

AMERICAN ENDOWMENT FOUNDATION
FINANCIAL REPORT
DECEMBER 31, 2017 AND 2016

AMERICAN ENDOWMENT FOUNDATION

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1-2
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5-6
Statements of Cash Flows	7
Notes to Financial Statements	8-15



Independent Auditors' Report

To the Board of Directors
American Endowment Foundation
Hudson, Ohio

We have audited the accompanying financial statements of American Endowment Foundation (a nonprofit organization) 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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 American Endowment Foundation as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Meloney + Novotny LLC

Canton, Ohio
November 9, 2018

AMERICAN ENDOWMENT FOUNDATION

STATEMENTS OF FINANCIAL POSITION

December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 40,634,529	\$ 73,630,378
Investments	1,951,410,157	1,381,137,309
Estate receivable	9,900,000	9,900,000
Equipment, net of accumulated depreciation of \$48,602 and \$44,474, respectively	<u>-</u>	<u>4,128</u>
TOTAL ASSETS	<u>\$ 2,001,944,686</u>	<u>\$ 1,464,671,815</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Grants payable	\$ 15,000	\$ 506,674
Vendor fees payable	731	2,455,365
Line of credit	125,250	167,000
Refundable deposits	-	19,941,052
Accrued post employment benefits	<u>429,565</u>	<u>865,674</u>
Total liabilities	570,546	23,935,765
NET ASSETS		
Unrestricted	<u>2,001,374,140</u>	<u>1,440,736,050</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,001,944,686</u>	<u>\$ 1,464,671,815</u>

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

AMERICAN ENDOWMENT FOUNDATION

STATEMENTS OF ACTIVITIES

Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
REVENUES AND SUPPORT		
Direct public support	\$ 684,021,820	\$ 824,956,056
Interest and dividend income	42,337,248	23,278,768
Realized and unrealized gain on investments, net of investment fees of \$5,703,722 and \$3,675,101, respectively	<u>151,760,122</u>	<u>54,319,838</u>
	878,119,190	902,554,662
EXPENSES		
Program services	312,617,039	488,758,465
Management and general	2,740,160	3,657,633
Fundraising	<u>2,123,901</u>	<u>2,563,768</u>
	317,481,100	494,979,866
INCREASE IN NET ASSETS BEFORE PROVISION FOR UNRELATED BUSINESS INCOME TAX	560,638,090	407,574,796
PROVISION FOR UNRELATED BUSINESS INCOME TAX		
Unrelated business income tax expense	<u>-</u>	<u>3,433</u>
INCREASE IN NET ASSETS	560,638,090	407,571,363
NET ASSETS, BEGINNING OF YEAR	<u>1,440,736,050</u>	<u>1,033,164,687</u>
NET ASSETS, END OF YEAR	<u>\$ 2,001,374,140</u>	<u>\$ 1,440,736,050</u>

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

AMERICAN ENDOWMENT FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended December 31, 2017 and 2016

	For the year ended December 31, 2017			
	<u>Program</u> <u>Services</u>	<u>Management</u> <u>& General</u>	<u>Fund-</u> <u>raising</u>	<u>Total</u>
FUNCTIONAL EXPENSES				
Grant expenditures	\$ 308,416,528	\$ -	\$ -	\$ 308,416,528
Salaries and benefits	1,127,223	1,127,224	1,127,223	3,381,670
Vendor fees	1,601,469	800,734	27,823	2,430,026
Development	35,808	38,792	223,801	298,401
Employee benefits	196,609	196,610	196,609	589,828
Miscellaneous	17,720	17,721	17,720	53,161
Life insurance	690,957	-	-	690,957
Computer systems	144,808	144,809	144,808	434,425
Payroll taxes and fees	79,312	79,311	79,312	237,935
Occupancy	86,745	86,745	86,745	260,235
Professional fees	58,049	58,048	58,049	174,146
Staff development	42,707	42,706	42,707	128,120
Telephone	12,120	12,121	12,120	36,361
Office supplies and expense	22,884	22,884	22,884	68,652
Insurance	-	19,443	-	19,443
Supplies and postage	15,432	15,432	15,432	46,296
Outside services	8,724	8,723	8,724	26,171
Depreciation	-	4,128	-	4,128
Service charges	59,944	59,944	59,944	179,832
Interest expense	-	4,785	-	4,785
Investment management fees	5,703,722	-	-	5,703,722
Total expenses	<u>318,320,761</u>	<u>2,740,160</u>	<u>2,123,901</u>	<u>323,184,822</u>
Less expenses included with revenues on the statements of activities	<u>(5,703,722)</u>	<u>-</u>	<u>-</u>	<u>(5,703,722)</u>
Total expenses included in the expense section on the statements of activities	<u>\$ 312,617,039</u>	<u>\$ 2,740,160</u>	<u>\$ 2,123,901</u>	<u>\$ 317,481,100</u>

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

AMERICAN ENDOWMENT FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended December 31, 2017 and 2016

	For the year ended December 31, 2016			
	<u>Program</u> <u>Services</u>	<u>Management</u> <u>& General</u>	<u>Fund-</u> <u>raising</u>	<u>Total</u>
FUNCTIONAL EXPENSES				
Grant expenditures	\$ 483,145,881	\$ -	\$ -	\$ 483,145,881
Salaries and benefits	1,280,243	1,280,243	1,280,243	3,840,729
Vendor fees	2,883,501	1,441,751	130,290	4,455,542
Development	44,204	47,887	276,274	368,365
Employee benefits	191,092	191,091	191,092	573,275
Miscellaneous	9,977	9,976	9,977	29,930
Life insurance	527,675	-	-	527,675
Computer systems	123,982	123,982	123,982	371,946
Payroll taxes and fees	63,341	63,340	63,341	190,022
Occupancy	61,804	61,803	61,804	185,411
Professional fees	62,639	62,639	62,639	187,917
Staff development	60,665	60,665	60,665	181,995
Telephone	11,833	11,833	11,833	35,499
Office supplies and expense	38,598	38,597	38,598	115,793
Insurance	-	6,347	-	6,347
Supplies and postage	11,250	11,249	11,250	33,749
Outside services	16,977	16,977	16,977	50,931
Depreciation	-	4,449	-	4,449
Service charges	224,803	224,804	224,803	674,410
Interest expense	-	-	-	-
Investment management fees	3,675,101	-	-	3,675,101
Total expenses	<u>492,433,566</u>	<u>3,657,633</u>	<u>2,563,768</u>	<u>498,654,967</u>
Less expenses included with revenues on the statements of activities	<u>(3,675,101)</u>	<u>-</u>	<u>-</u>	<u>(3,675,101)</u>
Total expenses included in the expense section on the statements of activities	<u>\$ 488,758,465</u>	<u>\$ 3,657,633</u>	<u>\$ 2,563,768</u>	<u>\$ 494,979,866</u>

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

AMERICAN ENDOWMENT FOUNDATION

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 560,638,090	\$ 407,571,363
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Realized and unrealized (gain) on investments	(151,760,122)	(54,319,838)
Non-cash contributions of investments	(384,152,375)	(274,299,177)
Depreciation expense	4,128	4,449
Increase (decrease) in:		
Grants payable	(491,674)	290,527
Vendor fees payable	(2,454,634)	785,637
Refundable deposits	(19,941,052)	16,734,279
Accrued post employment benefits	(436,109)	803,116
Net cash provided by operating activities	<u>1,406,252</u>	<u>97,570,356</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments, net	<u>(34,360,351)</u>	<u>(60,509,783)</u>
Net cash (used) by investing activities	(34,360,351)	(60,509,783)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (decrease) increase in line of credit	<u>(41,750)</u>	<u>167,000</u>
Net cash (used) provided by financing activities	(41,750)	167,000
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(32,995,849)	37,227,573
CASH AND CASH EQUIVALENTS, beginning of year	<u>73,630,378</u>	<u>36,402,805</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 40,634,529</u>	<u>\$ 73,630,378</u>

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

AMERICAN ENDOWMENT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Organization and Summary of Significant Accounting Policies

- A. Nature of operations – American Endowment Foundation ("the Foundation") is a national not-for-profit organization that sponsors and administers donor advised funds for the benefit of public charitable and educational uses and purposes. The Foundation seeks to expand philanthropy in America. The Foundation receives donations from individuals, firms, associations, trusts, foundations and/or any other organization in the form of gifts or bequests, cash, securities and other property for the benefit of the Foundation's purposes. Donors make recommendations for gifts to various other charities. The Foundation may make donations to recommended charities or other charities following a verification and approval process.

The Foundation also receives donations from individuals and firms through a workplace giving program whereby individuals contribute personal gifts with possible company matching gifts. The donor may make recommendations for gifts to various other charities. The Foundation may make donations to any recommended charities or other charities following a verification and approval process.

- B. Basis of presentation – Accounting standards provide that not-for-profit organizations, including foundations, should classify net assets into categories based on the existence or absence of donor-imposed restrictions. These categories are defined as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed restrictions. Use of unrestricted net assets may be board designated for specific purposes. There were no board designated net assets at December 31, 2017 and 2016. Included in unrestricted net assets are donor-advised funds. Although grant recommendations are accepted from donors or other advisors of these funds, the Foundation has variance power; that is, the ultimate discretion of the use of these funds lies with the Board of Directors. Thus, such funds represent unrestricted net assets to the Foundation.

Temporarily-restricted net assets – Net assets whose use is limited by donor-imposed stipulations that can be fulfilled or removed by action of the Foundation and/or the passage of time. There were no temporarily restricted net assets at December 31, 2017 and 2016.

Permanently-restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently. There were no permanently restricted net assets at December 31, 2017 and 2016.

- C. Concentrations – Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and investments in fixed income instruments and equity securities. The Foundation places its cash investments with

AMERICAN ENDOWMENT FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Organization and Summary of Significant Accounting Policies (continued)

C. Concentrations (continued)

various financial institutions. The cash investments are insured by the Federal Deposit Insurance Corporation up to \$250,000. During the years ended December 31, 2017 and 2016, the Foundation had invested amounts in excess of federal insurance limits. The Foundation invests in a wide variety of fixed income instruments and equity securities thereby diminishing any possible concentrations.

D. Cash and cash equivalents – The Foundation considers all highly liquid investments with a maturity of three months or less when purchased and U.S. T-bills in the liquidity account to be cash equivalents. It is the Foundation's policy to include with the investment balance all money market funds maintained in its investment portfolio.

E. Estate receivable – The estate receivable at December 31, 2017 and 2016 is for a beneficial interest in a remainder trust that has not yet been funded. The Foundation is the irrevocable remainder beneficiary of one charitable remainder trust fund which will be held by a third-party trustee during the lifetime of the income beneficiary.

F. Equipment – Equipment is stated at cost, net of accumulated depreciation. It is the Board of Directors' policy to capitalize expenditures for equipment in excess of \$5,000. Depreciation is computed using the straight-line method based on the estimated useful lives of the equipment.

G. Grants payable – Grants payable are generally expected to be paid within twelve months. Grants are expensed at the time of approval.

H. Direct public support – Contributions are recognized as revenue when they are received or unconditionally pledged. Contributions of investments are reported at fair value on the date received. Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Support that is restricted by the donor is reported as unrestricted support if the time or purpose restriction is met in the same reporting period the support is recognized.

I. Investment income – Investment income (including realized and unrealized gains and losses on investments, interest and dividends) is included in unrestricted revenue because no income has been restricted by donors.

AMERICAN ENDOWMENT FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Organization and Summary of Significant Accounting Policies (continued)

- J. Functional allocation of expenses – The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the program and supporting services benefited.
- K. Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements.
- Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.
- L. Income taxes – The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Foundation may receive income from operating entities in which it has an ownership interest. This income is subject to income tax on unrelated business income. For the years ended December 31, 2017 and 2016, the provision for unrelated business income tax was \$-0- and \$3,433, respectively. The Foundation believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.
- M. Subsequent events – The Foundation has evaluated subsequent events through November 9, 2018, which is the date the financial statements were available to be issued.
- N. Reclassification – Certain information previously presented has been reclassified to conform to the current presentation.

Note 1. Fair Value of Financial Instruments

The Foundation estimates the fair value of financial instruments using available market information and other generally accepted valuation methodologies. Fair value is defined as the price that would be received to sell an asset or would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The inputs used to measure fair value are classified into three levels:

- Level 1 – Quoted market prices in active markets for identical assets and liabilities
- Level 2 – Observable market-based inputs or unobservable inputs that are corroborated by market data
- Level 3 – Unobservable inputs in which little or no market data exists

AMERICAN ENDOWMENT FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 1. Fair Value of Financial Instruments (continued)

The asset's or liability's fair value measurement level is based on the lowest level of any input that is significant to the fair value measurement.

Instruments that are classified within Level 1 of the fair value hierarchy generally include short term investments, mutual funds, corporate and government bonds, exchange traded funds (ETFs), real estate investment trusts (REITs), and equity securities. Level 1 securities represent quoted prices in active markets and therefore do not require significant management judgment.

Instruments that are classified within Level 3 of the fair value hierarchy generally include the following:

Notes receivable – consist of illiquid financial instruments consisting of promissory notes and other notes receivable that are reported by the Foundation based on the remaining principal value of the note which approximates fair value.

Non-marketable alternative assets – consists of a multi-asset fund, that includes illiquid securities and derivatives, and various limited partnerships and LLCs that are valued based on the underlying assets.

Equities and other – consist of privately held securities reported at an appraised value, insurance policies and various other minor transfers/receivables.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. There have been no changes in the methodologies used from 2016 to 2017. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Foundation carries its other investments, which typically do not have readily determinable market values, at the lower of adjusted fair value at the date of donation or current fair value if it has been determined that the investment is permanently impaired. Fair value at the date of donation is generally based on an appraisal of the interest at the time of donation and is adjusted annually for grants made, additional capital contributions, and the Foundation's proportion of income earned during the year.

AMERICAN ENDOWMENT FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 1. Fair Value of Financial Instruments (continued)

Fair values of assets and liabilities measured on a recurring basis at December 31, 2017 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Short term investments	\$ 181,706,958	\$ -	\$ -	\$ 181,706,958
Mutual funds	713,780,402	-	-	713,780,402
Corporate and government bonds	92,503,444	-	-	92,503,444
ETFs	259,167,562	-	-	259,167,562
Equity securities	543,849,488	-	-	543,849,488
REITs	22,062,171	-	-	22,062,171
Notes receivable	-	12,319,208	9,984,721	22,303,929
Non-marketable alternative assets	-	-	91,244,565	91,244,565
Equities and other	<u>7,455,544</u>	<u>2,000,000</u>	<u>6,946,418</u>	<u>16,401,962</u>
Total	\$ <u>1,820,525,569</u>	\$ <u>14,319,208</u>	\$ <u>108,175,704</u>	\$ <u>1,943,020,481</u>

In addition, at December 31, 2017, investments with no readily determinable market value amounted to \$8,389,676.

Fair values of assets and liabilities measured on a recurring basis at December 31, 2016 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Short term investments	\$ 139,062,774	\$ -	\$ -	\$ 139,062,774
Mutual funds	436,373,622	-	-	436,373,622
Corporate and government bonds	81,074,793	-	-	81,074,793
ETFs	129,855,722	-	-	129,855,722
Equity securities	485,751,078	-	-	485,751,078
REITs	11,020,697	-	-	11,020,697
Notes receivable	-	3,795,317	10,078,404	13,873,721
Non-marketable alternative assets	-	-	27,801,637	27,801,637
Equities and other	<u>39,326,765</u>	<u>64,500</u>	<u>9,011,324</u>	<u>48,402,589</u>
Total	\$ <u>1,322,465,451</u>	\$ <u>3,859,817</u>	\$ <u>46,891,365</u>	\$ <u>1,373,216,633</u>

In addition, at December 31, 2016, investments with no readily determinable market value amounted to \$7,920,676.

AMERICAN ENDOWMENT FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 1. Fair Value of Financial Instruments (continued)

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	<u>Notes receivable</u>	<u>Non-marketable alternative assets</u>	<u>Equities and other</u>	<u>Total</u>
January 1, 2016	\$ 9,001,522	\$ 25,197,253	\$ 3,694,754	\$ 37,893,529
Purchases and contributions	1,219,799	3,349,946	5,140,986	9,710,731
Income	314,618	210,736	24,711	550,065
Realized and unrealized gains	-	1,404,065	150,873	1,554,938
Grant expenditures	(333,648)	(2,360,363)	-	(2,694,011)
Net repayments on notes and other receivables	<u>(123,887)</u>	<u>-</u>	<u>-</u>	<u>(123,887)</u>
December 31, 2016	\$ 10,078,404	\$ 27,801,637	\$ 9,011,324	\$ 46,891,365
Purchases and contributions	75,000	72,036,996	52,330	72,164,326
Income	574,217	2,369,658	157,175	3,101,050
Realized and unrealized gains (losses)	-	(4,277,336)	102,343	(4,174,993)
Grant expenditures	(636,744)	(6,686,390)	(2,376,754)	(9,699,888)
Net repayments on notes and other receivables	<u>(106,156)</u>	<u>-</u>	<u>-</u>	<u>(106,156)</u>
December 31, 2017	\$ <u>9,984,721</u>	\$ <u>91,244,565</u>	\$ <u>6,946,418</u>	\$ <u>108,175,704</u>

AMERICAN ENDOWMENT FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 1. Fair Value of Financial Instruments (continued)

Investment income consisted of the following for the years ended December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Investments with a readily determinable market value:		
Interest and dividend income	\$ 42,212,704	\$ 23,151,298
Realized/unrealized gains	<u>157,183,844</u>	<u>57,348,163</u>
	199,396,548	80,499,461
Less: investment management fees	<u>(5,703,722)</u>	<u>(3,675,101)</u>
Net gain from investments with a readily determinable market value	193,692,826	76,824,360
Investments with no readily determinable market value:		
Interest and dividend income	124,544	127,470
Realized/unrealized gains	<u>280,000</u>	<u>646,776</u>
Net gain from investments with no readily determinable market value	<u>404,544</u>	<u>774,246</u>
Total	\$ <u>194,097,370</u>	\$ <u>77,598,606</u>

Note 2. Line of Credit

During 2017 and 2016, the Foundation had a line of credit with PNC Bank, N.A. with a borrowing limit of \$1,000,000 and interest at LIBOR plus 1.75% (3.32% at December 31, 2017). The outstanding balance was \$125,250 and \$167,000 as of December 31, 2017 and 2016, respectively.

Note 3. Accrued Post-Employment Benefits

The Foundation sponsors unfunded deferred compensation plans for certain key employees that provide for the deferral of unpaid salary and incentive compensation as outlined in the respective agreements. The ultimate amount of incentive compensation to be accrued is at the discretion of the Board of Directors. During 2004, the Board elected to suspend additions to the deferred compensation plan.

During 2016, the Foundation entered into severance agreements with two employees. The liability under these agreements was \$400,000 and \$800,000 at December 31, 2017 and 2016, respectively.

AMERICAN ENDOWMENT FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 4. Operating Leases

The Foundation leases office space and various equipment under operating leases. Total rent expense under these operating leases was \$120,971 and \$107,344 for the years ended December 31, 2017 and 2016, respectively. Future minimum lease payments on lease commitments with original terms of one year or more as of December 31, 2017 are as follows:

2018	\$ 116,818
2019	127,719
2020	140,929
2021	126,088
2022	2,034

Note 5. Retirement Plan

Effective January 1, 2007, the Foundation adopted a 401(k) plan for its employees. The Foundation makes a 3% safe harbor non-elective contribution of each participant's eligible wages to the plan. Amounts included in employee benefits expense totaled \$88,313 and \$89,019 for the years ended December 31, 2017 and 2016, respectively.