



# **WORLD PEDIATRIC PROJECT AND AFFILIATE**

## **Combined Financial Statements**

**June 30, 2013 and 2012**

# WORLD PEDIATRIC PROJECT AND AFFILIATE

## Table of Contents

	<u>Page</u>
Report of Independent Accountants	1
Financial Statements:	
Combined Statements of Financial Position	3
Combined Statements of Activities	4
Combined Statements of Functional Expenses	6
Combined Statements of Cash Flows	8
Notes to Combined Financial Statements	9

## REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors  
World Pediatric Project  
Richmond, Virginia

### **Report on the Combined Financial Statements**

We have audited the accompanying combined financial statements of World Pediatric Project and affiliate (collectively, the "Organization") as of June 30, 2013 and 2012, which comprise the combined statements of financial position as of June 30, 2013 and 2012, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

### **Management's Responsibility for the Combined Financial Statements**

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined 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 combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of World Pediatric Project and affiliate as of June 30, 2013 and 2012, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

A handwritten signature in black ink, appearing to read "Keita", with a stylized, flowing script.

September 10, 2013  
Glen Allen, Virginia

## WORLD PEDIATRIC PROJECT AND AFFILIATE

Combined Statements of Financial Position  
June 30, 2013 and 2012

<u>Assets</u>	<u>2013</u>	<u>2012</u>
Current assets:		
Cash and cash equivalents	\$ 1,278,533	\$ 1,161,926
Pledges and other receivables	13,150	61,878
Prepaid expenses	<u>25,131</u>	<u>15,501</u>
Total current assets	<u>1,316,814</u>	<u>1,239,305</u>
Property and equipment:		
Furniture, equipment and website	231,423	127,708
Less: accumulated depreciation and amortization	<u>(114,258)</u>	<u>(67,460)</u>
Net property and equipment	<u>117,165</u>	<u>60,248</u>
Other assets:		
Investments	<u>89,524</u>	<u>77,374</u>
Total assets	<u>\$ 1,523,503</u>	<u>\$ 1,376,927</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 51,645	\$ 70,740
Accrued rent	39,788	36,759
Funds held for others and other liabilities	<u>27,275</u>	<u>37,872</u>
Total current liabilities	<u>118,708</u>	<u>145,371</u>
Net assets:		
Unrestricted:		
Undesignated	1,092,147	1,041,454
Board-designated endowment	89,524	77,374
Temporarily restricted	160,824	112,728
Permanently restricted	<u>62,300</u>	<u>-</u>
Total net assets	<u>1,404,795</u>	<u>1,231,556</u>
Total liabilities and net assets	<u>\$ 1,523,503</u>	<u>\$ 1,376,927</u>

See accompanying notes to combined financial statements.

## WORLD PEDIATRIC PROJECT AND AFFILIATE

Combined Statements of Activities  
Year Ended June 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and gains:				
Auction and special events	\$ 1,147,994	\$ -	\$ -	\$ 1,147,994
Contributions	1,571,243	233,941	62,300	1,867,484
In-kind contributions	13,980,037	-	-	13,980,037
Interest and dividend income	5,818	-	-	5,818
Unrealized investment gains	10,069	-	-	10,069
Total revenues and gains	16,715,161	233,941	62,300	17,011,402
Amounts released from restrictions	185,845	(185,845)	-	-
Total revenues, gains, and other support	16,901,006	48,096	62,300	17,011,402
Expenses:				
Program services	15,487,423	-	-	15,487,423
Management and general	401,519	-	-	401,519
Fundraising	949,221	-	-	949,221
Total expenses	16,838,163	-	-	16,838,163
Change in net assets	62,843	48,096	62,300	173,239
Net assets, beginning of year	1,118,828	112,728	-	1,231,556
Net assets, end of year	\$ 1,181,671	\$ 160,824	\$ 62,300	\$ 1,404,795

See accompanying notes to combined financial statements.

## WORLD PEDIATRIC PROJECT AND AFFILIATE

Combined Statements of Activities  
Year Ended June 30, 2012

	Unrestricted	Temporarily Restricted	Total
Revenues and gains:			
Auction and special events	\$ 914,552	\$ -	\$ 914,552
Contributions	1,647,291	448,669	2,095,960
In-kind contributions	10,406,211	-	10,406,211
Interest and dividend income	7,675	-	7,675
Total revenues and gains	12,975,729	448,669	13,424,398
Amounts released from restrictions	541,531	(541,531)	-
Total revenues, gains, and other support	13,517,260	(92,862)	13,424,398
Expenses:			
Program services	11,975,377	-	11,975,377
Management and general	278,689	-	278,689
Fundraising	950,901	-	950,901
Unrealized investment losses	1,479	-	1,479
Loss on disposal of assets	1,902	-	1,902
Total expenses and losses	13,208,348	-	13,208,348
Change in net assets	308,912	(92,862)	216,050
Net assets, beginning of year	809,916	205,590	1,015,506
Net assets, end of year	\$ 1,118,828	\$ 112,728	\$ 1,231,556

See accompanying notes to combined financial statements.

## WORLD PEDIATRIC PROJECT AND AFFILIATE

### Combined Statements of Functional Expenses Year Ended June 30, 2013

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and related expenses	\$ 662,996	\$ 185,700	\$ 562,398	\$ 1,411,094
Nonemployee compensation	1,815	80	4,425	6,320
Payroll processing	-	2,614	130	2,744
Recruitment expenses	160	-	1,306	1,466
Staff development	214	255	335	804
In-country personnel	138,976	-	-	138,976
Patient expenses	353,570	-	-	353,570
Volunteer program	1,427	-	-	1,427
Ortiz Children's Fund expenses	13	18	-	31
Missouri Kids	7,800	-	-	7,800
Capacity building programs	63,738	-	-	63,738
Medical missions	214,979	-	-	214,979
Program development	607	-	-	607
Special events expense	-	-	201,802	201,802
Professional fees	19,059	100,991	12,000	132,050
Marketing	1,191	848	12,740	14,779
Marketing fees - in-kind	-	41,588	-	41,588
Communications expense	16,180	6,940	4,113	27,233
Facility and equipment	67,941	24,322	37,005	129,268
Office expenses	11,430	2,942	42,846	57,218
Travel and related expenses	20,109	7,124	16,428	43,661
Other business expense	20,424	19,673	41,058	81,155
Depreciation and amortization	25,739	8,424	12,635	46,798
Medical fees - in-kind	<u>13,859,055</u>	<u>-</u>	<u>-</u>	<u>13,859,055</u>
	<u>\$ 15,487,423</u>	<u>\$ 401,519</u>	<u>\$ 949,221</u>	<u>\$ 16,838,163</u>

See accompanying notes to combined financial statements.



## WORLD PEDIATRIC PROJECT AND AFFILIATE

### Combined Statements of Functional Expenses Year Ended June 30, 2012

	Program Services	Management and General	Fundraising	Total
Salaries and related expenses	\$ 588,221	\$ 173,926	\$ 506,416	\$ 1,268,563
Nonemployee compensation	895	1,392	2,030	4,317
Payroll processing	1,059	353	941	2,353
Recruitment expenses	175	1,960	14,939	17,074
Staff development	4,497	19	41	4,557
In-country personnel	170,017	-	-	170,017
Patient expenses	330,289	-	-	330,289
Volunteer program	1,812	-	-	1,812
Ortiz Children's Fund expenses	11,193	1,860	34,847	47,900
Missouri Kids	14,250	-	-	14,250
Grants	142,063	-	-	142,063
Medical missions	170,042	-	-	170,042
Program development	8,367	-	-	8,367
Special events expense	-	-	170,526	170,526
Professional fees	11,494	27,112	20,235	58,841
Marketing	6,165	505	35,396	42,066
Communications expense	10,604	9,031	3,715	23,350
Facility and equipment	50,343	18,351	42,610	111,304
Office expenses	9,000	12,819	44,138	65,957
Travel and related expenses	18,125	6,925	19,186	44,236
Other business expense	18,460	18,761	38,324	75,545
Depreciation and amortization	14,640	3,738	12,771	31,149
Medical fees - in-kind	10,390,416	-	-	10,390,416
Miscellaneous	3,250	1,937	4,786	9,973
	<u>\$ 11,975,377</u>	<u>\$ 278,689</u>	<u>\$ 950,901</u>	<u>\$ 13,204,967</u>

See accompanying notes to combined financial statements.

## WORLD PEDIATRIC PROJECT AND AFFILIATE

Combined Statements of Cash Flows  
Years Ended June 30, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Change in net assets	\$ 173,239	\$ 216,050
Adjustments to reconcile the change in net assets to net cash from operations:		
Depreciation and amortization	46,798	31,149
Contributed software	(79,394)	-
Reinvested interest and dividends	(2,081)	(1,661)
Unrealized (gain) loss on investments	(10,069)	1,479
Loss on disposal of assets	-	1,902
Changes in operating assets and liabilities:		
Pledges and other receivables	48,728	(10,578)
Prepaid expenses	(9,630)	(955)
Accounts payable and accrued expenses	(19,095)	(71,284)
Accrued rent	3,029	(2,372)
Funds held for others and other liabilities	(10,597)	31,009
Net cash provided by operating activities	140,928	194,739
Cash flows from investing activities:		
Purchase of property and equipment	(24,321)	(17,594)
Net cash used in investing activities	(24,321)	(17,594)
Net increase in cash and cash equivalents	116,607	177,145
Cash and cash equivalents, beginning of year	1,161,926	984,781
Cash and cash equivalents, end of year	\$ 1,278,533	\$ 1,161,926

See accompanying notes to combined financial statements.

## WORLD PEDIATRIC PROJECT AND AFFILIATE

### Notes to Combined Financial Statements

#### 1. Summary of Significant Accounting Policies:

**Organization:** World Pediatric Project is a nonprofit humanitarian organization linking worldwide pediatric surgical, diagnostic and preventative resources to heal critically ill children in developing countries. World Pediatric Project also helps build indigenous health care capacity – saving lives now while transforming pediatric health outcomes for years to come.

In April 2010, David Ortiz Children's Fund (the "Corporation"), a Virginia nonstock corporation, was organized under Section 501(c)(3) of the Internal Revenue Code. The Corporation is classified as a supporting organization for federal tax purposes and will carry out certain activities in furtherance of the World Pediatric Project's exempt purposes.

The accompanying combined financial statements include the resources and the financial activities of World Pediatric Project and its affiliate, David Ortiz Children's Fund (collectively, the "Organization"). All significant transactions and accounts are eliminated.

**Financial Statement Presentation:** 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. The accounting and reporting policies of the Organization conform with generally accepted accounting principles.

**Cash and Cash Equivalents:** The Organization considers as cash equivalents all short term, highly liquid investments with maturities of three months or less at date of acquisition.

**Pledges Receivable:** Unconditional promises to give, which include pledges and grants receivable at their net present value in the year promised, are recognized as unrestricted, temporarily restricted, or permanently restricted support as appropriate. Conditional promises are recorded when donor stipulations are substantially met.

**Property and Equipment:** Property and equipment and website development costs are recorded at cost for purchased assets and at fair value for donated items. Major repairs and betterments are capitalized and normal maintenance and repairs are charged to expense as incurred. Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the related assets, which range from three to seven years. Upon retirement or sale of an asset, the cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in operations.

## WORLD PEDIATRIC PROJECT AND AFFILIATE

### Notes to Combined Financial Statements, Continued

#### 1. Summary of Significant Accounting Policies, Continued:

**Investments:** The Organization's investments are reported at readily determinable fair value in the combined statements of financial position. The fair value of marketable equity and debt securities is determined using quoted market prices. Unrealized gains and losses are included in the combined statements of activities.

**Net Assets:** The Organization classifies its net assets into three categories: unrestricted, temporarily restricted, and permanently restricted:

Unrestricted funds include funds that impose no restrictions on the Organization as to their use or purpose. Such funds are expended for charitable purposes as deemed appropriate by the Board of Directors and for operating purposes. If the Board of Directors specifies a purpose where none has been stated by the original donor, such assets are classified as Board of Directors designated within unrestricted net assets.

Temporarily restricted funds include funds that are primarily restricted for use or purpose. All grant funds received are recorded as an increase in temporarily restricted net assets. As the activities are performed, the restrictions to these net assets are released and subsequently reclassified to unrestricted net assets.

Permanently restricted funds include gift arrangements that provide that the principal assets of such funds are to be maintained inviolate and in perpetuity. Endowment income is transferred to unrestricted funds for charitable or operating purposes to the extent permitted by the Organization's spending policy or as specified in the gift agreement. There were no permanently restricted funds during the year ended June 30, 2012.

**Credit Risk:** The Organization maintains its cash and cash equivalent balances in three financial institutions. The balances in the financial institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. Funds held by brokerage houses are insured by the Securities Investors Protection Corporation up to a ceiling of \$500,000, including cash claims of up to \$250,000. The Organization periodically has balances in excess of insured limits.

**Income Taxes:** The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

**Income Tax Uncertainties:** Management has evaluated the effects of accounting guidance related to uncertain income tax positions and concluded that the Organization had no significant financial statement exposure to uncertain income tax positions at June 30, 2013 and 2012. The Organization's income tax returns for years since June 30, 2010 remain open for examination by tax authorities. The Organization is not currently under audit by any tax jurisdiction.

## WORLD PEDIATRIC PROJECT AND AFFILIATE

### Notes to Combined Financial Statements, Continued

#### 1. Summary of Significant Accounting Policies, Continued:

**Estimates:** The preparation of combined financial statements in conformity with generally accepted accounting principles ("GAAP") 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 combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Contributed Materials, Hospital Charges and Services:** The value of contributed materials and the value of contributed services and hospital charges that either (a) created or enhanced a nonfinancial asset or (b) required specialized skills, was provided by individuals possessing those skills, and are of the type that would have been purchased if not contributed, amounted to \$13,980,037 for 2013 and \$10,390,416 for 2012 and have been recognized at their fair value as determined by the donor in the combined financial statements. During 2012, office space was leased below market value (for \$1 per month) and amounted to in-kind contributions of \$15,795. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific programs, campaign solicitations and various committee assignments. The value of these services could not be estimated and is not recognized in the combined financial statements.

**Subsequent Events:** Management has evaluated subsequent events through September 10, 2013 and has determined there are no subsequent events to be reported in the accompanying combined financial statements.

#### 2. Temporarily Restricted Net Assets:

In 2013 and 2012, the Organization received donor-imposed restricted contributions for direct costs of program services for children needing critical care. The Organization received temporarily restricted gifts of \$233,941 during 2013 and \$448,669 during 2012. The amounts released from restrictions and expended were \$185,845 during 2013 and \$541,531 during 2012.

#### 3. Pledges and Other Receivables:

Total unconditional promises to give, which are unrestricted, were \$10,000 at June 30, 2013 and \$60,000 at June 30, 2012, and are expected to be received in less than a year. Other contributions receivable were \$3,150 at June 30, 2013 and \$1,878 at June 30, 2012.

## WORLD PEDIATRIC PROJECT AND AFFILIATE

### Notes to Combined Financial Statements, Continued

#### 4. Investments:

The costs of investments and their related carrying values (market) by major investment type were as follows at June 30:

	2013		2012	
	Cost	Market	Cost	Market
Cash equivalents	\$ 2,294	\$ 2,294	\$ 2,293	\$ 2,293
Equity securities	61,090	71,273	59,515	58,988
Fixed income	15,034	15,957	14,529	16,093
	\$ 78,418	\$ 89,524	\$ 76,337	\$ 77,374

#### 5. Endowment Funds:

The Organization's endowment consists of two permanently endowed named funds established to support the cause of the Organization. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as an endowment. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law:** The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair 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, 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 given to the permanent endowment, and (c) accumulations to the 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 funds not classified as permanently restricted net assets would be classified as temporarily restricted net assets until those amounts appropriated for expenditure are disbursed in accordance with the donor restrictions in a manner consistent with the standard of prudence prescribed by UPMIFA.

## WORLD PEDIATRIC PROJECT AND AFFILIATE

### Notes to Combined Financial Statements, Continued

#### 5. Endowment Funds, Continued:

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate funds in the endowment funds designated by the Board of Directors:

- The duration and preservation of the fund
- The purposes of the Organization and a donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

**Return Objectives and Risk Parameters:** The Organization has adopted investment and spending policies for endowment funds that attempt to provide a predictable stream of funding to the Organization's programs supported by endowments. In addition to providing a predictable stream of funding, the adopted investment and spending policies also seek to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Organization expects its endowment funds over time to provide an average rate of return of more than five percent annually. Actual returns in any given year may vary from this amount.

**Strategies Employed for Achieving Objectives:** To satisfy its long-term rate-of-return objectives, the Organization 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). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

**Spending Policy and How the Investment Objectives Relate to Spending Policy:** The Organization has a policy of limiting spending to generally five percent of the value of endowment funds. In establishing this policy, the Organization considered the long-term expected return on endowments. Accordingly, over the long term, the Organization expects the current spending policy to allow the endowment fund to grow consistent with the objective of maintaining the purchasing power of the endowment assets.

## WORLD PEDIATRIC PROJECT AND AFFILIATE

### Notes to Combined Financial Statements, Continued

#### 5. Endowment Funds, Continued:

Endowment net asset composition by type of fund was as follows as of June 30, 2013 and 2012:

	2013		
	Permanently		Total
	Unrestricted	Restricted	
Donor-restricted endowment fund	\$ -	\$ 62,300	\$ 62,300
Board-designated fund	89,524	-	89,524
<b>Total funds</b>	<b>\$ 89,524</b>	<b>\$ 62,300</b>	<b>\$ 151,824</b>
	2012		
	Permanently		
	Unrestricted	Restricted	Total
Board-designated fund	\$ 77,374	\$ -	\$ 77,374

Changes in endowment funds were as follows for the years ended June 30, 2013 and 2012:

	Permanently		
	Unrestricted	Restricted	Total
Net assets, July 1, 2011	\$ 77,193	\$ -	\$ 77,193
Investment income	1,660	-	1,660
Unrealized loss on investments, net	(1,479)	-	(1,479)
Net assets, June 30, 2012	77,374	-	77,374
Investment income	2,081	-	2,081
Unrealized gain on investments, net	10,069	-	10,069
New gifts	-	62,300	62,300
<b>Net assets, June 30, 2013</b>	<b>\$ 89,524</b>	<b>\$ 62,300</b>	<b>\$ 151,824</b>



## WORLD PEDIATRIC PROJECT AND AFFILIATE

### Notes to Combined Financial Statements, Continued

#### 6. Fair Value Measurements:

The Organization follows Financial Accounting Standards Board guidance, which provides a framework for measuring fair value under GAAP, for all financial assets and liabilities measured at fair value on a recurring basis.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The guidance requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. The guidance also establishes a fair value hierarchy which prioritizes the valuation inputs into three broad levels. Based on the underlying inputs, each fair value measurement in its entirety is reported in one of the three levels.

These levels are:

Level 1 – Valuation is based upon quoted prices for identical instruments traded in active markets. Level 1 assets and liabilities include debt and equity securities traded in an active exchange market, as well as certain U.S. Treasury securities that are traded by dealers or brokers in active markets.

Level 2 – Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 – Valuation is determined using model-based techniques that use significant assumptions not observable in the market and significant to the fair value measurement.

The fair value of the Organization's investments in securities of \$89,524 at June 30, 2013 and \$77,374 at June 30, 2012 was based upon Level 1 valuation criteria.

#### 7. Leases:

The Organization leases office space and equipment under operating lease agreements. Rental expense was \$123,264 for 2013 and \$85,756 for 2012.

In June 2010, the Organization moved to new office facilities which are leased for a six and one-half year period through December 31, 2017. The lease provides for certain rent holidays and annual rent escalations. The Organization recognizes rent expense on a straight-line basis over the life of the lease. This policy resulted in the recognition of accrued rent of \$39,788 at June 30, 2013 and \$36,759 at June 30, 2012.

## WORLD PEDIATRIC PROJECT AND AFFILIATE

### Notes to Combined Financial Statements, Continued

#### 7. Leases, Continued:

Future minimum payments under operating lease obligations consisted of the following at June 30, 2013:

<u>Year ending June 30,</u>	<u>Amount</u>
2014	\$ 116,850
2015	119,772
2016	122,766
2017	<u>62,918</u>
Total	<u>\$ 422,306</u>

#### 8. Contingencies:

From time to time, the Organization may be involved in claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Organization's financial position or results of operations.

Pursuant to its Articles of Incorporation, the Organization has certain obligations to indemnify its officers and directors for certain events or occurrences while serving at the Organization's request in such capacities. The maximum liability under these obligations is limited by the Code of Virginia. The Organization's insurance policies serve to further limit its exposure. The Organization believes that the estimated fair value of these indemnification obligations is minimal.

#### 9. Functional Allocation of Expenses:

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