INTERNATIONAL SAMARITAN AND SUBSIDIARY

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2017 and 2016

INTERNATIONAL SAMARITAN AND SUBSIDIARY

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
of International Samaritan and Subsidiary

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of International Samaritan and Subsidiary (Ohio not-for-profit organizations), which comprise the consolidated statements of financial position as of December 31, 2017 and 2016, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of International Samaritan and Subsidiary as of December 31, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

UHY LLP

Farmington Hills, Michigan
April 27, 2018

INTERNATIONAL SAMARITAN AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31, 2017	December 31, 2016
ASSETS		
CURRENT ASSETS		
Cash	**$ 356,620**	$ 510,591
Accounts receivable	**-**	9,004
Pledges receivable, current portion	**1,122,000**	64,500
Prepaid expenses	**106,521**	66,593
Total current assets	**1,585,141**	650,688
Pledges receivable, net	**2,927,095**	7,859
Investments	**21,713,465**	17,819,756
Cash surrender value - life insurance policy	**32,354**	5,381
Property and equipment, net	**574,635**	557,897
Total assets	**$ 26,832,690**	$ 19,041,581
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	**$ 17,232**	$ 39,364
Accrued expense	**34,550**	-
Accrued payroll	**22,216**	11,727
Deposits	**249,620**	288,920
Total liabilities	**323,618**	340,011
NET ASSETS		
Unrestricted		
Property and equipment	**574,635**	557,897
Board-designated for endowment	**24,761,644**	17,415,393
Total unrestricted net assets	**25,336,279**	17,973,290
Temporarily restricted net assets	**1,172,793**	728,280
Total net assets	**26,509,072**	18,701,570
Total liabilities and net assets	**$ 26,832,690**	$ 19,041,581

See notes to consolidated financial statements.

INTERNATIONAL SAMARITAN AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Year ended December 31, 2017 (with comparative totals for year ended December 31, 2016)

	2017			2016
	Unrestricted	Temporarily Restricted	Total	Total
REVENUES AND SUPPORT				
Donations				
Public	$ 5,087,356	$ 1,215,345	**$ 6,302,701**	$ 947,001
Service immersion	-	73,308	**73,308**	-
Direct education program – service immersion income	811,756	-	**811,756**	902,588
Net investment earnings	2,705,363	-	**2,705,363**	1,379,474
In-kind contributions	161,448	-	**161,448**	58,960
Interest income	205	-	**205**	418
Other income	4,938	-	**4,938**	-
(Loss) on disposal of assets	-	-	**-**	(565)
Total revenues and support	8,771,066	1,288,653	**10,059,719**	3,287,876
Net assets released from restrictions	844,140	(844,140)	**-**	-
	9,615,206	444,513	**10,059,719**	3,287,876
EXPENSES				
Program services	1,846,230	-	**1,846,230**	1,587,963
Fundraising activities	129,262	-	**129,262**	177,279
Administrative	276,725	-	**276,725**	290,769
Total expenses	2,252,217	-	**2,252,217**	2,056,011
Change in net assets	7,362,989	444,513	**7,807,502**	1,231,865
Net assets, beginning of year	17,973,290	728,280	**18,701,570**	17,469,705
Net assets, end of year	$ 25,336,279	$ 1,172,793	**$ 26,509,072**	$ 18,701,570

INTERNATIONAL SAMARITAN AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
Year ended December 31, 2017 (with comparative totals for year ended December 31, 2016)

	Program Services	Fundraising Activities	Administrative Expenses	2017 Total	2016 Total
Payroll and related	$ 387,510	$ 57,160	$ 49,394	**$ 494,064**	$ 388,940
Grants and special assistance	422,778	-	-	**422,778**	495,412
Office	92,644	37,058	55,587	**185,289**	267,217
Travel	-	35,044	-	**35,044**	19,740
Direct education program – service immersion	753,820	-	-	**753,820**	699,656
Professional services	34,550	-	33,798	**68,348**	19,597
Life insurance premiums	-	-	16,184	**16,184**	33,357
In-kind	109,892	-	-	**109,892**	28,931
Depreciation and amortization	-	-	26,189	**26,189**	23,255
Conference and meetings	-	-	18,378	**18,378**	13,816
Contract services	44,856	-	-	**44,856**	13,450
Occupancy	-	-	76,078	**76,078**	51,205
Miscellaneous	180	-	1,117	**1,297**	1,435
Total expenses	$ 1,846,230	$ 129,262	$ 276,725	**$ 2,252,217**	$ 2,056,011

See notes to consolidated financial statements.

INTERNATIONAL SAMARITAN AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years ended December 31,	
	2017	**2016**
OPERATING ACTIVITIES		
Change in net assets	**$ 7,807,502**	$ 1,231,865
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	**26,189**	23,255
Non-cash stock contribution	**(51,556)**	(30,029)
Unrealized (gain) on investments	**(2,318,769)**	(1,040,249)
Realized (gain) on investments	**(67,706)**	(46,812)
Loss on sale of assets	**-**	565
Increase in cash surrender value - life insurance policy	**(26,973)**	(5,381)
Change in operating assets and liabilities:		
Accounts receivable	**9,004**	(2,259)
Pledges receivable	**(3,976,736)**	244,338
Prepaid expenses	**(39,928)**	59,489
Accounts payable	**(22,132)**	35,480
Accrued payroll	**10,489**	2,347
Accrued expense	**34,550**	-
Deposits	**(39,300)**	(76,044)
Net cash provided by operating activities	**1,344,634**	396,565
INVESTING ACTIVITIES		
Purchase of property and equipment	**(42,930)**	(23,464)
Proceeds from sale of investments	**706,804**	482,675
Purchase of investments	**(2,162,479)**	(1,198,263)
Net cash (used in) investing activities	**(1,498,605)**	(739,052)
Net change in cash	**(153,971)**	(342,487)
Cash, Beginning	**510,591**	853,078
Cash, Ending	**$ 356,620**	$ 510,591
NON-CASH INVESTING ACTIVITY		
Stock contributions	**$ 51,556**	$ 30,029

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES

The following is a summary of certain accounting policies followed in the preparation of these consolidated financial statements. The policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the consolidated financial statements.

Organization

International Samaritan, ("International"), is a not-for-profit Ohio corporation incorporated on May 12, 1995. International's mission is to provide educational opportunities, improve living conditions, and raise consciousness of the living conditions in areas of severe poverty in foreign countries. International raised funds for an endowment fund to provide these services on a long-term basis.

On December 19, 2013, International established International Samaritan Foundation, LLC (the "Foundation"), a 100% controlled subsidiary. The purpose of the Foundation is to support the International.

The Organization's support and funding primarily comes from members of the Board of Trustees.

Principles of Consolidation

The accompanying consolidated financial statements reflect the consolidated assets and liabilities, changes in net assets, and cash flows of the International and the Foundation (collectively, the "Organization"). All significant interrelated transactions have been eliminated in consolidation.

Basis of Presentation

The Organization follows accounting standards set by the Financial Accounting Standards Board (FASB). The FASB sets generally accepted accounting principles (GAAP) that the Organization follows to ensure they consistently report their financial condition, results of operations and cash flows. References to GAAP issued by the FASB in the following footnotes are the FASB *Accounting Standards Codification (ASC)*.

Financial statement presentation follows the recommendations of the ASC topic presentation of consolidated financial statements for Not-for-Profit Entities. The Organization is required to report 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.

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES (Continued)

Unrestricted Activities

Unrestricted net assets are not restricted by the funding source or grantor, or the funding source requirements or donor-imposed restrictions have expired. Unrestricted net assets include board designated net assets. No permanently restricted net assets were held by the Organization and accordingly, the consolidated financial statements do not reflect any activities related to this class of net assets.

Temporarily Restricted Activities

Temporarily restricted net assets contain funding source or donor-imposed restrictions that permit spending as specified. The restrictions are satisfied either by the passage of time or the actions of the Organization.

Temporarily restricted net assets are available for the following purpose:

	December 31, 2017	December 31, 2016
Time restricted	$ -	$ 38,500
Personnel	54,699	130,799
Education	1,104,070	530,951
Other	14,024	28,030
	$ 1,172,793	$ 728,280

Use of Estimates

The preparation of the consolidated 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 amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES (Continued)

Concentrations and Credit Risk

The Organization occasionally maintains deposits in excess of federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions. Management has deemed this as a normal business risk.

The Organization's investments are held in a diversified portfolio with no concentrations of market risk. No other financial instruments expose the Organization to concentrations of credit risk or market risk.

The Organization receives a substantial portion of its revenue from a select number of individuals who are also members of the Organization. The Organization is aware that it will need to adjust its programs if a significant reduction of the current level of revenues occurs.

In addition, in 2017 the Organization received a significant portion of its funding from the board trustee, accounting for approximately 78% of contributions revenue.

Investments

The Organization records its investments in marketable equity securities in accordance with ASC topic *Not-for-Profit Entities Investments*. Investments are stated at fair values based upon quoted market prices using prevailing financial market information. Realized gains and losses represent the difference between the proceeds received and the cost of investments sold. Unrealized gains and losses represent the change in the market value of the investments during the year.

Accounts and Pledges Receivable and Allowance

Accounts and pledges receivable are stated net of an allowance for doubtful accounts. Management believes all receivables are collectible as the majority of the amounts due come from board members. The Organization does not require collateral for its accounts or pledges receivable. There was no allowance for doubtful accounts for accounts and pledges receivable at December 31, 2017 and 2016.

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment purchased by the Organization is carried on its books at cost. Property and equipment donated to the Organization has been recorded at its estimated value at the date of receipt by the Organization. Expenditures for major betterments and additions are charged to the property accounts, while replacements, maintenance and repairs which do not improve or extend the life of the respective assets are expensed as incurred. Depreciation and amortization are computed on the straight-line basis over the estimated useful lives of three to thirty-nine years.

Gains or losses from the sale of property and equipment are recorded in the consolidated statement of activities and changes in net assets.

Long-Lived Assets

The Organization evaluates long-lived assets for impairment using a discounted cash flow method whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable in accordance with accounting principles generally accepted in the United States of America.

Deposits

Deposits consist of monies received related to program events (mission trips to other countries) that will occur in the subsequent fiscal year.

Revenue Recognition

All contributions are considered available for the Organization’s general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily or permanently restricted support and increase the respective class of net assets. Contributions received with temporary restrictions that are met in the same accounting period are reported as unrestricted support. Investment income that is limited to specific uses by donor restrictions is reported as increases in unrestricted net assets if the restrictions are met in the same reporting period as the income is recognized.

Pledges receivable in the accompanying consolidated statement of financial position consist of unconditional promises to give, which are recorded at their net realizable value at the time the promises are received. These promises to give are reflected as either current or long-term pledges receivable on the consolidated statement of financial position.

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES (Continued)

Functional Expenses

Direct identifiable expenses are charged to programs and supporting services accordingly. Common costs are allocated among program and supporting service activities on the basis of planned resource usage established by management. Certain expenses have been allocated between programs on various bases and estimates. Although methods of allocation used are considered appropriate, other methods could be used that would produce different results.

Comparative Consolidated Financial Statements

The consolidated financial statements include certain prior-year summarized comparative information in total, but not by net assets class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended December 31, 2016, from which the summarized information was derived.

Income Taxes

International Samaritan and Subsidiary is a non-profit organization exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore, is not subject to tax under Federal income tax laws.

ASC guidance regarding accounting for uncertainty in income taxes clarifies the accounting for income taxes by prescribing the minimum recognition threshold an income tax position is required to meet before being recognized in the consolidated financial statements and applies to all income tax positions. Each income tax position is assessed using a two-step process. A determination is first made as to whether it is more likely than not that the income tax position will be sustained, based upon technical merits, upon examination by the taxing authorities. If the income tax position is expected to meet the more likely than not criteria, the benefit recorded in the consolidated financial statements equals the largest amount that is greater than 50% likely to be realized upon its ultimate settlement. At December 31, 2017 and 2016, there were no uncertain tax positions that require accrual.

The Organization believes that it has been operating within its tax exempt status and has no unrelated business income.

Subsequent Events

The Organization has performed a review of events subsequent to the consolidated statement of financial position through April 27, 2018, the date the consolidated statements were available to be issued.

NOTE 2 – PLEDGES RECEIVABLE

Pledges receivable are comprised of the following:

	December 31,	
	2017	2016
Receivable in less than one year	$ 1,122,000	$ 64,500
Receivable in one to five years	3,160,000	8,500
	4,282,000	73,000
Less discount to net present value	232,905	641
	$ 4,049,095	$ 72,359

The discount rate used in long-term pledges receivable was 4% for each of the year ended December 31, 2017 and 2016.

NOTE 3 – INVESTMENTS

Investments were comprised of the following:

	December 31,	
	2017	2016
Money market funds	$ -	$ 314,393
Equity & bond funds	21,713,465	17,505,363
	$ 21,713,465	$ 17,819,756

The following schedule summarizes the net investment earnings (losses) included in the consolidated statement of activities:

	December 31,	
	2017	2016
Dividend and interest income	$ 425,688	$ 388,377
Investment fees	(106,800)	(95,964)
Unrealized gains	2,318,769	1,040,249
Realized gains	67,706	46,812
Investment return, net	$ 2,705,363	$ 1,379,474

NOTE 4 – FAIR VALUE MEASUREMENTS

ASC topic *Fair Value Measurements*, establishes a framework for measuring fair value. That 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 ASC topic *Fair Value Measurements* are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the abilities 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

If the asset or liability has a specific (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.

Following is a description of the valuation methodologies used for assets measured at fair value.

Money market funds: Valued at the net asset value of shares held by the Organization at year end.

Equity funds: Valued at the net asset value of shares held by the Organization at year end.

Bond funds: Valued at the net asset value of shares held by the Organization at year end.

NOTE 4 – FAIR VALUE MEASUREMENTS (Continued)

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value or certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value:

	December 31, 2017			
	Level 1	Level 2	Level 3	Total
Assets:				
Equity funds	$ 15,162,423	$ -	$ -	$ 15,162,423
Bond funds	-	6,551,042	-	6,551,042
Net assets at fair value	$ 15,162,423	$ 6,551,042	$ -	$ 21,713,465

	December 31, 2016			
	Level 1	Level 2	Level 3	Total
Assets:				
Money market funds	$ 314,393	$ -	$ -	$ 314,393
Equity funds	12,253,754	-	-	12,253,754
Bond funds	-	5,251,609	-	5,251,609
Net assets at fair value	$ 12,568,147	$ 5,251,609	$ -	$ 17,819,756

NOTE 5 – ENDOWMENT FUND

The Organization's endowment consists of individual funds established to fulfill its mission statement. Its endowment includes funds designated by the Board of Trustees to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization follows the Uniform Management of Institutional Funds Act of 1972 (UMIFA), Michigan Public Act 157 of 1976, and its own governing documents. UMIFA requires the historical dollar amount of a donor-imposed endowment fund to be preserved. In the absence of donor restrictions, the net appreciation on a donor-restricted endowment fund is spendable under UMIFA. The Organization does not have any donor-restricted endowment funds.

NOTE 5 – ENDOWMENT FUND (Continued)

The Board of Trustees has determined that the majority of the Organization's contributions are subject to the terms of its governing documents. Certain contributions are received subject to other gift instruments, or are subject to specific agreements with the Organization. Under the terms of the Organization's governing documents, the Board of Trustees has the ability to distribute as much of the original principal of any trust or separate gift, devise, bequest, or fund as the Board in its sole discretion shall determine. As a result of the ability to distribute the original principal, all contributions not classified as temporarily restricted or permanently restricted are classified as unrestricted net assets for financial statement purposes.

The Organization 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. As of December 31, 2017 and 2016, the Organization did not have any permanently restricted net assets.

Investment Return Objectives, Risk Parameters and Strategies. The Organization has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and bond securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%, while growing the funds if possible. Therefore, the Organization expects its endowment assets, over time, to produce an average rate of return of approximately 5% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

The Organization's spending policy currently does not have a provision allowing for any distribution from donor-restricted endowment funds.

NOTE 5 – ENDOWMENT FUND (Continued)

Endowment net asset composition by type of fund is as follows:

	December 31, 2017		
	Unrestricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ -	$ -
Board-designated endowment funds	24,761,644	-	24,761,644
Total funds	$ 24,761,644	$ -	$ 24,761,644

	December 31, 2016		
	Unrestricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ -	$ -
Board-designated endowment funds	17,415,393	-	17,415,393
Total funds	$ 17,415,393	$ -	$ 17,415,393

Changes in endowment net assets are as follows:

	Year ended December 31, 2017		
	Unrestricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 17,415,393	$ -	$ 17,415,393
Contributions	4,640,888	-	4,640,888
Investment income	2,705,363	-	2,705,363
Amounts appropriated for expenditure	-	-	-
Endowment net assets, end of year	$ 24,761,644	$ -	$ 24,761,644

	Year ended December 31, 2016		
	Unrestricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 15,880,926	$ -	$ 15,880,926
Contributions	154,993	-	154,993
Investment income	1,379,474	-	1,379,474
Amounts appropriated for expenditure	-	-	-
Endowment net assets, end of year	$ 17,415,393	$ -	$ 17,415,393

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	December 31, 2017	December 31, 2016
Buildings and improvements	$ 642,301	$ 623,315
Furniture and equipment	108,232	84,541
Transportation equipment	10,200	10,200
	760,733	718,056
Less: accumulated depreciation and amortization	186,098	160,159
	$ 574,635	$ 557,897

Depreciation and amortization expense was $26,189 and $23,255 for the years ended December 31, 2017 and 2016, respectively.

NOTE 7 – IN-KIND CONTRIBUTIONS AND EXPENSES

The Organization receives volunteer professional services and supplies as in-kind contributions. The Organization records in-kind contributions and expenses related to these contributions. The total value of the in-kind contributions received meeting the criteria for being recorded in the consolidated financial statements was $109,892 and $28,931, respectively; which is recorded in the accompanying consolidated statement of activities and changes in net assets. In additional, the Organization received donated stocks value at $51,556 and $30,029 during the fiscal year of 2017 and 2016, respectively. The donated stocks were recorded as in-kind contributions and investments.

The in kind expenses, related to the in-kind contributions, are included in the consolidated statement of functional expenses. Total in-kind expenses for the years ended are categorized as follows:

	December 31, 2017	December 31, 2016
Other professional services	$ 97,292	$ 24,490
Supplies	12,600	4,441
	$ 109,892	$ 28,931

NOTE 8 – CASH SURRENDER VALUE OF LIFE INSURANCE

During the year ended December 31, 2015, the Organization has purchased insurance on the life of an unrelated party. The unrelated party donated the funds to pay the policy premiums, and will continue to do so, on an ongoing basis. As beneficiary, the Organization receives the cash surrender value if the policy is terminated and, upon death of the insured, receives all benefits payable. Cash value of life insurance is reported in the financial statements net of policy loans and surrender charges. Cash surrender value was $32,354 and $5,381 as of December 31, 2017 and 2016, respectively, and it was recorded as assets on the statement of financial position.

NOTE 9 – OPERATING LEASES

The Organization leases copiers from an unrelated party. Under the leases, various annual payments are required, and the leases expire in March 2019. Rental expense under these leases for the years ended December 31, 2017 and 2016 was $2,600 and $2,862, respectively.

Total minimum future lease payments are as follows:

Year ending December 31,	Total
2018	$ 2,600
2019	650
	$ 3,250

NOTE 10 – RELATED PARTY TRANSACTIONS

The Organization receives a substantial amount of its support from various members of the Board. Related party gross pledge receivables amounted to $4,156,000 and $37,000 as of December 31, 2017 and 2016, respectively. Contribution revenue from related parties was $6,021,870 and $493,021 for the years ended December 31, 2017 and 2016, respectively.

The chairman of the board is the owner of SJS investments, which manages the Organization’s investments. The Organization paid SJS investments $106,800 and $95,964 for investment services for the fiscal year of 2017 and 2016, respectively.

The trustee of the board is a partner of Shumaker, Loop & Kendrick, LLP for legal services. The Organization paid $5,141 and $345 for the fiscal year of 2017 and 2016, respectively. Payable to Shumaker, Loop & Kendrick, LLP was $-0- and $9,737 as of December 31, 2017 and 2016, respectively.