

**SPECIAL OLYMPICS
SOUTHERN CALIFORNIA, INC.**
(A California Nonprofit Corporation)

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

SPECIAL OLYMPICS SOUTHERN CALIFORNIA, INC.

(A California Nonprofit Corporation)

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Special Olympics Southern California, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Special Olympics Southern California, Inc. (SOSC), a nonprofit organization, which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, functional expenses 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 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 SOSC as of December 31, 2013, 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.

Report on Summarized Comparative Information

We have previously audited SOSC's 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 20, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

To the Board of Directors
Special Olympics Southern California, Inc.
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2014 on our consideration of SOSC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SOSC's internal control over financial reporting and compliance.

Green Hasson & Janks LLP

May 22, 2014
Los Angeles, California

SPECIAL OLYMPICS SOUTHERN CALIFORNIA, INC.

(A California Nonprofit Corporation)

STATEMENT OF FINANCIAL POSITION

December 31, 2013

With Summarized Totals at December 31, 2012

ASSETS	2013			2012
	Unrestricted	Temporarily Restricted	Total	Total
Cash and Cash Equivalents	\$ 498,355	\$ 380,103	\$ 878,458	\$ 1,106,163
Investments	3,902,075	-	3,902,075	3,117,844
Contributions and Pledges Receivable	618,281	-	618,281	357,319
Related Party Receivable	507,593	-	507,593	500,072
Prepaid Expenses and Deposits	494,263	-	494,263	346,290
Property and Equipment (Net)	168,906	-	168,906	218,404
TOTAL ASSETS	\$ 6,189,473	\$ 380,103	\$ 6,569,576	\$ 5,646,092
LIABILITIES AND NET ASSETS				
LIABILITIES:				
Accounts Payable	\$ 443,476	\$ -	\$ 443,476	\$ 307,028
Accrued Liabilities	311,079	-	311,079	391,974
TOTAL LIABILITIES	754,555	-	754,555	699,002
NET ASSETS:				
Unrestricted	5,434,918	-	5,434,918	4,707,352
Temporarily Restricted	-	380,103	380,103	239,738
TOTAL NET ASSETS	5,434,918	380,103	5,815,021	4,947,090
TOTAL LIABILITIES AND NET ASSETS	\$ 6,189,473	\$ 380,103	\$ 6,569,576	\$ 5,646,092

The Accompanying Notes are an Integral Part of These Financial Statements

SPECIAL OLYMPICS SOUTHERN CALIFORNIA, INC.
(A California Nonprofit Corporation)

STATEMENT OF ACTIVITIES
Year Ended December 31, 2013
With Summarized Totals for the Year Ended December 31, 2012

	2013			Total	2012 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
SPECIAL EVENTS:					
Special Events	\$ 3,583,637	\$ 50,000	\$ -	\$ 3,633,637	\$ 3,256,825
Less: Cost of Direct Benefits to Donors	(918,886)	-	-	(918,886)	(853,556)
House Raffle	5,649,100	-	-	5,649,100	3,480,000
Less: Cost of Direct Benefits to Donors	(1,559,069)	-	-	(1,559,069)	(729,379)
NET REVENUES FROM SPECIAL EVENTS	6,754,782	50,000	-	6,804,782	5,153,890
REVENUES AND SUPPORT:					
Contributed Goods and Services	6,636,291	-	-	6,636,291	5,830,548
Contributions	3,327,030	161,985	-	3,489,015	3,194,566
Direct Marketing	946,369	-	-	946,369	1,084,771
TOTAL REVENUES AND SUPPORT	10,909,690	161,985	-	11,071,675	10,109,885
OTHER INCOME:					
Dividends and Interest Income	126,988	3,630	-	130,618	126,419
Program and Other Income	55,690	-	-	55,690	66,315
Realized and Unrealized Gains on Investments	56,142	-	-	56,142	171,815
Loss on Disposal of Assets (Net)	(18,651)	-	-	(18,651)	
Net Assets Released from:					
Purpose Restrictions	35,250	(35,250)	-	-	-
Time Restrictions	40,000	(40,000)	-	-	-
TOTAL OTHER INCOME	295,419	(71,620)	-	223,799	364,549
TOTAL REVENUES, SUPPORT, AND OTHER INCOME	17,959,891	140,365	-	18,100,256	15,628,324
EXPENSES:					
Program Services	13,370,074	-	-	13,370,074	11,222,737
Management and General	416,006	-	-	416,006	482,392
Fundraising	3,446,245	-	-	3,446,245	3,277,700
TOTAL EXPENSES	17,232,325	-	-	17,232,325	14,982,829
CHANGE IN NET ASSETS	727,566	140,365	-	867,931	645,495
Net Assets - Beginning of Year	4,707,352	239,738	-	4,947,090	4,301,595
NET ASSETS - END OF YEAR	\$ 5,434,918	\$ 380,103	\$ -	\$ 5,815,021	\$ 4,947,090

The Accompanying Notes are an Integral Part of These Financial Statements

SPECIAL OLYMPICS SOUTHERN CALIFORNIA, INC.

(A California Nonprofit Corporation)

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2013

With Summarized Totals for the Year Ended December 31, 2012

	2013				2012 Total
	Program Services	Management and General	Fundraising	Total	
Salaries	\$ 2,828,276	\$ 283,948	\$ 623,939	\$ 3,736,163	\$ 3,355,460
Payroll Taxes	206,024	20,684	45,451	272,159	238,474
Employee Benefits	359,435	35,335	77,643	472,413	353,669
TOTAL PERSONNEL COSTS	3,393,735	339,967	747,033	4,480,735	3,947,603
Contributed Goods and Services (Note 10)	6,636,216	75	118,986	6,755,277	6,022,447
Professional Services	331,775	17,634	120,387	469,796	463,881
Transportation	325,393	948	40,055	366,396	288,369
Rent	229,232	23,014	50,570	302,816	185,745
Facilities Rental	299,966	-	2,671	302,637	269,507
Lodging	267,717	76	20,936	288,729	232,474
Meals	229,754	445	27,172	257,371	141,379
Grants Made (Note 12)	250,000	-	-	250,000	-
Event Supplies	218,879	46	12,698	231,623	181,458
Uniforms	189,627	75	36,417	226,119	184,147
Equipment Rental	176,291	209	12,082	188,582	144,409
Accreditation Fees (Note 12)	170,336	-	-	170,336	159,600
Insurance	152,114	2,108	9,718	163,940	157,475
Office Supplies	88,467	7,746	17,866	114,079	61,097
Depreciation	108,792	-	-	108,792	131,458
Telephone	71,624	6,999	17,451	96,074	110,305
Bank Charges	-	3,765	81,283	85,048	91,615
Equipment Service	54,475	5,469	12,018	71,962	70,467
Printing	24,364	286	30,160	54,810	34,914
Contract Services	38,949	3,354	7,370	49,673	44,543
Awards and Recognition	40,138	67	3,654	43,859	58,737
Event Fees	15,322	432	27,075	42,829	61,248
Postage and Delivery	20,912	1,657	11,033	33,602	28,925
Photography	14,121	26	5,979	20,126	505
Utilities	12,736	1,279	2,810	16,825	15,469
Dues and Publications	7,453	231	1,890	9,574	8,181
Taxes and Licenses	981	98	458	1,537	2,797
Miscellaneous Expense	705	-	-	705	16,880
FUNCTIONAL EXPENSES BEFORE RAFFLE EXPENSE	13,370,074	416,006	1,417,772	15,203,852	13,115,636
	88%	3%	9%	100%	
Raffle Expense	-	-	2,028,473	2,028,473	1,867,193
TOTAL 2013 FUNCTIONAL EXPENSES	\$ 13,370,074	\$ 416,006	\$ 3,446,245	\$ 17,232,325	
	78%	2%	20%	100%	
TOTAL 2012 FUNCTIONAL EXPENSES	\$ 11,222,737	\$ 482,392	\$ 3,277,700		\$ 14,982,829
	75%	3%	22%		100%

The Accompanying Notes are an Integral Part of These Financial Statements

SPECIAL OLYMPICS SOUTHERN CALIFORNIA, INC.

(A California Nonprofit Corporation)

STATEMENT OF CASH FLOWS

Year Ended December 31, 2013

With Summarized Totals for the Year Ended December 31, 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 867,931	\$ 645,495
Adjustments to Reconcile Change in Net Assets to Cash Provided by Operating Activities:		
Depreciation	108,792	131,458
Reinvested Dividends and Interest	(91,749)	(100,752)
Realized and Unrealized Gains on Investments	(56,142)	(171,815)
Donated Stock	(18,078)	(118,613)
Proceeds from Sale of Donated Stock	18,078	122,140
Loss on Disposal of Assets (Net)	18,651	-
(Increase) Decrease in:		
Contributions and Pledges Receivable	(260,962)	85,076
Related Party Receivable	(7,521)	(231,520)
Prepaid Expenses and Deposits	(147,973)	(163,230)
Increase (Decrease) in:		
Accounts Payable	136,448	(18,960)
Accrued Liabilities	(80,895)	(51,399)
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 486,580	 127,880
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from Sale of Investments	-	198,907
Purchase of Investments	(636,340)	(114,602)
Proceeds from Sale of Property and Equipment	3,000	-
Purchase of Property and Equipment	(80,945)	(46,609)
 NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	 (714,285)	 37,696
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 (227,705)	 165,576
Cash and Cash Equivalents - Beginning of Year	1,106,163	940,587
 CASH AND CASH EQUIVALENTS - END OF YEAR	 \$ 878,458	 \$ 1,106,163

The Accompanying Notes are an Integral Part of These Financial Statements

SPECIAL OLYMPICS SOUTHERN CALIFORNIA, INC.

(A California Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 1 - ORGANIZATION

Special Olympics Southern California's mission is to provide year-round sports training and athletic competition in a variety of Olympic-type sports for children and adults with intellectual disabilities, giving them continuing opportunities to develop physical fitness, demonstrate courage, experience joy and participate in a sharing of gifts, skills and friendship with their families, other Special Olympics athletes and the community. For nearly 45 years, the positive effect of Special Olympics Southern California (SOSC) has had an impact not only on the lives of SOSC athletes, but those of their families, its volunteers and the communities in which they live. It is the goal of SOSC to assist all individuals with intellectual disabilities to be accepted, respected and given a chance to become productive citizens.

SOSC is an independent, non-profit public benefit corporation that is accredited by Special Olympics, Inc. (SOI). Olympic gold medalist Rafer Johnson established a California chapter of Special Olympics in 1969, which evolved into northern and southern California chapters in 1995. SOSC currently serves nearly 17,500 individuals with intellectual disabilities with the help of nearly 15,000 volunteers. Athletes train during two six-month seasons and can choose from 12 year-round sports at no cost. The program exists through the work of staff and volunteers in nine regional offices. Those regions hold more than 100 sports and training events throughout the year, in addition to many fundraisers supporting those events.

Fifty-seven percent of SOSC's athletes are currently participating through the School Partnership Program, moving the average age of SOSC athletes from 37 to 22 years old. The program continues to gain momentum throughout school districts in Southern California as SOSC currently works with 296 schools in their footprint.

As it strives to grow its athlete numbers, SOSC has continued to expand the Young Athletes Program, which now has 131 youth joining in this unique program for children ages 2½ to 7 with intellectual disabilities. This program is an early introduction to sports and the world of Special Olympics while focusing on fun activities important to mental and physical growth. Children enjoy games and activities that develop motor skills and hand-eye coordination.

Through participation in SOSC, athletes improve their overall physical health and develop valuable life skills that are critical for people with intellectual disabilities to learn to live a healthier, more independent life. Although sports are the main vehicle to achieve that vision, SOSC's programs are about much more than sports training and competition.

The Athlete Leadership Program provides training and support for athletes who desire to expand their participation in Special Olympics beyond sports training and competition. SOSC now has more than 80 Global Messenger athletes who help spread the word about Special Olympics to civic and community groups, corporations and volunteers.

In addition, the Healthy Athletes Program™ offers health care screenings, exams and education to improve each athlete's ability to train and compete in Special Olympics. Medical professionals work with athletes in six disciplines; Fit Feet, Fun Fitness, Health Promotion, Healthy Hearing, Opening Eyes® and Special Smiles®

SOSC is proud that it has exceeded its net surplus goal and protected cash reserves. This will assist SOSC in preparing itself for the anticipated increase in athlete and volunteer participation in the forthcoming years.

SPECIAL OLYMPICS SOUTHERN CALIFORNIA, INC.

(A California Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 1 – ORGANIZATION (continued)

SOSC is honored that Los Angeles won the bid to host the 2015 Special Olympics World Summer Games right in its own backyard. The event will be the largest sports and humanitarian event in the world. More than 7,000 athletes from 170 countries will visit Los Angeles and surrounding areas for competition in 21 sports. More than 40,000 volunteers are needed to help carry out the Games, while 500,000 spectators are expected to make a \$415 million economic impact on Los Angeles County. The Special Olympics World Games is an international sporting competition similar to the Olympic Games, where summer and winter versions are held every two years alternately. Sporting events will be free and open to the public with a number of ticketed events available as well.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF PRESENTATION

The accompanying financial statements have been prepared on the accrual basis of accounting.

(b) ACCOUNTING

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of SOSC are maintained in accordance with the principles of net assets accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

- **Unrestricted Net Assets.** These generally result from revenues generated by receiving unrestricted contributions, providing services, and receiving income from investments less expenses incurred in providing program related services, raising contributions, and performing administrative functions.
- **Temporarily Restricted Net Assets.** SOSC reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from purpose or time restrictions. SOSC has \$380,103 of temporarily restricted net assets at December 31, 2013.

Restricted contributions received and spent in the same year are treated by SOSC as unrestricted for reporting purposes.

- **Permanently Restricted Net Assets.** These net assets are received from donors who stipulate that resources are to be maintained permanently, but permit SOSC to expend all of the income (or other economic benefits) derived from the donated assets. SOSC does not have permanently restricted net assets at December 31, 2013.

SPECIAL OLYMPICS SOUTHERN CALIFORNIA, INC.

(A California Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) CASH AND CASH EQUIVALENTS

SOSC has defined cash and cash equivalents as cash in banks, money market funds and certificates of deposits with original maturities of less than three months. The carrying value of cash and cash equivalents at December 31, 2013 approximates its fair value.

(d) INVESTMENTS

Investments in marketable securities with readily determinable values and all investments in debt securities are reported at fair value. Interest and dividend income and gains and losses on investments are reported on the statement of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by donor stipulations or by law.

(e) CONTRIBUTIONS AND PLEDGES RECEIVABLE

Unconditional contributions, including pledges recorded at estimated fair value, are recognized as revenues in the period received. SOSC reports unconditional contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets.

(f) PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred while renewals and betterments are capitalized.

The estimated useful lives of property and equipment are as follows:

Computer Equipment	5 Years
Vehicles	5 Years
Furniture and Equipment	5 Years

Property and equipment are capitalized if the cost of an asset is greater than one thousand dollars and the useful life is greater than one year.

(g) LONG-LIVED ASSETS

SOSC reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the book value of the assets may not be recoverable. No impairment losses were recognized during the year ended December 31, 2013.

SPECIAL OLYMPICS SOUTHERN CALIFORNIA, INC.

(A California Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) SELF INSURANCE

SOSC has retained a portion of the risks relating to its employee unemployment claims. The exposure of unpaid claims and associated expenses, including incurred but not reported losses, is estimated based on prior claims history and analysis of current outstanding claims. The gross estimated liability associated with settling unpaid claims, if any, is included in accrued liabilities.

(i) CONCENTRATION OF CREDIT RISK

SOSC places its cash investments with high-credit, quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation insurance limit. SOSC has not incurred losses related to these investments.

SOSC holds investments in the form of mutual funds. Market values of such investments and credit ratings of bond issuers are routinely reviewed by the Board of Directors.

(j) CONTRIBUTED GOODS AND SERVICES

Contributions of donated non-cash assets are recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills are recorded at fair value in the period received. Volunteer services that met the reporting criteria were valued at \$24.75 per hour based on the most recent published "Dollar Value of a Volunteer Hour" for the State of California according to the Independent Sector, a leadership forum for charities, foundations and corporate giving programs.

SOSC received donated services from unpaid volunteers who made significant contributions of their time providing a broad range of support at all of the competitions and fundraising events. However, the value of these services is not reflected in the financial statements because the criteria for recognition were not met.

(k) ADVERTISING COSTS

Advertising costs were expensed as incurred. Advertising costs for the year ended December 31, 2013 were \$438,441.

(l) INCOME TAXES

SOSC is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

(m) FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing SOSC's programs and other activities have been presented in the statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. SOSC uses salary dollars to allocate indirect costs.

SPECIAL OLYMPICS SOUTHERN CALIFORNIA, INC.

(A California Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues and expenses as of the date and for the period presented. Actual results could differ from those estimates.

(o) COMPARATIVE TOTALS

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with SOSC's financial statements for the year ended December 31, 2012 from which the summarized information was derived.

(p) SUBSEQUENT EVENTS

SOSC has evaluated events and transactions occurring subsequent to the statement of financial position date of December 31, 2013 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through May 22, 2014, the date these financial statements were available to be issued. No such material events or transactions were noted to have occurred.

NOTE 3 - FAIR VALUE MEASUREMENTS

SOSC has implemented the accounting standard which defines fair value for those assets and liabilities that are re-measured and reported at fair value at each reporting period. This standard establishes a single authoritative definition of fair value, sets out a framework for measuring fair value based on inputs used, and requires additional disclosures about fair value measurements. This standard applies to fair value measurements already required or permitted by existing standards.

In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets (and liabilities). Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs use unobservable data points for the assets (and liabilities) and include situations where there is little, if any, market activity for the asset (or liability).

The following table presents information about SOSC's assets that are measured at fair value on a recurring basis at December 31, 2013 and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

SPECIAL OLYMPICS SOUTHERN CALIFORNIA, INC.
(A California Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 3 - FAIR VALUE MEASUREMENTS (continued)

	Year Ended December 31, 2013	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual Fund Investments:				
Money Market	\$ 410,988	\$ 410,988	\$ -	\$ -
Fixed Income	2,658,207	2,658,207	-	-
International	299,136	299,136	-	-
Large Cap Growth	533,744	533,744	-	-
TOTAL MUTUAL FUND INVESTMENTS	\$ 3,902,075	\$ 3,902,075	\$ -	\$ -

The fair values of marketable securities within Level 1 inputs are obtained based on quoted market prices at the closing of the last business day of the fiscal year.

NOTE 4 - CONTRIBUTIONS AND PLEDGES RECEIVABLE

All contributions and pledges receivable are deemed to be fully collectible at December 31, 2013; therefore, no allowance for doubtful pledges has been recorded. The total amount of contributions and pledges receivable at December 31, 2013 is \$618,281, all of which are expected to be collected within one year. Refer to Note 8 for conditional contributions and pledges receivable that have not met the criteria to be recognized as support.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2013 consist of the following:

Computer Equipment	\$ 447,758
Vehicles	124,891
Furniture and Equipment	45,669
TOTAL	618,318
Less: Accumulated Depreciation	(449,412)
PROPERTY AND EQUIPMENT (NET)	\$ 168,906

Depreciation expense for the year ended December 31, 2013 was \$108,792.

SPECIAL OLYMPICS SOUTHERN CALIFORNIA, INC.
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NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 6 - ACCRUED LIABILITIES

Accrued liabilities at December 31, 2013 consist of the following:

Accrued Vacation	\$	245,396
Accrued Unemployment		18,745
Other		46,938
<i>TOTAL ACCRUED LIABILITIES</i>	\$	311,079

NOTE 7 - ACCRUED UNEMPLOYMENT LIABILITY

SOSC has elected to be self-insured for the purposes of employee unemployment claims. The reserve for unemployment liability at December 31, 2013 of \$18,745, included in accrued liabilities, represents estimated future claims arising from current and past employees. Unemployment expense for the year ended December 31, 2013 was \$39,222.

	Gross Claims Liability		Estimated Insurance Recoveries		Net Claims Liability
Balance at January 1, 2013	\$ 25,639	\$	-	\$	25,639
Self-Insurance Expenses Incurred, net	(39,222)		-		(39,222)
Payments Made to Fund Related Liabilities	32,328		-		32,328
<i>BALANCE AT DECEMBER 31, 2013</i>	\$ 18,745	\$	-	\$	18,745

Additionally, SOSC holds an unemployment insurance deposit amount of \$100,893, to be used against future claims, as of December 31, 2013.

NOTE 8 - LEGACY GIFTS

SOSC has been named a beneficiary in a number of bequests and trusts. The bequests and trusts are not recognized as support until all of the following conditions are met: the demise of testator; the amount of the bequest or trust is known; SOSC is certain that, based on the estate's net assets, the amount bequeathed is realizable and the probate court has declared the will valid. Certain bequests and trusts have not been recorded in the accompanying financial statements because the donors' wills have not yet been declared valid by the probate court and/or the value of the amounts to be received is not yet determinable.

SPECIAL OLYMPICS SOUTHERN CALIFORNIA, INC.

(A California Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 9 - COMMITMENTS

SOSC leases equipment and office space and equipment under various operating leases expiring through April 2017. Future minimum payments under these leases, with initial or remaining terms of one year or more, consist of the following by year and in the aggregate:

Years Ending December 31

2014	\$	319,261
2015		285,927
2016		250,496
2017		<u>17,908</u>
TOTAL	\$	<u>873,592</u>

The rent and equipment rental expense under these leases for the year ended December 31, 2013 was \$341,272.

NOTE 10 - CONTRIBUTED GOODS AND SERVICES

Contributed goods, services, and use of facilities and equipment during the year ended December 31, 2013 are as follows:

	Program Related	Management and General	Fundraising (Special Events)	Total
Contributed:				
Services	\$ 6,091,221	\$ -	\$ 60,547	\$ 6,151,768
Goods	265,529	75	233,635	499,239
Use of Facilities and Equipment	<u>279,466</u>	-	<u>23,996</u>	<u>303,462</u>
TOTAL CONTRIBUTED GOODS AND SERVICES	6,636,216	75	318,178	6,954,469
Less: Cost of Direct Benefits to Donors	<u>-</u>	<u>-</u>	<u>(199,192)</u>	<u>(199,192)</u>
CONTRIBUTED GOODS AND SERVICES (NET)	\$ 6,636,216	\$ 75	\$ 118,986	\$ 6,755,277

The fundraising contributed goods and services are recorded as special event revenue.

NOTE 11 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are restricted as follows at December 31, 2013:

Time Restricted	\$	125,000
Games and Championships		185,725
Other Program Uses		65,552
Volunteer Activities		<u>3,826</u>
TOTAL TEMPORARILY RESTRICTED NET ASSETS	\$	<u>380,103</u>

SPECIAL OLYMPICS SOUTHERN CALIFORNIA, INC.

(A California Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 12 - RELATED PARTY TRANSACTIONS

As an accredited chapter of SOI (See Note 1), SOSC remits accreditation fees and shares in percentages of contributions for nationwide SOI fundraising programs. SOSC incurred accreditation fees totaling \$170,336 for the year ended December 31, 2013. These fees are reported as program costs in the accompanying statement of functional expenses. In addition, SOSC received \$1,702,143 in contributions relating to direct mail and other fundraising campaigns from SOI during the year ended December 31, 2013.

SOSC issued a revolving line of credit to the 2015 Special Olympics World Summer Games Organizing Committee, Inc. (GOC), with a maximum limit of \$500,000. The advances are to be used for purposes of enabling the Borrower to pay its necessary payroll and other operating expenses in connection with the planning and preparation for the Special Olympics World Games to be held in 2015. Simple interest shall accrue on the outstanding principal balance at a per annum rate of 6%. At December 31, 2013, the outstanding balance on the revolving line of credit is \$500,031 and the related interest receivable is \$7,562. Subsequent to year end the due date for the principal and unpaid interest was extended to December 31, 2014. During 2013, SOSC awarded a \$250,000 grant to the GOC for the Host Town Program.

During the year, SOSC and GOC entered into a memorandum of understanding which sets forth the principles of coordination between the organizations with respect to the 2015 Special Olympics World Summer Games that will take place in and around Los Angeles, California in 2015.

NOTE 13 - EMPLOYEE BENEFIT PLAN

SOSC has a 403(b) defined contribution plan covering substantially all employees. After one year of service, SOSC matches 50% of the employee's contribution up to a maximum of 6% of the employee's salary annually. SOSC contributed \$61,069 to the plan for the year ended December 31, 2013.