

**Peggy Adams Animal Rescue League  
of the Palm Beaches, Inc.**

**Financial Statements**

December 31, 2017

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## Independent Auditors' Report

To the Board of Directors  
Peggy Adams Animal Rescue League of the Palm Beaches, Inc.  
West Palm Beach, Florida

We have audited the accompanying financial statements of Peggy Adams Animal Rescue League of the Palm Beaches, Inc. (the "Organization"), which comprise the statement of financial position at 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.

### ***Auditors' 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 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 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 the Organization at December 31, 2017, 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.



Boca Raton, Florida  
June 2, 2018

Peggy Adams Animal Rescue League of the Palm Beaches, Inc.  
Statement of Financial Position  
December 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 5,280,457	\$ 50,000	\$ -	\$ 5,330,457
Accounts receivable, net	52,633	-	-	52,633
Pledges receivable	-	854,938	-	854,938
Grant receivable	-	175,000	-	175,000
Inventory	98,927	-	-	98,927
Prepaid expenses	80,150	-	-	80,150
Mortgage receivable	123,476	-	-	123,476
Endowment receivable	-	-	3,830,336	3,830,336
Bequest and remainder trust receivables	-	48,630,334	-	48,630,334
Investments	25,898,488	243,930	-	26,142,418
Property and equipment, net	<u>13,377,673</u>	<u>-</u>	<u>-</u>	<u>13,377,673</u>
 Total assets	 <u>\$ 44,911,804</u>	 <u>\$ 49,954,202</u>	 <u>\$ 3,830,336</u>	 <u>\$ 98,696,342</u>
 <b><u>LIABILITIES AND NET ASSETS</u></b>				
Accounts payable	\$ 193,799	\$ -	\$ -	\$ 193,799
Accrued expenses	<u>501,840</u>	<u>-</u>	<u>-</u>	<u>501,840</u>
Total liabilities	695,639	-	-	695,639
 Net assets	 <u>44,216,165</u>	 <u>49,954,202</u>	 <u>3,830,336</u>	 <u>98,000,703</u>
 Total liabilities and net assets	 <u>\$ 44,911,804</u>	 <u>\$ 49,954,202</u>	 <u>\$ 3,830,336</u>	 <u>\$ 98,696,342</u>

See accompanying notes to financial statements.

**Peggy Adams Animal Rescue League of the Palm Beaches, Inc.**  
**Statement of Activities**  
**For the Year Ended December 31, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues and other support:				
Contributions and gifts	\$ 5,390,409	\$ 1,409,930	\$ -	\$ 6,800,339
Special events, net	949,439	-	-	949,439
Mail appeal, net	246,967	-	-	246,967
Boutique, net	42,082	-	-	42,082
Program income:	-			
Sheltering and adoption	406,846	-	-	406,846
Clinic	1,676,728	-	-	1,676,728
Investment income	616,691	-	-	616,691
Assets released from restrictions	2,605,712	(2,605,712)	-	-
Total revenues and other support	<u>11,934,874</u>	<u>(1,195,782)</u>	<u>-</u>	<u>10,739,092</u>
Expenses:				
Program services:				
Sheltering and adoption	6,114,197	-	-	6,114,197
Clinic	2,208,240	-	-	2,208,240
	<u>8,322,437</u>	<u>-</u>	<u>-</u>	<u>8,322,437</u>
Support services:				
Fundraising and development	585,405	-	-	585,405
General and administrative	451,647	-	-	451,647
	<u>1,037,052</u>	<u>-</u>	<u>-</u>	<u>1,037,052</u>
Total expenses	<u>9,359,489</u>	<u>-</u>	<u>-</u>	<u>9,359,489</u>
Change in net assets before other income (expense)	<u>2,575,385</u>	<u>(1,195,782)</u>	<u>-</u>	<u>1,379,603</u>
Other income (expense):				
Other income	420	-	-	420
Mortgage interest income	10,045	-	-	10,045
Realized and unrealized gains on investments	3,257,292	-	-	3,257,292
Investment expenses	(102,386)	-	-	(102,386)
Change in fair value of restricted net assets	-	8,553,571	(22,514)	8,531,057
Total other income (expense)	<u>3,165,371</u>	<u>8,553,571</u>	<u>(22,514)</u>	<u>11,696,428</u>
Change in net assets	5,740,756	7,357,789	(22,514)	13,076,031
Net assets:				
Beginning of year	<u>38,475,409</u>	<u>42,596,413</u>	<u>3,852,850</u>	<u>84,924,672</u>
End of year	<u>\$ 44,216,165</u>	<u>\$ 49,954,202</u>	<u>\$ 3,830,336</u>	<u>\$ 98,000,703</u>

See accompanying notes to financial statements.

Peggy Adams Animal Rescue League of the Palm Beaches, Inc.  
Statement of Functional Expenses  
For the Year Ended December 31, 2017

	Program Services			Support Services		
	Sheltering and Adoption	Clinic	Total	Fundraising and Development	General and Administrative	Total
Total salaries and related expenses	\$ 3,653,660	\$ 1,016,861	\$ 4,670,521	\$ 252,131	\$ 102,591	\$ 354,722
Advertising and marketing	23,674	-	23,674	134,047	-	134,047
Depreciation	602,790	193,942	796,732	9,832	31,364	41,196
Employee costs	69,955	40,765	110,720	2,421	13,581	16,002
Event expenses	44,994	296	45,290	9,328	2,515	11,843
Facility maintenance and repairs	290,832	27,428	318,260	2,130	1,178	3,308
Insurance	52,913	38,810	91,723	10,513	22,413	32,926
Office expenses and supplies	79,519	24,886	104,405	21,561	125,326	146,887
Outside contractors	75,218	130,515	205,733	29,598	95,448	125,046
Printing and promotion	19,301	2,357	21,658	87,266	1,975	89,241
Program supplies	770,803	608,550	1,379,353	18,148	25,149	43,297
Telephone and internet	14,715	2,726	17,441	2,290	10,522	12,812
Utilities	387,108	121,104	508,212	6,140	19,585	25,725
Vehicle maintenance	28,715	-	28,715	-	-	-
Total functional expenses	\$ 6,114,197	\$ 2,208,240	\$ 8,322,437	\$ 585,405	\$ 451,647	\$ 1,037,052

See accompanying notes to financial statements.

**Peggy Adams Animal Rescue League of the Palm Beaches, Inc.**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2017**

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Cash flows from operating activities:	
Increase in net assets	\$ 13,076,031
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:	
Depreciation	841,816
Changes in fair value of bequests, remainder trusts, and pledges	(8,531,057)
Investment income, net	(508,077)
Realized and unrealized gains on investments	(3,257,292)
Changes in assets and liabilities:	
(Increases) decreases in:	
Accounts receivable	(20)
Pledges receivable	(377,880)
Grant receivable	25,000
Bequest and remainder trust receivables	1,842,589
Inventory	31,263
Prepaid expenses	19,552
(Decreases) increases in:	
Accounts payable	(209,184)
Accrued expenses	136,081
Net cash provided by operating activities	<u>3,088,822</u>
Cash flows from investing activities:	
Proceeds from sales of investments	3,849,579
Purchases of investments	(3,405,723)
Principal collections on mortgage receivable	3,804
Purchases of property and equipment	(1,770,557)
Net cash used in investing activities	<u>(1,322,897)</u>
Cash flows from financing activities	<u>-</u>
Net increase in cash and cash equivalents	1,765,925
<b><u>Cash and cash equivalents:</u></b>	
Beginning of year	<u>3,564,532</u>
End of year	<u>\$ 5,330,457</u>

See accompanying notes to financial statements.

## Note 1 – Organization and Description of Business

Peggy Adams Animal Rescue League of the Palm Beaches, Inc. (the "Organization") is a nonprofit organization, whose purpose is to encourage humane treatment of animals and promote animal welfare by providing adoption facilities and medical services to domesticated animals and by community education.

The Organization's support comes primarily from individual donors' contributions, endowments and payments for medical services provided to animals. The Organization also operates a boutique store.

## Note 2 – Summary of Significant Accounting Policies

### Financial Statement Presentation

The Organization's financial statements are prepared on the accrual basis of accounting. The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**Unrestricted Net Assets** – not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by the actions of the Board of Directors.

**Temporarily Restricted Net Assets** – subject to donor or grantor imposed stipulations that may be fulfilled by the actions of the Board of Directors or become unrestricted at the date specified by the donor or grantor.

**Permanently Restricted Net Assets** – subject to donor-imposed stipulations that are to be maintained permanently.

### Accounting 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.

### Bequests and Remainder Trusts

The Organization is a beneficiary under various will and trust agreements. Related amounts are recorded either when a will is declared valid by a probate court, or when the Organization is notified as a beneficiary of a trust and the proceeds are measurable. The beneficial interest in the remainder trusts is recorded at net present value, using risk-free interest rates applicable to the years in which the benefit is expected to be received.

### Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods (time restriction) or are restricted by the donor for specific purposes (purpose restriction) are reported as temporarily restricted or permanently restricted support that increases the respective net asset classes.



## Note 2 – Summary of Significant Accounting Policies, continued

### Contributions, continued

When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as unrestricted.

### Program Income

Program income is recognized as revenue when services are performed.

### Fund Raising

The Organization's financial statements are presented in accordance with Accounting Standard Codification ("ASC") 958, *Accounting for Costs of Activities of Not-for-Profit Organizations and State and Local Government Entities that include Fund Raising* (formerly Statement of Position 98-2). The ASC establishes criteria for accounting and reporting for any activity that solicits contributions.

### Special Events

The Organization recognizes special event income in the year the event occurs. Special event income is reflected net of direct expenditures.

### Cash and Cash Equivalents

Cash consists of cash on hand. The Organization considers all highly liquid investments with an original maturity of three months or less at date of purchase to be cash equivalents. At December 31, 2017, there was \$1,094,431 of cash and sweep balances held in brokerage accounts which is included under the caption cash equivalents on the Organization's statements of financial position and cash flows.

### Accounts Receivable

Accounts receivable are stated at uncollected balances, less an allowance for doubtful accounts. Allowance for doubtful accounts is calculated based on the aging of the Organization's accounts receivable, historical experience, third-party contracts and other circumstances, and reflects management's best estimate of the amounts that will not be collected. The allowance is increased by charges to income and decreased by charge-offs (net of recoveries). At December 31, 2017, there was no allowance balance as the Organization estimated that the default risk associated with its accounts receivable was minimal.

### Pledges and Grants Receivable

The receipt by the Organization of unconditional promises to give with amounts due in future periods is reported as temporarily or permanently restricted support, unless explicit donor or grantor stipulations or circumstances surrounding the receipt of the promise make clear that the donor or grantor intended it to be used to support activities of the current period. Unconditional promises to give are reported at the discounted present value of estimated future cash flows, using a discount rate that approximates the rate of government securities, and are deemed fully collectible at December 31, 2017. Amortization of the discount is recorded as additional contribution revenue.

**Note 2 – Summary of Significant Accounting Policies, continued**

***Valuation of Investments at Fair Value***

The Organization adopted the provisions of the Financial Accounting Standards Board (“FASB”) ASC 820, *Fair Value Measurements*. Under ASC 820, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants at the measurement date.

ASC 820 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Organization.

Unobservable inputs reflect the Organization’s assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

**Level 1** – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

**Level 2** – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

**Level 3** – Valuation based on inputs that are unobservable and significant to the overall fair value measurement.

***Inventory***

Inventory consists of pet supplies held for sale. Pet supply inventories are recorded at lower of cost (determined on the first-in, first-out method) or market.

***Property and Equipment***

Buildings, building improvements and equipment are recorded at cost, if purchased or at fair value at time of donation, if contributed. Depreciation is computed on the straight-line method over the following estimated useful lives of the depreciable assets.

	<u>Years</u>
Land improvements	5 - 10
Buildings and building improvements	10 - 30
Furniture and equipment	5 - 10
Vehicles	5

Major replacements and betterments of buildings, building improvements and equipment in excess of \$2,500 are capitalized while repairs and minor replacements are charged to operations.

## Note 2 – Summary of Significant Accounting Policies, continued

### *Functional Allocation of Expenses*

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Certain salaries, wages and related expenses have been allocated based on the function of the staff across the departments and all other supporting expenses consisting of facility and vehicle maintenance, insurance, supplies, utilities, and others have been allocated based on the square footage of space occupied by each program and supporting service.

### *In-kind Contributions and Contributed Services*

In-kind contributions are reflected as contributions at their estimated fair value at time of donation. Gifts of nonmonetary contributions are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. The Organization recognizes the fair value of contributed services received if such services (a) create or enhance non-financial assets or (b) require specialized skills are performed by people with those skills, and would otherwise have been purchased. In addition, the Organization received services from a large number of volunteers who give significant amounts of their time to the Organization's programs and fund-raising campaigns that do not meet the criteria for financial statement recognition.

### *Income Taxes*

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Chapter 220.13 of the Florida Statutes. The Organization has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code. Accordingly, there is no provision for income taxes.

The Organization has adopted FASB ASC 740-10-25, *Accounting for Uncertainty in Income Taxes*. The Organization will record a liability for uncertain tax positions when it is more likely than not that a tax position would not be sustained if examined by the taxing authority. The Organization continually evaluates expiring statutes of limitations, changes in tax law and new authoritative rulings.

### *Advertising*

The Organization expenses advertising costs as incurred. During the year ended December 31, 2017, the Organization incurred total advertising and marketing expenses of \$228,083 inclusive of \$69,564, which is classified within special events and mail appeal, net.

### *Recent Accounting Pronouncements*

In August 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-14 *Not-For-Profit Entities (Topic 958), Presentation of Financial Statements of Not-For-Profit Entities*. Under the new guidance, not-for-profit ("NFP") entities are required to: (1) present on the face of the statement of financial position amounts for two classes of net assets at the end of the period, rather than the currently required three classes. That is, an NFP will report amounts for net assets with donor restrictions and net assets without donor restrictions, as well as the currently required amount for total net assets; (2) present on the face of the statement of activities the amount of the change in each of the two classes of net assets rather than that of the currently required three classes; (3) continue to present on the face of the statement of cash flows the net amount for operating cash flows using either the direct or indirect method of reporting but no longer require the presentation or

## **Note 2 – Summary of Significant Accounting Policies, continued**

### **Recent Accounting Pronouncements, continued**

disclosure of the indirect method (reconciliation) if using the direct method; (4) provide enhanced disclosure on (a) governing board designations, appropriation, and similar actions that result in self-imposed limits on use of resources without donor-imposed restriction as of the end of the period; (b) composition of net assets with donor restrictions at the end of the period; (c) qualitative information that communicates how the Organization manages its liquid resources to meet cash needs for general expenditures within one year of the balance sheet date; (d) qualitative information that communicates availability of an Organization's financial assets at the balance sheet date to meet cash needs for general expenditures within one year of the balance sheet date; (e) amount of expenses by both their natural and functional classification; (f) methods used to allocate costs amount programs and support functions; (g) additional disclosures on underwater endowment funds. The new reporting guidance is effective for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Management is evaluating the potential impact of this new guidance on the financial statements.

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, which provides guidance on the classification of restricted cash in the statement of cash flows. ASU No. 2016-18 is effective for fiscal years beginning January 1, 2018. Management is evaluating the potential impact of this new guidance on the financial statements.

### **Date of Management's Review**

Management has evaluated subsequent events through June 2, 2018, the date on which the financial statements were available to be issued.

## **Note 3 – Concentration of Credit Risk**

Financial instruments which potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents, maintained at several interest bearing and non-interest bearing bank accounts which, at time, may exceed federally insured limits guaranteed by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At December 31, 2017, the Organization had \$4,087,718 in excess of FDIC insured limits. The Organization's investment accounts balances held at brokerage firms are insured by the Securities Investor Protection Corporation ("SIPC") up to \$500,000. At December 31, 2017, amounts in excess of SIPC insured limits were \$26,736,850, including cash equivalents. The Organization has not experienced losses of this nature in any of its depository accounts.

## **Note 4 – Mortgage Receivable**

The mortgage receivable is carried at its unpaid principal balance and is due in monthly installments of \$1,154 including interest at 8% until July 2033, at which time all unpaid principal is due in full. The mortgage is collateralized by real property. Interest on the mortgage receivable is recognized over the term of the loan using the effective interest rate method. For the year ended December 31, 2017, the Organization recognized \$10,045 in interest income.

**Note 4 – Mortgage Receivable, continued**

The following is a schedule of future minimum mortgage principal collections at December 31, 2017:

<u>Years Ending December 31,</u>	
2018	\$ 4,120
2019	4,462
2020	4,832
2021	5,233
2022	5,668
Thereafter	99,161
	<u>\$ 123,476</u>

**Note 5 – Bequest and Remainder Trusts**

The Organization is a remainder beneficiary of an irrevocable charitable remainder unitrust that was created in October 1984. Three (3) income beneficiaries are to receive, first from income and, to the extent that income is insufficient, from principal, an annual annuity equal to a percentage of the net fair market value of the trust assets on the first day of the trust year. Upon the demise of all three beneficiaries, 25% of the remaining principal is to be distributed to the Organization. In addition, the Organization is the remainder beneficiary of two additional trusts from which 50% and 100%, of the principal, respectively, is to be distributed to the Organization upon demise of the income beneficiaries.

The Organization also is one of five beneficiaries of a revocable trust from which a 10% distribution of its fair market value is made each year and divided among the five different charitable organizations. Therefore, 20% of the trust value is to be distributed to the Organization.

The Organization also is a 30% beneficiary of a charitable foundation (Unitrust), which will make annual distributions to the beneficiaries based on 4.5% of the fair market value of the Unitrust.

The total present value of future minimum receipts is \$48,630,334 at December 31, 2017. The present value is adjusted each year to reflect changes in the life expectancy, current interest rates and other actuarial assumptions.

Peggy Adams Animal Rescue League of the Palm Beaches, Inc.  
Notes to Financial Statements

**Note 6 – Investments**

Investments are stated at fair value and have been categorized based upon a fair value hierarchy in accordance with FASB ASC 820 (see Summary of Significant Accounting Policies Note). All investments held at December 31, 2017 are summarized as follows:

	Fair Value Measurement at December 31, 2017			
	Total	Quoted Prices for Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities	\$ 17,266,482	\$ 17,266,482	\$ -	\$ -
Fixed income funds	5,564,650	5,564,650	-	-
Mutual funds specific strategy	2,761,360	2,761,360	-	-
Other	549,926	549,926	-	-
	<u>\$ 26,142,418</u>	<u>\$ 26,142,418</u>	<u>\$ -</u>	<u>\$ -</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended December 31, 2017:

Interest and dividend income	\$ 616,691
Plus net realized and unrealized gains on investments	3,257,292
Less, investment expenses	(102,386)
Total investment gains	<u>\$ 3,771,597</u>
Investment income	\$ 616,691
Investment gains and expenses	3,154,906
	<u>\$ 3,771,597</u>

**Note 7 – Property and Equipment**

Property and equipment at December 31, 2017 consist of the following:

Land and land improvements	\$ 1,672,330
Buildings and building improvements	19,109,813
Furniture and equipment	1,924,594
Computers and related equipment	248,277
Vehicles	277,063
	<u>23,232,077</u>
Less: accumulated depreciation	(9,854,404)
Property and equipment, net	<u>\$ 13,377,673</u>

Depreciation expense was \$841,816 in 2017, of which \$3,877 is included within the boutique store operating results.

**Note 8 – Temporarily Restricted Net Assets**

Temporarily restricted net assets at December 31, 2017 consist of the following:

Time restriction:		
Capital campaign - cash and cash equivalents	\$	50,000
Capital campaign - investments		243,930
Grant receivable		175,000
Pledges receivable		854,938
Bequest and remainder trust receivables		48,630,334
Total temporarily restricted net assets	\$	<u>49,954,202</u>

During the year ended December 31, 2017, the Organization received pledge agreements from various individuals in the total amount of \$771,000. The pledge amounts are to be collected in equal installments over the next five years. Based on the active pledge agreements from 2017 and earlier years, the cumulative total present value of future pledge payments to be received at December 31, 2017 is \$854,938. The present value is adjusted each year to reflect changes in current interest rates and other actuarial assumptions. The pledges receivable amount is expected to be received over the next five years and, accordingly, this amount was classified as temporarily restricted pledges receivable in the statement of financial position at December 31, 2017.

During the year ended December 31, 2017, the Organization received grant agreements from various grantors in the total amount of \$345,000. Based on the active grant agreements from 2017 and earlier years, the cumulative total of future grant payments to be received at December 31, 2017 is \$175,000. The grant receivable amount is expected to be received over the next three years and, accordingly, this amount was classified as temporarily restricted grant receivable in the statement of financial position at December 31, 2017.

During the year ended December 31, 2017, the Organization received donations for the capital campaign in the total amount of \$293,930. At December 31, 2017, \$50,000 was classified as temporarily restricted cash and cash equivalents and \$243,930 was classified as temporary restricted investments in the statement of financial position.

During the year ended December 31, 2017, there was \$2,605,712 of temporarily restricted net assets released from donor restrictions.

**Note 9 – Permanently Restricted Net Assets**

Permanently restricted net assets at December 31, 2017 are restricted for the purpose of establishing an endowment in which the principal is to be maintained in perpetuity and the earnings are to be used for operations. The total amount of the unconditional pledge of \$4,000,000 is due upon the demise of the donor. A pledge receivable has been recorded at its net present value amount of \$3,830,336 in the statement of financial position at December 31, 2017.