ANNUAL REPORT 2012–2013

2 Million and still reading
Greetings, SMART Friends:

It’s my distinct honor to greet you as the Chair of SMART’s statewide Board of Directors. SMART has been near and dear to my heart for the organization’s entire 22-year history, and I feel particularly proud to be at its helm during a time of such positive momentum and growth.

The 2012-13 program year proved to be a successful and transformative one for SMART, with 5,000 volunteers helping more than 8,700 students across Oregon discover a lifelong love of reading. SMART also achieved two significant milestones: The organization gave away its 2-millionth book to an Oregon child, and finished the year with a budget surplus for the first time in several years.

Many people and factors contributed to making these impressive milestones possible. First, SMART – from the Board of Directors to staff throughout the organization to thousands of volunteers across Oregon – remains steadfastly committed to serving the children who need us most with the highest quality program possible and books to keep. Second, SMART’s funders continue to be vital partners who are critical to SMART’s success. Third, hundreds of Oregon businesses have continued to support the organization and embraced our Sponsor A SMART School initiative, providing essential funding and employee volunteers to help SMART sites in their communities thrive.

We find ourselves humbled again and again by the tremendous support of thousands of individuals across Oregon who have linked arms with us in our charge to ignite a lifelong passion for reading and learning in our state’s children.

On behalf of SMART, thank you for empowering Oregon children for better lives and brighter futures through books and reading.

Sincerely,

Mary Wilcox

SMART Board Chair
FROM OUR EXECUTIVE DIRECTOR

SMART made solid progress in year two of our three-year Strategic Plan:

1. **8,500 children are served, en route to 10,000.**
   - **Year 1:** 8,548 children served.
   - **Year 2:** 8,564 children served. The 8,500 goal represented a significant expansion, yet still allowed us to efficiently and effectively deliver our program with current infrastructure.

2. **Service to PreK has been expanded to 10-20 percent of total sites.**
   - **Year 1:** PreK programs account for 9 percent of sites.
   - **Year 2:** PreK programs account for 16 percent of sites. Prevailing research on early learning proves that the earlier children get exposure to books and reading, the better prepared they’ll be for academic success. A strong partnership with Head Start has been key to achieving this goal.

3. **The organization is perceived as #1 in driving reading readiness.**
   - **Years 1 & 2:** More than 90 percent of SMART parents, educators and volunteers see SMART as a leader in driving reading readiness. Additionally, we are participating in several initiatives focused on improving educational outcomes for Oregon children, and the state legislature gave SMART a hearty stamp of approval with an allocation of funding.

4. **Financial stability leads to a 5 percent investment in endowment.**
   - **Year 1:** SMART posted a deficit of $145,000, which was significantly lower than the previous two years.
   - **Year 2:** SMART posted a gain of $287,000, more than 5 percent of the FY13 budget, and started to replenish operating reserves. FY13 marked a steady upward trend in SMART’s revenue growth.

In FY14, our Board of Directors and staff will convene to craft the next phase of our current Strategic Plan. As we prepare to set new priorities for SMART, several foundational tenets will remain:

- **Ready to Learn, Ready to Read:** In line with our mission and the state’s goals to improve kindergarten readiness and reading, SMART prepares children for two milestones essential for success: entering kindergarten ready to learn, and leaving third grade reading at benchmark level.

- **Program Growth & Expansion:** Serving as many children as possible remains a constant priority. We will articulate our next stage of growth, which will include PreK programming in alignment with state emphasis on early intervention, service to lowest achieving schools, and deepening of services for specific audiences.

- **Evaluation:** Evaluation and validation have been key pillars of SMART since we were founded. We’re focused on understanding what is working, how we can improve, and where and how we can have maximum impact for the children and sites that need us most.

- **Awareness:** Building awareness among Oregonians about early reading and SMART’s work continues to be a priority. Reading Matters is our statewide marketing campaign to increase awareness through activities with volunteers, parents and community leaders.

The energy around improving early reading and readiness in Oregon is palpable. With 22 years of experience preparing children for educational and life success through reading support and books to keep, SMART is poised to help Oregon meet this challenge. I look forward to what’s ahead and, importantly, continuing to ignite a lifelong love of reading and learning in our state’s children.
Statement

OF FINANCIAL POSITION

For the Fiscal Year ending June 30, 2013, with comparative amounts as of 2012.

<table>
<thead>
<tr>
<th>Assets</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$345,492</td>
<td>$262,402</td>
</tr>
<tr>
<td>Contributions and grants receivable</td>
<td>1,048,686</td>
<td>839,155</td>
</tr>
<tr>
<td>Prepaids, and other assets</td>
<td>42,236</td>
<td>41,105</td>
</tr>
<tr>
<td>Investments</td>
<td>777,968</td>
<td>701,666</td>
</tr>
<tr>
<td>Funds held by Oregon Community Foundation</td>
<td>1,107,753</td>
<td>1,011,804</td>
</tr>
<tr>
<td>Leasehold improvements and equipment</td>
<td>27,903</td>
<td>32,070</td>
</tr>
<tr>
<td><strong>Total assets:</strong></td>
<td><strong>$3,350,038</strong></td>
<td><strong>$2,888,202</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and accrued payroll</td>
<td>$125,932</td>
<td>$121,834</td>
</tr>
<tr>
<td><strong>Total liabilities:</strong></td>
<td><strong>$125,932</strong></td>
<td><strong>$121,834</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net assets</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Available for programs and operations</td>
<td>$900,814</td>
<td>$847,906</td>
</tr>
<tr>
<td>Designated by Board</td>
<td>817,630</td>
<td>747,673</td>
</tr>
<tr>
<td>Net investment in capital assets</td>
<td>27,903</td>
<td>32,070</td>
</tr>
<tr>
<td><strong>Total unrestricted net assets</strong></td>
<td><strong>$1,746,347</strong></td>
<td><strong>$1,627,649</strong></td>
</tr>
<tr>
<td>Temporarily restricted net assets</td>
<td>1,286,899</td>
<td>947,859</td>
</tr>
<tr>
<td>Permanently restricted net assets</td>
<td>190,860</td>
<td>190,860</td>
</tr>
<tr>
<td><strong>Total net assets:</strong></td>
<td><strong>$3,224,106</strong></td>
<td><strong>$2,766,368</strong></td>
</tr>
<tr>
<td><strong>Total liabilities and net assets:</strong></td>
<td><strong>$3,350,038</strong></td>
<td><strong>$2,888,202</strong></td>
</tr>
</tbody>
</table>

Justin, a PreK SMART student at Faubion Elementary School in Portland, Ore., proudly showed off the book he chose as part of book giveaway day - and the bookplate sticker on which he wrote his name by himself for the first time.
For the Fiscal Year ending June 30, 2013, with comparative amounts as of 2012.

### Revenues and other support

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>2013 Total</th>
<th>2012 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions and grants</td>
<td>$779,786</td>
<td>$1,534,086</td>
<td>-</td>
<td>$2,313,872</td>
<td>$2,081,864</td>
</tr>
<tr>
<td>In-kind contributions</td>
<td>522,267</td>
<td>-</td>
<td>-</td>
<td>522,267</td>
<td>591,547</td>
</tr>
<tr>
<td>Special fundraising event (net)</td>
<td>363,167</td>
<td>-</td>
<td>-</td>
<td>363,167</td>
<td>248,334</td>
</tr>
<tr>
<td>Subtotal</td>
<td>1,667,736</td>
<td>1,534,086</td>
<td>-</td>
<td>3,201,822</td>
<td>2,925,308</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>1,221,038</td>
<td>(1,221,038)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total operating revenue:</strong></td>
<td><strong>$2,888,774</strong></td>
<td><strong>$313,048</strong></td>
<td>-</td>
<td><strong>$3,201,822</strong></td>
<td><strong>$2,925,308</strong></td>
</tr>
</tbody>
</table>

### Expenses

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>2013 Total</th>
<th>2012 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMART Program</td>
<td>$2,009,506</td>
<td>-</td>
<td>-</td>
<td>$2,009,506</td>
<td>$2,247,255</td>
</tr>
<tr>
<td>Management and general</td>
<td>317,757</td>
<td>-</td>
<td>-</td>
<td>317,757</td>
<td>334,461</td>
</tr>
<tr>
<td>Fundraising</td>
<td>587,541</td>
<td>-</td>
<td>-</td>
<td>587,541</td>
<td>488,872</td>
</tr>
<tr>
<td><strong>Total expenses:</strong></td>
<td><strong>$2,914,804</strong></td>
<td><strong>-</strong></td>
<td>-</td>
<td><strong>$2,914,804</strong></td>
<td><strong>$3,070,588</strong></td>
</tr>
</tbody>
</table>

**Increase (decrease) in net assets:** ($26,030) $313,048 - $287,018 ($145,280)

### Non-operating activities

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>2013 Total</th>
<th>2012 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment income</td>
<td>$14,585</td>
<td>-</td>
<td>-</td>
<td>$14,585</td>
<td>$11,173</td>
</tr>
<tr>
<td>Net appreciation (decline) in fair value of investments</td>
<td>60,186</td>
<td>-</td>
<td>-</td>
<td>60,186</td>
<td>(33,370)</td>
</tr>
<tr>
<td>Net change in assets held by Oregon Community Foundation</td>
<td>69,957</td>
<td>25,992</td>
<td>-</td>
<td>95,949</td>
<td>(46,084)</td>
</tr>
<tr>
<td><strong>Total non-operating activities:</strong></td>
<td><strong>$144,728</strong></td>
<td><strong>$25,992</strong></td>
<td>-</td>
<td><strong>$170,720</strong></td>
<td><strong>($68,281)</strong></td>
</tr>
</tbody>
</table>

### Net assets

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>2013 Total</th>
<th>2012 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase (decrease) in net assets</td>
<td>$118,698</td>
<td>$339,040</td>
<td>-</td>
<td>$457,738</td>
<td>($213,561)</td>
</tr>
<tr>
<td>Beginning of year total net assets</td>
<td>1,627,649</td>
<td>947,859</td>
<td>190,860</td>
<td>2,766,368</td>
<td>2,979,929</td>
</tr>
<tr>
<td><strong>End of year total net assets:</strong></td>
<td><strong>$1,746,347</strong></td>
<td><strong>$1,286,899</strong></td>
<td><strong>$190,860</strong></td>
<td><strong>$3,224,106</strong></td>
<td><strong>$2,766,368</strong></td>
</tr>
</tbody>
</table>
BY THE NUMBERS

Since 1992...

- 2,000,000+ books given to kids who need them.
- 161,000 Oregon kids served with one-on-one reading support and books.
- 108,000 volunteers have spent more than 3 million hours reading with children.

Annually...

- 2,915,886 hours donated by SMART volunteers annually equates to $2,915,886 in value.
- 250 SMART sites statewide.
- 150,000 books given to kids who need them.
- 108,000 volunteers have spent more than 3 million hours reading with children.
- 27 Oregon counties out of 36 SMART serves 92 cities.

Figures compiled as of January 2014.
* Figure based on average volunteer time for Oregon of $19.33 per hour, from www.independentsector.org.
** This cost includes all the tangible and infrastructure costs necessary to implement our statewide literacy support program, from providing new books for children to keep; to recruiting, training and retaining volunteers; to program design, research and data collection; and more.

New Donors

- 2011-2012: 1,234 donors
- 2012-2013: 1,549 donors

Volunteers who became Donors

- 2011-2012: 505 donors
- 2012-2013: 768 donors
Someone is not needed.

INITIATIVES

Sponsor a SMART School

In 2012-13, SMART launched a new initiative in which businesses, foundations and individuals can sponsor a SMART school and help provide the resources and volunteers needed to thrive. The Sponsor A SMART School program has been met with positive response across the state, with a number of businesses and organizations signing on to support SMART sites in their communities.

Thanks to the following SMART School Sponsors:

- First Tech Federal Credit Union – Beaverton
- Iberdrola Renewables – Klamath Falls and Portland
- L.P. Brown Foundation – Rockwood
- Nike – Beaverton
- G5 – Bend
- InnSight Hotel Management Group – Eugene
- Kiwanis Club of Klamath Falls – Klamath Falls
- Moda Health – Medford
- Oregon Health & Science University – Portland
- Wieden+Kennedy – Portland
- Sterling Bank – Coos Bay

To learn more about the Sponsor A SMART School program, contact Ashley Hess, SMART Development Associate, at 971-634-1615.

SMART has launched a Reading Matters campaign to spread the word about the importance of reading in children’s lives. The multi-year campaign will be a key focus for SMART moving forward, with strategies to engage parents, volunteers and community leaders in the collective charge to engage kids in reading.

If you’re interested in learning more about Reading Matters, contact Jessica Corcoran, SMART Communications Director, at 971-634-1605.

Reading Matters

John A. Kitzhaber, M.D. | Governor of Oregon

“Reading is one of the most important ways we can make sure our children are prepared and have the tools they need to succeed in today’s world. I want to thank SMART for doing this vital work, and for igniting and inspiring a love of reading for thousands of children across our state.”

Dan O’Brien | U.S. Olympic Gold Medalist | Klamath Falls, OR

“As a kid, I enjoyed reading about the ancient Greek games and how the Olympics were created. I can honestly say that reading about the history of the Olympics and all the great athletes that represented this country, from Jesse Owens to Muhammad Ali, truly inspired me. When reading about these amazing athletes it helped create the dream to one day be an Olympian. Learning about them taught me about perseverance and overcoming obstacles, which helped to pave my own path to Olympic Gold.”

Joey Harrington | Former NFL Player | Commentator, FOX Sports | Portland, OR

“Whether I’m on the football field or in the broadcast booth, confident communication is the key to my success. Learning to read not only enhances children’s ability to communicate, but it gives them the confidence to know that they can learn and grow in an ever-changing world. Reading enhances communication. Communication leads to confidence. Confidence leads to success.”

Nancy Golden | Chief Education Officer | State of Oregon

“I am deeply committed to ensuring Oregon students are not only reading more often, but importantly reading at their grade level. We know that students who are reading at grade level by third grade are more likely to enjoy and succeed in school, and significantly more likely to graduate from high school. Increasing the number of students who are proficient at an early age will take communities around the state linking arms to ensure that reading is a priority in Oregon, and I’m thrilled to see SMART doing just that. Thank you for your leadership and for all that you are doing on behalf of Oregon students!”
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

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.

Thank you
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Executive Staff
Chris Otis, Executive Director
Nell Whitman, Director of Finance & Administration
Rachel Lawrence, Program Director
Jessica Corcoran, Communications Director

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Elizabeth Large, Vice Chair
Margaret (Peggy) Maguire, Secretary
Tom O’Keefe, Treasurer
Behzad Hosseini, Immediate Past Chair

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Michele Daterman
Lyn Hennion
Anna Hutson

Kent Lewis
Hank Sigmon
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Andy Vobora
DJ Wilson
Steve Wynne