

# Special Olympics, Inc. and Affiliates

Combined Financial Statements and Supplemental  
Combining Schedules as of and for the Years Ended  
December 31, 2012 and 2011, Supplemental  
Information for the Year Ended December 31, 2012,  
and Independent Auditors' Reports

# SPECIAL OLYMPICS, INC. AND AFFILIATES

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Special Olympics, Inc.  
1133 19<sup>th</sup> Street NW  
Washington, D.C. 20036

We have audited the accompanying combined financial statements of Special Olympics, Inc. and affiliates (SOI), which comprise the combined statements of financial position as of December 31, 2012 and 2011, and the related combined statements of activities, functional expenses, and cash flows for the years 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.

### Auditors' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits 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 SOI'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 SOI'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 combined financial position of SOI as of December 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

## Report on Supplemental Combining Schedules

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplementary combining schedules on pages 21–24 are presented for the purpose 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. These supplementary schedules are the responsibility of SOI's management and were derived from and relate directly to the underlying accounting and other records used to prepare the combined financial statements. Such supplementary schedules have been subjected to the auditing procedures applied in our audits of the combined financial statements and certain additional procedures, including comparing and reconciling such schedules 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, such schedules are fairly stated in all material respects in relation to the combined financial statements as a whole.

*Deloitte Touche LLP*

July 19, 2013

# SPECIAL OLYMPICS, INC. AND AFFILIATES

## COMBINED STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2012 AND 2011

	2012	2011
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 9,592,529	\$ 6,536,728
Contributions receivable (Note 3)	3,933,000	1,066,000
Program and other receivables — net (Note 4)	8,488,984	10,106,545
Prepaid expenses	2,345,027	1,320,133
Other assets	<u>287,355</u>	<u>288,476</u>
Total current assets	<u>24,646,895</u>	<u>19,317,882</u>
NONCURRENT ASSETS:		
Permanently restricted cash (Note 6)	198,584	198,584
Other investments (Note 6)	2,651,262	2,416,980
Economic beneficial interest in trust (Note 6)	51,142,243	46,782,629
Long-term contributions receivable — net (Note 3)	5,850,000	441,398
Fixed assets — net (Note 5)	647,815	248,264
Other assets	<u>239,671</u>	<u>229,855</u>
Total noncurrent assets	<u>60,729,575</u>	<u>50,317,710</u>
TOTAL	<u>\$ 85,376,470</u>	<u>\$ 69,635,592</u>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 6,320,514	\$ 6,634,377
Grants and awards payable to affiliates	2,716,227	2,525,592
Deferred income	422,840	105,631
Deferred rent (Note 13)	<u>68,924</u>	<u>10,750</u>
Total current liabilities	<u>9,528,505</u>	<u>9,276,350</u>
NET ASSETS:		
Unrestricted:		
Undesignated	3,094,690	4,297,057
Designated (Note 7)	<u>55,890,815</u>	<u>52,011,268</u>
Total unrestricted net assets	58,985,505	56,308,325
Temporarily restricted (Note 8)	16,663,876	3,852,333
Permanently restricted (Note 8)	<u>198,584</u>	<u>198,584</u>
Total net assets	<u>75,847,965</u>	<u>60,359,242</u>
TOTAL	<u>\$ 85,376,470</u>	<u>\$ 69,635,592</u>

See notes to combined financial statements.

# SPECIAL OLYMPICS, INC. AND AFFILIATES

## COMBINED STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS, AND OTHER SUPPORT:				
Direct mail contributions	\$ 37,093,764	\$ -	\$ -	\$ 37,093,764
Individual and corporate contributions and sponsorships	37,375,337	17,288,610	-	54,663,947
Federal grants	13,720,215	-	-	13,720,215
Non-federal grants	368,758	-	-	368,758
Accreditation fees	3,080,916	-	-	3,080,916
Royalty income	1,262,162	-	-	1,262,162
Appreciation in trust assets — net (Note 6)	6,883,938	-	-	6,883,938
Other investment income — net (Note 6)	288,689	-	-	288,689
Other income	973,267	-	-	973,267
	<u>101,047,046</u>	<u>17,288,610</u>	<u>-</u>	<u>118,335,656</u>
Total revenues, gains, and other support				
NET ASSETS RELEASED FROM RESTRICTIONS (Note 8):				
Satisfaction of program restrictions	4,137,051	(4,137,051)	-	-
Expiration of time restrictions	333,000	(333,000)	-	-
	<u>4,470,051</u>	<u>(4,470,051)</u>	<u>-</u>	<u>-</u>
Total revenues, gains, and other support and net assets released from restrictions	<u>105,517,097</u>	<u>12,818,559</u>	<u>-</u>	<u>118,335,656</u>
EXPENSES:				
Program assistance	64,607,081	-	-	64,607,081
Public education and communications	17,206,210	-	-	17,206,210
Sports training and competitions	2,758,791	-	-	2,758,791
Fund-raising	14,708,997	-	-	14,708,997
Management and general	3,558,838	7,016	-	3,565,854
	<u>102,839,917</u>	<u>7,016</u>	<u>-</u>	<u>102,846,933</u>
Total expenses				
CHANGES IN NET ASSETS	2,677,180	12,811,543	-	15,488,723
NET ASSETS — Beginning of year	<u>56,308,325</u>	<u>3,852,333</u>	<u>198,584</u>	<u>60,359,242</u>
NET ASSETS — End of year	<u>\$ 58,985,505</u>	<u>\$ 16,663,876</u>	<u>\$ 198,584</u>	<u>\$ 75,847,965</u>

See notes to combined financial statements.

# SPECIAL OLYMPICS, INC. AND AFFILIATES

## COMBINED STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS, AND OTHER SUPPORT:				
Direct mail contributions	\$ 36,211,271	\$ -	\$ -	\$ 36,211,271
Individual and corporate contributions and sponsorships	32,554,406	3,901,116	-	36,455,522
Federal grants	12,572,527	-	-	12,572,527
Non-federal grants	7,138,882	-	-	7,138,882
Accreditation fees	2,946,588	-	-	2,946,588
Royalty income	934,675	-	-	934,675
Depreciation in trust assets — net (Note 6)	(630,132)	-	-	(630,132)
Other investment income — net (Note 6)	(128,506)	-	-	(128,506)
Other income	3,345,139	-	-	3,345,139
	<u>94,944,850</u>	<u>3,901,116</u>	<u>-</u>	<u>98,845,966</u>
Total revenues, gains, and other support				
NET ASSETS RELEASED FROM RESTRICTIONS (Note 8):				
Satisfaction of program restrictions	2,353,340	(2,353,340)	-	-
Expiration of time restrictions	684,000	(684,000)	-	-
	<u>97,982,190</u>	<u>863,776</u>	<u>-</u>	<u>98,845,966</u>
Total revenues, gains, and other support and net assets released from restrictions				
EXPENSES:				
Program assistance	60,041,321	-	-	60,041,321
Public education and communications	14,335,306	-	-	14,335,306
Sports training and competitions	10,472,795	-	-	10,472,795
Fundraising	13,208,802	-	-	13,208,802
Management and general	4,106,294	-	-	4,106,294
	<u>102,164,518</u>	<u>-</u>	<u>-</u>	<u>102,164,518</u>
Total expenses				
CHANGES IN NET ASSETS	(4,182,328)	863,776	-	(3,318,552)
NET ASSETS — Beginning of year	<u>60,490,653</u>	<u>2,988,557</u>	<u>198,584</u>	<u>63,677,794</u>
NET ASSETS — End of year	<u>\$ 56,308,325</u>	<u>\$ 3,852,333</u>	<u>\$ 198,584</u>	<u>\$ 60,359,242</u>

See notes to combined financial statements.

## SPECIAL OLYMPICS, INC. AND AFFILIATES

### COMBINED STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2012

	Program Assistance	Public Education and Communications	Sports Training and Competitions	Fundraising	Management and General	Total
SALARIES	\$ 9,611,907	\$ 1,712,303	\$ 926,239	\$ 2,340,212	\$ 1,841,611	\$ 16,432,272
BENEFITS	<u>1,663,707</u>	<u>349,348</u>	<u>196,849</u>	<u>397,313</u>	<u>336,646</u>	<u>2,943,863</u>
Total salaries and benefits	<u>11,275,614</u>	<u>2,061,651</u>	<u>1,123,088</u>	<u>2,737,525</u>	<u>2,178,257</u>	<u>19,376,135</u>
CONSULTING AND OTHER	9,708,534	2,694,106	216,742	3,933,641	731,488	17,284,511
SUPPLIES	6,679,725	50,467	101,504	2,250	91,280	6,925,226
COMMUNICATION	689,320	2,672,702	17,699	28,539	21,171	3,429,431
POSTAGE AND SHIPPING	320,156	2,104,604	5,200	3,693,708	18,672	6,142,340
RENT (Note 13)	1,179,250	254,784	71,603	155,086	159,239	1,819,962
EQUIPMENT RENT AND REPAIR	341,386	20,946	5,594	11,605	12,579	392,110
TRAVEL, MEETINGS, AND CONFERENCES	3,809,442	4,926,891	894,160	199,718	160,778	9,990,989
PRINTING	326,088	1,821,418	3,949	2,908,369	1,300	5,061,124
PROFESSIONAL DEVELOPMENT	55,441	64,941	2,966	48,341	16,250	187,939
DATA PROCESSING	1,344,677	433,027	5,820	801,212	60,320	2,645,056
DEPRECIATION AND AMORTIZATION	80,527	6,692	-	5,674	26,088	118,981
MISCELLANEOUS	<u>490,039</u>	<u>78,136</u>	<u>14,939</u>	<u>157,885</u>	<u>88,432</u>	<u>829,431</u>
Subtotal	25,024,585	15,128,714	1,340,176	11,946,028	1,387,597	54,827,100
AWARDS AND GRANTS	<u>28,306,882</u>	<u>15,845</u>	<u>295,527</u>	<u>25,444</u>	<u>-</u>	<u>28,643,698</u>
TOTAL EXPENSES	<u>\$ 64,607,081</u>	<u>\$ 17,206,210</u>	<u>\$ 2,758,791</u>	<u>\$ 14,708,997</u>	<u>\$ 3,565,854</u>	<u>\$ 102,846,933</u>

See notes to combined financial statements.



## SPECIAL OLYMPICS, INC. AND AFFILIATES

### COMBINED STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2011

	Program Assistance	Public Education and Communications	Sports Training and Competitions	Fundraising	Management and General	Total
SALARIES	\$ 9,426,198	\$ 1,675,296	\$ 1,748,866	\$ 1,686,316	\$ 2,041,302	\$ 16,577,978
BENEFITS	<u>2,052,374</u>	<u>456,703</u>	<u>287,100</u>	<u>398,308</u>	<u>427,435</u>	<u>3,621,920</u>
Total salaries and benefits	<u>11,478,572</u>	<u>2,131,999</u>	<u>2,035,966</u>	<u>2,084,624</u>	<u>2,468,737</u>	<u>20,199,898</u>
CONSULTING AND OTHER	7,536,267	2,582,909	303,833	3,584,470	691,497	14,698,976
SUPPLIES	5,493,920	46,586	471,090	4,622	53,325	6,069,543
COMMUNICATION	1,098,147	2,393,796	95,801	22,104	28,951	3,638,799
POSTAGE AND SHIPPING	452,822	2,084,155	42,193	3,596,731	20,531	6,196,432
RENT (Note 13)	1,034,732	162,684	62,561	91,510	187,622	1,539,109
EQUIPMENT RENT AND REPAIR	277,398	31,821	2,709	7,294	13,652	332,874
TRAVEL, MEETINGS, AND CONFERENCES	4,798,349	1,515,237	2,681,920	202,415	250,821	9,448,742
PRINTING	238,753	1,713,490	54,741	2,758,003	13,876	4,778,863
PROFESSIONAL DEVELOPMENT	49,489	52,867	4,323	10,049	17,457	134,185
DATA PROCESSING	1,369,840	416,081	98,152	731,916	83,159	2,699,148
DEPRECIATION AND AMORTIZATION	232,519	12,014	367	13,477	82,659	341,036
MISCELLANEOUS	<u>195,210</u>	<u>78,053</u>	<u>90,333</u>	<u>101,587</u>	<u>194,007</u>	<u>659,190</u>
Subtotal	22,777,446	11,089,693	3,908,023	11,124,178	1,637,557	50,536,897
AWARDS AND GRANTS	<u>25,785,303</u>	<u>1,113,614</u>	<u>4,528,806</u>	<u>-</u>	<u>-</u>	<u>31,427,723</u>
TOTAL EXPENSES	<u>\$ 60,041,321</u>	<u>\$ 14,335,306</u>	<u>\$ 10,472,795</u>	<u>\$ 13,208,802</u>	<u>\$ 4,106,294</u>	<u>\$ 102,164,518</u>

See notes to combined financial statements.

## SPECIAL OLYMPICS, INC. AND AFFILIATES

### COMBINED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<b>2012</b>	<b>2011</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ 15,488,723	\$ (3,318,552)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	118,981	341,036
Bad debt expense	-	124,919
Net unrealized (gain) loss on investments and economic beneficial interest in trust	(3,784,014)	4,370,229
Net realized gain on investments and economic beneficial interest in trust	(435,689)	(1,461,518)
(Increase) decrease in assets:		
Contributions receivable	(8,275,602)	(750,000)
Program and other receivables	1,617,561	(5,220,258)
Prepaid expenses	(1,024,897)	(125,660)
Other assets	(8,695)	642
(Decrease) increase in liabilities:		
Accounts payable and accrued liabilities	(313,863)	(378,731)
Grants and awards payable to affiliates	190,635	(818,881)
Deferred income	317,209	(1,512,327)
Deferred rent	58,174	(34,508)
	<u>3,948,523</u>	<u>(8,783,609)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of fixed assets	(518,529)	(126,507)
Purchases of investments and economic beneficial interest in trust	(9,139,122)	(12,721,737)
Sales of investments and economic beneficial interest in trust	8,764,929	14,433,258
	<u>(892,722)</u>	<u>1,585,014</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES — Decrease in restricted cash</b>		
	<u>-</u>	<u>5,509,140</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	3,055,801	(1,689,455)
<b>CASH AND CASH EQUIVALENTS — Beginning of year</b>	<u>6,536,728</u>	<u>8,226,183</u>
<b>CASH AND CASH EQUIVALENTS — End of year</b>	<u>\$ 9,592,529</u>	<u>\$ 6,536,728</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, 2012 AND 2011

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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 200 independent accredited programs worldwide, plus independent games organizing committees responsible for organizing, financing, and conducting world and regional games. SOI does not have a financial controlling 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 (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 six trustees, two of whom are SOI board members. As of December 31, 2012 and 2011, the Trust’s assets had a fair market value of \$51,142,243 and \$46,782,629, respectively (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 four categories: unrestricted undesignated, unrestricted designated, temporarily restricted, and permanently restricted. All contributions are considered to be available for unrestricted undesignated use, unless specifically designated by the board of directors or restricted by the donor. Unrestricted designated contributions represent unrestricted contributions that have been designated for a specified purpose by the board of directors (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 (Note 8). Permanently restricted net assets represent endowments to be held in perpetuity (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. Unconditional promises to give that are expected to be collected in future years are discounted to present value and are reported at their net realizable value. 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. 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 \$22,087,763 and \$14,772,992 for the years ended December 31, 2012 and 2011, respectively.

Donated securities and other than cash assets are recorded as contributions at their estimated fair market 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 (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.

**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** — 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, which consist of readily marketable securities, are recorded at fair market value, with any unrealized gain (loss) included in investment income 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, fixed-income securities are valued at the last bid price, and the net asset values of mutual funds are based on valuations computed by the National Association of Securities Dealers (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. Non-interest-bearing bank accounts are insured by the Federal Deposit Insurance Corporation (FDIC) with no limit under the Dodd-Frank Deposit Insurance Act through December 31, 2012. Beginning January 1, 2013, the standard maximum insurance amount returns 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, 2012 and 2011, SOI had cash and cash equivalents of \$6,972,666 and \$2,789,891, respectively, in excess of FDIC and SIPC insured limits. Additionally, SOI has cash and cash equivalents in the amounts of \$1,172,178 and \$1,860,609, respectively, in foreign bank accounts, some of which may be subject to withdrawal restrictions.

**Fixed Assets** — Furnishings, equipment, vehicles, and leasehold improvements 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.

**Use of Estimates** — The preparation of combined financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported 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 expense 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 2012 and 2011 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, 2012 and 2011, 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. SOI is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

### 3. CONTRIBUTIONS RECEIVABLE

Contributions receivable at December 31, 2012 and 2011, consist of unconditional promises to give as follows:

	<b>2012</b>	<b>2011</b>
Due in:		
Less than one year	<u>\$ 3,933,000</u>	<u>\$ 1,066,000</u>
One to five years	5,850,000	450,000
Less discount to present value	<u>-</u>	<u>(8,602)</u>
Receivables — noncurrent — net	<u>5,850,000</u>	<u>441,398</u>
Total contributions receivable — net	<u>\$ 9,783,000</u>	<u>\$ 1,507,398</u>

Amounts to be received in future years have been discounted using the average one-year treasury bill interest rate in the year the pledge was made. The interest rates used to discount the noncurrent receivables range from 2% to 3%. The amounts considered realizable, however, could be reduced based on management's estimation of collectibility.

### 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, and in approximately 162 countries outside the United States.

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

During 2012 and 2011, SOI made awards and grants of \$28,643,698 and \$31,427,723, respectively, to accredited Programs, 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, 2012 and 2011, as follows:

	<b>2012</b>	<b>2011</b>
Accounts receivable from SOI regional operations	\$ 275,553	\$ 481,134
Other related-party receivables	8,580	46,686
Program accreditation fees	252,130	423,769
Grants receivable	2,756,808	4,882,904
Other receivables	<u>5,288,767</u>	<u>4,714,153</u>
	8,581,838	10,548,646
Allowance for doubtful accounts	<u>(92,854)</u>	<u>(442,101)</u>
Program and other receivables — net	<u>\$8,488,984</u>	<u>\$10,106,545</u>

## 5. FIXED ASSETS

Fixed assets at December 31, 2012 and 2011, consist of the following:

	<b>2012</b>	<b>2011</b>
Furnishings	\$ 348,764	\$ 343,599
Equipment	4,234,087	3,754,851
Leasehold improvements	<u>500,758</u>	<u>459,441</u>
Total fixed assets	5,083,609	4,557,891
Less accumulated depreciation	<u>(4,435,794)</u>	<u>(4,309,627)</u>
Fixed assets — net	<u>\$ 647,815</u>	<u>\$ 248,264</u>

## 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, 2012 and 2011. The fair value of these assets is based on actively quoted market prices.

	<b>Fair Value Measurements at Reporting Date Using</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>
<b>2012</b>				
Assets:				
Fixed income:				
Government	\$ 2,679,383	\$ 2,679,383	\$ -	\$ -
Corporate	8,273,405	8,273,405	-	-
Mortgage/asset backed	2,520,048	2,520,048	-	-
	<u>13,472,836</u>	<u>13,472,836</u>	-	-
Cash	<u>3,130,934</u>	<u>3,130,934</u>	-	-
Equity:				
Small cap	1,299,213	1,299,213	-	-
Commodity	2,566,047	2,566,047	-	-
Emerging markets	4,211,117	4,211,117	-	-
International	13,574,261	13,574,261	-	-
Growth	6,866,023	6,866,023	-	-
Value	6,795,223	6,795,223	-	-
Real estate	556,567	556,567	-	-
Mid cap	272,405	272,405	-	-
Large cap	1,247,463	1,247,463	-	-
	<u>37,388,319</u>	<u>37,388,319</u>	-	-
	<u>\$ 53,992,089</u>	<u>\$ 53,992,089</u>	<u>\$ -</u>	<u>\$ -</u>



<b>Fair Value Measurements at Reporting Date Using</b>				
<b>2011</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	\$ 4,834,725	\$ 4,834,725	\$ -	\$ -
Corporate	6,022,872	6,022,872	-	-
Mortgage/asset backed	<u>2,690,899</u>	<u>2,690,899</u>	-	-
	<u>13,548,496</u>	<u>13,548,496</u>	-	-
Cash	<u>1,784,091</u>	<u>1,784,091</u>	-	-
Equity:				
Small cap	1,235,265	1,235,265	-	-
Commodity	1,883,050	1,883,050	-	-
Emerging markets	3,314,234	3,314,234	-	-
International	11,414,753	11,414,753	-	-
Growth	7,184,006	7,184,006	-	-
Value	6,689,417	6,689,417	-	-
Real estate	1,036,225	1,036,225	-	-
Mid cap	205,409	205,409	-	-
Large cap	<u>1,103,247</u>	<u>1,103,247</u>	-	-
	<u>34,065,606</u>	<u>34,065,606</u>	-	-
	<u>\$49,398,193</u>	<u>\$49,398,193</u>	<u>\$ -</u>	<u>\$ -</u>

Investments at December 31, 2012 and 2011, consist of the following:

	<b>2012</b>	<b>2011</b>
Permanently restricted cash	\$ 198,584	\$ 198,584
Other investments	2,651,262	2,416,980
Economic beneficial interest in trust	<u>51,142,243</u>	<u>46,782,629</u>
Total investments	<u>\$53,992,089</u>	<u>\$49,398,193</u>

Investment income (loss) for the years ended December 31, 2012 and 2011, consists of the following:

	<b>2012</b>	<b>2011</b>
Interest and dividends	\$ 57,973	\$ 71,606
Realized gains on sales of investments — net	34,460	540,901
Unrealized gains (losses) — net	<u>196,256</u>	<u>(741,013)</u>
Total investment income (loss)	<u>\$288,689</u>	<u>\$(128,506)</u>

Net appreciation (depreciation) in Trust assets for the years ended December 31, 2012 and 2011, consists of the following:

	<b>2012</b>	<b>2011</b>
Interest and dividends	\$2,894,952	\$ 2,078,467
Realized gains on sales of investments — net	401,229	920,617
Unrealized gains (losses) — net	<u>3,587,757</u>	<u>(3,629,216)</u>
Total net appreciation (depreciation) in Trust assets	<u>\$6,883,938</u>	<u>\$ (630,132)</u>

Investment management fees were \$164,238 and \$166,323 for the years ended December 31, 2012 and 2011, respectively.

## 7. UNRESTRICTED DESIGNATED NET ASSETS

Unrestricted designated net assets at December 31, 2012 and 2011, consist of the following:

	<b>2012</b>	<b>2011</b>
Christmas Records Trust	\$51,142,243	\$46,782,629
Other	<u>4,748,572</u>	<u>5,228,639</u>
Total unrestricted designated net assets	<u>\$55,890,815</u>	<u>\$52,011,268</u>

Substantially, all 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.

Other internally unrestricted designated net assets of \$4,748,572 and \$5,228,639 as of December 31, 2012 and 2011, respectively, were generated from revenue resulting from various sponsorship, licensing, and other agreements and are held for specific programmatic purposes or events.

## 8. RESTRICTED NET ASSETS

Temporarily restricted net assets are available at December 31, 2012 and 2011, for the following purposes or periods:

	<b>2012</b>	<b>2011</b>
Program restrictions:		
Program assistance	\$ 3,556,270	\$1,656,305
Sports training and competitions	3,721,642	864,143
Public education and communications	2,964	15,885
Time restricted for periods after December 31	<u>9,383,000</u>	<u>1,316,000</u>
Total temporarily restricted net assets	<u>\$16,663,876</u>	<u>\$3,852,333</u>

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

	<b>2012</b>	<b>2011</b>
Satisfaction of program restrictions:		
Program assistance	\$ 3,075,023	\$ 2,039,795
Public education and communications	18,321	270,905
Sports training and competitions	<u>1,043,707</u>	<u>42,640</u>
Total satisfaction of program restrictions	4,137,051	2,353,340
Expiration of time restrictions	<u>333,000</u>	<u>684,000</u>
Total net assets released from restrictions	<u>\$ 4,470,051</u>	<u>\$ 3,037,340</u>

**Endowment** — Permanently restricted net assets of \$198,584 at both December 31, 2012 and 2011, 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, 2012 and 2011, is as follows:

<b>Permanently Restricted</b>	<b>2012</b>	<b>2011</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 2012 and 2011, SOI conducted direct mail activities that included requests for contributions, as well as program components. The cost of conducting those activities in 2012 and 2011 included a total of \$16,302,846 and \$15,766,944, respectively, of joint activities. Costs of \$10,465,878 and \$10,067,535 were charged to fund-raising expenses during 2012 and 2011, respectively. Costs of \$5,836,967 and \$5,699,409 were allocated to SOI's public education program during 2012 and 2011, respectively.

## **10. SUPPORTING SERVICES**

Management and general expenses include expenses that are not directly related to specific SOI programs. During 2012 and 2011, management and general expenses were \$3,565,854 and \$4,106,294, respectively.

During 2012 and 2011, fund-raising expenses for marketing and development and multistate fund-raising projects were \$14,708,997 and \$13,208,802, respectively, which represented 13.37% and 13.39% of the revenue resulting from fund-raising, 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 3.23% and 4.16% of revenues resulting from fund-raising activities, respectively. Together, management and general and fund-raising expenses represent approximately 16.6% and 17.55% of revenues from fund-raising activities, respectively.

## **11. CREDIT FACILITIES**

Special Olympics 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%. As of December 31, 2011 and 2010, Special Olympics had no borrowings against this line of credit arrangement.

## **12. EMPLOYEE BENEFITS**

SOI has a defined contribution pension plan that covers substantially all U.S. employees. Pension expense under this plan was \$678,996 and \$497,320 for the years ended December 31, 2012 and 2011, respectively. In addition, employees may also take advantage of a tax-deferred annuity plan sponsored by SOI.

## **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 October 2011. On December 27, 2010, SOI exercised the option to extend the sublease agreement. The base rent is inclusive of all charges, such as operating costs, cost-of-living increases, real estate taxes, and basic janitorial services. The sublease provided for two-month rent abatement at the commencement of the lease, as well as scheduled step-ups in monthly rent payments. 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, 2012 and 2011, deferred rent was \$68,924 and \$10,750, respectively.

Rent payments commenced on January 1, 2005, 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>	
2013	\$1,100,932
2014	1,140,663
2015	1,181,984
2016	101,463
	<u>-</u>
Total	<u>\$3,525,042</u>

Rent expense for the Washington, D.C., headquarters, and regional office space was \$1,819,962 and \$1,539,109 for the years ended December 31, 2012 and 2011, 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, 2012 through July 19, 2013, 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, 2012

	Special Olympics, Inc.	SO Europe Eurasia Foundation	Special Olympics Asia Pacific, Ltd	Elimination Entries	Total
<b>ASSETS</b>					
CURRENT ASSETS:					
Cash and cash equivalents	\$ 9,446,400	\$70,172	\$ 75,957	\$ -	\$ 9,592,529
Contributions receivable	3,933,000	-	-	-	3,933,000
Program and other receivables	8,800,314	-	444,466	(755,796)	8,488,984
Prepaid expenses	2,345,027	-	-	-	2,345,027
Other assets	285,980	-	1,375	-	287,355
Total current assets	24,810,721	70,172	521,798	(755,796)	24,646,895
NONCURRENT ASSETS:					
Permanently restricted cash	198,584	-	-	-	198,584
Other investments	2,651,262	-	-	-	2,651,262
Economic beneficial interest in trust	51,142,243	-	-	-	51,142,243
Net assets of consolidated entities	273,733	-	-	(273,733)	-
Long-term contributions receivable — net	5,850,000	-	-	-	5,850,000
Fixed assets — net	618,231	-	29,584	-	647,815
Other assets	234,721	-	4,950	-	239,671
Total noncurrent assets	60,968,774	-	34,534	(273,733)	60,729,575
TOTAL	\$85,779,495	\$70,172	\$ 556,332	\$(1,029,529)	\$85,376,470
<b>LIABILITIES AND NET ASSETS</b>					
LIABILITIES:					
Accounts payable and accrued liabilities	\$ 6,214,408	\$13,518	\$ 92,588	\$ -	\$ 6,320,514
Due to Special Olympics, Inc.	-	-	755,796	(755,796)	-
Grants and awards payable to affiliates	2,716,227	-	-	-	2,716,227
Deferred income	422,840	-	-	-	422,840
Deferred rent	68,924	-	-	-	68,924
Total liabilities	9,422,399	13,518	848,384	(755,796)	9,528,505
NET ASSETS:					
Unrestricted:					
Undesignated	3,663,287	(2,812)	(292,052)	(273,733)	3,094,690
Designated	55,890,815	-	-	-	55,890,815
Total unrestricted	59,554,102	(2,812)	(292,052)	(273,733)	58,985,505
Temporarily restricted	16,604,410	59,466	-	-	16,663,876
Permanently restricted	198,584	-	-	-	198,584
Total net assets	76,357,096	56,654	(292,052)	(273,733)	75,847,965
TOTAL	\$85,779,495	\$70,172	\$ 556,332	\$(1,029,529)	\$85,376,470

# SPECIAL OLYMPICS, INC. AND AFFILIATES

## STATEMENT OF FINANCIAL POSITION — COMBINING SCHEDULE INFORMATION AS OF DECEMBER 31, 2011

	Special Olympics, Inc.	SO Europe Eurasia Foundation	Special Olympics Asia Pacific, Ltd	Elimination Entries	Total
<b>ASSETS</b>					
CURRENT ASSETS:					
Cash and cash equivalents	\$ 6,453,103	\$ 13,064	\$ 70,561	\$ -	\$ 6,536,728
Contributions receivable	1,066,000	-	-	-	1,066,000
Program and other receivables	8,903,549	1,557,058	464,413	(818,475)	10,106,545
Prepaid expenses	1,320,133	-	-	-	1,320,133
Other assets	287,101	-	1,375	-	288,476
Total current assets	<u>18,029,886</u>	<u>1,570,122</u>	<u>536,349</u>	<u>(818,475)</u>	<u>19,317,882</u>
NONCURRENT ASSETS:					
Permanently restricted cash	198,584	-	-	-	198,584
Other investments	2,416,980	-	-	-	2,416,980
Economic beneficial interest in trust	46,782,629	-	-	-	46,782,629
Net assets of consolidated entities	273,733	-	-	(273,733)	-
Long-term contributions receivable — net	441,398	-	-	-	441,398
Fixed assets — net	212,563	-	35,701	-	248,264
Other assets	229,855	-	-	-	229,855
Total noncurrent assets	<u>50,555,742</u>	<u>-</u>	<u>35,701</u>	<u>(273,733)</u>	<u>50,317,710</u>
TOTAL	<u>\$68,585,628</u>	<u>\$1,570,122</u>	<u>\$572,050</u>	<u>\$(1,092,208)</u>	<u>\$69,635,592</u>
<b>LIABILITIES AND NET ASSETS</b>					
LIABILITIES:					
Accounts payable and accrued liabilities	\$ 5,513,092	\$1,090,905	\$ 30,380	\$ -	\$ 6,634,377
Due to Special Olympics, Inc.	-	476,484	341,991	(818,475)	-
Grants and awards payable to affiliates	2,525,592	-	-	-	2,525,592
Deferred income	105,631	-	-	-	105,631
Deferred rent	10,750	-	-	-	10,750
Total liabilities	<u>8,155,065</u>	<u>1,567,389</u>	<u>372,371</u>	<u>(818,475)</u>	<u>9,276,350</u>
NET ASSETS:					
Unrestricted:					
Undesignated	4,571,111	-	(321)	(273,733)	4,297,057
Designated	52,011,268	-	-	-	52,011,268
Total unrestricted	56,582,379	-	(321)	(273,733)	56,308,325
Temporarily restricted	3,649,600	2,733	200,000	-	3,852,333
Permanently restricted	198,584	-	-	-	198,584
Total net assets	<u>60,430,563</u>	<u>2,733</u>	<u>199,679</u>	<u>(273,733)</u>	<u>60,359,242</u>
TOTAL	<u>\$68,585,628</u>	<u>\$1,570,122</u>	<u>\$572,050</u>	<u>\$(1,092,208)</u>	<u>\$69,635,592</u>



# SPECIAL OLYMPICS, INC. AND AFFILIATES

## STATEMENT OF ACTIVITIES — COMBINING SCHEDULE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2012

	Special Olympics, Inc.	SO Europe Eurasia Foundation	Special Olympics Asia Pacific, Ltd	Elimination Entries	Total
REVENUES, GAINS, AND OTHER SUPPORT:					
Direct mail contributions	\$ 37,093,764	\$ -	\$ -	\$ -	\$ 37,093,764
Individual and corporate contributions and sponsorships	51,207,557	64,289	3,572,815	(180,714)	54,663,947
Federal grants	13,720,215	-	-	-	13,720,215
Non-federal grants	183,435	-	185,323	-	368,758
Accreditation fees	3,080,916	-	-	-	3,080,916
Royalty income	1,262,162	-	-	-	1,262,162
Depreciation in trust assets — net	6,883,938	-	-	-	6,883,938
Other investment income — net	288,689	-	-	-	288,689
Other income	973,029	-	238	-	973,267
	<u>114,693,705</u>	<u>64,289</u>	<u>3,758,376</u>	<u>(180,714)</u>	<u>118,335,656</u>
Total revenues, gains, and other support					
NET ASSETS RELEASED FROM RESTRICTIONS:					
Satisfaction of program restrictions	-	-	-	-	-
Expiration of time restrictions	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues, gains, and other support and net assets released from restrictions	<u>114,693,705</u>	<u>64,289</u>	<u>3,758,376</u>	<u>(180,714)</u>	<u>118,335,656</u>
EXPENSES:					
Program assistance	63,850,709	-	937,086	(180,714)	64,607,081
Public education and communications	13,901,474	(8,284)	3,313,020	-	17,206,210
Sports training and competitions	2,752,362	6,429	-	-	2,758,791
Fund-raising	14,708,997	-	-	-	14,708,997
Management and general	3,553,631	12,223	-	-	3,565,854
	<u>98,767,173</u>	<u>10,368</u>	<u>4,250,106</u>	<u>(180,714)</u>	<u>102,846,933</u>
Total expenses					
CHANGES IN NET ASSETS	15,926,532	53,921	(491,730)	-	15,488,723
NET ASSETS — Beginning of year	<u>60,430,563</u>	<u>2,733</u>	<u>199,679</u>	<u>(273,733)</u>	<u>60,359,242</u>
NET ASSETS — End of year	<u>\$ 76,357,095</u>	<u>\$56,654</u>	<u>\$ (292,051)</u>	<u>\$(273,733)</u>	<u>\$ 75,847,965</u>

# SPECIAL OLYMPICS, INC. AND AFFILIATES

## STATEMENT OF ACTIVITIES — COMBINING SCHEDULE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2011

	Special Olympics, Inc.	SO Europe Eurasia Foundation	Special Olympics Asia Pacific, Ltd	Elimination Entries	Total
REVENUES, GAINS AND OTHER SUPPORT:					
Direct mail contributions	\$36,211,271	\$ -	\$ -	\$ -	\$36,211,271
Individual and corporate contributions and sponsorships	34,231,900	-	2,386,668	(163,046)	36,455,522
Federal grants	12,566,527	-	6,000	-	12,572,527
Non-federal grants	256,831	6,773,987	108,064	-	7,138,882
Accreditation fees	2,946,588	-	-	-	2,946,588
Royalty income	934,675	-	-	-	934,675
Depreciation in trust assets — net	(630,132)	-	-	-	(630,132)
Other investment income — net	(165,730)	37,224	-	-	(128,506)
Other income	3,338,498	-	6,641	-	3,345,139
	<u>89,690,428</u>	<u>6,811,211</u>	<u>2,507,373</u>	<u>(163,046)</u>	<u>98,845,966</u>
Total revenues, gains, and other support					
NET ASSETS RELEASED FROM RESTRICTIONS:					
Satisfaction of program restrictions	-	-	-	-	-
Expiration of time restrictions	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues, gains, and other support and net assets released from restrictions	<u>89,690,428</u>	<u>6,811,211</u>	<u>2,507,373</u>	<u>(163,046)</u>	<u>98,845,966</u>
EXPENSES:					
Program assistance	59,636,220	-	568,147	(163,046)	60,041,321
Public education and communications	10,681,162	1,702,582	1,951,562	-	14,335,306
Sports training and competitions	5,305,977	5,166,818	-	-	10,472,795
Fund-raising	13,208,802	-	-	-	13,208,802
Management and general	4,106,294	-	-	-	4,106,294
	<u>92,938,455</u>	<u>6,869,400</u>	<u>2,519,709</u>	<u>(163,046)</u>	<u>102,164,518</u>
Total expenses					
CHANGES IN NET ASSETS	(3,248,027)	(58,189)	(12,336)	-	(3,318,552)
NET ASSETS — Beginning of year	<u>63,678,590</u>	<u>60,922</u>	<u>212,015</u>	<u>(273,733)</u>	<u>63,677,794</u>
NET ASSETS — End of year	<u>\$60,430,563</u>	<u>\$ 2,733</u>	<u>\$ 199,679</u>	<u>\$(273,733)</u>	<u>\$60,359,242</u>