the year ended December 31, 2013, the organization also received donated advertising, promotion and public education services (including newspaper, radio, television, and Internet advertising) valued at approximately \$716,659. 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, 2013, \$1,162,198 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, 2013, the organization incurred joint costs of \$345,987 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, 2013 are as follows:

<i>Years ending December 31,</i>	
2014	\$ 160,847
2015	164,975
2016	158,428
2017	172,731
2018	168,815
	<hr/>
	\$ 825,796

Rent expense, net of property taxes credits, under all lease agreements totaled \$118,825 for the year ended December 31, 2013.

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, 2013, 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, 2013 is as follows:

Fair value at beginning of year	\$	268,789
Net change in the carrying value of a charitable trust		25,000
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Fair value at end of year	\$	293,789

16. Reclassification of 2012 Comparative Totals

Certain 2012 amounts presented herein have been reclassified to conform to the 2013 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	\$	61,793
<hr/>		
<i>Adjustments to reconcile increase in net assets to net cash provided by operating activities:</i>		
Depreciation		66,721
Net change in the carrying value of a charitable trust		(25,000)
<i>Net changes in:</i>		
Grants and contributions receivable		40,617
Accounts receivable		1,929
Prepaid expenses and other assets		3,810
Accounts payable and accrued expenses		(175,645)
Deferred revenue		28,500
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Total adjustments		(59,068)
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Net cash provided by operating activities	\$	2,725

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