

**SPECIAL OLYMPICS ILLINOIS**  
**FINANCIAL STATEMENTS**  
**AND INDEPENDENT AUDITOR'S REPORT**

**For the Years Ended**  
**December 31, 2012 and 2011**



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3201 West White Oaks Drive, Suite 102 • Springfield, IL 62704

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Special Olympics Illinois  
Normal, Illinois

We have audited the accompanying financial statements of Special Olympics Illinois (a nonprofit organization), which comprise the statement of financial position as of December 21, 2012, and the related statements of activities and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 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 Special Olympics Illinois as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matter***

The financial statements of Special Olympics Illinois as of December 31, 2011, were audited by other auditors whose report dated April 9, 2012 expressed an unmodified opinion on those statements.

*Sitich LLP*

Springfield, Illinois  
April 17, 2013

## FINANCIAL STATEMENTS

SPECIAL OLYMPICS ILLINOIS

Statements of Financial Position

For the Years Ending December 31, 2012 and 2011

	2012	2011
<b>Assets</b>		
Cash and cash equivalents	\$ 1,130,847	\$ 1,768,275
Receivables	565,890	241,460
Prepaid expenses	82,323	29,831
Inventory	10,249	18,471
Investments	2,127,831	1,737,059
Property and equipment (at cost, net of accumulated depreciation of \$1,953,684 and \$1,762,548)	2,401,107	2,479,410
<b>Total assets</b>	<b>\$ 6,318,247</b>	<b>\$ 6,274,506</b>
<b>Liabilities</b>		
Accounts payable	\$ 68,238	\$ 60,608
Accrued expenses	29,691	41,824
Deferred revenue	167,454	215,285
Funds held for others	13,000	5,500
Notes payable	371,083	488,754
<b>Total liabilities</b>	<b>649,466</b>	<b>811,971</b>
<b>Net Assets</b>		
Unrestricted	5,628,781	5,462,535
Temporarily restricted	40,000	-
<b>Total net assets</b>	<b>5,668,781</b>	<b>5,462,535</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 6,318,247</b>	<b>\$ 6,274,506</b>

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

SPECIAL OLYMPICS ILLINOIS

Statement of Activities

Year Ended December 31, 2012

	Unrestricted	Temporarily Restricted	Total
<b>Revenue, Gain and Support:</b>			
Direct marketing contributions	\$ 1,615,937	\$ -	\$ 1,615,937
Other contributions	6,481,050	50,000	6,531,050
In-kind support	1,235,078	-	1,235,078
Grants	119,898	-	119,898
Registration fees	3,814	-	3,814
Interest income	8,986	-	8,986
Net investment income	38,216	-	38,216
Net realized and unrealized gains on investments	167,104	-	167,104
Other income	239,498	-	239,498
	9,909,581	50,000	9,959,581
Net assets released from restrictions	10,000	(10,000)	-
<b>Total Revenue, Gains and Support</b>	<b>9,919,581</b>	<b>40,000</b>	<b>9,959,581</b>
<b>Expenses:</b>			
Program services	7,178,534	-	7,178,534
Management and general	551,460	-	551,460
Fundraising	2,023,341	-	2,023,341
<b>Total Expenses</b>	<b>9,753,335</b>	<b>-</b>	<b>9,753,335</b>
<b>Increase in net assets</b>	166,246	40,000	206,246
<b>Net assets, beginning of year</b>	<b>5,462,535</b>	<b>-</b>	<b>5,462,535</b>
<b>Net assets, end of year</b>	<b>\$ 5,628,781</b>	<b>\$ 40,000</b>	<b>\$ 5,668,781</b>

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

SPECIAL OLYMPICS ILLINOIS

Statement of Activities

Year Ended December 31, 2011

	Unrestricted	Temporarily Restricted	Total
<b>Revenue, Gain and Support:</b>			
Direct marketing contributions	\$ 1,869,071	\$ -	\$ 1,869,071
Other contributions	6,093,258	6,500	6,099,758
In-kind support	1,263,732	-	1,263,732
Grants	92,334	-	92,334
Registration fees	34,374	-	34,374
Interest income	3,728	-	3,728
Net investment income	13,244	-	13,244
Net realized and unrealized gains (losses) on investments	(43,244)	-	(43,244)
Other income	158,216	-	158,216
	9,484,713	6,500	9,491,213
Net assets released from restrictions	6,500	(6,500)	-
Total Revenue, Gains and Support	9,491,213	-	9,491,213
<b>Expenses:</b>			
Program services	6,692,054	-	6,692,054
Management and general	752,712	-	752,712
Fundraising	1,860,705	-	1,860,705
Total Expenses	9,305,471	-	9,305,471
Increase in net assets	185,742	-	185,742
Net assets, beginning of year	5,276,793	-	5,276,793
Net assets, end of year	\$ 5,462,535	\$ -	\$ 5,462,535

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



SPECIAL OLYMPICS ILLINOIS

Statements of Cash Flows

Years Ended December 31, 2012 and 2011

	2012	2011
Cash flows from operating activities:		
Change in net assets	\$ 206,246	\$ 185,742
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	191,136	182,911
Bad debt expense	36,079	74,704
Donated securities	-	(3,128)
Net realized gains, net of fees on investments	(57,229)	(3,440)
Net unrealized (gain) loss on investments	(109,875)	33,440
Decrease (increase) in current assets:		
Receivables	(360,509)	61,244
Prepaid expenses	(52,492)	83,700
Inventory	8,222	6,874
Increase (decrease) in current liabilities:		
Accounts payable	7,630	(111,585)
Accrued expenses	(12,133)	(48,084)
Due to SOI Foundation	7,500	5,500
Deferred revenue	(47,831)	102,916
Net cash from operating activities	(183,256)	570,794
Cash flows from investing activities		
Purchase of property and equipment	(112,833)	(30,825)
Proceeds from the sale of securities	1,930,701	-
Purchase of securities	(2,154,369)	(239,250)
Net cash from investing activities	(336,501)	(270,075)
Cash flows from financing activities		
Payments on notes payable	(117,671)	(111,449)
Net cash from financing activities	(117,671)	(111,449)
(Decrease) Increase in cash and cash equivalents	(637,428)	189,270
Cash and cash equivalents, beginning of year	1,768,275	1,579,005
Cash and cash equivalents, end of year	\$ 1,130,847	\$ 1,768,275
Supplemental Disclosures for Cash Flow Information		
Interest paid	\$ 19,938	\$ 25,068

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

SPECIAL OLYMPICS ILLINOIS

Statement of Functional Expenses

For the Year ended December 31, 2012

	Program Services	Management and General	Fundraising	Total
Accreditation fees	\$ 120,831	\$ -	\$ -	\$ 120,831
Athlete expenses	139,412	-	-	139,412
Audit and legal	11,315	11,315	-	22,630
Awards and recognition	146,538	-	-	146,538
Bad debt	-	36,079	-	36,079
Equipment and facility rental	438,327	42,768	6,975	488,070
Employee benefits/payroll tax	1,053,170	21,493	-	1,074,663
Fundraising contract	-	-	469,894	469,894
Fundraising special events	-	-	1,105,809	1,105,809
Food and housing	707,732	-	-	707,732
Hospitality	79,596	39,798	13,266	132,660
Insurance	80,386	9,458	4,727	94,571
Interest	11,814	6,892	984	19,690
Occupancy	340,311	32,635	53,765	426,711
Office supplies	39,778	44,198	4,419	88,395
Other professional fees	62,207	55,836	6,720	124,763
Outreach initiatives	8,590	-	-	8,590
Printing and publications	97,496	22,099	10,399	129,994
Public relations	5,783	178	-	5,961
Salaries	3,019,417	156,040	307,550	3,483,007
Souvenirs	151,471	-	-	151,471
Sports events equipment/supplies	234,662	-	-	234,662
Staff development	15,527	7,764	2,587	25,878
Technology	5,847	1,923	1,886	9,656
Travel	241,579	25,089	24,803	291,471
Travel - board	13,836	9,225	-	23,061
	<u>7,025,625</u>	<u>522,790</u>	<u>2,013,784</u>	<u>9,562,199</u>
Depreciation	152,909	28,670	9,557	191,136
Total expenses	<u>\$ 7,178,534</u>	<u>\$ 551,460</u>	<u>\$ 2,023,341</u>	<u>\$ 9,753,335</u>
Percentage of total	<u>73.60%</u>	<u>5.65%</u>	<u>20.75%</u>	<u>100.00%</u>

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

SPECIAL OLYMPICS ILLINOIS

Statement of Functional Expenses

For the Year ended December 31, 2011

	Program Services	Management and General	Fundraising	Total
Accreditation fees	\$ 118,381	\$ -	\$ -	\$ 118,381
Athlete expenses	274,472	-	-	274,472
Audit and legal	11,254	11,254	-	22,508
Awards and recognition	134,287	8,231	1,963	144,481
Bad debt	-	74,704	-	74,704
Equipment and facility rental	487,171	63,544	1,585	552,300
Employee benefits/payroll tax	922,114	21,899	-	944,013
Fundraising contract	3,690	-	446,484	450,174
Fundraising special events	8,460	-	921,921	930,381
Food and housing	616,848	-	-	616,848
Hospitality	62,666	19,684	19,594	101,944
Insurance	82,049	9,653	4,826	96,528
Interest	11,175	11,175	2,483	24,833
Occupancy	158,846	203,003	75,226	437,075
Office supplies	40,673	50,061	8,924	99,658
Other professional fees	76,631	25,210	24,710	126,551
Outreach initiatives	30,257	-	3,880	34,137
Printing and publications	78,294	19,664	8,782	106,740
Public relations	4,501	150	-	4,651
Salaries	2,873,638	148,415	292,912	3,314,965
Souvenirs	143,603	363	-	143,966
Sports events equipment/supplies	155,068	10,624	456	166,148
Staff development	24,542	36,852	1,160	62,554
Travel	235,414	10,789	27,508	273,711
Travel - board	837	-	-	837
	<u>6,554,871</u>	<u>725,275</u>	<u>1,842,414</u>	<u>9,122,560</u>
Depreciation	<u>137,183</u>	<u>27,437</u>	<u>18,291</u>	<u>182,911</u>
Total expenses	<u>\$ 6,692,054</u>	<u>\$ 752,712</u>	<u>\$ 1,860,705</u>	<u>\$ 9,305,471</u>
Percentage of total	<u>71.92%</u>	<u>8.09%</u>	<u>20.00%</u>	<u>100.00%</u>

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

SPECIAL OLYMPICS ILLINOIS  
NOTES TO FINANCIAL STATEMENTS

December 31, 2012 and 2011

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Nature of Activities.** Special Olympics Illinois (Organization) is a non-profit corporation organized under the laws of the State of Illinois for the purpose of providing 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 Olympic athletes and the community.

**Significant Accounting Policies**

- a. **Basis of Accounting** – All items of revenue and expense are recorded on the accrual basis of accounting.
- b. **Use of Estimates** – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.
- c. **Cash and Cash Equivalents** – The organization considers all cash on hand, cash in checking accounts, cash in money market accounts and certificates of deposit with initial maturities of three months or less to be cash and cash equivalents. For cash and cash equivalents, the carrying amount is a reasonable estimate of fair value.
- d. **Receivables** – The Organization uses the allowance method to determine uncollectible receivables. The allowance is based on prior years' experience and management's analysis of specific variables. The allowance for uncollectible receivables at December 31, 2012 and 2011 was \$0 and \$45,400, respectively.
- e. **Inventory** – Merchandise held for use and sale is stated at lower cost (first-in, first-out) or market.
- f. **Investments** – Investments include marketable equity and debt securities. Investments in marketable equity and debt securities are carried at fair value with investment income and unrealized and realized gains and losses on investments reported as an increase or decrease in unrestricted, temporarily restricted, or permanently restricted net assets based upon donor imposed restrictions.

SPECIAL OLYMPICS ILLINOIS  
NOTES TO FINANCIAL STATEMENTS – Continued

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES – Continued

Significant Accounting Policies – Continued

f. Investments- Continued

The Fair Value Measurement Topic of the FASB Accounting Standards Codification establishes a framework for measuring fair value. That framework 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 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under the Fair Value Measurement Topic of the FASB ASC are described as follows:

- Level 1 – inputs are based upon unadjusted quoted prices for identical instruments traded in active markets.
- Level 2 – inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – inputs are generally unobservable and typically reflect management’s estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

The asset’s 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 used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Mutual funds: Valued at the net asset value (NAV) of shares held by the Organization at year end. These assets are classified as Level 1 assets.

SPECIAL OLYMPICS ILLINOIS  
NOTES TO FINANCIAL STATEMENTS – Continued

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES – Continued

Significant Accounting Policies – Continued

f. Investments- Continued

**Common stocks:** The Organization values these securities at the closing price reported in the active market in which the individual securities are traded. These assets are classified as Level 1 assets.

**U.S. Government securities and fixed income securities:** Corporate and government bonds are valued based on yields currently available on comparable securities of issuers with similar credit ratings. These assets are classified as Level 2 assets.

**Investment funds and exchange traded funds:** Valued at the net asset value (“NAV”) of shares held by the Organization at year end. These assets are classified as Level 1 assets.

The preceding methods described may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

- g. **Property and Equipment** – Expenditures for the acquisition of property and equipment over \$1,000 are recorded at cost less accumulated depreciation. Depreciation is charged against revenue over the economic useful life of the assets on the straight-line method. At December 31, 2012 and 2011, the estimated life years were as follows:

Leasehold improvements	Life of the lease
Automobiles	3 years
Computer and office equipment	3-5 years
Buildings	40 years
Land improvements	15-20 years

Donated equipment is capitalized and reflected as a contribution at its estimated fair market value at date of receipt.

SPECIAL OLYMPICS ILLINOIS  
NOTES TO FINANCIAL STATEMENTS – Continued

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES – Continued

Significant Accounting Policies – Continued

- h. Deferred Revenue – Sponsorships received in advance of the event are deferred and recognized in the period the event occurs.
- i. Revenue Recognition – The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. Restricted contributions, whose restrictions are met in the period of donation, are reported as unrestricted.
- j. Functional Allocation of Expenses – The Organization classifies expenditures according to its three main functions of program services, management and general, and fundraising. Expenses which directly benefit programs are allocated to program services. Expenses which have no direct benefit for any program are included in management and general expense. Expenses incurred to induce others to make contributions are included in fundraising expense.
- k. Income Taxes – Special Olympics Illinois, as a charitable organization, is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar provisions of State tax laws and has been classified as an organization that is not a private foundation under section 509(a)(2).

In accordance with FASB ASC 740-10 which addresses income taxes, the Organization believes there are no significant uncertain tax positions resulting in liabilities that would have been required to be recorded for the year ended December 31, 2012

The Organization's Form 990 for 2009, 2010, and 2011 are subject to examination by the IRS, generally for three years after they were filed.

SPECIAL OLYMPICS ILLINOIS  
NOTES TO FINANCIAL STATEMENTS – Continued

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES – Continued

Significant Accounting Policies – Continued

- l. Financial Statement Presentation – The Organization distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions and reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted Net Assets are those assets presently available for use by the Organization at the discretion of the board.

Temporarily Restricted Net Assets are those assets which are 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 are those assets with a donor-imposed restriction that stipulates that resources be maintained permanently but permits the Organization to use up or expend part or all of the income (or other economic benefits) derived from the donated assets.

- m. In-Kind contributions – The Organization records various types of in-kind support, as described in Note 7. Contributed services are recognized if the services received (a) create or enhance long-lived assets or b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as in-kind support are offset by like amounts included in expense, except for those items that were capitalized and depreciated over their useful lives.

Additionally, the Organization receives a significant amount of contributed time including program, fundraising campaigns, and management which does not meet the two recognition criteria described above. Accordingly, the value of this contributed time has not been determined and is not reflected in the accompanying financial statements.



SPECIAL OLYMPICS ILLINOIS  
NOTES TO FINANCIAL STATEMENTS – Continued

2. INVESTMENTS

Investments are stated at fair value. Fair values and unrealized gain (losses) at December 31, 2012 and 2011 are summarized below:

	2012		
	Cost	Market	Unrealized Gain
Mutual funds	\$ 485,076	\$ 529,252	\$ 44,176
Common stocks	390,605	421,055	30,450
Exchange traded funds	104,778	114,006	9,228
Fixed income securities	841,295	879,422	38,127
Investment funds	182,230	184,096	1,866
Total Investments	<u>\$ 2,003,984</u>	<u>\$ 2,127,831</u>	<u>\$ 123,847</u>

	2011		
	Cost	Market	Unrealized Gain
Mutual funds	\$ 1,317,950	\$ 1,331,887	\$ 13,937
Common stock	927	963	36
Money market funds	404,209	404,209	-
Total Investments	<u>\$ 1,723,086</u>	<u>\$ 1,737,059</u>	<u>\$ 13,973</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended December 31, 2012 and 2011.

	2012	2011
Investment income, net of fees	\$ 38,216	\$ 13,244
Net realized gains (losses) on investments	57,229	(9,804)
Net unrealized gains (losses) on Investments	109,875	(33,440)
Total return on investments	<u>\$ 205,320</u>	<u>\$ (30,000)</u>

SPECIAL OLYMPICS ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS – Continued

3. PROPERTY AND EQUIPMENT

Property and equipment by major classification are as follows at December 31, 2012 and 2011.

	<u>2012</u>	<u>2011</u>
Leasehold improvements	\$ 82,346	\$ 82,346
Computer equipment	157,905	129,149
Automobiles	237,270	199,477
Office equipment	383,008	339,927
Building	2,204,858	2,204,858
Land improvements	1,195,280	1,192,077
Land	94,124	94,124
	<u>4,354,791</u>	<u>4,241,958</u>
Less accumulated depreciation	<u>1,953,684</u>	<u>1,762,548</u>
Net property and equipment	<u>\$ 2,401,107</u>	<u>\$ 2,479,410</u>

4. OPERATING LEASES

Leases Obligations – Equipment:

The Organization has entered into various operating lease agreements for copiers and postage machines. These agreements have monthly payments ranging from \$33 to \$985 and lengths running from 36 to 72 months.

Future minimum lease payments are as follows:

2013	\$ 22,324
2014	41,095
2015	23,877
2016	16,735
2017 and thereafter	<u>26,067</u>
Total	<u>\$ 130,098</u>

Lease Obligations – Real Property

The Organization has entered into various lease agreements for office facilities throughout the state. These agreements are of varying lengths and run through 2017. The monthly payments range from \$190 to \$7,442.

SPECIAL OLYMPICS ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS – Continued

4. OPERATING LEASES - Continued

Future minimum lease payments are as follows:

2013	\$ 210,708
2014	124,700
2015	74,949
2016	23,100
2017	<u>8,850</u>
Total	<u>\$ 442,307</u>

The total rent expense for equipment and real estate under leases for years ended December 31, 2012 and 2011, was \$224,814 and \$387,340, respectively. The rent expenses for equipment and real estate is included in the statement of functional expenses. This account also includes rent paid for items that are not under lease.

5. FUNDRAISING REVENUE

The Organization has contracts with several direct marketing companies for which it receives substantial amounts of revenue. In the event that these contracts are not renewed, and no alternative methods of fundraising are obtained, a substantial reduction in revenue could occur.

6. TRANSACTIONS WITH SPECIAL OLYMPICS INTERNATIONAL

In accordance with the accreditation agreement, the National Offices provides various services to Special Olympics Illinois for a fee reflected below. The Organization also has an agreement with the National Office pertaining to a marketing program. The following is a summary of the transactions which occurred during the years ending December 2012, and 2011.

	<u>2012</u>	<u>2011</u>
Support service fess remitted to National Office	<u>\$ 122,381</u>	<u>\$ 121,980</u>
Amounts remitted to Special Olympics Illinois:		
Direct mail contributions	\$ 465,726	\$ 556,329
Co-op projects/grants	<u>181,699</u>	<u>89,834</u>
Total	<u>\$ 647,425</u>	<u>\$ 646,163</u>
Amounts owed to Special Olympics Illinois:		
Direct mail contributions	\$ 57,627	\$ 64,000
Co-op projects	<u>30,000</u>	<u>35,000</u>
Total	<u>\$ 87,627</u>	<u>\$ 99,000</u>

SPECIAL OLYMPICS ILLINOIS  
NOTES TO FINANCIAL STATEMENTS – Continued

7. IN-KIND CONTRIBUTIONS

Illinois State University (ISU) provides payroll services, various insurance coverage, and employee benefits, including contributions to the State University’s Retirement System, at no cost to the Organization. The estimated fair value of these benefits has been reported as support and expenses in the period in which they were used unless the contributed items were capitalized. The Organization continues to receive in-kind contributions from ISU pertaining to employee benefits. The following are in-kind contributions received:

In-kind from Illinois State University:

	<u>2012</u>	<u>2011</u>
Employee benefits	\$ 622,322	\$ 607,381

In-kind from other sources:

Special events – facility	19,220	-
Special events – publicity	38,800	-
Special events – supplies	820	-
Special events – hospitality	21,524	-
Special events – printing	5,447	-
Special events – awards	5,688	-
Special events – professional fees	4,800	-
Special events - other	700	-
Misc fundraising expenses	8,252	-
MedFest activities	143,000	174,292
Hospitality/entertainment	12,065	145,192
Awards and recognition	1,429	166
Equipment and facility rental	209,281	189,749
Office rent/occupancy	4,550	11,490
Food and housing	41,232	65,584
Games and equipment supplies/uniforms	15,088	25,291
Office supplies	200	21,052
Printing and publications	1,818	846
Other	4,084	3,000
Travel	30,745	19,419
Technology	44,013	-
Public relations	-	270
	<u>612,756</u>	<u>656,351</u>
Total in-kind from other sources	612,756	656,351
Total in-kind from all sources	<u>\$ 1,235,078</u>	<u>\$ 1,263,732</u>

SPECIAL OLYMPICS ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS – Continued

8. NATURE OF UNRESTRICTED NET ASSETS

	2012	2011
Internally designated:		
Contingency reserve	\$ 900,000	\$ 900,000
Undesignated	4,728,781	4,562,535
Total unrestricted net assets	\$ 5,628,781	\$ 5,462,535

9. TEMPORARILY RESTRICTED NET ASSETS

The temporarily restricted net assets at December 31, 2012 were \$40,000 and related to a contribution given to the Organization for technology purchases and upgrades including a Games Management System, Terminal Server, and an Intranet/Program Portal. There were no temporarily restricted net assets as December 31, 2011.

10. CONCENTRATION OF CREDIT RISK

The Organization maintains its cash accounts and investments in various banks, investment companies and an agency account. From time to time cash balances in these accounts may exceed federally insured limits.

11. NOTE PAYABLE

At December 31, 2012, the Organization had a note payable to Commerce Bank totaling \$371,083. At December 31, 2011, the balance was \$488,754. The note is payable in monthly installments of \$11,377 with an interest rate of 4.50%. The note is due on November 15, 2015.

Future scheduled maturity of the note is payable as follows:

Year Ending <u>December 31:</u>	
2013	\$ 122,305
2014	127,923
2015	120,855
	\$ 371,083

11. PENSION PLAN

The Organization has a pension plan for all full time field staff with immediate plan entry. The Organization contributes 4% of each eligible field staff's annual salary into a money purchase pension plan. Pension expense was \$46,507 and \$41,931 for the years ended December 31, 2012 and 2011, respectively.

SPECIAL OLYMPICS ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS – Continued

12. FAIR VALUE MEASUREMENT

Fair values of assets and liabilities measured on a recurring basis at December 31, 2012 and 2011, are as follows:

	Fair Value Measurements at Reporting Date Using			
	Fair Value	(Level 1)	(Level 2)	(Level 3)
<u>December 31, 2012</u>				
Mutual funds	\$ 529,252	\$ 529,252	\$ -	\$ -
Common stocks	421,055	421,055	-	-
Exchange traded funds	114,006	114,006	-	-
Fixed income securities	879,422	-	879,422	-
Investment funds	184,096	184,096	-	-
	<u>\$ 2,127,831</u>	<u>\$ 1,248,409</u>	<u>\$ 879,422</u>	<u>\$ -</u>
<u>December 31, 2011</u>				
Mutual Funds	\$ 1,331,887	\$ 1,331,887	\$ -	\$ -
Common stock	963	963	-	-
Money market funds	404,209	404,209	-	-
	<u>\$ 1,737,059</u>	<u>\$ 1,737,059</u>	<u>\$ -</u>	<u>\$ -</u>

13. SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are issued or are available to be issued. These events and transactions either provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing financial statements (that is, recognized subsequent events), or provide evidence about conditions that did not exist at the date of the statement of financial position but arose after that date (that is, non-recognized subsequent events).

The Organization has evaluated subsequent events through April 17, 2013, which was the date that these financial statements were available for issuance, and determined that there were no significant non-recognized subsequent events through that date.