

AMERICAN LIVER FOUNDATION

**FINANCIAL STATEMENTS
AND AUDITOR'S REPORT**

DECEMBER 31, 2017

AMERICAN LIVER FOUNDATION

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Independent Auditor's Report

**Board of Directors
American Liver Foundation**

Report on the Financial Statements

We have audited the accompanying financial statements of American Liver Foundation, which comprise the balance sheet as of December 31, 2017, and the related statements of activities, functional expenses and cash flows for the year 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 audit. We conducted our audit 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 American Liver Foundation as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the December 31, 2016 financial statements of American Liver Foundation and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 26, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Loeb & Troper LLP

June 4, 2018

AMERICAN LIVER FOUNDATION

BALANCE SHEET

DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 1,458,383	\$ 1,344,390
Investments (Note 3)	2,523,272	2,548,877
Contributions receivable - current	934,485	857,931
Prepaid expenses and other assets	288,229	244,797
Fixed assets - net (Note 4)	<u>116,422</u>	<u>162,082</u>
Total assets	<u>\$ 5,320,791</u>	<u>\$ 5,158,077</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 263,206	\$ 238,050
Accrued payroll and related liabilities	265,485	276,987
Funds held on behalf of others (Note 2)	801,234	808,606
Awards and grants payable (Note 2)	175,000	137,500
Loan payable (Note 5)		300,000
Deferred rent payable (Note 9)	<u>169,828</u>	<u>191,181</u>
Total liabilities	<u>1,674,753</u>	<u>1,952,324</u>
Net assets (deficit) (Exhibit B)		
Unrestricted	(299,628)	(275,929)
Temporarily restricted (Note 6)	2,953,631	2,489,647
Permanently restricted (Note 7)	<u>992,035</u>	<u>992,035</u>
Total net assets	<u>3,646,038</u>	<u>3,205,753</u>
Total liabilities and net assets	<u>\$ 5,320,791</u>	<u>\$ 5,158,077</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

AMERICAN LIVER FOUNDATION

EXHIBIT B

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2017
(With Summarized Financial Information
for the Year Ended December 31, 2016)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
				2017	2016
Revenues, gains and other support					
Contributions and grants	\$ 1,504,931	\$ 2,396,607		\$ 3,901,538	\$ 4,551,624
In-kind donation	7,733			7,733	
Investment income (Note 3)	116,211	174,960		291,171	102,343
Special events revenues	\$ 5,976,691				
Direct costs of special events	(857,188)			5,119,503	4,981,427
Other income	25,994			25,994	11,876
Net assets released from restrictions (Note 6)	2,107,583	(2,107,583)			
Total revenues, gains and other support	8,881,955	463,984		9,345,939	9,647,270
Expenses (Exhibit C)					
Program services					
Public education	1,945,029			1,945,029	2,016,769
Research	475,263			475,263	453,287
Professional education	1,267,459			1,267,459	1,243,301
Patient support	1,672,242			1,672,242	1,635,176
Community services	1,739,926			1,739,926	1,367,682
Total program services	7,099,919			7,099,919	6,716,215
Supporting services					
Management and general	907,604			907,604	900,792
Fund raising	898,131			898,131	886,310
Total supporting services	1,805,735			1,805,735	1,787,102
Total expenses	8,905,654			8,905,654	8,503,317
Change in net assets (Exhibit D)	(23,699)	463,984		440,285	1,143,953
Net assets (deficit) - beginning of year	(275,929)	2,489,647	\$ 992,035	3,205,753	2,061,800
Net assets (deficit) - end of year (Exhibit A)	\$ (299,628)	\$ 2,953,631	\$ 992,035	\$ 3,646,038	\$ 3,205,753

See independent auditor's report.

The accompanying notes are an integral part of these statements.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2017
(With Summarized Financial Information
for the Year Ended December 31, 2016)

	Program Services						Supporting Services				Total	
	Public Education	Research	Professional Education	Patient Support	Community Services	Total	Management and General	Fund Raising	Direct Costs of Special Events	Total	2017	2016
	Salaries and related expenses	\$ 1,095,184	\$ 81,257	\$ 795,341	\$ 1,235,303	\$ 1,020,556	\$ 4,227,641	\$ 570,115	\$ 463,663		\$ 1,033,778	\$ 5,261,419
Awards and grants (Note 2)		350,000				350,000					350,000	284,375
Depreciation and amortization	11,647	864	8,459	13,138	10,854	44,962	6,063	4,931		10,994	55,956	58,934
Computer support services	54,236	4,013	39,283	61,013	50,406	208,951	28,159	23,030		51,189	260,140	339,918
Media	229,850	63	1,048	962	32,116	264,039	444	14,164		14,608	278,647	266,670
Postage and shipping	7,575	182	2,812	2,762	8,360	21,691	1,275	28,481		29,756	51,447	58,195
Printing, publishing and copying	20,719	205	6,412	3,109	13,614	44,059	1,435	62,449		63,884	107,943	157,832
Professional services	122,494	18,872	67,923	105,497	331,079	645,865	48,689	71,459		120,148	766,013	783,794
Occupancy (Note 9)	135,113	10,025	98,249	152,400	125,907	521,694	70,335	57,487		127,822	649,516	648,803
Insurance	8,936	663	6,489	10,079	8,327	34,494	4,652	3,794		8,446	42,940	37,294
Supplies	35,814	269	3,492	4,086	11,739	55,400	1,886	15,229		17,115	72,515	52,944
Telephone and internet	14,951	1,085	10,622	16,497	13,629	56,784	7,614	6,293		13,907	70,691	74,528
Travel	156,518	6,010	68,681	46,468	56,522	334,199	21,446	38,286		59,732	393,931	309,856
Hotel, catering and other event expenses	25,253	617	147,527	9,383	46,679	229,459	4,330	70,480	\$ 857,188	931,998	1,161,457	1,237,866
Interest and bank fees							6,904			6,904	6,904	5,371
Investment fees							15,605			15,605	15,605	9,332
Credit card fees							128,929			128,929	128,929	115,394
Other expenses	26,739	1,138	11,121	11,545	10,138	60,681	5,328	38,385		43,713	104,394	110,944
Total expenses	1,945,029	475,263	1,267,459	1,672,242	1,739,926	7,099,919	923,209	898,131	857,188	2,678,528	9,778,447	9,495,466
Less expenses deducted directly from revenues												
Direct costs of special events									(857,188)	(857,188)	(857,188)	(982,817)
Investment fees							(15,605)			(15,605)	(15,605)	(9,332)
Total expenses reported by function on the statement of activities (Exhibit B)	\$ 1,945,029	\$ 475,263	\$ 1,267,459	\$ 1,672,242	\$ 1,739,926	\$ 7,099,919	\$ 907,604	\$ 898,131	\$ -	\$ 1,805,735	\$ 8,905,654	\$ 8,503,317

See independent auditor's report.

The accompanying notes are an integral part of these statements.

AMERICAN LIVER FOUNDATION

STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Change in net assets (Exhibit B)	\$ 440,285	\$ 1,143,953
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	55,956	58,934
Net realized and unrealized gain on investments	(250,845)	(59,369)
Decrease (increase) in assets		
Contributions receivable	(76,554)	(537,200)
Prepaid expenses and other assets	(43,432)	41,347
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	25,156	81,648
Accrued payroll and related liabilities	(11,502)	71,619
Funds held on behalf of others	(7,372)	(15,083)
Awards and grants payable	37,500	
Deferred rent payable	(21,353)	(14,829)
Net cash provided by operating activities	<u>147,839</u>	<u>771,020</u>
Cash flows from investing activities		
Purchase of investments	(503,295)	(767,596)
Proceeds from sale of investments	779,745	552,925
Fixed asset acquisitions	(10,296)	(99,777)
Net cash provided (used) by investing activities	<u>266,154</u>	<u>(314,448)</u>
Cash flows from financing activities		
Proceeds from loan		300,000
Principal payments on loan	(300,000)	(250,000)
Net cash provided (used) by financing activities	<u>(300,000)</u>	<u>50,000</u>
Net change in cash and cash equivalents	113,993	506,572
Cash and cash equivalents - beginning of year	<u>1,344,390</u>	<u>837,818</u>
Cash and cash equivalents - end of year	<u>\$ 1,458,383</u>	<u>\$ 1,344,390</u>
Supplemental disclosure of cash flow information		
Cash paid for interest	<u>\$ 6,735</u>	<u>\$ 4,373</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

AMERICAN LIVER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 - NATURE OF ORGANIZATION

American Liver Foundation (the "Foundation") is a national nonprofit organization supporting liver health education, advocacy and disease prevention. The Foundation provides funds for research, public, patient and professional education programs, support services, broad awareness activities and advocacy for those affected by liver-related diseases.

The Foundation has 18 divisions throughout the United States. The divisions conduct community-based programs that provide the most up-to-date information on disease-specific and treatment issues, address the trends in hepatology research and connect individuals and groups to information and services they need. The Foundation's programmatic efforts address the needs of liver patients and their families; the general public; health care and social service professionals; health care institutions; local, state and federal legislators and policy makers; and advocacy groups and community-based organizations. The Foundation operates a national helpline providing basic disease information in English.

American Liver Foundation is a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a).

The Foundation is supported primarily by special events, individual and corporate contributions and grants.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting - The financial statements are prepared on the accrual basis of accounting.

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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents - Cash equivalents include highly liquid instruments with maturities, when acquired, of three months or less at the date of purchase.

Investments - Investments are stated at fair value. 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 investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, based on the markets' fluctuations, and that such changes could materially affect the Foundation's financial statements.

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AMERICAN LIVER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions receivable - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in the contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Allowance for doubtful accounts - The Foundation has determined that no allowance for uncollectible accounts for contributions receivable is necessary as of December 31, 2017. Such estimate is based on management's assessments of the creditworthiness of its donors, the aged basis of its receivables, as well as current economic conditions, subsequent collections and historical information.

Fixed assets - Fixed assets with a cost in excess of \$500 and an estimated useful life greater than one year are capitalized. Depreciation is provided on the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the term of the lease or the estimated useful lives of the assets, whichever is shorter.

Funds held on behalf of others - The Foundation acts as an administrator for funds collected on behalf of liver transplant patients. The Foundation disburses funds to cover the cost of properly documented post-surgery expenses.

Awards and grants payable - Liver Scholars Awards, Special Research Initiative Awards, Seed Grant Awards and post-doctoral research fellowships are expensed in the year granted and are subject to an annual review and renewal process. All awards and grants payable are current as of December 31, 2017.

Contributions - Unconditional contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying financial statements.

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AMERICAN LIVER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Special events - The Foundation conducts special events in which a portion of the gross proceeds paid by the participants represents payment for the direct cost of the benefits received by the participants at the events. All proceeds received are recorded as special events revenues in the accompanying statement of activities.

Net assets - Unrestricted net assets include funds having no restriction as to use or purpose imposed by donors. Temporarily restricted net assets are those funds restricted by donors, to be used for a specified time period or purpose. Permanently restricted net assets are for investment in perpetuity, the income from which is restricted for various research projects as stipulated by donors.

Functional expenses - The costs of providing the Foundation's services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Rent expense - The Foundation leases space at various locations. All leases are operating leases. All leases are reflected on the straight-line basis. Deferred rent represents the difference between the fixed payments and the rent expense.

Fair Value Measurements

Fair Value Measurements establishes a framework for measuring fair value in accordance with generally accepted accounting principles. 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 are described below. Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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AMERICAN LIVER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements (continued)

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability. Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodology used for assets measured at fair value. There has been no change in the methodology used at December 31, 2017 as compared to that used at December 31, 2016.

Mutual funds (including money market mutual funds) - Valued at the net asset value (NAV) of shares held at year end.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation method is 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 investments at December 31, 2017 are disclosed in Note 3 by level within the fair value hierarchy.

Reclassification - In order to conform to the 2017 presentation, certain 2016 expenses were reclassified.

Uncertainty in income taxes - The Foundation has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. Periods ending December 31, 2014 and subsequent remain subject to review by applicable taxing authorities.

Subsequent events - Subsequent events have been evaluated through June 4, 2018, which is the date the financial statements were available to be issued.

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AMERICAN LIVER FOUNDATION
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 3 - INVESTMENTS

	<u>2017</u>	<u>2016</u>
	<u>Level 1</u>	<u>Level 1</u>
Mutual funds		
Money market	\$ 71,329	\$ 229,776
U.S. equity	697,931	858,381
International equity	345,998	308,219
Emerging markets	38,053	32,540
Real asset securities	114,050	96,459
Fixed income	<u>1,255,911</u>	<u>1,023,502</u>
	<u>\$ 2,523,272</u>	<u>\$ 2,548,877</u>

Investment income (loss) consists of the following:

	<u>2017</u>	<u>2016</u>
Interest and dividends	\$ 55,931	\$ 52,306
Realized gains	306,734	76,214
Unrealized losses	(55,889)	(16,845)
Investment fees	<u>(15,605)</u>	<u>(9,332)</u>
	<u>\$ 291,171</u>	<u>\$ 102,343</u>

NOTE 4 - FIXED ASSETS

	<u>2017</u>	<u>2016</u>	<u>Estimated Useful Lives</u>
Leasehold improvements	\$ 97,448	\$ 97,448	4 - 10 years
Office equipment	462,752	453,744	5 years
Computers and peripherals	<u>747,510</u>	<u>746,222</u>	3 years
	1,307,710	1,297,414	
Less accumulated depreciation and amortization	<u>(1,191,288)</u>	<u>(1,135,332)</u>	
	<u>\$ 116,422</u>	<u>\$ 162,082</u>	

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AMERICAN LIVER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 5 - LOAN PAYABLE

- A. On December 9, 2016, the Foundation obtained a \$300,000 unsecured loan from a board member. The loan bore interest at 8.25% and was due on June 30, 2017. Interest expense on the unsecured loan in the amount of \$998 was accrued (as part of accounts payable and accrued expenses on the balance sheet) as of December 31, 2016. Interest expense was \$6,735 for the year ended December 31, 2017. The loan was repaid in full on April 26, 2017.
- B. On October 27, 2017, the Foundation obtained a \$300,000 revolving line of credit from TD Bank. The interest rate is prime plus 74 basis points. No funds were borrowed during 2017 under this line of credit.

NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes as of December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Research program	\$ 1,023,256	\$ 860,766
Community services	<u>1,930,375</u>	<u>1,628,881</u>
	<u>\$ 2,953,631</u>	<u>\$ 2,489,647</u>

For the year ended December 31, 2017, net assets were released from donor restrictions by incurring expenses satisfying the following restricted purposes specified by donors:

Research program	\$ 96,350
Community services	<u>2,011,233</u>
Total	<u>\$ 2,107,583</u>

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AMERICAN LIVER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 7 - PERMANENTLY RESTRICTED NET ASSETS

General

Permanently restricted net assets consist of six funds totaling \$992,035 and are restricted to investment in perpetuity, the income from which is restricted for six research projects as stipulated by donors. As required by GAAP, net assets associated with permanently restricted funds are classified and reported based on the existence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Foundation adopted the New York Prudent Management of Institutional Funds Act (NYPMIFA). NYPMIFA moves away from the “historic dollar value” standard, and permits charities to apply a spending policy to endowments based on certain specified standards of prudence. The Foundation is governed by the NYPMIFA spending policy, which establishes a standard maximum prudent spending limit of 7%. As a result of this interpretation, 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. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standards of prudence prescribed by NYPMIFA.

Return Objectives, Strategies Employed and Spending Policy

The objective of the Foundation is to grow the endowment funds to maintain purchasing power.

The investment policy to achieve this objective is to invest in mutual funds and money market funds. Investment income earned in relation to the endowment funds is recorded as temporarily restricted income and released from restriction upon expenditure for the program for which the endowment fund was established. The Foundation appropriated \$62,500 for expenditures for the year ended December 31, 2017.

Funds with Deficiencies

The Foundation does not have any funds with deficiencies.

AMERICAN LIVER FOUNDATION
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 7 - PERMANENTLY RESTRICTED NET ASSETS (continued)

Endowment Net Asset Composition by Type of Fund as of December 31, 2017

The endowment net assets composition of \$1,215,883 comprises \$223,848 of temporarily restricted net assets and \$992,035 of permanently restricted net assets.

Changes in Endowment Net Assets for the Year Ended December 31, 2017

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 111,388	\$ 992,035	\$ 1,103,423
Interest and dividends	23,808		23,808
Realized and unrealized gain	151,152		151,152
Appropriated for endowment	<u>(62,500)</u>	<u> </u>	<u>(62,500)</u>
Endowment net assets, end of year	<u>\$ 223,848</u>	<u>\$ 992,035</u>	<u>\$ 1,215,883</u>

NOTE 8 - PENSION PLAN

The Foundation has a 403(b) defined contribution pension plan. The employer matches 50% of the first 2% of salary contributed to the Plan by eligible participants. All active employees are covered by the plan. Pension expense was \$24,909 for the year ended December 31, 2017.

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AMERICAN LIVER FOUNDATION
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 9 - LEASE COMMITMENTS

The Foundation rents space under several noncancelable operating leases that have expiration dates ranging from 2018 through 2022. Rent is being expensed on the straight-line method over the term of the lease. The following are the total future minimum rental payments required under operating leases that have initial or remaining lease terms in excess of one year:

2018	\$ 579,218
2019	481,107
2020	313,378
2021	73,019
2022	<u>3,379</u>
	<u>\$ 1,450,101</u>

Rent expense for the year ended December 31, 2017 was \$599,385. Deferred rent payable was \$169,828 as of December 31, 2017.

NOTE 10 - CONCENTRATIONS

Financial instruments which potentially subject the Foundation to a concentration of credit risk are cash accounts with financial institutions in excess of FDIC insurance limits.