

# **Unbound**

Independent Auditor's Report and Financial Statements

December 31, 2016 and 2015



**Unbound**  
**December 31, 2016 and 2015**

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## Independent Auditor's Report

Board of Directors  
Unbound  
Kansas City, Kansas

We have audited the accompanying financial statements of Unbound, which comprise the statements of financial position as of December 31, 2016 and 2015, 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.

### *Auditor's 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors  
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*Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Unbound as of December 31, 2016 and 2015, 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.

*BKD, LLP*

Kansas City, Missouri  
May 11, 2017

**Unbound**  
**Statements of Financial Position**  
**December 31, 2016 and 2015**

**Assets**

	<u>2016</u>	<u>2015</u>
Cash and cash equivalents	\$ 11,945,391	\$ 10,927,328
Accounts receivable	351,784	568,318
Prepaid expenses and other assets	916,135	914,427
Investments	28,719,695	25,061,245
Property and equipment, net of accumulated depreciation; 2016 - \$5,650,721, 2015 - \$5,169,062	<u>3,931,275</u>	<u>4,234,209</u>
Total assets	<u><u>\$ 45,864,280</u></u>	<u><u>\$ 41,705,527</u></u>

**Liabilities and Net Assets**

**Liabilities**

Accounts payable	\$ 173,008	\$ 164,103
Accrued expenses and deferred revenue	1,130,136	1,130,061
Annuity obligations	<u>480,850</u>	<u>501,084</u>
Total liabilities	<u>1,783,994</u>	<u>1,795,248</u>

**Net Assets**

Unrestricted		
Operating reserve	2,346,678	1,957,731
Planned giving	100,000	100,000
Headquarters building	1,500,000	200,000
Capital equipment	200,000	200,000
CASA and other software upgrades	200,000	200,000
Program	6,500,468	4,078,412
Property and equipment - net (not currently available for expenditure due to amounts already invested in property and equipment)	<u>3,931,275</u>	<u>4,234,209</u>
Total unrestricted net assets	14,778,421	10,970,352
Temporarily restricted net assets	<u>29,301,865</u>	<u>28,939,927</u>
Total net assets	<u>44,080,286</u>	<u>39,910,279</u>
Total liabilities and net assets	<u><u>\$ 45,864,280</u></u>	<u><u>\$ 41,705,527</u></u>

**Unbound**  
**Statement of Activities**  
**Year Ended December 31, 2016**

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>Public Support, Gains and Other Revenues</b>			
Public support			
Sponsorships	\$ 89,421,755	\$ 26,535,312	\$ 115,957,067
Contributions	4,567,611	6,852,276	11,419,887
Total public support	<u>93,989,366</u>	<u>33,387,588</u>	<u>127,376,954</u>
Other revenue	<u>1,139,441</u>	<u>4,987</u>	<u>1,144,428</u>
Unrealized gains (losses) on investments	<u>536,470</u>	<u>(12,421)</u>	<u>524,049</u>
Net assets released from restrictions			
Satisfaction of program restrictions	6,656,707	(6,656,707)	-
Expiration of time restrictions	<u>26,361,509</u>	<u>(26,361,509)</u>	<u>-</u>
Total net assets released from restrictions	<u>33,018,216</u>	<u>(33,018,216)</u>	<u>-</u>
Total public support, gains and other revenues	<u>128,683,493</u>	<u>361,938</u>	<u>129,045,431</u>
<b>Expenses</b>			
Program services	115,148,019	-	115,148,019
Fundraising	5,436,664	-	5,436,664
General and administrative	<u>4,290,741</u>	<u>-</u>	<u>4,290,741</u>
Total expenses	<u>124,875,424</u>	<u>-</u>	<u>124,875,424</u>
<b>Increase in Net Assets</b>	3,808,069	361,938	4,170,007
<b>Net Assets, Beginning of Year</b>	<u>10,970,352</u>	<u>28,939,927</u>	<u>39,910,279</u>
<b>Net Assets, End of Year</b>	<u>\$ 14,778,421</u>	<u>\$ 29,301,865</u>	<u>\$ 44,080,286</u>

**Unbound**  
**Statement of Activities**  
**Year Ended December 31, 2015**

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>Public Support, Gains and Other Revenues</b>			
Public support			
Sponsorships	\$ 84,415,111	\$ 26,361,508	\$ 110,776,619
Contributions	5,026,150	6,565,302	11,591,452
Total public support	<u>89,441,261</u>	<u>32,926,810</u>	<u>122,368,071</u>
Other revenue	<u>1,158,092</u>	<u>6,102</u>	<u>1,164,194</u>
Unrealized losses on investments	<u>(505,212)</u>	<u>(5,472)</u>	<u>(510,684)</u>
Net assets released from restrictions			
Satisfaction of program restrictions	6,206,933	(6,206,933)	-
Expiration of time restrictions	25,948,962	(25,948,962)	-
Total net assets released from restrictions	<u>32,155,895</u>	<u>(32,155,895)</u>	<u>-</u>
Total public support, gains and other revenues	<u>122,250,036</u>	<u>771,545</u>	<u>123,021,581</u>
<b>Expenses</b>			
Program services	112,978,583	-	112,978,583
Fundraising	5,029,681	-	5,029,681
General and administrative	3,966,152	-	3,966,152
Total expenses	<u>121,974,416</u>	<u>-</u>	<u>121,974,416</u>
<b>Increase in Net Assets</b>	275,620	771,545	1,047,165
<b>Net Assets, Beginning of Year</b>	<u>10,694,732</u>	<u>28,168,382</u>	<u>38,863,114</u>
<b>Net Assets, End of Year</b>	<u>\$ 10,970,352</u>	<u>\$ 28,939,927</u>	<u>\$ 39,910,279</u>

**Unbound**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2016**

	<b>Program Services</b>	<b>Fund Raising</b>	<b>General and Administrative</b>	<b>Total</b>
Child, aging and local outreach support	\$ 105,384,521	\$ -	\$ -	\$ 105,384,521
Staff salaries and benefits	6,725,368	2,910,438	1,881,860	11,517,666
Appeal stipends	-	518,041	-	518,041
Awareness and education	462,894	23,306	5,307	491,507
Travel	221,863	305,197	12,160	539,220
Postage	862,049	189,348	513,583	1,564,980
Printing and duplicating	359,261	238,963	182,333	780,557
Bank service fees	-	-	1,219,183	1,219,183
Professional services	34,588	29,382	169,151	233,121
Advertising	81	878,405	7,982	886,468
Equipment maintenance and purchases	120,064	26,351	27,172	173,587
Supplies	200,682	94,613	58,052	353,347
Field audits	169,102	-	-	169,102
Telephone	46,324	29,506	12,004	87,834
Insurance	70,834	25,169	15,590	111,593
Utilities	61,344	15,801	15,801	92,946
Facility maintenance	76,093	15,213	14,963	106,269
Seminars, conferences and educational materials	4,216	24,407	6,177	34,800
Rent	1,387	7,045	357	8,789
Publications	1,529	1,391	6,339	9,259
Depreciation	331,759	77,020	77,020	485,799
Miscellaneous	14,060	27,068	65,707	106,835
	<u>\$ 115,148,019</u>	<u>\$ 5,436,664</u>	<u>\$ 4,290,741</u>	<u>\$ 124,875,424</u>
Total expenses				



**Unbound**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2015**

	<b>Program Services</b>	<b>Fund Raising</b>	<b>General and Administrative</b>	<b>Total</b>
Child, aging and local outreach support	\$ 103,819,585	\$ -	\$ -	\$ 103,819,585
Staff salaries and benefits	6,059,482	2,820,515	1,653,259	10,533,256
Appeal stipends	-	467,894	-	467,894
Awareness and education	522,196	3,630	1,805	527,631
Travel	132,295	280,323	16,041	428,659
Postage	855,365	134,514	541,682	1,531,561
Printing and duplicating	469,889	195,124	190,393	855,406
Bank service fees	-	-	1,132,332	1,132,332
Professional services	26,129	14,209	135,754	176,092
Advertising	692	767,005	8,758	776,455
Equipment maintenance and purchases	104,213	26,222	23,456	153,891
Supplies	196,529	69,210	41,711	307,450
Field audits	182,826	-	-	182,826
Telephone	59,490	35,035	14,367	108,892
Insurance	70,048	26,317	14,868	111,233
Utilities	62,733	16,159	19,002	97,894
Facility maintenance	76,385	15,167	15,039	106,591
Seminars, conferences and educational materials	7,036	32,846	4,533	44,415
Rent	2,400	15,089	449	17,938
Publications	2,453	2,243	5,937	10,633
Depreciation	321,973	93,991	74,191	490,155
Miscellaneous	6,864	14,188	72,575	93,627
	<u>\$ 112,978,583</u>	<u>\$ 5,029,681</u>	<u>\$ 3,966,152</u>	<u>\$ 121,974,416</u>
Total expenses	<u>\$ 112,978,583</u>	<u>\$ 5,029,681</u>	<u>\$ 3,966,152</u>	<u>\$ 121,974,416</u>

**Unbound**  
**Statements of Cash Flows**  
**Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Operating Activities</b>		
Increase in net assets	\$ 4,170,007	\$ 1,047,165
Items not requiring (providing) operating activities cash flows		
Net realized and unrealized gains (losses) on investments	(456,516)	491,032
Change in cash surrender value of life insurance	(4,861)	(5,150)
Contributions of investment securities	(344,117)	(141,363)
Depreciation	485,799	490,155
Changes in		
Accounts receivable	216,534	(319,041)
Prepaid expenses and other assets	(29,268)	(74,529)
Accounts payable and accrued expenses	8,980	185,928
	<u>4,046,558</u>	<u>1,674,197</u>
Net cash provided by operating activities		
<b>Investing Activities</b>		
Purchase of property and equipment	(182,865)	(294,855)
Purchase of investments	(7,726,845)	(7,692,412)
Proceeds from disposition of investments	4,873,889	6,591,847
Maturity of reinsurance agreements	40,413	41,245
	<u>(2,995,408)</u>	<u>(1,354,175)</u>
Net cash used in investing activities		
<b>Financing Activities</b>		
Proceeds from issuance of annuity obligations	14,338	68,953
Payments on annuity obligations	(47,425)	(45,934)
	<u>(33,087)</u>	<u>23,019</u>
Net cash provided by (used in) financing activities		
<b>Increase in Cash and Cash Equivalents</b>	1,018,063	343,041
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>10,927,328</u>	<u>10,584,287</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 11,945,391</u>	<u>\$ 10,927,328</u>

# Unbound

## Notes to Financial Statements

### December 31, 2016 and 2015

#### **Note 1: Nature of Operations and Summary of Significant Accounting Policies**

##### ***Nature of Operations***

Unbound is a not-for-profit organization whose mission is to walk with the poor and marginalized of the world. Unbound's revenues and other support are derived primarily from sponsorships and contributions. Unbound's principal activities are to build personal connections with people in developing countries and work side by side with them to break the bonds of poverty. To do this, dynamic, one-to-one relationships are created. Individuals select a specific child, youth or elderly person to sponsor and offer them support and encouragement on their path to self-sufficiency.

Unbound and its sponsors instill confidence in those who need it most. Unbound partners with families served through the program to challenge poverty by empowering them to choose the benefits they most need to address their unique situations. Not only does Unbound help families provide basic needs such as education, food, medical care and clothing, but it also helps them create long-term solutions through skills training, livelihood initiatives and self-help groups. The support network Unbound and sponsorship offers aids individuals on their journey to transcend poverty and create more resilient families and communities.

Unbound partners with 38 project offices in 20 countries to administer the various organization programs. Because Unbound does not exercise control over the project offices, the operations of the project offices are not consolidated in Unbound's financial statements. Funding provided to the project offices are titled "child, aging and local outreach support" within the statements of functional expenses and are categorized as program services.

##### ***Foreign Affiliation***

Unbound has an affiliation agreement with Delegación de la Fundación Cristiana para Niños y Ancianos (DFCNA), a similar organization in Spain. Because Unbound does not exercise control over DFCNA, the operations of this entity are not consolidated in Unbound's financial statements. DFCNA sends sponsorship contributions to the organization for distribution to the various Unbound programs. These funds are included in sponsorship support. Total sponsorship contributions received from DFCNA amounted to \$334,319 and \$292,833 during the years ended December 31, 2016 and 2015, respectively.

##### ***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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

# Unbound

## Notes to Financial Statements

### December 31, 2016 and 2015

#### ***Cash and Cash Equivalents***

Unbound considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2016 and 2015, cash equivalents consisted of money market funds.

At December 31, 2016, approximately \$3,344,000 of Unbound's cash was held in a financial institution in excess of federally insured limits. However, management has evaluated the financial stability of the institution and believes the risk of loss is minimal.

#### ***Investments and Investment Return***

Investments in equity securities having a readily determinable fair value and investments in all debt securities are carried at fair value. Annuities are recorded at contract value, plus accrued interest. Life insurance contracts are carried at the cash surrender value of the policy. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments net of investment expenses.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in unrestricted net assets. Other investment return is reflected in the statements of activities as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions.

Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term.

#### ***Property and Equipment***

Property and equipment are stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated lives of forty years for the buildings and three to fifteen years for furniture, equipment and software.

Unbound capitalizes costs associated with software development when the preliminary application stage is completed. Capitalization of such costs ceases no later than the point at which the application is substantially complete and ready for its intended purposes. Research and other preliminary costs related to software development, as well as computer software maintenance costs, are expensed as incurred.

Unbound evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended December 31, 2016 and 2015.

# Unbound

## Notes to Financial Statements

### December 31, 2016 and 2015

#### ***Annuity Obligations***

Annuity obligations consist of contributed amounts subject to obligations to make fixed periodic payments to beneficiaries over their lifetimes or a specified length of time. The annuity liability is recorded at the actuarial present value of the aggregate liability determined by the applicable federal rate and life expectancy tables. Unbound values the fair value of annuity assets and liabilities on an annual basis.

To reduce the risk that the payments to the beneficiaries will not exceed the amount originally contributed, Unbound purchased annuities to cover the beneficiary payments over the life of the beneficiaries for annuities sold prior to 2014. The annuity investments are included within investments in the statements of financial position.

For annuities sold beginning in 2014, Unbound set aside a reserve of \$100,000 as of December 31, 2014 to fund these liabilities. Any actuarial gain or loss resulting from the computation of the liability for the present value of future payments is recorded as a change in unrestricted revenue.

#### ***Unrestricted and Temporarily Restricted Net Assets***

Unrestricted net assets represent sponsorship and support services associated with funding Unbound's operating needs and for which all donor-imposed restrictions, if any, have been satisfied.

Temporarily restricted net assets represent sponsorship payments and other contributions which are restricted due to donor-imposed time restrictions or donor-imposed special purpose restrictions such as support for birthday celebrations, Christmas celebrations or urgent needs. Sponsorship is provided to children, their families and the aging living in poverty in developing countries on a recurring monthly basis; however, some donors elect to pay on a yearly or other basis. For those contributions received where the benefit has not been provided to the children or their families, Unbound includes those contributions as temporarily restricted net assets until such time that the benefits are provided for donor-imposed time or special purpose restrictions. Such restrictions generally expire or are otherwise satisfied within the twelve months following receipt.

#### ***Sponsorships and Contributions***

Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Gifts received with a donor stipulation that limits their use are reported as temporarily or permanently restricted revenue and net assets. When a donor stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Gifts having donor stipulations which are satisfied in the period the gift is received are reported as unrestricted revenue and net assets.

# Unbound

## Notes to Financial Statements

### December 31, 2016 and 2015

Gifts of land, buildings, equipment and other long-lived assets are reported as unrestricted revenue and net assets unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as temporarily or permanently restricted revenue and net assets. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of temporarily restricted net assets as unrestricted net assets are reported when the long-lived assets are placed in service.

#### ***Contributed Services***

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. No amounts have been reflected in the financial statements for contributed services. However, time and resources have been contributed by volunteers in furtherance of Unbound's objectives, where the volunteers were not experts in the field they were providing services. Management has estimated the value of the approximately 20,300 hours of services donated in 2016 at \$408,000 and 20,000 hours of services donated in 2015 at \$385,000.

#### ***Income Taxes***

Unbound is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, Unbound is subject to federal income tax on any unrelated business taxable income. Unbound has evaluated and determined there are no uncertain tax positions that would need to be analyzed for any of the periods presented. Unbound files tax returns in the U.S. federal jurisdiction.

#### ***Functional Allocation of Expenses***

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. Certain costs have been allocated among the program services, fundraising and general and administrative categories based on allocation of salaries and other methods.

#### ***Subsequent Events***

Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.

**Unbound**  
**Notes to Financial Statements**  
**December 31, 2016 and 2015**

**Note 2: Investments and Investment Return and Disclosures About Fair Value of Assets**

***Investments***

Investments at December 31 consisted of the following:

	<b>2016</b>	<b>2015</b>
Investments carried at fair value		
U.S. treasury and agency securities	\$ 10,119,903	\$ 11,664,285
Common stock	6,514,841	5,749,681
Corporate bonds	2,079,775	343,150
Foreign obligations	709,915	-
Municipal bonds	465,592	70,504
Mutual funds	151,617	211,817
	<hr/>	<hr/>
Total investments carried at fair value	20,041,643	18,039,437
Annuities carried at contract value	8,559,479	6,908,096
Life insurance carried at cash surrender value	118,573	113,712
	<hr/>	<hr/>
	<u>\$ 28,719,695</u>	<u>\$ 25,061,245</u>

***Investment Return***

Total investment return is comprised of the following:

	<b>2016</b>	<b>2015</b>
Interest and dividend income	\$ 534,554	\$ 548,121
Realized gains (losses)	(67,533)	19,652
Unrealized gains (losses)	524,049	(510,684)
	<hr/>	<hr/>
Return on investments carried at fair value	991,070	57,089
Return on investments carried at contract value	213,066	205,228
	<hr/>	<hr/>
	<u>\$ 1,204,136</u>	<u>\$ 262,317</u>

**Unbound**  
**Notes to Financial Statements**  
**December 31, 2016 and 2015**

Total investment return is reflected in the statements of activities as follows:

	<b>2016</b>	<b>2015</b>
Investment return included in other revenue	\$ 680,087	\$ 773,001
Unrealized gains (losses) on investments	524,049	(510,684)
	\$ 1,204,136	\$ 262,317

***Fair Value Disclosures***

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2016.



**Unbound**  
**Notes to Financial Statements**  
**December 31, 2016 and 2015**

The following tables present the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2016 and 2015:

	<b>Fair Value Measurements Using</b>			
	<b>Fair Value</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
<b>December 31, 2016</b>				
Cash equivalents - money market funds	\$ 7,966,103	\$ 7,966,103	\$ -	\$ -
Investments				
U.S. treasury and agency securities	10,119,903	-	10,119,903	-
Common stock	6,514,841	6,514,841	-	-
Corporate bonds	2,079,775	-	2,079,775	-
Foreign obligations	709,915	-	709,915	-
Municipal bonds	465,592	-	465,592	-
Mutual funds	151,617	151,617	-	-
<b>Total</b>	<b>\$ 28,007,746</b>	<b>\$ 14,632,561</b>	<b>\$ 13,375,185</b>	<b>\$ -</b>

	<b>Fair Value Measurements Using</b>			
	<b>Fair Value</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
<b>December 31, 2015</b>				
Cash equivalents - money market funds	\$ 6,853,704	\$ 6,853,704	\$ -	\$ -
Investments				
U.S. treasury and agency securities	11,664,285	-	11,664,285	-
Common stock	5,749,681	5,749,681	-	-
Corporate bonds	343,150	-	343,150	-
Municipal bonds	70,504	-	70,504	-
Mutual funds	211,817	211,817	-	-
<b>Total</b>	<b>\$ 24,893,141</b>	<b>\$ 12,815,202</b>	<b>\$ 12,077,939</b>	<b>\$ -</b>

**Unbound**  
**Notes to Financial Statements**  
**December 31, 2016 and 2015**

**Note 3: Property and Equipment**

Property and equipment at December 31 consisted of the following:

	<u>2016</u>	<u>2015</u>
Land	\$ 273,053	\$ 273,053
Buildings	4,728,511	4,715,506
Furniture and equipment	1,824,809	1,659,089
CASA software	2,755,623	2,755,623
	<u>9,581,996</u>	<u>9,403,271</u>
Less accumulated depreciation	<u>(5,650,721)</u>	<u>(5,169,062)</u>
	<u>\$ 3,931,275</u>	<u>\$ 4,234,209</u>

**Note 4: Net Assets**

***Temporarily Restricted Net Assets***

Temporarily restricted net assets at December 31 are available for the following purposes or periods:

	<u>2016</u>	<u>2015</u>
Child sponsorships	\$ 23,933,607	\$ 23,891,235
Aging sponsorships	2,515,393	2,383,223
Project/urgent needs	1,319,429	1,305,089
Project grants	759,371	691,311
Birthday fund	508,894	346,461
Vocation sponsorships	86,311	87,051
Other	178,860	235,557
	<u>\$ 29,301,865</u>	<u>\$ 28,939,927</u>

**Unbound**  
**Notes to Financial Statements**  
**December 31, 2016 and 2015**

***Net Assets Released from Restrictions***

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	<b>2016</b>	<b>2015</b>
Child sponsorships	\$ 23,891,235	\$ 23,586,445
Aging sponsorships	2,383,223	2,250,275
Project/urgent needs	2,568,176	2,229,617
Project grants	185,580	30,536
Birthday fund	1,715,013	1,729,815
Christmas fund	2,187,938	2,216,965
Vocation sponsorships	87,051	112,242
	<u>\$ 33,018,216</u>	<u>\$ 32,155,895</u>

**Note 5: Retirement Plan**

Unbound has a defined contribution pension plan covering all eligible employees 18 years of age and older. Under the Plan, Unbound contributes an amount equal to 6% of each participant's compensation. Participants are fully vested upon entry into the Plan. Pension expense was \$531,055 and \$498,471 for 2016 and 2015, respectively.