



**SPECIAL OLYMPICS GEORGIA, INC.  
ATLANTA, GEORGIA**

**REPORTS ON AUDITS OF  
FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED  
DECEMBER 31, 2014 AND 2013**

**SPECIAL OLYMPICS GEORGIA, INC.**  
**INDEX TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

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**Jones and Kolb  
Certified Public Accountants  
Atlanta, Georgia**

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Special Olympics Georgia, Inc.  
Atlanta, Georgia

We have audited the accompanying financial statements of Special Olympics Georgia, Inc. (the "Organization"), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities and net assets, 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 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

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

*Jones and Kolb*

March 19, 2015

**SPECIAL OLYMPICS GEORGIA, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2014 AND 2013**

**ASSETS**

	<b>2014</b>	<b>2013</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents - state accounts	\$ 1,075,980	\$ 757,560
Cash and cash equivalents - area accounts	1,407,903	1,281,619
Total cash and cash equivalents	2,483,883	2,039,179
Investments	9,866,545	9,864,101
Honorary board pledges receivable, net	50,000	38,571
Other receivables	20,836	16,371
Prepaid expenses	72,155	48,973
Total current assets	12,493,419	12,007,195
<b>PROPERTY AND EQUIPMENT</b>		
Property and equipment	384,291	354,734
Less accumulated depreciation	(289,958)	(260,601)
Net property and equipment	94,333	94,133
<b>OTHER ASSETS</b>		
Long-term honorary board pledges receivable, net	33,900	24,109
Deposits	9,247	9,247
Total other assets	43,147	33,356
Total assets	\$ 12,630,899	\$ 12,134,684

The accompanying notes to financial statements  
are an integral part of these statements.

**SPECIAL OLYMPICS GEORGIA, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2014 AND 2013**

**LIABILITIES AND NET ASSETS**

	<b><u>2014</u></b>	<b><u>2013</u></b>
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 4,531	\$ 32,950
Accrued vacation	64,365	58,229
Accrued rent	28,108	34,157
Deferred revenue	<u>207,285</u>	<u>217,087</u>
Total current liabilities	<u>304,289</u>	<u>342,423</u>
<b>NET ASSETS</b>		
Unrestricted	12,242,710	11,729,581
Temporarily restricted	<u>83,900</u>	<u>62,680</u>
Total net assets	<u>12,326,610</u>	<u>11,792,261</u>
Total liabilities and net assets	<u><u>\$ 12,630,899</u></u>	<u><u>\$ 12,134,684</u></u>

The accompanying notes to financial statements  
are an integral part of these statements.

**SPECIAL OLYMPICS GEORGIA, INC.**  
**STATEMENTS OF ACTIVITIES AND NET ASSETS**  
**FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2014 Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2013 Total</u>
<b>PUBLIC SUPPORT AND REVENUE</b>						
Support and contributions	\$ 2,214,641	\$ 132,059	\$ 2,346,700	\$ 2,142,679	\$ 97,318	\$ 2,239,997
Loss on uncollectible pledges	-	(28,256)	(28,256)	-	(912)	(912)
In-kind contributions	293,075	-	293,075	254,209	-	254,209
Direct marketing contributions	-	-	-	30,012	-	30,012
Investment income	399,235	-	399,235	1,317,934	-	1,317,934
Fundraising projects	1,117,638	-	1,117,638	1,111,508	-	1,111,508
Revenue from Special Olympics, Inc.	399,883	-	399,883	375,199	-	375,199
Registration and other income	244,318	-	244,318	267,512	-	267,512
	<u>4,668,790</u>	<u>103,803</u>	<u>4,772,593</u>	<u>5,499,053</u>	<u>96,406</u>	<u>5,595,459</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>						
	<u>82,583</u>	<u>(82,583)</u>	<u>-</u>	<u>86,393</u>	<u>(86,393)</u>	<u>-</u>
<b>EXPENSES</b>						
Program services						
Sports and training	1,482,402	-	1,482,402	1,428,393	-	1,428,393
Field services	1,581,556	-	1,581,556	1,552,432	-	1,552,432
Public education	183,432	-	183,432	177,802	-	177,802
	<u>3,247,390</u>	<u>-</u>	<u>3,247,390</u>	<u>3,158,627</u>	<u>-</u>	<u>3,158,627</u>

The accompanying notes to financial statements  
are an integral part of these statements.

**SPECIAL OLYMPICS GEORGIA, INC.**  
**STATEMENTS OF ACTIVITIES AND NET ASSETS**  
**FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	<b><u>Unrestricted</u></b>	<b><u>Temporarily Restricted</u></b>	<b><u>2014 Total</u></b>	<b><u>Unrestricted</u></b>	<b><u>Temporarily Restricted</u></b>	<b><u>2013 Total</u></b>
Support services						
General and administrative	209,491	-	209,491	221,875	-	221,875
Development	614,211	-	614,211	663,843	-	663,843
Public relations	167,152	-	167,152	162,322	-	162,322
	<u>990,854</u>	<u>-</u>	<u>990,854</u>	<u>1,048,040</u>	<u>-</u>	<u>1,048,040</u>
Total support services						
Total expenses	<u>4,238,244</u>	<u>-</u>	<u>4,238,244</u>	<u>4,206,667</u>	<u>-</u>	<u>4,206,667</u>
<b>CHANGE IN NET ASSETS</b>	513,129	21,220	534,349	1,378,779	10,013	1,388,792
<b>NET ASSETS</b>						
Beginning of year	<u>11,729,581</u>	<u>62,680</u>	<u>11,792,261</u>	<u>10,350,802</u>	<u>52,667</u>	<u>10,403,469</u>
<b>NET ASSETS</b>						
End of year	<u><u>\$ 12,242,710</u></u>	<u><u>\$ 83,900</u></u>	<u><u>\$ 12,326,610</u></u>	<u><u>\$ 11,729,581</u></u>	<u><u>\$ 62,680</u></u>	<u><u>\$ 11,792,261</u></u>

The accompanying notes to financial statements  
are an integral part of these statements.

**SPECIAL OLYMPICS GEORGIA, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	Program Services				Support Services				Total Expenses
	Sports and Training	Field Services	Public Education	Total	General and Administrative	Development	Public Relations	Total	
Salaries and benefits	\$ 402,149	\$ 386,670	\$ 144,138	\$ 932,957	\$ 102,277	\$ 213,476	\$ 63,900	\$ 379,653	\$ 1,312,610
Lodging	435,947	18,521	112	454,580	91	204	62	357	454,937
Uniforms	5,425	171,644	-	177,069	-	-	-	-	177,069
Meals	25,943	86,054	313	112,310	408	572	70	1,050	113,360
Promotion	15,839	48,325	-	64,164	-	38,887	-	38,887	103,051
Supplies	6,867	77,116	874	84,857	642	1,482	169	2,293	87,150
Transportation	28,756	85,119	2,494	116,369	1,379	3,952	1,030	6,361	122,730
Rent	32,292	43,336	10,084	85,712	7,077	16,525	2,034	25,636	111,348
Awards	21,917	155,864	38	177,819	643	25,274	480	26,397	204,216
Payments to Special Olympics, Inc.	23,433	24,468	6,952	54,853	5,126	11,639	1,464	18,229	73,082
Facilities	31,835	78,169	-	110,004	-	41,972	752	42,724	152,728
Other fundraising	-	-	-	-	-	98,296	-	98,296	98,296
Other games expenses	88,998	56,925	-	145,923	-	-	-	-	145,923
Printing	506	9,485	173	10,164	577	1,915	34	2,526	12,690
Equipment rental and maintenance	13,045	16,600	4,431	34,076	3,118	7,267	896	11,281	45,357
Insurance	18,247	18,532	5,702	42,481	3,992	9,352	1,140	14,484	56,965
Postage and shipping	1,202	6,552	85	7,839	755	8,270	199	9,224	17,063
Investment expenses	-	-	-	-	72,872	-	-	72,872	72,872
Telephone	4,040	11,596	1,380	17,016	1,223	2,407	430	4,060	21,076
Professional fees	6,406	6,507	2,002	14,915	1,401	3,283	400	5,084	19,999
Contract services	6,112	124,598	879	131,589	435	53,049	90,566	144,050	275,639
Volunteer professional development	12,437	71,842	-	84,279	753	36,295	1,063	38,111	122,390
Other expenses	4,238	72,770	432	77,440	3,481	29,990	281	33,752	111,192
In-kind expenses	286,055	-	-	286,055	888	4,632	1,500	7,020	293,075
Depreciation	10,713	10,863	3,343	24,919	2,353	5,472	682	8,507	33,426
<b>Total expenses</b>	<b>\$ 1,482,402</b>	<b>\$ 1,581,556</b>	<b>\$ 183,432</b>	<b>\$ 3,247,390</b>	<b>\$ 209,491</b>	<b>\$ 614,211</b>	<b>\$ 167,152</b>	<b>\$ 990,854</b>	<b>\$ 4,238,244</b>

The accompanying notes to financial statements  
are an integral part of this statement.



**SPECIAL OLYMPICS GEORGIA, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	Program Services				Support Services				Total Expenses
	Sports and Training	Field Services	Public Education	Total	General and Administrative	Development	Public Relations	Total	
Salaries and benefits	\$ 387,430	\$ 377,593	\$ 137,163	\$ 902,186	\$ 118,756	\$ 211,390	\$ 58,023	\$ 388,169	\$ 1,290,355
Lodging	436,562	1,914	405	438,881	367	751	132	1,250	440,131
Uniforms	725	187,258	-	187,983	-	-	-	-	187,983
Meals	36,245	80,326	453	117,024	496	852	104	1,452	118,476
Promotion	14,467	45,614	-	60,081	-	37,845	-	37,845	97,926
Supplies	5,607	81,902	851	88,360	625	1,439	166	2,230	90,590
Transportation	23,174	99,989	3,623	126,786	2,212	5,304	1,602	9,118	135,904
Rent	32,579	43,378	10,165	86,122	7,157	16,640	2,074	25,871	111,993
Awards	30,468	146,903	208	177,579	472	22,277	566	23,315	200,894
Payments to Special Olympics, Inc.	22,707	23,026	7,085	52,818	4,988	11,598	1,445	18,031	70,849
Facilities	44,018	83,593	-	127,611	-	38,193	1,431	39,624	167,235
Other fundraising	-	-	-	-	-	124,214	-	124,214	124,214
Other games expenses	88,994	39,225	-	128,219	-	-	-	-	128,219
Printing	308	9,697	86	10,091	252	6,648	16	6,916	17,007
Equipment rental and maintenance	12,947	16,445	4,051	33,443	2,857	6,638	825	10,320	43,763
Insurance	17,538	17,785	5,472	40,795	3,852	8,958	1,116	13,926	54,721
Postage and shipping	860	3,876	22	4,758	846	9,905	104	10,855	15,613
Investment expenses	-	-	-	-	57,440	-	-	57,440	57,440
Telephone	3,957	8,241	1,391	13,589	1,257	2,451	440	4,148	17,737
Professional fees	7,372	7,475	2,300	17,147	1,619	3,765	469	5,853	23,000
Contract services	5,340	123,259	917	129,516	731	62,967	91,888	155,586	285,102
Volunteer professional development	8,104	82,684	-	90,788	7,034	42,630	1,081	50,745	141,533
Other expenses	3,406	58,316	766	62,488	8,912	26,985	260	36,157	98,645
In-kind expenses	236,471	-	-	236,471	-	17,738	-	17,738	254,209
Depreciation	9,114	13,933	2,844	25,891	2,002	4,655	580	7,237	33,128
<b>Total expenses</b>	<b>\$ 1,428,393</b>	<b>\$ 1,552,432</b>	<b>\$ 177,802</b>	<b>\$ 3,158,627</b>	<b>\$ 221,875</b>	<b>\$ 663,843</b>	<b>\$ 162,322</b>	<b>\$ 1,048,040</b>	<b>\$ 4,206,667</b>

The accompanying notes to financial statements  
are an integral part of this statement.

**SPECIAL OLYMPICS GEORGIA, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	<b>2014</b>	<b>2013</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 534,349	\$ 1,388,792
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH AND CASH EQUIVALENTS PROVIDED BY OPERATING ACTIVITIES:		
Depreciation expense	33,426	33,128
Write-off of uncollectible pledges	22,051	6,821
Unrealized and realized gain on investments	(175,180)	(1,108,242)
Decrease (increase) in operating assets:		
Honorary board pledges receivable	(43,271)	(16,834)
Other receivables	(4,465)	10,886
Prepaid expenses	(23,182)	(6,658)
(Decrease) increase in operating liabilities:		
Accounts payable	(28,419)	21,767
Accrued expenses	87	(11,016)
Deferred revenue	(9,802)	10,797
Total adjustments	(228,755)	(1,059,351)
Net cash and cash equivalents provided by operating activities	305,594	329,441
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(33,626)	(37,684)
Proceeds from sales of investments	2,922,603	1,732,749
Purchases of investments	(2,749,867)	(1,989,716)
Net cash and cash equivalents provided by (used in) investing activities	139,110	(294,651)
<b>NET INCREASE IN CASH</b>	444,704	34,790
<b>CASH AND CASH EQUIVALENTS, Beginning of year</b>	2,039,179	2,004,389
<b>CASH AND CASH EQUIVALENTS, End of year</b>	\$ 2,483,883	\$ 2,039,179

The accompanying notes to financial statements  
are an integral part of these statements.

**SPECIAL OLYMPICS GEORGIA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Special Olympics Georgia, Inc. (the "Organization") is a Georgia not-for-profit corporation that is accredited by Special Olympics, Incorporated ("SOI") to conduct "Special Olympics activities" within the State of Georgia. The Organization provides year-round programs of sports training and athletic competition for children and adults with intellectual disabilities in Georgia. The major program activities are divided into the following three areas:

Sports and training – includes but is not limited to planning, implementing, managing and evaluating the five state competitions held throughout the year.

Field services – includes but is not limited to providing services and support to local and area agencies and volunteers.

Public education – includes but is not limited to activities associated with increasing public awareness and knowledge about the activities and benefits of the Organization's programs.

The programs are supported primarily through contributions from individuals, corporations and foundations.

The Organization's financial statements include the combined accounts of the state office and all area and county programs, presented net of intra-organization transactions.

B. The Organization classifies net assets, revenues, expenses, gains and losses based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein have been classified as unrestricted, temporarily restricted and permanently restricted.

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that will be maintained permanently by the Organization. The Organization did not have any permanently restricted net assets as of December 31, 2014 and 2013.

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the

**SPECIAL OLYMPICS GEORGIA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

C. Unconditional pledges that are expected to be collected within one year are recorded at net realizable value. Unconditional pledges that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using interest rates applicable to the years in which the promises are received. For pledges received during the years ended December 31, 2014 and 2013, the discount rate used was 0.46% and 0.58%, respectively. Amortization of the discounts is included in support and contributions in the accompanying Statements of Activities and Net Assets. Conditional promises to give are not included as support until the conditions are substantially met.

The Organization uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made. The allowance was \$19,269 and \$13,065 as of December 31, 2014 and 2013, respectively.

D. The costs of providing program services and other activities have been summarized on a functional basis in the accompanying Statements of Activities and Net Assets. Accordingly, certain costs have been allocated among the various program and supporting services benefited.

E. The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

F. The Organization considers all highly liquid debt instruments with a maturity of three months or less at the date of purchase, not held in an investment account, to be cash and cash equivalents.

G. The Organization maintains its cash balances with high-credit quality financial institutions. At times, such balances may be in excess of the federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

H. Investments include common stocks, mutual funds, U.S. treasuries, corporate obligations, government related securities and money market accounts. Interest, dividends and increases and decreases in market value are reported as investment income in the accompanying Statements of Activities and Net Assets.

**SPECIAL OLYMPICS GEORGIA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

I. Various individuals, corporations and foundations donate significant services, facilities and materials to the Organization for use in its programs. For the years ended December 31, 2014 and 2013, contributed materials and facilities of \$277,066 and \$244,584, respectively, have been recorded at the estimated fair market value at the date of donation, and have been included in revenue and expenses in the accompanying Statements of Activities and Net Assets. Of these amounts, \$262,546 in 2014 and \$212,004 in 2013 relate to materials, food and facilities for the Winter, Fall, Summer and World Games; \$14,520 in 2014 and \$32,580 in 2013 relate to advertising to promote the annual Polar Plunge, Duck Derby and Fall Games.

Contributed services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Professional services for photography and entertainment of \$16,009 and \$9,625 for the Winter and Summer Games were recorded for the years ended December 31, 2014 and 2013, respectively.

A substantial number of volunteers donated a significant amount of time to assist in the Organization's program services and fundraising activities. These contributed services are not recorded in the financial statements as the services do not meet the criteria noted above. The Organization received approximately 78,000 and 48,700 hours of donated services for the years ended December 31, 2014 and 2013, respectively.

J. The Organization capitalizes all expenditures for property and equipment in excess of \$1,000. Purchased property and equipment are recorded at cost and donated assets are recorded at their estimated fair market value at the date of donation. Depreciation is provided using the straight-line method over the estimated useful life of the asset ranging from three to five years.

K. Deferred revenue represents annual athlete registration, Winter Games registration, event sponsorships and advance monies received under a reimbursement grant.

Deferred revenue consists of the following as of December 31:

	<u>2014</u>	<u>2013</u>
Games and annual athlete registration	\$ 21,925	\$ 22,393
Event sponsorships	184,627	178,406
Reimbursement grant	<u>733</u>	<u>16,288</u>
Total	<u>\$ 207,285</u>	<u>\$ 217,087</u>

**SPECIAL OLYMPICS GEORGIA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

L. The Organization is generally exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC"). However, the Organization is subject to IRC Section 511(a) for income taxes on unrelated business income. The Organization had no tax liability as of December 31, 2014 and 2013. The Organization has evaluated all tax positions taken on its tax returns and believes that all positions are more likely-than-not to be sustained upon examination. Currently, tax years prior to 2011 are no longer open and subject to examination by the Internal Revenue Service. The Organization is not currently under audit nor has the Organization been contacted by the Internal Revenue Service.

The Internal Revenue Service has classified the Organization as a publicly supported charitable organization as described in Section 509(a) of the Internal Revenue Code which allows donors to take the maximum charitable contribution deduction.

M. Management has evaluated subsequent events through March 19, 2015, which is the date these financial statements were available to be issued.

## **2. PLEDGES RECEIVABLE**

The Organization records pledges receivable if the pledge is unconditional. As of December 31, 2014 and 2013, the Organization recorded pledges due within one year of \$50,000 and \$38,571, net of an allowance for uncollectible pledges of \$11,500 and \$8,022, respectively.

Pledges receivable that are expected to be collected in future years are recorded at present value as calculated in accordance with accounting principles generally accepted in the United States of America. The Organization has recorded long-term pledges of \$33,900 and \$24,109, net of unamortized discounts of \$384 and \$305, and net of an allowance for uncollectible pledges of \$7,769 and \$5,043, as of December 31, 2014 and 2013, respectively. Long-term pledges are expected to be received by the Organization by December 31, 2016.

## **3. INVESTMENTS**

U.S. generally accepted accounting principles establish a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Level 1 within this hierarchy states that valuations are based on unadjusted quoted market prices for identical assets or liabilities in active markets. Level 2 within the hierarchy states that valuations are based on quoted prices for similar assets in active markets, quoted prices for identical assets in inactive markets or other observable inputs other than quoted market prices. Level 3 within the hierarchy states that valuations are based on significant unobservable inputs. As of December 31, 2014 and 2013, the only assets that are measured at fair value on a recurring basis in periods subsequent to initial recognition are investments. Such investments are classified within Level 1 and Level 2 of the valuation hierarchy.

**SPECIAL OLYMPICS GEORGIA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

The Organization used the following methods and significant assumptions to estimate fair value:

Common stocks, mutual funds and U.S. treasuries - Valued at the closing price reported on the active market on which the individual securities are traded.

Corporate obligations and government related securities - Valued based on quoted prices for similar assets.

Money market accounts - Valued as cash and cash equivalents which approximates fair market value.

The following tables set forth by level, within the fair value hierarchy, the Organization's investments at fair value as of December 31:

	<b>2014</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
Common stocks and mutual funds	\$ 8,081,583	\$ -	\$ 8,081,583
Money market funds	1,253,460	-	1,253,460
U.S. treasuries	51,116	-	51,116
Corporate obligations	-	426,373	426,373
Government related securities	-	54,013	54,013
	<b>\$ 9,386,159</b>	<b>\$ 480,386</b>	<b>\$ 9,866,545</b>
	<b>2013</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
Common stocks and mutual funds	\$ 7,912,813	\$ -	\$ 7,912,813
Money market funds	1,268,330	-	1,268,330
U.S. treasuries	193,191	-	193,191
Corporate obligations	-	435,493	435,493
Government related securities	-	54,274	54,274
	<b>\$ 9,374,334</b>	<b>\$ 489,767</b>	<b>\$ 9,864,101</b>

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Investment income, net of investment expense is composed of the following for the years ended December 31:

	<u>2014</u>	<u>2013</u>
Interest and dividends	\$ 224,055	\$ 209,692
Net realized gain on sales of securities	755,741	312,593
Net unrealized gain (loss) on securities	<u>(580,561)</u>	<u>795,649</u>
Investment income	399,235	1,317,934
Less investment expenses	<u>(72,872)</u>	<u>(57,440)</u>
Investment income, net	<u><u>\$ 326,363</u></u>	<u><u>\$ 1,260,494</u></u>

**4. PROPERTY AND EQUIPMENT**

Property and equipment consist of the following as of December 31:

	<u>2014</u>	<u>2013</u>
Furniture and fixtures	\$ 15,119	\$ 15,589
Office equipment	327,893	299,384
Vehicles	<u>41,279</u>	<u>39,761</u>
Total	384,291	354,734
Less accumulated depreciation	<u>(289,958)</u>	<u>(260,601)</u>
Property and equipment, net	<u><u>\$ 94,333</u></u>	<u><u>\$ 94,133</u></u>

Depreciation expense was \$33,426 and \$33,128 for the years ended December 31, 2014 and 2013, respectively.

**5. LEASE COMMITMENTS**

In September 2004, the Organization leased new state office facilities under a non-cancelable operating lease which was set to expire in May 2012. On September 16, 2011, the Organization signed an Amendment to the state office facilities lease to extend the lease term to November 30, 2017. The new lease continues the requirement for the Organization to pay base monthly rent plus common area maintenance. The base monthly rent expense includes a yearly escalation of approximately 2.5%.



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The Organization is required to pay the maintenance fee for the entire term amendment, but received an abatement of the base monthly rent for the first seven months of the term amendment. The Organization records rent expense on the straight-line basis in accordance with accounting principles generally accepted in the United States of America.

On December 19, 2011, the Special Olympics office in Valdosta, Georgia entered into a lease agreement for a 24 month lease term beginning on January 1, 2012. The lease payment was \$600 per month for the lease term. On August 1, 2013, The Organization's Valdosta office signed into an amendment to extend the lease term to July 31, 2016. The amendment increased the monthly lease payment to \$1,075 per month. There remains an automatic renewal clause for an additional two year period unless either party terminates thirty days prior to the date of expiration.

Future minimum rental payments required under these leases are as follows:

<b><u>Year ending December 31:</u></b>	<b><u>Amount</u></b>
2015	\$ 87,084
2016	81,415
2017	<u>71,371</u>
Total	<u><u>\$ 239,870</u></u>

The Organization also rents storage space for three additional regional offices on a month-to-month basis, as well as office equipment. Total rent expense, including utilities and other costs, for the years ended December 31, 2014 and 2013 totaled \$111,348 and \$111,993, respectively.

#### **6. TEMPORARILY RESTRICTED NET ASSETS**

As of December 31, 2014 and 2013, temporarily restricted net assets are \$83,900 and \$62,680, respectively, which are restricted for use until received in future periods.

#### **7. PENSION PLAN**

The Organization maintains a self-directed simplified employee pension plan for all employees who have completed three years of service. The Plan provides for the Organization to make contributions in the amount of five percent of the compensation of eligible participants. Each eligible participant is fully vested when the contribution is made. Investments of each participant's account balance are self-directed. The Organization's contributions for the years ended December 31, 2014 and 2013 were \$29,553 and \$31,343, respectively.

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**8. RELATED PARTY TRANSACTIONS**

Revenues from Special Olympics, Inc. consists of the following for the years ended December 31:

	<u>2014</u>	<u>2013</u>
SOI direct mail	\$ 320,212	\$ 251,667
SOI cooperative projects	6,449	40,788
Project UNIFY grant	<u>73,222</u>	<u>82,744</u>
Total	<u>\$ 399,883</u>	<u>\$ 375,199</u>

The Organization paid \$73,082 and \$70,849, for the years ended December 31, 2014 and 2013, respectively, to SOI for program support.

**9. CONTINGENCIES**

In the ordinary course of business, the Organization is subject to claims by various parties. Most claims are covered by liability insurance, subject to a deductible. In management's opinion, there are no outstanding claims that could have a material impact on its financial statements.