# CHILDREN'S SHELTER OF CEBU

## FINANCIAL STATEMENTS

## YEARS ENDED DECEMBER 31, 2014 AND 2013

**CHILDREN'S SHELTER OF CEBU**
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CliftonLarsonAllen LLP
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# INDEPENDENT AUDITORS' REPORT

Board of Directors
Children's Shelter of Cebu
Shoreview, Minnesota

We have audited the accompanying financial statements of Children's Shelter of Cebu, which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities, 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 from 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 auditors' 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.

Board of Directors
Children's Shelter of Cebu

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Children's Shelter of Cebu as of December 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**CliftonLarsonAllen LLP**

Minneapolis, Minnesota
March 19, 2015

# CHILDREN'S SHELTER OF CEBU
# STATEMENTS OF FINANCIAL POSITION
# DECEMBER 31, 2014 AND 2013

| | 2014 | 2013 |
|---|---|---|
| **ASSETS** | | |
| **CURRENT ASSETS** | | |
| Cash | $ 461,249 | $ 318,974 |
| Pledges Receivable | 131,275 | 161,990 |
| Prepaid Expenses | 11,784 | 13,074 |
| Total Current Assets | 604,308 | 494,038 |
| **PROPERTY AND EQUIPMENT** | | |
| Equipment | 28,997 | 37,596 |
| Less: Accumulated Depreciation | (22,025) | (31,935) |
| Net Property and Equipment | 6,972 | 5,661 |
| **OTHER ASSETS** | | |
| Investments | 456,577 | 445,392 |
| Total Assets | $ 1,067,857 | $ 945,091 |
| **LIABILITIES AND NET ASSETS** | | |
| **CURRENT LIABILITIES** | | |
| Accounts Payable | $ 13,537 | $ 4,016 |
| Accrued Payroll and Other Liabilities | 29,766 | 28,734 |
| Deferred Rent Liability | 1,750 | - |
| Furlough Liability | 145,969 | 157,978 |
| Total Current Liabilities | 191,022 | 190,728 |
| **NET ASSETS** | | |
| Unrestricted | 461,098 | 364,510 |
| Temporarily Restricted | 183,244 | 157,860 |
| Permanently Restricted | 232,493 | 231,993 |
| Total Net Assets | 876,835 | 754,363 |
| Total Liabilities and Net Assets | $ 1,067,857 | $ 945,091 |

*See accompanying Notes to Financial Statements.*

**CHILDREN'S SHELTER OF CEBU**
**STATEMENTS OF ACTIVITIES**
**YEARS ENDED DECEMBER 31, 2014 AND 2013**

| | 2014 | | | |
|---|---|---|---|---|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
| **REVENUE AND SUPPORT** | | | | |
| Individual Contributions | $ 1,746,056 | $ - | $ 500 | $ 1,746,556 |
| Banquet, Less Direct Expenses of $26,859 and $24,446, Respectively | 115,240 | - | - | 115,240 |
| Investment Return | 2,733 | 27,971 | - | 30,704 |
| Donated Securities | 40,771 | - | - | 40,771 |
| In-Kind Contributions | 28,501 | - | - | 28,501 |
| Miscellaneous Revenue | 1,510 | - | - | 1,510 |
| Release from Program Restriction | 2,587 | (2,587) | - | - |
| Total Revenue and Support | 1,937,398 | 25,384 | 500 | 1,963,282 |
| **EXPENSE** | | | | |
| Program | 1,497,325 | - | - | 1,497,325 |
| Management and General Administrative | 223,483 | - | - | 223,483 |
| Fundraising | 120,002 | - | - | 120,002 |
| Total Expense | 1,840,810 | - | - | 1,840,810 |
| **CHANGE IN NET ASSETS** | 96,588 | 25,384 | 500 | 122,472 |
| Net Assets - Beginning | 364,510 | 157,860 | 231,993 | 754,363 |
| **NET ASSETS - ENDING** | $ 461,098 | $ 183,244 | $ 232,493 | $ 876,835 |

*See accompanying Notes to Financial Statements.*

| 2013 | | | |
|---|---|---|---|
| Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
| $ 1,613,988 | $ 2,511 | $ 5,000 | $ 1,621,499 |
| 133,014 | - | - | 133,014 |
| 2,567 | 13,959 | - | 16,526 |
| 99,899 | - | - | 99,899 |
| 11,729 | - | - | 11,729 |
| 1,875 | - | - | 1,875 |
| - | - | - | - |
| 1,863,072 | 16,470 | 5,000 | 1,884,542 |
| 1,473,464 | - | - | 1,473,464 |
| 212,870 | - | - | 212,870 |
| 116,265 | - | - | 116,265 |
| 1,802,599 | - | - | 1,802,599 |
| 60,473 | 16,470 | 5,000 | 81,943 |
| 304,037 | 141,390 | 226,993 | 672,420 |
| $ 364,510 | $ 157,860 | $ 231,993 | $ 754,363 |

# CHILDREN’S SHELTER OF CEBU
## STATEMENTS OF FUNCTIONAL EXPENSES
## YEARS ENDED DECEMBER 31, 2014 AND 2013

| | 2014 | | | |
|---|---|---|---|---|
| | Program | Management and General Administrative | Fundraising | Total |
| Salaries | $ 437,004 | $ 92,407 | $ 78,675 | $ 608,086 |
| Benefits | 99,062 | 14,428 | 12,285 | 125,775 |
| Payroll Taxes | 33,165 | 6,753 | 5,749 | 45,667 |
| Total Personnel Costs | 569,231 | 113,588 | 96,709 | 779,528 |
| Program Support | 912,906 | 17,000 | - | 929,906 |
| Postage | 1,371 | 10,723 | 2,134 | 14,228 |
| Printing | 5,454 | 9,973 | 8,490 | 23,917 |
| Computer and Office Supplies | 630 | 1,155 | 982 | 2,767 |
| Telephone | 1,192 | 2,182 | 1,857 | 5,231 |
| Training | - | 822 | - | 822 |
| Travel | 2,720 | 22,141 | - | 24,861 |
| Auto | - | 1,722 | - | 1,722 |
| Insurance | 930 | 1,701 | 1,448 | 4,079 |
| Accounting and Legal | - | 15,179 | - | 15,179 |
| Advertising | - | - | 3,879 | 3,879 |
| Rent | 1,938 | 3,544 | 3,018 | 8,500 |
| Repair and Maintenance | 319 | 584 | 497 | 1,400 |
| Miscellaneous | - | 22,009 | - | 22,009 |
| Depreciation | 634 | 1,160 | 988 | 2,782 |
| Total Expense | $ 1,497,325 | $ 223,483 | $ 120,002 | $ 1,840,810 |

*See accompanying Notes to Financial Statements.*

| 2013 | | | |
| --- | --- | --- | --- |
| Program | Management and General Administrative | Fundraising | Total |
| $ 392,689 | $ 93,906 | $ 78,545 | $ 565,140 |
| 101,706 | 16,718 | 10,341 | 128,765 |
| 32,036 | 7,265 | 6,092 | 45,393 |
| 526,431 | 117,889 | 94,978 | 739,298 |
| 933,806 | 11,729 | - | 945,535 |
| 1,148 | 8,480 | 1,753 | 11,381 |
| 3,027 | 10,134 | 4,622 | 17,783 |
| 729 | 1,390 | 1,112 | 3,231 |
| 964 | 1,840 | 1,472 | 4,276 |
| - | 1,140 | - | 1,140 |
| 2,590 | 19,444 | - | 22,034 |
| - | 1,429 | - | 1,429 |
| 937 | 1,787 | 1,430 | 4,154 |
| - | 18,668 | - | 18,668 |
| - | - | 5,780 | 5,780 |
| 2,029 | 3,872 | 3,099 | 9,000 |
| 793 | 1,514 | 1,212 | 3,519 |
| - | 13,027 | - | 13,027 |
| 1,010 | 527 | 807 | 2,344 |
| $ 1,473,464 | $ 212,870 | $ 116,265 | $ 1,802,599 |

## CHILDREN'S SHELTER OF CEBU
## STATEMENTS OF CASH FLOWS
## YEARS ENDED DECEMBER 31, 2014 AND 2013

| | 2014 | 2013 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Change in Net Assets | $ 122,472 | $ 81,943 |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities: | | |
| Depreciation | 2,782 | 2,344 |
| Loss on Disposal of Equipment | 432 | - |
| Gain on Sale of Investments | (3,525) | (2,264) |
| Unrealized Loss on Investments | 10,481 | 586 |
| Contributions Restricted to Endowment | (500) | (5,000) |
| (Increase) Decrease in Current Assets: | | |
| Pledges Receivable | 30,715 | (12,218) |
| Prepaid Expenses | 1,290 | (10,847) |
| Increase (Decrease) in Current Liabilities: | | |
| Accounts Payable | 9,521 | 1,884 |
| Accrued Payroll and Other Liabilities | 1,032 | (20,904) |
| Deferred Rent Liability | 1,750 | - |
| Furlough Liability | (12,009) | (25,781) |
| Net Cash Provided by Operating Activities | 164,441 | 9,743 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Purchase of Property and Equipment | (4,525) | (2,529) |
| Proceeds from Sale of Investments | 62,475 | 73,891 |
| Purchase of Investments | (80,616) | (108,626) |
| Net Cash Used by Investing Activities | (22,666) | (37,264) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Contributions Restricted to Endowment | 500 | 5,000 |
| **NET INCREASE (DECREASE) IN CASH** | 142,275 | (22,521) |
| Cash - Beginning | 318,974 | 341,495 |
| **CASH - ENDING** | $ 461,249 | $ 318,974 |

*See accompanying Notes to Financial Statements.*

## NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Organization

Children's Shelter of Cebu (the Organization) was incorporated in 1978 under the Minnesota Nonprofit Corporation Act. It is dedicated to meeting the physical, spiritual, social and emotional needs of homeless, neglected and impoverished Philippine children and their families. The Organization meets those needs through its support of Children's Shelter of Cebu - Philippines (CSC Philippines). CSC Philippines provides homes for 85-95 children at a time. This includes shelter, food, clothing, medical care, social work services, counseling and other services needed to provide for the needs of children. CSC Philippines also operates the Cebu Children of Hope School (CCHS) for the children in its care. CCHS is a multi-age and inclusive elementary school that is licensed by the Philippine Department of Education. It was established to meet the unique education demands created when children are admitted with no educational background, with hopes of preparing them to attend school elsewhere due to adoption. CCHS meets the educational needs of children from preschool through elementary school. After graduating from CCHS, students are placed in public or private high schools to complete their education.

### Financial Statement Presentation

Net assets and revenues, gains, and losses are classified based on donor imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted – Those resources over which the board of directors has discretionary control. Designated amounts represent those revenues which the board has set aside for a particular purpose.

Temporarily Restricted – Those resources subject to donor imposed restrictions which will be satisfied by actions of the Organization or passage of time.

Permanently Restricted – Those resources subject to a donor imposed restriction that they be maintained permanently by the Organization.

The Organization has elected to treat all contributions in which the restrictions are met in the current year as unrestricted contributions.

### Cash

The Organization's cash is maintained at one financial institution located in Minnesota. At times the accounts at this institution may exceed the Federal Deposit Insurance limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risks on cash and cash equivalents.

### Pledges Receivable

Pledges receivable are stated at net realizable value. Management has not established an allowance for uncollectible pledges receivable as of December 31, 2014 and 2013. At December 31, 2014, all pledges are considered current.

## NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Property and Equipment

Property and equipment purchases are recorded at cost. Contributed items are recorded at fair market value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulation, contributions of property and equipment are recorded as unrestricted. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

### Investments

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values on the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activity.

### Deferred Rent Liability

Rent expense is recognized on a straight-line basis over the term of the rent agreement. At December 31, 2014, a deferred rent liability had been established for the difference between cash payments and straight-line rent expense.

### Furlough Liability

Employees who work overseas at CSC Philippines are eligible for a year of furlough after every three years of employment. A furlough liability is accrued for one-third the value of eligible employees' annual salaries each year that they are not on furlough.

### Donated Goods and Services

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills and are provided by individuals possessing those skills are recorded at their fair values in the period received. In addition to the in-kind service contributions recognized in the financial statements, a substantial number of volunteers donated a significant amount of their time in the Organization's program and fundraising campaigns.

### Advertising

Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2014 and 2013 was $3,879 and $5,780, respectively.

### Functional Allocation of Expenses

Salaries and related expenses are allocated based on job descriptions and the best estimates of management. Expenses, other than salaries and related expenses, which are not directly identifiable by program or supporting service, are allocated based on the best estimates of management.

## NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Income Tax Exemption

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Minnesota Statute. It has been classified as an organization that is not a private foundation under the Internal Revenue code and charitable contributions by donors are tax deductible.

As of December 31, 2014, the Organization's 2011 through 2013 tax years are open for examination by the IRS. The entity files as a tax-exempt organization. Should that status be challenged in the future, all years since inception could be subject to review by the IRS.

### Use of Estimates

Management used estimates and assumptions in preparing the financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

### Fair Value of Financial Instruments

The Organization measures fair value using a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The inputs used to measure fair value are categorized into the following three categories:

*Level 1* – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds. The Organization has the ability to access as of the measurement date.

*Level 2* – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

*Level 3* – Inputs that are unobservable. Unobservable inputs reflect Organization's own assumptions about the factors market participants would use in pricing an investment, and is based on the best information available in the circumstances.

## NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Fair Value of Financial Instruments (Continued)

The Organization has the option to elect to measure financial instruments at fair value for the initial and subsequent measurement for certain financial assets and liabilities on an instrument-by-instrument basis. The Organization has not elected to measure any existing financial instruments at fair value at December 31, 2014. However, the Organization may elect to measure newly acquired financial instruments at fair value in the future.

### Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform with current year presentation. The reclassifications had no effect on the change in net assets or total net assets as previously reported.

### Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure in these financial statements through March 19, 2015, the date the financial statements were available to be issued.

## NOTE 2 INVESTMENTS

Investments consist of the following at December 31, 2014 and 2013:

| | 2014 | 2013 |
|---|---|---|
| Money Market | $ 3,817 | $ 9,213 |
| Mutual Funds - Equity | 412,936 | 292,440 |
| Corporate Bonds | 39,824 | 143,739 |
| Total | $ 456,577 | $ 445,392 |

The Organization provides for investment in a variety of investment funds. In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statements of activities.

Investment return is summarized as follows:

| | 2014 | 2013 |
|---|---|---|
| Interest and Dividend Income | $ 37,660 | $ 14,848 |
| Unrealized Loss on Investments | (10,481) | (586) |
| Realized Gain on Investments | 3,525 | 2,264 |
| Total | $ 30,704 | $ 16,526 |

## NOTE 3 FAIR VALUE MEASUREMENTS

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Organization measures fair value refer to Note 1 – Organization and Summary of Significant Accounting Policies.

The following table presents the fair value hierarchy for the balances of the assets of the Organization measured at fair value on a recurring basis as of December 31:

| | 2014 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Mutual Funds - Equity | $ 412,936 | $ - | $ - | $ 412,936 |
| Corporate Bonds | 39,824 | - | - | 39,824 |
| Total Investments | $ 452,760 | $ - | $ - | $ 452,760 |

| | 2013 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Mutual Funds - Equity | $ 292,440 | $ - | $ - | $ 292,440 |
| Corporate Bonds | 143,739 | - | - | 143,739 |
| Total Investments | $ 436,179 | $ - | $ - | $ 436,179 |

## NOTE 4 RETIREMENT PLANS

The Organization has a non-qualified pension plan for full time personnel. Benefits are based on 10% of salary and are paid to the employee directly. The employees utilize the amount received to fund their personal retirement programs. Pension expense related to this plan for the years ended December 31, 2014 and 2013 was $10,670 and $10,483, respectively.

Beginning in 2013, the Organization joined the retirement plans of Converge Worldwide (a conference of churches). Employees of the Organization are covered by a defined benefit plan, which permits only employer contributions. The unfunded actuarial liability for the Organization cannot be determined because Converge Worldwide does not compute the liability for each participating employer. The Organization contributes 6% of qualified employees' salaries to the defined benefit plan. In addition, the Organization will match up to 2% of employee-elected contributions to Converge Worldwide's defined contribution plan. Related retirement plan expenses were $53,249 and $64,571 for the years ended December 31, 2014 and 2013, respectively.

A 403(b) plan is also available to employees. The employer discretionary contribution to the plan was $1,392 and $7,254 for the years ended December 31, 2014 and 2013, respectively.

## NOTE 5 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following donor restrictions at December 31:

| | 2014 | 2013 |
|---|---|---|
| Program Expenses | $ 14,471 | $ 17,058 |
| Future Operations - Unappropriated Endowment Earnings | 168,773 | 140,802 |
| Total | $ 183,244 | $ 157,860 |

## NOTE 6 ENDOWMENT

**Interpretation of Relevant Law**

The Organization has board designated and donor restricted endowment funds established for the purpose of providing an operating cash reserve. As required by U.S. generally accepted accounting principles, net assets of the endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions. The board of directors of the Organization has interpreted the State's Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Organization classifies as permanently restricted net assets the original value of the gifts to the permanent endowment and the value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Organization has adopted a spending policy that allows the President to spend unrestricted endowment funds up to 5% of the fair market value of the endowment fund at the beginning of the fiscal year. Additional withdrawals of the fund may be allowed to meet extraordinary needs as approved by at least 80% of the board of directors.

The Organization has adopted an investment policy to provide guidelines for investing endowment assets. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to protect the principal balance, manage cash flow to meet all expected and unexpected future funding requirements, and maximize return with minimal risk. To achieve these objectives and adhere to donor imposed restrictions, the Organization invests endowment assets in money market funds, mutual funds and corporate bonds.

## NOTE 6 ENDOWMENT (CONTINUED)

### Interpretation of Relevant Law (Continued)

Endowment net asset composition by type and changes in endowment net assets are as follows for the year ended December 31:

| | 2014 | | | |
|---|---|---|---|---|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | 2014 Total |
| Donor-Restricted Endowment Funds | $ - | $ 168,773 | $ 232,493 | $ 401,266 |
| Board-Designated Endowment Funds | 54,783 | - | - | 54,783 |
| Total Endowment Funds | $ 54,783 | $ 168,773 | $ 232,493 | $ 456,049 |

| | 2013 | | | |
|---|---|---|---|---|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | 2013 Total |
| Donor-Restricted Endowment Funds | $ - | $ 140,802 | $ 231,993 | $ 372,795 |
| Board-Designated Endowment Funds | 71,999 | - | - | 71,999 |
| Total Endowment Funds | $ 71,999 | $ 140,802 | $ 231,993 | $ 444,794 |

| | 2014 | | | |
|---|---|---|---|---|
| | Unrestricted Board Designated | Temporarily Restricted | Permanently Restricted | Total |
| Endowment Net Assets - Beginning | $ 71,999 | $ 140,802 | $ 231,993 | $ 444,794 |
| Investment Income | 2,733 | 27,971 | - | 30,704 |
| Additions | - | - | 500 | 500 |
| Appropriation for Expenditure | (19,949) | - | - | (19,949) |
| Endowment Net Assets - Ending | $ 54,783 | $ 168,773 | $ 232,493 | $ 456,049 |

| | 2013 | | | |
|---|---|---|---|---|
| | Unrestricted Board Designated | Temporarily Restricted | Permanently Restricted | Total |
| Endowment Net Assets - Beginning | $ 54,975 | $ 126,843 | $ 226,993 | $ 408,811 |
| Investment Income | 2,567 | 13,959 | - | 16,526 |
| Additions | 14,457 | - | 5,000 | 19,457 |
| Appropriation for Expenditure | - | - | - | - |
| Endowment Net Assets - Ending | $ 71,999 | $ 140,802 | $ 231,993 | $ 444,794 |

## NOTE 7 IN-KIND CONTRIBUTIONS

The Organization recognizes contribution revenue for supplies and other resources received at their fair value. Those services include the following items at December 31:

| | 2014 | 2013 |
|---|---|---|
| Program Support | $ 27,001 | $ 11,729 |
| In-Kind Rent | 1,500 | - |
| Total | $ 28,501 | $ 11,729 |

## NOTE 8 OPERATING LEASES

Rental commitments under non-cancelable leases for office space in effect at December 31, 2014 are as follows:

| Year | Amount |
|---|---|
| 2015 | $ 9,000 |
| 2016 | 6,750 |
| Total | $ 15,750 |

During 2013, Children's Shelter of Cebu leased administrative space under terms of an operating lease agreement requiring monthly rental payments of $750. This lease agreement ended in January 2013, upon which time it has converted to a month-to-month lease agreement which ended on June 30, 2014.

During 2014, Children's Shelter of Cebu entered into a new two year lease agreement for administrative space under terms of an operating lease agreement requiring monthly rental payments of $750.

Rent expense was $8,500 and $9,000 for the years ended December 31, 2014 and 2013, respectively.

## NOTE 9 COOPERATIVE AGREEMENT

The Organization has entered into a cooperative agreement with Children's Shelter of Cebu (a Philippines Corporation CSC Philippines). Under the terms of the agreement, the Organization endeavors to provide funding for the programs and services of CSC Philippines. The Organization is not legally responsible or liable for the program services or activities of CSC Philippines.

Total payments to CSC Philippines were $929,906 and $945,535 for the years ended December 31, 2014 and 2013, respectively.