

SOS CHILDREN'S VILLAGES – USA, INC.

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

DECEMBER 31, 2014 AND 2013

SOS CHILDREN'S VILLAGES – USA, INC.

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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, 2014, 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, 2014, 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, 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 29, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Tait, Weller & Baker LLP

**Philadelphia, Pennsylvania
June 18, 2015**

SOS CHILDREN'S VILLAGES – USA, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2014 And 2013

	Unrestricted Operating Fund	Temporarily Restricted	Permanently Restricted	Totals	
				2014	2013
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 1,241,865	\$ -	\$ -	\$ 1,241,865	\$ 982,057
Short-term investments (Note 5)	5,274,504	-	-	5,274,504	48,905
Contributions receivable (Note 3)	107,500	506,501	-	614,001	90,501
Other receivable (Note 10)	224,955	-	-	224,955	-
Irrevocable trust receivable (Note 4)	-	-	-	-	275,748
Prepaid expenses and other assets	175,403	-	-	175,403	101,743
Total current assets	7,024,227	506,501	-	7,530,728	1,498,954
Long-Term Investments (Note 5)	2,911,651	-	104,231	3,015,882	482,701
Equity interest in privately held companies (Note 7)	2,814,257	-	-	2,814,257	3,000,000
Fixed Assets					
Furniture and equipment	67,923	-	-	67,923	134,557
Leasehold improvements	329,575	-	-	329,575	-
Computer equipment	207,097	-	-	207,097	118,756
Website	51,044	-	-	51,044	51,044
	655,639	-	-	655,639	304,357
Less accumulated depreciation	(162,828)	-	-	(162,828)	(240,618)
Fixed assets - net	492,811	-	-	492,811	63,739
Other Assets					
Cash surrender value of life insurance	53,026	-	-	53,026	49,946
Contributions receivable (Note 3)	100,700	474,594	-	575,294	77,500
Deposits	52,298	-	-	52,298	14,035
Total other assets	206,024	474,594	-	680,618	141,481
Total assets	\$ 13,448,970	\$ 981,095	\$ 104,231	\$ 14,534,296	\$ 5,186,875
LIABILITIES AND NET ASSETS					
Current Liabilities					
Accounts payable and accrued expenses	\$ 357,562	\$ -	\$ -	\$ 357,562	\$ 254,615
Income tax payable (Note 7)	99,071	-	-	99,071	-
Loan payable (Note 8)	200,000	-	-	200,000	36,258
Deferred lease benefit	396,950	-	-	396,950	-
Grants payable - affiliates	2,536,896	-	-	2,536,896	2,538,770
Total current liabilities	3,590,479	-	-	3,590,479	2,829,643
Long –Term Liabilities					
Grants payable – affiliates	947,000	-	-	947,000	947,000
Loan payable (Note 8)	149,838	-	-	149,838	350,000
Total long-term liabilities	1,096,838	-	-	1,096,838	1,297,000
Total liabilities	4,687,317	-	-	4,687,317	4,126,643
Net Assets (Note 9)	8,761,653	981,095	104,231	9,846,979	1,060,232
Total liabilities and net assets	\$ 13,448,970	\$ 981,095	\$ 104,231	\$ 14,534,296	\$ 5,186,875

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, 2014 With Summarized Information For December 31, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	
	Operating Fund			2014	2013
Revenue					
Contributions	\$ 13,130,398	\$ 4,689,859	\$ -	\$ 17,820,257	\$ 8,475,144
Investment income	10,439	-	-	10,439	801
Equity in the earnings of privately held companies, net of \$99,071 of tax in 2014)	202,686	-	-	202,686	-
Change in value of charitable remainder trust	(9,326)	-	-	(9,326)	7,006
Other income	21,867	-	-	21,867	22,855
Net assets released from restrictions (Note 7)	<u>4,034,612</u>	<u>(4,034,612)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue	<u>17,390,676</u>	<u>655,247</u>	<u>-</u>	<u>18,045,923</u>	<u>8,505,806</u>
Expenses					
Program expenses					
Children's villages & programs	5,240,338	-	-	5,240,338	3,903,872
Education and advocacy	<u>1,188,140</u>	<u>-</u>	<u>-</u>	<u>1,188,140</u>	<u>861,280</u>
Total program expenses	<u>6,428,478</u>	<u>-</u>	<u>-</u>	<u>6,428,478</u>	<u>4,765,152</u>
Supporting expenses					
Management and general	1,071,475	-	-	1,071,475	1,008,030
Fundraising	<u>1,759,223</u>	<u>-</u>	<u>-</u>	<u>1,759,223</u>	<u>1,316,188</u>
Total supporting expenses	<u>2,830,698</u>	<u>-</u>	<u>-</u>	<u>2,830,698</u>	<u>2,324,218</u>
Total expenses	<u>9,259,176</u>	<u>-</u>	<u>-</u>	<u>9,259,176</u>	<u>7,089,370</u>
Change in net assets	8,131,500	655,247	-	8,786,747	1,416,436
Net Assets					
Beginning of year	<u>630,153</u>	<u>325,848</u>	<u>104,231</u>	<u>1,060,232</u>	<u>(356,204)</u>
End of year	<u>\$ 8,761,653</u>	<u>\$ 981,095</u>	<u>\$ 104,231</u>	<u>\$ 9,846,979</u>	<u>\$ 1,060,232</u>

SOS CHILDREN'S VILLAGES – USA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended December 31, 2014 With Summarized Information For December 31, 2013

	PROGRAM SERVICES			SUPPORTING SERVICES			Totals	
	Children's Villages And Programs	Education And Advocacy	Total Program Services	Management And General	Fund-Raising	Total Supporting Services	2014	2013
Salaries	\$ 612,735	\$ 606,032	\$ 1,218,767	\$ 315,251	\$ 500,250	\$ 815,501	\$2,034,268	\$ 1,527,832
Benefits	122,298	121,079	243,377	66,374	99,951	166,325	409,702	290,568
Staff Travel	-	28,236	28,236	63,459	41,959	105,418	133,654	72,308
Board of Director's Meetings	-	-	-	6,912	-	6,912	6,912	14,740
Office Expense	-	17,424	17,424	41,624	55,651	97,275	114,699	47,530
Postage and Delivery	-	8	8	18,098	160	18,258	18,266	18,834
Professional Fees and Services	-	93,345	93,345	294,240	16,646	310,886	404,231	543,256
Insurance	9,271	1,196	10,467	21,634	-	21,634	32,101	22,670
Office Rent and Storage	56,112	55,553	111,665	28,895	45,859	74,754	186,419	158,688
Telephone	10,499	10,394	20,893	5,406	8,899	14,305	35,198	33,852
Equipment Lease	-	-	-	36,628	-	36,628	36,628	31,475
Information Technology and Software	-	21,004	21,004	94,264	54,015	148,279	169,283	176,087
Depreciation	15,494	17,595	33,089	9,152	14,525	23,677	56,766	20,610
Membership Fees	402,689	8,028	410,717	-	2,291	2,291	413,008	290,909
Direct marketing appeals	-	208,246	208,246	-	786,729	786,729	994,975	731,877
Public relations promotion	-	-	-	-	22,090	22,090	22,090	8,695
Village and other support grants	3,927,405	-	3,927,405	-	-	-	3,927,405	2,887,364
Miscellaneous	83,835	-	83,835	69,538	110,198	179,736	263,571	212,075
	<u>\$ 5,240,338</u>	<u>\$ 1,188,140</u>	<u>\$ 6,428,478</u>	<u>\$ 1,071,475</u>	<u>\$ 1,759,223</u>	<u>\$ 2,830,698</u>	<u>\$ 9,259,176</u>	<u>\$ 7,089,370</u>

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

SOS CHILDREN'S VILLAGES – USA, INC.

STATEMENTS OF CASH FLOWS

For The Years Ended December 31, 2014 And 2013

	<u>2014</u>	<u>2013</u>
<i>Cash flows from operating activities</i>		
Change in net assets	\$ 8,786,747	\$ 1,416,436
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	56,766	20,611
Realized loss on investments	-	2,744
Unrealized loss on investments	18,921	12,617
Equity in the earnings of privately held securities	(301,757)	-
Change in value of charitable remainder trust	9,326	(7,006)
Donated investments	-	(3,000,000)
(Increase) decrease in		
Contributions receivable	(1,021,294)	1,014,119
Other receivable	(224,955)	-
Prepaid expenses and other assets	(73,660)	(18,303)
Cash surrender value of life insurance	(3,080)	(4,091)
Deposits	(38,263)	-
Increase (decrease) in		
Accounts payable and accrued expenses	102,947	125,509
Income tax payable	99,071	-
Deferred lease benefit	396,950	-
Grants payable	(1,874)	555,888
Net cash used for operating activities	<u>7,805,845</u>	<u>118,524</u>
<i>Cash flows from investing activities</i>		
Purchases of investments	(2,557,881)	(59,926)
Proceeds from sale of investments	5,779	43,640
Proceeds on liquidation of irrevocable trust	266,422	-
Return of capital from equity investments	487,500	-
Net change in short-term investments	(5,225,599)	(13,215)
Purchase of equipment	(485,838)	(54,518)
Net cash provided by investing activities	<u>(7,509,617)</u>	<u>(84,019)</u>
<i>Cash flows from financing activities</i>		
Proceeds from loan issuance	-	386,258
Repayments of loan	(36,420)	-
Net cash provided by investing activities	<u>(36,420)</u>	<u>386,258</u>
Net increase (decrease) in cash and cash equivalents	259,808	420,763
<i>Cash and cash equivalents</i>		
Beginning of the year	<u>982,057</u>	<u>561,294</u>
End of the year	<u>\$ 1,241,865</u>	<u>\$ 982,057</u>

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

SOS CHILDREN'S VILLAGES – USA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014 And 2013

(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 works in more than 130 countries to support families and help children at risk grow in a loving home. For more than 60 years, we have worked with partners in each community to either help families care for their children or to provide an alternative, for instance an SOS family, in which the love of a care giver is essential. Everything we do is based on the best interests of the child, and each has an individual development plan. Uniquely, we provide practical support over the long term, so that each child or young person can develop resilient relationships and face life's challenges in the future.

(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 (2011 – 2013) or expected to be taken in the Organization's 2014 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 money market accounts and certificates of deposit with an original 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, 2014 And 2013

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.

Reclassifications – Certain reclassifications were made to the 2013 financial statements to conform to the 2014 presentation.

(3) CONTRIBUTIONS RECEIVABLE

As of December 31, 2014 and 2013, contributions receivable are expected to be realized in the following periods:

	<u>2014</u>	<u>2013</u>
In one year or less	\$ 614,001	\$ 90,501
One to five years	<u>575,294</u>	<u>77,500</u>
	<u>\$ 1,189,295</u>	<u>\$ 168,001</u>

SOS CHILDREN'S VILLAGES – USA, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2014 And 2013

(4) IRREVOCABLE TRUST RECEIVABLE

The Organization was named as a 45% beneficiary of an irrevocable trust. The Organization receives 45% of the income generated by the Trust funds annually and received 45% of the principal balance upon the termination of the Trust, which amounted to \$266,422, in 2014. The fair value of the estimated income and principal to be received from the Trust has been recorded on the balance sheet of the Organization as of December 31, 2013 using an interest factor of 2.3%.

(5) INVESTMENTS

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

	<u>2014</u>		<u>2013</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Money Market Funds	\$ 578,434	\$ 578,434	\$ 48,905	\$ 48,905
Certificates of Deposit	<u>4,716,997</u>	<u>4,696,070</u>	<u>-</u>	<u>-</u>
	<u>\$ 5,295,431</u>	<u>\$ 5,274,504</u>	<u>\$ 48,905</u>	<u>\$ 48,905</u>

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

	<u>2014</u>		<u>2013</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Money Market Funds	\$ 51,625	\$ 51,625	\$ 31,942	\$ 31,942
Certificates of Deposit	2,029,000	2,025,309	-	-
Corporate Bonds	<u>914,226</u>	<u>938,948</u>	<u>420,000</u>	<u>450,759</u>
	<u>\$ 2,994,851</u>	<u>\$ 3,015,882</u>	<u>\$ 451,942</u>	<u>\$ 482,701</u>

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

	<u>2014</u>	<u>2013</u>
Interest and dividends	\$ 29,360	\$ 16,162
Realized loss	<u>-</u>	<u>(2,744)</u>
	29,360	13,418
Unrealized loss	<u>(18,921)</u>	<u>(12,617)</u>
	<u>\$ 10,439</u>	<u>\$ 801</u>

SOS CHILDREN'S VILLAGES – USA, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2014 And 2013

(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, 2014 and 2013 are as follows:

	2014			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money Market Funds	\$ 630,059	\$630,059	\$ -	\$ -
Certificates of Deposit	6,721,379	-	6,721,379	-
Corporate Bonds	<u>938,948</u>	<u>-</u>	<u>938,948</u>	<u>-</u>
Total Investments	<u>\$ 8,290,386</u>	<u>\$630,059</u>	<u>\$ 7,660,327</u>	<u>\$ -</u>
Irrevocable Trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

	2013			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money Market Funds	\$ 80,847	\$ 80,847	\$ -	\$ -
Corporate Bonds	<u>420,759</u>	<u>-</u>	<u>420,759</u>	<u>-</u>
Total Investments	<u>\$ 501,606</u>	<u>\$ 80,847</u>	<u>\$ 420,759</u>	<u>\$ -</u>
Irrevocable Trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 275,748</u>

There were no transfers between Level 1 and Level 2 during the years ended December 31, 2014 or 2013.

SOS CHILDREN'S VILLAGES – USA, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2014 And 2013

The changes in the financial instruments measured at fair value for which the Organization used Level 3 inputs to determine fair value are as follows:

	<u>2014</u>	<u>2013</u>
Balance, beginning of year	\$ 275,748	\$ 268,742
Change in value of irrevocable trust	(9,326)	7,006
Distribution of Trust to the Organization	<u>(266,422)</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 275,748</u>

The irrevocable trust is measured at the current market value and the estimated future cash flows which involve unobservable inputs. As a result, these present value techniques are Level 3 inputs.

(7) EQUITY INTEREST IN PRIVATELY-HELD COMPANIES

On December 31, 2013, the Organization received from a trust a contribution of a 50% interest in each of three privately-held S Corporations. The fair value of these contributions amounted to \$3,000,000 at December 31, 2013. The Organization accounts for these three investments at the equity basis of accounting with the fair value of the investments at acquisition plus 50% of the net income (loss) subsequent to acquisition date. At December 31, 2014, these investments had a carrying value of \$2,814,257. The Organization's share of income was approximately \$200,000, net of federal income taxes payable of \$100,000. Subsequent to year-end, two of these companies were sold for \$3,000,000.

During 2014, the Organization received cash contributions as part of the liquidation of the estate in which the trust resided of approximately \$7,300,000 and is included in contributions in the Statement of Activities and Changes in Net Assets. Additionally, the Organization received, in 2015, interest in three privately-held companies from this trust which were sold for approximately \$220,000. This subsequent contribution and related sale has been recorded in 2015.

During 2013, the Organization received a contribution of approximately \$613,000 from a trust representing distributions from the privately held S Corporations and earnings from other trust investments.

(8) LOAN PAYABLE

The Organization has an unsecured note payable to an international organization which has provided a multi-year grant to the Organization for support of the fund-raising for international sponsorship program (See Note 3). The note payable carries an interest rate of 2% and final payment is due in 2016. The balance at December 31, 2014 is \$349,838 and the principal payments are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2015	\$ 200,000
2016	<u>149,838</u>
	<u>\$ 349,838</u>

SOS CHILDREN'S VILLAGES – USA, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2014 And 2013

(9) NET ASSETS

TEMPORARILY RESTRICTED

Temporarily restricted net assets as of December 31, 2014 and 2013 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, 2014 and 2013 was as follows:

	Balance January 1, 2014	Additions	Released	Balance December 31, 2014
International Villages (Irrevocable Trust Receivable)	\$ 275,748	\$ -	\$ 275,748	\$ -
International Sponsors	-	1,133,561	1,133,561	-
International Grants	50,100	3,458,394	2,527,399	981,095
SOS Florida	-	49,908	49,908	-
SOS Illinois	-	47,996	47,996	-
	<u>\$ 325,848</u>	<u>\$ 4,689,859</u>	<u>\$ 4,034,612</u>	<u>\$ 981,095</u>

	Balance January 1, 2013	Additions	Released	Balance December 31, 2013
International Villages (Irrevocable Trust Receivable)	\$ 268,742	\$ 7,006	\$ -	\$ 275,748
International Sponsors	7,070	1,064,014	1,071,084	-
International Grants	7,731	1,808,570	1,766,201	50,100
SOS Florida	369	15,896	16,265	-
SOS Illinois	1,671	16,928	18,599	-
Fund-Raising	<u>1,075,380</u>	<u>-</u>	<u>1,075,380</u>	<u>-</u>
	<u>\$ 1,360,963</u>	<u>\$ 2,912,414</u>	<u>\$ 3,947,529</u>	<u>\$ 325,848</u>

Total releases from restrictions were \$4,034,612 for program in 2014 and \$3,947,529 in 2013 of which \$2,872,149 and \$1,075,380 was for program and fund-raising, respectively.

PERMANENTLY RESTRICTED

Permanently restricted net assets are available for the following purpose:

	2014	2013
Investment in perpetuity, the income from which is Expendable to support any activities of the organization	<u>\$104,231</u>	<u>\$104,231</u>

SOS CHILDREN'S VILLAGES – USA, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2014 And 2013

(10) COMMITMENTS

In May 2014, the Organization executed a non-cancelable lease agreement for office space that expires in February 2023. This lease includes reimbursement for installation costs of up to \$450,000 and a rent holiday for the first nine months. As of December 31, 2014, SOS has a receivable in the amount of \$224,955 in connection with the build out which is included in the statement of financial position. 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, 2014 and 2013 amounted to approximately \$186,000 and \$159,000.

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

<u>Year Ending December 31,</u>	
2015	\$ 154,600
2016	315,000
2017	322,800
2018	330,900
2019	339,100
2020	347,600
2021	356,300
2022	365,200
2023	<u>62,000</u>
	<u>\$ 2,593,500</u>

(11) PENSION PLAN

The Organization maintains a Simplified Employee Pension 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, 2014 and 2013 was approximately \$53,000 and \$44,000, respectively. Additionally, there was no discretionary contribution for the years ended December 31, 2014 and 2013.

(12) SUBSEQUENT EVENTS

Subsequent events after the balance sheet date through the date that the financial statements were available for issuance, June 18, 2015, have been evaluated in the preparation of the financial statements.