

May 5, 2016

Mr. Mark Musso
Special Olympics Missouri, Inc. and Supporting Organization
1001 Diamond Ridge, Suite 800
Jefferson City, MO 65109

Dear Mark:

Enclosed are 11 copies (10 bound and 1 unbound) of *Special Olympics Missouri, Inc. and Supporting Organization's* consolidated financial statements for the years ending December 31, 2015 and 2014. An electronic copy has been e-mailed to Lisa and is included on the enclosed CD.

We thank you for the opportunity to provide this service to you. If you have any questions or we can provide additional services, please do not hesitate to contact us.

Sincerely,

Mueller Prost



Jeanette Bax-Kurtz, CPA

JBK:rtr
Enclosures
15784001

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

**CONSOLIDATED FINANCIAL STATEMENTS AND
ADDITIONAL INFORMATION**

DECEMBER 31, 2015 AND 2014



***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 consolidated financial statements of *Special Olympics Missouri, Inc. and Supporting Organization* (the "Organization") which comprise the consolidated statements of financial position as of December 31, 2015 and 2014, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2015 and 2014, 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 consolidated financial statements as a whole. The consolidating schedule of financial position and consolidating schedule of activities on pages 17 and 18 are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated 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 consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

May 5, 2016
St. Louis, Missouri

Mueller Prost LC

Certified Public Accountants

SPECIAL OLYMPICS MISSOURI, INC. AND SUPPORTING ORGANIZATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 1,038,698	\$ 1,276,196
Investments	1,421,373	1,578,438
Pledges receivable - current	423,131	569,385
Inventory	15,712	11,977
Prepaid expenses	42,392	62,782
Total Current Assets	<u>2,941,306</u>	<u>3,498,778</u>
Property and Equipment, Net of Depreciation	<u>847,107</u>	<u>852,596</u>
Other Assets		
Long term investments	1,791,390	882,348
Pledges receivable - long-term	972,646	592,115
Cash surrender value-life insurance	28,936	28,313
Total Other Assets	<u>2,792,972</u>	<u>1,502,776</u>
Total Assets	\$ <u>6,581,385</u>	\$ <u>5,854,150</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Current portion of long-term debt	\$ 38,798	\$ 36,917
Accounts payable	25,357	48,301
Accrued vacation	96,204	85,978
Total Current Liabilities	<u>160,359</u>	<u>171,196</u>
Long-Term Liabilities, Net of Current Portion	<u>197,991</u>	<u>236,836</u>
Total Liabilities	<u>358,350</u>	<u>408,032</u>
Net Assets		
Unrestricted:		
Designated for Training for Life Campus Capital Campaign	450,000	350,000
Undesignated	<u>2,552,923</u>	<u>2,563,516</u>
Total Unrestricted Net Assets	3,002,923	2,913,516
Temporarily Restricted	<u>3,220,112</u>	<u>2,532,602</u>
Total Net Assets	<u>6,223,035</u>	<u>5,446,118</u>
Total Liabilities and Net Assets	\$ <u>6,581,385</u>	\$ <u>5,854,150</u>

SPECIAL OLYMPICS MISSOURI, INC. AND SUPPORTING ORGANIZATION
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<u>UNRESTRICTED NET ASSETS</u>		
Revenue and Support		
Contributions	\$ 156,798	\$ 76,441
Direct marketing	385,447	383,445
Investment income	19,243	241,849
Other income	211,098	176,627
Grants and trusts	340,844	347,203
Special events	2,610,044	2,491,700
Sponsorships	222,105	195,537
Donated services / In-kind contributions	2,592,093	2,241,728
Change in value - life insurance	624	623
Total Revenue and Support	<u>6,538,296</u>	<u>6,155,153</u>
Net Assets Released from Restrictions	<u>879,559</u>	<u>740,940</u>
Total Unrestricted Revenue	<u>7,417,855</u>	<u>6,896,093</u>
<u>EXPENSES</u>		
Program Services Expenses		
Program	6,085,451	5,529,979
Support Services Expenses		
Management	190,285	204,931
Fundraising	<u>1,052,712</u>	<u>1,117,298</u>
Total Expenses	<u>7,328,448</u>	<u>6,852,208</u>
Increase in Unrestricted Net Assets	<u>89,407</u>	<u>43,885</u>
<u>TEMPORARILY RESTRICTED NET ASSETS</u>		
Change in Temporarily Restricted Net Assets		
Contributions, net	1,333,736	1,353,399
Other income	37,755	28,298
Special events	101,944	114,986
Sponsorships	31,938	17,984
Direct marketing	52,419	52,470
Grants and trusts	9,277	7,214
Less: Net assets released from restrictions	<u>(879,559)</u>	<u>(740,940)</u>
Increase in Temporarily Restricted Net Assets	<u>687,510</u>	<u>833,411</u>
Increase in Net Assets	776,917	877,296
Net Assets, Beginning of Year	<u>5,446,118</u>	<u>4,568,822</u>
Net Assets, End of Year	<u>\$ 6,223,035</u>	<u>\$ 5,446,118</u>

SPECIAL OLYMPICS MISSOURI, INC. AND SUPPORTING ORGANIZATION
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015

	Program Services	Supporting Services		
	Program	Management	Fundraising	Total
Assessments	\$ 91,697	\$ -	\$ -	\$ 91,697
Conferences / Meetings	106,970	-	16,626	123,596
Depreciation	44,523	8,869	-	53,392
Donated Services / In-kind Contributions	2,394,478	-	197,615	2,592,093
Employee Benefits	394,234	29,054	90,407	513,695
Equipment / Uniforms	18,381	-	-	18,381
Equipment Rent / Maintenance	77,753	433	6,144	84,330
Food	197,684	-	13,477	211,161
Housing	191,829	-	1,140	192,969
Insurance	58,940	89	160	59,189
Interest	12,980	-	-	12,980
Memberships / Dues / Subscriptions	3,592	-	230	3,822
Miscellaneous	-	-	21,972	21,972
Occupancy	161,520	1,550	971	164,041
Postage / Shipping	18,545	374	666	19,585
Printing / Production	130,792	9	42,509	173,310
Professional Fees / Consultant	257,116	17,999	258,492	533,607
Recognition	247,575	-	48,340	295,915
Salaries	1,343,844	131,340	335,751	1,810,935
Supplies	92,228	242	4,880	97,350
Telephone	32,993	326	490	33,809
Transportation	40,949	-	-	40,949
Travel	61,748	-	622	62,370
Venues	105,080	-	12,220	117,300
	<u>6,085,451</u>	<u>190,285</u>	<u>1,052,712</u>	<u>7,328,448</u>
Total Functional Expenses	\$ 6,085,451	\$ 190,285	\$ 1,052,712	\$ 7,328,448
	83%	3%	14%	

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

	<u>Program Services</u>	<u>Supporting Services</u>		
	<u>Program</u>	<u>Management</u>	<u>Fundraising</u>	<u>Total</u>
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
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
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 CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities		
Increase in Net Assets	\$ <u>776,917</u>	\$ <u>877,296</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation expense	53,392	49,520
Unrealized and realized (gains) losses on investments	22,240	(195,108)
Loss on disposal of fixed assets	128	184
Change in assets - (increase) decrease		
Pledges receivable	(234,277)	(261,181)
Inventory	(3,735)	(4,917)
Prepaid expenses	20,390	17,822
Cash surrender value - life insurance	(623)	(623)
Change in liabilities - increase (decrease)		
Accounts payable	(22,944)	306
Accrued vacation	10,226	823
Deferred revenue	-	(22,048)
Total Adjustments	<u>(155,203)</u>	<u>(415,222)</u>
Net Cash Provided by Operating Activities	<u>621,714</u>	<u>462,074</u>
Cash Flows from Investing Activities		
Purchase of investments	(2,368,232)	(902,850)
Proceeds from sale of investments	1,594,015	857,799
Transfer out of investments	-	250,000
Purchase of property and equipment	(48,031)	(35,702)
Net Cash Provided by (Used In) Investing Activities	<u>(822,248)</u>	<u>169,247</u>
Cash Flows from Financing Activity		
Principal payments on long-term debt	(36,964)	(35,131)
Net Increase (Decrease) in Cash and Cash Equivalents	(237,498)	596,190
Cash and Cash Equivalents - Beginning of Year	<u>1,276,196</u>	<u>680,006</u>
Cash and Cash Equivalents - End of Year	\$ <u>1,038,698</u>	\$ <u>1,276,196</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	\$ <u>12,980</u>	\$ <u>14,813</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 \$446,230 and \$459,533 for the years ended December 31, 2015 and 2014, 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, 2015 and 2014 were \$(38,621) and \$(52,645), respectively. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

As of December 31, 2015, the Organization had conditional promises to give in the amount of \$1,000,000 that are contingent upon meeting the capital campaign goal. Two separate organizations have instituted challenges to their members to assist SOMO in raising approximately \$1,000,000 per organization. Current pledges have been recorded on the consolidated financial statements, and the remaining will be recorded when promised or paid. The Organization has been notified of an intention to donate 16.5 acres of land in Jefferson City for the new Training for Life Campus location. The land was valued in November of 2015 at approximately \$3,000,000. The donor plans to transfer the land to the Organization upon a mutually agreeable timeline.

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 consolidated statements of activities for the years ended December 31, 2015 and 2014 was \$53,392 and \$49,520, respectively.

Use of Estimates

The preparation of consolidated 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.

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

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

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, 2015 and 2014, the Organization had no permanently restricted net assets.

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, 2015 and 2014. The returns of the Organization for 2015, 2014, 2013, and 2012 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, 2015 and December 31, 2014.

Treasury bills are considered cash equivalents and are valued at face value. Cash held at one of the financial institutions sweeps the Organization's cash into treasury bills each night for asset protection.

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.

Certificates of deposits (CDs) are valued at the daily price of the CDs multiplied by the par value of the CD.

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, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Mutual Funds – Level I		
Small cap blend	\$ 23,733	\$ 57,190
Small cap growth	26,777	27,957
Mid cap blend	67,115	116,755
Large blend	826,853	1,117,005
Foreign large blend	69,673	70,283
Intermediate term bond fund	<u>190,378</u>	<u>90,692</u>
Total Mutual Funds	1,204,529	1,479,882
Treasury Bills – Level I	137,529	-
Corporate Bonds – Level I	1,172,428	875,683
Equities – Level I	185,224	105,221
Certificate of Deposits – Level II	650,582	-
Pledges Receivable – Level III	<u>1,395,777</u>	<u>1,161,500</u>
	4,746,069	3,622,286
Less: Treasury Bills – cash equivalent	(137,529)	-
Pledges Receivable	<u>(1,395,777)</u>	<u>(1,161,500)</u>
Total Investments	<u>\$ 3,212,763</u>	<u>\$ 2,460,786</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, 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	1,161,500
New pledges	727,285
Pledges written off	(58,075)
Pledges paid	(448,957)
Change in net present value of long-term pledges	<u>14,024</u>
Balance at December 31, 2015	<u>\$ 1,395,777</u>

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

NOTE 3 PLEDGES RECEIVABLE

Pledges receivable at December 31, are as follows:

	<u>2015</u>	<u>2014</u>
Receivable in less than one year	\$ 423,131	\$ 569,385
Receivable in one to five years	<u>972,646</u>	<u>592,115</u>
Total	\$ <u>1,395,777</u>	\$ <u>1,161,500</u>

Pledges receivable are reported at net realizable value as prescribed by generally accepted accounting principles. There was no allowance for uncollectible pledges at December 31, 2015 and 2014.

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment were comprised of the following at December 31, 2015 and 2014:

	<u>Original Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
<u>2015</u>			
Office Equipment	\$ 68,291	\$ 60,193	\$ 8,098
Program Equipment	46,493	39,652	6,841
Computer Equipment	298,051	285,858	12,193
Vehicles	188,303	114,714	73,589
Furniture & Fixtures	20,768	13,827	6,941
Construction in Progress	61,704	-	61,704
Signage	9,620	6,574	3,046
Land	<u>674,695</u>	<u>-</u>	<u>674,695</u>
	\$ <u>1,367,925</u>	\$ <u>520,818</u>	\$ <u>847,107</u>
<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	<u>674,695</u>	<u>-</u>	<u>674,695</u>
	\$ <u>1,323,487</u>	\$ <u>470,891</u>	\$ <u>852,596</u>

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

NOTE 5 LONG-TERM DEBT

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

	<u>2015</u>	<u>2014</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>236,789</u>	\$ <u>273,753</u>

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

Year ending December 31,		
2016		\$ 38,798
2017		40,845
2018		42,964
2019		45,193
2020		47,529
2021 and thereafter		<u>21,460</u>
		\$ <u>236,789</u>

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.

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

NOTE 7 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are comprised of the following:

	December 31, 2015	December 31, 2014
Purpose restrictions for future events	\$ 153,729	\$ 182,293
Pledges, including the Training for Life Campus	1,395,777	1,161,500
Other purpose restrictions, including the Training for Life Campus	<u>1,670,606</u>	<u>1,188,809</u>
Total	\$ <u>3,220,112</u>	\$ <u>2,532,602</u>

Restrictions released during 2015 and 2014 were \$879,559 and \$740,940 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, 2015	December 31, 2014
Donated Materials and Facilities Revenue	\$ 1,549,519	\$ 682,042
Donated Services Revenue	<u>1,042,574</u>	<u>1,559,686</u>
Total	\$ <u>2,592,093</u>	\$ <u>2,241,728</u>

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 \$18,000 and \$17,500 for 2015 and 2014, respectively. In 2015 and 2014, SOMO matched employee contributions up to 5% and made discretionary contributions of 3%. The total pension plan expense for the years ended December 31, 2015 and 2014 was \$96,706 and \$91,765, 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 \$428,840 and \$352,903 to SOMO during the years ended December 31, 2015 and 2014, respectively.

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

NOTE 10 RELATED-PARTY TRANSACTIONS (CONTINUED)

The Organization is related to Special Olympics, Inc. ("SOI"), the international non-profit organization. During the years ended December 31, 2015 and 2014, the Organization paid \$91,697 and \$83,002, 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, 2015 and 2014 totaled \$138,663 and \$135,279, respectively.

Future annual minimum lease payments for facilities are as follows:

Year ending December 31,	
2016	\$ 140,881
2017	113,511
2018	<u>42,723</u>
	<u>\$ 297,115</u>

NOTE 12 RECLASSIFICATION

Certain reclassifications have been made to the prior year consolidated statement of financial position and consolidated statement of activities to conform to the current year presentation. Net assets of \$853,880 was released from temporarily restricted into unrestricted for the payment of budgeted capital campaign expenses in prior years. The release increase for the year ended December 31, 2014 was \$477,843 and releases prior to 2014 increased \$376,037. Total assets, total liabilities, total net assets, and net income (loss) were not affected.

NOTE 13 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, 2015**

	<u>Special Olympics Missouri, Inc.</u>	<u>SOMO Endowment Fund, Inc.</u>	<u>Eliminations</u>	<u>Total</u>
<u>ASSETS</u>				
Current Assets				
Cash and cash equivalents	\$ 453,004	\$ 585,694	\$ -	\$ 1,038,698
Investments	682,625	738,748	-	1,421,373
Pledges receivable - current	90,385	332,746	-	423,131
Inventory	15,712	-	-	15,712
Prepaid expenses	42,392	-	-	42,392
Total Current Assets	<u>1,284,118</u>	<u>1,657,188</u>	<u>-</u>	<u>2,941,306</u>
Property and Equipment, Net of Depreciation	<u>840,607</u>	<u>6,500</u>	<u>-</u>	<u>847,107</u>
Other Assets				
Long term investments	1,040,211	751,179	-	1,791,390
Pledges receivable - long-term, net of allowance	-	972,646	-	972,646
Cash surrender value-life insurance	-	28,936	-	28,936
Total Other Assets	<u>1,040,211</u>	<u>1,752,761</u>	<u>-</u>	<u>2,792,972</u>
Total Assets	\$ <u>3,164,936</u>	\$ <u>3,416,449</u>	\$ <u>-</u>	\$ <u>6,581,385</u>
<u>LIABILITIES AND NET ASSETS</u>				
Current Liabilities				
Current portion of long-term debt	\$ 38,798	\$ -	\$ -	\$ 38,798
Accounts payable	25,357	-	-	25,357
Accrued vacation	96,204	-	-	96,204
Total Current Liabilities	<u>160,359</u>	<u>-</u>	<u>-</u>	<u>160,359</u>
Long-Term Liabilities, Net of Current Portion	197,991	-	-	197,991
Total Liabilities	<u>358,350</u>	<u>-</u>	<u>-</u>	<u>358,350</u>
Net Assets				
Unrestricted:				
Designated for Training for Life Capital Campaign	450,000	-	-	450,000
Undesignated	2,070,472	482,451	-	2,552,923
Total Unrestricted Net Assets	2,520,472	482,451	-	3,002,923
Temporarily Restricted	<u>286,114</u>	<u>2,933,998</u>	<u>-</u>	<u>3,220,112</u>
Total Net Assets	<u>2,806,586</u>	<u>3,416,449</u>	<u>-</u>	<u>6,223,035</u>
Total Liabilities and Net Assets	\$ <u>3,164,936</u>	\$ <u>3,416,449</u>	\$ <u>-</u>	\$ <u>6,581,385</u>

**SPECIAL OLYMPICS MISSOURI, INC. AND SUPPORTING ORGANIZATION
CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Special Olympics Missouri, Inc.	SOMO Endowment Fund, Inc.	Eliminations	Total
<u>UNRESTRICTED NET ASSETS</u>				
Revenue and Support				
Contributions	\$ 151,348	\$ 5,450	\$ -	\$ 156,798
Direct marketing	385,447	-	-	385,447
Investment income	4,791	14,452	-	19,243
Other income	211,098	-	-	211,098
Grants and trusts	340,844	-	-	340,844
Special events	2,610,044	-	-	2,610,044
Sponsorships	222,105	-	-	222,105
Donated services / In-kind contributions	2,592,093	-	-	2,592,093
Change in value - life insurance	-	624	-	624
Transfer from affiliate	428,840	-	(428,840)	-
Total Revenue and Support	<u>6,946,610</u>	<u>20,526</u>	<u>(428,840)</u>	<u>6,538,296</u>
Net Assets Released from Restrictions	<u>362,641</u>	<u>516,918</u>	<u>-</u>	<u>879,559</u>
Total Unrestricted Revenue	<u>7,309,251</u>	<u>537,444</u>	<u>(428,840)</u>	<u>7,417,855</u>
<u>EXPENSES</u>				
Program Services Expenses				
Program	6,085,451	428,840	(428,840)	6,085,451
Support Services Expenses				
Management	185,824	4,461	-	190,285
Fundraising	926,890	125,822	-	1,052,712
Total Expenses	<u>7,198,165</u>	<u>559,123</u>	<u>(428,840)</u>	<u>7,328,448</u>
Increase (Decrease) in Unrestricted Net Assets	<u>111,086</u>	<u>(21,679)</u>	<u>-</u>	<u>89,407</u>
<u>TEMPORARILY RESTRICTED NET ASSETS</u>				
Change in Temporarily Restricted Net Assets				
Contributions, net	781	1,332,955	-	1,333,736
Other income	37,755	-	-	37,755
Special events	101,944	-	-	101,944
Sponsorships	31,938	-	-	31,938
Direct marketing	52,419	-	-	52,419
Grants and trusts	9,277	-	-	9,277
Less: Net assets released from restrictions	<u>(362,641)</u>	<u>(516,918)</u>	<u>-</u>	<u>(879,559)</u>
Increase (Decrease) in Temporarily Restricted Net Assets	<u>(128,527)</u>	<u>816,037</u>	<u>-</u>	<u>687,510</u>
Increase (Decrease) in Net Assets	<u>(17,441)</u>	<u>794,358</u>	<u>-</u>	<u>776,917</u>
Net Assets, Beginning of Year	<u>2,824,027</u>	<u>2,622,091</u>	<u>-</u>	<u>5,446,118</u>
Net Assets, End of Year	<u>\$ 2,806,586</u>	<u>\$ 3,416,449</u>	<u>\$ -</u>	<u>\$ 6,223,035</u>