MUELLER & CO., LLP

Certified Public Accountants – Business & Financial Advisors

ASSURANCE

HEALTHY COMMUNITIES FOUNDATION

AUDITED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

MUELLER

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Healthy Communities Foundation
Riverside, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of Healthy Communities Foundation, which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, the statement of functional expenses for the year ended December 31, 2018, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Healthy Communities Foundation as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 of the financial statements, for the year ended December 31, 2018, Healthy Communities Foundation adopted Accounting Standards Update 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Mueller & Co., LLP

Chicago, Illinois
December 5, 2019

HEALTHY COMMUNITIES FOUNDATION

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2018 AND 2017

ASSETS

		2018	2017
Cash	$	2,206,204	119,913
Accounts receivable		80,000	-
Due from redemption of securities		2,266,746	3,863,543
Prepaid expenses and deposits		1,301,919	1,486,524
Investments		115,408,515	128,672,261
Property and equipment, net		9,036	10,139
	$	121,272,420	134,152,380

LIABILITIES AND NET ASSETS

		2018	2017
Liabilities:			
Accounts payable	$	123,346	87,661
Grants payable		337,500	360,000
Taxes payable		569,639	-
		1,030,485	447,661
Net assets -			
Without donor restrictions		120,241,935	133,704,719
	$	121,272,420	134,152,380

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

HEALTHY COMMUNITIES FOUNDATION

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2018 AND 2017

		2018	2017
Revenue, gains and other support:			
Investment income (loss), net	$	(6,937,866)	17,284,927
Miscellaneous income		16,354	-
Total revenue, gains and other support		(6,921,512)	17,284,927
Expenses:			
Program services		5,347,913	7,067,462
Management and general		1,193,359	623,194
Total expenses		6,541,272	7,690,656
Change in net assets		(13,462,784)	9,594,271
Net assets without donor restrictions, beginning of year		133,704,719	124,110,448
Net assets without donor restrictions, end of year	$	120,241,935	133,704,719

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

HEALTHY COMMUNITIES FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2018
(SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017)

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	2018 TOTAL EXPENSES	2017 TOTAL EXPENSES
Grants	$ 4,784,422	-	4,784,422	6,502,080
Salaries and employee benefits	299,537	341,316	640,853	189,522
Professional fees	159,562	170,355	329,917	356,425
Excise and unrelated business income taxes	-	573,036	573,036	534,808
Other expenses	104,392	108,652	213,044	107,821
	$ 5,347,913	1,193,359	6,541,272	7,690,656

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

HEALTHY COMMUNITIES FOUNDATION

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2018 AND 2017

		2018	2017
Cash provided by (applied to) operating activities:			
Change in net assets	$	(13,462,784)	9,594,271
Adjustments to reconcile change in net assets to net cash applied to operating activities:			
Depreciation expense		3,898	2,483
Realized gain on sales of investments		(26,006,134)	(4,674,371)
Unrealized loss (gain) on investments		35,118,140	(10,557,139)
Changes in:			
Accounts receivable		(80,000)	-
Prepaid expenses and deposits		184,605	(1,483,804)
Accounts payable		35,685	69,561
Grants payable		(22,500)	(1,210,000)
Taxes payable		569,639	(558,855)
		(3,659,451)	(8,817,854)
Cash provided by (applied to) investing activities:			
Purchases of property and equipment		(2,795)	(8,555)
Purchases of investments		(109,276,563)	(15,479,562)
Proceeds from sales of investments		131,652,315	27,251,267
Proceeds (due) from redemptions of securities		1,596,797	(3,596,988)
		23,969,754	8,166,162
Net increase (decrease) in cash		20,310,303	(651,692)
Cash, beginning of year		119,913	771,605
Cash, end of year	$	20,430,216	119,913
Other cash flow information -			
Income taxes paid	$	1,242,500	2,550,061

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

NOTE 1 - NATURE OF OPERATIONS

Healthy Communities Foundation (Foundation), formerly The Arthur Foundation and preceding that, the MacNeal Health Foundation, is a corporation organized under the Illinois General Not for Profit Corporation Act of 1986. The Foundation was originally funded by a $100,000,000 contribution from the MacNeal Memorial Hospital Association as a result of the sale of the hospital it owned.

The Foundation is a not-for-profit organization that makes grants to other not-for-profit organizations that qualify as exempt organizations under Section 501(c)(3) of the Internal Revenue Code (IRC) of 1986 to promote health equity, quality and access for all. Grants are given to organizations located within the Foundation's geographic target area or serving a significant percentage of the local population in these communities.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles applicable to not-for-profit organizations and in accordance with accounting principles generally accepted in the United States of America.

Investments

The Foundation invests in cash reserves, mutual funds and other investments such as real estate, commodities, hedge funds and private equity funds with a primary goal of preserving and increasing principal through diversification.

The Foundation's investments are reported at fair value. Investment gains and losses, including net realized and unrealized gains and losses, are reflected in the statement of activities as increases or decreases in net assets. Interest and dividend income is recorded on the accrual basis.

In addition, there are various investments with future lock-up periods and redemption notice periods, as well as unfunded commitments that are stated in Note 4.

The Foundation’s investments are exposed to various risks, such as interest rate, credit and overall market volatility. Due to these risk factors, it is reasonably possible that changes in the value of investments will occur in the near term that will materially affect the amounts reported in the financial statements.

At December 31, 2018 and 2017, the Foundation had amounts due from the redemption of securities of $2,266,746 and $3,863,543, respectively. These redemptions were executed prior to year-end and represent the return of investor principal to the Foundation.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Property and Equipment

Property and equipment are valued at cost or fair market value for donated items. The Foundation's policy is to capitalize items with useful lives of one year or more and values of $2,500 or more. These assets are depreciated over their estimated useful lives using the straight-line method. Furniture and fixtures and computer equipment and software are all estimated to have five-year useful lives.

Support and Expenses

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets when received. All contributions are considered to be available for use without donor restrictions unless specifically restricted by the donor. The Foundation did not receive any contributions during the years ended December 31, 2018 and 2017.

The Foundation reports gifts of goods and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor-imposed restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Functional Expenses

The costs of program and supporting service activities have been summarized on a functional basis in the statements of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and employee benefits and professional fees, which are allocated on the basis of estimates of time and effort. Other expenses are allocated in proportion to the full-time equivalent personnel benefitted by those expenses.

Federal Income Taxes

The Foundation is exempt from income tax under provisions of IRC Sections 501(a) and 501(c)(3).

Accounting Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Concentration of Credit Risk

The Foundation maintains its cash in bank deposits which, at times, may exceed federally insured limits. The Foundation believes it is not exposed to significant credit risk on these accounts.

Change in Accounting Principle – Financial Statement Presentation

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. ASU No. 2016-14 addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Foundation has implemented ASU No. 2016-14 and has adjusted the presentation in these financial statements accordingly.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

New Accounting Standard – Contributions Received and Made

In June 2018, the FASB issued ASU No. 2018-08, Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. ASU No. 2018-08 improves the current guidance on determining whether transactions are contributions or exchange transactions. ASU No. 2018-08 also requires determining if a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. ASU No. 2018-08 is effective for resource recipients for annual reporting periods beginning after December 15, 2018 and for resource providers for annual reporting periods beginning after December 15, 2019. The Foundation is currently evaluating the methods of adoption permitted by ASU No. 2018-08 and the effect that ASU No. 2018-08 is expected to have on its financial position, changes in net assets, cash flows and related disclosures.

Going Concern Evaluation

In accordance with accounting principles generally accepted in the United States of America, management performed an evaluation to determine if adverse conditions or events, considered in the aggregate, raise substantial doubt about the Foundation's ability to continue as a going concern for the one-year period from the date the financial statements are available to be issued. Management's assessment did not identify any conditions or events raising substantial doubt about the Foundation's ability to continue as a going concern for the period from December 5, 2019 to December 5, 2020.

NOTE 3 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Financial assets at year-end:	
Cash	$ 2,206,204
Accounts receivable	80,000
Due from redemption of securities	2,266,746
Investments	115,408,515
	119,961,465
Less: amounts not available for general expenditures within one year, due to:	
Contractual restrictions	4,012,201
Financial assets available to meet cash needs for general expenditures within one year	$ 115,949,264

NOTE 3 - LIQUIDITY AND AVAILABILITY, CONTINUED

As part of the Foundation's liquidity management plan, cash in excess of daily requirements is invested in the Foundation's investment portfolio. The Foundation keeps approximately 70% of its total investments in funds with daily liquidity. The Foundation's goal is to maintain approximately 60 days of general operating funds in cash and will make withdrawals from the investment portfolio as needed or in order to meet the obligations of its annual grant portfolio in accordance with minimum distribution requirements.

NOTE 4 - FAIR VALUE MEASUREMENTS

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Foundation's assets measured at fair value on a recurring basis at December 31, 2018 and 2017 and the valuation techniques used by the Foundation to determine those fair values.

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Foundation has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies or similar techniques taking into account the characteristics of the asset.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Foundation's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

NOTE 4 - FAIR VALUE MEASUREMENTS, CONTINUED

Investment Level 1 Inputs – Fair values were determined using quoted prices in active markets for identical assets that the Foundation has the ability to access.

Investments in Entities that Calculate Net Asset Value per Share – The Foundation holds shares or interests in investment companies at year end whereby the fair value of investment held is estimated based on the net asset value (NAV) per share (or its equivalent) of the investment company.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Assets at Fair Value as of December 31, 2018

	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance December 31, 2018
Investments:				
Money market funds	$ 436,532	-	-	436,532
Mutual funds – Equity focused	38,540,438	-	-	38,540,438
Mutual funds – Fixed income focused	37,852,671	-	-	37,852,671
Investments at NAV[(a)]:				
Hedge funds – Equity focused	-	-	-	17,516,065
Hedge funds – Fixed-income focused	-	-	-	13,993,560
Hedge funds – Multi-strategy	-	-	-	24,570
Commodity funds	-	-	-	2,287,843
Real estate partnerships	-	-	-	2,428,497
Private equity funds	-	-	-	2,328,339
Total investments	$ 76,829,641	-	-	115,408,515

NOTE 4 - FAIR VALUE MEASUREMENTS, CONTINUED

Assets at Fair Value as of December 31, 2017

	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance December 31, 2017
Investments:				
Money market funds	$ 603,562	-	-	603,562
Mutual funds – Equity focused	47,321,016	-	-	47,321,016
Mutual funds – Fixed income focused	30,759,267	-	-	30,759,267
Investments at NAV[(a)]:				
Hedge funds – Equity focused	-	-	-	19,655,177
Hedge funds – Fixed-income focused – Aurelius	-	-	-	8,135,146
Hedge funds- Fixed-income focused – Rimrock High Income Fund	-	-	-	7,238,761
Hedge funds – Fixed-income focused – other	-	-	-	154,373
Hedge funds – Multi-strategy	-	-	-	39,289
Commodity funds	-	-	-	2,696,677
Real estate partnerships	-	-	-	2,916,640
Private equity funds	-	-	-	9,152,353
Total investments	$ 78,683,846	-	-	128,672,261

(a) In accordance with subtopic 820-10, certain investments that were measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of financial position.

For the years ended December 31, 2018 and 2017, there were no significant transfers between Levels 1 and 2 and no transfers in or out of Level 3.

NOTE 4 - FAIR VALUE MEASUREMENTS, CONTINUED

At year end, the fair value, unfunded commitments and redemption rules of those investments are as follows:

Investments Held at December 31, 2018

	Fair Value	Unfunded Commitments	Redemption Frequency, if eligible	Redemption Notice Period
Equity focused (a)	$ 17,516,065	1,734,711	Monthly, quarterly, Annually, triannually, or at general partner's discretion	5-90 days; n/a
Fixed-income focused (b)	13,993,560	4,412,683	Monthly, quarterly, At general partner's discretion or upon dissolution of fund	30-90 days; n/a
Multi-strategy (c)	24,570	-	As deals realize	60 days
Commodity funds (d)	2,287,843	3,085,683	At general partner's discretion	n/a
Real estate partnerships (e)	2,428,497	222,064	At general partner's discretion, upon dissolution of fund	n/a
Private equity funds (f)	2,328,339	285,938	At general partner's discretion	n/a
Total	$ 38,578,874	9,741,079		

NOTE 4 - FAIR VALUE MEASUREMENTS, CONTINUED

Investments Held at December 31, 2017

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Equity focused (a)	$ 19,655,177	860,240	Monthly, quarterly, triannually, or at general partner's discretion	30-90 days; n/a
Fixed-income focused (b)	15,528,280	3,000,000	Monthly, quarterly, semiannually, annually or upon dissolution of fund	30-65 days; n/a
Multi-strategy (c)	39,289	-	Daily, quarterly or annually	2-60 days
Commodity funds (d)	2,696,677	3,085,683	Upon dissolution of fund	n/a
Real estate partnerships (e)	2,916,640	270,677	Annually, upon dissolution of fund	90 days; n/a
Private equity funds (f)	9,152,353	1,258,351	Upon dissolution of fund	n/a
Total	$ 48,346,540	8,474,951		

(a) This category includes hedge funds that invest in a variety of equity-focused strategies, including securities of domestic and foreign publicly traded companies. The fair values of the underlying investments in this category have been estimated using their respective net asset values. Investments totaling $4,012,201 and $4,638,650 were subject to a three year rolling lockup expiring June 30, 2020 for the years ended 2018 and 2017, respectively.

(b) This category includes hedge funds that invest in a variety of fixed-income focused strategies, including distressed and below-investment-grade debt securities, mortgage-backed securities, asset-backed securities, corporate bonds, unconstrained or opportunistic bonds, collateralized debt obligations and commodities. The fair values of the investments in this category have been estimated using their respective net asset values. For 2017 investments totaling $15,373,907 were subject to a 10% holdback upon redemption, which was paid within 30 days after the completion of the audited financial statements when the redemptions were requested in 2018. For 2018 investments totaling $1,990,072 are subject to a one year soft lock on these investments and another $1,049,593 is subject to a 25% investor level gate.

NOTE 4 - FAIR VALUE MEASUREMENTS, CONTINUED

(c) This category includes hedge funds that invest using a multiple-strategy approach, including short-term deposits, publicly traded equity and debt securities, asset-backed and mortgage-backed securities, derivative instruments, convertible bonds and options, emerging markets, arbitrage securities, equity restructurings, and residential and commercial real estate assets. The fair values of the investments in this category have been estimated using their respective net asset values. For 2018 and 2017, investments totaling $28,026 and $39,289, respectively, are subject to a 10% holdback upon redemption, which is paid after the completion of the audited financial statements for the year in which the redemption was made.

(d) This category includes funds that are invested in natural commodities, including coal mines and methane. The fair values of the investments in this category have been estimated using their respective net asset values. These funds are expected to terminate within two to seven years.

(e) This category includes funds that invest in a variety of real estate ventures, including limited partnerships, LLCs and private real estate investment trusts. The types of real estate include offices, apartments, industrial buildings and other commercial real estate properties primarily located in the United States. The fair values of the investments in this category have been estimated using their respective net asset values. One investment with a value of $1,070,361 and $1,331,026 for 2018 and 2017, respectively, will terminate upon such time as reasonably necessary to wind down the affairs of the partnership after the date of which all of the partnership's investments in the underlying funds have been liquidated.

(f) This category includes funds that invest in a variety of private equity strategies, including health care, media, technology and venture capital. The fair values of the investments in this category have been estimated using their respective net asset values. These funds have lock-up periods ranging from five to seven years or one year after all of the investments have been disposed.

For investments whose fair values are estimated based on NAV per share (or its equivalent) above there were investment restrictions of greater than one year for assets totaling $4,012,201 and $4,638,650 for the years ended December 31, 2018 and 2017, respectively.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2018 and 2017 consisted of the following:

	2018	2017
Computer equipment and software	$ 32,462	29,667
Furniture and fixtures	45,186	45,186
	77,648	74,853
Less accumulated depreciation	(68,612)	(64,714)
	$ 9,036	10,139

Depreciation expense included in program and support services was $3,898 and $2,483 for the years ended December 31, 2018 and 2017, respectively.

NOTE 6 - FEDERAL TAXES AND MINIMUM REQUIRED DISTRIBUTIONS

In accordance with the applicable provisions of the IRC of 1986, as amended (the "Code"), the Foundation is subject to an excise tax on net investment income, including realized gains, as defined in the Code. Federal excise tax expense for the years ended December 31, 2018 and 2017 was estimated to be $562,014 and $111,918, respectively. In addition, the Foundation is subject to unrelated business income tax on a portion of the income provided by certain investment partnerships. Federal unrelated business income tax expense for the years ended December 31, 2018 and 2017 was estimated to be $7,625 and $400,350, respectively.

For the year ended December 31, 2018 the Foundation had income taxes payable of $569,639. For the year ended December 31, 2017 the Foundation had $1,479,547 in prepaid income taxes included in prepaid expenses on the statements of financial position.

The Code requires that certain minimum distributions be made in accordance with a specific formula. The Foundation has met the minimum distribution requirements for the years ended December 31, 2018 and 2017.

NOTE 7 - GRANTS

The Foundation had no conditionally approved future commitments for the years ended December 31, 2018 and 2017. In addition, the Foundation reserves the right to cancel a grant at any time if it determines that the organization receiving the grant is not administering the project and grant funds in accordance with the proposal approved by the Foundation's board.

NOTE 8 - LEASE COMMITMENTS

The Foundation has entered into a lease for its facilities. The amount of rent expense for the years ended December 31, 2018 and 2017 was $28,645 and $21,450, respectively. The Foundation amended its lease agreement on November 25, 2014 to renew the lease annually, which expired on December 31, 2018. As of December 31, 2018, the Foundation was operating under a month to month lease. Subsequent to year-end, the Foundation expanded its office space and entered into a new lease on June 25, 2019 which expires on June 30, 2026. The new lease has monthly payments between $4,000 and $4,244 and a total future minimum lease commitment of $346,200.

NOTE 9 - DEFINED CONTRIBUTION PLANS

The Foundation sponsored a defined contribution retirement (DCR) plan, established on January 1, 2000; a tax-deferred annuity (TDA) plan, established on January 1, 2001; and a tax-deferred annuity (TDA) matching plan, established on January 1, 2006, for certain key employees who were eligible based on age and length of service. All three plans complied with the requirements of IRC 403(b). Each plan had only one participant at December 31, 2017. The DCR plan provided for contributions in the amount of 9% of compensation. The TDA plan provided for pretax employee contributions up to the annual legal limit, with the TDA matching plan providing a 50% match by the Foundation on those employees' contributions. These plans were terminated in May of 2018 and there were no contributions under these plans for the year ended December 31, 2017. During 2018 the Foundation utilized simplified employee pension individual retirement accounts (SEP IRAs) for all employees. There were $51,692 in contributions to the SEP IRAs for the year ended December 31, 2018.

NOTE 10 - RECLASSIFICATIONS

Certain amounts in the 2017 financial statements have been reclassified to conform with the year 2018 presentation.

NOTE 11 - SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through December 5, 2019, the date that the financial statements were available for issue.