The Synergos Institute, Inc. and Consolidated Entities

Consolidated Financial Report
December 31, 2015

Contents

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, 2015, 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 (collectively, 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, 2015, 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.

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, 2014, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated August 5, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

RSM US LLP

New York, New York
September 8, 2016

The Synergos Institute, Inc. and Consolidated Entities

Consolidated Statement of Financial Position
December 31, 2015
(With Summarized Comparative Financial Information as of December 31, 2014)

	2015	2014
Assets		
Cash	**$ 8,429,955**	$ 5,434,510
Short-term investments (cash and money market funds), at fair value	**1,032,688**	388,205
Pledges and other receivables, net	**9,475,096**	7,963,982
Investments, at fair value	**8,892,313**	9,685,356
Prepaid expenses and other assets	**177,327**	134,240
Property and equipment, net	**1,301,036**	1,593,650
Total assets	**$ 29,308,415**	$ 25,199,943
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	**$ 752,445**	$ 474,447
Capital lease obligation	**34,607**	41,216
Deferred lease obligations	**974,546**	1,269,154
Total liabilities	**1,761,598**	1,784,817
Commitments and contingency		
Net assets:		
Unrestricted:		
Invested in property and equipment	**1,266,429**	1,552,434
Designated for long-term investment	**8,884,064**	9,677,106
Undesignated	**961,982**	445,662
Total unrestricted net assets	**11,112,475**	11,675,202
Temporarily restricted net assets	**16,434,342**	11,739,924
Total net assets	**27,546,817**	23,415,126
Total liabilities and net assets	**$ 29,308,415**	$ 25,199,943

See notes to consolidated financial statements.

The Synergos Institute, Inc. and Consolidated Entities

Consolidated Statement of Activities
Year Ended December 31, 2015
(With Summarized Comparative Financial Information for the Year Ended December 31, 2014)

	2015			2014
	Unrestricted	**Temporarily Restricted**	**Total**	Summarized Information
Support and revenue:				
Contributions:				
Foundations	$ 259,778	$ 10,603,797	**$ 10,863,575**	$ 11,597,799
Individuals	422,738	1,624,078	**2,046,816**	714,347
Corporations	15,297	107,214	**122,511**	425,279
Contributed services	26,050	-	**26,050**	77,671
GPC membership dues	1,729,911	-	**1,729,911**	1,975,110
Government grants	518,935	-	**518,935**	1,747,727
Program fees	731,215	-	**731,215**	1,208,657
Special event, net	685,966	-	**685,966**	375,695
Appropriation of endowment	590,000	-	**590,000**	760,000
Other income	399,049	-	**399,049**	210,990
Net assets released from restrictions - satisfaction of program and time restrictions	7,640,671	(7,640,671)	**-**	-
Total support and revenue	13,019,610	4,694,418	**17,714,028**	19,093,275
Expenses:				
Program services:				
Networks	2,779,940	-	**2,779,940**	3,421,863
Partnerships	1,748,576	-	**1,748,576**	2,365,761
Namibia	831,610	-	**831,610**	713,558
Ethiopia	3,642,499	-	**3,642,499**	3,834,873
Southern Africa	666,395	-	**666,395**	852,851
Communications and Outreach	357,846	-	**357,846**	198,487
Total program services	10,026,866	-	**10,026,866**	11,387,393
Supporting services:				
Management and general	1,864,947	-	**1,864,947**	1,663,503
Fund-raising	663,964	-	**663,964**	827,810
Total supporting services	2,528,911	-	**2,528,911**	2,491,313
Total expenses	12,555,777	-	**12,555,777**	13,878,706
Change in net assets before other changes	463,833	4,694,418	**5,158,251**	5,214,569
Other changes:				
Return on investments of board-designated funds for long-term investments, net of amounts appropriated for operating activities	(751,648)	-	**(751,648)**	(209,803)
Foreign currency translation loss	(274,912)	-	**(274,912)**	(197,220)
Change in net assets	(562,727)	4,694,418	**4,131,691**	4,807,546
Net assets:				
Beginning	11,675,202	11,739,924	**23,415,126**	18,607,580
Ending	$ 11,112,475	$ 16,434,342	**$ 27,546,817**	$ 23,415,126

See notes to consolidated financial statements.

The Synergos Institute, Inc. and Consolidated Entities

Consolidated Statement of Functional Expenses
Year Ended December 31, 2015
(With Summarized Comparative Financial Information for the Year Ended December 31, 2014)

	2015											2014
	Networks	**Partnerships**	**Namibia**	**Ethiopia**	**Southern Africa**	**Communi-cations and Outreach**	**Total Program Services**	**Management and General**	**Fund-raising**	**Total Supporting Services**	**Grand Total**	Summarized Information
Salaries, payroll taxes and employee benefits	$ 1,175,768	$ 875,777	$ 453,338	$ 694,498	$ 307,386	$ 245,709	$ 3,752,476	$ 1,105,516	$ 476,734	$ 1,582,250	**$ 5,334,726**	$ 5,298,943
Consultant and other professional fees	473,704	313,885	132,868	1,173,417	98,813	38,520	2,231,207	91,781	65,233	157,014	**2,388,221**	2,959,058
Grants and socially responsible investments	82,334	140,000	-	1,488,650	64,624	-	1,775,608	-	-	-	**1,775,608**	2,068,560
Travel and entertainment	216,320	193,050	63,691	47,049	36,400	12,969	569,479	59,727	19,647	79,374	**648,853**	1,058,117
Conferences and meetings	463,782	60,830	37,646	116,851	34,587	1,027	714,723	23,309	6,446	29,755	**744,478**	1,159,072
Insurance	21,995	10,536	6,539	456	7,690	3,012	50,228	16,415	5,754	22,169	**72,397**	69,257
External communications	19,532	4,810	3,702	3,454	2,783	3,759	38,040	2,492	4,189	6,681	**44,721**	40,516
Telephone and fax	5,731	5,570	6,072	20,315	7,791	243	45,722	16,135	1,013	17,148	**62,870**	57,732
Utilities	6,635	3,534	1,417	848	1,768	892	15,094	4,861	1,704	6,565	**21,659**	21,146
Building and equipment maintenance	9,447	5,917	21,118	2,473	8,006	3,428	50,389	71,111	2,353	73,464	**123,853**	121,090
Office supplies	6,459	2,612	15,849	12,798	3,453	1,321	42,492	9,351	1,864	11,215	**53,707**	40,394
Investment fees, interest and bank charges	5,694	2,986	2,264	180	2,167	704	13,995	53,135	1,352	54,487	**68,482**	66,713
Rent	152,121	61,893	53,589	32,498	55,090	17,695	372,886	96,428	33,801	130,229	**503,115**	380,921
Other expenses	9,993	5,594	1,287	10,309	(449)	941	27,675	218,743	10,243	228,986	**256,661**	106,367
Expenses before depreciation and amortization	2,649,515	1,686,994	799,380	3,603,796	630,109	330,220	9,700,014	1,769,004	630,333	2,399,337	**12,099,351**	13,447,886
Depreciation and amortization	130,425	61,582	32,230	38,703	36,286	27,626	326,852	95,943	33,631	129,574	**456,426**	430,820
Total expenses - 2015	$ 2,779,940	$ 1,748,576	$ 831,610	$ 3,642,499	$ 666,395	$ 357,846	$ 10,026,866	$ 1,864,947	$ 663,964	$ 2,528,911	**$ 12,555,777**	
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

See notes to consolidated financial statements.

The Synergos Institute, Inc. and Consolidated Entities

Consolidated Statement of Cash Flows
Year Ended December 31, 2015
(With Summarized Comparative Financial Information for the Year Ended December 31, 2014)

	2015	2014
Cash flows from operating activities:		
Change in net assets	**$ 4,131,691**	$ 4,807,546
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	**456,426**	430,820
Net realized and unrealized (gains) losses on investments	**448,993**	(323,784)
Amortization of deferred lease obligations	**(294,608)**	(247,155)
Loss on disposal of asset	**361**	-
Pledge discount	**(13,509)**	15,782
Changes in operating assets and liabilities:		
(Increase) in pledges and other receivables	**(1,497,605)**	(5,741,409)
(Increase) decrease in prepaid expenses and other assets	**(43,087)**	(1,389)
Increase (decrease) in accounts payable and accrued expenses	**277,998**	(598,502)
Net cash provided by (used in) operating activities	**3,466,660**	(1,658,091)
Cash flows from investing activities:		
Proceeds from sale of investments	**2,350,019**	2,691,808
Purchase of investments	**(2,650,452)**	(1,656,100)
Purchase of property and equipment	**(164,173)**	(77,056)
Net cash (used in) provided by investing activities	**(464,606)**	958,652
Cash flows from financing activities:		
Payments on capital lease obligation	**(6,609)**	(12,483)
Net cash used in financing activities	**(6,609)**	(12,483)
Net increase (decrease) in cash	**2,995,445**	(711,922)
Cash:		
Beginning	**5,434,510**	6,146,432
Ending	**$ 8,429,955**	$ 5,434,510
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	**$ 5,326**	$ 661
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. The Organization did not have a balance in the allowance for doubtful accounts for 2015 and 2014.

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 for which dues are billed.

Government grants: 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.

Program fees: Program fees are related to special trips or projects that GPC members can attend. Program fees are recognized as revenue when the related expenses are incurred.

Special event: Special event revenue is recognized when the event occurs. This revenue is shown net of the related expenses as disclosed in Note 11.

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 (U.S. GAAP). Accordingly, all 2014 information should be read in conjunction with the Organization's consolidated financial statements for the year ended December 31, 2014, from which this summarized information was derived.

Note 2. Summary of Significant Accounting Policies (Continued)

Reclassifications: Certain amounts in the prior year summarized information have been reclassified to conform to the 2015 financial statement presentation. These reclassifications had no effect on the previously reported change in net assets or net assets.

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, 2015, approximately 84 percent 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, 2015 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.

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 consolidated financial statements are available for issuance, which was September 8, 2016 for these consolidated financial statements.

Recently issued accounting pronouncements: In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606).* This new standard will replace all current U.S. GAAP guidance on this topic and eliminate all industry-specific guidance. The new revenue recognition standard provides a unified model to determine when and how revenue is recognized. The core principle is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration for which the entity expects to be entitled in exchange for those goods or services. The guidance provides a five step analysis of transactions to determine when and how revenue is recognized. Enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers are also required.

Note 2. Summary of Significant Accounting Policies (Continued)

In August 2015, the FASB issued ASU 2015-14, which defers the effective date of ASU 2014-09 for one year, making it effective for the Organization for annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019. Early adoption is permitted as of an annual reporting period beginning after December 15, 2016. This guidance can be applied either retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. The Organization has not yet selected a transition method and is in the process of evaluating the impact of adopting this new accounting standard.

In May 2015, FASB issued ASU 2015-07, *Fair Value Measurement (Topic 820), Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*. Topic 820, Fair Value Measurement, permits a reporting entity, as a practical expedient, to measure the fair value of certain investments using the net asset value per share of the investment. Currently, investments valued using the practical expedient are categorized within the fair value hierarchy on the basis of whether the investment is redeemable with the investee at net asset value on the measurement date, never redeemable with the investee at net asset value, or redeemable with the investee at net asset value at a future date. To address the diversity in practice related to how certain investments measured at net asset value with future redemption dates are categorized, the amendments in this Update remove the requirement to categorize investments for which fair values are measured using the net asset value per share practical expedient. It also limits disclosures to investment for which the entity has elected to measure the fair value using the practical expedient. This guidance will be effective for the Organization for an annual reporting period beginning on or after December 15, 2016 and should be applied retrospectively to all periods presented. The Organization is in the process of evaluating the impact of adopting this new accounting standard.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The standard is effective on January 1, 2020, with early adoption permitted. The Organization is in the process of evaluating the impact of adopting this new accounting standard.

Note 3. Pledges and Other Receivables, Net

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

	2015	2014
Amounts due in:		
Less than one year	$ 7,364,022	$ 4,423,099
One to five years	2,114,618	3,557,936
	9,478,640	7,981,035
Less unamortized discount on pledges receivable	(3,544)	(17,053)
	$ 9,475,096	$ 7,963,982

Note 3. Pledges and Other Receivables, Net (Continued)

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 0.12 percent to 0.14 percent. Management believes that all pledges and other receivables at December 31, 2015 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 76 and 81 percent of the gross pledges and other receivables at December 31, 2015 and 2014, respectively. The contributions received from this donor accounted for approximately 60 and 79 percent of the total contributions revenue recognized during 2015 and 2014, respectively.

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, 2015 and 2014:

	2015			2014		
		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	$ 1,032,688	$ 1,032,688	$ -	$ 388,205	$ 388,205	$ -
Investments:						
Cash and money market funds	85,380	85,380	-	341,046	341,046	-
Equities - large-cap	1,308,235	1,308,235	-	1,674,958	1,674,958	-
Mutual funds:						
Large-cap	1,612,541	1,612,541	-	1,785,095	1,785,095	-
Mid-cap/small-cap	946,395	946,395	-	640,368	640,368	-
International equities	1,555,766	1,555,766	-	1,686,294	1,686,294	-
Bond funds	2,149,117	2,149,117	-	2,210,030	2,210,030	-
Other investment funds	1,234,879	442,809	792,070	1,347,565	501,309	846,256
Total investments	8,892,313	8,100,243	792,070	9,685,356	8,839,100	846,256
	$ 9,925,001	$ 9,132,931	$ 792,070	$ 10,073,561	$ 9,227,305	$ 846,256

Note 4. Investments and Fair Value Measurements (Continued)

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, 2015 and 2014 include $792,070 and $846,256, 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.

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

Investment returns reported as:	2015	2014
Interest on short-term investments included as other income	$ 18,954	$ 12,469
Return on investments of board-designated funds:		
Interest and dividends	287,344	226,413
Net realized and unrealized (loss) gain	(448,992)	323,784
Investment expenses included in investment fees, interest and bank charges	(41,394)	(42,166)
Total investment return (loss)	$ (184,088)	$ 520,500

Note 5. Property and Equipment, Net

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

	2015	2014	Estimated Useful Life
Leasehold improvements	$ 3,427,185	$ 3,419,985	Term of lease
Office equipment and furniture	367,401	406,004	5 to 7 years
Computer hardware and software	247,617	250,175	3 to 5 years
Vehicle and other	209,018	94,906	3 to 5 years
	4,251,221	4,171,070	
Less accumulated depreciation and amortization	(2,950,185)	(2,577,420)	
	$ 1,301,036	$ 1,593,650	

Depreciation and amortization expense amounted to $456,426 and $430,820 for the years ended December 31, 2015 and 2014, respectively.

Note 6. Line of Credit

The Organization has a $1,000,000 line of credit facility with a certain financial institution. There are no outstanding balances on this line of credit as of December 31, 2015 and 2014. The line of credit matures on April 30, 2018. 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 percent 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 percent 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 $208,000 and $197,000 during the years ended December 31, 2015 and 2014, respectively. Additionally, participants may make voluntary contributions, subject to plan limitations.

Note 8. Net Assets Released From Restrictions

During the years ended December 31, 2015 and 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:

	2015	2014
Various projects (Networks, Partnerships, Southern Africa, and Communications and Outreach) and satisfaction of time restrictions	$ 3,441,696	$ 3,076,477
Gates Foundation - Ethiopia and Nigeria	4,198,975	4,285,807
	$ 7,640,671	$ 7,362,284

Note 9. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes as of December 31, 2015 and 2014:

	2015	2014
Various projects (Networks, Partnerships, Southern Africa, and Communications and Outreach) and time restrictions	$ 3,845,026	$ 2,633,420
Gates Foundation - Ethiopia and Nigeria	12,589,316	9,106,504
	$ 16,434,342	$ 11,739,924

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 2.5 percent. Actual returns in any given year may vary from this amount. Earnings on these investment funds of up to $250,000 per year, will be available for the support of the Organization's general operations. During 2015 and 2014, the board approved additional funds to be appropriated to meet certain operational goals. A total of $590,000 and $760,000 was appropriated for operations and withdrawn from the Organization's board-designated funds during 2015 and 2014, respectively.

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

	2015	2014
Balance, beginning of year	$ 9,677,106	$ 9,929,075
Return on investment		
Interest and dividends	287,344	226,413
Net realized and unrealized gains	(448,992)	323,784
Amount appropriated and withdrawn for operations	(590,000)	(760,000)
Return on investments of board-designated funds for long-term investments, net of amounts appropriated for operating activities	(751,648)	(209,803)
Investment fees	(41,394)	(42,166)
Change in board designated endowment funds	(793,042)	(251,969)
Balance, end of year	$ 8,884,064	$ 9,677,106

Note 11. Special Event, Net

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

	2015	2014
Gross receipts	$ 873,825	$ 557,058
Less direct costs (as excluded from SofFE's)	(187,859)	(181,363)
	$ 685,966	$ 375,695

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 $1,010,186 and $990,000, amounted to approximately $147,000 and $142,000 during 2015 and 2014, respectively.

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, 2015 and 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 $361,000 and $351,000 for the years ended December 31, 2015 and 2014, respectively.

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

	Gross Rental Payments	Sublease Receipts	Net Rent Payments
Years ending December 31:			
2016	$ 1,586,505	$ 944,030	$ 642,475
2017	466,351	-	466,351
2018	469,476	-	469,476
2019	469,476	-	469,476
2020	469,476	-	469,476
Thereafter	887,209	-	887,209
	$ 4,348,493	$ 944,030	$ 3,404,463

Note 12. Other Commitments and Contingency (Continued)

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 percent per annum, maturing in March 2020.

At December 31, 2015, the future minimum lease payments under the capital lease are as follows:

Years ending December 31:		
2016	$	9,595
2017		9,595
2018		9,595
2019		9,595
2020		2,399
		40,779
Less amount representing interest		(6,172)
Capital lease obligation	$	34,607

Other commitments: The Organization has a conditional grant commitment to one of its grantees of approximately $367,000 and $551,000 as of December 31, 2015, and 2014, respectively that is not recognized in the accompanying consolidated financial statements.

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 $244,383 and $200,185 received from The Synergos Institute Canada during 2015 and 2014, respectively.