

SPECIAL CHILDREN'S CHARITIES

FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

SPECIAL CHILDREN'S CHARITIES
STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31, 2015 AND 2014



ASSETS

	2015	2014
ASSETS		
Cash and Cash Equivalents	\$ 720,180	\$ 1,778,364
Investments	998,941	-
Contribution Receivable	225,190	-
Accrued Investment Interest Receivable	1,565	-
Prepaid Expenses	6,400	13,895
Fixed Assets - Net	8,680	13,600
Deposits	2,072	2,072
 TOTAL ASSETS	 \$ 1,963,028	 \$ 1,807,931

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 259,543	\$ 41,517
Deferred Contributions	25,608	27,518
Grant Obligation Payable	4,000	130,753
 Total Current Liabilities	 289,151	 199,788
 NET ASSETS		
Unrestricted Net Assets	1,673,877	1,608,143
 TOTAL LIABILITIES AND NET ASSETS	 \$ 1,963,028	 \$ 1,807,931

The Accompanying Notes are an integral part of the Financial Statements

SPECIAL CHILDREN'S CHARITIES

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
SUPPORT		
Corporate, Foundation, and Individual Contributions	\$ 202,388	\$ 157,886
Special Events	2,006,963	1,469,135
Investment return	<u>(10,283)</u>	<u>2</u>
Total Support	<u>2,199,068</u>	<u>1,627,023</u>
EXPENSES		
Program Services	1,782,409	1,181,857
Management & General Services	150,390	151,348
Fundraising Services	<u>200,535</u>	<u>177,429</u>
Total Expenses	<u>2,133,334</u>	<u>1,510,634</u>
INCREASE IN UNRESTRICTED NET ASSETS	65,734	116,389
UNRESTRICTED NET ASSETS, BEGINNING OF YEAR	<u>1,608,143</u>	<u>1,491,754</u>
UNRESTRICTED NET ASSETS, END OF YEAR	<u><u>\$ 1,673,877</u></u>	<u><u>\$ 1,608,143</u></u>

The Accompanying Notes are an integral part of the Financial Statements

SPECIAL CHILDREN'S CHARITIES

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$ 65,734	\$ 116,389
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	5,570	9,067
Realized (Gain) Loss from investments	550	-
Unrealized (Gain) Loss on investments	15,379	-
(Increase) Decrease in Assets		
Contribution Receivable	(225,190)	-
Accrued Investment Interest	(1,565)	-
Prepaid Expenses	7,495	(2,000)
Increase (Decrease) in Liabilities		
Accounts Payable	218,026	3,704
Deferred Contributions	(1,910)	27,518
Grant Obligation Payable	<u>(126,753)</u>	<u>40,888</u>
Net Cash Flows Provided by Operating Activities	<u>(42,664)</u>	<u>195,566</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	42,259	-
Purchase of Investments	(1,057,129)	-
Purchase of Fixed Assets	<u>(650)</u>	<u>-</u>
Net Cash Flows Provided by Investing Activities	<u>(1,015,520)</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>(1,058,184)</u>	<u>195,566</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,778,364</u>	<u>1,582,798</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 720,180</u>	<u>\$ 1,778,364</u>
Noncash investing		
Investment donation	<u>\$ 10,788</u>	<u>\$ -</u>

The Accompanying Notes are an integral part of the Financial Statements

SPECIAL CHILDREN'S CHARITIES
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

NOTE 1 – NATURE OF ORGANIZATION

Special Children's Charities (the "Organization") is a nonprofit organization, which is the cosponsor, along with the Chicago Park District, of the Special Olympics in Chicago. Special Olympics provides year-round athletic 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. The Organization raises funds for these programs through special events and grants and donations from foundations and corporations and awards an annual grant to the Chicago Park District for Special Olympics programming. The Chicago Park District provides the program planning, staffing, facilities, equipment, coaches' training, certification and professional development functions.

The Organization is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code and applicable state law.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

BASIS OF PRESENTATION

The financial statements are presented in accordance with accounting principles generally accepted in the United States of America. The Organization is required to report 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.

CONTRIBUTIONS

Grants and other contributions of cash and other assets are reported 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 purpose 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 restrictions. Contributions received in advance for a future special event after the financial statement date is recorded as deferred revenue until event occurs.

SPECIAL CHILDREN'S CHARITIES
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014



NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY AND EQUIPMENT

The Organization capitalizes property and equipment at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from five to thirty years.

CONTRIBUTED SERVICES

The Organization's program and fundraising efforts utilize volunteer services. It also receives donations of goods for special events and fundraising. No amount is recognized in the financial statements for these items because no clearly measurable basis is available to determine their value.

CASH AND CASH EQUIVALENTS

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents. From time to time balances in cash accounts may exceed the federally insured limits.

FUNCTIONAL EXPENSES

Operating expenses directly identified with a functional area are charged to that area and, where these expenses affect more than one area, they are allocated on the basis of ratios estimated by management.

INVESTMENTS

Investments in marketable and debt securities with readily determinable fair values and all investments in debt securities are reported at their fair values in statement of financial position. Unrealized gains and losses are unrestricted and included in the change in net assets.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions affecting the reported amounts of assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

SPECIAL CHILDREN'S CHARITIES
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014



NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FAIR VALUE MEASUREMENTS

Accounting standards generally accepted in the United States of America define fair value, establish a framework for measuring fair value and enhance disclosures about fair value measurements. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (or exit price) in principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. This standard establishes a fair value hierarchy based on three levels of inputs that may be used to measure fair value.

The input levels are:

- Level 1: Quoted (observable) market prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than Level 1 that are observable, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.
- Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liability.

NOTE 3 – CONCENTRATION OF CREDIT RISK

The Organization maintains cash deposits with major banks, which from time to time may exceed federally insured limits. The Organization periodically assesses the financial condition of the institutions and believes that the risk of any loss is minimal.

NOTE 4 – INVESTMENTS

The fair value of investments as of December 31, 2015 and 2014 totaled \$998,940 and \$0, respectively. The following schedule summarizes investment returns and their classification in the statement of activities for the years ended.

	<u>2015</u>	<u>2014</u>
Interest Income	\$ 1,034	\$ 2
Dividend Income	6,940	-
Realized Gain/(Loss)	(550)	-
Investment Expenses	(2,328)	-
Unrealized Gain/(Loss)	<u>(15,379)</u>	<u>-</u>
Total Investment Income/(Loss)	<u>\$ (10,283)</u>	<u>\$ 2</u>

SPECIAL CHILDREN'S CHARITIES
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014



NOTE 4 – INVESTMENTS (CONTINUED)

Net unrealized holding gains and losses on available for sale securities have been included in net assets and are summarized as follows:

	<u>Cost</u>	<u>Unrealized Gains/(Losses)</u>	<u>Fair Value</u>
December 31, 2015			
Available for Sale			
Money Market	\$ 70,483	\$ -	\$ 70,483
Government Securities	149,744	(1,801)	147,943
Corporate Bonds	88,367	(691)	87,676
Equities	<u>707,557</u>	<u>(14,718)</u>	<u>692,839</u>
 Total	 <u>\$ 1,016,151</u>	 <u>\$ (17,210)</u>	 <u>\$ 998,941</u>

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2015</u>	<u>2014</u>
Vehicles	\$ 28,334	\$ 28,334
Equipment	650	-
Less: Accumulated Depreciation	<u>(20,304)</u>	<u>(14,734)</u>
 Total	 <u>\$ 8,680</u>	 <u>\$ 13,600</u>

SPECIAL CHILDREN'S CHARITIES
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NOTE 6 – FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair values of assets measured on a recurring basis at December 31, 2015 and 2014 are as follows:

	Fair Value Measurements at Reporting Date Using		
	Fair Value (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2015			
Financial Assets			
Cash and Cash Equivalents	\$ 720,180	\$ 720,180	\$ -
Investments	998,941	998,941	-
Contribution Receivable	225,190	225,190	-
Total	\$ 1,944,311	\$ 1,944,311	\$ -
	Fair Value (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2014			
Financial Assets			
Cash and Cash Equivalents	\$ 1,778,364	\$ 1,778,364	\$ -
Total	\$ 1,778,364	\$ 1,778,364	\$ -

Fair values for short-term investments of cash and cash equivalents the value is the carrying value due to short maturities of those instruments. Contribution receivables are not actively traded and significant other observable inputs are not available. Thus, the fair value of contribution receivable is equal to the amortized costs of the receivables.

NOTE 7 – ACCOUNTING FOR UNCERTAIN TAX PROVISIONS

In assessing the recognition of a tax position where “more likely than not” and the measurement of that positions, the organizational management knows of no tax position that would not be sustained upon potential audit or examination.

The federal income tax returns of the Organization for 2015, 2014 and 2013 are subject to examination by the IRS; generally for three years after they were filed.

NOTE 8 – EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through November 10, 2016, the date which the financial statements were available to be issued.



SUPPLEMENTARY INFORMATION

SPECIAL CHILDREN'S CHARITIES

SCHEDULES OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015			
	Program Services	Management and General	Fundraising	Total
Special Olympics Program	\$ 646,413	\$ -	\$ -	\$ 646,413
Board of Directors Expenses	-	2,534	-	2,534
Outside Support	145,211	47,713	143,271	336,195
Professional Fees	-	54,088	-	54,088
Public Support	-	-	1,344	1,344
Special Event Expenses	969,620	-	-	969,620
Insurance	-	3,777	-	3,777
Telephone	-	4,911	4,911	9,822
Office Expense	-	19,227	17,276	36,503
Payroll and Payroll Taxes	15,725	15,725	31,448	62,898
Depreciation	5,440	130	-	5,570
Training	-	1,694	1,694	3,388
Miscellaneous	-	591	591	1,182
Total Expenses	\$ 1,782,409	\$ 150,390	\$ 200,535	\$ 2,133,334

	2014			
	Program Services	Management and General	Fundraising	Total
Special Olympics Program	\$ 150,983	\$ -	\$ -	\$ 150,983
Board of Directors Expenses	-	4,458	-	4,458
Outside Support	30,957	72,219	123,787	226,963
Professional Fees	-	32,318	-	32,318
Public Support	-	-	6,332	6,332
Special Event Expenses	981,025	-	-	981,025
Insurance	-	3,997	-	3,997
Telephone	-	4,433	4,434	8,867
Office Expense	-	17,399	17,398	34,797
Payroll and Payroll Taxes	9,825	9,825	19,650	39,300
Postage and Delivery	-	871	-	871
Depreciation	9,067	-	-	9,067
Training	-	5,730	5,730	11,460
Miscellaneous	-	98	98	196
Total Expenses	\$ 1,181,857	\$ 151,348	\$ 177,429	\$ 1,510,634