Arthritis Foundation, Inc.

Financial Statements
Years Ended December 31, 2019 and 2018

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Contents

Tel: 919-754-9370
Fax: 919-754-9369
www.bdo.com

421 Fayetteville Street
Suite 300
Raleigh, NC 27601

Independent Auditor's Report

Board of Directors
Arthritis Foundation, Inc.
Atlanta, GA

We have audited the accompanying financial statements of Arthritis Foundation, Inc. (the "Foundation"), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Arthritis Foundation, Inc. as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BDO USA, LLP

July 9, 2020

Financial Statements

Arthritis Foundation, Inc.

Statements of Financial Position

December 31,		**2019**		2018
Assets				
Cash and cash equivalents	**$**	**10,942,872**	$	17,926,748
Investments		**101,381,690**		88,029,778
Accounts and notes receivable, net		**2,232,778**		1,770,842
Contributions receivable, net		**13,304,090**		17,587,420
Prepaid expenses and other assets		**1,993,046**		2,251,319
Inventory		**147,384**		65,839
Beneficial interest in perpetual trusts		**46,877,941**		43,310,285
Property and equipment, net		**5,493,615**		4,856,239
Total Assets	**$**	**182,373,416**	$	175,798,470
Liabilities and Net Assets				
Liabilities				
Accounts payable	**$**	**2,941,546**	$	1,351,280
Accrued expenses and other liabilities		**6,861,813**		9,251,258
Research awards and grants payable		**9,959,435**		9,899,490
Liabilities under split interest agreements		**7,420,549**		7,613,428
Total Liabilities		**27,183,343**		28,115,456
Net Assets				
Without donor restrictions		**32,567,209**		40,255,364
With donor restrictions		**122,622,864**		107,427,650
Total Net Assets		**155,190,073**		147,683,014
Total Liabilities and Net Assets	**$**	**182,373,416**	$	175,798,470

See the accompanying notes to the financial statements.

Arthritis Foundation, Inc.

Statement of Activities

Years ended December 31,	Without Donor Restrictions	With Donor Restrictions	Total 2019	Total 2018
Revenues, Gains and Public Support				
Direct response marketing contributions	$ 9,661,565	$ -	$ 9,661,565	$ 9,477,509
Corporate contributions	656,810	8,739,660	9,396,470	12,432,150
Personal contributions	2,647,863	1,047,718	3,695,581	2,728,853
Foundations	886,608	1,721,761	2,608,369	2,829,789
Memorials	131,869	1,130	132,999	176,813
Other gifts	164,037	57,500	221,537	179,720
Total contributions	14,148,752	11,567,769	25,716,521	27,824,834
Special events - gross income	21,959,498	1,538,342	23,497,840	23,704,316
Less direct donor benefit costs	(5,164,351)	-	(5,164,351)	(4,701,824)
Bequests/planned giving	9,131,895	3,575,649	12,707,544	18,878,059
Total direct public support	40,075,794	16,681,760	56,757,554	65,705,385
Federated campaigns	383,797	250	384,047	546,422
United Way	241,017	-	241,017	345,746
Total indirect public support	624,814	250	625,064	892,168
Total public support	40,700,608	16,682,010	57,382,618	66,597,553
Government grants	153,178	-	153,178	132,821
Investment return for operations	3,147,689	2,566,458	5,714,147	3,922,678
Conferences, sales, other revenue, gains and (losses), net	8,467,788	(626,239)	7,841,549	9,433,542
Total other revenue, gains and losses	11,768,655	1,940,219	13,708,874	13,489,041
Net assets released from restrictions	14,580,344	(14,580,344)	-	-
Total Revenues, Gains and Public Support	67,049,607	4,041,885	71,091,492	80,086,594
Expenses				
Research	(14,541,788)	-	(14,541,788)	(13,687,831)
Public health education	(31,419,823)	-	(31,419,823)	(30,348,207)
Professional education and training	(1,658,125)	-	(1,658,125)	(1,359,059)
Patient and community services	(16,436,338)	-	(16,436,338)	(15,962,730)
Fundraising	(10,563,003)	-	(10,563,003)	(10,456,839)
Management and general	(7,990,929)	-	(7,990,929)	(7,019,401)
Total Expenses	(82,610,006)	-	(82,610,006)	(78,834,067)
Change in net assets from operating activities	(15,560,399)	4,041,885	(11,518,514)	1,252,527
Non-operating Income				
Net realized and unrealized gains (losses) on investments	5,845,096	6,236,422	12,081,518	(10,221,802)
Unrealized (loss) gain on beneficial interests in perpetual trusts	(11,073)	3,618,102	3,607,029	(3,099,038)
Realized gain on the sale of property and equipment	1,894,125	-	1,894,125	-
Change in valuation in split interest agreements	-	1,298,805	1,298,805	770,083
Net change in pension liabilities	144,096	-	144,096	175,520
Change in net assets from non-operating activities	7,872,244	11,153,329	19,025,573	(12,375,237)
Change in Net Assets	(7,688,155)	15,195,214	7,507,059	(11,122,710)
Net Assets, beginning of year	$ 40,255,364	$ 107,427,650	$ 147,683,014	$ 158,805,724
Net Assets, end of year	$ 32,567,209	$ 122,622,864	$ 155,190,073	$ 147,683,014

See the accompanying notes to the financial statements.

Arthritis Foundation, Inc.

Statement of Activities

Years ended December 31,		Without Donor Restrictions		With Donor Restrictions		Total 2018		Total 2017
Revenues, Gains and Public Support								
Direct response marketing contributions	$	9,477,509	$	-	$	9,477,509	$	10,028,619
Corporate contributions		1,961,157		10,470,993		12,432,150		10,391,577
Personal contributions		1,615,602		1,113,251		2,728,853		2,803,749
Foundations		1,361,370		1,468,419		2,829,789		2,474,671
Memorials		174,586		2,227		176,813		231,529
Other gifts		114,116		65,604		179,720		297,355
Total contributions		14,704,340		13,120,494		27,824,834		26,227,500
Special events - gross income		22,253,066		1,451,250		23,704,316		23,993,237
Less direct donor benefit costs		(4,701,824)		-		(4,701,824)		(4,705,810)
Bequests/planned giving		16,378,329		2,499,730		18,878,059		19,085,219
Total direct public support		48,633,911		17,071,474		65,705,385		64,600,146
Federated campaigns		545,972		450		546,422		599,838
United Way		345,746		-		345,746		400,159
Total indirect public support		891,718		450		892,168		999,997
Contributed goods and services		-		-		-		30,526
Total public support		49,525,629		17,071,924		66,597,553		65,630,669
Government grants		132,821		-		132,821		186,486
Investment return for operations		2,076,247		1,846,431		3,922,678		4,553,663
Conferences, sales, other revenue, and gains, net		9,420,116		13,426		9,433,542		9,345,922
Total other revenue, gains and losses		11,629,184		1,859,857		13,489,041		14,086,071
Net assets released from restrictions		16,413,586		(16,413,586)		-		-
Total Revenues, Gains and Public Support		77,568,399		2,518,195		80,086,594		79,716,740
Expenses								
Research		(13,687,831)		-		(13,687,831)		(12,322,000)
Public health education		(30,348,207)		-		(30,348,207)		(29,672,454)
Professional education and training		(1,359,059)		-		(1,359,059)		(1,869,268)
Patient and community services		(15,962,730)		-		(15,962,730)		(15,812,228)
Fundraising		(10,456,839)		-		(10,456,839)		(10,336,128)
Management and general		(7,019,401)		-		(7,019,401)		(8,885,058)
Total Expenses		(78,834,067)		-		(78,834,067)		(78,897,136)
Change in net assets from operating activities		(1,265,668)		2,518,195		1,252,527		819,604
Non-operating Income								
Net realized and unrealized (losses) gains on investments		(3,802,201)		(6,419,601)		(10,221,802)		9,330,516
Unrealized (loss) gain on beneficial interests in perpetual trusts		-		(3,099,038)		(3,099,038)		1,869,940
Realized gain on the sale of property and equipment		-		-		-		81,418
Change in valuation in split interest agreements		-		770,083		770,083		(333,725)
Net change in pension liabilities		175,520		-		175,520		(234,864)
Change in net assets from non-operating activities		(3,626,681)		(8,748,556)		(12,375,237)		10,713,285
Change in Net Assets		(4,892,349)		(6,230,361)		(11,122,710)		11,532,889
Net Assets, beginning of year	$	45,147,713	$	113,658,011	$	158,805,724	$	147,272,835
Net Assets, end of year	$	40,255,364	$	107,427,650	$	147,683,014	$	158,805,724

See the accompanying notes to the financial statements.

Arthritis Foundation, Inc.

Statement of Functional Expenses

Year ended December 31, 2019	Program Services					Supporting Services			
	Research	Public Health Education	Professional Education and Training	Patient and Community Services	Total Program Services	Fundraising	Management and General	Total Supporting Services	Total
Research awards and grants	$ 10,640,789	$ 13,558	$ 420	$ 46,373	$ 10,701,140	$ 3,150	$ 1,470	$ 4,620	$ 10,705,760
Salaries	1,412,820	12,026,791	640,522	7,078,740	21,158,873	5,016,140	3,777,094	8,793,234	29,952,107
Payroll taxes	90,400	926,951	49,196	543,693	1,610,240	375,485	280,898	656,383	2,266,623
Employee benefits	203,408	1,987,250	110,765	1,336,600	3,638,023	808,343	585,740	1,394,083	5,032,106
Advertising commissions	-	44,666	-	4,600	49,266	176,245	24,035	200,280	249,546
Professional fees and contract services	580,177	2,738,513	211,595	1,122,321	4,652,606	1,266,119	1,617,271	2,883,390	7,535,996
Supplies	7,015	177,503	9,206	149,367	343,091	57,404	30,137	87,541	430,632
Printing, publications, and artwork	65,179	1,708,370	45,217	290,870	2,109,636	131,960	69,956	201,916	2,311,552
Membership/direct response marketing	504,233	5,508,725	264,723	353,931	6,631,612	1,292,814	303,507	1,596,321	8,227,933
Postage, shipping, and delivery	74,993	1,792,363	42,404	224,808	2,134,568	98,532	75,812	174,344	2,308,912
Telephone	13,781	105,622	27,608	89,118	236,129	128,272	280,574	408,846	644,975
Occupancy	149,750	1,169,269	41,168	926,991	2,287,178	330,286	158,434	488,720	2,775,898
Insurance	98,894	170,317	-	252,729	521,940	16,482	10,988	27,470	549,410
Staff travel	101,749	949,815	46,800	1,056,781	2,155,145	340,968	337,162	678,130	2,833,275
Meetings and conferences	106,395	806,635	139,196	1,571,433	2,623,659	122,847	83,269	206,116	2,829,775
Equipment lease and maintenance	92,257	194,263	17,463	259,152	563,135	90,043	192,542	282,585	845,720
Membership dues and subscriptions	23,471	61,114	2,248	80,319	167,152	39,289	25,176	64,465	231,617
Specific assistance to individuals	118	5,427	236	3,421	9,202	1,770	826	2,596	11,798
Advertising	12,934	185,661	3,824	62,199	264,618	26,235	9,415	35,650	300,268
Depreciation	175,116	301,589	-	447,519	924,224	29,186	19,457	48,643	972,867
Uncollectible receivables	3,889	136,549	1,005	20,645	162,088	129,155	59,238	188,393	350,481
Other	184,420	408,872	4,529	514,728	1,112,549	82,278	47,928	130,206	1,242,755
Total Expenses	$ 14,541,788	$ 31,419,823	$ 1,658,125	$ 16,436,338	$ 64,056,074	$ 10,563,003	$ 7,990,929	$ 18,553,932	$ 82,610,006

See the accompanying notes to the financial statements.

Arthritis Foundation, Inc.

Statement of Functional Expenses

Year ended December 31, 2018	Program Services					Supporting Services			
	Research	Public Health Education	Professional Education and Training	Patient and Community Services	Total Program Services	Fundraising	Management and General	Total Supporting Services	Total
Research awards and grants	$ 10,442,009	$ 230	$ 10	$ 67,645	$ 10,509,894	$ 75	$ 35	$ 110	$ 10,510,004
Salaries	1,362,400	11,476,656	574,112	6,963,969	20,377,137	4,731,084	3,428,253	8,159,337	28,536,474
Payroll taxes	78,661	868,966	43,090	507,907	1,498,624	348,499	242,721	591,220	2,089,844
Employee benefits	148,517	1,759,047	97,184	1,165,441	3,170,189	721,717	507,080	1,228,797	4,398,986
Advertising commissions	-	39,370	-	-	39,370	173,186	23,617	196,803	236,173
Professional fees and contract services	377,355	2,947,600	186,204	1,308,881	4,820,040	1,174,733	1,368,632	2,543,365	7,363,405
Supplies	6,412	145,912	9,580	131,629	293,533	48,775	31,912	80,687	374,220
Printing, publications, and artwork	56,722	1,542,757	36,131	319,892	1,955,502	138,059	67,611	205,670	2,161,172
Membership/direct response marketing	200,861	5,376,563	105,452	140,603	5,823,479	1,811,076	120,517	1,931,593	7,755,072
Postage, shipping, and delivery	76,221	1,800,912	42,918	195,009	2,115,060	105,706	72,994	178,700	2,293,760
Telephone	15,635	113,211	30,849	97,591	257,286	141,716	316,565	458,281	715,567
Occupancy	144,177	1,176,904	41,944	955,783	2,318,808	335,116	160,644	495,760	2,814,568
Insurance	102,063	176,393	28	261,196	539,680	17,217	11,436	28,653	568,333
Staff travel	101,497	736,413	73,538	965,333	1,876,781	264,250	225,578	489,828	2,366,609
Meetings and conferences	88,192	605,400	78,180	1,557,899	2,329,671	94,644	90,853	185,497	2,515,168
Equipment lease and maintenance	101,136	213,707	20,403	284,017	619,263	103,962	224,868	328,830	948,093
Membership dues and subscriptions	22,993	56,831	-	69,023	144,739	33,500	18,531	52,031	196,770
Specific assistance to individuals	-	-	-	10,528	10,528	-	-	-	10,528
Advertising	29,417	324,955	15,901	70,134	440,407	69,553	36,209	105,762	546,169
Depreciation	164,429	283,183	-	420,207	867,819	27,405	18,270	45,675	913,494
Uncollectible receivables	3,096	328,020	1,876	7,164	340,156	9,942	3,681	13,623	353,779
Other	166,038	375,177	1,659	462,879	1,009,861	106,624	49,394	156,018	1,165,879
Total Expenses	$ 13,687,831	$ 30,348,207	$ 1,359,059	$ 15,962,730	$ 61,357,827	$ 10,456,839	$ 7,019,401	$ 17,476,240	$ 78,834,067

See the accompanying notes to the financial statements.

Arthritis Foundation, Inc.

Statements of Cash Flows

Years ended December 31,	**2019**	2018
Cash flows from operating activities:		
Change in net assets	**$ 7,507,059**	$ (11,122,710)
Adjustments to reconcile change in net assets to net cash and cash equivalents (used in) provided by operating activities:		
Depreciation	**972,867**	913,494
Gain on sale of property and equipment	**(1,894,125)**	-
Net realized and unrealized (gains) losses on investments	**(15,688,547)**	13,320,840
Net change in valuation of investments	**(1,298,805)**	(770,083)
Change in operating assets and liabilities:		
Accounts and notes receivable	**(461,936)**	1,016,858
Contributions receivable	**4,283,330**	1,924,142
Prepaid expenses and other assets	**258,273**	(391,644)
Inventory	**(81,545)**	25,882
Beneficial interests in perpetual trusts	**39,373**	3,099,038
Accounts payable	**1,590,266**	(2,092,111)
Accrued expenses and other liabilities	**(2,389,445)**	1,627,488
Research awards and grants payable	**59,945**	564,433
Liabilities under split interest agreements	**(192,879)**	(619,665)
Net cash (used in) provided by operating activities	**(7,296,169)**	7,495,962
Cash flows from investing activities:		
Purchase of property and equipment	**(1,778,323)**	(488,420)
Net proceeds from sale of property and equipment	**2,062,205**	-
Purchase of investments	**(22,825,554)**	(32,725,056)
Proceeds from sale of investments	**22,853,965**	24,435,665
Net cash provided by (used in) investing activities	**312,293**	(8,777,811)
Cash flows from financing activities:		
Payments on capital lease obligations	**-**	(7,811)
Net cash (used in) financing activities	**-**	(7,811)
Net decrease in cash and cash equivalents	**(6,983,876)**	(1,289,660)
Cash and cash equivalents, beginning of year	**17,926,748**	19,216,408
Cash and cash equivalents, end of year	**$ 10,942,872**	$ 17,926,748

See the accompanying notes to the financial statements.

1. Description of Organization

The Arthritis Foundation, Inc. (the "Foundation") is a voluntary health agency seeking to improve lives through leadership in the prevention, control and cure of arthritis and arthritis-related diseases. Major funding sources are from direct public contributions and bequests. The Foundation provides public health education and community service programs along with supporting arthritis-related research and influencing public policy regarding research funding, access to care and government funding of arthritis-related public health programs. The Arthritis Foundation operates under Section 501(c)(3) of the Internal Revenue Code.

2. Summary of Significant Accounting Policies

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis of Presentation

The Foundation classifies its net assets and revenues, expenses, gains and losses on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donor and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Revenues are reported as increases in net assets without donor restrictions unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor-imposed restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Operating results in the statements of activities reflect all transactions increasing and decreasing net assets except those that the Foundation defines as non-operating. Non-operating includes all investment returns in excess of those classified as operating by the spending policy, unrealized gains and losses from operating accounts, unrealized gains and losses on beneficial interests in perpetual trusts, changes in valuation of split interest agreements, and net changes in pension liabilities.

Concentrations of Risk

Financial instruments which potentially subject the Foundation to concentrations of credit and market risk consist principally of cash and cash equivalents and marketable securities held at creditworthy financial institutions. At December 31, 2019 and 2018, the Foundation's uninsured cash balance totaled $7,135,102 and $15,223,246, respectively. Cash and cash equivalents are maintained at large multi-state financial institutions and credit exposure is limited to the amount of deposits at any one institution in excess of the federally insured limit. The Foundation has not experienced any losses in such accounts. The Foundation's marketable securities do not represent significant concentrations of market risk as the marketable securities portfolio is diversified among a variety of issuers.

Investment securities and real estate held as investments that are not publicly traded are exposed to several risks, such as interest rate, market, liquidity and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of these investments will occur in the near term and that such change could materially affect the amounts reported in the Foundation's statement of financial position and statement of activities.

Cash and Cash Equivalents

The Foundation's cash equivalents are highly liquid investments with an original maturity of three months or less at the date of purchase. Because of the short maturity of these financial instruments, the carrying value approximates the fair value.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are stated at fair value. The cost assigned to investments received by gift is the fair value at the date the gift is received. Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on cost (cost of securities if purchased or the fair market value at the date of gift if received by donation). Dividend and interest income are recorded on the accrual basis. In accordance with the policy of stating investments at fair value, the net change in unrealized appreciation or depreciation for the year is reflected in the statement of activities. Investment return is presented net of investment fees.

Accounts and Notes Receivable

Accounts receivables consist of exchange transactions primarily related to advertising receivables and sales and service fees and are stated at unpaid balances, less an allowance for doubtful accounts when deemed necessary. Receivables are written off when management believes they will not be collected. Amounts are considered past due if they are not received within one year after the expected payment date.

Contributions Receivable

Contributions, including unconditional promises to give, are recorded at the date of gift. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Bequests are recorded as revenue at the time an unassailable right to the gift has been established and the proceeds are measurable in amount. Long-term promises to give are initially recorded at fair value using the income approach using discount rates commensurate with the risk involved at the date of donation. An allowance for doubtful accounts on outstanding contributions receivable balances is recorded when deemed necessary based upon historical trends, current market risk assessments and specific donor considerations. Receivables are written off when management believes they will not be collected. Amounts are considered past due if they are not received within one year after the expected payment date.

Conditional promises to give are not recognized in the Statements of Activities until the conditions are substantially met. There were no conditional promises to give for the years ended December 31, 2019 and 2018.

Inventory

Inventory consists of educational and campaign materials which are stated at lower of cost or market. Cost is determined by the weighted average method.

Split Interest Agreements

The Foundation’s split interest agreements are recorded as follows:

Charitable Gift Annuities and Other Split Interest Agreements under which the Foundation is the Trustee – Such amounts are valued at the date of donation using the income method and discount rates commensurate with the risks involved. Discount rates range from three to ten percent. Charitable gift annuities are amortized over their life although changes may be made based on a change in the life expectancy of the donor. Gift annuity assets are included in investments and amounts due to the donor are included in liabilities under split interest agreements.

Beneficial Interests in Perpetual Trusts - The Foundation is the beneficiary of various trusts created by donors, the assets of which are not in the possession of the Foundation. The Foundation has legally enforceable rights or claims to such assets including the right to income therefrom. Under the perpetual trust arrangement, the Foundation has recorded the asset and recognized permanently restricted contribution revenue at the fair value of its beneficial interest in the trust assets. Distributions received on the trust assets are recorded as investment income in the statement of activities unless otherwise restricted by the donor. Subsequent changes in fair value of the beneficial interest in the trust assets are recorded as net unrealized gains or losses on beneficial interest in perpetual trusts in the net asset with donor restrictions class.

Property and Equipment

Property and equipment are recorded at cost. Donated assets are capitalized at the estimated fair market value at date of receipt. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets. The cost of maintenance and repairs is expensed when incurred; significant renewals and betterments are capitalized. Estimated useful lives are ten to thirty years for buildings and improvements, the lesser of the lease term or three to ten years for leasehold improvements and three to five years for furniture and other equipment.

Impairment of Long-Lived Assets

The Foundation reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the asset is reduced to its current fair value. There were no long-lived assets that were impaired during the years ended December 31, 2019 and 2018.

Fair Value of Financial Instruments

The carrying amounts of cash and accounts receivable, which qualify as financial assets and accounts payable, and accrued expenses, which qualify as financial liabilities, approximate fair value due to the relative terms of these financial instruments.

The carrying values, which approximate fair value, of investments, beneficial interests in trusts, and investments in remainder interest trusts are determined as described in Note 5.

The carrying amount of the notes payable approximates fair value since they bear interest at variable rates which approximate current market rates for notes with similar maturities and credit quality.

The carrying amounts of annuities payable and contributions receivable approximate fair value since these instruments are recorded at net present value.

Research Awards and Grants Payable

Awards and grants are recorded as expenses in the year in which the award is made. The terms of research awards and grants are from one to three years with continuation of grants subject to certain performance requirements.

Functional Allocation

The costs of providing the Foundation's various programs and supporting services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis. The Foundation uses a weighted-average methodology to allocate occupancy, interest, insurance and depreciation cost. Salaries are allocated on the basis of time and effort.

Contributed Goods and In-Kind Services

Contributed goods and services are reflected as both contribution revenue and expenses in the accompanying statement of activities at their estimated fair value at date of receipt. Existing contributed goods and gifts of property and equipment are reflected as support without donor restrictions unless explicit donor stipulations specify how the donated goods 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.

The Foundation receives services from a large number of volunteers who give significant amounts of their time to the Foundation's programs, fundraising campaigns and management. The contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided. Generally, such services include research grant application reviews, advertising, consulting, and printing services and other services that meet the criteria for recognition as contributed services. No amounts were recorded as revenue and expense for donated services and assets for the years ended December 31, 2019 and 2018.

Income Taxes

The Foundation is exempt from Federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code. With respect to any unrelated business income generated by the Foundation, it records income taxes using the liability method under which deferred tax assets and liabilities are determined based on the differences between the financial accounting and tax bases of assets and liabilities. Deferred tax assets or liabilities at the end of each period are determined using the currently enacted tax rate expected to apply to taxable income in the period that the deferred tax asset or liability is expected to be realized or to be settled. As of December 31, 2019, and 2018, the Foundation had no deferred tax assets or liabilities or any uncertain tax positions.

Use of Estimates

Management of the Foundation has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare the financial statements in conformity with GAAP. Actual results could differ from these estimates.

Reclassifications

Certain items in the 2018 consolidated financial statements have been reclassified to conform to the 2019 presentation. There was no modification to changes in net assets or any net assets balances presented within the Statement of Activities as a result of the reclassification.

Accounting Pronouncements Issued but Not Yet Adopted

In June 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-05 in response to the ongoing impact to US businesses as a result of the coronavirus ("COVID-19") pandemic. *ASU 2020-05 Revenue from Contracts with Customers (Topic*

606) and Leases (Topic 842) Effective Dates for Certain Entities provides a limited deferral of the effective dates for implementing previously issued ASU 606 and ASU 842 to give some relief to businesses and the difficulties they are facing during the pandemic. The Foundation has elected defer ASU 606 implementation for fiscal year ending December 31, 2020 and ASU 842 December 31, 2022.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This update, along with ASU 2016-08, *Revenue from Contracts with Customers (Topic 606)*: *Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*, ASU 2016-10, *Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing* and ASU 2016-12, *Revenue from Contracts with Customers (Topic 606)*: *Narrow-Scope Improvements and Practical Expedients*, establishes a comprehensive revenue recognition standard. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 is effective for the Foundation's fiscal year ending December 31, 2020. Earlier adoption would have been permitted subject to certain limitations. The amendments in this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. Management is currently evaluating the impact of these ASUs on their financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* ("ASU 2016-02"), which requires lessees to recognize the following for all leases (with the exception of short-term leases) at the commencement date: a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis, and a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Certain targeted improvements were made to align, where necessary, lessor accounting with the lessee accounting model and Topic 606, *Revenue from Contracts with Customers*. Early application is permitted for all public business entities and all nonpublic business entities upon issuance. Lessees (for capital and operating leases) and lessors (for sales-type, direct financing, and operating leases) must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expired before the earliest comparative period presented. Lessees and lessors may not apply a full retrospective transition approach. Management estimates that if the new standard had been adopted as of December 31, 2018, it would have resulted in recording right-to-use lease assets and related lease liabilities for the discounted value of future minimum lease payments on its existing operating leases. ASU 2016-02 is effective for annual periods beginning after December 15, 2021. The full financial statement impact of such changes and the implementation of ASU 2016-02 is still being evaluated by management.

Recently Adopted Authoritative Guidance

During the year ended December 31, 2019, the Foundation adopted ASU 2018-08, *Not-for-Profit Entities (Topic 958) - Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This guidance clarifies and improves current guidance by providing criteria for determining whether the resource provider is receiving commensurate value in return for the resources transferred which, depending on the outcome, determines whether the organization follows contribution guidance or exchange transaction guidance in the revenue recognition and other applicable standards. ASU 2018-08 also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. The ASU is effective for transactions in which the entity serves as the resource recipient to annual periods beginning after December 15, 2018. The ASU is effective for transactions in which the entity serves as a resource provider to annual periods beginning after December 15, 2019. The full financial statement impact of such changes and the implementation of ASU 2018-08 had minimal impact on the timing of contributions received and contributions made.

3. Liquidity and Availability of Resources

As of December 31, 2019, financial assets available within one year for general expenditures are as follows:

	Financial Assets		
	Available	**Unavailable**	**Total**
Financial assets			
Cash and cash equivalents	$ 10,057,712	$ 885,160	$ 10,942,872
Investments	39,936,403	61,445,287	101,381,690
Accounts and notes receivable, net	2,232,778	-	2,232,778
Contributions receivable, net	10,898,297	2,405,793	13,304,090
Beneficial interest in perpetual trusts	-	46,877,941	46,877,941
Endowment spend appropriations	1,852,805	-	1,852,805
Financial assets available/unavailable to meet cash needs for general expenditures within one year	**$ 64,977,995**	**$ 111,614,181**	**$ 176,592,176**

As of December 31, 2018, financial assets available within one year for general expenditures were as follows:

	Financial Assets		
	Available	**Unavailable**	**Total**
Financial assets			
Cash and cash equivalents	$ 17,326,333	$ 600,415	$ 17,926,748
Investments	33,511,456	54,518,322	88,029,778
Accounts and notes receivable, net	1,770,842	-	1,770,842
Contributions receivable, net	15,181,627	2,405,793	17,587,420
Beneficial interest in perpetual trusts	-	43,310,285	43,310,285
Endowment spend appropriations	1,958,980	-	1,958,980
Financial assets available/unavailable to meet cash needs for general expenditures within one year	$ 69,749,238	$100,834,815	$ 170,584,053

The Foundations' financial assets have been reduced by amounts not available for general use due to donor-imposed restrictions within one year of the balance sheet date, and amounts set aside for long-term investing in endowment funds.

The Foundation's endowment consists of donor-restricted endowment funds as well as funds specified by donors as restricted for research and specific programs. Therefore, these funds are not available for general expenditures. As described in Note 6, without specific Board action the endowment funds have a spending rate of 4.25 percent. Approximately $1,853,000 of appropriations from the endowment fund will be available within the next 12 months.

As part of the Foundation's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Cash in excess of daily requirements are invested in short-term investments and money market funds.

4. Investments

Investments at fair value were as follows at:

December 31,	**2019**	2018
Marketable securities		
Investment accounts		
Common stock	**$ 106**	$ 111,064
Domestic equity mutual funds	**33,661,371**	27,127,101
Fixed income mutual funds	**27,483,360**	23,658,993
International equity mutual funds	**20,437,207**	17,731,180
Balanced mutual funds	**34,212**	-
Preferred stock	**1,000**	1,000
Alternative investments	**837,152**	715,315
Private investments	**281,118**	-
Hedge funds	**3,310,413**	3,005,626
Real estate funds	**-**	2,191,262
Other commodities	**2,480,263**	1,921,011
International common stock	**-**	20,743
Other - principally money market and other mutual funds	**326,238**	259,769
Total marketable securities	**88,852,440**	76,743,064
Split interest agreements		
Real estate funds	**761,496**	342,878
Corporate notes and bonds	**61,115**	372,421
Domestic equity mutual funds	**4,661,567**	4,059,386
Fixed income mutual funds	**4,348,840**	4,188,612
International equity mutual funds	**2,696,232**	2,323,417
Total split interest agreements	**12,529,250**	11,286,714
Total investments	**$ 101,381,690**	$ 88,029,778

5. Fair Value Measurements

In accordance with GAAP, fair value measurement establishes a framework for measuring fair value and expands disclosures about fair value measurements.

This standard provides a consistent definition of fair value which focuses on an exit price between market participants in an orderly transaction as prescribed by GAAP. The standard also prioritizes, within the measurement of fair value, the use of market-based information over entity-specific information and establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of an asset or liability as of the measurement date. The standard describes three levels of inputs that may be used to measure fair value:

Level I - Quoted prices for identical instruments in active markets. This category includes domestic and international debt and equity securities that are traded in an active exchange market, as well as U.S. Treasury securities.

Level II - Inputs other than quoted prices included in Level I that are observable, either directly or indirectly. Such inputs may include quoted prices for similar assets, observable inputs other than quoted prices (interest rates, yield curves, etc.), or inputs derived principally from or corroborated by observable market data by correlation or other means. This category includes certain U.S. Government and agency mortgage-backed debt securities and corporate debt securities that are valued based on market prices for similar and actively traded investments. This category also includes alternative investments that are valued at net asset value ("NAV") per share for which the Foundation has the ability to redeem its investment at the measurement date.

Level III - Inputs are unobservable data points for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs reflect the Foundation's assumptions based on the best information available in the circumstances. This category includes split interest agreements and beneficial trusts for which the Foundation is not the trustee. The trusts are valued based on the values of the underlying investments in the trust which are established by the trustee using valuation methods that are appropriate for the investments in the trusts.

Quantitative information related to valuation inputs for Level III assets is not available since the value of the trusts that was provided by the trustees was used without adjustment. On an annual basis, Foundation management evaluates the return received from the trusts against the value of its portion of the trusts for reasonableness as compared with current market returns. Management believes that the sensitivity in the fair value measurement of the beneficial interests is related to market fluctuations, as the investments held in the trusts are primarily marketable securities.

The following table summarizes the valuation of the Foundation's investments, split interest agreements and beneficial interests in perpetual trusts by the above hierarchy levels as of December 31:

	2019			
	Level I	Level II	Level III	Total
Marketable securities				
Common stocks	$ 106	$ -	$ -	$ 106
Domestic equity mutual funds	38,322,938	-	-	38,322,938
Fixed income mutual funds	31,832,200	-	-	31,832,200
International equity mutual funds	23,133,439	-	-	23,133,439
Balanced mutual funds	34,212	-	-	34,212
Preferred stock	1,000	-	-	1,000
Alternative investments	837,152	-	-	837,152
Private investments	-	-	281,118	281,118
Hedge funds	3,310,413	-	-	3,310,413
Real estate funds	761,496	-	-	761,496
Corporate notes and bonds	61,115	-	-	61,115
Other commodities	2,480,263	-	130	2,480,393
International common stock	-	-	-	-
Other - principally money market and other mutual funds	326,108	-	-	326,108
Total marketable securities	101,100,442	-	281,248	101,381,690
Beneficial interests in perpetual trusts	-	-	46,877,941	46,877,941
Total	$ 101,100,442	$ -	$ 47,159,189	$ 148,259,631

	2018			
	Level I	**Level II**	**Level III**	**Total**
Marketable securities				
Common stocks	$ 111,064	$ -	$ -	$ 111,064
Domestic equity mutual funds	31,186,487	-	-	31,186,487
Fixed income mutual funds	27,847,605	-	-	27,847,605
International equity mutual funds	20,054,597	-	-	20,054,597
Preferred stock	1,000	-	-	1,000
Alternative investments	715,315	-	-	715,315
Hedge funds	3,005,626	-	-	3,005,626
Real estate funds	2,534,140	-	-	2,534,140
Corporate notes and bonds	372,421	-	-	372,421
Other commodities	1,920,881	-	130	1,921,011
International common stock	20,743	-	-	20,743
Other - principally money market and other mutual funds	259,769	-	-	259,769
Total marketable securities	88,029,648	-	130	88,029,778
Beneficial interests in perpetual trusts	-	-	43,310,285	43,310,285
Total	$ 88,029,648	$ -	$ 43,310,415	$ 131,340,063

The following table summarizes the Foundation's Level III reconciliation for the beneficial interests in perpetual trusts:

Years ended December 31,	**2019**	2018
Beginning balance	**$ 43,310,285**	$ 46,409,323
Decrease in beneficial interest in perpetual trust	**(39,373)**	-
Net unrealized gains (losses)	**3,607,029**	(3,099,038)
Ending balance	**$ 46,877,941**	$ 43,310,285

With respect to valuation methodologies at December 31, 2019 and 2018, to the extent that the Foundation directly owns and controls the investment valuation is based on unadjusted quoted prices for identical assets in active markets that the Foundation can access. For other investments, predominately "alternative investments" (including private equity, alternative hedge strategies and real assets), the Foundation utilizes the net asset value ("NAV") reported by each of the alternative funds and external investment managers as a practical expedient for determining the fair value of the investment. These investments are redeemable at NAV under the original terms of the agreements and operations of the underlying funds. However, it is possible that these redemption rights may be restricted or eliminated by the funds in the future in accordance with the underlying fund agreements. Due to the nature of the investments held by these funds, changes in market conditions and the economic environment may significantly impact the NAV of the funds and, consequently, the fair value of the Foundation's interests in the funds. Furthermore, changes to the liquidity provisions of the funds may significantly impact the fair value of the Foundation's interest in the funds.

6. Endowment Funds

The Foundation's endowment consists of a number of individual funds established for research, specific programs and operations.

The Foundation understands the law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The Foundation classifies as net assets with donor restrictions (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 applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of donor-restricted endowment funds in excess of the original fair value are classified as net assets with donor restrictions until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by the Uniform Prudent Management of Institutional Funds Act ("UPMIFA").

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purpose of the Foundation or the donor-restricted endowment fund
3. General economic conditions
4. The possible effects of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Foundation
7. The investment policy of the Foundation

If the market value of any fund classified as net assets with donor restrictions at year-end is below the amount determined to be permanently restricted, the deficit, which cannot be funded from restricted unspent earnings of the fund, is reported as a reduction in net assets with donor restrictions. There were no such deficiencies for the years ended December 31, 2019 and 2018.

The primary long-term financial objective for the Foundation's endowment is to preserve the real (inflation-adjusted) purchasing power of endowment assets and income after accounting for endowment spending, inflation and costs of portfolio management. Performance of the overall endowment against this objective is measured over rolling periods of one, three and five years. The endowments shall be managed to optimize the long run total rate of return on invested assets, assuming a prudent level of risk. The goal for this rate of return is one that funds the Foundation's existing spending policy and allows sufficient reinvestment to grow the endowment principal at a rate that exceeds inflation (as measured by the Consumer Price Index). Over the short term, the return for each element of the endowment portfolio should match or exceed each of the returns for the broader capital markets in which assets are invested.

Foundation policy requires endowment assets to be governed by a spending policy that seeks to distribute a specific payout rate of the endowment base to support the Foundation's programs. The endowment base is defined as a three-year moving average of the market value of the total endowment portfolio (calculated as of the last day of December for the prior three years). Without specific Board action to either increase or decrease the payout rate, the Foundation's annual investment income payout distribution is calculated at a rate of four percent of the rolling three year average fair market value of the investments plus amounts paid for share on investment income. The policy allows for a greater predictability of spendable income for budgeting purposes and for gradual steady growth for the support of operations by the endowment.

In addition, the policy minimizes the probability of invading the principal over the long-term. Spending in a given year reduces the unit value of each endowment element by the payout percentage. In no case are funds designated as true endowment reduced below their initial unit value. In the case of short-term declines in the market value of the endowment pool of funds, the overall spending rate may be calculated below designated payout percentage in order to maintain the original unit value of certain elements of the true endowment. Growth of the unit values over time should allow for spending of principal, without drawing from the original corpus of a particular gift.

The endowment is divided into three broad asset classes: equity fund, fixed income fund and cash or near-cash fund. The purpose of dividing the endowment fund in this way is to ensure that the optimal long-term return is achieved given the Foundation's risk preference. The endowment is diversified both by asset class (equity, fixed income and cash) and within asset class (large capitalization stocks, small capitalization stocks, U.S. Treasury bonds, corporate bonds, etc.). The purpose of diversification is to provide reasonable assurance that no single security or class of securities has a disproportionate impact on the total endowment and to reduce the overall risk and volatility of the entire portfolio. The total endowment is monitored on a continual basis for consistency of investment philosophy, return relative to objectives, and asset allocation with respect to target percentages. There were no endowment net assets without donor restrictions for the years ended December 31, 2019 and 2018.

The composition of and changes to donor restricted endowment net assets for the years ended December 31, 2019 and 2018 are as follows:

	With Donor Restrictions	Total
Endowment net assets, December 31, 2017	$ 49,484,307	$ 49,484,307
Additions	313,945	313,945
Investment return income	934,692	934,692
Net appreciation (realized and unrealized)	(5,628,726)	(5,628,726)
Total investment additions	(4,380,089)	(4,380,089)
Appropriation of endowment assets for expenditure	(1,958,980)	(1,958,980)
Endowment net assets, December 31, 2018	$ 43,145,238	$ 43,145,238
Additions	-	-
Investment return income	**1,000,795**	**1,000,795**
Net gain/loss (realized and unrealized)	**6,622,810**	**6,622,810**
Total investment additions	**7,623,605**	**7,623,605**
Appropriation of endowment assets for expenditure	**(1,852,805)**	**(1,852,805)**
Endowment net assets, December 31, 2019	**$ 48,916,038**	**$ 48,916,038**

7. Contributions Receivable

The Foundation had the following contributions receivable at:

December 31,	**2019**	2018
Amounts due in:		
Less than one year	**$ 11,814,137**	$ 15,494,838
One to five years	**2,418,000**	2,405,793
More than five Years	**55,000**	-
Gross contributions receivable	**14,287,137**	17,900,631
Allowance for doubtful accounts	**(854,421)**	(209,809)
Unamortized present value discount	**(128,626)**	(103,402)
Contributions receivable, net	**$ 13,304,090**	$ 17,587,420

Discounts on contributions receivable were calculated at the date of donation using rates commensurate with the risks involved (1% to 9%).

8. Split Interest Agreements and Beneficial Interests in Perpetual Trusts

The Foundation had the following interests at:

December 31,	**2019**	2018
Split interest agreements (the Foundation is the trustee)		
Charitable remainder trusts (“CRTs”)	**$ 3,342,407**	$ 2,957,493
Gift annuity fund	**8,826,049**	8,288,830
Pooled income fund	**542,008**	483,657
Split interest agreements (included in cash and investments)	**12,710,464**	11,729,980
CRTs (the Foundation is not the trustee)	**5,609,703**	4,860,730
Other perpetual trusts (the Foundation is not the trustee)	**41,268,238**	38,449,555
Total	**$59,588,405**	$ 55,040,265

These assets are reported on the statement of financial position and are valued at estimated fair value. Liabilities under split interest agreements for which the Foundation is the trustee were $7,420,549 and $7,613,428 at December 31, 2019 and 2018, respectively, and were valued at the date of donation using the income approach at discount rates commensurate with the risk involved (between three and 10%). They are being amortized over the terms of the obligations.

Adjustments are made to the value of the split interest agreements when there are changes in the life expectancy of the donor.

9. Property and Equipment

Property and equipment consisted of the following at:

December 31,		2019		2018
Land	$	**509,000**	$	635,651
Buildings and improvements		**2,369,061**		2,501,825
Leasehold improvements		**2,618,960**		2,593,436
Furniture and other equipment		**5,848,040**		4,141,601
Total property and equipment		**11,345,061**		9,872,513
Accumulated depreciation		**(5,851,446)**		(5,016,274)
Property and equipment, net	$	**5,493,615**	$	4,856,239

Depreciation expense was $972,867 and $913,494 for the years ended December 31, 2019 and 2018, respectively.

In June 2019, the Foundation sold its office building in Denver, CO for $2,245,200, with net proceeds being 2,023,309 after closing costs. The book value of the asset was $351,076, resulting in a gain on the sale of $1,894,125. The Foundation also had other immaterial sales in the current year. The Foundation is currently evaluating its remaining real properties with a cost of $3,160,740 and book value of $1,632,610 for potential sale in the future.

10. Joint Costs

In 2019 and 2018, the Foundation incurred joint costs of $6,247,489 and $5,908,626, respectively, for informational materials and activities that included fundraising appeals, such as the Foundation's direct mail. Joint costs were allocated as follows:

December 31,		2019		2018
Public health education	$	**4,498,192**	$	4,254,211
Fundraising		**1,749,297**		1,654,415
Total joint costs	$	**6,247,489**	$	5,908,626

11. Net Assets – With Donor Restrictions

Net assets with donor restrictions were available for the following purposes at:

December 31,	**2019**	2018
Purpose restricted:		
Education	**$ 68,000**	$ 5,000
Operations	**14,710,820**	12,953,312
Scholarship	**421,008**	611,874
Programs/trainings	**8,369,876**	5,589,445
Research	**12,914,168**	8,362,162
Time restricted	**8,014,576**	4,604,734
Net assets with donor restrictions subject to expenditure for specified purpose and passage of time	**$ 44,498,448**	$ 32,126,527

Net assets with donor restrictions consisted of the following with the investment income to be used for:

December 31,	**2019**	2018
Research	**$ 32,189,508**	$ 32,189,506
Education	**3,398,473**	3,398,473
Operations	**2,651,704**	2,651,704
Scholarship	**105,000**	105,000
Programs	**820,586**	820,586
Beneficial interests in perpetual trusts	**38,959,145**	36,135,854
Net assets with donor restrictions to be held in perpetuity	**$ 78,124,416**	$ 75,301,123

Net assets with donor restrictions released from restrictions consisted of the following:

Year ended December 31,	**2019**	2018
Programs, scholarships, training and projects	**$ 4,746,808**	$ 8,487,310
Research	**4,887,682**	3,265,179
Time releases	**4,945,854**	4,661,097
Total net assets with donor restrictions released from restrictions	**$ 14,580,344**	$ 16,413,586

12. Operating Leases

Rental expense for Foundation office space was $2,589,010 and $2,617,149 for the years ended December 31, 2019 and 2018, respectively. Lease agreements having an original term of more than one year expire on various dates through 2026.

Total future minimum lease payments were as follows at December 31, 2019:

Years ending December 31,		**Amount**
2020	$	**2,444,495**
2021		**2,085,289**
2022		**1,537,977**
2023		**980,935**
2024		**850,332**
Thereafter		**1,440,168**
Total future minimum lease payments	$	**9,339,196**

13. Employee Benefit Plans

Employee Contribution Plans

Defined Contribution Plans - The Foundation sponsors various defined contribution retirement plans (the "defined contribution plans") covering substantially all of the employees of the Foundation. Participants may contribute a percentage of their compensation on a pretax basis. The Foundation matches a portion of the participants' compensation. Vesting policies are based on the specific defined contribution plan operated either at the National Office or the chartered entity. Total contributions to the defined contribution plans for the years ended December 31, 2019 and 2018 were $1,220,514 and $1,117,904, respectively.

Deferred Compensation Plan - The Foundation also maintains a 457(b) nonqualified deferred compensation plan that permits a select group of executive level employees to set aside a portion of salary on a before-tax basis. In addition to voluntary elective deferrals, the Foundation makes non- elective contributions to the plan. At the discretion of the Foundation, participants are allowed to allocate plan contributions and designate beneficiaries. The Foundation's contributions totaled approximately $56,700 and $35,177 for the year ended December 31, 2019 and 2018, respectively. All assets under the plan remain part of the Foundation's general assets and are subject to the claims of its creditors. All rights to amounts held under the plan are owned by the Foundation. Therefore, the Foundation reports the assets and related liabilities of the plan in its statements of position. At December 31, 2019 and 2018, the assets and liabilities each totaled $340,632 and $254,066, respectively.

Defined Benefit Plans

The Foundation has various defined benefit pension plans (the "Plan") covering certain employees. Benefits are based on years of service and compensation. Contributions are determined in accordance with each Plan's provisions. As of December 31, 2019 and 2018, the Foundation has recorded an accrued net pension liability of $1,025,996 and $1,254,551, respectively, in relation to the Plan. Due to their relative size in relation to the financial statements of the Foundation, additional disclosures are not included.

14. Commitments and Contingencies

The Foundation has commitments for research awards and grants for future years. The terms of research awards and grants are from one to three years. At December 31, 2019, these commitments were as follows:

Years ending December 31,		**Amount**
2020	$	**470,000**
2021		**200,000**
Total commitments	$	**670,000**

The Foundation is involved in litigation arising from the normal course of business. Although the ultimate outcome of such matters cannot be predicted with certainty, management believes that the current expected outcome of any such matter will not have a material adverse effect on the Foundation's financial condition as of December 31, 2019.

15. Subsequent Events

The Foundation evaluated events subsequent to December 31, 2019 and through July 9, 2020, the date on which the financial statements were available for issuance and determined that all significant events and disclosures are included in the financial statements.

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Foundation's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Foundation is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2020.

Financially, the outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown, which has impacted the Foundation's investment values. The Foundation's financial statements do not include adjustments to fair market value that have resulted from these declines. Also, cash flows from contributions may slow and the Foundation's contributions receivable may be impacted as well, as donors also face financial uncertainty. To assist with the uncertainty, the Foundation reduced its staff size, made temporary changes to certain special events to be hosted virtually or delayed live events until 2021, and obtained a $14,000,000 line of credit with J.P. Morgan Chase.

On March 27, 2020, President Trump signed into law the "Coronavirus Aid, Relief, and Economic Security ("CARES") Act." The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property. It also appropriated funds for the SBA Paycheck Protection Program loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19.

The Foundation has applied for, and has received, funds under the SBA Paycheck Protection Program after the year ended December 31, 2019 in the amount of $5,315,400. The application for these funds requires the Foundation to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the Foundation. This certification further requires the Foundation to take into account our current business activity and our ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to the business. The receipt of these funds, and the forgiveness of the loan attendant to these funds, is dependent on the Foundation having initially qualified for the loan and qualifying for the forgiveness of such loan based on our future adherence to the forgiveness criteria.

Although the Foundation cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material adverse effect on the Foundation's results of future operations, financial position, and liquidity in fiscal year 2020.