ANNUAL REPORT
2013-2014

READING MATTERS

SMART
START MAKING A READER TODAY®
Dear Friends:

Thanks to you and your support, SMART enhanced the lives of 9,115 Oregon children during the 2013-14 school year. Because of you, over 4,600 caring adults sat down with these children each week throughout the school year, sharing a positive experience with books and helping them enter a life of reading enjoyment, learning, and confidence. Because of your generosity, these children received over 100,000 books to keep and build their home libraries.

In addition to an impressive year of mission-focused service, 2013-14 marked the launch of SMART’s statewide marketing campaign to bring awareness to the vital importance of reading with children: Reading Matters.

Through Reading Matters, SMART gathered dozens of powerful testimonials about the importance of reading from Oregon business and community leaders; gave our cadre of 5,000 volunteers statewide tools to promote SMART and the importance of reading in their communities; and importantly, gave SMART parents resources to encourage their children’s reading development and excitement at home.

The 2013-14 year also brought the successful conclusion of our three-year strategic plan and the creation of another. I’m honored to be at the helm of this organization as we embark on the next phase of growth and development for SMART.

Over the past two decades, SMART has served over 170,000 children. As we head into our 23rd year, we are even more focused on applying what we have learned to provide the highest quality programs that deliver strong student outcomes. From volunteer recruitment and training, to culturally inclusive and responsive practices, to professional development and enrichment opportunities for staff, SMART’s 2014-17 strategic plan is committed to building the strongest, most effective organization possible with an unwavering focus on the children we serve.

Thank you for your support of SMART. Reading is the gateway to learning and, in no small way, you are helping thousands of Oregon children step across the threshold of literacy into brighter, more successful futures.

Sincerely,

Elizabeth Large
Chair, SMART Board of Directors
Executive Vice President and General Counsel, Knowledge Universe
UPDATE FROM OUR EXECUTIVE DIRECTOR

2011-14 STRATEGIC PLAN RESULTS

Goal #1: 8,500 children are served, en route to 10,000

- Year 1: 2011-12
- Year 2: 2012-13
- Year 3: 2013-14

Goal #2: Service to PreK has been expanded to 10-20 percent of total children served

- Year 1: 2011-12
- Year 2: 2012-13
- Year 3: 2013-14

Goal #3: The organization is perceived as #1 in driving reading readiness

- In surveys to SMART parents, educators and volunteers, 90 percent of respondents see SMART as a leader in driving reading readiness.
- The state legislature gave SMART an allocation of funds in 2012-13, a hearty validation of our work to prepare kids for reading success.
- A survey administered to over 500 Oregonians found that 50 percent were aware of SMART.

Goal #4: Financial stability leads to a 5 percent contribution to reserve funds

- Year 1: 2011-12
- Year 2: 2012-13
- Year 3: 2013-14

In surveys to SMART parents, educators and volunteers, 90 percent of respondents see SMART as a leader in driving reading readiness.

The state legislature gave SMART an allocation of funds in 2012-13, a hearty validation of our work to prepare kids for reading success.

A survey administered to over 500 Oregonians found that 50 percent were aware of SMART.

2014-2017 STRATEGIC PLAN OVERVIEW

In April 2014, SMART’s Board of Directors and staff leadership met to refresh SMART’s strategic plan. In developing the 2014-17 plan, the guiding themes of our past three years remain relevant and continue to be at the heart of our work:

1. Program Relevancy and Growth
2. Program Evaluation and Validation
3. Thought Leadership
4. Sustainability

FOCUS AREAS

Reach: Serve more children and sites that need us with the highest quality program possible

1. Equity: Ensure our work is culturally responsive and inclusive at every level.
2. Efficacy: Identify gaps in program data and conduct research to deepen knowledge of our program outcomes, and how to improve quality.
3. Growth: Develop and implement a responsive growth strategy, expanding where and for whom we can have maximum impact.

Awareness: Build our statewide profile as a leader in preparing children for reading and learning success

4. Leadership -- Assume our role as a leader and convener on childhood literacy.

5. Return On Investment -- Explore the long-term outcomes, impacts and value of our work.

Sustainability: Enrich organizational culture and staff in a way that leads to ongoing sustainability

6. Staff Development -- Invest in staff training and enrichment.
7. Philanthropic Culture -- Evolve our fundraising work to create a philanthropic culture that spans the entire organization.
8. Supporting Infrastructure -- Make the necessary investments to make this growth and improvement possible, including staff and infrastructure.

To view SMART’s complete 2014-17 Strategic Plan Overview, visit www.getSMARToregon.org/2014-17-strategic-plan.
## STATEMENT OF FINANCIAL POSITION

### June 30, 2014 (With Comparative Amount for 2013)

<table>
<thead>
<tr>
<th>Assets</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$734,076</td>
<td>$345,492</td>
</tr>
<tr>
<td>Investments</td>
<td>841,917</td>
<td>777,968</td>
</tr>
<tr>
<td>Contributions and grants receivable - net</td>
<td>616,512</td>
<td>1,048,686</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>55,380</td>
<td>42,236</td>
</tr>
<tr>
<td>Beneficial interest in assets held by Oregon Community Foundation</td>
<td>1,283,623</td>
<td>1,107,753</td>
</tr>
<tr>
<td>Furniture and equipment - net</td>
<td>18,305</td>
<td>27,903</td>
</tr>
<tr>
<td><strong>Total Assets:</strong></td>
<td><strong>3,549,813</strong></td>
<td><strong>3,350,038</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>30,626</td>
<td>21,163</td>
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<tr>
<td>Accrued payroll expenses</td>
<td>121,927</td>
<td>104,769</td>
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<tr>
<td><strong>Total liabilities:</strong></td>
<td><strong>152,553</strong></td>
<td><strong>125,932</strong></td>
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</table>

<table>
<thead>
<tr>
<th>Net Assets</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undesignated</td>
<td>1,263,420</td>
<td>900,814</td>
</tr>
<tr>
<td>Designated by Board for endowment</td>
<td>946,638</td>
<td>817,630</td>
</tr>
<tr>
<td>Net investment in furniture and equipment</td>
<td>18,305</td>
<td>27,903</td>
</tr>
<tr>
<td><strong>Total unrestricted</strong></td>
<td><strong>2,228,363</strong></td>
<td><strong>1,746,347</strong></td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>977,037</td>
<td>1,286,899</td>
</tr>
<tr>
<td>Permanently restricted</td>
<td>191,860</td>
<td>190,860</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td><strong>3,397,260</strong></td>
<td><strong>3,224,106</strong></td>
</tr>
<tr>
<td>Total liabilities and net assets</td>
<td><strong>3,549,813</strong></td>
<td><strong>3,350,038</strong></td>
</tr>
</tbody>
</table>
### STATEMENT OF ACTIVITIES

**Year Ended June 30, 2014 (With Comparative Totals for 2013)**

#### Operating Revenues, Gains, and Other Support:

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Contributions and grants</strong></td>
<td>$1,600,640</td>
<td>$328,949</td>
<td>$1,000</td>
<td>$1,930,589</td>
</tr>
<tr>
<td><strong>In-kind contributions</strong></td>
<td>581,224</td>
<td></td>
<td></td>
<td>581,224</td>
</tr>
<tr>
<td><strong>Special events - net of cost</strong></td>
<td>496,619</td>
<td>2,000</td>
<td></td>
<td>498,619</td>
</tr>
<tr>
<td><strong>Other revenue</strong></td>
<td>888</td>
<td></td>
<td></td>
<td>888</td>
</tr>
<tr>
<td><strong>Net operating revenues, gains, and other support</strong></td>
<td><strong>2,679,371</strong></td>
<td><strong>330,949</strong></td>
<td><strong>1,000</strong></td>
<td><strong>3,011,320</strong></td>
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</tbody>
</table>

#### Operating Expenses:

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SMART program</strong></td>
<td>2,133,800</td>
<td></td>
<td></td>
<td>2,133,800</td>
</tr>
<tr>
<td><strong>Supporting services:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management and general</td>
<td>323,127</td>
<td></td>
<td></td>
<td>323,127</td>
</tr>
<tr>
<td>Fundraising</td>
<td>672,660</td>
<td></td>
<td></td>
<td>672,660</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>3,129,587</td>
<td></td>
<td></td>
<td>3,129,587</td>
</tr>
</tbody>
</table>

#### Increase (Decrease) in Net Assets from Operations:

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Increase (decrease) in net assets from operations</strong></td>
<td><strong>236,457</strong></td>
<td><strong>(355,724)</strong></td>
<td><strong>1,000</strong></td>
<td><strong>(118,267)</strong></td>
</tr>
</tbody>
</table>

#### Non-Operating Items:

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-operating items:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment income</td>
<td>13,891</td>
<td></td>
<td></td>
<td>13,891</td>
</tr>
<tr>
<td>Net increase in fair value of investment</td>
<td>102,660</td>
<td></td>
<td></td>
<td>102,660</td>
</tr>
<tr>
<td>Net increase in beneficial interest in assets held by Oregon Community Foundation</td>
<td>129,008</td>
<td>45,862</td>
<td></td>
<td>174,870</td>
</tr>
<tr>
<td><strong>Total non-operating items</strong></td>
<td>245,559</td>
<td>45,862</td>
<td></td>
<td>291,421</td>
</tr>
</tbody>
</table>

#### Increase (Decrease) in Net Assets:

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Increase (decrease) in net assets</strong></td>
<td><strong>482,016</strong></td>
<td><strong>(309,862)</strong></td>
<td><strong>1,000</strong></td>
<td><strong>173,154</strong></td>
</tr>
</tbody>
</table>

#### Net Assets, Beginning of Year:

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net assets, beginning of year</strong></td>
<td>1,746,347</td>
<td>1,286,899</td>
<td>190,860</td>
<td>3,224,106</td>
</tr>
</tbody>
</table>

#### Net Assets, End of Year:

<table>
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<tr>
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</thead>
<tbody>
<tr>
<td><strong>Net assets, end of year</strong></td>
<td><strong>$2,228,363</strong></td>
<td><strong>$977,037</strong></td>
<td><strong>$191,860</strong></td>
<td><strong>$3,397,260</strong></td>
</tr>
</tbody>
</table>
SMART BY THE NUMBERS

2013-14 SERVICE

- 251 sites
- 4,969 volunteers
- 9,115 students
- 155,012 volunteer hours
- $3,309,506 donated value of volunteer hours
- 103,250 books given

SMART EXPENSES

- 2013-14 Cost Per Child: $300

SMART OUTCOMES

According to 2013-14 SMART Student Milestones forms, which reflect data for 5,461 SMART students:

- **91%** show improved attitude towards school.
- **90%** show a longer attention span.
- **95%** show greater confidence and self-esteem.
- **92%** are better at pretending to read or reading from memory.
- **89%** are better at using story context to understand unknown words.

- **90%** read more fluently.
- **96%** show increased knowledge of alphabet and letter sounds.
- **93%** make better story predictions and are better at identifying more words by sight.
- **97%** show increased comfort with books and demonstrate increased eagerness to interact with books.

- **94%** demonstrate improved vocabulary.
- **95%** show greater comfort in conversation.
- **99%** are enthusiastic about receiving SMART books!

Additionally, at the beginning of the year, approximately 18% of students met or exceeded the reading benchmark level. By the end of the year, nearly 50% of students met or exceeded benchmark. Per Student Milestone forms, of the SMART students needing to improve in each of these areas, at the end of the SMART program year the above percentage showed “some” to “significant” improvement.
Sponsor a SMART School
Our Sponsor a SMART School program has continued its strong start with businesses, foundations and individuals across Oregon stepping up to help sites in their communities thrive by providing volunteers and financial support. Thank you to our 2013-14 SMART School Sponsors:

**EMPOWERMENT TO SUCCEED SCHOOL SPONSORS:**
First Tech Federal Credit Union – Beaverton
Iberdrola Renewables – Klamath Falls and Portland
L.P. Brown Foundation – Portland

**BUILDING SELF-CONFIDENCE SCHOOL SPONSORS:**
G5 – Bend
InnSight Hotel Management Group – Springfield
Kiwanis Club of Klamath Falls – Klamath Falls
Moda Health – Medford
Sterling Bank – Coos Bay
Wieden+Kennedy – Portland

**LEADING FOR LITERACY SCHOOL SPONSORS:**
Nike – Beaverton
Oregon Health & Science University – Portland

SMART Giving Societies
In 2013-14, nearly 140 individuals and families made gifts of $1,000 or more to bring the SMART program to children in their local communities. We recognize these donors as members of the SMART Circle, a special group of committed supporters across the state. We are sincerely grateful for their generosity.

Leaders for Literacy is SMART’s special giving society that recognizes our most generous individual supporters each year. In 2013-14, nearly 30 individuals and families made significant investments in SMART in their local communities; we are truly grateful for their partnership as we work to bring SMART to more children across Oregon.

Reading is the key to success in learning. Why is reading so critical?

- Reading is the most important subject in school. A child needs reading in order to master most of the other subjects.
- In third grade, students transition from learning to read to reading to learn.
- Third-graders who aren’t reading at grade level are four times more likely to drop out of high school than their reading proficient peers.
  - *Right now in Oregon, 14,000 third-graders aren’t reading at grade level.*
- It’s estimated that over $2 billion is spent each year on students who repeat a grade because they have reading problems.

2013-14 marked the first year of SMART’s three-year statewide marketing campaign that brings awareness to the importance of reading with children, *Reading Matters*.

To learn more about the SMART Circle or Leaders for Literacy, contact your local office. For a full list of SMART’s major supporters, please visit www.getSMARToregon.org/our-community/supporters.
Inspire a child’s next chapter.

**Our Mission**
We engage community volunteers to read one-on-one with PreK through third-grade children who need literacy support. Participating children also receive new books each month to keep and read with their families.

**Our Vision**
An Oregon where every child can read and is empowered to succeed.

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**Thank You**
To our thousands of volunteers, supporters and donors across the state, we extend a hearty thank you! Our important work simply wouldn’t be possible without you. For a list of SMART’s top supporters, please visit www.getSMARToregon.org/our-community/supporters.

**Executive Staff**
Chris Otis, Executive Director
Jessica Corcoran, Communications Director
Rachel Lawrence, Program Director
Nell Whitman, Director of Finance and Administration

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Margaret (Peggy) Maguire, Vice Chair
Kent Lewis, Secretary
Tom O’Keefe, Treasurer
Mary Wilcox, Immediate Past Chair

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Greg Chaillé
Michele Daterman
José Gonzalez
Monique Hayward
Lyn Hennion
Karin Holsinger
Behzad Hosseini
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Hank Sigmon
Janae Sorenson
Jane Teater
Andy Vobora
DJ Wilson
Steve Wynne