

# Mercy Medical Angels

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## Financial Statements

Year Ended June 30, 2018, with Comparative Totals for 2017

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## **Independent Auditors' Report**

Board of Directors  
Mercy Medical Angels  
Virginia Beach, Virginia

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

We have audited the accompanying financial statements of Mercy Medical Angels (a nonprofit Organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, 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 of material misstatements.

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' judgement, including the assessment of the risks of material misstatements 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 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 Mercy Medical Angels as of June 30, 2018 and 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 Mercy Medical Angels' 2017 financial statements, and our report dated December 15, 2017, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Dixon Hughes Goodman LLP*

**Norfolk, Virginia  
October 9, 2018**

**Mercy Medical Angels**  
**Statements of Financial Position**  
**June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Current assets:		
Cash	\$ 141,448	\$ 176,821
Promises to give, net	163,187	7,335
Grants receivable	33,628	220,573
Accounts receivable	10,460	-
Prepaid expenses	47,136	12,252
Total current assets	<u>395,859</u>	<u>416,981</u>
Investment	-	289,907
Property and equipment, net	805,602	999,142
Total assets	<u>\$ 1,201,461</u>	<u>\$ 1,706,030</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable	\$ 39,478	\$ 25,682
Deposits	1,825	2,158
Notes payable, current	13,192	12,580
Total current liabilities	<u>54,495</u>	<u>40,420</u>
Long-term notes payable, less current portion	<u>273,275</u>	<u>285,227</u>
Total liabilities	<u>327,770</u>	<u>325,647</u>
Net assets:		
Unrestricted net assets	585,182	1,112,003
Temporarily restricted net assets	288,509	268,380
Total net assets	<u>873,691</u>	<u>1,380,383</u>
Total liabilities and net assets	<u>\$ 1,201,461</u>	<u>\$ 1,706,030</u>

See accompanying notes.

**Mercy Medical Angels**  
**Statements of Activities and Changes in Net Assets**  
**Year Ended June 30, 2018 with Comparative Totals for the Year Ended 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2018</u>	<u>Total 2017</u>
Contributions and revenue:				
In-kind donations, services	\$ 3,115,514	\$ -	\$ 3,115,514	\$ 3,831,445
Donations and grants	597,896	288,509	886,405	664,300
Total contributions	<u>3,713,410</u>	<u>288,509</u>	<u>4,001,919</u>	<u>4,495,745</u>
Other revenue:				
Realized gain on investment	-	-	-	27,231
Rental income	37,493	-	37,493	34,185
Other income	-	-	-	1,481
Interest income	1,582	-	1,582	144
Total other revenue	<u>39,075</u>	<u>-</u>	<u>39,075</u>	<u>63,041</u>
Net assets released from restrictions	<u>268,380</u>	<u>(268,380)</u>	<u>-</u>	<u>-</u>
Total contributions and revenues	<u>4,020,865</u>	<u>20,129</u>	<u>4,040,994</u>	<u>4,558,786</u>
Expenses				
Program:				
Airline patient travel	1,773,177	-	1,773,177	2,062,873
Volunteer pilot patient travel	1,815,257	-	1,815,257	2,232,671
Ground patient travel	467,922	-	467,922	351,373
Public education	143,201	-	143,201	110,265
Total program services	<u>4,199,557</u>	<u>-</u>	<u>4,199,557</u>	<u>4,757,182</u>
Supporting services:				
General and administrative	188,934	-	188,934	165,662
Fundraising	108,553	-	108,553	95,257
Total supporting services	<u>297,487</u>	<u>-</u>	<u>297,487</u>	<u>260,919</u>
Loss on uncollectible promises to give	<u>50,642</u>	<u>-</u>	<u>50,642</u>	<u>11,532</u>
Total expenses and losses	<u>4,547,686</u>	<u>-</u>	<u>4,547,686</u>	<u>5,029,633</u>
Change in net assets	(526,821)	20,129	(506,692)	(470,847)
Net assets, beginning of year	<u>1,112,003</u>	<u>268,380</u>	<u>1,380,383</u>	<u>1,851,230</u>
Net assets, end of year	<u>\$ 585,182</u>	<u>\$ 288,509</u>	<u>\$ 873,691</u>	<u>\$ 1,380,383</u>

See accompanying notes.

**Mercy Medical Angels**  
**Statements of Functional Expenses**  
**Year Ended June 30, 2018 with Comparative Totals for the Year Ended 2017**

	Airline Patient Travel	Volunteer Pilot Patient Travel	Ground Patient Travel	Public Education	Total Programs Services	Management and General	Fundraising	Total Support Services	Total 2018	Total 2017
In-kind service expense	\$ 1,427,640	\$ 1,640,804	\$ 28,030	\$ 6,182	\$ 3,102,656	\$ 5,675	\$ 7,183	\$ 12,858	\$ 3,115,514	\$ 3,819,445
Salaries	163,266	90,471	175,824	54,474	484,035	90,381	53,393	143,774	627,809	550,129
Depreciation	61,932	19,354	83,222	19,354	183,862	5,806	3,872	9,678	193,540	197,605
Promotional materials	25,908	24,617	27,149	23,431	101,105	338	4,920	5,258	106,363	7,612
Accounting	398	124	534	125	1,181	69,537	25	69,562	70,743	52,780
Patient travel	6,949	4,487	47,286	-	58,722	-	-	-	58,722	40,801
Internet expense	17,368	5,427	23,339	5,427	51,561	1,630	1,086	2,716	54,277	33,720
Benefits	10,681	2,039	8,765	11,144	32,629	1,480	408	1,888	34,517	24,696
Consulting	-	-	-	-	-	-	30,540	30,540	30,540	22,216
Payroll taxes	9,418	2,943	12,656	2,943	27,960	884	589	1,473	29,433	39,507
Licenses and fees	8,325	2,601	11,187	2,601	24,714	780	2,766	3,546	28,260	45,935
Insurance expense	5,067	1,584	6,808	1,583	15,042	1,759	792	2,551	17,593	8,909
Office utilities	5,579	1,743	7,497	1,743	16,562	523	349	872	17,434	16,296
Conferences and training	3,673	3,674	3,673	3,674	14,694	1,709	500	2,209	16,903	2,736
Office supplies	5,218	1,631	7,012	1,631	15,492	488	326	814	16,306	17,787
Interest expense	6,342	1,295	5,568	1,295	14,500	388	259	647	15,147	15,954
Communications	4,816	1,505	6,471	1,505	14,297	451	301	752	15,049	20,028
Printing and reproduction	1,938	5,577	2,604	606	10,725	182	119	301	11,026	4,192
Advertising and outreach	2,595	2,594	2,594	2,594	10,377	-	546	546	10,923	23,820
Miscellaneous expense	2,623	820	3,525	820	7,788	247	338	585	8,373	26,562
Repairs and maintenance	1,811	566	2,433	566	5,376	170	113	283	5,659	13,274
Legal fees	-	-	-	-	-	5,505	-	5,505	5,505	15,663
Postage and delivery	1,296	1,296	1,296	1,296	5,184	164	107	271	5,455	4,860
Rent expense	334	105	449	105	993	837	21	858	1,851	2,340
Travel	-	-	-	102	102	-	-	-	102	9,487
Memberships	-	-	-	-	-	-	-	-	-	1,147
Grant expense	-	-	-	-	-	-	-	-	-	600
<b>Total expenses</b>	<b>\$ 1,773,177</b>	<b>\$ 1,815,257</b>	<b>\$ 467,922</b>	<b>\$ 143,201</b>	<b>\$ 4,199,557</b>	<b>\$ 188,934</b>	<b>\$ 108,553</b>	<b>\$ 297,487</b>	<b>\$ 4,497,044</b>	<b>\$ 5,018,101</b>

See accompanying notes.

**Mercy Medical Angels**  
**Statements of Cash Flows**  
**Years Ended June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Change in net assets	\$ (506,692)	\$ (470,847)
Adjustments to reconcile changes in net assets to net cash used by operating activities:		
Depreciation	193,540	197,605
Loss on uncollectible promises to give	50,642	11,532
Realized gain on investment, net of fees	-	(25,773)
Change in:		
Promises to give, net	(206,494)	(3,047)
Grants receivable	186,945	96,552
Accounts receivable	(10,460)	
Prepaid expenses	(34,884)	(6,865)
Accounts payable	13,796	8,994
Deposits	(333)	1,083
Net cash used by by operating activities	<u>(313,940)</u>	<u>(190,766)</u>
Cash flows from investing activities:		
Purchase of property and equipment	<u>-</u>	<u>(4,800)</u>
Cash flows form financing activities		
Proceeds from investments	289,907	-
Payments of notes payable	<u>(11,340)</u>	<u>(12,822)</u>
Net cash provided (used) by investing activities	<u>278,567</u>	<u>(205,176)</u>
Net change in cash	<b>(35,373)</b>	<b>(208,388)</b>
Cash, beginning of year	<u>176,821</u>	<u>385,209</u>
Cash, end of year	<u><b>\$ 141,448</b></u>	<u><b>\$ 176,821</b></u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u><b>\$ 15,147</b></u>	<u><b>\$ 15,954</b></u>

See accompanying notes.



## **Notes to Financial Statements**

### **1. Organization and Nature of Activities**

Mercy Medical Angels (“the Organization”) is an independent not-for-profit 501(c)(3) organization incorporated in 1984 in the Commonwealth of Virginia. The Organization provides a wide range of services related to the field of charitable medical transportation in the United States. For maximum efficiency and to eliminate duplication of costs or services, the Organization provides services for program operations, administrative services, fundraising support, at no cost to the affiliated not-for-profit 501(c)(3) organizations that provide services similar to that of the Organization in accordance with an annual board-level management agreement. These affiliated organizations provide grants to the Organization for program operations only.

The major programs of the Organization are as follows:

**Airline Patient Travel Program** – When patient travel exceeds 750 miles or there are reasons a patient cannot fly on light aircraft, the Organization coordinates travel with a major airline. The Organization has partnerships with most of the major airlines in the United States.

**Volunteer Pilot Patient Travel Program** – Volunteer pilots provide flights for ambulatory outpatients traveling less than 750 miles departing from District of Columbia, Delaware, Kentucky, Maryland, Michigan, North Carolina, Ohio, Pennsylvania, Virginia, Tennessee and West Virginia.

**Ground Patient Travel Program** – This program provides non-emergency, long distance ground transportation to financially stressed ambulatory patients who are traveling for treatment. A typical trip does not exceed 300 miles (one way).

**Public Education Program** – The Organization operates a nationwide community outreach and education program with specific emphasis on educating the medical and public health sectors about the operations of charitable long distance patient transport via different modes of transportation.

### **2. Summary of Significant Accounting Policies**

#### ***Comparative information***

The financial statements include certain prior year summarized comparative information in total but not by net asset 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 financial statements for 2017, from which the summarized information was derived.

#### ***Basis of accounting***

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. In accordance with this method of accounting, revenue is recognized in the period in which it is earned and expenses are recognized in the period in which they are incurred.

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.

## **Mercy Medical Angels Notes to Financial Statements**

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The classes of net assets are described as follows:

**Unrestricted amounts** are those currently available at the discretion of the Organization's Board of Directors for use in the Organization's operations.

**Temporarily restricted amounts** are limited by donor imposed time restrictions or purpose restrictions. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Temporarily restricted contributions are reported as unrestricted support if the restrictions are met in the same reporting period.

**Permanently restricted amounts** are restricted to investments in perpetuity, the income from which is expendable in accordance with the conditions of each specific donation. The Organization has no permanently restricted net assets.

### ***Public support and revenue***

Contributions are generally available for unrestricted use unless specifically restricted by the donor. Grants and other contributions of cash and other assets are reported as temporarily 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 to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The services are recorded at their fair values in the period received.

### ***Cash and cash equivalents***

The Organization considers all highly liquid investments available for current use with an original maturity of three months or less to be cash and cash equivalents.

### ***Grants receivable and promises to give***

Grants receivable and promises to give are stated at the amount management expects to collect from balances outstanding at year-end. Grants receivable represent amounts due from various affiliated partner charities and other grantors. Promises to give represent amounts due from the Combined Federal Campaign (CFC). Based on management's assessment of the collection history with the CFC, management provides for probable uncollectible accounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after the end of the CFC annual campaign are written off through a charge to the valuation allowance and a credit to promises to give. For the years ended June 30, 2018 and 2017, management has established an allowance for uncollectible accounts of \$224,142 and \$13,835, respectively. See Note 4 for more information.

### ***Concentration of credit risk***

Financial instruments that potentially subject the Organization to concentration of credit risk consist of interest-bearing transaction accounts, promises to give, and grants receivable. The Organization places its interest-bearing transaction accounts with high credit quality financial institutions. On June 30, 2018 and 2017, the Organization did not have any amounts on deposit in excess of the amount insured by the Federal Deposit Insurance Corporation (FDIC). Credit risks related to grants receivable, promises to give and grant revenue are concentrated as most of the grants receivable are due from affiliated organizations.

**Mercy Medical Angels**  
**Notes to Financial Statements**

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***Property and equipment***

Purchased property and equipment are recorded at cost. Donated property and equipment are recorded at their fair market value on the date of the gift. Maintenance and repairs that do not improve or extend the lives of property and equipment are charged to expense as incurred. When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and any gain or loss is reported in the statement of activities. The Organization's policy is to capitalize property and equipment purchased with a cost of \$1,000 or greater. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets, which ranges from five to twelve years for all except buildings and building improvements. The building and building improvements are amortized over thirty years.

***Contributed services***

The Organization receives significant contributions of transportation services from various airlines and subsidized airline ticket programs from foundations working with the Organization to provide patient and patient caregiver airline tickets. Contributed transportation services are recorded as the difference between what the client had to pay (sometimes zero) and the actual retail airline costs per quotes from the appropriate airline websites. The Organization also receives donated pilot services, professional program management services and IT systems development and operations services. All service costs are valued on going commercial rates.

***Income taxes***

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and the statutes of the Commonwealth of Virginia; accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes.

***Advertising costs***

The Organization expenses advertising costs as they are incurred. Advertising expense was \$10,923 and \$23,820 for 2018 and 2017, respectively.

***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.

***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 certain reported amounts and disclosures. Accordingly actual results could differ from those estimates.

***Subsequent Events***

Management evaluated events and transactions that occurred after the statement of financial position date for potential recognition and disclosure through October 9, 2018, the date on which the financial statements were available to be issued.

**Mercy Medical Angels**  
**Notes to Financial Statements**

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**3. Grants Receivable**

The organization provides management and program services to various affiliated partner charity organizations. The following operational grants were pledged from these organizations to help defray the Organization's cost for these services:

	<u>2018</u>	<u>2017</u>
Affiliated organizations:		
Affiliated organization bank balance	\$ 12,128	\$ -
Angel Wings for Veterans	-	117,366
Angel Airlift Mid Atlantic	-	12,000
Angel Flight of Maryland	-	10,136
Children's Angel Airlines	-	1,000
Angel Airlines for PTSD Recovery	-	1,500
Angel Flight Virginia	-	7,140
Angel Wheels	-	22,500
Air Charity Network	-	4,000
Adaptive Sports Access for Wounded Warriors	-	1,000
Angel Airlines for Veterans	-	10,000
Angel Airlift Mid-Atlantic	-	10,000
Angel Airlines Samaritans	-	1,000
Angel Airlines for Life	-	1,000
Other	-	1,431
Angel Airlines for Cancer Patients	-	500
Total affiliated organizations	<u>12,128</u>	<u>200,573</u>
Other grants receivable consist of the following:		
E.C. Wareheim Foundation	-	20,000
B of A Morgan Foundation	<u>21,500</u>	-
Total grants receivable	<u>\$ 33,628</u>	<u>\$ 220,573</u>

During 2018 the Organization underwent a full restructure which resulted in dissolving all affiliated partner charity organizations. To increase efficiency, the key programs run by the dissolved affiliated partner charity organizations will now be run by the Organization as programs starting in fiscal year 2019.

**4. Promises to Give**

Promises to give are as follows:

	<u>2018</u>	<u>2017</u>
CFC due in less than one year	\$ 387,329	\$ 21,170
Allowance for promises to give	<u>(224,142)</u>	<u>(13,835)</u>
	<u>\$ 163,187</u>	<u>\$ 7,335</u>

In order to be conservative, the Organization increased the allowance for promises to give to include all future projected promises to give for affiliated partner charity organizations for the 2018 CFC campaign.

**Mercy Medical Angels**  
**Notes to Financial Statements**

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**5. Conditional Promises to Give**

During 2017, the Organization received a restricted grant totaling \$45,000 that contained donor conditions. Since this grant represented a conditional promise to give, it was not recorded as contribution revenue until donor conditions were met. During 2017, partial conditions were met and the donor sent \$22,500 of the grant, which was recorded as contribution revenue in 2017. In 2018, the final conditions were met and the remaining \$22,500 was recognized as contribution revenue.

The organization received conditional grant agreements with airlines to be used for transportation purposes as follows during 2018:

Southwest Airlines: Donated 800 e-Passes with a value of \$200 per e-Pass. All e-Passes must be used by December 31, 2018. As of June 30, 2018 the Organization had used 515 e-Passes.

American Airlines: Donated 40,000,000 AAdvantage® miles. All miles must be used by December 31, 2018. As of June 30, 2018 the Organization had used 28,664,500 miles, leaving 11,335,500 remaining. The value of the remaining miles cannot be determined, as the value is based on the cost of flights at the time of booking the flight.

**6. Property and Equipment**

Major classes of property and equipment consist of the following:

	<u>2018</u>	<u>2017</u>
Land	\$ 391,500	\$ 391,500
Buildings and improvements	521,738	521,738
Furniture and equipment	34,050	34,050
Information system	<u>1,188,496</u>	<u>1,188,496</u>
	<u>2,135,784</u>	<u>2,135,784</u>
Accumulated depreciation	<u>(1,330,182)</u>	<u>(1,136,642)</u>
Property and equipment, net	<u>\$ 805,602</u>	<u>\$ 999,142</u>

**7. Notes Payable**

The Organization secured a note payable in the amount of \$375,000 through Towne Bank, bearing an interest rate of 4.42% and is collateralized by real property. The note is payable in consecutive monthly payments of \$2,207. Interest paid on this note was \$15,147 and \$15,954 for the years ended June 30, 2018 and 2017 respectively. The balance at June 30, 2018 and 2017 was \$286,467 and \$297,807, respectively.

**Mercy Medical Angels**  
**Notes to Financial Statements**

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Loan maturities for each five years and thereafter are as follows:

<u>Years Ending June 30,</u>	
2019	\$ 13,192
2020	13,831
2021	14,503
2022	15,208
2023	15,945
Thereafter	<u>213,788</u>
	<u>\$ 286,467</u>

**8. Temporarily Restricted Net Assets**

Temporarily restricted net assets of the Organization consisted of the following as of June 30:

	<u>2018</u>	<u>2017</u>
Grants receivable from affiliated organizations for fiscal year (time restriction)	\$ -	\$ 200,573
Grants receivable from non-affiliated organizations for fiscal year (time restriction)	<b>21,500</b>	20,000
Promises to give, net (time restriction)	<b>163,187</b>	7,335
Website hosting and maintenance	-	15,000
Program services	<u>103,822</u>	<u>25,472</u>
	<u>\$ 288,509</u>	<u>\$ 268,380</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

	<u>2018</u>	<u>2017</u>
Grants receivable from affiliated organizations for fiscal year (time restriction)	\$ 200,573	\$ 266,966
Grants receivable from non-affiliated organizations for fiscal year (time restriction)	<b>20,000</b>	-
Promises to give, net (time restriction)	<b>7,335</b>	-
Website hosting and maintenance	<b>15,000</b>	7,500
Program services	<u>25,472</u>	<u>37,028</u>
	<u>\$ 268,380</u>	<u>\$ 311,494</u>

**Mercy Medical Angels**  
**Notes to Financial Statements**

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**9. Donated Services**

During the years ended June 30, 2018 and 2017 the following types of professionals donated their services:

	<u>2018</u>	<u>2017</u>
Flights and donated airfare inventory	\$ 3,042,481	\$ 3,819,445
Professional services	59,316	12,000
General	<u>13,717</u>	<u>-</u>
Total donated services	<u>\$ 3,115,514</u>	<u>\$ 3,831,445</u>

**10. Related Parties**

For maximum efficiency and to eliminate duplication of costs or services, the Organization provides services for program operations of affiliated partner charities. The Organization provides administrative and fundraising support at no cost to the affiliated not-for-profit 501(c)(3) organizations that provide services similar to that of the Organization in accordance with an annual board-level management agreement. These affiliated organizations provide grants to the Organization for program operations only. For the years ended June 30, 2018 and 2017, the amounts totaled \$335,490 and \$446,056, respectively. As of June 30, 2018, all affiliated partner charities have been dissolved, in an effort to restructure the Organization to be more efficient.

During 2018 the Organization contracted with a company that is owned by a member of the board of directors for website design and marketing campaign services. Fees in the amount of \$168,944 were paid to this company for their services during 2018 and are included in internet expense, promotional materials, consulting, and postage and delivery expenses on the statement of functional expenses.

**11. Lease Commitments**

The Organization has various leases for office equipment including a copier and postage machine under non-cancelable agreements.

The total minimum required commitment at June 30, 2018 is as follows:

<u>Years Ending</u> <u>June 30,</u>	
2019	\$ 21,756
2020	21,756
2021	7,311
2022	4,422
2023	<u>4,316</u>
	<u>\$ 59,561</u>

**12. Other Commitments**

The Organization entered into various memorandums of understanding (MOU) with other various companies to provide transportation in exchange for a fee of \$125 per passenger processed. All of the MOU's expire on December 31, 2018 but will auto renew unless terminated by either party. These fees are included as donations and grants in the statement of activities.