

---

**CERGE-EI FOUNDATION**

**FINANCIAL STATEMENTS**

For the years ended December 31, 2017 and 2016

---

---

# **CERGE-EI FOUNDATION**

## **FINANCIAL STATEMENTS**

For the years ended December 31, 2017 and 2016

### **TABLE OF CONTENTS**

INDEPENDENT AUDITOR'S REPORT.....	1
FINANCIAL STATEMENTS	
Statements of Financial Position .....	2
Statements of Activities.....	3
Statements of Functional Expenses .....	4
Statements of Cash Flows.....	6
Notes to Financial Statements .....	7

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
CERGE-EI Foundation  
Teaneck, New Jersey

We have audited the accompanying financial statements of CERGE-EI Foundation (a nonprofit corporation), 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 CERGE-EI 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.

Respectfully,

*Bennett & Associates, CPAs PLLC*

Ann Arbor, Michigan  
May 30, 2018

**CERGE-EI FOUNDATION**  
**STATEMENTS OF FINANCIAL POSITION**  
*December 31,*

	2017	2016
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,229,002	\$ 2,253,527
Accounts receivable	978	13,687
Promises to give	83,858	34,693
Prepaid expenses	272,626	271,419
Investments		
Investments held for non-endowment	3,613,496	3,100,769
Investments held for endowment purposes	5,817,269	4,759,193
	9,430,765	7,859,962
<b>TOTAL ASSETS</b>	<b>\$ 12,017,229</b>	<b>\$ 10,433,288</b>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 24,281	\$ 25,738
Deferred tuition revenue	121,358	315,296
	145,639	341,034
<b>TOTAL LIABILITIES</b>	<b>145,639</b>	<b>341,034</b>
 <b>NET ASSETS</b>		
Unrestricted		
Undesignated	5,666,010	4,975,383
Board designated	170,310	170,310
Temporarily restricted	2,173,990	1,118,061
Permanently restricted	3,861,280	3,828,500
	11,871,590	10,092,254
<b>TOTAL NET ASSETS</b>	<b>11,871,590</b>	<b>10,092,254</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 12,017,229</b>	<b>\$ 10,433,288</b>

**CERGE-EI FOUNDATION**  
**STATEMENTS OF ACTIVITIES**  
*For the years ended December 31,*

	2017	2016
<b>UNRESTRICTED NET ASSETS</b>		
<b>SUPPORT AND REVENUE</b>		
Contributions	\$ 2,278,264	\$ 2,322,459
Tuition income	1,466,397	1,643,242
Investment return	39,466	21,587
Net assets released from restriction	166,605	165,039
<b>TOTAL UNRESTRICTED SUPPORT AND REVENUE</b>	<b>3,950,732</b>	<b>4,152,327</b>
<b>EXPENSES</b>		
Program services		
Teaching and research	3,063,692	2,881,894
Supporting services		
Management and general	151,698	135,774
Fundraising	44,715	42,372
<b>TOTAL EXPENSES</b>	<b>3,260,105</b>	<b>3,060,040</b>
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	<b>690,627</b>	<b>1,092,287</b>
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Grants	197,238	80,000
Investment return on endowment funds	1,025,296	358,438
Net assets released from restriction	(166,605)	(165,039)
<b>CHANGE IN TEMPORARILY RESTRICTED NET ASSETS</b>	<b>1,055,929</b>	<b>273,399</b>
<b>PERMANENTLY RESTRICTED NET ASSETS</b>		
Endowment contributions	32,780	-
<b>CHANGE IN PERMANENTLY RESTRICTED NET ASSETS</b>	<b>32,780</b>	<b>-</b>
<b>CHANGE IN NET ASSETS</b>	<b>1,779,336</b>	<b>1,365,686</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>10,092,254</b>	<b>8,726,568</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 11,871,590</b>	<b>\$ 10,092,254</b>

**CERGE-EI FOUNDATION**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
*For the year ended December 31, 2017 with comparative totals for 2016*

	Program Services	Supporting Services		2017 Total	2016 Total
	Teaching and Research	Management and General	Fund- Raising		
<b>Grants and Other Assistance</b>					
Grants to organizations	\$ 435,857	\$ -	\$ -	\$ 435,857	\$ 453,325
Grants to individuals	815,824	-	-	815,824	734,333
	1,251,681	-	-	1,251,681	1,187,658
<b>Other Expenses</b>					
Compensation of officers & directors	55,728	23,592	7,864	87,184	81,994
Accounting fees	-	13,913	-	13,913	13,805
Legal fees	-	34,201	-	34,201	474
Faculty & support services	806,670	47,161	22,233	876,064	821,318
Office expenses	2,426	16,352	350	19,128	15,389
Travel	28,886	937	-	29,823	39,361
Conferences and meetings	26,976	1,848	-	28,824	66,122
Insurance	-	4,247	-	4,247	4,297
UPCES expenses					
Administration	146,270	-	-	146,270	219,578
Faculty	241,300	-	-	241,300	292,009
Other expenses	412,859	-	-	412,859	265,235
MAE expense	77,355	-	-	77,355	19,406
Other	13,541	9,447	14,268	37,256	33,394
<b>Total Expenses</b>	\$ 3,063,692	\$ 151,698	\$ 44,715	\$ 3,260,105	\$ 3,060,040

**CERGE-EI FOUNDATION**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
*For the year ended December 31, 2016*

	Program Services	Supporting Services		2016 Total
	Teaching and Research	Management and General	Fund- Raising	
<b>Grants and Other Assistance</b>				
Grants to organizations	\$ 453,325	\$ -	\$ -	\$ 453,325
Grants to individuals	734,333	-	-	734,333
	1,187,658	-	-	1,187,658
<b>Other Expenses</b>				
Compensation of officers & directors	53,998	20,997	6,999	81,994
Accounting fees	-	13,805	-	13,805
Legal fees	-	474	-	474
Faculty & support services	741,692	62,477	17,149	821,318
Office expenses	556	14,473	360	15,389
Travel	38,728	633	-	39,361
Conferences and meetings	53,321	12,801	-	66,122
Insurance	-	4,297	-	4,297
UPCES expenses				
Administration	219,578	-	-	219,578
Faculty	292,009	-	-	292,009
Other expenses	265,235	-	-	265,235
MAE expense	19,406	-	-	19,406
Other	9,713	5,817	17,864	33,394
<b>Total Expenses</b>	\$ 2,881,894	\$ 135,774	\$ 42,372	\$ 3,060,040

**CERGE-EI FOUNDATION**  
**STATEMENTS OF CASH FLOWS**  
*For the years ended December 31,*

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,779,336	\$ 1,365,686
Adjustments to reconcile change in net assets to net cash provided/(used) by operations:		
Realized and unrealized (gains)/losses on investments	(795,218)	(198,106)
Change in accounts receivable	12,709	62,314
Change in prepaid expenses	(1,207)	(97,952)
Change in unconditional promises to give	(49,165)	63,812
Change in accounts payable	(1,457)	12,291
Change in deferred revenue	(193,938)	(74,909)
Contributions restricted for long-term purposes	(32,780)	-
Net cash provided/(used) by operations	718,280	1,133,136
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	1,374,222	1,722,165
Purchases of investments	(2,149,807)	(2,615,860)
Net cash provided/(used) by investing activities	(775,585)	(893,695)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Collection of endowment fund contributions	32,780	-
Net cash provided/(used) by financing activities	32,780	-
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(24,525)	239,441
Cash and cash equivalents at beginning of year	2,253,527	2,014,086
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 2,229,002	\$ 2,253,527



**NOTE A - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Nature of Organization***

CERGE-EI Foundation (the Foundation) was founded with the purpose of raising funds to support CERGE-EI, a joint workplace in the field of economics, associated with two highly respected institutions, Charles University in Prague and the Academy of Sciences of the Czech Republic. It also supports similar institutions and individuals engaged in modern economics in transition societies. Funding is derived from endowment funds, corporate and foundation grants, contributions, and tuition income.

***Basis of Accounting***

The financial statements of the Foundation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

***Basis of Presentation***

The financial statement presentation follows the accounting standards for not-for-profit organizations. Under these standards, an organization is required to report information regarding its financial position and activities according to three classes of net assets depending on the existence and/or nature of any donor restrictions as follows: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

***Cash and Cash Equivalents***

The Foundation considers all highly liquid investments with an original maturity of three months or less and money market mutual funds to be cash, except for money market funds held as a portion of the Foundation's endowment portfolio, in which case they are classified as long-term investments and are not considered to be cash equivalents for purpose of the statement of cash flows.

***Accounts Receivable***

Accounts receivable represent amounts that have been billed but not collected as of the date of the financial statements. Accounts receivable consist of tuition and fees receivable expected to be received shortly after year-end. Management has determined that accounts receivable are fully collectible and no allowance for doubtful accounts is necessary.

***Office Equipment***

Acquisitions of equipment in excess of \$2,000 are capitalized. Equipment is carried at cost. Depreciation is computed using the straight-line method.

***Revenue Recognition***

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restriction. Restrictions met in the same year as the revenue is recognized are treated as unrestricted revenue and expense.

***Use of Estimates***

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

***Subsequent Events***

Subsequent events have been evaluated through May 30, 2018, the date the financial statements were available to be issued.

***Tax Status***

The Foundation is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code, as an organization described in Section 501(c)(3). The Foundation is not a private operating foundation.

***Reclassifications***

Certain items in the 2016 financial statements have been reclassified to conform to the 2017 presentation. Such reclassifications have no effect on the previously reported changes in net assets.

**NOTE B - PROMISES TO GIVE**

Promises to give at December 31, 2017 are collectible within one year. Management feels that these amounts are fully collectible and has not recorded an allowance.

**NOTE C - INVESTMENTS**

FASB ASC 820 provides the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 – quoted prices in active markets for identical investments

Level 2 – other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)

Level 3 – significant unobservable inputs (including the Foundation’s own assumptions in determining the fair value of investments)

Investments at December 31, 2017 and 2016 are classified in the following tables:

	2017			Total
	Level 1	Level 2	Level 3	
<u>Equity securities:</u>				
Mutual fund - foreign large cap value	\$ 2,514,665	\$ -	\$ -	\$ 2,514,665
Mutual fund - mid cap value	1,252,109	-	-	1,252,109
<u>Fixed income securities:</u>				
Mutual fund - intermediate-term bond	1,236,876	-	-	1,236,876
<u>Money market funds:</u>				
US Money Market	1,319,074	-	-	1,319,074
Total assets in the fair value hierarchy	<u>\$ 6,322,724</u>	<u>\$ -</u>	<u>\$ -</u>	6,322,724
Investments measured at net asset value				<u>1,270,790</u>
Investments at fair value				7,593,514
Other investments - certificates of deposit				<u>1,837,251</u>
Total investments				<u>\$ 9,430,765</u>

**NOTE C - INVESTMENTS, *continued***

	2016			
	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	Total
<u>Equity securities:</u>				
Mutual fund - foreign large cap value	\$ 1,847,618	\$ -	\$ -	\$ 1,847,618
Mutual fund - mid cap value	1,024,731	-	-	1,024,731
Mutual fund - large growth	14,047	-	-	14,047
<u>Fixed income securities:</u>				
Mutual fund - intermediate-term bond	900,023	-	-	900,023
<u>Money market funds:</u>				
US Money Market	1,295,819	-	-	1,295,819
Total assets in the fair value hierarchy	<u>\$ 5,082,238</u>	<u>\$ -</u>	<u>\$ -</u>	5,082,238
Investments measured at net asset value				<u>976,863</u>
Investments at fair value				6,059,101
Other investments - certificates of deposit				<u>1,800,861</u>
Total investments				<u>\$ 7,859,962</u>

Fair value of the MLM US Focused Equity Fund, LLC at December 31, 2017 and 2016 is calculated based on the value of the Foundation's Class B member capital account, as provided by the investment manager. The Foundation's investment in this LLC has certain redemption restrictions. A member may require the LLC to redeem his interest (in whole or in part) as of the last day of any month if written notice has been given to the managing member at least 30 days prior to the redemption date. There are no unfunded commitments in this investment.

MLM US Focused Equity Fund, LLC is a Delaware limited liability company with an investment objective of appreciation of its assets through trading. The LLC will trade pursuant to Mount Lucas Management Corporation's proprietary MLM Focused Equity Trading Program. The MLM US Focused Equity Trading Program is a concentrated equity model developed by Mount Lucas that selects stocks from the S&P 500. The model chooses stocks based on a combination of value fundamentals and price momentum criteria. The portfolio seeks to achieve returns over and above the S&P 500 with low trading costs.

**NOTE C - INVESTMENTS, *continued***

***Investment Return***

The following schedules summarize the investment return and its classification in the statements of activities for the years ended December 31:

	2017	
	Unrestricted	Temporarily Restricted
Investment income	\$ 43,123	\$ 231,683
Unrealized gains / (losses)	(3,657)	786,702
Realized gains / (losses)	-	12,173
Investment management fees	-	(5,262)
Total investment return	\$ 39,466	\$ 1,025,296

  

	2016	
	Unrestricted	Temporarily Restricted
Investment income	\$ 25,459	\$ 155,082
Unrealized gains / (losses)	(3,604)	275,711
Realized gains / (losses)	(268)	(73,733)
Investment management fees	-	1,378
Total investment return	\$ 21,587	\$ 358,438

**NOTE D - RISKS AND UNCERTAINTIES**

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of activities. The Foundation's investments other than marketable Certificates of Deposit are not covered by FDIC insurance.

**NOTE E - BOARD DESIGNATED NET ASSETS**

Board designated net assets at December 31 consist of the following designations:

	2017	2016
Staff replacement reserve	\$ 150,000	\$ 150,000
Video facility	20,310	20,310
Totals	\$ 170,310	\$ 170,310

**NOTE F - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets at year-end and net assets released from restriction during the year consist of support for academic programs in the Czech Republic consisting of scholarships, prizes, professorships, and other support of these programs.

**NOTE G - PERMANENTLY RESTRICTED NET ASSETS**

Permanently restricted net assets at December 31, 2017 and 2016 consist of the following funds and designations for the use of the related investment earnings:

	2017	2016
Citigroup Professorship Endowment	\$ 1,500,000	\$ 1,500,000
Citigroup Scholarship Endowment	1,000,000	1,000,000
Mellon Associate Professorship Endowment	1,000,000	1,000,000
Vannerson Scholarship Endowment	300,000	300,000
Svejnar-Terrell (teaching prize)	28,500	28,500
Jan Kmenta Library Fund	32,780	-
	<u>\$ 3,861,280</u>	<u>\$ 3,828,500</u>

**NOTE H - ENDOWMENT**

The Foundation's endowment consists of multiple individual funds established for a variety of purposes. Its endowment includes donor-restricted endowment funds to function as endowments. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

***Interpretation of Relevant Law***

The Foundation has interpreted the Uniform Management of Institutional Funds Act as requiring the preservation of the historical dollar value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, absent donor consent 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 the applicable donor gift instrument at the time the accumulation is added to the fund.

***Endowment Composition by Type of Fund***

The following schedule summarizes the endowment net asset composition by type of fund as of December 31, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	<u>\$ -</u>	<u>\$ 1,955,989</u>	<u>\$ 3,861,280</u>	<u>\$ 5,817,269</u>

The following schedule summarizes the endowment net asset composition by type of fund as of December 31, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	<u>\$ -</u>	<u>\$ 930,693</u>	<u>\$ 3,828,500</u>	<u>\$ 4,759,193</u>

**NOTE H – ENDOWMENT, *continued***

***Change in Endowment Net Assets***

The changes in endowment net assets for the year ended December 31, 2017 are presented in the following schedule:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets, beginning of year	\$ -	\$ 930,693	\$ 3,828,500	\$ 4,759,193
Contributions	-	-	32,780	32,780
Appropriation of endowment assets for expenditure	-	-	-	-
Investment income	-	231,683	-	231,683
Net appreciation / (depreciation) (realized and unrealized)	-	798,875	-	798,875
Investment fees and expenses	-	(5,262)	-	(5,262)
Other changes	-	-	-	-
Net assets, end of year	<u>\$ -</u>	<u>\$ 1,955,989</u>	<u>\$ 3,861,280</u>	<u>\$ 5,817,269</u>

The changes in endowment net assets for the year ended December 31, 2016 are presented in the following schedule:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets, beginning of year	\$ -	\$ 572,255	\$ 3,828,500	\$ 4,400,755
Contributions	-	-	-	-
Appropriation of endowment assets for expenditure	-	-	-	-
Investment income	-	155,082	-	155,082
Net appreciation / (depreciation) (realized and unrealized)	-	201,978	-	201,978
Investment fees and expenses	-	1,378	-	1,378
Other changes	-	-	-	-
Net assets, end of year	<u>\$ -</u>	<u>\$ 930,693</u>	<u>\$ 3,828,500</u>	<u>\$ 4,759,193</u>

***Return Objectives and Risk Parameters***

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity.

Under this policy, as approved by the Board of Directors, the Foundation's goal is to earn a stable and predictable amount of current income from the endowment, while reinvesting additional interest in years when the Foundation's investments do well.

***Strategies Employed for Achieving Objectives***

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Pursuant to Board instructions, the Foundation reviews investment allocation annually or more often as conditions warrant.

**NOTE H – ENDOWMENT, *continued***

***Spending Policy and How the Investment Objectives Relate to Spending Policy***

The Foundation annually transfers funds from its endowment to its general fund in an amount equal to 5% of at least the monthly average balance for the prior year. At its June 2010 meeting, the Board adopted a 3-year moving average for the annual drawdown from the endowment.

Transfers will not be made if doing so would bring the account value below the original endowment investment amount unless allowed under the terms of the gift. Also, the Board may reduce or increase this annual transfer if such a change is deemed to be in the best interests of the Foundation.

**NOTE I - FUNCTIONAL ALLOCATION OF EXPENSES**

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

**NOTE J - CONCENTRATIONS**

***Concentrations of Credit Risk***

The Foundation maintains its cash balances in various banks. Cash and cash equivalents exceeding federally insured limits totaled approximately \$1,028,829 at December 31, 2017.

Promises to give at December 31, 2017 and 2016 were due from Nadace CERGE-EI. Nadace CERGE-EI is a Czech non-profit entity created to raise funds that help support economics education in the Czech Republic and throughout Central and Eastern Europe.

***Concentration of Funders***

In 2017 and 2016, the Foundation received approximately 45% and 50%, respectively, of its total revenue from an anonymous donor.

**NOTE K - RELATED PARTY TRANSACTIONS**

In 2017 and 2016, some board members participated in the Foundation's grant-funded programs and received payment for these services. Payments to board members in 2017 and 2016 totaled \$87,184 and \$81,994, respectively.

Contributions from board members and a foundation controlled by a board member totaled \$80,919 and \$101,999 in 2017 and 2016, respectively.

One of the Foundation's board members was a principal and director of an investment management firm that is the managing member of a fund in which the Foundation has invested. This board member left the board at the end of 2016. The value of this investment was \$1,270,790 and \$976,863 at December 31, 2017 and 2016, respectively.

**NOTE L - NEW ACCOUNTING PRONOUNCEMENTS**

The FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, a principles-based standard to recognize revenue from customer contracts. ASU No. 2014-09 will be effective beginning in 2019. The Foundation is currently evaluating the impact the adoption of ASU No. 2014-09 will have on its financial statements.

The FASB also issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958)*, which will require changes to the presentation of financial statements for not-for-profit entities. These changes are designed to improve the 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. ASU No. 2016-14 will be effective for fiscal years beginning after December 15, 2017. Early adoption is allowed. The Foundation is currently evaluating the impact the adoption of ASU No. 2016-14 will have on its financial statements.

The FASB also issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230)*, which addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice. ASU No. 2016-15 will be effective for fiscal years beginning after December 15, 2018. Early adoption is allowed. The Foundation is currently evaluating the impact the adoption of ASU No. 2016-15 will have on its financial statements.