Arthritis Foundation, Inc.

Financial Statements
Years Ended December 31, 2017 and 2016

Arthritis Foundation, Inc.

Financial Statements

Years Ended December 31, 2017 and 2016

Arthritis Foundation, Inc.

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Independent Auditor's Report

Board of Directors
Arthritis Foundation, Inc.
Atlanta, GA

We have audited the accompanying financial statements of Arthritis Foundation, Inc., which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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, 2017 and 2016, 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 31, 2018

Financial Statements

Arthritis Foundation, Inc.

Statements of Financial Position

December 31,		**2017**		2016
Assets				
Cash and cash equivalents	**$**	**19,216,408**	$	16,044,623
Investments		**92,291,144**		89,017,821
Accounts and notes receivable, net		**2,787,700**		2,765,605
Contributions receivable, net		**19,511,562**		14,753,135
Prepaid expenses and other assets		**1,859,675**		1,458,513
Inventory		**91,721**		131,028
Beneficial interest in perpetual trusts		**46,409,323**		44,539,383
Property and equipment, net		**5,281,313**		5,811,609
Total Assets	**$**	**187,448,846**	$	174,521,717
Liabilities and Net Assets				
Liabilities				
Accounts payable	**$**	**3,443,391**	$	3,273,122
Accrued expenses and other liabilities		**7,623,770**		6,851,396
Research awards and grants payable		**9,335,057**		8,483,042
Liabilities under split interest agreements		**8,233,093**		8,599,085
Debt obligations		**7,811**		42,237
Total Liabilities		**28,643,122**		27,248,882
Net Assets				
Unrestricted		**45,147,713**		33,973,907
Temporarily restricted		**33,426,602**		35,888,431
Permanently restricted		**80,231,409**		77,410,497
Total Net Assets		**158,805,724**		147,272,835
Total Liabilities and Net Assets	**$**	**187,448,846**	$	174,521,717

See the accompanying notes to the financial statements.

Arthritis Foundation, Inc.

Statement of Activities

Year ended December 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, Gains and Public Support				
Direct response marketing contributions	$ 10,028,619	$ -	$ -	$ 10,028,619
Corporate contributions	1,767,462	8,624,115	-	10,391,577
Personal contributions	2,323,080	480,669	-	2,803,749
Foundations	844,528	1,630,143	-	2,474,671
Memorials	218,614	12,915	-	231,529
Other gifts	184,965	112,390	-	297,355
Total contributions	15,367,268	10,860,232	-	26,227,500
Special events - gross income	22,691,237	1,302,000	-	23,993,237
Less direct donor benefit costs	(4,705,810)	-	-	(4,705,810)
Bequests/planned giving	17,673,180	1,412,039	-	19,085,219
Total direct public support	51,025,875	13,574,271	-	64,600,146
Federated campaigns	596,537	3,301	-	599,838
United Way	400,159	-	-	400,159
Total indirect public support	996,696	3,301	-	999,997
Contributed goods and services	30,526	-	-	30,526
Total public support	52,053,097	13,577,572	-	65,630,669
Government grants	186,486	-	-	186,486
Investment return for operations	2,651,602	1,902,061	-	4,553,663
Conferences, sales, other revenue, gains and losses	9,768,237	(422,315)	-	9,345,922
Total other revenue, gains and losses	12,606,325	1,479,746	-	14,086,071
Net assets released from restrictions	21,876,199	(21,876,199)	-	-
Total Revenues, Gains and Public Support	86,535,621	(6,818,881)	-	79,716,740
Expenses				
Research	(12,322,000)	-	-	(12,322,000)
Public health education	(29,672,454)	-	-	(29,672,454)
Professional education and training	(1,869,268)	-	-	(1,869,268)
Patient and community services	(15,812,228)	-	-	(15,812,228)
Fundraising	(10,336,128)	-	-	(10,336,128)
Management and general	(8,885,058)	-	-	(8,885,058)
Total Expenses	(78,897,136)	-	-	(78,897,136)
Change in net assets from operating activities	7,638,485	(6,818,881)	-	819,604
Non-operating Income				
Net realized and unrealized gains (losses) on investments	3,677,694	5,652,822	-	9,330,516
Unrealized gain (loss) on beneficial interests in perpetual trusts	-	-	1,869,940	1,869,940
Realized gain on the sale of property & equipment	81,418	-	-	81,418
Change in valuation in split interest agreements	11,073	(1,295,770)	950,972	(333,725)
Net change in pension liabilities	(234,864)	-	-	(234,864)
Change in net assets from non-operating activities	3,535,321	4,357,052	2,820,912	10,713,285
Change in Net Assets	11,173,806	(2,461,829)	2,820,912	11,532,889
Net Assets, beginning of year	$ 33,973,907	$ 35,888,431	$ 77,410,497	$ 147,272,835
Net Assets, end of year	$ 45,147,713	$ 33,426,602	$ 80,231,409	$ 158,805,724

See the accompanying notes to the financial statements.

Arthritis Foundation, Inc.

Statement of Activities

Year ended December 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, Gains and Public Support				
Direct response marketing contributions	$ 10,128,484	$ -	$ -	$ 10,128,484
Corporate contributions	2,021,289	9,809,107	-	11,830,396
Personal contributions	1,158,956	366,077	-	1,525,033
Foundations	870,869	1,349,371	-	2,220,240
Memorials	-	-	-	-
Other gifts	542,763	169,390	-	712,153
Total contributions	14,722,361	11,693,945	-	26,416,306
Special events - gross income	24,656,643	874,500	-	25,531,143
Less direct donor benefit costs	(5,036,080)	-	-	(5,036,080)
Bequests/planned giving	12,675,208	1,915,363	735,240	15,325,811
Total direct public support	47,018,132	14,483,808	735,240	62,237,180
Federated campaigns	655,614	633	-	656,247
United Way	452,701	-	-	452,701
Total indirect public support	1,108,315	633	-	1,108,948
Contributed goods and services	86,631	-	-	86,631
Total public support	48,213,078	14,484,441	735,240	63,432,759
Government grants	618,453	25,179	-	643,632
Investment return for operations	2,057,498	1,476,064	-	3,533,562
Conferences, sales, other revenue, gains and losses	10,129,385	(13,744)	-	10,115,641
Total other revenue, gains and losses	12,805,336	1,487,499	-	14,292,835
Net assets released from restrictions	22,719,839	(22,719,839)	-	-
Total Revenues, Gains and Public Support	83,738,253	(6,747,899)	735,240	77,725,594
Expenses				
Research	(11,996,136)	-	-	(11,996,136)
Public health education	(33,208,057)	-	-	(33,208,057)
Professional education and training	(2,094,356)	-	-	(2,094,356)
Patient and community services	(17,989,395)	-	-	(17,989,395)
Fundraising	(11,325,566)	-	-	(11,325,566)
Management and general	(8,782,915)	-	-	(8,782,915)
Total Expenses	(85,396,425)	-	-	(85,396,425)
Change in net assets from operating activities	(1,658,172)	(6,747,899)	735,240	(7,670,831)
Non-operating Income				
Net realized and unrealized gains (losses) on investments	1,481,325	1,783,296	-	3,264,621
Unrealized gain (loss) on beneficial interests in perpetual trusts	146	(339,630)	501,856	162,372
Change in valuation in split interest agreements	-	(512,125)	-	(512,125)
Net change in pension liabilities	63,572	-	-	63,572
Change in net assets from non-operating activities	1,545,043	931,541	501,856	2,978,440
Change in Net Assets	(113,129)	(5,816,358)	1,237,096	(4,692,391)
Net Assets, beginning of year	34,087,036	41,704,789	76,173,401	151,965,226
Net Assets, end of year	$ 33,973,907	$ 35,888,431	$ 77,410,497	$ 147,272,835

See the accompanying notes to the financial statements.

Arthritis Foundation, Inc.

Statement of Functional Expenses

Year ended December 31, 2017

	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	$ 9,780,919	$ 31,730	$ 1,379	$ 46,417	$ 9,860,445	$ 5,017	$ 1,317	$ 6,334	$ 9,866,779
Salaries	1,229,948	10,992,970	805,814	7,090,638	20,119,370	4,312,975	3,430,222	7,743,197	27,862,567
Payroll taxes	78,910	864,311	64,102	559,928	1,567,251	330,323	257,445	587,768	2,155,019
Employee benefits	167,485	1,763,979	134,098	1,142,394	3,207,956	671,704	529,401	1,201,105	4,409,061
Advertising commissions	-	158,738	-	52,913	211,651	-	-	-	211,651
Professional fees and contract services	268,965	2,305,152	258,355	1,313,054	4,145,526	1,243,006	2,515,093	3,758,099	7,903,625
Supplies	11,484	233,930	17,283	166,357	429,054	59,400	48,106	107,506	536,560
Printing, publications, and artwork	44,608	1,045,277	43,543	693,952	1,827,380	94,915	58,260	153,175	1,980,555
Membership/direct response marketing	106,178	5,390,632	60,203	72,519	5,629,532	1,894,914	58,398	1,953,312	7,582,844
Postage, shipping, and delivery	81,208	1,299,476	55,347	874,224	2,310,255	93,418	92,182	185,600	2,495,855
Telephone	20,706	150,122	52,104	134,185	357,117	218,309	535,577	753,886	1,111,003
Occupancy	126,483	1,600,305	134,478	1,020,029	2,881,295	459,347	321,151	780,498	3,661,793
Insurance	111,121	247,574	6,279	83,213	448,187	64,807	76,159	140,966	589,153
Staff travel	67,084	820,795	76,673	692,574	1,657,126	224,678	219,261	443,939	2,101,065
Meetings and conferences	62,043	992,466	67,663	1,194,623	2,316,795	84,201	68,270	152,471	2,469,266
Equipment lease and maintenance	129,451	351,073	31,424	161,504	673,452	167,508	306,924	474,432	1,147,884
Membership dues and subscriptions	20,198	74,673	3,636	42,851	141,358	23,220	22,250	45,470	186,828
Specific assistance to individuals	-	-	-	12,061	12,061	-	-	-	12,061
Advertising	15,797	253,483	24,507	50,087	343,874	55,753	28,572	84,325	428,199
Miscellaneous	(248,631)	538,204	20,030	224,218	533,821	147,891	189,598	337,489	871,310
Depreciation	185,428	409,894	9,759	136,631	741,712	107,353	126,872	234,225	975,937
Uncollectible receivables	62,615	147,670	2,591	47,856	260,732	77,389	-	77,389	338,121
Total Expenses	$ 12,322,000	$ 29,672,454	$ 1,869,268	$ 15,812,228	$ 59,675,950	$ 10,336,128	$ 8,885,058	$ 19,221,186	$ 78,897,136

See the accompanying notes to the financial statements.

Arthritis Foundation, Inc.

Statement of Functional Expenses

Year ended December 31, 2016

	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	$ 9,022,389	$ 29,285	$ 276	$ 132,763	$ 9,184,713	$ 2,856	$ 2,354	$ 5,210	$ 9,189,923
Salaries	1,327,349	11,981,681	882,179	7,623,933	21,815,142	5,161,349	3,826,225	8,987,574	30,802,716
Payroll taxes	86,408	947,523	70,171	605,083	1,709,185	397,784	276,943	674,727	2,383,912
Employee benefits	162,345	1,708,229	131,410	1,094,106	3,096,090	720,108	508,915	1,229,023	4,325,113
Advertising commissions	-	271,794	-	90,598	362,392	-	-	-	362,392
Professional fees and contract services	327,169	3,233,217	303,417	1,480,124	5,343,927	864,135	1,892,270	2,756,405	8,100,332
Professional services - contributed	-	15,943	3,543	10,983	30,469	3,897	1,063	4,960	35,429
Supplies	7,661	211,681	19,431	203,989	442,762	63,593	56,164	119,757	562,519
Supplies and materials - contributed	-	3,821	762	2,644	7,227	895	282	1,177	8,404
Printing, publications, and artwork	66,155	1,578,288	59,329	1,113,997	2,817,769	197,857	69,978	267,835	3,085,604
Membership/direct response marketing	68,894	5,376,510	39,063	47,055	5,531,522	1,960,157	37,892	1,998,049	7,529,571
Postage, shipping, and delivery	83,220	1,476,813	55,511	1,061,607	2,677,151	100,783	95,833	196,616	2,873,767
Telephone	21,603	165,603	46,313	134,371	367,890	196,029	446,114	642,143	1,010,033
Occupancy	137,715	1,675,947	130,276	1,015,500	2,959,438	477,048	347,687	824,735	3,784,173
Insurance	101,412	269,651	11,945	105,402	488,410	69,673	74,430	144,103	632,513
Staff travel	122,770	841,430	65,799	1,007,463	2,037,462	309,433	358,275	667,708	2,705,170
Meetings and conferences	56,672	1,330,391	84,062	1,083,223	2,554,348	102,769	124,485	227,254	2,781,602
Equipment lease and maintenance	37,579	302,772	42,161	198,946	581,458	179,684	329,535	509,219	1,090,677
Membership dues and subscriptions	24,240	88,101	4,916	46,853	164,110	25,342	25,685	51,027	215,137
Specific assistance to individuals	-	-	-	58,818	58,818	-	-	-	58,818
Advertising	6,370	154,810	11,103	78,760	251,043	94,417	33,762	128,179	379,222
Miscellaneous	146,099	574,913	49,596	303,468	1,074,076	145,281	138,619	283,900	1,357,976
Depreciation	167,639	563,840	35,726	254,833	1,022,038	127,197	136,404	263,601	1,285,639
Uncollectible receivables	22,447	405,814	47,367	234,876	710,504	125,279	-	125,279	835,783
Total Expenses	$ 11,996,136	$ 33,208,057	$ 2,094,356	$ 17,989,395	$ 65,287,944	$ 11,325,566	$ 8,782,915	$ 20,108,481	$ 85,396,425

See the accompanying notes to the financial statements.

Arthritis Foundation, Inc.

Statements of Cash Flows

Years ended December 31,	**2017**	2016
Cash flows from operating activities:		
Change in net assets	**$ 11,532,889**	$ (4,692,391)
Adjustments to reconcile change in net assets to net cash and cash equivalents used in operating activities:		
Depreciation	**975,938**	1,285,639
Gain on sale of property and equipment	**81,418**	-
Net realized and unrealized (gains) losses on investments	**(9,330,516)**	(3,264,621)
Net change in valuation in split interest	**333,725**	512,125
Change in operating assets and liabilities:		
Accounts and notes receivable	**(22,095)**	1,011,273
Contributions receivable	**(4,758,427)**	891,830
Prepaid expenses and other assets	**(401,162)**	257,729
Inventory	**39,307**	170,463
Beneficial interests in perpetual trusts	**(1,869,940)**	(1,244,585)
Accounts payable	**170,269**	(558,616)
Accrued expenses and other liabilities	**772,374**	(233,258)
Research awards and grants payable	**852,015**	1,583,277
Liabilities under split interest agreements	**(365,992)**	(275,224)
Net cash used in operating activities	**(1,990,197)**	(4,556,359)
Cash flows from investing activities:		
Purchase of property and equipment	**(634,064)**	(424,045)
Net proceeds from sale of property and equipment	**107,004**	-
Transfer Investment Cash	**4,000,000**	-
Purchase of investments	**(102,028,237)**	(38,939,570)
Proceeds from sale of investments	**103,751,705**	48,170,295
Net cash provided by investing activities	**5,196,408**	8,806,680
Cash flows from financing activities:		
Payments on line of credit	**-**	(500,000)
Payments on other long-term debt/capital lease obligations	**(34,426)**	(55,579)
Net cash used in financing activities	**(34,426)**	(555,579)
Net increase (decrease) in cash and cash equivalents	**3,171,785**	3,694,742
Cash and cash equivalents, beginning of year	**16,044,623**	12,349,881
Cash and cash equivalents, end of year	**$ 19,216,408**	$ 16,044,623
Supplemental information:		
Interest paid	**$ 1,424**	$ 5,735

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.

In prior years, the Arthritis Foundation was composed of a National Office (a not-for-profit Georgia corporation) and Chartered Entities located throughout the United States. The Chartered Entities were affiliated with the National Office via separate charter agreements.

Prior to January 1, 2016, the National Office acquired the assets and liabilities, and assumed the service responsibilities for the areas covered by the former Arthritis Foundation, Inc. Southeast Region, the Arthritis Foundation, Inc., Upper Midwest Region, the Arthritis Foundation, Inc., Mid-Atlantic Region and the Arthritis Foundation, Inc., Florida Chapter.

During the year ended December 31, 2016, the National Office acquired the assets and liabilities, and received the charter agreements for all remaining Chartered Entities including:

> January 1, 2016 – the Arthritis Foundation, Inc., New England Region and the Arthritis Foundation, Inc., South Central Region.
>
> April 1, 2016 - the Arthritis Foundation, Inc., Great Lakes Region, the Arthritis Foundation, Inc., Great West Region, and the Arthritis Foundation, Inc., Heartland Region.
>
> July 1, 2016 - the Arthritis Foundation, Inc., Pacific Region and the Arthritis Foundation, Inc., Northeast Region.

As the former Chartered Entities were under the control of the National Office prior to their acquisition dates, and all of the entities were previously reported on under a combined basis, the acquisitions had no impact on the combined net assets of the Foundation. These entities continue to operate as divisions of the Arthritis Foundation, Inc. subsequent to the acquisition dates.

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

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

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

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that the Foundation maintain them permanently. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

Revenues are reported as increases in unrestricted net assets unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (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, 2017 and 2016, the Foundation’s uninsured cash balance totaled $12,368,008 and $10,881,189, 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 is 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.

Accounts Receivable

Accounts receivable consist of exchange transactions primarily related to government grants 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, 2017 and 2016.

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 permanently restricted net asset 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 provided 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 buidings 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.

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 4.

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.

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 unrestricted support 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 temporarily restricted support. 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. The amount of donated services and assets recorded as revenue and expense was $0 and $87,631 for the years ended December 31, 2017 and 2016, respectively.

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, 2017 and 2016, the Foudation 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.

Recent Accounting Pronouncements

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*. ASU 2016-02 is effective for annual periods beginning after December 15, 2019. 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, 2017, 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. The full financial statement impact of such changes and the implementation of ASU 2016-02 is still being evaluated by management

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities* (*Topic 958*) *Presentation of Financial Statements of Not-for-Profit Entities* ("ASU 2016-14"), that modifies current net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance and cash flows. The update reduces the number of net asset classes from three to two. The new net asset classes are *assets with donor restrictions* and *net assets without donor restrictions*. The update requires not-for-profit entities to:

1. Report on the face of the statement of financial position amounts for the new net asset classes.
2. Present on the face of the statement of activities the amount of the change of the new net asset classes.
3. On the statement of cash flows, no longer require the presentation or disclosure of the indirect method (reconciliation) if using the direct method.
4. Report investments returns net of expenses and no longer require disclosure of netted expenses.
5. Provide additional disclosure requirements in the footnotes.

ASU 2016-14 is effective for annual periods beginning after December 15, 2017. Early application is permitted and should be applied on a retrospective basis in the year applied. The Foundation anticipates that the new standard will modify the face of the financial statements as described above, while also providing more useful information in the footnotes for users of the financial statements.

3. Investments

Investments at fair value were as follows at:

December 31,	**2017**	2016
Marketable securities		
Investment accounts		
U.S. Government securities	**$ -**	$ 6,713,250
Corporate notes and bonds	**-**	10,847,215
Common stocks	**-**	32,656,525
Domestic equity mutual funds	**25,378,307**	8,724,891
Fixed income mutual funds	**23,523,261**	6,562,092
International equity mutual funds	**21,127,094**	6,216,460
Preferred stock	**1,000**	204,853
Alternative investments	**2,273,709**	497,410
Hedge funds	**3,425,544**	100,919
Real estate funds	**2,813,532**	1,076,219
Other commodities	**448,606**	246,796
International common stock	**-**	1,359,583
Foreign issues	**-**	197,832
Other - principally money market and other mutual funds	**25,349**	637,313
Total marketable securities	**79,016,402**	76,041,358
Split interest agreements		
Real estate funds	**514,144**	603,140
Corporate notes and bonds	**893,752**	-
Domestic equity mutual funds	**5,266,686**	6,958,379
Fixed income mutual funds	**3,860,315**	4,372,246
International equity mutual funds	**2,739,845**	1,042,698
Total split interest agreements	**13,274,742**	12,976,463
Total investments	**$ 92,291,144**	$ 89,017,821

4. 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:

	2017			
	Level I	Level II	Level III	Total
Domestic equity mutual funds	$ 30,644,993	$ -	$ -	$ 30,644,993
Fixed income mutual funds	26,263,107	-	-	26,263,107
International equity mutual funds	24,987,409	-	-	24,987,409
Preferred stock	1,000	-	-	1,000
Alternative investments	2,273,709	-	-	2,273,709
Hedge funds	3,425,544	-	-	3,425,544
Real estate funds	3,327,675	-	-	3,327,675
Other commodities	1,342,358	-	-	1,342,358
Other commodities	25,349	-	-	25,349
Total marketable securities	92,291,144	-	-	92,291,144
Beneficial interests in perpetual trusts	-	-	46,409,323	46,409,323
Total	$ 92,291,144	$ -	$ 46,409,323	$ 138,700,467

	2016			
	Level I	Level II	Level III	Total
U.S. Government securities	$ 5,166,618	$ 1,546,632	$ -	$ 6,713,250
Corporate notes and bonds	4,800,975	6,046,240	-	10,847,215
Common stocks	31,912,119	281,000	463,406	32,656,525
Domestic equity mutual funds	10,569,340	5,113,930	-	15,683,270
Fixed income mutual funds	7,499,615	3,434,723	-	10,934,338
International equity mutual funds	6,670,534	588,624	-	7,259,158
Preferred stock	204,853	-	-	204,853
Alternative investments	-	497,410	-	497,410
Hedge funds	-	100,919	-	100,919
Real estate funds	1,382,724	296,635	-	1,679,359
Other commodities	-	246,796	-	246,796
International common stock	1,359,583	-	-	1,359,583
Foreign issues	-	197,832	-	197,832
Other - principally money market and other mutual funds	263,187	374,126	-	637,313
Total marketable securities	69,829,548	18,724,867	463,406	89,017,821
Beneficial interests in perpetual trusts	-	-	44,539,383	44,539,383
Total	$ 69,829,548	$ 18,724,867	$ 45,002,789	$ 133,557,204

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

Years ended December 31,	**2017**	2016
Beginning balance	**$ 44,539,383**	$ 43,294,798
Increase (decrease) in beneficial interest in perpetual trust	**(197,563)**	1,183,704
Net unrealized gains (losses)	**2,067,503**	60,881
Ending balance	**$ 46,409,323**	$ 44,539,383

With respect to valuation methodologies at December 31, 2017 and 2016, 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.

5. Endowments

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 permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of 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 that is not classified in permanently restricted net assets is classified as temporarily restricted net assets 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 permanently restricted at year-end is below the amount determined to be permanently restricted, the deficit, which cannot be funded from temporarily restricted unspent earnings of the fund, is reported as a reduction in unrestricted net assets. There were no such deficiencies for the years ended December 31, 2017 and 2016.

The primary long-term financial objective for the Foundation's endowments 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 endowments.

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.

The composition of donor restricted endowment net assets were as follows:

December 31, 2017	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Donor restricted	**$ 9,490,220**	**$ 39,994,087**	**$ 49,484,307**

December 31, 2016	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Donor restricted	$ 4,901,728	$ 37,923,064	$ 42,824,792

The changes in endowment net assets for the years ended December 31, 2017 and 2016 are as follows:

	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, January 1, 2016	$ 4,015,171	$ 37,923,064	$ 41,938,235
Investment Return			
Income	878,945	-	878,945
Net appreciation (realized and unrealized)	1,566,796	-	1,566,796
Total investment return	2,445,741	-	2,445,741
Appropriation of endowment assets for expenditure	(1,559,184)	-	(1,559,184)
Endowment Net Assets, December 31, 2016	$ 4,901,728	$ 37,923,064	$ 42,824,792
Additions	**-**	**198,073**	**198,073**
Investment Return			
Income	**1,040,500**	**-**	**1,040,500**
Net appreciation (realized and unrealized)	**5,394,638**	**1,872,950**	**7,267,588**
Total investment additions/return	**6,435,138**	**2,071,023**	**8,506,161**
Appropriation of endowment assets for expenditure	**(1,846,646)**	**-**	**(1,846,646)**
Endowment Net Assets, December 31, 2017	**$ 9,490,220**	**$ 39,994,087**	**$ 49,484,307**

6. Contributions Receivable

The Foundation had the following contributions receivable at:

December 31,	**2017**	2016
Amounts due in:		
Less than one year	**$ 19,119,683**	$ 12,596,240
One to five years	**1,134,000**	2,563,661
Gross contributions receivable	**20,253,683**	15,159,901
Allowance for doubtful accounts	**(723,569)**	(381,308)
Unamortized present value discount	**(18,552)**	(25,458)
Contributions receivable, net	**$ 19,511,562**	$ 14,753,135

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

7. Split Interest Agreements and Beneficial Interests in Perpetual Trusts

The Foundation had the following interests at:

December 31,	**2017**	2016
Split interest agreements (the Foundation is the trustee)		
Charitable remainder trusts ("CRTs")	**$ 3,423,423**	$ 3,319,112
Gift annuity fund	**9,608,697**	9,395,371
Pooled income fund	**503,993**	474,042
Split interest agreements (included in cash and investments)	**13,536,113**	13,188,525
CRTs (the Foundation is not the trustee)	**6,172,001**	5,051,950
Perpetual trusts (the Foundation is not the trustee)	**40,237,322**	39,487,433
Total	**$ 59,945,436**	$ 57,727,908

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 $8,233,093 and $8,599,085 at December 31, 2017 and 2016, 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.

8. Property and Equipment

Property and equipment consisted of the following at:

December 31,		**2017**		2016
Land	**$**	**635,651**	$	718,151
Buildings and improvements		**2,501,825**		2,532,101
Leasehold improvements		**2,604,394**		2,608,530
Furniture and other equipment		**3,763,976**		3,226,990
Total property and equipment		**9,505,846**		9,085,772
Accumulated depreciation		**(4,224,533)**		(3,274,163)
Property and equipment, net	**$**	**5,281,313**	$	5,811,609

Depreciation expense was $975,938 and $1,285,639 for the years ended December 31, 2017 and 2016, respectively.

9. Debt Obligations

Line of Credit

The Foundation had a line of credit of $500,000 that was secured by land and other assets. The amount drawn was paid off and the line of credit closed in February 2016.

Capital Leases

The Foundation has leased various assets, primarily office equipment, with lease terms approximating the useful lives of the assets. As a result, the present value of the remaining future minimum lease payments are recorded as capitalized lease assets and related notes payable. Assets under capital leases (net of accumulated depreciation) at December 31, 2017 and 2016 were $16,358 and $38,618, respectively, and are included in property and equipment on the accompanying combined statements of financial position. The present value of mimimum lease payments at December 31, 2017 was $7,811.

10. Joint Costs

In 2017 and 2016, the Foundation incurred joint costs of $6,285,835 and $7,529,571, 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,	**2017**	2016
Public health education	**$ 4,525,801**	$ 5,421,291
Fundraising	**1,760,034**	2,108,280
Total joint costs	**$ 6,285,835**	$ 7,529,571

11. Net Assets

Temporarily restricted net assets were available for the following purposes at:

December 31,	**2017**	2016
Programs, scholarships, training and projects	**$ 18,458,214**	$ 17,527,376
Research	**7,830,995**	10,910,534
Use in future periods	**7,137,393**	7,450,521
Total temporarily restricted net assets	**$ 33,426,602**	$ 35,888,431

Permanently restricted net assets consisted of the following and represent endowed gifts to be held in perpetuity with the investment income to be used for:

December 31,	**2017**	2016
Research, operations, and specific projects	**$ 39,994,087**	$ 37,923,064
Beneficial interests in perpetual trusts	**40,237,322**	39,487,433
Total permanently restricted net assets	**$ 80,231,409**	$ 77,410,497

Temporarily restricted net assets released from restrictions consisted of the following:

Years ending December 31,	**2017**	2016
Programs	**$ 11,753,986**	$ 13,632,543
Research	**5,967,713**	7,200,551
Time releases	**4,154,500**	1,886,745
Total temporarily restricted net assets released from restrictions	**$ 21,876,199**	$ 22,719,839

12. Operating Leases

Rental expense for Foundation office space was $3,435,399 and $3,550,552 for the years ended December 31, 2017 and 2016, 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, 2017:

Years ending December 31,		**Amount**
2018	**$**	**2,697,787**
2019		**2,209,894**
2020		**1,831,702**
2021		**1,528,835**
2022		**1,147,325**
Thereafter		**3,019,722**
Total future minimum lease payments	**$**	**12,435,265**

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, 2017 and 2016 were $1,119,949 and $1,068,271, 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 $37,592 and $28,000 for the year ended December 31, 2017 and 2016, 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, 2017 and 2016, the assets and liabilities each totaled $116,361 and $124,159, 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, 2017 and 2016, the Foundation has recorded an accrued net pension liability of $1,167,074 and $932,529, respectively, in relation to the Plans. Due to their relative size in relation to the combined 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 with continuation of grants subject to certain performance requirements. At December 31, 2017, these commitments were as follows:

Years ending December 31,		Amount
2018	**$**	**8,991,277**
2019		**343,780**
Total commitments	**$**	**9,335,057**

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.

15. Subsequent Events

The Foundation has evaluated subsequent events for potential recognition and/or disclosure in the December 31, 2017 financial statements through July 31, 2018, the date that the financial statements were available to be issued.