

CHICAGO CARES, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2014

CHICAGO CARES, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of
Chicago Cares, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Chicago Cares, Inc., which comprise the statement of financial position as of December 31, 2014 and the related statements of activities, functional expenses and of cash flows for the year 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 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 financial statements are free of 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 Organization'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 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 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 December 31, 2014 financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Chicago Cares, Inc., and the changes in its net assets, its functional expenses and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of Chicago Cares, Inc. as of December 31, 2013, were audited by other auditors whose report dated March 25, 2014, expressed an unmodified opinion on those statements.

Legacy Professionals LLP

Chicago, Illinois

April 10, 2015

CHICAGO CARES, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 701,999	\$ 400,831
Pledges receivable - net	417,748	230,204
Investments	923,860	1,200,237
Prepaid expenses	<u>59,391</u>	<u>46,544</u>
Total current assets	2,102,998	1,877,816
Security deposit	17,602	17,602
Property and equipment - net	<u>96,335</u>	<u>33,588</u>
Total assets	<u>\$ 2,216,935</u>	<u>\$ 1,929,006</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 50,227	\$ 28,127
Accrued expenses	6,593	79,254
Deferred rent	<u>5,423</u>	<u>23,167</u>
Total liabilities	<u>62,243</u>	<u>130,548</u>
NET ASSETS		
Unrestricted		
Undesignated	1,229,659	1,209,675
Board designated	<u>250,000</u>	<u>250,000</u>
	1,479,659	1,459,675
Temporarily restricted	<u>675,033</u>	<u>338,783</u>
Total net assets	<u>2,154,692</u>	<u>1,798,458</u>
Total liabilities and net assets	<u>\$ 2,216,935</u>	<u>\$ 1,929,006</u>

See accompanying notes to financial statements.

CHICAGO CARES, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014			2013		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE						
Public Support						
Contributions						
Corporate	\$ 2,424,729	\$ 495,033	\$ 2,919,762	\$ 2,329,775	\$ 202,783	\$ 2,532,558
Individual	690,642	85,000	775,642	485,683	25,000	510,683
Foundations	183,111	70,000	253,111	197,962	110,000	307,962
In-kind donations	364,209	-	364,209	261,196	-	261,196
Total public support	3,662,691	650,033	4,312,724	3,274,616	337,783	3,612,399
Interest income	136	-	136	95	-	95
Net assets released from restrictions	313,783	(313,783)	-	353,277	(353,277)	-
Total revenue	<u>3,976,610</u>	<u>336,250</u>	<u>4,312,860</u>	<u>3,627,988</u>	<u>(15,494)</u>	<u>3,612,494</u>
EXPENSES						
Program services						
Education and support	2,589,850	-	2,589,850	2,299,415	-	2,299,415
Human Services	695,131	-	695,131	534,325	-	534,325
Environment	78,569	-	78,569	57,912	-	57,912
Management and general	210,799	-	210,799	184,780	-	184,780
Fundraising	382,277	-	382,277	351,714	-	351,714
Total expenses	<u>3,956,626</u>	<u>-</u>	<u>3,956,626</u>	<u>3,428,146</u>	<u>-</u>	<u>3,428,146</u>
CHANGE IN NET ASSETS	19,984	336,250	356,234	199,842	(15,494)	184,348
NET ASSETS						
Beginning of year	<u>1,459,675</u>	<u>338,783</u>	<u>1,798,458</u>	<u>1,259,833</u>	<u>354,277</u>	<u>1,614,110</u>
End of year	<u>\$ 1,479,659</u>	<u>\$ 675,033</u>	<u>\$ 2,154,692</u>	<u>\$ 1,459,675</u>	<u>\$ 338,783</u>	<u>\$ 1,798,458</u>

See accompanying notes to financial statements.

CHICAGO CARES, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2014

	Program Services			Support Services			2014 Total Functional Expenses
	Education and Support	Human Services	Environment	Program Services Total	Management and General	Fundraising	
Salaries	\$ 880,565	\$ 472,055	\$ 53,356	\$ 1,405,976	\$ 121,036	\$ 224,541	\$ 1,751,553
Payroll taxes and fringe benefits	223,228	68,317	7,722	299,267	21,704	29,936	350,907
Total salaries and related expenses	1,103,793	540,372	61,078	1,705,243	142,740	254,477	2,102,460
Bad debt	1,908	584	66	2,558	186	256	3,000
Depreciation and amortization	26,102	7,988	903	34,993	2,541	3,505	41,039
Fees	3,583	1,239	140	4,962	2,617	9,120	16,699
Insurance	14,858	4,547	514	19,919	1,446	1,995	23,360
Meals	9,885	2,928	331	13,144	2,622	21,114	36,880
Occupancy	137,734	38,663	4,370	180,767	12,354	16,962	210,083
Office equipment	13,856	4,241	479	18,576	1,348	1,860	21,784
Office supplies	4,467	1,302	147	5,916	697	1,822	8,435
Outside services	104,504	11,902	1,345	117,751	9,330	39,239	166,320
Postage	1,244	242	27	1,513	81	688	2,282
Printing and publications	5,436	953	108	6,497	842	5,913	13,252
Professional fees	13,427	4,109	464	18,000	27,000	7,500	52,500
Program Supplies	1,082,306	58,896	6,657	1,147,859	-	-	1,147,859
Subscriptions and memberships	2,994	900	102	3,996	581	1,435	6,012
Technology	52,821	12,845	1,452	67,118	4,317	10,074	81,509
Telephone	6,850	2,097	237	9,184	667	920	10,771
Travel	4,082	1,323	149	5,554	1,430	5,397	12,381
Total functional expenses	2,589,850	695,131	78,569	3,363,550	210,799	382,277	3,956,626

See accompanying notes to financial statements.

CHICAGO CARES, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2013

	Program Services			Support Services			2013 Total Functional Expenses
	Education and Support	Human Services	Environment	Management and General	Fundraising	Support Services Total	
Salaries	\$ 943,073	\$ 322,387	\$ 34,943	\$ 92,142	\$ 252,545	\$ 344,687	\$ 1,645,090
Payroll taxes and fringe benefits	200,454	68,524	7,427	13,003	37,664	50,667	327,072
Total salaries and related expenses	1,143,527	390,911	42,370	105,145	290,209	395,354	1,972,162
Bad debt	1,851	633	69	149	298	447	3,000
Depreciation and amortization	33,351	11,401	1,236	2,693	5,373	8,066	54,054
Fees	5,439	1,480	160	2,032	10,368	12,400	19,479
Insurance	13,792	4,715	511	1,114	2,222	3,336	22,354
Meals	2,228	646	70	2,452	2,502	4,954	7,898
Occupancy	105,314	34,452	3,734	8,137	16,240	24,377	167,877
Office equipment	11,935	4,078	442	963	1,922	2,885	19,340
Office supplies	6,516	1,494	162	955	738	1,693	9,865
Outside services	61,702	4,099	444	5,128	3,047	8,175	74,420
Postage	1,247	415	45	98	829	927	2,634
Printing and publications	628	29	3	29	361	390	1,050
Professional fees	730	250	27	50,183	118	50,301	51,308
Program Supplies	850,175	62,547	6,779	-	105	105	919,606
Subscriptions and memberships	2,600	889	96	237	1,742	1,979	5,564
Technology	50,262	13,817	1,498	4,177	10,757	14,934	80,511
Telephone	5,518	1,886	205	446	889	1,335	8,944
Travel	2,600	583	61	842	3,994	4,836	8,080
Total functional expenses	2,299,415	534,325	57,912	184,780	351,714	536,494	3,428,146

See accompanying notes to financial statements.

CHICAGO CARES, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 356,234	\$ 184,348
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	41,039	54,054
Bad debt expense	3,000	3,000
Loss on sale of property and equipment	750	-
Donated investments	(23,203)	(20,100)
Change in		
Pledges receivable - net	(190,544)	(113,801)
Prepaid expenses	(12,847)	(5,298)
Accounts payable and accrued expenses	(50,561)	48,833
Deferred rent	(17,744)	(53,041)
Net cash provided by operating activities	<u>106,124</u>	<u>97,995</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	300,000	450,000
Purchases of investments	(420)	(800,086)
Proceeds on sale of property and equipment	720	-
Purchase of property and equipment	<u>(105,256)</u>	<u>(6,712)</u>
Net cash provided by (used in) investing activities	<u>195,044</u>	<u>(356,798)</u>
NET INCREASE (DECREASE) IN CASH	301,168	(258,803)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>400,831</u>	<u>659,634</u>
End of year	<u>\$ 701,999</u>	<u>\$ 400,831</u>

See accompanying notes to financial statements.

CHICAGO CARES, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

NOTE 1. NATURE OF THE ORGANIZATION

Chicago Cares, Inc. (the Organization) creates impactful, hands-on volunteer experiences connecting people, communities and causes. The Organization was incorporated on May 2, 1991, under the Illinois General Not For Profit Corporation Act of 1986. Since its inception, Chicago Cares, Inc. has mobilized more than 500,000 volunteers in more than 1.7 million hours of service, supported over 1,000 Chicago nonprofits and created and managed more than 38,000 volunteer projects.

As the city's leading nonprofit service organization, Chicago Cares, Inc. engages volunteers in hundreds of monthly service programs and annual events. Through its volunteer service programs, the Organization educates and inspires volunteers, connecting them with new people, neighborhoods and issues. It also leverages deep community roots to create impactful programming that meets the ever-changing needs of the city. In the process, Chicago Cares, Inc. empowers people to lead and transforms the city for good by offering a platform for collaboration, civic engagement and long-term change.

Chicago Cares, Inc. is the only organization that addresses needs across the full spectrum—from hunger to education to job readiness—through volunteerism. Ninety-nine percent of volunteers feel the work they do with the Organization has a positive impact and are more likely to serve again.

The following are the Organization's largest focus areas:

Education and development programs serve adults and children. Adult programs are designed to assist those working toward education and employment goals, and include adult computer skills, GED tutoring, mock interviews, U.S. citizenship coaching, current events discussion groups and more. Children's education and development programs are designed to increase students' positive social behavior, attendance and academic performance. From reading with volunteers to completing science experiments, students engage with positive adult role models in a structured, supportive environment.

Human services programs serve students from our Youth in Service program, seniors, adults living with disabilities and people facing hunger and homelessness. Youth In Service helps educate the next generation of leaders through an intensive service learning program teaching youth to collaborate and problem-solve. Senior services programs provide companionship and combat isolation for older adults living in fixed-income settings. Volunteer programs serving adults living with disabilities add to the quality of life of clients by increasing social interaction. Hunger, health and homelessness programs meet the immediate needs of hunger and housing, so individuals can focus on finding a job, seeking medical attention, caring for a family or learning new skills.

NOTE 1. NATURE OF THE ORGANIZATION (CONTINUED)

Environment programs improve Chicago's outdoor spaces, giving volunteers the opportunity to engage with nature, learn new skills and be part of beautifying their community. Environmental programs include nature restoration, green space maintenance, facilities work at conservatories and gardening. Some gardening programs also improve access to fresh vegetables in food deserts.

Research has shown that volunteerism is critical to building strong communities-an active, engaged volunteer base is tied to kids staying in school and higher employment rates. People who volunteer are more likely to vote and take leadership roles in other aspects of their life. That's why, with all of this programming, Chicago Cares, Inc. is dedicated to creating exceptional volunteer experiences that inspire people to be problem-solvers in their communities. The Organization:

- Offers 250 monthly group service projects in every corner of the city to more than 30,000 volunteers each year. These programs are created from the ground up to meet the unique needs of the Organization's nonprofit partners while educating volunteers about the issues facing Chicago's communities. From the "Real Talk" program, which engages volunteers to discuss current events with formerly incarcerated men, to the "Art Around the World" program, in which volunteers help third graders explore geography through art, Chicago Cares' offerings have been designed to generate short- and long-term impact for its social service clients and volunteers.
- Brings thousands of people together for the Chicago Cares Serve-a-thon, the largest day of service in the city. Over 5,000 volunteers give 20,000 hours of their time at more than 30 sites throughout Chicago, breathing new life into public schools, local parks and nursing home communities. People from all backgrounds come together with a common goal and see firsthand how long-term, meaningful change is possible when they unite.
- Partners with the Office of the Mayor for the One Summer Chicago initiative to work with 300 youth from diverse neighborhoods. The curriculum hones students' teamwork, communication and critical-thinking skills while teaching them how to identify needs and map resources within their own communities. Through the intensive, six-week initiative, the students learn and serve together and quickly gain an understanding for all that can be accomplished when they collaborate.
- Convenes conversations that matter, sparking important dialogue with city leaders, volunteers and community members. This can be seen in our Skills for Social Good Summit where corporate executives present best practices and actionable ideas to hundreds of nonprofit leaders. It can also be seen in the Chicago Cares Corporate Leadership Breakfast, where leaders in business come together to discuss the state of service in the Chicagoland area to expand the scope and impact of volunteerism.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Basis of Presentation - To conform with generally accepted accounting principles, the Organization is required to report information regarding their financial position and activities in three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

Unrestricted - Unrestricted net assets are available to finance the general operations of the Organization. The only limits on the use of unrestricted net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates and the purposes specified in their articles of incorporation.

Board Designated Net Assets - Board designated net assets are unrestricted net assets designated by the Board for various activities. These designations are based on Board actions, which can be altered or revoked at a future time by the Board. At both December 31, 2014 and 2013, the Organization had net assets of \$250,000 designated for anticipated operating needs, facility growth and enhancement, and building a technology platform.

Temporarily Restricted - Temporarily restricted net assets result from (a) contributions and other inflows of assets, the use of which by the Organization are limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by action of the Organization pursuant to those stipulations, (b) from other asset enhancements and diminishments subject to the same kinds of stipulations, and (c) from reclassifications to (or from) other classes of net assets as a consequence of donor-imposed stipulations, their expiration by passage of time or their fulfillment and removal by actions of the Organization pursuant to those stipulations.

Permanently Restricted - Permanently restricted net assets (generally referred to as endowment funds) are assets that have donor-imposed restrictions that stipulate that the contributed resources be maintained permanently, but permit the Organization to expend part or all of the income or other economic benefits derived from the donated assets. At both December 31, 2014 and 2013, the Organization had no permanently restricted net assets.

Cash and Cash Equivalents - Cash equivalents consist of all monies held in a demand checking account. Money market accounts held in the Organization's investment account are considered investments.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pledges Receivable - Unconditional promises to give are recognized as revenues in the period that the promises are received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The pledges receivable normally contains amounts that will be collected over a period less than one year; however, at December 31, 2014 there is one pledge that will be collected in 2016. No estimate for the present value of this amount has been made, as the discount would be immaterial. An allowance for uncollectible contributions is provided when evidence indicates amounts promised by donors may not be collectible. At December 31, 2014 and 2013, the allowance for doubtful accounts was \$10,000 and \$7,000 respectively.

Investments - The investments of the Organization are reported at fair value. The fair value of a financial instrument is the amount that would be received to sell that asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date (the exit price).

Purchases and sales of the investments are reflected on a trade-date basis. Interest income is recorded on the accrual basis.

Property and Equipment - Property and equipment are recorded at cost. Major additions are capitalized while replacements, maintenance and repairs which do not improve or extend the lives of the respective assets are expensed currently. Depreciation and amortization is computed by the straight-line method over the estimated useful lives of the related assets as follows:

Computer software and equipment	3 years
Furniture and other equipment	5 years
Leasehold improvements	3 - 4 years

Revenue Recognition - Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a 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 in the statements of activities as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Materials and Services - Donated materials are recorded as support in the amount of their estimated value as of the date of receipt. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Organization receives contributed services from board members and other volunteers. Donated services from other volunteers do not meet the above criteria and therefore are not recognized in these financial statements.

The Organization generally reports revenue from donated materials as unrestricted support unless explicit donor stipulations specify the manner in which donated assets should be used. Expense in an amount equal to revenue is recorded as program supplies. The estimated fair values of the contributions amounted to \$262,323 and \$228,822 for 2014 and 2013, respectively.

The Organization records donated services requiring specialized skills at the estimated fair values as of the dates of such contributions. Amounts totaling \$101,886 and \$32,374 for the years ended December 31, 2014 and 2013, respectively, were recorded as unrestricted revenue, outside services, and professional fees. During 2014 and 2013, the Organization also received additional donated services that are not reflected in the financial statements because the values as of the dates of the contributions were undeterminable or immaterial.

Functional Expenses - The cost of providing various program and supporting services have been summarized on a functional basis; accordingly, certain costs have been allocated among the programs and supporting services benefited.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Subsequent Events - Subsequent events have been evaluated through April 10, 2015, which is the date the financial statements were available to be issued.

NOTE 3. INCOME TAXES

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue. The Organization has been classified as an organization other than a private foundation under Section 509(a)(2).

The Organization files Form 990, *Return of Organization Exempt from Income Tax*, and is subject to examination by the Internal Revenue Service until the applicable statute of limitations expires.

NOTE 4. PROPERTY AND EQUIPMENT

The composition of property and equipment at December 31, 2014 and 2013 is as follows:

	<u>2014</u>	<u>2013</u>
Computer software and equipment	\$ 183,820	\$ 183,820
Furniture and other equipment	126,463	69,641
Leasehold improvements	<u>171,685</u>	<u>127,264</u>
	481,968	380,725
Less accumulated depreciation and amortization	<u>(385,633)</u>	<u>(347,137)</u>
Net property and equipment	<u>\$ 96,335</u>	<u>\$ 33,588</u>

Depreciation and amortization expense was \$41,039 and \$54,054 for the years ended December 31, 2014 and 2013, respectively.

NOTE 5. CONCENTRATION OF CREDIT RISK

Cash consists of monies held in a checking account. The Organization maintain its cash with financial institutions deemed to be creditworthy. Balances are insured by FDIC up to \$250,000 per financial institution. Balances may at times exceed insured limits.

NOTE 6. INVESTMENTS

The following summary presents at fair value for each of the Organization's investments categories at December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Money market fund	<u>\$ 923,860</u>	<u>\$ 1,200,237</u>

NOTE 7. FAIR VALUE MEASUREMENTS

The *Fair Value Measurements and Disclosures* Topic of the FASB Accounting Standards Codification established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

NOTE 7. FAIR VALUE MEASUREMENTS (CONTINUED)

Basis of Fair Value Measurement

Level 1	Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities
Level 2	Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly
Level 3	Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable

The Organization's investment in a money market fund is classified within Level 1 of the fair value measurements hierarchy. As required, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Investments in the money market fund are valued at cost, which approximates its fair value.

NOTE 8. RETIREMENT PLAN

The Organization's defined contribution plan, a 401(k) plan, covers substantially all employees and allows eligible employees, as defined in the plan, to contribute a portion of their current compensation. The Organization matches up to 2% of each eligible participants wages. Retirement contributions totaled \$31,858 and \$29,209 during the years ended December 31, 2014 and 2013, respectively.

NOTE 9. OPERATING LEASES

In September 2010, the Organization entered into a sublease arrangement with an existing tenant at Two North Riverside Plaza, Chicago, Illinois. The lease provided for base rent in addition to its pro-rata share of operating expenses and real estate taxes (as defined in the agreement). The lease commenced on November 1, 2010 and was for a term of 43 months and terminated on May 31, 2014. In March 2014, the Organization signed a new lease at the same location. The lease commenced on June 1, 2014 and is for a term of 60 months and terminates on May 31, 2019. Rent expense is recognized on a straight line basis.

Rent expense was \$210,083 and \$167,877 for the years ended December 31, 2014 and 2013, respectively.

NOTE 9. OPERATING LEASES (CONTINUED)

The following is a schedule of future minimum rental payments required under the lease terms of this operating lease as of December 31, 2014:

Year ending December 31,	
2015	\$ 202,597
2016	207,246
2017	211,894
2018	216,543
2019	<u>91,033</u>
Total	<u>\$ 929,313</u>

NOTE 10. TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2014 and 2013, the balances of temporarily restricted net assets are as follows:

	<u>2014</u>	<u>2013</u>
Programs and school grants	\$ -	\$ 60,000
Corporate Volunteer Program	410,887	111,283
Martin Luther King Jr. Celebration of Service Program	-	1,000
Annual Serve-a-thon Program	45,000	61,500
Summer Programs - Youth in Service	-	25,000
Time Restricted	<u>219,146</u>	<u>80,000</u>
Total	<u>\$ 675,033</u>	<u>\$ 338,783</u>

NOTE 11. 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.

	<u>2014</u>	<u>2013</u>
Time Restricted	\$ 85,000	\$ 52,500
Purpose restricted	<u>228,783</u>	<u>300,777</u>
Total	<u>\$ 313,783</u>	<u>\$ 353,277</u>