SAVE THE CHILDREN FEDERATION, INC. AND RELATED ENTITIES

Consolidated Financial Statements

December 31, 2016
(with summarized comparative financial information as of and
for the year ended December 31, 2015)

(With Independent Auditors' Report Thereon)

KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Independent Auditors' Report

The Board of Trustees
Save the Children Federation, Inc.:

We have audited the accompanying consolidated financial statements of Save the Children Federation, Inc. and related entities, which comprise the consolidated statement of financial position as of December 31, 2016, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; 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.

Auditors' 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 auditors' 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 Save the Children Federation, Inc. and its related entities as of December 31, 2016, and the changes in their net assets and their cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Report on Summarized Comparative Information

We have previously audited Save the Children Federation Inc.'s 2015 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 13, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

KPMG LLP

May 15, 2017

SAVE THE CHILDREN FEDERATION, INC. AND RELATED ENTITIES

Consolidated Statement of Financial Position

December 31, 2016
(with comparative financial information as of December 31, 2015)

(In thousands)

Assets		2016	2015
Cash and cash equivalents (note 15)	$	43,445	28,285
Grants and contracts receivable (note 15)		50,712	55,955
Contributions receivable, net (note 7)		10,731	12,094
Inventory		1,388	1,713
Due from Save the Children International, net (note 6)		9,238	27,190
Prepaid expenses and other assets		5,900	11,549
Investments (notes 3 and 4)		130,092	127,168
Assets of pooled income fund and charitable gift annuities (note 4)		3,027	3,019
Property, plant and equipment, net (note 8)		9,207	8,448
Beneficial interests in perpetual trusts held by third parties (note 4)		5,135	5,002
Total assets	$	268,875	280,423
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued liabilities	$	29,149	28,309
Short-term debt (note 9)		—	15,000
Deferred revenue (note 15)		51,063	50,280
Severance benefits for foreign national employees		262	817
Postretirement benefits other than pensions (note 11)		4,518	4,404
Total liabilities		84,992	98,810
Commitments and contingencies (notes 10, 11, 13, 14, and 15)			
Net assets:			
Unrestricted:			
Undesignated		6,102	3,844
Board designated-endowment (note 6)		89,542	93,799
Investment in property, plant and equipment		9,207	8,448
Total unrestricted net assets		104,851	106,091
Temporarily restricted (notes 6 and 12)		41,323	41,781
Permanently restricted (notes 6 and 12)		37,709	33,741
Total net assets		183,883	181,613
Total liabilities and net assets	$	268,875	280,423

See accompanying notes to consolidated financial statements.

SAVE THE CHILDREN FEDERATION, INC. AND RELATED ENTITIES

Consolidated Statement of Activities

Year ended December 31, 2016
(with summarized comparative financial information for the year ended December 31, 2015)

(In thousands)

	2016				2015
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**	**Total**
Operating revenue:					
Contributions and private grants (note 2 (d))	$ 201,785	63,296	—	265,081	285,299
U.S. government grants and contracts (note 15)	269,967	—	—	269,967	246,957
Sponsorships	—	62,338	—	62,338	60,193
Commodities and ocean freight (note 5)	77,839	—	—	77,839	66,241
Fee for service contracts	9,692	—	—	9,692	8,791
Bequests	4,058	293	—	4,351	3,579
Investment return appropriated for operations (note 3)	5,287	995	—	6,282	6,127
Other	792	—	—	792	1,090
	569,420	126,922	—	696,342	678,277
Net assets released from restrictions	128,274	(128,274)	—	—	—
Total operating revenue	697,694	(1,352)	—	696,342	678,277
Operating expenses:					
Program services:					
Program activities (note 16)	132,016	—	—	132,016	147,550
Program activities-Save the Children International (note 16)	433,848	—	—	433,848	403,522
Program development and public policy support	38,189	—	—	38,189	35,415
Total program services	604,053	—	—	604,053	586,487
Supporting services:					
Management and general	22,934	—	—	22,934	21,721
Management and general-Save the Children International	13,321	—	—	13,321	11,667
Fund-raising	58,409	—	—	58,409	55,178
Total supporting services	94,664	—	—	94,664	88,566
Total operating expenses	698,717	—	—	698,717	675,053
(Deficiency) excess of operating revenue over expenses	(1,023)	(1,352)	—	(2,375)	3,224
Nonoperating activities:					
Investment return less amount appropriated for operations (note 3)	4,132	876	—	5,008	(13,085)
Transfer from board designated (note 12)	(3,668)	—	3,668	—	—
Loss on lease termination (note 13)	—	—	—	—	(3,183)
Foreign currency exchange loss	(673)	—	—	(673)	(917)
Endowment contributions	(8)	18	167	177	534
Contributions and changes in value of split-interest agreements	—	—	133	133	3,278
Total nonoperating activities	(217)	894	3,968	4,645	(13,373)
Increase (decrease) in net assets	(1,240)	(458)	3,968	2,270	(10,149)
Net assets at beginning of year	106,091	41,781	33,741	181,613	191,762
Net assets at end of year	$ 104,851	41,323	37,709	183,883	181,613

See accompanying notes to consolidated financial statements.

SAVE THE CHILDREN FEDERATION, INC. AND RELATED ENTITIES

Consolidated Statement of Functional Expenses

Year ended December 31, 2016
(with summarized comparative financial information for the year ended December 31, 2015)

(In thousands)

	Program services			Supporting services				
	Program activities (note 16)	**Program development and public policy support**	**Total program services**	**Management and general**	**Fund-raising**	**Total supporting services**	**2016 Total**	**2015 Total**
Salaries	$ 45,167	17,872	63,039	12,363	15,428	27,791	90,830	91,539
Employee fringe benefits (notes 10 and 11)	12,714	4,971	17,685	3,325	4,158	7,483	25,168	24,326
Total salaries and related expenses	57,881	22,843	80,724	15,688	19,586	35,274	115,998	115,865
Grants to and charges from Save the Children International	433,848	—	433,848	13,321	—	13,321	447,169	415,189
Grants to other agencies	45,488	81	45,569	32	2,088	2,120	47,689	48,630
Supplies, materials, etc.	9,935	454	10,389	1,055	926	1,981	12,370	15,042
Commodities and ocean freight	—	—	—	—	—	—	—	5,239
Travel	5,786	2,388	8,174	833	1,007	1,840	10,014	9,230
Professional fees	6,252	4,689	10,941	1,980	11,327	13,307	24,248	21,951
Other project costs	893	—	893	—	—	—	893	1,804
Advertising (note 2(d))	—	4,434	4,434	—	11,753	11,753	16,187	19,573
Occupancy (note 13)	3,664	2,350	6,014	937	1,038	1,975	7,989	7,343
Printing	245	19	264	86	3,742	3,828	4,092	3,953
Telecommunications	591	179	770	264	1,388	1,652	2,422	2,635
Postage and shipping	257	58	315	28	2,259	2,287	2,602	2,620
Depreciation and amortization	753	76	829	1,054	725	1,779	2,608	2,620
Other	271	618	889	977	2,570	3,547	4,436	3,359
Total expenses	$ 565,864	38,189	604,053	36,255	58,409	94,664	698,717	675,053

See accompanying notes to consolidated financial statements.

SAVE THE CHILDREN FEDERATION, INC. AND RELATED ENTITIES

Consolidated Statement of Cash Flows

Year ended December 31, 2016
(with comparative financial information for the year ended December 31, 2015)

(In thousands)

		2016	2015
Cash flows from operating activities:			
Increase (decrease) in net assets	$	2,270	(10,149)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:			
Depreciation and amortization		2,608	2,620
Loss on lease termination		—	3,183
Loss on disposal of building and equipment		419	4
Change in gifts-in-kind and other inventory		(513)	(505)
Net (appreciation) depreciation in fair value of investments		(9,933)	7,650
Contributions restricted for long-term investment		(167)	(560)
Contributions and changes in value of split-interest agreements		(133)	(3,278)
Changes in operating assets and liabilities:			
Grants and contracts receivable		5,243	(7)
Contributions receivable		1,363	(538)
Commodities inventory		838	2,120
Due from Save the Children International, net		16,143	(7,477)
Prepaid expenses and other assets		5,649	(4,985)
Accounts payable and accrued liabilities		840	2,719
Deferred revenue		783	(6,482)
Severance benefits for foreign national employees		(555)	(1,420)
Postretirement benefits other than pensions		114	(735)
Net cash provided by (used in) operating activities		24,969	(17,840)
Cash flows from investing activities:			
Purchases of property, plant and equipment		(3,786)	(2,042)
Purchases of investments		(80,986)	(77,391)
Proceeds from sale of investments		87,995	97,415
Loan to Save the Children International		—	(3,173)
Loan repayment from Save the Children International		1,809	1,111
Net cash provided by investing activities		5,032	15,920
Cash flows from financing activities:			
Proceeds from short-term debt		—	15,000
Repayment of short-term debt		(15,000)	(10,000)
Contributions restricted for long-term investment		167	560
Distribution of split interest agreements, net		(8)	(14)
Net cash (used in) provided by financing activities		(14,841)	5,546
Net increase in cash and cash equivalents		15,160	3,626
Cash and cash equivalents at beginning of year		28,285	24,659
Cash and cash equivalents at end of year	$	43,445	28,285
Supplemental cash flow information:			
Donated goods and services	$	25,019	24,293
Commodities		77,313	59,074

See accompanying notes to consolidated financial statements.

(1) Organization and Purpose

Save the Children Federation, Inc. (SCUS) was established in 1932 and operates as a voluntary, nonsectarian, nonprofit organization in the United States of America and throughout the world providing services for children and community self-help assistance.

SCUS is a member of Save the Children Association (SCA), a Swiss membership organization. SCA currently has 30 independent, autonomous, nonprofit, private voluntary membership organizations that bear the name Save the Children or a related designation (the Members). SCA created Save the Children International (SCI), a United Kingdom based charitable entity, of which SCA is the sole member, and therefore, SCI is a wholly owned subsidiary of SCA.

In 2011, SCUS, in concert with the 29 other independent Members, entered into a series of agreements to create a single global program delivery platform through SCI. Under these agreements, SCUS works with other Members through the SCI platform to deliver nondomestic programs to benefit children. SCUS continues to design programs, coordinate with donors, and provide technical assistance to ensure program quality, monitoring, and reporting. The costs of implementing programs through the SCI structure are covered by program funds raised by SCUS (and other Members) and the allocation of administrative expenses among the Members.

In addition to the program delivery platform and cost-sharing, SCUS and other Members agreed to transfer certain in-country program assets to SCI to facilitate the delivery of programs overseas. SCUS started to transition country offices in 2011. As of December 31, 2016, one country office had not yet transitioned to SCI. SCUS is working to transition this office to SCI.

SCUS Head Start Programs, Inc. (Head Start) began operations in 2012 as a voluntary, nonsectarian, nonprofit organization in the United States of America delivering early childhood development programming. SCUS is the sole member of Head Start, and accordingly, Head Start is a consolidated related entity.

Save the Children Action Network, Inc. (SCAN) was established in March 2014 as a nonprofit organization organized and operated exclusively for purposes related to the social welfare of children. SCUS is the sole member of SCAN, and accordingly, SCAN is a consolidated related entity.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The consolidated financial statements include the accounts of SCUS, Head Start, and SCAN (collectively, the Organization) and have been prepared using the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. All significant intercompany account balances and transactions have been eliminated in consolidation.

Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Organization's net assets and changes therein are classified and reported as follows:

- Unrestricted net assets – net assets that are not subject to donor-imposed restrictions or the donor-imposed restrictions have expired. As reflected in the accompanying consolidated financial statements and discussed below, the Organization's Board of Trustees has designated a portion of the unrestricted net assets for specific purposes.
- Temporarily restricted net assets – net assets that are subject to donor-imposed restrictions that permit the Organization to use or expend the assets as specified. The restrictions are satisfied either by the passage of time or by actions of the Organization.
- Permanently restricted net assets – net assets that are subject to donor-imposed restrictions that they be maintained permanently by the Organization and only the income be used as specified by the donor. Permanently restricted net assets consist primarily of the historical dollar value of contributions to donor-restricted endowment funds.

Revenues are reported as increases in unrestricted net assets unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. If an expense is incurred for a purpose for which temporarily restricted net assets are available, a donor-imposed restriction is fulfilled to the extent of the expense incurred. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported as release from restrictions in the consolidated statement of activities. Gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by donors or by law.

(b) Grants and Contracts

The Organization receives funding under grants and contracts from the government of the United States of America, United Nations agencies, and other grantors, for direct and indirect program costs and to provide certain whole or partial subgrants to other agencies. This funding is subject to contractual restrictions, which must be met through incurring qualifying expenses for particular programs.

Revenue from grants and contracts is recognized only when funds are utilized by the Organization to carry out the activity stipulated in the grant or contract agreement. Grants and contracts receivable represent amounts due from funding organizations for reimbursable expenses incurred. Cash received under grants and contracts in advance of incurring the related expenses is reported as deferred revenue.

(c) Contributions

Contributions which include unconditional promises to give are recognized as revenue at fair value when received or pledged. Fair value is estimated giving consideration to anticipated future cash receipts (after allowance is made for uncollectible contributions) and discounting anticipated future cash receipts at a risk-adjusted rate for the duration of the donor's payment plan. Amortization of the discount is recorded as additional contribution revenue. An allowance for uncollectible contributions is estimated based upon prior year collection history and analysis of past-due amounts. Bequest income is recorded when the will has gone through probate, is declared legally valid, and the interests that the Organization has in a decedent's estate are reasonably estimated and assured to be received.

Contributions received with donor-imposed conditions are recognized as revenue when the conditions have been substantially met. Amounts received in advance of satisfying the donor-imposed conditions are reported as deferred revenue until the conditions are met.

(d) Donated Services, Commodities, and Gifts-in-Kind (GIK)

Donated services are reported as contributions and expenses in amounts equal to their estimated fair value on the date of receipt.

A substantial number of individuals have volunteered significant amounts of their time to program and supporting functions; however, these services do not meet the criteria for recognition in accordance with U.S. generally accepted accounting principles and, therefore, are not recorded in the accompanying consolidated financial statements.

Approximately $11,574 and $13,725 respectively, of in-kind media and broadcast time in the form of public service announcements was received during the years ended December 31, 2016 and 2015. A third party is engaged to assist in arriving at the estimated fair value of such public service announcements, using billing rates normally charged to other customers under similar circumstances.

GIK are reported as contributions at their estimated fair value on the date of receipt and reported as expense when utilized. GIK are valued based upon an estimate of the wholesale values that would be received for selling the goods in their principal market considering their condition and utility for use at the time the goods are contributed by the donor. Donated GIK are not sold and goods are only distributed for program use.

Pharmaceutical GIK contributions are valued using a hierarchy of pricing inputs that approximates wholesale prices overseas where the GIK are distributed. The International Drug Price Indicator (IDPI) is the primary source for the exit market value.

Nonpharmaceutical GIK contributions received have been valued at their estimated wholesale value as provided by the donors, or, in the absence of the donors' valuation, using "like-kind" methodology that references U.S. wholesale pricing data for similar products.

Donated commodities are reported at fair value and recognized as revenue and expense when the commodities are distributed for program purposes and received by the recipients.

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Food commodities supplied to the Organization through U.S. government programs managed by U.S. Agency for International Development (USAID) or U.S. Department of Agriculture (USDA) are valued according to commercial prices paid as stated on the purchase order and ocean bill of lading. USAID/USDA food commodities are procured by the Farm Service Agency (FSA), the procurement arm of USDA that purchases all food commodities on behalf of international nongovernmental organizations (NGOs) and the World Food Program (WFP), on the U.S. commercial market using funds granted to the Organization.

Other WFP commodities are procured through the conduct of its own competitive tender solicitations in various countries around the world. The value of those commodities is the amount WFP pays to its commercial vendors. The freight portion of the WFP commodity value is the amount WFP pays to carriers who are contracted through the solicitation of competitive offers.

(e) Split-Interest Agreements

Split-interest agreements consist of charitable gift annuities, charitable remainder unitrusts, charitable lead annuity trusts, pooled income funds, and perpetual trusts. Such split-interest agreements provide for payments to the donors or their beneficiaries based upon either the income earned on related investments or the specified annuity amounts. Assets held under these arrangements are reported at fair value in the accompanying consolidated statement of financial position. Contribution revenue is recognized at the date of the trust or the annuity contract is established after recording liabilities for the present value of the estimated future payments expected to be made to the donors and/or other beneficiaries. The liabilities are adjusted annually for changes in the life expectancy of the donor or beneficiary, amortization of the discount, and other changes in the estimate of future payments. The liability related to split – interest agreements is included in accounts payable and accrued liabilities in the accompanying consolidated statement of financial position.

(f) Functional Expenses

The Organization allocates expenses on a functional basis among its various programs and supporting services. Expenses that can be identified with a specific program or supporting service are reported accordingly. Other expenses that are common to several functions are allocated by various statistical bases (for example, rent expense is allocated based on square footage by department, then further allocated to a specific program or supporting service). Other project costs represent the aggregate of various other program service costs (including event expense and bank/credit card fees) not individually classified in the accompanying consolidated statement of functional expenses due to their varying nature and amount from year to year.

Program activities include costs of the Organization associated with the delivery of programs relating to emergencies, education, health and nutrition, hunger, livelihoods, HIV/AIDS, child protection, and child rights governance. Program activities – SCI include these activities implemented through SCI. Program development and public policy support relate to the development and technical support of programs and the advocacy efforts in support of the children. Management and general – SCI represents the Organization’s payment of SCI’s management and general expense.

(g) Measure of Operations

The Organization includes in its measure of operations all revenues and expenses that are integral to its program services and supporting services. The measure of operations for the years ended December 31, 2016 and 2015 includes investment return appropriated for operations and excludes investment returns in excess of or less than the amount appropriated for operations, increases or decreases in permanently restricted net assets, foreign currency exchange gains/losses, endowment contributions and changes in value of split-interest agreements, and other nonrecurring transactions.

(h) Foreign Currency Translation

Assets and liabilities denominated in foreign currencies are translated into U.S. dollars, the reporting currency, at exchange rates in effect on reporting dates, and revenue and expenses are translated at rates which approximate those in effect on transaction dates. Net transaction and translation gains and losses are included as foreign currency exchange gain or loss in the accompanying consolidated statement of activities.

(i) Cash and Cash Equivalents

The Organization considers all highly liquid debt instruments purchased with original maturities of three months or less, other than those held as part of the investment portfolio, to be cash equivalents.

(j) Investments

Investments with readily determinable fair values are reported at fair value based upon quoted market prices or published net asset values for alternative investments with characteristics similar to a mutual fund. Other alternative investments (nontraditional, not readily marketable vehicles) such as certain hedge funds, private equity, alternative hedged strategies and real assets are reported at net asset value, as a practical expedient for estimated fair value, as provided by the investment managers of the respective funds. These values are reviewed and evaluated by the Organization’s management for reasonableness. The reported values may differ from the values that would have been reported had a ready market for these investments existed. All other investments are stated at fair value based upon quoted market prices in active markets.

Purchases and sales of securities are recorded on a trade-date basis. Realized gains and losses are determined on the basis of average cost of securities sold and are reflected in the consolidated statement of activities. Dividend income is recorded on the ex-dividend date, and interest income is recorded on an accrual basis.

(Continued)

(k) Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. U.S. generally accepted accounting principles require the Organization to disclose the fair value of each of its assets and liabilities based on the level of observable inputs. The 3 levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date or published net asset value for alternative investments with characteristics similar to a mutual fund.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability

The level in the fair value hierarchy within which a fair value measurement falls, in its entirety, is based on the lowest level input that is significant to the fair value measurement.

(l) Property, Plant and Equipment

Property, plant and equipment are stated at cost or fair value on date of contribution. Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the respective assets. Capitalizable costs incurred in connection with ongoing capital projects are recorded as systems and construction in progress. These costs will be reclassified into categories and depreciated once placed in service.

The estimated useful lives by asset class are as follows:

	Years
Buildings	25–50
Buildings improvements	10
Vehicles	5
Furniture and office equipment	5
Software and computer equipment	3–5

(m) Tax Status

The Internal Revenue Service has ruled that, pursuant to Section 501(c)(3) of the Internal Revenue Code (the Code), SCUS and Head Start are exempt from federal income taxes and are publicly supported organizations, as defined in Section 509(a)(1) of the Code. Effective March 11, 2014, the Internal Revenue Service determined that SCAN is exempt from federal income tax under Section 501(c)(4) of the Code. As not-for-profit organizations, SCUS, Head Start, and SCAN are also exempt from state and local income taxes.

The Organization follows the guidance of Accounting Standards Codification (ASC) 740, *Income Taxes* (ASC 740), related to uncertainties in income taxes, which prescribes a threshold of more likely than not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Organization believes it has taken no significant uncertain tax positions.

(n) Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates made in the preparation of the consolidated financial statements include fair value of alternative investments, net realizable value of contributions receivable, postretirement benefits other than pensions, depreciation, fair value of GIK and commodities, and functional expense allocations. Actual results could differ from those estimates.

(o) Early Adoption of New Authoritative Accounting Pronouncements

In 2016 the Organization early adopted Financial Accounting Standards Board Accounting Standards Update (ASU) No. 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities,* which amends the guidance on the classification and measurement of financial instruments. The guidance amends certain disclosure requirements associated with the fair value of the financial instruments. ASU No. 2016-01 is effective for fiscal years beginning after December 15, 2018. Entities that are not public business entities may early adopt the provisions of the standard that eliminate certain previously required disclosures. The Organization chose to early adopt this standard to simplify the reporting for financial instruments and as such is no longer required to provide disclosures related to the fair value of financial instruments carried at amortized cost.

(p) Presentation of Certain Prior Year Information

The consolidated financial statements include certain prior year summarized consolidated financial information for comparative purposes only. Accordingly, such information should be read in conjunction with the Organization’s consolidated financial statements for the year ended December 31, 2015 from which the summarized information was derived.

(q) Reclassifications

Certain reclassifications of 2015 amounts have been made to conform to the 2016 presentation.

(Continued)

(Amounts in thousands)

(3) Investments

Investments consisted of the following at December 31, 2016 and 2015:

		Fair value	
		2016	**2015**
Cash equivalents	$	4,705	23,786
Fixed income		16,061	15,511
Public equity		80,989	68,645
Private equity		240	182
Alternative hedged strategies		27,768	18,706
Real assets		329	338
	$	130,092	127,168

The Organization is obligated under certain limited partnership investment fund agreements to advance additional funding periodically up to specified levels. Unfunded commitments as of December 31, 2016 were not material.

Information pertaining to investment strategies follows:

- Cash equivalents provide short term liquidity and serve as a funding source for distributions and rebalancing.
- The fixed income category comprises strategies that invest principally in debt instruments issued by governments or companies, or through the securitization of certain types of collateral. Fixed income provides stability and protection in deflationary environments.
- The public equity category comprises investment strategies that invest principally in publicly traded equity securities. These strategies are generally designed with reference to a benchmark that itself comprises equity securities that are traded on a recognized exchange. Public equities may include hedge funds whose investment objectives are benchmarked to equity markets.
- The private equity category comprises investment strategies that invest principally in privately issued equity-related securities. This category includes strategies that participate in venture capital, leveraged buyouts and control-oriented distressed situations.
- The alternative hedged strategies category comprises strategies that seek to generate return streams that are not highly correlated to broad capital markets and that rely less on the general direction of capital markets to produce positive returns. These strategies may take a variety of forms including long or short positions in the public equity or credit markets that seek to capitalize on perceived mispricing or on the anticipated outcome of an “event,” such as a merger or bankruptcy proceeding. Alternative hedged strategies are employed to offer market comparable returns with lower expected volatility.

(Continued)

(Amounts in thousands)

- Real assets comprise strategies that invest in securities relating to real estate. This strategy provides the portfolio with a diversified hedge against inflation as well as a yield component. As of December 31, 2016 and 2015, the real assets strategy consisted of a real estate investment trust.

The above asset categories are managed to create a portfolio effect to balance risk and return to meet investment objectives.

The following summarizes total investment return and its classification in the accompanying consolidated statement of activities for the years ended December 31, 2016 and 2015:

	2016		
	Unrestricted	**Temporarily restricted**	**Total**
Dividends and interest, net of investment management fees of $870	$ 1,123	234	1,357
Net appreciation in fair value of investments	8,296	1,637	9,933
Total return	9,419	1,871	11,290
Appropriated for operations	(5,287)	(995)	(6,282)
Nonoperating investment return less amount appropriated for operations	$ 4,132	876	5,008

	2015		
	Unrestricted	**Temporarily restricted**	**Total**
Dividends and interest, net of investment management fees of $991	$ 580	112	692
Net depreciation in fair value of investments	(6,559)	(1,091)	(7,650)
Total return	(5,979)	(979)	(6,958)
Appropriated for operations	(5,187)	(940)	(6,127)
Nonoperating investment return less amount appropriated for operations	$ (11,166)	(1,919)	(13,085)

(Continued)

(Amounts in thousands)

(4) Fair Value Measurements

The following table presents investments by strategy and fair value as of December 31:

	Assets at fair value as of December 31, 2016				
	Measured at NAV	Level 1	Level 2	Level 3	Total
Long-term investment strategies:					
Cash equivalents	$ —	4,705	—	—	4,705
Fixed income:					
Domestic mutual funds	—	2,734	—	—	2,734
Common collective trust fund	9,017	—	—	—	9,017
Domestic government securities	—	4,307	3	—	4,310
Equity:					
Domestic	—	9,647	—	—	9,647
Global	—	5,567	—	—	5,567
Common collective trust fund	—	4,561	—	—	4,561
Hedge funds	61,214	—	—	—	61,214
Private equity	240	—	—	—	240
Alternative hedged strategies	27,768	—	—	—	27,768
Real assets:					
Real estate investment trust	329	—	—	—	329
Total investments	$ 98,568	31,521	3	—	130,092
Assets of Pooled Income Funds (PIF) and Charitable Gift Annuities (CGA):					
Cash equivalents	$ —	41	—	—	41
Fixed income	561	135	203	—	899
Public equity	1,774	313	—	—	2,087
Total assets of PIF and CGA	$ 2,335	489	203	—	3,027
Beneficial interests in perpetual trusts held by third parties	$ —	—	—	5,135	5,135

(Amounts in thousands)

	Assets at fair value as of December 31, 2015				
	Measured at NAV	Level 1	Level 2	Level 3	Total
Long-term investment strategies:					
Cash equivalents	$ —	23,786	—	—	23,786
Fixed income:					
Domestic mutual funds	—	2,693	—	—	2,693
Common collective trust fund	8,695	—	—	—	8,695
Domestic government securities	—	4,117	6	—	4,123
Equity:					
Domestic	—	10,321	—	—	10,321
Global	—	4,203	—	—	4,203
Common collective trust fund	—	7,171	—	—	7,171
Hedge funds	46,950	—	—	—	46,950
Private equity	182	—	—	—	182
Alternative hedged strategies	18,706	—	—	—	18,706
Real assets:					
Real estate investment trust	338	—	—	—	338
Total investments	$ 74,871	52,291	6	—	127,168
Assets of Pooled Income Funds (PIF) and Charitable Gift Annuities (CGA):					
Cash equivalents	$ —	20	—	—	20
Fixed income	691	88	164	—	943
Public equity	1,725	331	—	—	2,056
Total assets of PIF and CGA	$ 2,416	439	164	—	3,019
Beneficial interests in perpetual trusts held by third parties	$ —	—	—	5,002	5,002

In 2015, the Financial Accounting Standards Board issued ASU No. 2015-10, *Technical Corrections and Improvements*, which clarified the definition of an equity security to include an investment in a structure similar to a mutual fund. The fair value of an equity security is considered to be readily determinable if the fair value per share is determined and published, and is the basis for current transactions. Certain investments that meet this definition aggregating $7,302 were previously reported at net asset value and excluded from the fair value hierarchy table. The 2015 disclosure has been corrected to reflect the clarified guidance, reflecting these investments in Level 1 of the fair value hierarchy.

(Amounts in thousands)

The following table includes a roll forward for the years ended December 31, 2016 and 2015 for financial instruments classified within Level 3.

		Perpetual trusts
Balance, December 31, 2014	$	1,724
Distributions		—
Contributions		3,437
Fees		—
Net depreciation		(159)
Balance, December 31, 2015		5,002
Distributions		—
Contributions		—
Fees		—
Net appreciation		133
Balance, December 31, 2016	$	5,135

Investment measured at net asset value contain various monthly, quarterly, and annual redemption restrictions with required written notice ranging from 1 to 90 days. In addition, certain of these investments are restricted by lockup periods. As of December 31, 2016, the following table summarizes the composition of such investments by the various redemption and lockup provisions:

Redemption period	Days notice for redemption		Amount
Monthly:			
Fixed income – common collective trust fund and public equity – hedge funds	10–30	$	30,559
Quarterly:			
Public equity – hedge funds	30–60		34,079
Annually:			
Alternative hedged strategies	90		33,361
Lockup (a):			
Private equity	Not applicable		240
Real estate investment trust	Not applicable		329
Total		$	98,568

(Amounts in thousands)

(a) The amounts subject to redemption lockups at December 31, 2016 that are set to expire are as follows:

Fiscal year		Amount
2018:		
Private equity	$	240
2017:		
Real assets		329
Total	$	569

(5) Commodities and Ocean Freight

During the years ended December 31, 2016 and 2015, the Organization was granted and distributed certain agricultural commodities under famine relief contracts with the U.S. government. These commodities and related ocean freight services, amounted to $37,137 and $33,616 for the years ended December 31, 2016 and 2015, respectively. The Organization also received and distributed food aid commodities under agreements with WFP. These commodities and related ocean freight, amounted to $30,840 and $31,760 for the years ended December 31, 2016 and 2015, respectively. The Organization also received and distributed medical commodities under an agreements with The Global Fund, which amounted to $9,444 and $865 for the years ended December 31, 2016 and 2015, respectively. In 2016, the organization received and distributed food aid commodities under an agreement with Catholic Relief Services (from the government of Ethiopia) for $418.

(6) Endowments

The Organization’s endowment consists of 91 individual funds established for a variety of purposes and includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

(a) Interpretation of Relevant Law

The Organization is subject to the State of Connecticut’s version of the Uniform Prudent Management of Institutional Funds Act (CUPMIFA). Based on the interpretation of CUPMIFA by the Board of Trustees of the Organization, applicable accounting guidance, and absent explicit donor stipulations to the contrary, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. 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 Board of Trustees of the Organization in a manner consistent with the standard of prudence prescribed by CUPMIFA. In accordance with CUPMIFA, the Organization considers the

(Continued)

following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization
- Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or CUPMIFA requires the Organization to retain as a fund of perpetual duration. Deficiencies of this nature, which are reported in unrestricted net assets were $434 and $1,022 as of December 31, 2016 and 2015, respectively. These deficiencies resulted from unfavorable market fluctuations and continued appropriation for certain programs that was deemed prudent by the Board of Trustees.

(b) Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce a real return, net of inflation and investment management costs, of at least 4.5% over the long term while shouldering an acceptable level of risk and maintaining adequate liquidity. Actual returns in any given year may vary from this amount.

(c) Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based and alternative investments to achieve its long-term objective within prudent risk constraints.

(Amounts in thousands)

(d) Spending Policy and How the Investment Objectives Relate to Spending Policy

The policy governing the investment of the Organization’s endowment is twofold: to provide a reasonable and prudent level of currently expendable income in accordance with the spending policy set by the Finance and Administration Committee of the Organization’s Board of Trustees at 4.5% (in 2016 and 2015) of the average of the endowment’s total market value for the 12 quarters ending June 30 of the previous year in which distribution is planned; and to support the Organization and its mission over the long term by ensuring that the future growth of the endowment is sufficient to offset normal inflation plus reasonable spending, thereby preserving the constant dollar value and purchasing power of the endowment for the benefit of future generations of children in need.

The Finance and Administration Committee, after consideration of the factors provided in CUPMIFA, approved a policy which states that, absent donor-imposed directions, it is prudent given the current market climate to apply the current spending policy to below historic value funds until such funds hit the threshold of 50% of historic value.

At December 31, 2016 and 2015, endowment net assets, excluding beneficial interests in perpetual trusts held by third parties, consist of the following:

	2016			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted funds	$ (434)	2,706	32,574	34,846
Board-designated funds	89,542	—	—	89,542
Total endowments	$ 89,108	2,706	32,574	124,388

	2015			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted funds	$ (1,022)	1,907	28,739	29,624
Board-designated funds	93,799	—	—	93,799
Total endowments	$ 92,777	1,907	28,739	123,423

(Amounts in thousands)

Changes in endowment net assets for the years ended December 31, 2016 and 2015 consisted of the following:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, December 31, 2014	$ 105,745	3,965	28,179	137,889
Investment return:				
Investment income	471	112	—	583
Net depreciation (realized and unrealized)	(6,518)	(1,091)	—	(7,609)
Total investment loss, net	(6,047)	(979)	—	(7,026)
Contributions	—	17	560	577
Transfer from board designated funds	(2,062)	—	—	(2,062)
Spending rate	(4,859)	(1,067)	—	(5,926)
Additional appropriation for expenditure	—	(29)	—	(29)
Endowment net assets, December 31, 2015	92,777	1,907	28,739	123,423
Investment return:				
Investment income	861	234	—	1,095
Net appreciation (realized and unrealized)	8,117	1,637	—	9,754
Total investment gain, net	8,978	1,871	—	10,849
Contributions	(8)	18	167	177
Transfer to/from board designated funds	(1,736)	—	3,668	1,932
Spending rate	(4,998)	(1,090)	—	(6,088)
Additional appropriation for expenditure	(5,905)	—	—	(5,905)
Endowment net assets, December 31, 2016	$ 89,108	2,706	32,574	124,388

(Amounts in thousands)

During 2016, board-designated endowment funds of $3,668 were transferred from unrestricted to permanently restricted net assets to satisfy match requirements for the Healing and Education through Art (HEART) program endowment.

The SCUS board approved an additional $5,905 appropriation from the board designated endowment to fund unrestricted operating deficits for the 2015, 2016 and 2017 fiscal years.

On August 1, 2014, the Organization entered into a three-year loan agreement with SCI to help fund the Member Growth Fund, a fund established by SCI to help smaller Members with their growth strategies. The Organization agreed to loan up to $6,000 to be disbursed in 2014 and 2015. These loans bear interest at 4% per annum. As of December 31, 2016 and 2015, loan principal of $2,433 and $4,242, respectively is outstanding and included in amounts due from Save the Children International, net, in the accompanying consolidated statement of financial position. Board designated endowment funds were used to fund the loan disbursements to SCI. Any repayment of such loans including interest was transferred back to the endowment.

(7) Contributions Receivable, Net

Contributions receivable consisted of the following as of December 31, 2016 and 2015:

		2016	2015
Pledges receivable:			
Due within one year	$	5,082	6,007
Due within two to five years		4,983	5,050
Due beyond five years		200	400
		10,265	11,457
Less discount to present value		(67)	(84)
Pledges receivable, net		10,198	11,373
Charitable remainder unitrusts receivable		521	527
Bequests receivable		12	194
Total contributions receivable, net	$	10,731	12,094

At December 31, 2016, amounts receivable from one donor represents approximately 32% of the net contributions receivable.

(Amounts in thousands)

(8) Property, Plant and Equipment, Net

Property, plant and equipment consisted of the following as of December 31, 2016 and 2015:

		2016	2015
Land	$	2	2
Buildings and improvements		539	539
Software and computer equipment		14,396	15,704
Vehicles		716	716
Furniture and office equipment		209	209
		15,862	17,170
Accumulated depreciation and amortization		(9,492)	(10,743)
Systems and construction in progress		2,837	2,021
Total property, plant and equipment, net	$	9,207	8,448

(9) Short-Term Debt

In 2015, the Organization had a $20,000 unsecured revolving line of credit, bearing interest at the 1-month London Interbank Offered Rate (LIBOR) plus 0.75%, which expired July 31, 2016. During 2016, the Organization decreased this line of credit to $15,000 and obtained an additional $15,000 unsecured revolving line of credit. These lines of credit, expire July 31, 2017 and July 11, 2017 respectively. Borrowings under these lines of credit bear interest at the 1-month LIBOR plus 0.70%. As of December 31, 2016 and 2015, borrowings outstanding under such agreements amounted to $0 and $15,000. The outstanding amount as of December 31, 2015 was repaid in January 2016.

(10) Employee Benefits

The Organization maintains two defined contribution plans covering all eligible employees. The plans require the Organization to contribute 4% of each eligible employee’s compensation and match 100% of the first 4% contributed by each eligible employee. During the years ended December 31, 2016 and 2015, total pension expense under the defined contribution plans was $5,071 and $4,123, respectively.

The Organization has a self-insured group health benefit plans, including comprehensive medical, dental and prescription drug coverage. For 2016, the individual stop loss limit is $100 per person and the aggregate maximum is $10,800 in claims.

(Amounts in thousands)

(11) Postretirement Benefits Other than Pensions

In addition to providing pension benefits, the Organization provides healthcare benefits for certain retired employees. To be eligible for these benefits, employees must complete at least 10 years of service and have reached age 55. Dental, life, and accidental death and dismemberment benefits for participants who retired before October 1, 1995 are also provided. The expected cost of providing postretirement benefits to employees and their beneficiaries and covered dependents, if applicable, is accrued during the years that the employees render service. The following tables set forth amounts relating to postretirement benefits other than pensions recognized as of and for the years ended December 31, 2016 and 2015:

		2016	2015
Change in benefit obligation:			
Benefit obligation at beginning of year	$	4,404	5,139
Service cost		210	209
Interest cost		162	178
Plan participant contributions		189	236
Actuarial loss (gain)		221	(941)
Benefits paid		(668)	(417)
Benefit obligation at end of year		4,518	4,404
Change in plan assets:			
Fair value of plan assets at beginning of year		—	—
SCUS contribution		479	181
Plan participant contributions		189	236
Benefits paid		(668)	(417)
Fair value of plan assets at end of year		—	—
Postretirement benefits other than pensions liability	$	4,518	4,404
Components of net periodic benefit cost:			
Service cost	$	210	209
Interest cost		162	178
Amortization of prior service cost		—	—
Amortization of net (gain) loss		—	3
Net periodic benefit cost	$	372	390

(Amounts in thousands)

Assumption used for benefit obligation as of December 31, 2016 and 2015:			
Discount rate		3.70 %	3.81 %
Assumptions used for benefit cost for the years ended December 31, 2016 and 2015:			
Discount rate		3.81 %	3.59 %

The components of postretirement benefit cost other than net periodic benefit cost for the years ended December 31, 2016 and 2015, reported in fringe benefit expenses:			
Net actuarial loss (gain)	$	221	(941)
Amortization of loss		—	(3)
Total	$	221	(944)
Amounts not yet recognized as a component of net periodic benefit cost as of December 31, 2016 and 2015:			
Net actuarial gain	$	(169)	(390)
Total	$	(169)	(390)

The following future benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

Years		Amount
2017	$	321
2018		331
2019		329
2020		330
2021		316
2022–2026		1,686

The benefit obligation takes into account several assumptions, including the incidence and magnitude of medical claims by age, medical trend, employee turnover, and mortality. The mortality assumption includes projections of improved longevity in the future. The medical trend assumption has limited impact on the benefit obligation because of the organization capping its cost portion at January 1, 2001 levels. Effective January 1, 2002, retirees began paying for cost increases in excess of the January 1, 2001 levels.

(Amounts in thousands)

The Organization has not identified any provisions of the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act that would be expected to have a significant impact on the measured obligation at December 31, 2016 and 2015.

(12) Temporarily Restricted and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes for the years ended December 31, 2016 and 2015:

	2016	2015
Asia programs	$ 2,635	2,269
Middle East/Eurasia programs	1,460	1,080
Africa programs	1,465	1,679
Latin America/Caribbean programs	1,491	1,075
U.S. programs	4,036	1,387
International programs including match	2,663	4,477
Sector/thematic programs (Emergency, Education, Health, etc.)	14,857	18,618
GIK programs	1,367	831
Other	11,349	10,365
	$ 41,323	41,781

Permanently restricted net assets at December 31, 2016 and 2015 included $32,574 and $28,739 of permanent endowment funds and $5,135 and $5,002 of beneficial interests in perpetual trusts held by third parties, respectively. The income is expendable primarily to support donor-specified purposes such as emergency relief.

(Amounts in thousands)

(13) Lease Commitments

The following is a schedule of the minimum future lease commitments for operating leases having initial or remaining noncancelable lease terms greater than one year as of December 31, 2016:

		Amount
Year:		
2017	$	4,150
2018		4,286
2019		4,336
2020		4,299
2021		4,373
Thereafter		41,893
	$	63,337

Rent expense, included in occupancy on the consolidated statement of functional expenses, amounted to $5,395 and $4,622 for the years ended December 31, 2016 and 2015, respectively. On July 16, 2015, the Organization entered into a 15-year lease for office space in Washington, D.C. commencing on April 1, 2016. Simultaneous with the new lease, the Organization entered into an agreement for early termination of the lease for its previous Washington, D.C. office space, resulting in a loss on lease termination of $3,183, which has been reported as nonoperating activities in the 2015 consolidated statement of activities.

(14) Commitments and Contingencies

The Organization is involved in various legal proceedings and claims arising in the normal course of business. Management does not expect the ultimate resolution of these actions to have a material adverse effect on the Organization’s financial position, changes in net assets, or cash flows.

The Organization receives funding from governmental agencies for various activities, which are subject to audit. Although such audits may result in disallowance of certain expenditures, which would be absorbed by the Organization, in management’s opinion, the ultimate outcome of such audits would not have a significant effect on the financial position, changes in net assets, or cash flows of the Organization.

Government of Bolivia v. Save the Children (Bolivia)

SCUS is a cooperating sponsor with the United States Agency for International Development (USAID) in connection with USAID’s Food for Peace (USAID/FFP) commodity distribution and monetization program in Bolivia. Due to a long unresolved disagreement between the Government of Bolivia and the Government of the United States and in contravention of bilateral agreements between the two governments, the Government of Bolivia began asserting claims in December 2008 of past due taxes on shipments imported by SCUS and other NGOs working with the USAID/FFP program. As of December 31, 2016, 64 separate claims related to shipments between 2002 and 2009, with a value of approximately US $16,000,000 are pending before Bolivian courts. SCUS has filed objections and is defending each claim. As of

December 31, 2016 no amounts have been accrued relating to this matter due to the uncertainty of the outcome.

(15) Significant Funders and Concentrations of Credit Risk

Revenue from U.S. government grants and contracts, including U.S. government commodities and ocean freight, represented 44.1% and 41.4% of total operating revenue for 2016 and 2015, respectively. During the years ended December 31, 2016 and 2015, 84.7% and 85.1%, respectively, of such U.S. government revenue were received from USAID through direct and pass-through awards. At December 31, 2016 and 2015, 62.7% and 60.9% of grants and contracts receivable and 2.3% and 3.9%, respectively, of deferred revenue received under grants and contracts were related to USAID. There is uncertainty about the continued level of funding based on preliminary budget proposals; the operations of the Organization’s programs at present levels are dependent upon continued funding from USAID.

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of foreign cash and cash equivalents. At December 31, 2016 and 2015, 10.2% and 2.7%, respectively, of cash and cash equivalents (including liquid investments) were deposited in banks in foreign locations. In addition, at December 31, 2016 and 2015, 43.8% and 79.3%, respectively, of the Organization’s cash and cash equivalents were held by a single institution, for which $250,000 was insured by the Federal Deposit Insurance Corporation.

(Amounts in thousands)

(16) Program Activities

A summary of program activities (without Program Development and Public Policy Support) by sector and type for the years ended December 31, 2016 and 2015 is as follows:

	2016								
	Emergencies	Education	Health and nutrition	Child poverty/ livelihoods	HIV/AIDS	Child protection	Child rights governance	Total	FY 2015
Salaries	$ 2,676	23,719	12,106	4,208	623	1,787	48	45,167	49,757
Employee fringe benefits	708	6,583	3,235	1,133	282	716	12	12,669	13,201
Payroll taxes	—	—	—	—	45	—	—	45	36
Total salaries and related expenses	3,384	30,302	15,341	5,341	950	2,503	60	57,881	62,994
Grants to and charges from SCI	100,083	75,737	138,979	41,856	60,376	15,776	1,041	433,848	403,522
Grants to other agencies	14,398	16,961	6,274	5,790	88	1,864	113	45,488	45,184
Supplies, material, etc.	916	6,293	1,684	938	13	89	2	9,935	13,070
Commodities and ocean freight	—	—	—	—	—	—	—	—	5,239
Travel	647	1,853	1,979	845	148	302	12	5,786	5,781
Professional fees	395	2,147	2,053	1,204	109	337	7	6,252	7,219
Other project costs	25	395	255	214	4	—	—	893	1,746
Occupancy	226	2,842	318	142	61	73	2	3,664	3,744
Printing	17	59	66	22	1	80	—	245	357
Telecommunications	51	371	88	52	6	23	—	591	633
Postage and shipping	22	141	69	8	—	17	—	257	281
Depreciation	115	353	162	84	8	30	1	753	764
Other	26	106	82	5	3	44	5	271	538
Total expenses	$ 120,305	137,560	167,350	56,501	61,767	21,138	1,243	565,864	551,072

(17) Subsequent Events

In connection with the preparation of the consolidated financial statements, the Organization evaluated subsequent events from December 31, 2016 through May 15, 2017, which was the date the consolidated financial statements were available for issuance.