The Synergos Institute, Inc. and Consolidated Entities

Consolidated Financial Report
December 31, 2014

McGladrey

Assurance ▪ Tax ▪ Consulting

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McGladrey

Independent Auditor's Report

To the Board of Directors
The Synergos Institute, Inc.
New York, New York

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of The Synergos Institute, Inc. and Consolidated Entities (collectively, the Organization), which comprise the consolidated statement of financial position as of December 31, 2014, the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated 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 Organization'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Synergos Institute, Inc. and Consolidated Entities as of December 31, 2014, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Member of the RSM International network of independent accounting, tax and consulting firms.

Report on Summarized Comparative Information

We have previously audited the consolidated financial statements of The Synergos Institute, Inc. and Consolidated Entities as of and for the year ended December 31, 2013, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated August 15, 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 consolidated financial statements from which it has been derived.

McGladrey LLP

New York, New York
August 5, 2015

The Synergos Institute, Inc. and Consolidated Entities

Consolidated Statement of Financial Position
December 31, 2014
(with summarized comparative financial information as of December 31, 2013)

		2014		2013
Assets				
Cash	**$**	**5,434,510**	$	6,146,432
Short-Term Investments (Cash and Money Market Funds), at Fair Value		**388,205**		848,162
Pledges and Other Receivables, Net		**7,963,982**		2,238,355
Investments, at Fair Value		**9,685,356**		9,937,323
Prepaid Expenses and Other Assets		**134,240**		132,851
Property and Equipment, Net		**1,593,650**		1,906,198
Total assets	**$**	**25,199,943**	$	21,209,321
Liabilities and Net Assets				
Liabilities				
Accounts payable and accrued expenses	**$**	**474,447**	$	1,072,949
Capital lease obligation		**41,216**		12,483
Deferred lease obligations		**1,269,154**		1,516,309
Total liabilities		**1,784,817**		2,601,741
Commitments and Contingency				
Net Assets				
Unrestricted				
Invested in property and equipment		**1,552,434**		1,893,715
Designated for long-term investment		**9,677,106**		9,929,075
Undesignated		**445,662**		(128,367)
Total unrestricted net assets		**11,675,202**		11,694,423
Temporarily restricted net assets		**11,739,924**		6,913,157
Total net assets		**23,415,126**		18,607,580
Total liabilities and net assets	**$**	**25,199,943**	$	21,209,321

See Notes to Consolidated Financial Statements.

The Synergos Institute, Inc. and Consolidated Entities

Consolidated Statement of Activities
Year Ended December 31, 2014
(with summarized comparative financial information for the year ended December 31, 2013)

	2014			2013
	Unrestricted	Temporarily Restricted	Total	Summarized Information
Support and Revenue				
Contributions:				
Foundations	$ 351,184	$ 11,246,615	**$ 11,597,799**	$ 3,856,448
Individuals	197,190	517,157	**714,347**	2,074,036
Corporations	-	425,279	**425,279**	134,000
Contributed services	77,671	-	**77,671**	63,365
GPC membership dues	1,975,110	-	**1,975,110**	1,717,914
Government grants	1,747,727	-	**1,747,727**	1,569,344
Program fees	1,208,657	-	**1,208,657**	1,254,716
Special event, net	375,695	-	**375,695**	405,842
Appropriation of endowment	760,000	-	**760,000**	1,338,630
Other income	210,990	-	**210,990**	207,816
Net assets released from restrictions - satisfaction of program and time restrictions	7,362,284	(7,362,284)	**-**	-
Total support and revenue	14,266,508	4,826,767	**19,093,275**	12,622,111
Expenses				
Program services:				
Networks	3,421,863	-	**3,421,863**	3,193,890
Partnerships	2,365,761	-	**2,365,761**	2,060,407
Namibia	713,558	-	**713,558**	524,651
Ethiopia	3,834,873	-	**3,834,873**	3,290,100
Southern Africa	852,851	-	**852,851**	822,011
Communications and Outreach	198,487	-	**198,487**	110,987
Total program services	11,387,393	-	**11,387,393**	10,002,046
Supporting services				
Management and general	1,663,503	-	**1,663,503**	1,613,565
Fund-raising	827,810	-	**827,810**	660,738
Total supporting services	2,491,313	-	**2,491,313**	2,274,303
Total expenses	13,878,706	-	**13,878,706**	12,276,349
Change in net assets before other changes	387,802	4,826,767	**5,214,569**	345,762
Other Changes				
Loss on uncollectible pledges	-	-	**-**	(69,998)
Return on investments of board-designated funds for long-term investments, net of amounts appropriated for operating activities	(209,803)	-	**(209,803)**	(47,901)
Foreign currency translation loss	(197,220)	-	**(197,220)**	(115,480)
Change in net assets	(19,221)	4,826,767	**4,807,546**	112,383
Net Assets				
Beginning	11,694,423	6,913,157	**18,607,580**	18,495,197
Ending	$ 11,675,202	$ 11,739,924	**$ 23,415,126**	$ 18,607,580

See Notes to Consolidated Financial Statements.

The Synergos Institute, Inc. and Consolidated Entities

Consolidated Statement of Functional Expenses
Year Ended December 31, 2014
(with summarized comparative financial information for the year ended December 31, 2013)

	2014											2013
	Networks	**Partnerships**	**Namibia**	**Ethiopia**	**Southern Africa**	**Communications and Outreach**	**Total Program Services**	**Management and General**	**Fund-raising**	**Total Supporting Services**	**Grand Total**	Summarized Information
Salaries, payroll taxes and employee benefits	$ 971,265	$ 1,001,890	$ 366,693	$ 740,355	$336,605	$ 136,897	$ 3,553,705	$ 1,089,248	$ 655,990	$ 1,745,238	**$ 5,298,943**	$ 4,317,168
Consultant and other professional fees	823,302	409,785	142,068	1,276,240	122,998	20,304	2,794,697	130,589	33,772	164,361	**2,959,058**	3,181,710
Grants and socially responsible investments	590,523	-	125	1,378,107	99,805	-	2,068,560	-	-	-	**2,068,560**	1,723,404
Travel and entertainment	279,010	460,861	59,936	68,996	88,023	2,264	959,090	61,339	37,688	99,027	**1,058,117**	1,083,941
Conferences and meetings	511,962	266,095	15,161	275,460	51,775	1,570	1,122,023	28,722	8,327	37,049	**1,159,072**	676,914
Insurance	17,467	17,467	2,547	411	9,314	1,595	48,801	13,480	6,976	20,456	**69,257**	67,389
External communications	10,749	4,704	8,027	1,940	5,859	2,858	34,137	4,149	2,230	6,379	**40,516**	40,532
Telephone and fax	6,061	5,954	4,228	17,479	5,900	109	39,731	17,474	527	18,001	**57,732**	62,198
Utilities	5,088	5,088	1,308	494	2,744	465	15,187	3,927	2,032	5,959	**21,146**	20,358
Building and equipment maintenance	7,240	4,876	37,625	6,840	10,905	1,552	69,038	50,105	1,947	52,052	**121,090**	64,823
Office supplies	4,693	3,575	5,870	7,759	3,632	4,809	30,338	8,388	1,668	10,056	**40,394**	36,905
Investment fees, interest and bank charges	3,675	3,230	3,513	518	2,542	302	13,780	51,682	1,251	52,933	**66,713**	69,468
Rent	78,100	73,045	41,263	35,347	60,954	6,669	295,378	56,371	29,172	85,543	**380,921**	409,226
Other expenses	11,204	8,889	693	1,245	6,803	737	29,571	70,623	6,173	76,796	**106,367**	108,180
Expenses before depreciation and amortization	3,320,339	2,265,459	689,057	3,811,191	807,859	180,131	11,074,036	1,586,097	787,753	2,373,850	**13,447,886**	11,862,216
Depreciation and amortization	101,524	100,302	24,501	23,682	44,992	18,356	313,357	77,406	40,057	117,463	**430,820**	414,133
Total expenses - 2014	$3,421,863	$ 2,365,761	$ 713,558	$ 3,834,873	$852,851	$ 198,487	$ 11,387,393	$ 1,663,503	$ 827,810	$ 2,491,313	**$ 13,878,706**	
Total expenses - 2013	$3,193,890	$ 2,060,407	$ 524,651	$ 3,290,100	$822,011	$ 110,987	$ 10,002,046	$ 1,613,565	$ 660,738	$ 2,274,303		$12,276,349

See Notes to Consolidated Financial Statements.

The Synergos Institute, Inc. and Consolidated Entities

Consolidated Statement of Cash Flows
Year Ended December 31, 2014
(with summarized comparative financial information for the year ended December 31, 2013)

	2014	2013
Cash Flows From Operating Activities		
Change in net assets	**$ 4,807,546**	$ 112,383
Adjustments to reconcile change in net assets to net cash		
(used in) provided by operating activities:		
Depreciation and amortization	**430,820**	414,133
Loss on uncollectible pledges receivable	**-**	69,998
Net realized and unrealized gains on investments	**(323,784)**	(995,810)
Amortization of deferred lease obligations	**(247,155)**	(151,348)
Changes in operating assets and liabilities:		
(Increase) decrease in pledges and other receivables	**(5,725,627)**	1,156,734
Increase in prepaid expenses and other assets	**(1,389)**	(5,594)
(Decrease) increase in accounts payable and accrued expenses	**(598,502)**	445,940
Net cash (used in) provided by operating activities	**(1,658,091)**	1,046,436
Cash Flows From Investing Activities		
Proceeds from sale of investments	**2,691,808**	4,358,252
Purchase of investments	**(1,656,100)**	(4,093,629)
Purchase of property and equipment	**(77,056)**	(50,694)
Net cash provided by investing activities	**958,652**	213,929
Cash Flows From Financing Activities		
Payments on capital lease obligation	**(12,483)**	(11,270)
Proceeds from line of credit	**-**	300,000
Payments on line of credit	**-**	(300,000)
Net cash used in financing activities	**(12,483)**	(11,270)
Net (decrease) increase in cash	**(711,922)**	1,249,095
Cash		
Beginning	**6,146,432**	4,897,337
Ending	**$ 5,434,510**	$ 6,146,432
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	**$ 661**	$ 13,041
Supplemental Schedule of Noncash Investing and Financing Activities		
Equipment acquired through capital lease	**$ 41,216**	$ -

See Notes to Consolidated Financial Statements.

Note 1. Description of Organization

The Synergos Institute, Inc. and Consolidated Entities (collectively, the Organization or Synergos) work with voluntary organizations and other groups in supporting local communities to develop effective sustainable solutions to poverty problems. The Organization works with partners to mobilize resources and bridge social and economic divides to reduce poverty and increase equity by supporting local communities in developing effective sustainable solutions to problems. The Organization plays a unique role with partner groups in creating successful new models and avenues of action to address poverty through the following programs in the Americas, Africa, Asia and the Middle East:

- *Networks* - Synergos manages three networks: the Senior Fellows, Global Philanthropists Circle and the Arab World Social Innovators. These networks allow members to learn from each other's work, make new connections, develop their skills and take their work to new levels. Synergos' Senior Fellows is an international network of distinguished civil society leaders committed to addressing poverty and inequity. The network aims to enhance their skills, knowledge and experience through peer-to-peer learning, regional gatherings, learning journeys and workshops. The Global Philanthropists Circle (GPC) works with private philanthropists to leverage their resources and increase the impact of their philanthropy. The Arab World Social Innovators program works with entrepreneurs in Egypt, Jordan, Lebanon, Morocco and Palestine who have created social enterprises that are improving the lives of people in their communities.

- *Partnerships* - Synergos' Partnerships program is a global effort to create sustainable social progress by forging collaborations that transcend traditional social boundaries. The program brings together people and institutions in government, business, nonprofits and local communities most affected by poverty and social injustice. As a convener of these partnerships, Synergos helps empower the various stakeholders to better address their issues, and works to identify overall strategies and specific projects that benefit poor and marginalized people in each region.

- *African Public Health Leadership and Systems Innovation Initiative (Namibia) (the Initiative)* - Synergos is creating a replicable model for improving public health leadership and systems performance, beginning in Namibia. The Initiative applies a high-performance, business consulting approach called the Innovation Lab. It invests in a strategic set of national health leaders including senior government officials, clinical technicians, community health providers and representatives from business and civil society. Health leadership cohorts are guided through an intensive two-year process, involving leadership capacity building as well as the creation of innovation projects that address urgent health challenges.

- *Agriculture in Ethiopia* - Synergos is providing capacity building and organizational development support to the Agricultural Transformation Agency (ATA). ATA was created in late 2010 by the government of Ethiopia as a catalyst for positive, transformational and sustainable change. Its primary aim is to promote sector transformation by supporting existing structures of government, private sector and other nongovernmental partners to address systemic bottlenecks in delivering on a priority national agenda for achieving growth and food security.

- *Southern Africa* - Synergos is building upon Southern Africa's deeply rooted traditions of social giving and mutual help to meet challenges. In collaboration with partners, the Organization is mobilizing resources and bridging social and economic divides to reduce poverty, increase equity and advance social justice in the region.

- Communications and Outreach disseminates knowledge and information to its constituencies and provides various publications and materials to enhance the work done with partners.

Note 1. Description of Organization (Continued)

The Synergos Institute, Inc. was organized under the laws of the State of New York on September 26, 1986 as a not-for-profit corporation under subparagraph (a)(5) of Section 102 of the Not-for-Profit Corporation Law.

The Internal Revenue Service has determined that the Synergos Institute, Inc. is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Synergos Institute, Inc. is also exempt from New York State and New York City income taxes.

The Synergos Institute, Inc. is the founding member and controls the operations and activities of the following entities: The Synergos Institute (South Africa), an association incorporated in January 2007 under Section 21 of the South African Companies Act 1973, and The Synergos Namibia Trust, which was established on December 1, 2008 in the Republic of Namibia.

Note 2. Summary of Significant Accounting Policies

Basis of accounting and financial statement presentation: The Organization's consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations, and include the accounts and activities of The Synergos Institute, Inc., The Synergos Institute (South Africa) and The Synergos Namibia Trust. All significant interorganization accounts and transactions have been eliminated in consolidation.

Pledges and other receivables: Pledges and other receivables are reported at the net present value of outstanding principal balances reduced by an allowance for doubtful accounts. The Organization estimates doubtful accounts based on historical bad debts, factors related to specific donors' and GPC members' ability to pay and current economic trends. The Organization writes off receivables against the allowance when a balance is determined to be uncollectible.

Investments: Investments are reported at fair value in the consolidated statement of financial position. The consolidated statement of activities includes return on investments consisting of interest and dividend income, and realized and unrealized gains and losses. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Purchases and sales of securities are recorded on a trade-date basis.

Fair value measurements: Assets and liabilities recorded at fair value are categorized upon the level of judgment associated with the inputs used to measure their fair value. Level inputs are defined as follows:

Level 1 Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.

Level 2 Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data. Level 2 also includes derivative contracts whose value is determined using a pricing model with observable market inputs or can be derived principally from or corroborated by observable market data.

Level 3 Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation; also includes observable inputs for nonbinding single dealer quotes not corroborated by observable market data.

Note 2. Summary of Significant Accounting Policies (Continued)

Property and equipment: Property and equipment is recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. Leasehold improvements are amortized over the remaining term of the lease or the life of the assets, whichever is less.

Fixed assets acquired or held under capital leases are recorded in property and equipment. The amount capitalized is the lower of the present value of the minimum lease payments or the fair value of the leased asset. Amortization of assets under capital leases is recorded on a straight-line basis over the estimated useful life of the asset or the term of the lease, depending on the criteria used to capitalize the lease.

Contributions and promises to give: Contributions and unconditional promises to give are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support, which increases those net asset classes. When the donor-specified purpose or time restrictions are met, the net asset is released from temporarily restricted net assets and transferred to unrestricted net assets.

Contributions of assets other than cash are recorded at their estimated fair value upon receipt. Contributed services are recorded as revenue and expenses at fair value when they create or enhance nonfinancial assets, or they require specialized skills and are provided by individuals possessing those skills.

No amounts have been reflected in the accompanying consolidated financial statements for donated services provided by members of the board of directors, as these did not meet the criteria for recognition under accounting principles generally accepted in the United States of America.

GPC membership dues: GPC membership dues are recognized as revenue in the period such dues are billed.

Government grant: Federal funds obligated under government grant and sub-grant agreements are recorded by the Organization when eligible expenditures are incurred and billable to the government or sub-grantor.

Leases: The Organization recognizes rent expense on a straight-line basis over the term of the lease. The cumulative excess of rent expense recognized over the amounts due pursuant to the terms of the lease agreement is reported as deferred lease obligations in the accompanying consolidated statement of financial position.

Prior-year summarized information: The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset or by functional expense classifications. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, all 2013 information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2013, from which this summarized information was derived.

Note 2. Summary of Significant Accounting Policies (Continued)

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Credit risk: The Organization maintains cash and short-term investments in bank deposit accounts which, at times, may exceed federally insured limits. At December 31, 2014, approximately 70% of the Organization's cash are maintained with one financial institution. The Organization has not experienced any losses on these accounts and believes it is not exposed to any significant credit risk on cash and short-term investments.

The Organization invests in a professionally managed portfolio that contains common shares of publicly traded companies, mutual funds, money market funds, and other investment funds. Such investments are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with such investments and the uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the consolidated financial statements.

Income taxes: Management has evaluated the Organization's income tax positions for the year ended December 31, 2014 and concluded that The Synergos Institute, Inc., The Synergos Institute (South Africa), and The Synergos Namibia Trust had taken no uncertain income tax positions that require adjustments or disclosures to the accompanying consolidated financial statements. The Synergos Institute (South Africa) continued to undertake public benefit activities in compliance with the requirements of public benefit organizations under the laws of South Africa. The activities of the Synergos Namibia Trust are in compliance with the requirements of a Public Trust under the laws of Namibia.

Reclassification: Certain 2013 amounts have been reclassified to conform with the 2014 consolidated financial statement presentation. The reclassification had no effect on the 2013 reported consolidated assets, liabilities, net assets and changes in net assets.

Evaluation of subsequent events: The Organization evaluates events occurring after the date of the consolidated financial statements to consider whether or not the impact of such events needs to be reflected and/or disclosed in the consolidated financial statements. Such evaluation is performed through the date the financial statements are available for issuance, which was August 5, 2015 for these consolidated financial statements.

Recently issued accounting pronouncements: In October 2012, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2012-05, *Not-for-Profit Entities: Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows.* The amendment in this update require a not-for-profit entity to classify cash receipts from the sale of donated financial assets consistently with the cash donations in the statement of cash flows if those cash receipts were from the sale of donated financial assets that upon receipt were directed without any not-for-profit imposed limitations for sale and converted nearly immediately into cash. Accordingly, the cash receipts from the sale of those financial assets should be classified as cash inflows from operating activities, unless the donor restricted the use of the contributed resources to long-term purposes, in which case those cash receipts should be classified as cash flows from financing activities. Otherwise, cash receipts from the sale of donated financial assets should be classified as cash flows from investing activities by the not-for-profit entity. The Organization adopted ASU 2012-05 and accordingly reclassified the 2013 proceeds from sale of donated securities of $42,137 from investing activities to operating activities in the consolidated statement of cash flows for the year ended December 31, 2013.

Note 2. Summary of Significant Accounting Policies (Continued)

In May 2015, FASB issued ASU 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent).* This ASU removes the requirement to categorize within the fair value hierarchy investments for which fair values are measured using the net asset value (NAV) per share practical expedient. The ASU also removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the NAV per share practical expedient. Rather, those disclosures are limited to investments for which the entity has elected to measure the fair value using that practical expedient. The ASU is effective for public business entities for fiscal years beginning after December 15, 2015 and interim periods within those fiscal years. For all other entities, the ASU is effective for fiscal years beginning after December 15, 2016 and interim periods within those fiscal years. The application of this ASU is not expected to have a significant impact on the consolidated financial statements of the Organization.

Note 3. Pledges and Other Receivables, Net

Pledges and other receivables, net, are as follows, at December 31:

	2014	2013
Amounts due in		
Less than one year	$ 4,423,099	$ 2,105,626
One to five years	3,557,936	134,000
	7,981,035	2,239,626
Less unamortized discount on pledges receivable	(17,053)	(1,271)
	$ 7,963,982	$ 2,238,355

Amounts receivable in less than one year include receivables for annual membership dues in the GPC program.

Pledges and unconditional promises to give that are due in more than one year have been discounted to present value using credit adjusted interest rates ranging from 0.27% to 0.63%. Management believes that all pledges and other receivables at December 31, 2014 will be collected when due. Accordingly, no allowance for doubtful accounts has been recognized in the accompanying consolidated financial statements.

Amounts due from one donor represent approximately 81% of the gross pledges and other receivables at December 31, 2014. The contributions received from this donor accounted for approximately 79% of the total contributions revenue recognized during 2014.

Note 4. Investments and Fair Value Measurements

The following table presents the Organization's investments measured at fair value on a recurring basis as of December 31, 2014 and 2013:

	2014			2013		
		Fair Value Measurements Using			Fair Value Measurements Using	
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Other Inputs Inputs (Level 2)	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Other Inputs Inputs (Level 2)
Short-Term Investments						
Cash and money market funds	$ 388,205	$ 388,205	$ -	$ 848,162	$ 848,162	$ -
Investments						
Cash and money market funds	341,046	341,046	-	680,958	680,958	-
Equities - large-cap	1,674,958	1,674,958	-	1,501,274	1,501,274	-
Mutual funds						
Large-cap	1,785,095	1,785,095	-	1,823,216	1,823,216	-
Mid-cap/small-cap	640,368	640,368	-	444,067	444,067	-
International equities	1,686,294	1,686,294	-	1,471,221	1,471,221	-
Bond funds	2,210,030	2,210,030	-	2,607,828	2,607,828	-
Other investment funds	1,347,565	501,309	846,256	1,408,759	524,792	883,967
Total investments	9,685,356	8,839,100	846,256	9,937,323	9,053,356	883,967
	$ 10,073,561	$ 9,227,305	$ 846,256	$ 10,785,485	$ 9,901,518	$ 883,967

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Organization's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment. Below are the valuation techniques used by the Organization to measure different financial instruments at fair value and the level within the fair value hierarchy in which the financial instrument is categorized.

Equities traded on a national securities exchange or reported on the NASDAQ global market are stated at the last reported sales price on the day of valuation and are categorized as Level 1 in the fair value hierarchy.

Mutual funds and other investment funds are stated at fair value based on the last quoted evaluation price or net asset value. To the extent these securities are actively traded and valuation adjustments are not applied, they are categorized in Level 1 in the fair value hierarchy.

Other investment funds at December 31, 2014 and 2013 include $846,256 and $883,967, respectively, of investments in a multi-strategy fund of hedge funds. The fair value of this investment is determined using the net asset value as of the reporting date and is classified as a Level 2 in the fair value hierarchy. The Organization has the ability to liquidate this investment on a daily basis and the Organization has no future funding commitments for this investment.

Note 4. Investments and Fair Value Measurements (Continued)

The components of return on investments reported in the accompanying financial statements are as follows:

	2014	2013
Interest on short-term investments included as other income	$ 12,469	$ 2,429
Return on investments of board-designated funds		
Interest and dividends	226,413	294,919
Net realized and unrealized gains	323,784	995,810
Investment expenses included in investment fees, interest and bank charges	(42,166)	(35,904)
Total investment return	$ 520,500	$ 1,257,254

Note 5. Property and Equipment, Net

Property and equipment, net, consists of the following as of December 31:

	2014	2013	Estimated Useful Life
Leasehold improvements	$ 3,419,985	$ 3,403,337	Term of lease
Office equipment and furniture	406,004	360,734	5 to 7 years
Computer hardware and software	250,175	206,893	3 to 5 years
Vehicle and other	94,906	81,834	3 to 5 years
	4,171,070	4,052,798	
Less accumulated depreciation and amortization	(2,577,420)	(2,146,600)	
	$ 1,593,650	$ 1,906,198	

Depreciation and amortization expense amounted to $430,820 and $414,133 for the years ended December 31, 2014 and 2013, respectively.

Note 6. Line of Credit

The Organization has a $500,000 line of credit facility with a certain financial institution. There are no outstanding balances on this line of credit as of December 31, 2014. Interest on each outstanding loan balance accrues either at (i) a floating rate per annum equal to the prime rate, (ii) a fixed rate per annum equal to adjusted LIBOR plus 1% or (iii) a fixed rate per annum equal to applicable money market rate.

Note 7. 403(b) Retirement Plan

The Organization maintains a defined contribution plan under Section 403(b) of the Internal Revenue Code covering substantially all employees. The Organization contributes an amount equivalent to 5% of an employee's eligible compensation. Contributions to the plan were included in salaries, payroll taxes and employee benefits in the consolidated statement of functional expenses and amounted to approximately $197,000 and $161,000 during the years ended December 31, 2014 and 2013, respectively. Additionally, participants may make voluntary contributions, subject to plan limitations.

Note 8. Net Assets Released From Restrictions

During the year ended December 31, 2014, net assets were released from donor restrictions by incurring expenses satisfying the following temporarily restricted purposes or by occurrence of other events specified by donors:

	2014
Various projects (Networks, Partnerships, Southern Africa, and Communications and Outreach) and satisfaction of time restrictions	$ 3,076,477
Gates Foundation - Ethiopia	4,285,807
	$ 7,362,284

Note 9. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes as of December 31, 2014 and 2013:

	2014	2013
Various projects (Networks, Partnerships, Southern Africa, and Communications and Outreach) and time restrictions	$ 2,633,420	$ 3,582,476
Gates Foundation - Ethiopia	9,106,504	3,330,681
	$ 11,739,924	$ 6,913,157

Note 10. Board-Designated Endowment Funds

The Organization's board of directors originally designated $10,500,000 of the unrestricted net assets for long-term investments. The Organization has the objective of maintaining the purchasing power of these investments over time. The Organization's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. The current after-inflation and after-investment-management expenses objective is to return 5%. Actual returns in any given year may vary from this amount. Earnings on these investment funds of up to 5% of the value of the board-designated investment funds, or a minimum of $500,000 per year, will be available for the support of the Organization's general operations. During 2014, the board approved additional funds to be appropriated to meet certain operational goals. A total of $760,000 was appropriated for operations and withdrawn from the Organization's board-designated funds during 2014.

Note 10. Board-Designated Endowment Funds (Continued)

The following table summarizes the changes in the board-designated endowment funds:

	2014	2013
Balance, beginning of year	$ 9,929,075	$ 10,012,880
Return on investment		
Interest and dividends	226,413	294,919
Net realized and unrealized gains	323,784	995,810
Amount appropriated and withdrawn for operations	(760,000)	(1,338,630)
Return on investments of board-designated funds for long-term investments, net of amounts appropriated for operating activities	(209,803)	(47,901)
Investment fees	(42,166)	(35,904)
Change in board designated endowment funds	(251,969)	(83,805)
Balance, end of year	$ 9,677,106	$ 9,929,075

Note 11. Special Event, Net

Income from the Organization's annual UFAN event, net of direct costs, is as follows during the year:

	2014	2013
Gross receipts	$ 557,058	$ 657,244
Less direct costs	(181,363)	(251,402)
	$ 375,695	$ 405,842

Note 12. Other Commitments and Contingency

Leases: The Organization leases offices at 51 Madison Avenue in New York, New York (Madison office) under an operating lease agreement that will expire in December 2016. The lease requires payment of escalation rentals for certain operating expenses and real estate taxes. The Organization has entered into a standby letter of credit in the amount of $665,504 with its primary bank in lieu of providing a security deposit on the lease. The Organization received lease incentives of approximately $700,000 from the landlord for leasehold improvements. In 2011, the Organization moved to a new office and entered into a sublease agreement through November 2016 for its Madison office. The sublease provides for the Organization to charge for increases in real estate taxes and operating costs in addition to minimum rentals. As a result, the Organization wrote off the deferred lease obligation and recognized the present value of its remaining obligation under this agreement. Rent paid on this lease, net of sublease receipts of approximately $990,000 and $970,000, amounted to approximately $142,000 and $140,000 during 2014 and 2013, respectively.

Note 12. Other Commitments and Contingency (Continued)

The Organization leases its offices at 3 East 54th Street in New York, New York under an operating lease agreement that will expire in November 2022. The lease requires payment of escalation rentals for certain operating expenses and real estate taxes. The Organization has entered into a standby letter of credit in the amount of $229,149 with its primary bank in lieu of providing a security deposit on this lease. Under this new lease agreement, the Organization received lease incentives of up to $558,900 from the landlord for leasehold improvements. The balance of the deferred incentive, including the value of certain rent-free periods as of December 31, 2014, are included in deferred lease obligations in the consolidated statement of financial position. Rent expense on this lease is recognized using the straight-line method over the term of the lease, and approximated $351,000 and $371,000 for the years ended December 31, 2014 and 2013, respectively.

Minimum future rental payments under these leases are summarized as follows:

Year Ending December 31,	Gross Rental Payments	Sublease Receipts	Net Rent Payments
2015	$ 1,604,756	$ 1,010,186	$ 594,570
2016	1,586,505	944,030	642,475
2017	466,351	-	466,351
2018	469,476	-	469,476
2019	469,476	-	469,476
Thereafter	1,356,685	-	1,356,685
	$ 5,953,249	$ 1,954,216	$ 3,999,033

Capital lease: During December 2014, the Organization entered into a capital lease agreement for copier equipment. The lease is payable in aggregate monthly installments of approximately $800, including interest imputed at 7.81% per annum, maturing in March 2020.

At December 31, 2014, the future minimum lease payments under the capital lease are as follows:

Year Ending December 31,	
2015	$ 9,595
2016	9,595
2017	9,595
2018	9,595
2019	9,595
2020	2,399
	50,374
Less amount representing interest	(9,158)
Capital lease obligation	$ 41,216

Other commitments: The Organization has a conditional grant commitment to one of its grantees of approximately $551,000 that is not recognized in the accompanying consolidated financial statements.

Note 12. Other Commitments and Contingency (Continued)

Contingency: Certain grants may be subject to audit by the funding sources. Such audit might result in disallowances of costs submitted for reimbursement. Management is of the opinion that such cost disallowances, if any, will not have a material effect on the accompanying consolidated financial statements. Accordingly, no amounts have been provided in the accompanying consolidated financial statements for such potential claims.

Note 13. Related Party Transactions

The Organization has an outstanding agency agreement with The Synergos Institute Canada, a separate entity organized under the Canada Corporations Act, to assist in the administration of the charitable activities and programs of The Synergos Institute Canada. The accompanying consolidated statement of activities includes contributions of $200,185 and $1,337,150 received from The Synergos Institute Canada during 2014 and 2013, respectively.