

GEORGIA TRANSPLANT FOUNDATION, INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
with
INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

The Board of Directors Georgia Transplant Foundation, Inc.

We have audited the accompanying financial statements of Georgia Transplant Foundation, Inc. (a nonprofit organization, the "Foundation"), which comprise the statements of financial position as of December 31, 2017 and 2016, 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 ("GAAP"); this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation'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 Foundation'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 financial statements referred to above present fairly, in all material respects, the financial position of Georgia Transplant Foundation, Inc. as of December 31, 2017 and 2016, and the changes in its net assets, and its cash flows for the years then ended in conformity with GAAP.

Smith & Howard

July 12, 2018

**GEORGIA TRANSPLANT FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016**

ASSETS

	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	\$ 2,976,652	\$ 3,275,234
Cash restricted for Access to Care programs	<u>191,297</u>	<u>172,396</u>
Total cash and cash equivalents	3,167,949	3,447,630
Promises to give	39,988	64,312
Prepaid expenses	46,250	39,504
Investments	6,890,744	5,745,596
Property and equipment, net	<u>586,166</u>	<u>618,382</u>
	<u><u>\$ 10,731,097</u></u>	<u><u>\$ 9,915,424</u></u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 99,823	\$ 116,919
Deferred income	<u>10,250</u>	<u>50,870</u>
Total liabilities	<u>110,073</u>	<u>167,789</u>
Net Assets		
Unrestricted	1,969,911	1,352,839
Temporarily restricted	<u>8,651,113</u>	<u>8,394,796</u>
Total net assets	<u>10,621,024</u>	<u>9,747,635</u>
	<u><u>\$ 10,731,097</u></u>	<u><u>\$ 9,915,424</u></u>

The accompanying notes are an integral part of these financial statements.

GEORGIA TRANSPLANT FOUNDATION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue, Gains and Other Support:			
Contributions - Spring Training event	\$ 435,804	\$ -	\$ 435,804
Contributions - other special events	84,818	-	84,818
Less: direct costs of benefits provided to contributors	(111,498)	-	(111,498)
Other contributions	260,057	569,793	829,850
Other income	24,483	-	24,483
Investment income	920,065	-	920,065
Grants from Carlos and Marguerite Mason Trust	-	2,300,000	2,300,000
Net assets released from program restrictions	<u>2,613,476</u>	<u>(2,613,476)</u>	<u>-</u>
 Total Revenue, Gains and Other Support	 <u>4,227,205</u>	 <u>256,317</u>	 <u>4,483,522</u>
 Expenses:			
Program	2,993,333	-	2,993,333
Management and general	230,327	-	230,327
Fundraising	<u>386,473</u>	<u>-</u>	<u>386,473</u>
 Total Expenses	 <u>3,610,133</u>	 <u>-</u>	 <u>3,610,133</u>
 Increase in Net Assets	 617,072	 256,317	 873,389
 Net Assets:			
Beginning of Year	<u>1,352,839</u>	<u>8,394,796</u>	<u>9,747,635</u>
 End of Year	 <u>\$ 1,969,911</u>	 <u>\$ 8,651,113</u>	 <u>\$ 10,621,024</u>

The accompanying notes are an integral part of these financial statements.

GEORGIA TRANSPLANT FOUNDATION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue, Gains and Other Support:			
Contributions - Spring Training event	\$ 424,293	\$ -	\$ 424,293
Contributions - other special events	65,852	-	65,852
Less: direct costs of benefits provided to contributors	(105,191)	-	(105,191)
Other contributions	274,837	619,623	894,460
Other income	39,077	-	39,077
Investment income	327,257	-	327,257
Grants from Carlos and Marguerite Mason Trust	-	2,300,000	2,300,000
Net assets released from program restrictions	<u>3,505,182</u>	<u>(3,505,182)</u>	<u>-</u>
 Total Revenue, Gains and Other Support	 <u>4,531,307</u>	 <u>(585,559)</u>	 <u>3,945,748</u>
 Expenses:			
Program	3,431,413	-	3,431,413
Management and general	233,689	-	233,689
Fundraising	<u>384,665</u>	<u>-</u>	<u>384,665</u>
 Total Expenses	 <u>4,049,767</u>	 <u>-</u>	 <u>4,049,767</u>
 Increase (Decrease) in Net Assets	 481,540	 (585,559)	 (104,019)
 Net Assets:			
Beginning of Year	<u>871,299</u>	<u>8,980,355</u>	<u>9,851,654</u>
 End of Year	 <u>\$ 1,352,839</u>	 <u>\$ 8,394,796</u>	 <u>\$ 9,747,635</u>

The accompanying notes are an integral part of these financial statements.

GEORGIA TRANSPLANT FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017

	Support Services				<u>Total</u>
	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	
Salaries	\$ 363,677	\$ 141,207	\$ 201,149	\$ 342,356	\$ 706,033
Fringe benefits	36,022	13,987	19,924	33,911	69,933
Payroll taxes	<u>28,273</u>	<u>10,977</u>	<u>15,641</u>	<u>26,618</u>	<u>54,891</u>
 Total compensation and benefits	 427,972	 166,171	 236,714	 402,885	 830,857
 Communication	 1,924	 747	 1,065	 1,812	 3,736
Depreciation	20,313	7,887	11,233	19,120	39,433
Direct patient assistance					
Access to Care	272,866	-	-	-	272,866
Dental	31,725	-	-	-	31,725
Emergency	428,925	-	-	-	428,925
Housing	297,749	-	-	-	297,749
Insurance	218,292	-	-	-	218,292
Living donor	143,120	-	-	-	143,120
Marriage retreat	20,173	-	-	-	20,173
Medications	829,705	-	-	-	829,705
Pre-transplant assistance	135,485	-	-	-	135,485
Equipment maintenance	2,533	983	1,398	2,381	4,914
Insurance	4,400	1,708	2,435	4,143	8,543
Investment fees and bank charges	16,187	6,286	10,059	16,345	32,532
Meeting and miscellaneous	14,582	9,317	8,063	17,380	31,962
Occupancy	9,963	3,868	5,511	9,379	19,342
Postage and shipping	6,792	2,637	3,756	6,393	13,185
Printing and reproduction	7,536	2,926	4,169	7,095	14,631
Professional fees	57,583	22,358	31,849	54,207	111,790
Scholarship awards	31,500	-	-	-	31,500
Special events	-	-	62,473	62,473	62,473
Supplies	3,156	1,225	1,746	2,971	6,127
Telephone	6,651	2,583	3,679	6,262	12,913
Travel	<u>4,201</u>	<u>1,631</u>	<u>2,323</u>	<u>3,954</u>	<u>8,155</u>
	 <u>\$ 2,993,333</u>	 <u>\$ 230,327</u>	 <u>\$ 386,473</u>	 <u>\$ 616,800</u>	 <u>\$ 3,610,133</u>

The accompanying notes are an integral part of these financial statements.

GEORGIA TRANSPLANT FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2016

	Support Services				<u>Total</u>
	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	
Salaries	\$ 371,997	\$ 144,437	\$ 205,751	\$ 350,188	\$ 722,185
Fringe benefits	32,849	12,755	18,169	30,924	63,773
Payroll taxes	<u>28,452</u>	<u>11,047</u>	<u>15,737</u>	<u>26,784</u>	<u>55,236</u>
 Total compensation and benefits	 433,298	 168,239	 239,657	 407,896	 841,194
 Communication	 2,290	 889	 1,267	 2,156	 4,446
Depreciation	8,660	3,362	4,788	8,150	16,810
Direct patient assistance					
Access to Care	284,620	-	-	-	284,620
Dental	20,791	-	-	-	20,791
Emergency	765,249	-	-	-	765,249
Housing	284,092	-	-	-	284,092
Insurance	215,142	-	-	-	215,142
Living donor	153,446	-	-	-	153,446
Medications	923,184	-	-	-	923,184
Pre-transplant assistance	166,563	-	-	-	166,563
Equipment maintenance	1,767	686	976	1,662	3,429
Insurance	4,146	1,610	2,294	3,904	8,050
Investment fees and bank charges	15,553	6,041	10,134	16,175	31,728
Meeting and miscellaneous	16,781	9,522	9,280	18,802	35,583
Occupancy	22,629	8,786	12,517	21,303	43,932
Postage and shipping	13,026	5,057	7,205	12,262	25,288
Printing and reproduction	17,773	6,900	9,831	16,731	34,504
Professional fees	39,065	15,168	21,608	36,776	75,841
Scholarship awards	24,000	-	-	-	24,000
Special events	-	-	55,211	55,211	55,211
Supplies	3,891	1,511	2,151	3,662	7,553
Telephone	10,017	3,889	5,540	9,429	19,446
Travel	3,988	1,548	2,206	3,754	7,742
Technology	<u>1,442</u>	<u>481</u>	<u>-</u>	<u>481</u>	<u>1,923</u>
	 <u>\$ 3,431,413</u>	 <u>\$ 233,689</u>	 <u>\$ 384,665</u>	 <u>\$ 618,354</u>	 <u>\$ 4,049,767</u>

The accompanying notes are an integral part of these financial statements.

GEORGIA TRANSPLANT FOUNDATION, INC.
STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Cash Flows From Operating Activities:		
Increase (Decrease) in Net Assets	\$ 873,389	\$ (104,019)
Adjustments to reconcile decrease in net assets to net cash provided (required) by operating activities:		
Depreciation	39,433	16,810
Net realized and unrealized gains	(791,260)	(222,769)
Decrease (increase) in promises to give, net	24,324	(11,947)
(Increase) decrease in prepaid expenses	(6,746)	10,187
(Decrease) increase in accounts payable and accrued expenses	(17,096)	23,102
Decrease in deferred income	<u>(40,620)</u>	<u>(5,182)</u>
 Net Cash Provided (Required) by Operating Activities	 <u>81,424</u>	 <u>(293,818)</u>
 Cash Flows From Investing Activities:		
Purchase of property and equipment	(7,217)	(561,783)
Proceeds from the sale of investments	(1,138,367)	1,193,026
Purchases of investments	<u>784,479</u>	<u>(1,332,787)</u>
 Net Cash Required by Investing Activities	 <u>(361,105)</u>	 <u>(701,544)</u>
 Net Decrease In Cash and Cash Equivalents	 (279,681)	 (995,362)
 Cash and Cash Equivalents at Beginning of Year	 <u>3,447,630</u>	 <u>4,442,992</u>
 Cash and Cash Equivalents at End of Year	 <u>\$ 3,167,949</u>	 <u>\$ 3,447,630</u>

The accompanying notes are an integral part of these financial statements.

GEORGIA TRANSPLANT FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Organization

Georgia Transplant Foundation, Inc. (the “Foundation”) is a voluntary health and welfare organization serving residents of the state of Georgia. The mission of the Foundation is to help meet the needs of organ transplant candidates, recipients and their families by providing information and education regarding organ transplantation, granting financial assistance and being an advocate for sustaining and enriching lives every day.

Basis of Accounting

The Foundation follows accounting standards set by the Financial Accounting Standards Board (“FASB”). The FASB sets accounting principal guidance in the United States of America (“GAAP”).

Financial Statement Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting. Under the accrual basis, revenue is recognized when earned and expenses are recognized when incurred.

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. The Foundation records contributions of cash and other assets as unrestricted income unless specifically restricted by the donor. Restricted contributions are recorded as unrestricted income if the restriction expires in the same reporting period that the contribution is recorded. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that will be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes. The Foundation had no permanently restricted net assets at December 31, 2017 and 2016.

GEORGIA TRANSPLANT FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

Contributions of donated assets are recorded at their fair market value in the year received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased, if not provided by donation, are recorded at their fair values in the year received. The Foundation records donated services if the fair market value of the donated services is readily available.

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefit received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Allowance is made for uncollectible contributions based upon management's judgment and analysis of the creditworthiness of the donors, past collection experience and other relevant factors.

Cash and Cash Equivalents

Restricted cash consists of amounts restricted by the donor plus amounts designated by the Foundation for use in the Foundation's Access to Care programs, which provide fund-raising assistance to transplant candidates. Due to the nature of these programs, this cash may be expended over several years; and, therefore, is not considered to be available to fund current operations.

The Foundation considers all highly liquid investments with a maturity of three months or less to be cash equivalents. The Foundation places its temporary cash investments with high-credit quality financial institutions. At various times throughout the year, the Foundation maintained deposits in excess of Federal Deposit Insurance Corporation ("FDIC") coverage limits. If liquidity issues arise in the global credit and capital markets, it is at least reasonably possible that these changes in risks could materially affect the amounts reported in the accompanying financial statements.

Investments

Investments are stated at fair value based on quoted market prices. Increases and decreases in market value are reported as gains or losses in the accompanying statement of activities.

GEORGIA TRANSPLANT FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are recorded at cost if purchased. Donated property and equipment are recorded at the approximate fair value at the date of donation. Depreciation is computed over the estimated useful lives of the assets using the straight-line method. Estimated useful lives of the assets range from 3 to 30 years. Depreciation expense was \$39,433 and \$16,810 for the years ended December 31, 2017 and 2016, respectively.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Foundation is recognized as an organization exempt from federal income tax under Internal Revenue Code Section 501(c)(3).

The Foundation annually evaluates all federal and state income tax positions. This process includes an analysis of whether these income tax positions the Foundation takes meet the definition of an uncertain tax position under the Income Taxes Topic of the Financial Accounting Standards Codification.

In the normal course of business, the Foundation is subject to examination by federal and state taxing authorities. The Foundation believes it is no longer subject to tax examinations for tax years ending before December 31, 2014.

GEORGIA TRANSPLANT FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

During December 2017, the President of the United States of America signed into law the Tax Cuts and Jobs Act. The law is generally effective for the tax years beginning in 2018, and therefore the Foundation’s current tax liability for any potential unrelated business income tax will not be affected until the year ending December 31, 2018. There are other changes to the tax law that may affect the Foundation but the magnitude of such changes has not been determined.

Subsequent Events

Management has evaluated subsequent events through the date of this report, which is the date the financial statements were available to be issued.

NOTE 2 – FAIR VALUE MEASUREMENTS

GAAP establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Level 1 within the hierarchy states that valuations are based on unadjusted quoted market prices for identical assets or liabilities in active markets. As of December 31, 2017 and 2016, the only assets or liabilities that are maintained at fair value on a recurring basis in periods subsequent to initial recognition are investments.

The following table shows the Foundation’s investments as of December 31, which are all classified within Level 1, at fair value:

<u>Description</u>	<u>2017</u>	<u>2016</u>
Mutual funds – fixed income	\$ 1,271,208	\$ 1,263,755
Mutual funds – equities	5,441,418	4,319,734
Mutual funds – real asset	178,118	162,107
	<u>\$ 6,890,744</u>	<u>\$ 5,745,596</u>

**GEORGIA TRANSPLANT FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 2 – FAIR VALUE MEASUREMENTS (Continued)

The following schedule summarizes investment returns for the years ended December 31:

	<u>2017</u>	<u>2016</u>
Interest and dividend income		
Marketable securities	\$ 94,895	\$ 66,402
Bank money market accounts	33,910	30,963
Certificates of deposit	-	7,123
Realized/unrealized gain on investments	<u>791,260</u>	<u>222,769</u>
	<u>\$ 920,065</u>	<u>\$ 327,257</u>

All investments are primarily held for long-term purposes as a result of donor restrictions. Investment securities are exposed to various risks, such as interest rate risk, market risk and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would affect the amounts reported in the accompanying financial statements.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2017</u>	<u>2016</u>
Buildings and improvements	\$ 533,771	\$ 533,771
Furniture and fixtures	16,063	11,911
Office equipment and software	20,906	19,646
Software development in progress	<u>87,056</u>	<u>87,056</u>
	657,796	652,384
Less accumulated depreciation	<u>(71,630)</u>	<u>(34,002)</u>
	<u>\$ 586,166</u>	<u>\$ 618,382</u>

NOTE 4 – DEFERRED INCOME

Deferred income at December 31, 2017 and 2016 amounted to \$10,250 and \$50,870, respectively, which consists of amounts received in advance for the following year's fundraising events and other activities.

**GEORGIA TRANSPLANT FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2017</u>	<u>2016</u>
Access to Care	\$ 5,573,200	\$ 5,458,795
Financial Assistance Program	2,870,399	2,626,550
Building Fund	204,297	228,234
Healthcare Georgia Foundation	-	50,000
Robert W. Woodruff Foundation	-	25,000
Meg Jeffrey Scholarship	3,217	6,217
	<u>\$ 8,651,113</u>	<u>\$ 8,394,796</u>

Temporarily restricted net assets released from restrictions for the years ended December 31 are as follows:

	<u>2017</u>	<u>2016</u>
Access to Care	\$ 2,158,996	\$ 547,038
Financial Assistance Program	352,544	2,368,049
Building Fund	23,936	562,095
Healthcare Georgia Foundation	50,000	-
Robert W. Woodruff Foundation	25,000	25,000
Meg Jeffrey Scholarship	3,000	3,000
	<u>\$ 2,613,476</u>	<u>\$ 3,505,182</u>

NOTE 6 – RETIREMENT PLAN

The Foundation sponsors a defined contribution retirement plan covering substantially all employees who have completed one year of service. The Foundation provided discretionary contributions to the plan of \$21,000 and \$18,000, respectively, for the years ended December 31, 2017 and 2016.

GEORGIA TRANSPLANT FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 7 – EFFECT OF CURRENT ECONOMIC CONDITIONS AND CONTRIBUTIONS

The Foundation depends heavily on contributions and grants for its revenue. The ability of certain of the Foundation's contributors and grantors to continue giving amounts comparable with prior years may be dependent upon current and future overall economic conditions. While the Foundation's Board of Directors believes that the Foundation has the resources to continue its programs, its ability to do so and the extent to which it continues may be dependent on the above factors.

NOTE 8 – CONCENTRATION

During the years ended December 31, 2017 and 2016, approximately 65% and 64%, respectively, of the Foundation's contributions were from the Carlos and Marguerite Mason Trust.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Grants often require the fulfillment of certain conditions set forth in the related instruments. Failure to fulfill the conditions could result in the return of funds to the grantors. Although the return of the funds is a possibility, the Board of Directors deems the contingency unlikely, since upon accepting the grants, the Foundation has agreed to comply with the provisions thereof.

NOTE 10 – IN-KIND CONTRIBUTIONS

For the years ended December 31, 2017 and 2016, in-kind contributions were approximately \$62,000 and \$55,000, respectively, which related to materials and services for special events and legal fees.