

# **SOS CHILDREN'S VILLAGES – USA, INC.**

***FINANCIAL STATEMENTS AND  
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS***

**DECEMBER 31, 2016 AND 2015**

# SOS CHILDREN'S VILLAGES – USA, INC.

## TABLE OF CONTENTS

---

	<u>Page</u>
<b>REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS</b>	1-2
<b>FINANCIAL STATEMENTS</b>	
<i>Statements of Financial Position,</i> December 31, 2016 and 2015	3
<i>Statement of Activities and Changes in Net Assets,</i> For the year ended December 31, 2016 with Summarized Information for 2015	4
<i>Statement of Functional Expenses,</i> For the year ended December 31, 2016 with Summarized Information for 2015	5
<i>Statements of Cash Flows,</i> For the years ended December 31, 2016 and 2015	6
<i>Notes to Financial Statements</i>	7-13

---

## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

**Board of Directors**  
**SOS Children's Villages – USA, Inc.**  
**Washington, D.C., USA**

We have audited the accompanying statement of financial position of SOS Children's Villages – USA, Inc. (a nonprofit organization) as of December 31, 2016, and the related statements of activities, statement of functional expenses and cash flows for the years 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 SOS Children's Villages – USA, Inc. as of December 31, 2016, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

**Board of Directors  
SOS Children's Villages – USA, Inc.  
Washington, D.C., USA**

***Report on Summarized Comparative Information***

We have previously audited the nonprofit organization's December 31, 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 21, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Tait, Weller & Baker LLP*

**Philadelphia, Pennsylvania  
June 6, 2017**

# SOS CHILDREN'S VILLAGES – USA, INC.

## STATEMENTS OF FINANCIAL POSITION

December 31, 2016 And 2015

	Unrestricted	Temporarily	Permanently	Totals	
	Operating			Restricted	Restricted
	Fund				
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ 1,427,607	\$ -	\$ -	\$ 1,427,607	\$ 1,013,341
Short-term investments (Note 5)	426,222	-	-	426,222	580,922
Contributions receivable (Note 3)	27,002	337,870	-	364,872	1,181,152
Other receivable	3,204	-	-	3,204	50
Prepaid expenses and other assets	234,679	-	-	234,679	241,823
<b>Total current assets</b>	<b>2,118,714</b>	<b>337,870</b>	<b>-</b>	<b>2,456,584</b>	<b>3,017,288</b>
<b>Notes Receivable (Note 4)</b>	<b>523,042</b>	<b>-</b>	<b>-</b>	<b>523,042</b>	<b>508,042</b>
<b>Long-Term Investments (Note 5)</b>	<b>5,161,740</b>	<b>-</b>	<b>104,231</b>	<b>5,265,971</b>	<b>9,478,573</b>
<b>Fixed Assets</b>					
Furniture and equipment	74,936	-	-	74,936	71,931
Leasehold improvements	363,427	-	-	363,427	363,427
Computer equipment	285,003	-	-	285,003	258,191
Website	51,044	-	-	51,044	51,044
	774,410	-	-	774,410	744,593
Less accumulated depreciation	(410,371)	-	-	(410,371)	(279,855)
<b>Fixed assets - net</b>	<b>364,039</b>	<b>-</b>	<b>-</b>	<b>364,039</b>	<b>464,738</b>
<b>Other Assets</b>					
Cash surrender value of life insurance	58,024	-	-	58,024	55,738
Contributions receivable (Note 3)	7,496	338,136	-	345,632	168,015
Deposits	52,298	-	-	52,298	52,298
<b>Total other assets</b>	<b>117,818</b>	<b>338,136</b>	<b>-</b>	<b>455,954</b>	<b>276,051</b>
<b>Total assets</b>	<b>\$ 8,285,353</b>	<b>\$ 676,006</b>	<b>\$ 104,231</b>	<b>\$ 9,065,590</b>	<b>\$ 13,744,692</b>
<b>LIABILITIES AND NET ASSETS</b>					
<b>Current Liabilities</b>					
Accounts payable and accrued expenses	\$ 510,720	\$ -	\$ -	\$ 510,720	\$ 548,631
Income tax payable (Note 7)	-	-	-	-	35,845
Loan payable (Note 8)	-	-	-	-	149,838
Deferred lease benefit	335,265	-	-	335,265	389,633
Grants payable - affiliates	3,912,276	-	-	3,912,276	3,762,005
<b>Total current liabilities</b>	<b>4,758,261</b>	<b>-</b>	<b>-</b>	<b>4,758,261</b>	<b>4,885,952</b>
<b>Long –Term Liabilities</b>					
Grants payable – affiliates	-	-	-	-	500,000
<b>Total long-term liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>500,000</b>
<b>Total liabilities</b>	<b>4,758,261</b>	<b>-</b>	<b>-</b>	<b>4,758,261</b>	<b>5,385,952</b>
<b>Net Assets (Note 9)</b>	<b>3,527,092</b>	<b>676,006</b>	<b>104,231</b>	<b>4,307,329</b>	<b>8,358,740</b>
<b>Total liabilities and net assets</b>	<b>\$ 8,285,353</b>	<b>\$ 676,006</b>	<b>\$ 104,231</b>	<b>\$ 9,065,590</b>	<b>\$ 13,744,692</b>

The accompanying notes are an integral part of these financial statements.

# SOS CHILDREN'S VILLAGES – USA, INC.

## STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For The Year Ended December 31, 2016 With Summarized Information For December 31, 2015

	Unrestricted	Temporarily	Permanently	Totals	
	Operating			Restricted	Restricted
	Fund				
<b>Revenue</b>					
Contributions	\$ 4,717,765	\$ 3,882,758	\$ -	\$ 8,600,523	\$ 9,250,234
Special event income, net	126,384	-	-	126,384	-
Investment income	77,278	-	-	77,278	55,999
Equity in the earnings of privately held companies	-	-	-	-	75,824
Realized gain on sale of privately held companies, net of tax	-	-	-	-	434,595
Other income	43,183	-	-	43,183	2,721
Net assets released from restrictions (Note 9)	<u>4,433,791</u>	<u>(4,433,791)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total revenue</b>	<u>9,398,401</u>	<u>(551,033)</u>	<u>-</u>	<u>8,847,368</u>	<u>9,819,373</u>
<b>Expenses</b>					
Program expenses					
Children's villages & programs	6,039,658	-	-	6,039,658	6,522,687
Education and advocacy	<u>2,520,727</u>	<u>-</u>	<u>-</u>	<u>2,520,727</u>	<u>1,641,283</u>
<b>Total program expenses</b>	<u>8,560,385</u>	<u>-</u>	<u>-</u>	<u>8,560,385</u>	<u>8,163,970</u>
Supporting expenses					
Management and general	1,586,215	-	-	1,586,215	1,118,377
Fundraising	<u>2,752,179</u>	<u>-</u>	<u>-</u>	<u>2,752,179</u>	<u>2,025,265</u>
<b>Total supporting expenses</b>	<u>4,338,394</u>	<u>-</u>	<u>-</u>	<u>4,338,394</u>	<u>3,143,642</u>
<b>Total expenses</b>	<u>12,898,779</u>	<u>-</u>	<u>-</u>	<u>12,898,779</u>	<u>11,307,612</u>
<b>Change in net assets</b>	(3,500,378)	(551,033)	-	(4,051,411)	(1,488,239)
<b>Net Assets</b>					
Beginning of year	<u>7,027,470</u>	<u>1,227,039</u>	<u>104,231</u>	<u>8,358,740</u>	<u>9,846,979</u>
<b>End of year</b>	<u>\$ 3,527,092</u>	<u>\$ 676,006</u>	<u>\$ 104,231</u>	<u>\$ 4,307,329</u>	<u>\$ 8,358,740</u>

# SOS CHILDREN'S VILLAGES – USA, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended December 31, 2016 With Summarized Information For December 31, 2015

	PROGRAM SERVICES			SUPPORTING SERVICES			Totals	
	Children's Villages And Programs	Education And Advocacy	Total Program Services	Management And General	Fund-Raising	Total Supporting Services	2016	2015
Salaries	\$ 607,901	\$ 742,990	\$ 1,350,891	\$ 463,164	\$ 598,251	\$ 1,061,415	\$ 2,412,306	\$ 2,288,483
Benefits	127,610	155,968	283,578	97,227	125,585	222,812	506,390	485,779
Staff Travel	-	24,183	24,183	112,663	107,003	219,666	243,849	239,067
Board of Director's Meetings	-	-	-	8,494	-	8,494	8,494	3,904
Office Expense	-	43,512	43,512	36,002	70,665	106,667	150,179	141,067
Postage and Delivery	-	2,064	2,064	28,373	3,708	32,081	34,145	29,153
Professional Fees and Services	-	24,756	24,756	256,693	271,738	528,431	553,187	344,538
Insurance	-	-	-	38,125	-	38,125	38,125	39,569
Office Rent and Storage	65,229	79,724	144,953	49,698	64,193	113,891	258,844	260,964
Telephone	-	-	-	47,195	3,421	50,616	50,616	39,200
Equipment Lease	-	-	-	35,628	-	35,628	35,628	43,594
Information Technology and Software	-	43,692	43,692	76,921	71,648	148,569	192,261	171,039
Depreciation	32,890	40,199	73,089	25,059	32,368	57,427	130,516	117,027
Membership Fees	557,058	15,872	572,930	-	2,490	2,490	575,420	433,269
Direct marketing appeals	-	-	-	-	1,272,753	1,272,753	1,272,753	906,582
Public relations promotion	-	1,342,812	1,342,812	160,000	58,488	218,488	1,561,300	395,655
Village and other support grants	4,535,159	-	4,535,159	-	-	-	4,535,159	4,977,120
Miscellaneous	<u>113,811</u>	<u>4,955</u>	<u>118,766</u>	<u>150,973</u>	<u>69,868</u>	<u>220,841</u>	<u>339,607</u>	<u>391,602</u>
	<u>\$ 6,039,658</u>	<u>\$ 2,520,727</u>	<u>\$ 8,560,385</u>	<u>\$ 1,586,215</u>	<u>\$ 2,752,179</u>	<u>\$ 4,338,394</u>	<u>\$ 12,898,779</u>	<u>\$ 11,307,612</u>

# SOS CHILDREN'S VILLAGES – USA, INC.

## STATEMENTS OF CASH FLOWS

For The Years Ended December 31, 2016 And 2015

	<u>2016</u>	<u>2015</u>
<i>Cash flows from operating activities</i>		
Change in net assets	\$ (4,051,411)	\$ (1,488,239)
<b>Adjustments to reconcile change in net assets to net cash used in operating activities</b>		
Depreciation	130,516	117,027
Realized gain on investments	(1,406)	(510,419)
Unrealized (gain) loss on investments	6,878	(698)
Equity in the earnings of privately held securities	-	(75,824)
(Increase) decrease in		
Contributions receivable	638,663	(159,872)
Other receivable	(18,154)	(283,137)
Prepaid expenses and other assets	7,144	(66,420)
Cash surrender value of life insurance	(2,286)	(2,711)
Increase (decrease) in		
Accounts payable and accrued expenses	(37,911)	152,065
Income tax payable	(35,845)	(24,223)
Deferred lease benefit	(54,368)	(7,317)
Grants payable	<u>(349,729)</u>	<u>778,109</u>
<b>Net cash used for operating activities</b>	<u>(3,767,909)</u>	<u>(1,571,659)</u>
<i>Cash flows from investing activities</i>		
Purchases of investments	(9,765,086)	(17,156,949)
Proceeds from sale of investments	13,972,216	18,479,026
Return of capital from equity investments	-	312,500
Net change in short-term investments	154,700	(2,488)
Purchase of equipment	<u>(29,817)</u>	<u>(88,954)</u>
<b>Net cash provided by investing activities</b>	<u>4,332,013</u>	<u>1,543,135</u>
<i>Cash flows from financing activities</i>		
Repayments of loan	<u>(149,838)</u>	<u>(200,000)</u>
<b>Net cash used for investing activities</b>	<u>(149,838)</u>	<u>(200,000)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	414,266	(228,524)
<i>Cash and cash equivalents</i>		
Beginning of the year	<u>1,013,341</u>	<u>1,241,865</u>
<b>End of the year</b>	<u>\$ 1,427,607</u>	<u>\$ 1,013,341</u>
<i>Supplemental Disclosure</i>		
Income taxes paid	<u>\$ 30,719</u>	<u>\$ 138,085</u>



# SOS CHILDREN'S VILLAGES – USA, INC.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2016 And 2015

---

### (1) NATURE OF ORGANIZATION

SOS Children's Villages – USA, Inc. (the "**Organization**") supports the effort of SOS Children's Villages International – both in the USA and around the globe. SOS Children's Villages International, a global federation, builds families for orphaned, abandoned and other vulnerable children in 134 countries. In the United States, villages are currently located in Florida and Illinois. Founded in 1949, we are the largest nonprofit federation in the world dedicated to the care of orphaned, abandoned and other vulnerable children. Through our family support and care programs, medical centers, schools and emergency relief efforts, SOS Children's Villages impacts the lives of millions of children and families.

### (2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Accounting** – The Organization prepares its financial statements on the accrual basis of accounting. Consequently, revenue is recognized when earned and expenses when the obligations are incurred.

**Income Taxes** – The Organization has been granted exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the "**Code**"), and has been classified as an organization, which is publicly supported under Section 509(a)(1) of the Code.

Management has reviewed the tax positions for each of the open tax years (2013 – 2015) or expected to be taken in the Organization's 2016 tax return and has concluded that there are not significant uncertain tax positions that would require recognition in the financial statements.

**Estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents** – For financial statement purposes, the Organization considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

**Concentration of Credit Risk** – The Organization occasionally maintains deposits in excess of federally insured limits. Accounting Standards Codification ("**ASC**") 825, "**Financial Instruments**", identifies these items as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by monitoring the financial institutions in which deposits are made.

**Property and Equipment** – Property and equipment are recorded at cost and depreciated on a straight-line basis over the estimated useful lives of the assets (3-10 years). The Organization capitalizes all property and equipment expenditures greater than \$2,000 with a useful life of greater than one year.

# SOS CHILDREN'S VILLAGES – USA, INC.

## NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2016 And 2015

---

*Net Assets* – To ensure observance of restrictions placed on the use of available resources, the accounts are classified for accounting and reporting purposes into the following net asset groups:

*Unrestricted* – represents net assets that are not subject to donor-imposed restrictions.

*Temporarily Restricted* – consists of grants and contributions received from donors who have specified that the funds be used to support specific programs.

*Permanently Restricted* – consists of contributions whose use is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by the Organization's actions.

*Temporarily Restricted Revenue* – The Organization's policy is to report all donor restricted contributions as temporarily restricted revenue even if those restrictions are met in the same reporting period the contributions are received.

*Grants Payable* – The Organization records grants as liabilities upon approval by the Board of Directors. Grants payable are generally to affiliates of SOS-KDI and disbursed subsequent to the board approval and then upon the request of the affiliate.

*Functional Allocation of Expenses* – The costs of providing programs and supporting services are summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

### (3) CONTRIBUTIONS RECEIVABLE

As of December 31, 2016 and 2015, contributions receivable are expected to be realized in the following periods:

	<u>2016</u>	<u>2015</u>
In one year or less	\$ 364,872	\$ 1,181,152
One to five years	<u>347,615</u>	<u>174,153</u>
Gross contributions receivable	712,487	1,355,305
Less: Present value discount	<u>(1,983)</u>	<u>(6,138)</u>
Net contributions receivable	<u>\$ 710,504</u>	<u>\$ 1,349,167</u>

# SOS CHILDREN'S VILLAGES – USA, INC.

## NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2016 And 2015

---

### (4) NOTES RECEIVABLE

In March 2015, the organization executed a loan to SOS Children's Villages Florida, Inc. an affiliate organization, in the amount of \$500,000. The loan carries interest at a rate of 3% and matures in March 2020. Principal and accrued interest amounted to \$523,042 and \$508,042 for the years ending December 31, 2016 and 2015, respectively. Principal and interest is not due until the loan matures in 2020.

### (5) INVESTMENTS

Short-term investments are recorded at market value and consist of the following at December 31:

	<u>2016</u>		<u>2015</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Money Market Funds	<u>\$426,222</u>	<u>\$426,222</u>	<u>\$580,922</u>	<u>\$580,922</u>

Long-term investments are recorded at market value and consist of the following at December 31:

	<u>2016</u>		<u>2015</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Money Market Funds	\$ 165,780	\$ 165,780	\$ 59,161	\$ 59,161
Common Stocks	84,658	94,958	-	-
Certificates of Deposit	4,055,000	4,066,234	8,451,000	8,456,762
Corporate Bonds	<u>932,452</u>	<u>938,999</u>	<u>947,082</u>	<u>962,650</u>
	<u>\$ 5,237,890</u>	<u>\$ 5,265,971</u>	<u>\$ 9,457,243</u>	<u>\$ 9,478,573</u>

Investment income is comprised of the following for the year ended December 31:

	<u>2016</u>	<u>2015</u>
Interest and dividends	\$ 82,750	\$ 55,301
Realized / unrealized gain (loss)	<u>(5,472)</u>	<u>698</u>
	<u>\$ 77,278</u>	<u>\$ 55,999</u>

# SOS CHILDREN'S VILLAGES – USA, INC.

## NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2016 And 2015

---

### (6) FAIR VALUE OF FINANCIAL INSTRUMENTS

The Organization utilizes various methods to measure the fair value of its assets on a recurring basis. United States generally accepted accounting principles establishes a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are described below:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

Level 3 – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the Organization's own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The inputs methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The summary of inputs used to value the Organization's assets that are carried at fair value as of December 31, 2016 and 2015 are as follows:

	<b>2016</b>			
	<b><u>Total</u></b>	<b><u>Level 1</u></b>	<b><u>Level 2</u></b>	<b><u>Level 3</u></b>
Money Market Funds	\$ 592,002	\$ 592,002	\$ -	\$ -
Common Stock	94,958	94,958	-	-
Certificates of Deposit	4,066,234	-	4,066,234	-
Corporate Bonds	<u>938,999</u>	<u>-</u>	<u>938,999</u>	<u>-</u>
Total Investments	<u>\$ 5,692,193</u>	<u>\$ 686,960</u>	<u>\$ 5,005,233</u>	<u>\$ -</u>

  

	<b>2015</b>			
	<b><u>Total</u></b>	<b><u>Level 1</u></b>	<b><u>Level 2</u></b>	<b><u>Level 3</u></b>
Money Market Funds	\$ 640,084	\$ 640,084	\$ -	\$ -
Certificates of Deposit	8,456,761	-	8,456,761	-
Corporate Bonds	<u>962,650</u>	<u>-</u>	<u>962,650</u>	<u>-</u>
Total Investments	<u>\$10,059,495</u>	<u>\$ 640,084</u>	<u>\$ 9,419,411</u>	<u>\$ -</u>

There were no transfers between Level 1 and Level 2 during the years ended December 31, 2016 or 2015.

# SOS CHILDREN'S VILLAGES – USA, INC.

## NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2016 And 2015

---

### (7) EQUITY INTEREST IN PRIVATELY-HELD COMPANIES

During 2015, the Organization sold three investments in privately held companies that were received from a trust as a donation in 2013 for approximately \$3,100,000. The Organization recognized a gain on the sale of these companies of approximately \$435,000, net of federal income taxes of approximately \$75,000.

During 2015, the Organization received interest in three additional privately-held companies from this trust which were sold for approximately \$220,000 in 2015 and included in contribution revenue.

### (8) LOAN PAYABLE

The Organization had an unsecured note payable to SOS-KDI for the purpose of supporting its fundraising activities associated with its international sponsorship program. The note payable carried interest at a rate of 2% and was paid in full in 2016. The balance at December 31, 2015 was \$149,838.

### (9) NET ASSETS

#### **TEMPORARILY RESTRICTED**

Temporarily restricted net assets as of December 31, 2016 and 2015 consist of various programs that have been established with specific donor intentions for the use of the funds. The related activity for the years ended December 31, 2016 and 2015 was as follows:

	<b>Balance January 1, 2016</b>	<b>Additions</b>	<b>Released</b>	<b>Balance December 31, 2016</b>
International Sponsors	\$ -	\$ 1,376,100	\$ 1,376,100	\$ -
International Grants	1,227,039	2,297,836	2,848,869	676,006
SOS Florida	-	143,994	143,994	-
SOS Illinois	-	64,828	64,828	-
	<u>\$ 1,227,039</u>	<u>\$ 3,882,758</u>	<u>\$ 4,433,791</u>	<u>\$ 676,006</u>

  

	<b>Balance January 1, 2015</b>	<b>Additions</b>	<b>Released</b>	<b>Balance December 31, 2015</b>
International Sponsors	\$ -	\$ 1,196,789	\$ 1,196,789	\$ -
International Grants	981,095	3,741,004	3,495,060	1,227,039
SOS Florida	-	22,811	22,811	-
SOS Illinois	-	88,433	88,433	-
	<u>\$ 981,095</u>	<u>\$ 5,049,037</u>	<u>\$ 4,803,093</u>	<u>\$ 1,227,039</u>

Total releases from restrictions were \$4,433,791 in 2016 and \$4,803,093 in 2015, respectively, and were related to programmatic activities of the Organization.

# SOS CHILDREN'S VILLAGES – USA, INC.

## NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2016 And 2015

---

### **PERMANENTLY RESTRICTED**

Permanently restricted net assets are available for the following purpose:

	<u>2016</u>	<u>2015</u>
Investment in perpetuity, the income from which is expendable to support any activity of the organization	<u>\$104,231</u>	<u>\$104,231</u>

### **(10) SPECIAL EVENTS**

The organization reports expenses incurred in holding special events net of the contributions generated from such events. The gross receipts from special events in 2016 were \$237,194 net of direct expenses of \$110,809. Special events were not held in 2015.

### **(11) COMMITMENTS**

The Organization has a non-cancelable lease agreement for office space that expires in February 2023. The lease is subject to adjustments for escalations and certain operating expenses. Rent expense, including operating charges and real estate expense, for the years ended December 31, 2016 and 2015 amounted to approximately \$259,000 and \$261,000.

Approximate future minimum rental payments on the office space are as follows:

<u>Year Ending December 31,</u>	
2017	\$ 322,800
2018	330,900
2019	339,100
2020	347,600
2021 and thereafter	<u>783,500</u>
	<u>\$ 2,123,900</u>

### **(12) PENSION PLAN**

The Organization maintains a 403(b) Defined Contribution Plan (the "Plan") for all employees who have obtained a minimum of six months of service. Eligible employees receive a 5% contribution to the Plan on behalf of the Organization. Pension expense for the years ending December 31, 2016 and 2015 was approximately \$106,000 and \$104,000, respectively. Additionally, there was no discretionary contribution for the years ended December 31, 2016 and 2015.

### **(13) RELATED PARTIES**

During 2016, fees of approximately \$41,000 were paid to an executive search firm in which a member of the board of directors is a partner. In 2015, fees of approximately \$130,000 were paid to a marketing firm in which a member of the board of directors is a partner.

Additionally, the organization has \$104,000 and \$165,000 in pledges receivable from members of the board of directors as of December 31, 2016 and 2015, respectively.

# SOS CHILDREN'S VILLAGES – USA, INC.

## *NOTES TO FINANCIAL STATEMENTS – (Continued)*

**December 31, 2016 And 2015**

---

### **(14) SUBSEQUENT EVENTS**

Subsequent events after the balance sheet date through the date that the financial statements were available for issuance, June 6, 2017, have been evaluated in the preparation of the financial statements.