

# Special Olympics, Inc. and Affiliates

Combined Financial Statements and Supplemental  
Combining Schedules as of and for the Years Ended  
December 31, 2015 and 2014, Supplemental  
Information for the Year Ended December 31, 2015,  
and Independent Auditor's Reports

# SPECIAL OLYMPICS, INC. AND AFFILIATES

## TABLE OF CONTENTS

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	<b>Page</b>
INDEPENDENT AUDITOR'S REPORT	1-2
COMBINED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014:	
Combined Statements of Financial Position	3
Combined Statements of Activities	4-5
Combined Statements of Functional Expenses	6-7
Combined Statements of Cash Flows	8
Notes to Combined Financial Statements	9-20
SUPPLEMENTAL COMBINING SCHEDULES AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014:	
Statements of Financial Position—Combining Schedule Information	21-24
Statements of Activities—Combining Schedule Information	25-26

## Independent Auditor's Report

To the Board of Directors  
Special Olympics, Inc.  
Washington, D.C.

### Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of Special Olympics, Inc. and its affiliates (SOI), which comprise the combined statement of financial position as of December 31, 2015, and the related combined statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the combined financial statements.

### Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined 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 combined financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined 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 entity'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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of Special Olympics, Inc. and its affiliates 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 of America.

**Other Matters**

The financial statements of SOI, as of and for the year ended December 31, 2014, were audited by other auditors whose report dated July 14, 2015, expressed an unmodified opinion on those statements.

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as of and for the year ended December 31, 2015, as a whole. The accompanying supplementary combining schedules on pages 21 to 26 are presented for purposes of additional analysis of the combined financial statements, rather than to present the financial position and changes in net assets of the individual organizations, and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The accompanying supplementary combining schedules for the year ended December 31, 2015, have been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information as of and for the year ended December 31, 2015, is fairly stated in all material respects in relation to the combined financial statements as a whole. The supplementary combining schedules as of and for the year ended December 31, 2014, were audited by other auditors whose report, dated July 14, 2015, expressed an unmodified opinion on such information in relation to the combined financial statements as a whole.

*RSM US LLP*

Washington, D.C.  
April 7, 2016

# SPECIAL OLYMPICS, INC. AND AFFILIATES

## COMBINED STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 9,607,925	\$ 8,297,587
Contributions receivable	2,703,383	9,143,687
Program and other receivables—net	4,062,937	3,988,959
Prepaid expenses	1,296,876	998,390
Other assets	383,778	407,162
Total current assets	<u>18,054,899</u>	<u>22,835,785</u>
NONCURRENT ASSETS:		
Permanently restricted cash	198,584	198,584
Other investments	2,297,277	2,651,994
Economic beneficial interest in Trust	49,132,235	53,713,696
Long-term contributions receivable—net	378,000	400,000
Fixed assets—net	1,297,209	782,017
Other assets	459,566	459,566
Total noncurrent assets	<u>53,762,871</u>	<u>58,205,857</u>
TOTAL	<u>\$ 71,817,770</u>	<u>\$ 81,041,642</u>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 7,487,139	\$ 6,593,987
Grants and awards payable to affiliates	2,832,096	4,649,697
Deferred income	468,994	409,011
Deferred rent	63,664	-
Total current liabilities	<u>10,851,893</u>	<u>11,652,695</u>
NONCURRENT LIABILITIES:		
Long-term deferred rent	659,546	498,963
Total liabilities	<u>11,511,439</u>	<u>12,151,658</u>
NET ASSETS:		
Unrestricted:		
Undesignated	(557,150)	(187,470)
Designated	49,132,235	53,713,696
Total unrestricted net assets	<u>48,575,085</u>	<u>53,526,226</u>
Temporarily restricted	11,532,662	15,165,174
Permanently restricted	198,584	198,584
Total net assets	<u>60,306,331</u>	<u>68,889,984</u>
TOTAL	<u>\$ 71,817,770</u>	<u>\$ 81,041,642</u>

See notes to combined financial statements.

## SPECIAL OLYMPICS, INC. AND AFFILIATES

### COMBINED STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS, AND OTHER SUPPORT:				
Direct mail contributions	\$ 41,501,734	\$ -	\$ -	\$ 41,501,734
Individual and corporate contributions and sponsorships	52,713,646	6,796,337	-	59,509,983
Federal grants	10,489,628	-	-	10,489,628
Nonfederal grants	378,335	-	-	378,335
Accreditation fees	3,519,154	-	-	3,519,154
Royalty income	503,492	-	-	503,492
Depreciation in Trust assets—net (Note 6)	(1,129,998)	-	-	(1,129,998)
Other investment loss—net (Note 6)	(38,166)	-	-	(38,166)
Other income	<u>1,890,258</u>	<u>-</u>	<u>-</u>	<u>1,890,258</u>
Total revenues, gains, and other support	109,828,083	6,796,337	-	116,624,420
NET ASSETS RELEASED FROM RESTRICTIONS (Note 8):				
Satisfaction of program restrictions	10,328,849	(10,328,849)	-	-
Expiration of time restrictions	<u>100,000</u>	<u>(100,000)</u>	<u>-</u>	<u>-</u>
Total revenues, gains, and other support and net assets released from restrictions	<u>120,256,932</u>	<u>(3,632,512)</u>	<u>-</u>	<u>116,624,420</u>
EXPENSES:				
Program assistance	84,236,930	-	-	84,236,930
Public education and communications	18,828,889	-	-	18,828,889
Sports training and competitions	2,919,663	-	-	2,919,663
Fundraising	14,612,234	-	-	14,612,234
Management and general	<u>4,610,357</u>	<u>-</u>	<u>-</u>	<u>4,610,357</u>
Total expenses	<u>125,208,073</u>	<u>-</u>	<u>-</u>	<u>125,208,073</u>
CHANGES IN NET ASSETS	(4,951,141)	(3,632,512)	-	(8,583,653)
NET ASSETS—Beginning of year	<u>53,526,226</u>	<u>15,165,174</u>	<u>198,584</u>	<u>68,889,984</u>
NET ASSETS—End of year	<u>\$ 48,575,085</u>	<u>\$ 11,532,662</u>	<u>\$ 198,584</u>	<u>\$ 60,306,331</u>

See notes to combined financial statements.

## SPECIAL OLYMPICS, INC. AND AFFILIATES

### COMBINED STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS, AND OTHER SUPPORT:				
Direct mail contributions	\$ 42,351,544	\$ -	\$ -	\$ 42,351,544
Individual and corporate contributions and sponsorships	45,836,020	9,695,645	-	55,531,665
Federal grants	9,174,073	-	-	9,174,073
Nonfederal grants	2,292,593	-	-	2,292,593
Accreditation fees	3,390,714	-	-	3,390,714
Royalty income	273,664	-	-	273,664
Appreciation in Trust assets—net (Note 6)	1,192,000	-	-	1,192,000
Other investment income—net (Note 6)	61,302	-	-	61,302
Other income	1,115,673	-	-	1,115,673
Total revenues, gains, and other support	105,687,583	9,695,645	-	115,383,228
NET ASSETS RELEASED FROM RESTRICTIONS (Note 8):				
Satisfaction of program restrictions	9,922,387	(9,922,387)	-	-
Expiration of time restrictions	275,871	(275,871)	-	-
Total revenues, gains, and other support and net assets released from restrictions	115,885,841	(502,613)	-	115,383,228
EXPENSES:				
Program assistance	79,553,133	-	-	79,553,133
Public education and communications	18,953,185	-	-	18,953,185
Sports training and competitions	2,591,242	-	-	2,591,242
Fundraising	15,541,675	-	-	15,541,675
Management and general	4,457,193	-	-	4,457,193
Total expenses	121,096,428	-	-	121,096,428
CHANGES IN NET ASSETS	(5,210,587)	(502,613)	-	(5,713,200)
NET ASSETS—Beginning of year	58,736,813	15,667,787	198,584	74,603,184
NET ASSETS—End of year	\$ 53,526,226	\$ 15,165,174	\$ 198,584	\$ 68,889,984

See notes to combined financial statements.

## SPECIAL OLYMPICS, INC. AND AFFILIATES

### COMBINED STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2015

	Program Assistance	Public Education and Communications	Sports Training and Competitions	Fundraising	Management and General	Total
SALARIES	\$ 11,213,197	\$ 1,978,058	\$ 1,101,866	\$ 2,090,904	\$ 2,557,182	\$ 18,941,207
BENEFITS	<u>1,219,076</u>	<u>417,615</u>	<u>173,666</u>	<u>323,721</u>	<u>314,485</u>	<u>2,448,563</u>
Total salaries and benefits	<u>12,432,273</u>	<u>2,395,673</u>	<u>1,275,532</u>	<u>2,414,625</u>	<u>2,871,667</u>	<u>21,389,770</u>
CONSULTING AND OTHER	11,883,754	1,722,517	410,379	1,926,709	387,929	16,331,288
SUPPLIES	24,982,700	23,881	32,375	11,045	19,379	25,069,380
COMMUNICATION	282,749	36,506	45,162	24,132	16,508	405,057
POSTAGE AND SHIPPING	379,103	4,698,165	10,375	5,763,807	22,551	10,874,001
RENT (Note 13)	1,115,697	193,676	55,548	157,199	175,694	1,697,814
EQUIPMENT RENT AND REPAIR	282,598	12,506	1,457	9,449	190,375	496,385
TRAVEL, MEETINGS, AND CONFERENCES	5,204,155	451,738	407,370	400,231	236,202	6,699,696
PRINTING	192,795	2,397,052	52,549	2,868,956	5,507	5,516,859
PROFESSIONAL DEVELOPMENT	50,329	57,347	3,365	17,414	15,913	144,368
DATA PROCESSING	647,872	780,369	37,151	865,974	179,281	2,510,647
DEPRECIATION AND AMORTIZATION	415,840	-	-	-	72,858	488,698
MISCELLANEOUS	<u>353,218</u>	<u>118,792</u>	<u>1,968</u>	<u>152,693</u>	<u>416,493</u>	<u>1,043,164</u>
Subtotal	45,790,810	10,492,549	1,057,699	12,197,609	1,738,690	71,277,357
AWARDS AND GRANTS	<u>26,013,847</u>	<u>5,940,667</u>	<u>586,432</u>	<u>-</u>	<u>-</u>	<u>32,540,946</u>
TOTAL EXPENSES	<u>\$ 84,236,930</u>	<u>\$ 18,828,889</u>	<u>\$ 2,919,663</u>	<u>\$ 14,612,234</u>	<u>\$ 4,610,357</u>	<u>\$ 125,208,073</u>

See notes to combined financial statements.



## SPECIAL OLYMPICS, INC. AND AFFILIATES

### COMBINED STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2014

	Program Assistance	Public Education and Communications	Sports Training and Competitions	Fundraising	Management and General	Total
SALARIES	\$ 11,346,190	\$ 2,244,745	\$ 1,017,959	\$ 2,321,639	\$ 2,125,649	\$ 19,056,182
BENEFITS	<u>1,281,548</u>	<u>466,524</u>	<u>165,319</u>	<u>321,462</u>	<u>286,190</u>	<u>2,521,043</u>
Total salaries and benefits	<u>12,627,738</u>	<u>2,711,269</u>	<u>1,183,278</u>	<u>2,643,101</u>	<u>2,411,839</u>	<u>21,577,225</u>
CONSULTING AND OTHER	9,123,254	2,426,508	288,841	2,593,311	1,129,931	15,561,845
SUPPLIES	21,422,760	15,628	31,243	13,187	43,464	21,526,282
COMMUNICATION	288,134	28,550	15,187	274,033	43,252	649,156
POSTAGE AND SHIPPING	323,894	4,686,069	16,757	5,505,466	22,791	10,554,977
RENT (Note 13)	957,542	204,220	96,151	164,478	198,707	1,621,098
EQUIPMENT RENT AND REPAIR	230,892	15,268	1,213	28,222	31,208	306,803
TRAVEL, MEETINGS, AND CONFERENCES	3,825,318	457,964	426,831	533,804	374,898	5,618,815
PRINTING	78,907	2,390,879	112,675	2,740,365	973	5,323,799
PROFESSIONAL DEVELOPMENT	26,163	66,588	3,449	12,615	5,179	113,994
DATA PROCESSING	481,160	698,867	28,569	747,976	120,938	2,077,510
DEPRECIATION AND AMORTIZATION	385,060	-	-	-	66,639	451,699
MISCELLANEOUS	<u>379,619</u>	<u>230,473</u>	<u>22,837</u>	<u>285,117</u>	<u>7,374</u>	<u>925,420</u>
Subtotal	37,522,703	11,221,014	1,043,753	12,898,574	2,045,354	64,731,398
AWARDS AND GRANTS	<u>29,402,692</u>	<u>5,020,902</u>	<u>364,211</u>	<u>-</u>	<u>-</u>	<u>34,787,805</u>
TOTAL EXPENSES	<u>\$ 79,553,133</u>	<u>\$ 18,953,185</u>	<u>\$ 2,591,242</u>	<u>\$ 15,541,675</u>	<u>\$ 4,457,193</u>	<u>\$ 121,096,428</u>

See notes to combined financial statements.

## SPECIAL OLYMPICS, INC. AND AFFILIATES

### COMBINED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ (8,583,653)	\$ (5,713,200)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation expense	488,698	451,699
Bad debt expense	248,218	175,871
Loss on disposal of fixed assets	53,498	-
Net unrealized loss on investments and economic beneficial interest in Trust	120,066	3,072,549
Net realized loss (gain) on investments and economic beneficial interest in Trust	4,573,958	(279,662)
(Increase) decrease in assets:		
Contributions receivable	6,462,304	(137,287)
Program and other receivables	(322,196)	127,876
Prepaid expenses	(298,486)	44,827
Other assets	23,385	(349,359)
(Decrease) increase in liabilities:		
Accounts payable and accrued liabilities	893,152	98,588
Grants and awards payable to affiliates	(1,817,601)	2,271,843
Deferred income	59,983	(139,370)
Deferred rent	224,247	410,068
Net cash provided by operating activities	<u>2,125,574</u>	<u>34,443</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of fixed assets	(1,063,388)	(523,233)
Proceeds from sale of fixed assets	6,000	-
Purchases of investments and economic beneficial interest in Trust	(57,744,711)	(14,830,772)
Proceeds from sale of investments and economic beneficial interest in Trust	<u>57,986,864</u>	<u>15,443,554</u>
Net cash (used in) provided by investing activities	<u>(815,235)</u>	<u>89,549</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,310,339	123,992
CASH AND CASH EQUIVALENTS—Beginning of year	<u>8,297,587</u>	<u>8,173,595</u>
CASH AND CASH EQUIVALENTS—End of year	<u>\$ 9,607,925</u>	<u>\$ 8,297,587</u>

See notes to combined financial statements.

# SPECIAL OLYMPICS, INC. AND AFFILIATES

## NOTES TO COMBINED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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### 1. ORGANIZATION AND PURPOSE

Special Olympics, Inc. (SOI or “Special Olympics”), a District of Columbia not-for-profit corporation, was incorporated in 1968. The mission of Special Olympics is to provide year-round sports training and athletic competition in a variety of Olympic-type sports for children and adults with intellectual disabilities, giving them continuing opportunities to develop physical fitness; demonstrate courage; experience joy; and participate in the sharing of gifts, skills, and friendship with their families and other Special Olympics athletes and the community. SOI accomplishes its mission through its approximately 220 independent accredited programs worldwide, plus independent games organizing committees responsible for organizing, financing, and conducting world and regional games. SOI does not have a controlling financial interest in its accredited programs or the games organizing committees, and the accompanying combined financial statements do not include the accounts of these accredited programs and games organizing committees (see Note 4).

On December 25, 1997, the Christmas Records Trust (the “Trust”) was established as a grantor trust to support the charitable mission of SOI and the Special Olympics movement through the royalty income and accumulated principal earned from the *A Very Special Christmas* albums. The Trust has four trustees, one of whom is an SOI board member. As of December 31, 2015 and 2014, the Trust’s assets had a fair market value of \$49,132,235 and \$53,713,696, respectively (see Note 6).

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Presentation**—The combined financial statements of SOI are presented on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP).

**Principles of Combination**—The accompanying combined financial statements include the accounts of Special Olympics and its affiliated organizations, SO Europe Eurasia Foundation (the “Foundation”) and Special Olympics Asia Pacific, Ltd. (“SOAP Ltd.”). The Foundation was formed on June 23, 2009, as a tax-exempt organization in the country of Ireland. SOAP Ltd. is an organization incorporated under the Singapore Companies Act, Cap. 50 as a company limited by guarantee with no paid-up share capital and domiciled in Singapore. The principal activities of both are to benefit their local communities through the provision of financial assistance to support the Special Olympics mission. SOI controls the board of directors of both organizations and exerts significant influence over its activities. All intercompany accounts and transactions have been eliminated in combination.

**Net Assets**—SOI classifies net assets into three categories: unrestricted, temporarily restricted, and permanently restricted. Unrestricted net assets are the net assets that are neither permanently restricted nor temporarily restricted by donor-imposed restrictions. Certain amounts have been designated by SOI for specific purposes. All contributions are considered to be available for unrestricted undesignated use, unless specifically designated by the board of directors or restricted by the donor or internally designated by management. Unrestricted designated contributions represent unrestricted contributions that have been designated for a specified purpose by the board of directors (see Note 7). Temporarily restricted net assets are contributions with donor-imposed time and/or program restrictions. These temporary restrictions require that resources be used for specific purposes and/or in a later period or after a

specified date. Temporarily restricted net assets become unrestricted when the time restrictions expire or when the funds are used for their restricted purposes, at which time they are reported in the combined statements of activities as net assets released from restrictions (see Note 8). Permanently restricted net assets represent endowments to be held in perpetuity (see Note 8).

**Individual and Corporate Contributions and Sponsorships**—SOI records pledges as contributions receivable when there is an unconditional promise to give, supported by evidence of the amount, timing, and nature of the contributions. SOI reports gifts of cash and other assets as restricted support if they are received with donor-imposed time or purpose restrictions. When a donor restriction expires or is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the accompanying combined statements of activities as net assets released from restrictions.

SOI reports contributions of goods and services (value in kind) as contribution revenue and program expense (program assistance, public education and communications, and sports training and competitions) upon receipt. GAAP allow recognition of contributed services only if (a) the services create or enhance nonfinancial assets or (b) the services would have been purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing those skills. SOI reports contributions of goods and services as restricted support if they are received with donor-imposed time or purpose restrictions. When a donor restriction expires or is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the accompanying combined statements of activities as net assets released from restrictions. Contributed goods and services received were \$30,641,047 and \$28,496,218 for the years ended December 31, 2015 and 2014, respectively.

Donated securities and other than cash assets are recorded as contributions at their estimated fair value on the date of receipt.

SOI reports gifts of land, buildings, and equipment as unrestricted support, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations of how long those long-lived assets must be maintained, SOI reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

**Federal Grants**—Revenues from federal grants are recognized when the related expense is incurred.

**Nonfederal Grants**—Revenues from nonfederal grants are recognized when the related expense is incurred.

**Accreditation Fees**—Accredited programs (see Note 4) are assessed a fixed percentage of either their operating expenses (in the case of U.S. programs) or their adjusted gross revenues (for non-U.S. programs) as accreditation fees. These fees are recognized in the year to which the fees relate and are reported as accreditation fees in the accompanying combined statements of activities.

**Royalty Income**—SOI enters into licensing and sponsorship agreements with sponsors, whereby it grants the sponsor use of its name, logos, and other trademarks. Where these agreements provide for a guaranteed minimum annual royalty over the term of the agreement, SOI recognizes income as earned. Cash receipts in excess of revenue recognized are deferred to future periods; revenues in excess of cash receipts are recorded as receivables. Where these agreements do not provide for a guaranteed minimum royalty, income is recognized when received.

**Functional Allocation of Expenses**—The costs of providing the various SOI programs and other activities have been summarized on a functional basis in the accompanying combined statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services based on reasonable methodologies.

**Grants and Awards**—SOI provides grants to various accredited programs for assistance in achieving SOI's mission. The full amount of grants is expensed and accrued as grants payable upon authorization of payment of the grant by management.

**Cash and Cash Equivalents**—For combined financial statement purposes, SOI considers cash and cash equivalents to include cash in financial institutions and liquid investments with original maturities of three months or less. Restricted cash is donor restricted for Special Olympics Endowment Fund, Inc.

**Investments**—Investments, including those held by the Trust, consist of readily marketable securities, are recorded at fair value, with any unrealized gain (loss) included in other investment income (loss) or net appreciation (depreciation) in Trust assets in the combined statements of activities. Equity securities traded on a national securities exchange are valued at the closing price (see Note 6).

**Concentration of Risk**—Cash and cash equivalents that potentially subject SOI to concentrations of credit risk consist principally of bank accounts and short-term investments. Bank accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Investment accounts are insured by the Securities Investor Protection Corporation (SIPC). Investment balances are insured up to \$500,000, with a limit of \$250,000 for cash. At December 31, 2015 and 2014, SOI had cash and cash equivalents of \$6,405,501 and \$6,785,485, respectively, in excess of FDIC and SIPC insured limits. Additionally, SOI has cash and cash equivalents in the amounts of \$2,348,397 and \$941,391, respectively, in foreign bank accounts, some of which may be subject to withdrawal restrictions.

SOI invests in a professionally managed portfolio that primarily contains mutual funds, equity securities and fixed income securities. Such investments are exposed to various risks, such as market and credit. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risk in the near term would materially affect investment balances and the amounts reported in the combined financial statements.

**Receivables**—Receivables are carried at original invoice amounts less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and using historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. The provision for an allowance for doubtful accounts as of December 31, 2015 and 2014 was \$116,863 and \$61,272, respectively.

**Contributions receivable**—Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue. The allowance for uncollectible contributions receivable is determined based on management's evaluation of the collectability of individual promises. Management has determined that contributions receivable are fully collectible, and there was no allowance for doubtful contributions receivable at December 31, 2015 or 2014.

**Fixed Assets**—Fixed assets are stated at cost if acquired by SOI, or at fair value if donated. Useful lives range from three to five years. The cost of fixed assets, less applicable residual values, is depreciated using the straight-line method. Depreciation begins when the specific asset is ready for normal use. Amortization of leasehold improvements is computed on a straight-line basis over the lesser of the term of the related lease or the estimated useful life of the assets.

**Recent Accounting Pronouncements**—In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. SOI is currently evaluating the impact of the pending adoption of the new standard on the combined financial statements

**Use of Estimates**—The preparation of combined financial statements in conformity with GAAP requires management to 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 combined financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Tax Status**—SOI has received a favorable determination letter designating it as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as a publicly supported organization under Sections 509(a)(1) and 170(b)(1)(A)(vi). The Trust is a grantor trust that is a not-for-profit organization and is qualified under the exemption of SOI as the Trust's sponsor organization. The Foundation is exempt from income taxes under the laws of the Country of Ireland. SOAP Ltd. is subject to income tax under the laws of the Country of Singapore, but did not incur any tax in 2015 and 2014 due to losses from operations.

GAAP requires management to evaluate tax positions taken by SOI and recognize a tax liability (or asset) if SOI has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by SOI and has concluded that as of December 31, 2015 and 2014, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the combined financial statements. Generally, SOI is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2012. There are currently no audits for any tax periods in progress.

### 3. CONTRIBUTIONS RECEIVABLE

Contributions receivable at December 31, 2015 and 2014, consist of unconditional promises to give as follows:

	<b>2015</b>	<b>2014</b>
Due in—less than one year	<u>\$2,703,383</u>	<u>\$9,143,687</u>
One to five years	<u>378,000</u>	<u>400,000</u>
Receivables—noncurrent—net	<u>378,000</u>	<u>400,000</u>
Total contributions receivable—net	<u>\$3,081,383</u>	<u>\$9,543,687</u>

In addition, SOI has conditional promises to give of a maximum of \$25 million. Future payments are contingent upon SOI meeting certain milestones documented in the pledge agreement. No amounts for conditional promises to give had been recorded in the combined financial statements.

### 4. AFFILIATED ORGANIZATIONS AND RELATED-PARTY TRANSACTIONS

**Accredited Programs and Games Organizing Committees**—SOI biennially accredits organizations as Special Olympics Programs (“Programs”) at state and national levels for the purpose of conducting Special Olympics activities in their respective territorial jurisdictions. SOI accredits a Program if it meets specific organizational, programmatic, and legal requirements. Accredited Programs are authorized to use the Special Olympics name and logo, raise funds in the name of Special Olympics, receive grant support, and participate in conferences and international sporting events sanctioned by SOI. Currently, there are accredited Programs in 50 U.S. states, the District of Columbia, Puerto Rico, Guam, U.S. Virgin Islands and in approximately 170 countries outside the United States.

SOI contracts with local games organizing committees to conduct various international and regional Special Olympics games.

During 2015 and 2014, SOI made awards and grants of \$32,540,946 and \$34,787,805, respectively, to accredited Programs and local games organizing committees, which are allocated to functional expenses in the accompanying combined statements of activities.

**Program and Other Receivables**—Amounts due from related parties and accredited Programs have been included in Program and other receivables at December 31, 2015 and 2014, as follows:

	<b>2015</b>	<b>2014</b>
Accounts receivable from SOI regional operations	\$ 162,763	\$ 140,611
Program accreditation fees	152,550	174,184
Grants receivable	1,411,229	808,344
Corporate and other receivables	<u>2,453,258</u>	<u>2,927,092</u>
	4,179,800	4,050,231
Allowance for doubtful accounts	<u>(116,863)</u>	<u>(61,272)</u>
Program and other receivables—net	<u>\$ 4,062,937</u>	<u>\$3,988,959</u>

## 5. FIXED ASSETS

Fixed assets at December 31, 2015 and 2014, consist of the following:

	<b>2015</b>	<b>2014</b>
Furnishings	\$ 575,065	\$ 383,751
Equipment	5,088,266	5,066,109
Leasehold improvements	<u>458,089</u>	<u>452,294</u>
Total fixed assets	6,121,420	5,902,154
Less accumulated depreciation	<u>(4,824,211)</u>	<u>(5,120,137)</u>
Fixed assets—net	<u>\$ 1,297,209</u>	<u>\$ 782,017</u>

Depreciation expense for the years ended December 31, 2015 and 2014, was \$488,698 and \$451,699, respectively.

## 6. INVESTMENTS

**Fair Value Measurement**—Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date. SOI applies fair value measurements to certain assets, including SOI's investments and its economic beneficial interest in Trust.



SOI maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value, which enables a reader of the combined financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. Assets and liabilities carried at fair value are classified and disclosed in one of the following three categories:

*Level 1*—Quoted prices (unadjusted) in active markets for identical assets and liabilities.

*Level 2*—Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable for the asset or liability.

*Level 3*—Unobservable inputs for the asset or liability, including situations where there is little, if any, market activity for the asset or liability.

The following table presents SOI's assets that are measured at fair value on a recurring basis for each hierarchy level, including both current and noncurrent portions as of December 31, 2015 and 2014. The fair value of these assets is based on actively quoted market prices.

<b>Fair Value Measurements at Reporting Date Using</b>				
<b>2015</b>	<b>Total</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Other Unobservable Inputs (Level 3)</b>
Assets:				
Fixed income:				
Government	\$ 298,716	\$ 298,716	\$ -	\$ -
Corporate	84,622	84,622	-	-
	<u>383,338</u>	<u>383,338</u>	<u>-</u>	<u>-</u>
Cash & Cash Equivalents	49,447,248	49,447,248	-	-
Equity:				
Small cap	145,843	145,843	-	-
Commodity	63,398	63,398	-	-
Emerging markets	125,056	125,056	-	-
International	292,242	292,242	-	-
Growth	194,116	194,116	-	-
Real estate	145,906	145,906	-	-
Mid cap	244,048	244,048	-	-
Large cap	586,901	586,901	-	-
	<u>1,797,510</u>	<u>1,797,510</u>	<u>-</u>	<u>-</u>
	<u>\$ 51,628,096</u>	<u>\$ 51,628,096</u>	<u>\$ -</u>	<u>\$ -</u>

<b>Fair Value Measurements at Reporting Date Using</b>				
		<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Other Unobservable Inputs (Level 3)</b>
<b>2014</b>	<b>Total</b>			
Assets:				
Fixed income:				
Government	\$ 3,162,208	\$ 3,162,208	\$ -	\$ -
Corporate	7,501,198	7,501,198	-	-
Mortgage/asset backed	<u>3,042,677</u>	<u>3,042,677</u>	-	-
	<u>13,706,083</u>	<u>13,706,083</u>	-	-
Cash & Cash Equivalents	<u>4,278,766</u>	<u>4,278,766</u>	-	-
Equity:				
Small cap	1,410,765	1,410,765	-	-
Commodity	3,496,423	3,496,423	-	-
Emerging markets	4,937,077	4,937,077	-	-
International	13,988,705	13,988,705	-	-
Growth	7,466,556	7,466,556	-	-
Value	5,726,058	5,726,058	-	-
Real estate	788,939	788,939	-	-
Mid cap	242,864	242,864	-	-
Large cap	<u>522,038</u>	<u>522,038</u>	-	-
	<u>38,579,425</u>	<u>38,579,425</u>	-	-
	<u>\$ 56,564,274</u>	<u>\$ 56,564,274</u>	<u>\$ -</u>	<u>\$ -</u>

Investments at December 31, 2015 and 2014, consist of the following:

	<b>2015</b>	<b>2014</b>
Permanently restricted cash	\$ 198,584	\$ 198,584
Other investments	2,297,277	2,651,994
Economic beneficial interest in Trust	<u>49,132,235</u>	<u>53,713,696</u>
Total investments	<u>\$ 51,628,096</u>	<u>\$ 56,564,274</u>

Investment income (loss) for the years ended December 31, 2015 and 2014, consists of the following:

	<b>2015</b>	<b>2014</b>
Interest and dividends	\$ 67,710	\$ 37,655
Realized (losses) gains on sales of investments—net	(32,336)	6,529
Unrealized (losses) gains—net	<u>(73,540)</u>	<u>17,118</u>
Total investment income (loss)	<u>\$ (38,166)</u>	<u>\$ 61,302</u>

Net (depreciation) appreciation in Trust assets for the years ended December 31, 2015 and 2014, consists of the following:

Interest and dividends	\$ 3,451,131	\$4,008,535
Realized (losses) gains on sales of investments—net	(4,581,129)	273,133
Unrealized (losses) gains—net	<u>-</u>	<u>(3,089,668)</u>
Total net (depreciation) appreciation in Trust assets	<u>\$ (1,129,998)</u>	<u>\$1,192,000</u>

Investment management fees were \$193,419 and \$183,132 for the years ended December 31, 2015 and 2014, respectively.

#### **7. UNRESTRICTED DESIGNATED NET ASSETS**

Unrestricted designated net assets at December 31, 2015 and 2014, consist of the following:

	<b>2015</b>	<b>2014</b>
Christmas Record Trust	<u>\$49,132,235</u>	<u>\$53,713,696</u>
Total unrestricted designated net assets	<u>\$49,132,235</u>	<u>\$53,713,696</u>

The unrestricted designated net assets of SOI relate to the Trust. These assets were generated by royalties paid to SOI by a third party for the use of SOI's rights to certain recordings and other intangible assets related to the *A Very Special Christmas* albums. The purpose of the Trust is to fund new SOI initiatives having a direct impact on persons with intellectual disabilities. The grants from the Trust may not be used for "day-to-day" overhead or general operational expenses of SOI.

## 8. RESTRICTED NET ASSETS

Temporarily restricted net assets are available at December 31, 2015 and 2014, for the following purposes or periods:

	2015	2014
Program restrictions:		
Program assistance	\$ 4,592,024	\$ 3,748,515
Sports training and competitions	4,751,306	6,916,381
Time restricted for periods after December 31	<u>2,189,332</u>	<u>4,500,278</u>
Total temporarily restricted net assets	<u>\$ 11,532,662</u>	<u>\$ 15,165,174</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the passage of time as follows:

	2015	2014
Satisfaction of program restrictions:		
Program assistance	\$ 5,471,687	\$ 5,761,332
Public education and communications	-	4,090
Sports training and competitions	<u>4,857,162</u>	<u>4,156,965</u>
Total satisfaction of program restrictions	10,328,849	9,922,387
Expiration of time restrictions	<u>100,000</u>	<u>275,871</u>
Total net assets released from restrictions	<u>\$ 10,428,849</u>	<u>\$ 10,198,258</u>

**Endowment**—Permanently restricted net assets of \$198,584 at both December 31, 2015 and 2014, consist of the Special Olympics Endowment Fund, Inc., which was established to generate income to finance special projects or unusual expenditures that will enhance the mission of SOI. The investment income earned on permanently restricted net assets is unrestricted.

SOI's endowment consists of amounts held in money market funds with the objective of preserving the corpus of the endowment fund. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law**—SOI interprets the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) of Washington, D.C., as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, SOI classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are

appropriated for expenditure by SOI in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, SOI considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of SOI and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of SOI
- (7) The investment policies of SOI

Endowment net asset composition at December 31, 2015 and 2014, is as follows:

<b>Permanently Restricted</b>	<b>2015</b>	<b>2014</b>
Donor-restricted endowment funds	<u>\$ 198,584</u>	<u>\$ 198,584</u>

## **9. ALLOCATION OF JOINT COSTS**

SOI conducts direct mail campaigns in the United States to raise funds; to increase public knowledge and awareness of Special Olympics, its mission, and its activities; and to recruit volunteers. In 2015 and 2014, SOI conducted direct mail activities that included requests for contributions, as well as program components. The cost of conducting those activities in 2015 and 2014 was \$21,348,161 and \$21,629,708, respectively. Costs of \$11,741,488 and \$11,680,042 were charged to fundraising expenses during 2015 and 2014, respectively. Costs of \$9,606,673 and \$9,949,666 were allocated to SOI's public education program during 2015 and 2014, respectively.

## **10. SUPPORTING SERVICES**

Management and general expenses include expenses that are not directly related to specific SOI programs. During 2015 and 2014, management and general expenses were \$4,610,357 and \$4,457,193, respectively.

During 2015 and 2014, fundraising expenses for marketing and development and multistate fundraising projects were \$14,612,234 and \$15,541,675, respectively, which represented 12.46% and 13.65%, respectively, of the revenue resulting from fundraising, defined as direct mail contributions, individual and corporate contributions and sponsorships, federal grants, nonfederal grants, accreditation fees, and other income in the combined statements of activities. Management and general expenses represent 3.93% and 3.91% of revenues resulting from fundraising activities, respectively. Together, management and general and fundraising expenses represent approximately 16.39% and 17.56% of revenues from fundraising activities, respectively.

## **11. CREDIT FACILITIES**

SOI has one line of credit arrangement for \$3,000,000 with a domestic bank that provides borrowings bearing interest at the prime rate, less 1%. The resulting rates were 2.50% and 2.25% at December 31, 2015 and 2014, respectively. As of December 31, 2015 and 2014, SOI had no borrowings against this line of credit arrangement.

## 12. EMPLOYEE BENEFITS

The organization participates in both 403(b) and 401(k) defined contribution retirement plans which are available for the benefit of all full-time employees of the organization. In addition, employees may also take advantage of a tax-deferred annuity plan sponsored by SOI. In accordance with the 401(k) plan agreement, the organization makes contributions to the plan, which are determined based on a percentage of the participating employee's salary and the amount of an employee's elective contributions. SOI has a 403(b) defined contribution pension plan that covers substantially all U.S. employees. Pension expense under both plans was \$664,177 and \$648,752 for the years ended December 31, 2015 and 2014, respectively.

## 13. LEASE COMMITMENT

SOI entered into a sublease agreement for its Washington, D.C., headquarters commencing on November 1, 2004, that was due to expire in February 2016. On September 3, 2014, SOI exercised the option to extend the sublease agreement, commencing February 1, 2016, and expiring in January 2021. The base rent is inclusive of all charges, such as operating costs, cost-of-living increases, real estate taxes, and basic janitorial services. Rent expense is recognized on a straight-line basis over the life of the lease. The difference between the rent expense and related cash payments is deferred and recognized over the lease term. As of December 31, 2015 and 2014, deferred rent was \$723,210 and \$498,963, respectively. Rent payments commenced on April 1, 2015, and are payable monthly through the end of the lease term.

The future minimum lease payments under the SOI's Washington, D.C., headquarters' operating lease are as follows:

<b>Years Ending December 31</b>	
2016	\$ 1,061,589
2017	1,098,745
2018	1,137,201
2019	1,177,003
2020	1,218,198
Thereafter	<u>103,261</u>
Total	<u>\$ 5,795,997</u>

Rent expense for the Washington, D.C., headquarters, and regional office space was \$1,697,814 and \$1,621,098 for the years ended December 31, 2015 and 2014, respectively.

SOI leases office space for various employees throughout the world. The majority of these leases are month to month.

## 14. SUBSEQUENT EVENTS

SOI has evaluated all events or transactions that occurred after December 31, 2015, through April 7, 2016, the date the combined financial statements were available to be issued. During this period, there were no material subsequent events.

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## **SUPPLEMENTAL COMBINING SCHEDULES**

## SPECIAL OLYMPICS, INC. AND AFFILIATES

### STATEMENT OF FINANCIAL POSITION—COMBINING SCHEDULE INFORMATION AS OF DECEMBER 31, 2015

	Special Olympics, Inc.	SO Europe Eurasia Foundation	Special Olympics Asia Pacific, Ltd	Elimination Entries	Total
<b>ASSETS</b>					
CURRENT ASSETS:					
Cash and cash equivalents	\$ 8,765,288	\$ 124,279	\$ 718,358	\$ -	\$ 9,607,925
Contributions receivable	2,703,383	-	-	-	2,703,383
Program and other receivables—net	5,954,757	62,726	-	(1,954,546)	4,062,937
Prepaid expenses	1,296,876	-	-	-	1,296,876
Other assets	<u>375,006</u>	<u>-</u>	<u>8,772</u>	<u>-</u>	<u>383,778</u>
Total current assets	<u>19,095,310</u>	<u>187,005</u>	<u>727,130</u>	<u>(1,954,546)</u>	<u>18,054,899</u>
NONCURRENT ASSETS:					
Permanently restricted cash	198,584	-	-	-	198,584
Other investments	2,297,277	-	-	-	2,297,277
Net assets of combined entities	273,733	-	-	(273,733)	-
Economic beneficial interest in Trust	49,132,235	-	-	-	49,132,235
Long-term contributions receivable—net	378,000	-	-	-	378,000
Fixed assets—net	1,295,882	-	1,327	-	1,297,209
Other assets	<u>459,566</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>459,566</u>
Total noncurrent assets	<u>54,035,277</u>	<u>-</u>	<u>1,327</u>	<u>(273,733)</u>	<u>53,762,871</u>
TOTAL	<u>\$ 73,130,587</u>	<u>\$ 187,005</u>	<u>\$ 728,457</u>	<u>\$ (2,228,279)</u>	<u>\$ 71,817,770</u>

(Continued)



## SPECIAL OLYMPICS, INC. AND AFFILIATES

### STATEMENT OF FINANCIAL POSITION—COMBINING SCHEDULE INFORMATION AS OF DECEMBER 31, 2015

	Special Olympics, Inc.	SO Europe Eurasia Foundation	Special Olympics Asia Pacific, Ltd	Elimination Entries	Total
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES:</b>					
Accounts payable and accrued liabilities	\$ 7,240,090	\$ 105,849	\$ 141,200	\$ -	\$ 7,487,139
Due to Special Olympics, Inc.	-	67,248	1,887,298	(1,954,546)	-
Grants and awards payable to affiliates	2,832,096	-	-	-	2,832,096
Deferred income	468,994	-	-	-	468,994
Deferred rent	63,664	-	-	-	63,664
Total current liabilities	<u>10,604,844</u>	<u>173,097</u>	<u>2,028,498</u>	<u>(1,954,546)</u>	<u>10,851,893</u>
<b>NONCURRENT LIABILITIES:</b>					
Deferred rent	<u>659,546</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>659,546</u>
Total liabilities	<u>11,264,390</u>	<u>173,097</u>	<u>2,028,498</u>	<u>(1,954,546)</u>	<u>11,511,439</u>
<b>NET ASSETS:</b>					
Unrestricted:					
Undesignated	1,013,620	3,004	(1,300,041)	(273,733)	(557,150)
Designated	<u>49,132,235</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,132,235</u>
Total unrestricted net assets	50,145,855	3,004	(1,300,041)	(273,733)	48,575,085
Temporarily restricted	11,521,758	10,904	-	-	11,532,662
Permanently restricted	<u>198,584</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>198,584</u>
Total net assets	<u>61,866,197</u>	<u>13,908</u>	<u>(1,300,041)</u>	<u>(273,733)</u>	<u>60,306,331</u>
<b>TOTAL</b>	<u>\$ 73,130,587</u>	<u>\$ 187,005</u>	<u>\$ 728,457</u>	<u>\$ (2,228,279)</u>	<u>\$ 71,817,770</u>

## SPECIAL OLYMPICS, INC. AND AFFILIATES

### STATEMENT OF FINANCIAL POSITION—COMBINING SCHEDULE INFORMATION AS OF DECEMBER 31, 2014

	Special Olympics, Inc.	SO Europe Eurasia Foundation	Special Olympics Asia Pacific, Ltd	Elimination Entries	Total
<b>ASSETS</b>					
CURRENT ASSETS:					
Cash and cash equivalents	\$ 7,854,278	\$ 257,155	\$ 186,154	\$ -	\$ 8,297,587
Contributions receivable	9,143,687	-	-	-	9,143,687
Program and other receivables—net	-	900,062	-	(1,978,108)	3,988,959
Prepaid expenses	998,390	-	-	-	998,390
Other assets	<u>397,735</u>	<u>-</u>	<u>9,427</u>	<u>-</u>	<u>407,162</u>
Total current assets	<u>23,461,095</u>	<u>1,157,217</u>	<u>195,581</u>	<u>(1,978,108)</u>	<u>22,835,785</u>
NONCURRENT ASSETS:					
Permanently restricted cash	198,584	-	-	-	198,584
Other investments	2,651,994	-	-	-	2,651,994
Net assets of combined entities	-	-	-	-	-
	273,733	-	-	(273,733)	-
Economic beneficial interest in Trust	53,713,696	-	-	-	53,713,696
Long-term contributions receivable—net	400,000	-	-	-	400,000
Fixed assets—net	777,713	-	4,304	-	782,017
Other assets	<u>459,566</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>459,566</u>
Total noncurrent assets	<u>58,475,286</u>	<u>-</u>	<u>4,304</u>	<u>(273,733)</u>	<u>58,205,857</u>
<b>TOTAL</b>	<u>\$ 81,936,381</u>	<u>\$ 1,157,217</u>	<u>\$ 199,885</u>	<u>\$ (2,251,841)</u>	<u>\$ 81,041,642</u>

(Continued)

## SPECIAL OLYMPICS, INC. AND AFFILIATES

### STATEMENT OF FINANCIAL POSITION—COMBINING SCHEDULE INFORMATION AS OF DECEMBER 31, 2014

	Special Olympics, Inc.	SO Europe Eurasia Foundation	Special Olympics Asia Pacific, Ltd	Elimination Entries	Total
<b>LIABILITIES AND NET ASSETS</b>					
CURRENT LIABILITIES:					
Accounts payable and accrued liabilities	\$ 5,753,516	\$ 797,627	\$ 42,844	\$ -	\$ 6,593,987
Due to Special Olympics, Inc.	-	343,714	1,634,394	(1,978,108)	-
Grants and awards payable to affiliates	4,649,697	-	-	-	4,649,697
Deferred income	409,011	-	-	-	409,011
Total current liabilities	<u>10,812,224</u>	<u>1,141,341</u>	<u>1,677,238</u>	<u>(1,978,108)</u>	<u>11,652,695</u>
NONCURRENT LIABILITIES:					
Deferred rent	<u>498,963</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>498,963</u>
Total liabilities	<u>11,311,187</u>	<u>1,141,341</u>	<u>1,677,238</u>	<u>(1,978,108)</u>	<u>12,151,658</u>
NET ASSETS:					
Unrestricted:					
Undesignated	1,559,894	3,722	(1,477,353)	(273,733)	(187,470)
Designated	<u>53,713,696</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,713,696</u>
Total unrestricted net assets	55,273,590	3,722	(1,477,353)	(273,733)	53,526,226
Temporarily restricted	15,153,020	12,154	-	-	15,165,174
Permanently restricted	<u>198,584</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>198,584</u>
Total net assets	<u>70,625,194</u>	<u>15,876</u>	<u>(1,477,353)</u>	<u>(273,733)</u>	<u>68,889,984</u>
TOTAL	<u>\$ 81,936,381</u>	<u>\$ 1,157,217</u>	<u>\$ 199,885</u>	<u>\$ (2,251,841)</u>	<u>\$ 81,041,642</u>

# SPECIAL OLYMPICS, INC. AND AFFILIATES

## STATEMENT OF ACTIVITIES—COMBINING SCHEDULE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2015

	Special Olympics, Inc.	SO Europe Eurasia Foundation	Special Olympics Asia Pacific, Ltd	Elimination Entries	Total
REVENUES, GAINS, AND OTHER SUPPORT:					
Direct mail contributions	\$ 41,501,734	\$ -	\$ -	\$ -	\$ 41,501,734
Individual and corporate contributions and sponsorships	58,105,212	-	1,404,771	-	59,509,983
Federal grants	10,465,128	-	24,500	-	10,489,628
Nonfederal grants	-	413,657	206,318	(241,640)	378,335
Accreditation fees	3,519,154	-	-	-	3,519,154
Royalty income	503,492	-	-	-	503,492
Appreciation in Trust assets—net	(1,129,998)	-	-	-	(1,129,998)
Other investment income—net	(38,166)	-	-	-	(38,166)
Other income	<u>1,905,414</u>	<u>(1,914)</u>	<u>(13,242)</u>	<u>-</u>	<u>1,890,258</u>
Total revenues, gains, and other support	114,831,970	411,743	1,622,347	(241,640)	116,624,420
EXPENSES:					
Program assistance	82,619,824	413,711	1,445,035	(241,640)	84,236,930
Public education and communications	18,828,889	-	-	-	18,828,889
Sports training and competitions	2,919,663	-	-	-	2,919,663
Fundraising	14,612,234	-	-	-	14,612,234
Management and general	<u>4,610,357</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,610,357</u>
Total expenses	<u>123,590,967</u>	<u>413,711</u>	<u>1,445,035</u>	<u>(241,640)</u>	<u>125,208,073</u>
CHANGES IN NET ASSETS	(8,758,997)	(1,968)	177,312	-	(8,583,653)
NET ASSETS—Beginning of year	<u>70,625,194</u>	<u>15,876</u>	<u>(1,477,353)</u>	<u>(273,733)</u>	<u>68,889,984</u>
NET ASSETS—End of year	<u>\$ 61,866,197</u>	<u>\$ 13,908</u>	<u>\$ (1,300,041)</u>	<u>\$ (273,733)</u>	<u>\$ 60,306,331</u>

# SPECIAL OLYMPICS, INC. AND AFFILIATES

## STATEMENT OF ACTIVITIES—COMBINING SCHEDULE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2014

	Special Olympics, Inc.	SO Europe Eurasia Foundation	Special Olympics Asia Pacific, Ltd	Elimination Entries	Total
REVENUES, GAINS, AND OTHER SUPPORT:					
Direct mail contributions	\$ 42,351,544	\$ -	\$ -	\$ -	\$ 42,351,544
Individual and corporate contributions and sponsorships	-	658,112	314,301	-	55,531,665
Federal grants	9,154,073	-	20,000	-	9,174,073
Nonfederal grants	-	2,292,593	-	-	2,292,593
Accreditation fees	3,390,714	-	-	-	3,390,714
Royalty income	273,664	-	-	-	273,664
Appreciation in Trust assets—net	1,192,000	-	-	-	1,192,000
Other investment income—net	61,302	-	-	-	61,302
Other income	<u>1,083,977</u>	<u>-</u>	<u>31,696</u>	<u>-</u>	<u>1,115,673</u>
Total revenues, gains, and other support	112,066,526	2,950,705	365,997	-	115,383,228
EXPENSES:					
Program assistance	75,811,844	2,793,185	948,104	-	79,553,133
Public education and communications	18,953,185	-	-	-	18,953,185
Sports training and competitions	2,591,242	-	-	-	2,591,242
Fundraising	15,541,675	-	-	-	15,541,675
Management and general	<u>4,155,681</u>	<u>301,512</u>	<u>-</u>	<u>-</u>	<u>4,457,193</u>
Total expenses	<u>117,053,627</u>	<u>3,094,697</u>	<u>948,104</u>	<u>-</u>	<u>121,096,428</u>
CHANGES IN NET ASSETS	(4,987,101)	(143,992)	(582,107)	-	(5,713,200)
NET ASSETS—Beginning of year	<u>75,612,295</u>	<u>159,868</u>	<u>(895,246)</u>	<u>(273,733)</u>	<u>74,603,184</u>
NET ASSETS—End of year	<u>\$ 70,625,194</u>	<u>\$ 15,876</u>	<u>\$ (1,477,353)</u>	<u>\$ (273,733)</u>	<u>\$ 68,889,984</u>