

**SPECIAL OLYMPICS MISSOURI, INC. AND
SUPPORTING ORGANIZATION**

**CONSOLIDATED FINANCIAL STATEMENTS AND
ADDITIONAL INFORMATION**

DECEMBER 31, 2014 AND 2013



***Special
Olympics***
Missouri

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To the Board of Directors
Special Olympics Missouri, Inc. and Supporting Organization
St. Louis, Missouri

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of *Special Olympics Missouri, Inc. and Supporting Organization* (the "Organization") which comprise the consolidated statements of financial position as of December 31, 2014 and 2013, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2014 and 2013, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating schedule of financial position and consolidating schedule of activities on pages 16 and 17 are presented for purposes of additional analysis, and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 is fairly stated, in all material respects, in relation to the financial statements as a whole.

May 7, 2015
St. Louis, Missouri

Mueller Probst LC

Certified Public Accountants

SPECIAL OLYMPICS MISSOURI, INC. AND SUPPORTING ORGANIZATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 1,276,196	\$ 680,006
Investments	1,578,438	1,549,641
Pledges receivable - current, net of allowance	569,385	216,272
Inventory	11,977	7,060
Prepaid expenses	62,782	80,604
Total Current Assets	<u>3,498,778</u>	<u>2,533,583</u>
Property and Equipment, Net of Depreciation	852,596	866,598
Other Assets		
Long term investments	882,348	920,986
Pledges receivable - long-term, net of allowance	592,115	684,047
Cash surrender value-life insurance	28,313	27,690
Total Other Assets	<u>1,502,776</u>	<u>1,632,723</u>
Total Assets	\$ <u>5,854,150</u>	\$ <u>5,032,904</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Current portion of long-term debt	36,917	31,357
Accounts payable	48,301	47,995
Accrued vacation	85,978	85,155
Deferred revenue	-	22,048
Total Current Liabilities	<u>171,196</u>	<u>186,555</u>
Long-Term Liabilities, Net of Current Portion	<u>236,836</u>	<u>277,527</u>
Total Liabilities	<u>408,032</u>	<u>464,082</u>
Net Assets		
Unrestricted:		
Designated for Training for Life Campus Capital Campaign	350,000	350,000
Undesignated	1,709,636	2,143,594
Total Unrestricted Net Assets	<u>2,059,636</u>	<u>2,493,594</u>
Temporarily Restricted	<u>3,386,482</u>	<u>2,075,228</u>
Total Net Assets	<u>5,446,118</u>	<u>4,568,822</u>
Total Liabilities and Net Assets	\$ <u>5,854,150</u>	\$ <u>5,032,904</u>

SPECIAL OLYMPICS MISSOURI, INC. AND SUPPORTING ORGANIZATION
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<u>UNRESTRICTED NET ASSETS</u>		
Revenue and Support		
Contributions	\$ 76,441	\$ 158,103
Direct marketing	383,445	433,697
Investment income	241,849	348,539
Other income	176,627	117,823
Grants and trusts	347,203	399,412
Special events	2,491,700	2,251,132
Sponsorships	195,537	167,508
Donated services/ In-kind contributions	2,241,728	3,132,461
Change in value - life insurance	623	556
Total Revenue and Support	<u>6,155,153</u>	<u>7,009,231</u>
Net Assets Released from Restrictions	<u>263,097</u>	<u>173,815</u>
Total Unrestricted Revenue	<u>6,418,250</u>	<u>7,183,046</u>
<u>EXPENSES</u>		
Program Services Expenses		
Program	5,529,979	6,843,030
Support Services Expenses		
Management	204,931	162,405
Fundraising	<u>1,117,298</u>	<u>827,596</u>
Total Expenses	<u>6,852,208</u>	<u>7,833,031</u>
Decrease in Unrestricted Net Assets	<u>(433,958)</u>	<u>(649,985)</u>
<u>TEMPORARILY RESTRICTED NET ASSETS</u>		
Change in Temporarily Restricted Net Assets		
Contributions, net	1,353,399	742,235
Other income	28,298	36,797
Special events	114,986	87,694
Sponsorships	17,984	25,138
Direct marketing	52,470	20,647
Grants and trusts	7,214	-
Less: Net assets released from restrictions	<u>(263,097)</u>	<u>(173,815)</u>
Increase in Temporarily Restricted Net Assets	<u>1,311,254</u>	<u>738,696</u>
Increase in Net Assets	877,296	88,711
Net Assets, Beginning of Year	<u>4,568,822</u>	<u>4,480,111</u>
Net Assets, End of Year	<u>\$ 5,446,118</u>	<u>\$ 4,568,822</u>

SPECIAL OLYMPICS MISSOURI, INC. AND SUPPORTING ORGANIZATION
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014

	Program Services		Supporting Services		Total
	Program	Management	Fundraising	Total	
Assessments	\$ 83,002	\$ -	\$ -	\$ -	83,002
Conferences / Meetings	37,985	-	45,491	-	83,476
Depreciation	45,155	3,456	909	-	49,520
Donated Services / In-kind Contributions	1,857,484	-	368,223	-	2,225,707
Employee Benefits	379,230	47,418	63,284	-	489,932
Equipment / Uniforms	65,630	-	5,889	-	71,519
Equipment Rent / Maintenance	74,662	381	7,844	-	82,887
Food	150,408	-	11,104	-	161,512
Housing	190,533	-	166	-	190,699
Insurance	48,949	1,278	890	-	51,117
Interest	14,813	-	-	-	14,813
Memberships / Dues / Subscriptions	3,132	-	235	-	3,367
Miscellaneous	-	-	42	-	42
Occupancy	161,780	1,606	3,161	-	166,547
Postage / Shipping	21,913	311	1,754	-	23,978
Printing / Production	115,587	26	34,907	-	150,520
Professional Fees/ Consultant	255,461	24,904	271,284	-	551,649
Recognition	213,515	-	43,852	-	257,367
Salaries	1,392,171	124,555	239,707	-	1,756,433
Supplies	119,076	506	3,304	-	122,886
Telephone	41,782	490	679	-	42,951
Transportation	100,993	-	50	-	101,043
Travel	62,608	-	2,237	-	64,845
Venues	94,110	-	12,286	-	106,396
Total Functional Expenses	\$ 5,529,979	\$ 204,931	\$ 1,117,298	\$ -	\$ 6,852,208
	81%	3%	16%		

SPECIAL OLYMPICS MISSOURI, INC. AND SUPPORTING ORGANIZATION
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013

	Program Services		Supporting Services		Total
	Program	Management	Fundraising	Total	
Assessments	\$ 63,382	\$ -	\$ -	\$ -	63,382
Conferences / Meetings	130,471	-	17,909	-	148,380
Depreciation	47,895	997	977	-	49,869
Donated Services / In-kind Contributions	2,970,924	-	168,912	-	3,139,836
Employee Benefits	334,509	13,753	45,378	-	393,640
Equipment / Uniforms	49,932	-	28	-	49,960
Equipment Rent / Maintenance	59,261	340	6,272	-	65,873
Food	184,182	-	17,539	-	201,721
Housing	243,954	-	596	-	244,550
Insurance	44,826	1,246	613	-	46,685
Interest	16,540	-	-	-	16,540
Memberships / Dues / Subscriptions	5,999	-	464	-	6,463
Miscellaneous	-	-	575	-	575
Occupancy	154,005	1,628	3,624	-	159,257
Postage / Shipping	22,098	274	1,176	-	23,548
Printing / Production	171,898	137	46,860	-	218,895
Professional Fees/ Consultant	347,503	36,627	280,958	-	665,088
Recognition	270,648	-	39,785	-	310,433
Salaries	1,299,349	106,231	178,581	-	1,584,161
Supplies	125,449	586	4,699	-	130,734
Telephone	40,839	586	641	-	42,066
Transportation	74,213	-	83	-	74,296
Travel	85,532	-	2,198	-	87,730
Venues	99,621	-	9,728	-	109,349
Total Functional Expenses	\$ 6,843,030	\$ 162,405	\$ 827,596	\$ -	\$ 7,833,031
	87%	2%	11%		

SPECIAL OLYMPICS MISSOURI, INC. AND SUPPORTING ORGANIZATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities		
Increase in Net Assets	\$ <u>877,296</u>	\$ <u>88,711</u>
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation expense	49,520	49,869
Unrealized and realized (gains) losses on investments	(195,108)	(310,795)
Loss on disposal of fixed assets	184	-
Change in assets - (increase) decrease		
Pledges receivable	(261,181)	(38,297)
Inventory	(4,917)	6,503
Prepaid expenses	17,822	(38,416)
Cash surrender value - life insurance	(623)	(556)
Change in liabilities - increase (decrease)		
Accounts payable	306	31,611
Accrued vacation	823	2,490
Deferred revenue	<u>(22,048)</u>	<u>(40,892)</u>
Total Adjustments	<u>(415,222)</u>	<u>(338,483)</u>
Net Cash Provided (Used) by Operating Activities	<u>462,074</u>	<u>(249,772)</u>
Cash Flows from Investing Activities		
Purchase of investments	(902,850)	(675,858)
Proceeds from sale of investments	857,799	962,528
Transfer out of investments	250,000	-
Purchase of property and equipment	<u>(35,702)</u>	<u>(44,590)</u>
Net Cash Provided (Used) by Investing Activities	<u>169,247</u>	<u>242,080</u>
Cash Flows from Financing Activities		
Principal payments on long-term debt	<u>(35,131)</u>	<u>(33,404)</u>
Net Cash Used by Financing Activities	<u>(35,131)</u>	<u>(33,404)</u>
Net Decrease in Cash and Cash Equivalents	596,190	(41,096)
Cash and Cash Equivalents - Beginning of Year	<u>680,006</u>	<u>721,102</u>
Cash and Cash Equivalents - End of Year	\$ <u>1,276,196</u>	\$ <u>680,006</u>
Supplemental Disclosures of Cash Flow Information		
Cash paid for income taxes	\$ <u>-</u>	\$ <u>-</u>
Cash paid for interest	\$ <u>14,813</u>	\$ <u>16,540</u>

SPECIAL OLYMPICS MISSOURI, INC. AND SUPPORTING ORGANIZATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Special Olympics Missouri, Inc. ("SOMO") is a tax exempt, non-profit corporation organized under Section 501(c)(3) of the Internal Revenue Code. It was organized 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 a sharing of gifts, skills and friendship with their families, other Special Olympics athletes, and the community. SOMO's support comes primarily from individual donors' contributions and special events.

SOMO Endowment Fund, Inc. (the "Foundation") is a tax exempt non-profit organization organized under Section 501(c)(3) of the Internal Revenue Code. The exclusive purpose of the Foundation is to act as a supporting organization to SOMO. The Foundation does not represent a legal endowment and has not received any permanently restricted funds.

Principles of Consolidated Financial Statements

The consolidated financial statements include the accounts of SOMO and its supporting organization, The Foundation (collectively, the "Organization"). All significant inter-company transactions and account balances have been eliminated in the consolidation.

Basis of Accounting

The Organization maintains their records on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized when earned and expenses are recognized when incurred.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Inventory

Inventory is valued at cost, on a first-in, first-out basis and consists primarily of souvenirs.

Investments

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the consolidated statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying consolidated statements of activities.

Printing and Publications

Advertising costs are expensed as incurred. Advertising expense, included in printing / production and donated services/in-kind contributions, amounted to \$459,533 and \$274,807 for the years ended December 31, 2014 and 2013, respectively.

SPECIAL OLYMPICS MISSOURI, INC. AND SUPPORTING ORGANIZATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Pledges Receivable

Unconditional pledges receivable are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expense depending on the form of the benefits received. Pledges receivable are recorded at net realizable value for current and long-term pledges receivable. The adjustments for net realizable value for the years ended December 31, 2014 and 2013 were \$(52,645) and \$(47,548), respectively. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The Organization had no conditional promises to give for the years ended December 31, 2014 and 2013.

Property and Equipment

Property and equipment are capitalized at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method according to the following schedule:

Office furniture and equipment	5 – 10 years
Games and program equipment	5 years
Vehicles	5 years

The total depreciation expense included in the statements of activities for the years ended December 31, 2014 and 2013 was \$49,520 and \$49,869, respectively.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentration of Credit Risk

The Organization maintains its bank accounts at several financial institutions. The balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. One bank, to ensure balances over the FDIC limit, has the account in a cash management system that all collected funds are swept into an overnight repurchase agreement in which the Organization has a perfected interest in the collateral that is pledged to its account. The Organization has not experienced any losses on such accounts for balances in excess of the FDIC insurance. Management believes the Organization is not exposed to any significant credit risk related to those accounts.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board as discussed under ASC 958-210, *Financial Statements of Not-for-Profit Organizations*. Under ASC 958-210, the Organization is required to report information regarding its financial position and activities according to these classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets based upon existence or absence of donor-imposed restrictions. At December 31, 2014 and 2013, the Organization had no permanently restricted net assets.

SPECIAL OLYMPICS MISSOURI, INC. AND SUPPORTING ORGANIZATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Donated Services / In-kind Contributions

Donated services are recognized as contributions in accordance with ASC 958-605, *Revenue Recognition*, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provided other services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria under ASC 958-605 were not met.

Expense Allocation

Expenses are charged to programs and supporting services on the basis of actual costs incurred by the specific program or supporting service, as well as on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Income Tax Status

SOMO and the Foundation are qualified not-for-profit organizations under Section 509(a) of the Internal Revenue Code and are, therefore, exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

SOMO and the Foundation follow "FASB Accounting Standards Codification 740-10, Income Taxes – Overall". The Organization has assessed their federal and state tax positions and determined that there were no unrelated business income taxes and no uncertainties or possible related effects that need to be recorded as of or for the years ended December 31, 2014 and 2013. The returns of the Organization for 2014, 2013, 2012, and 2011 are subject to examination by the respective taxing authorities generally for three years after they were filed.

Restricted and Unrestricted Revenue and Support

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions.

SPECIAL OLYMPICS MISSOURI, INC. AND SUPPORTING ORGANIZATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 INVESTMENTS AND FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level I) and the lowest priority to unobservable inputs (level III). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level I – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level II – Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level II input must be observable for substantially the full term of the asset or liability.

Level III – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2014 and December 31, 2013.

Mutual funds are valued at the daily closing price as reported by the fund. The mutual funds held by the Organization are deemed to be actively traded.

Corporate bonds are valued at the daily price of the bond multiplied by the par value of the bond.

Equities are valued based upon the daily closing price.

Pledges receivable utilize Level III inputs and are reported at net realizable value.

SPECIAL OLYMPICS MISSOURI, INC. AND SUPPORTING ORGANIZATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value on a recurring basis as of December 31, 2014 and 2013 are as follows:

Mutual Funds – Level I	1,479,882	1,376,180
Corporate Bonds – Level I	875,683	994,280
Equities – Level I	105,221	100,167
Pledges receivable – Level III	<u>1,161,500</u>	<u>900,319</u>
	3,622,286	3,370,946
Less: Pledges receivable	<u>(1,161,500)</u>	<u>(900,319)</u>
Total Investments	<u>\$ 2,460,786</u>	<u>2,470,627</u>

Financial assets and liabilities valued using level I inputs are based on unadjusted quoted market prices within active markets. Valuation techniques utilized to determine fair value are consistently applied.

The following table provides further details of the Level III fair value measurements.

Balance at December 31, 2012	\$ 862,022
Pledges Received (Paid), net	<u>38,297</u>
Balance at December 31, 2013	900,319
New Pledges	615,698
Pledges Written Off	(782)
Pledges Paid	(348,638)
Change in net present value of long-term pledges	<u>(5,097)</u>
Balance at December 31, 2014	<u>\$ 1,161,500</u>

NOTE 3 PLEDGES RECEIVABLE

Pledges receivable at December 31, are as follows:

	<u>2014</u>	<u>2013</u>
Receivable in less than one year	\$ 569,385	\$ 216,272
Receivable in one to five years	<u>592,115</u>	<u>684,047</u>
Total	<u>\$ 1,161,500</u>	<u>\$ 900,319</u>

Pledges receivable are reported at net realizable value as prescribed by generally accepted accounting principles. The allowance for uncollectible pledges receivable was \$0 and \$31,663 as of December 31, 2014 and 2013, respectively.

SPECIAL OLYMPICS MISSOURI, INC. AND SUPPORTING ORGANIZATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment were comprised of the following at December 31, 2014 and 2013:

	Original Cost	Accumulated Depreciation	Net Book Value
<u>2014</u>			
Office Equipment	\$ 68,291	\$ 51,079	\$ 17,212
Program Equipment	46,493	33,786	12,707
Computer Equipment	301,645	272,889	28,756
Vehicles	155,190	97,390	57,800
Furniture & Fixtures	19,393	10,135	9,258
Construction in Progress	48,160	-	48,160
Signage	9,620	5,612	4,008
Land	674,695	-	674,695
	<u>\$ 1,323,487</u>	<u>\$ 470,891</u>	<u>\$ 852,596</u>
<u>2013</u>			
Office Equipment	\$ 68,980	\$ 41,752	\$ 27,228
Program Equipment	46,493	27,921	18,572
Computer Equipment	301,645	253,715	47,930
Vehicles	119,490	87,282	32,208
Furniture & Fixtures	19,393	6,558	12,835
Construction in Progress	48,160	-	48,160
Signage	9,620	4,650	4,970
Land	674,695	-	674,695
	<u>\$ 1,288,476</u>	<u>\$ 421,878</u>	<u>\$ 866,598</u>

NOTE 5 LONG-TERM DEBT

The Organization's obligation under long-term debt consists of the following bank loan:

	<u>2014</u>	<u>2013</u>
Variable interest with a floor of 5% and a ceiling of 7.690%, monthly payments of principal and interest of \$4,162, per promissory note dated January 11, 2012, with final balloon payment due on January 20, 2022	<u>\$ 273,753</u>	<u>\$ 308,884</u>

The future scheduled maturities of long-term debt are as follows:

Year ending December 31,	
2015	\$ 36,917
2016	32,985
2017	34,651
2018	36,494
2019	3,287
2020 and thereafter	<u>129,419</u>
	<u>\$ 273,753</u>

SPECIAL OLYMPICS MISSOURI, INC. AND SUPPORTING ORGANIZATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 ACCRUED VACATION

Vacation time is earned at the rates shown below:

One to four years of employment	15 days per year
Five to nine years of employment	16.5 days per year
Ten to fourteen years of employment	18 days per year
Fifteen to twenty-four years of employment	21 days per year
Twenty-five years of employment and up	24 days per year

Vacation time, based on date of employment, may be accumulated and limited up to 120 hours for one (1) to four (4) years, 132 hours for five (5) to nine (9) years, 144 hours for ten (10) to fourteen (14) years, and 168 hours for fifteen (15) to twenty-four (24) years and 192 hours for twenty-five (25) years and up.

Sick leave is not payable upon termination and therefore, is not accrued.

NOTE 7 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are comprised of the following:

	December 31, 2014	December 31, 2013
Purpose restrictions for future events	\$ 182,293	\$ 224,164
Pledges, including the Training for Life Campus	1,161,500	900,319
Other purpose restrictions, including the Training for Life Campus	<u>2,042,689</u>	<u>950,745</u>
Total	\$ <u>3,386,482</u>	\$ <u>2,075,228</u>

Restrictions released during 2014 and 2013 were \$263,097 and \$173,815, respectively.

NOTE 8 DONATED SERVICES / IN-KIND CONTRIBUTIONS

Significant materials and facilities and services are donated to the Organization by various individuals and organizations. The following schedule reflects the donations received. The corresponding expenses are presented in donated services / in-kind contributions expense. The difference between donated services / in-kind contributions revenue and expense is due to pledges receivable for donated services recognized in revenue when the pledge was made. The expense is recognized when the services are received.

	December 31, 2014	December 31, 2013
Donated Materials and Facilities Revenue	\$ 682,042	\$ 1,982,373
Donated Services Revenue	<u>1,559,686</u>	<u>1,150,088</u>
Total	\$ <u>2,241,728</u>	\$ <u>3,132,461</u>

SPECIAL OLYMPICS MISSOURI, INC. AND SUPPORTING ORGANIZATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9 RETIREMENT PLAN

The Organization offers all employees a 403(b) tax sheltered annuity plan. Employees may contribute twenty percent (20%) of their annual gross wages up to a maximum of \$17,500 for 2014 and 2013, respectively. In 2014 and 2013, SOMO matched employee contributions up to 5% and made discretionary contributions of 3%. The total pension plan expense for the years ended December 31, 2014 and 2013 was \$91,765 and \$77,978, respectively.

NOTE 10 RELATED-PARTY TRANSACTIONS

SOMO and the Foundation have entered into a Master Fundraising Agreement. The terms of the agreement address the Foundation's fundraising activities on behalf of SOMO. The Foundation contributed \$352,903 and \$178,670 to SOMO during the years ended December 31, 2014 and 2013, respectively.

The Organization is related to Special Olympics, Inc. ("SOI"), the international non-profit organization. During the years ended December 31, 2014 and 2013, the Organization paid \$83,002 and \$63,382, respectively, for assessments due to SOI.

NOTE 11 LEASE COMMITMENTS

The Organization leases facilities and miscellaneous office equipment under various operating leases throughout Missouri. Rent expense, exclusive of donated facilities and inclusive of month-to-month leases, for the years ended December 31, 2014 and 2013 totaled \$135,279 and \$138,947, respectively.

Future annual minimum lease payments for facilities are as follows:

Year ending December 31,	
2015	\$ 166,470
2016	163,132
2017	138,762
2018	56,557
2019 and thereafter	-
	<u>\$ 524,921</u>

NOTE 12 SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of the independent auditors' report, the date the financial statements were available to be issued.

SPECIAL OLYMPICS MISSOURI, INC. AND SUPPORTING ORGANIZATION
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
DECEMBER 31, 2014

	Special Olympics Missouri, Inc.	SOMO Endowment Fund, Inc.	Eliminations	Total
<u>ASSETS</u>				
Current Assets				
Cash and cash equivalents	\$ 419,931	\$ 856,265	\$ -	\$ 1,276,196
Investments	947,491	630,947	-	1,578,438
Pledges receivable - current, net of allowance	190,348	379,037	-	569,385
Intercompany	-	2,500	(2,500)	-
Inventory	11,977	-	-	11,977
Prepaid expenses	62,782	-	-	62,782
Total Current Assets	1,632,529	1,868,749	(2,500)	3,498,778
Property and Equipment, Net of Depreciation	846,096	6,500	-	852,596
Other Assets				
Long term investments	755,934	126,414	-	882,348
Pledges receivable - long-term, net of allowance	-	592,115	-	592,115
Cash surrender value-life insurance	-	28,313	-	28,313
Total Other Assets	755,934	746,842	-	1,502,776
Total Assets	\$ 3,234,559	\$ 2,622,091	\$ (2,500)	\$ 5,854,150
<u>LIABILITIES AND NET ASSETS</u>				
Current Liabilities				
Current portion of long-term debt	36,917	-	-	36,917
Accounts payable	48,301	-	-	48,301
Accrued vacation	85,978	-	-	85,978
Intercompany	2,500	-	(2,500)	-
Total Current Liabilities	173,696	-	(2,500)	171,196
Long-Term Liabilities, Net of Current Portion	236,836	-	-	236,836
Total Liabilities	410,532	-	(2,500)	408,032
Net Assets				
Unrestricted:				
Designated for Training for Life Capital Campaign	350,000	-	-	350,000
Undesignated	2,059,386	(349,750)	-	1,709,636
Total Unrestricted	2,409,386	(349,750)	-	2,059,636
Temporarily Restricted	414,641	2,971,841	-	3,386,482
Total Net Assets	2,824,027	2,622,091	-	5,446,118
Total Liabilities and Net Assets	\$ 3,234,559	\$ 2,622,091	\$ (2,500)	\$ 5,854,150

**SPECIAL OLYMPICS MISSOURI, INC. AND SUPPORTING ORGANIZATION
CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Special Olympics Missouri, Inc.	SOMO Endowment Fund, Inc.	Eliminations	Total
<u>UNRESTRICTED NET ASSETS</u>				
Revenue and Support				
Contributions	\$ 70,059	\$ 6,382	\$ -	\$ 76,441
Direct marketing	383,445	-	-	383,445
Investment income	179,934	61,915	-	241,849
Other income	176,627	-	-	176,627
Grants and trusts	347,203	-	-	347,203
Special events	2,491,700	-	-	2,491,700
Sponsorships	195,537	-	-	195,537
Donated services/ In-kind contributions	2,241,728	-	-	2,241,728
Change in value - life insurance	-	623	-	623
Transfer from affiliate	352,903	-	(352,903)	-
Total Revenue and Support	<u>6,439,136</u>	<u>68,920</u>	<u>(352,903)</u>	<u>6,155,153</u>
Net Assets Released from Restrictions	<u>263,097</u>	<u>-</u>	<u>-</u>	<u>263,097</u>
Total Unrestricted Revenue	<u>6,702,233</u>	<u>68,920</u>	<u>(352,903)</u>	<u>6,418,250</u>
<u>EXPENSES</u>				
Program Services Expenses				
Program	5,529,979	352,903	(352,903)	5,529,979
Support Services Expenses				
Management	202,137	2,794	-	204,931
Fundraising	954,694	162,604	-	1,117,298
Total Expenses	<u>6,686,810</u>	<u>518,301</u>	<u>(352,903)</u>	<u>6,852,208</u>
Increase (Decrease) in Unrestricted Net Assets	<u>15,423</u>	<u>(449,381)</u>	<u>-</u>	<u>(433,958)</u>
<u>TEMPORARILY RESTRICTED NET ASSETS</u>				
Change in Temporarily Restricted Net Assets				
Contributions, net	151,689	1,201,710	-	1,353,399
Other income	28,298	-	-	28,298
Special events	114,986	-	-	114,986
Sponsorships	17,984	-	-	17,984
Direct marketing	52,470	-	-	52,470
Grants and trusts	7,214	-	-	7,214
Less: Net assets released from restrictions	<u>(263,097)</u>	<u>-</u>	<u>-</u>	<u>(263,097)</u>
Increase in Temporarily Restricted Net Assets	<u>109,544</u>	<u>1,201,710</u>	<u>-</u>	<u>1,311,254</u>
Increase in Net Assets	124,967	752,329		877,296
Net Assets, Beginning of Year	<u>2,699,060</u>	<u>1,869,762</u>	<u>-</u>	<u>4,568,822</u>
Net Assets, End of Year	<u>\$ 2,824,027</u>	<u>\$ 2,622,091</u>	<u>\$ -</u>	<u>\$ 5,446,118</u>