

Building SMART Communities is Key to Achieving Vision



At the end of the 2007-08 school year, SMART announced it was expanding its volunteer base to include the 198 coordinators at each SMART site. It was a challenging transition but, in the past year, we have witnessed a groundswell of local support with people everywhere ral-

lying around SMART's mission. Partnerships and other forms of teams have assembled, volunteering additional time to meet the needs of local children.

On the heels of this successful transition comes the most challenging economy in memory. The investment accounts of our supporting foundations, companies and individuals have seen losses of as

much as 50 percent. As you might expect, this has impacted our revenue as we depend almost entirely on private donations.

In 2007-08 SMART took significant steps to reduce its operating expenses. This year we find ourselves needing to make additional cuts. To minimize impact on the children we serve, the executive team has taken voluntary pay cuts and SMART has reduced staffing levels at headquarters by 30 percent. Our statewide staff has taken to the challenge with optimistic enthusiasm and hope.

But cuts alone will not allow us to balance the budget. That is why your support is so important right now. Historically the headquarter office raises up to 80 percent of the revenue necessary to deliver service around the state. Local programs are heavily subsidized through these efforts. To ensure local programs are not further affected by this economy, we must build local support.

Your ability to give, or connect us with those who can, has never been more critical to our continued success. If you know of community leaders, funders or potential advocates, please contact your local SMART office so that we might enlist their help.

SMART has provided proven literacy support for over 17 years. Only by working together will we create an Oregon where *every child* can read and is empowered to succeed. Thank you for all you do as a critical part of the SMART family.

Warm regards,

Terry Shanley, CEO

Executive Staff

Terry Shanley, Chief Executive Officer

Bruce Michieli, Controller

Board of Directors

Charles Wilhoite, Chair

Jon Mitchell, Vice Chair

Tom Gilbertson, Secretary/Treasurer

Mary Boyle, Behzad Hosseini, Evelyn Jenson, Ryan Killgore, Elizabeth J.M. Large, Kent Lewis, Patricia C. "Patsy" Smullin, Mary Wilcox



FY08 At A Glance

Program Successes:

10,316 children served

262 partner sites

8,332 volunteers

170,080 volunteer hours logged

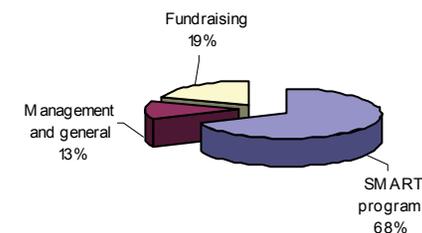
124,001 books taken home by students

Revenue Sources:

93% private contributions and grants

7% government and other sources

SMART Expenses
Where the Money Goes
2007-2008



Statement of Financial Position

As of June 30, 2008 with
comparative amounts for 2007

Assets:	2008	2007
Cash and cash equivalents	\$ 169,444	\$ 179,542
Contributions and grants receivable	1,576,705	1,463,690
Book Inventory, prepaids and other assets	65,746	80,774
Investments	2,235,924	2,465,797
Leasehold improvements and equipment	79,625	127,764
Total assets	\$ 4,127,444	\$ 4,317,567
Liabilities:		
Accounts payable and accrued expenses	118,556	191,085
Deferred revenue	10,000	-
Total liabilities	128,556	191,085
Net assets:		
Unrestricted:		
Available for programs and general operations	1,288,005	1,535,763
Designated by board	806,837	820,425
Net investment in capital assets	79,625	127,764
Total unrestricted net assets	2,174,467	2,483,952
Temporarily restricted net assets	1,633,561	1,451,670
Permanently restricted net assets	190,860	190,860
Total net assets	3,998,888	4,126,482
Total liabilities and net assets	\$ 4,127,444	\$ 4,317,567

Statement of Activities

As of June 30, 2008
with comparative amounts for 2007

	2008			2007	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
Revenues, gains and other support:					
Contributions and grants	\$ 2,119,906	\$ 1,668,982	\$ -	\$ 3,788,888	\$ 2,895,909
Investment income	55,301	-	-	55,301	121,295
Net appreciation (decline) in fair value of investments	(97,874)	-	-	(97,874)	282,661
Other income	42,226	-	-	42,226	46,908
Total revenues and gains	2,119,559	1,668,982	-	3,788,541	3,346,773
Net assets released from restrictions	1,487,091	(1,487,091)	-	-	-
Total revenues, gains and other support	3,606,650	181,891	-	3,788,541	3,346,773
Expenses:					
SMART program	3,011,197	-	-	3,011,197	2,851,296
Management and general	460,894	-	-	460,894	524,273
Fundraising	444,044	-	-	444,044	784,405
Total expenses	3,916,135	-	-	3,916,135	4,159,974
Increase (decrease) in net assets	(309,485)	181,891	-	(127,594)	(813,201)
Net assets at beginning of year	2,483,952	1,451,670	190,860	4,126,482	4,939,683
Net assets at end of year	\$2,174,467	\$1,633,561	\$190,860	\$3,998,888	\$4,126,482

A complete, audited Financial Statement is available upon request. Please contact Bruce Michieli, SMART Controller, at 503-937-4802.

