

**GREATER LOUISVILLE MEDICAL
SOCIETY FOUNDATION, INC.**

**Financial Statements and Supplementary
Information**

*Years Ended March 31, 2019 and 2018
with Report of Independent Auditors*

CONTENTS

	<u>Pages</u>
Report of Independent Auditors.....	1 - 2
Financial Statements:	
Statements of Financial Position.....	3
Statements of Activities.....	4 - 5
Statements of Functional Expenses.....	6 - 7
Statements of Cash Flows.....	8
Notes to the Financial Statements.....	9 - 18
Supplementary Information:	
Schedules of Contribution Revenues and Contributions and Grant Expenses.....	19

Report of Independent Auditors

Board of Governors
Greater Louisville Medical Society Foundation, Inc.
Louisville, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of Greater Louisville Medical Society Foundation, Inc. (the Foundation) which comprise the statement of financial position as of March 31, 2019, the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements (collectively, the financial statement).

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of March 31, 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as of and for the year ended March 31, 2019, as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information for the year ended March 31, 2019, has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information for the year ended March 31, 2019, is fairly stated in all material respects in relation to the financial statements as a whole. The supplementary information for the year ended March 31, 2018, was audited by other auditors whose report dated July 31, 2018, expressed an unmodified opinion on such information in relation to the financial statements as a whole.

2018 Financial Statements

The financial statements of the Foundation, as of and for the year ended March 31, 2018, were audited by other auditors, whose report, dated July 31, 2018, expressed an unmodified opinion on those statements.

Dean Dotson Allen Ford, PLLC

Louisville, Kentucky
August 29, 2019

GREATER LOUISVILLE MEDICAL SOCIETY FOUNDATION, INC.

Statements of Financial Position

March 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash and cash equivalents	\$ 87,163	\$ 143,617
Investments	6,712,844	6,630,745
Pledges receivable	-	4,900
Accounts and other receivables	700	1,500
Prepaid expenses and other assets	2,925	5,388
Property and equipment, net	<u>34,389</u>	<u>39,223</u>
 Total assets	 <u>\$ 6,838,021</u>	 <u>\$ 6,825,373</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable, related parties	\$ 11,126	\$ 8,311
Accounts payable and accrued expenses	11,238	14,815
Unearned revenue	<u>3,000</u>	<u>15,500</u>
 Total liabilities	 25,364	 38,626
Net assets:		
Without donor restrictions:		
Undesignated	6,796,487	6,720,706
Board designated	<u>8,216</u>	<u>14,213</u>
Total without donor restrictions	6,804,703	6,734,919
 With donor restrictions - purpose restrictions	 <u>7,954</u>	 <u>51,828</u>
 Total net assets	 <u>6,812,657</u>	 <u>6,786,747</u>
 Total liabilities and net assets	 <u>\$ 6,838,021</u>	 <u>\$ 6,825,373</u>

See accompanying notes.

GREATER LOUISVILLE MEDICAL SOCIETY FOUNDATION, INC.

Statement of Activities

Year ended March 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, support, and gains:			
Contributions	\$ 77,017	\$ 72,005	\$ 149,022
Interest and dividend income	179,759	-	179,759
Realized investment gains, net	61,041	-	61,041
Unrealized investment gains, net	64,316	-	64,316
Net assets released from restrictions	115,879	(115,879)	-
Total revenue, support, and gains	498,012	(43,874)	454,138
Expenses:			
Program services	95,321	-	95,321
General and administrative	110,116	-	110,116
Fundraising and development	222,791	-	222,791
Total expenses	428,228	-	428,228
Increase (decrease) in net assets	69,784	(43,874)	25,910
Net assets, beginning of year	6,734,919	51,828	6,786,747
Net assets, end of year	\$ 6,804,703	\$ 7,954	\$ 6,812,657

See accompanying notes.

GREATER LOUISVILLE MEDICAL SOCIETY FOUNDATION, INC.

Statement of Activities

Year ended March 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, support and gains:			
Contributions	\$ 30,285	\$ 75,703	\$ 105,988
Interest and dividend income	137,739	-	137,739
Realized investment gains, net	279,303	-	279,303
Unrealized investment gains, net	139,006	-	139,006
Net assets released from restrictions	111,100	(111,100)	-
Total revenue, support, and gains	697,433	(35,397)	662,036
Expenses:			
Program services	79,412	-	79,412
General and administrative	102,718	-	102,718
Fundraising and development	122,178	-	122,178
Total expenses	304,308	-	304,308
Increase (decrease) in net assets	393,125	(35,397)	357,728
Net assets, beginning of year	6,341,794	87,225	6,429,019
Net assets, end of year	\$ 6,734,919	\$ 51,828	\$ 6,786,747

See accompanying notes.

GREATER LOUISVILLE MEDICAL SOCIETY FOUNDATION, INC.

Statement of Functional Expenses

Year ended March 31, 2019

	Program Services	General and Administrative	Fundraising and Development	Total
Bad debt expense	-	4,400	-	4,400
Bank fees	-	651	2,192	2,843
Computer	-	6,440	-	6,440
Depreciation	-	4,834	-	4,834
Development and promotions	-	244	17,853	18,097
Gala event	-	-	45,459	45,459
General insurance	-	5,213	-	5,213
Golf scramble	-	-	31,445	31,445
Grants	61,687	-	-	61,687
Health insurance	362	3,111	10,999	14,472
Office supplies	-	1,534	-	1,534
Other	-	1,846	-	1,846
Parking	47	400	1,415	1,862
Payroll taxes	194	1,672	5,907	7,773
Pension	43	372	1,314	1,729
Professional fees	-	10,500	-	10,500
Related party administration expense	-	43,200	10,800	54,000
Rent	595	5,117	18,090	23,802
Salaries	2,393	20,582	72,755	95,730
Sales tax	-	-	4,562	4,562
Scholarships	30,000	-	-	30,000
Total expenses by function	<u>\$ 95,321</u>	<u>\$ 110,116</u>	<u>\$ 222,791</u>	<u>\$ 428,228</u>

See accompanying notes.

GREATER LOUISVILLE MEDICAL SOCIETY FOUNDATION, INC.

Statement of Functional Expenses

Year ended March 31, 2018

	Program services	General and Administrative	Fundraising and Development	Total
Bad debt expense	\$ -	\$ 500	\$ -	\$ 500
Bank fees	-	327	-	327
Computer	-	5,990	-	5,990
Contract labor	-	2,800	-	2,800
Depreciation	-	7,069	-	7,069
Development and promotions	-	546	9,196	9,742
General insurance	-	5,593	-	5,593
Golf scramble	-	-	25,210	25,210
Grants	41,880	-	-	41,880
Health insurance	222	1,911	6,755	8,888
Office supplies	-	2,760	-	2,760
Other	-	3,308	-	3,308
Parking	47	411	1,452	1,910
Payroll taxes	152	1,304	4,611	6,067
Pension	18	155	549	722
Professional fees	-	8,850	-	8,850
Related party administration expense	-	43,200	10,800	54,000
Rent	594	5,106	18,048	23,748
Salary	1,499	12,888	45,557	59,944
Scholarships	<u>35,000</u>	<u>-</u>	<u>-</u>	<u>35,000</u>
 Total expenses by function	 <u>\$ 79,412</u>	 <u>\$ 102,718</u>	 <u>\$ 122,178</u>	 <u>\$ 304,308</u>

See accompanying notes.

GREATER LOUISVILLE MEDICAL SOCIETY FOUNDATION, INC.

Statements of Cash Flows

Years ended March 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ 25,910	\$ 357,728
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	4,834	7,069
Net realized gains on investments	(61,041)	(279,303)
Net unrealized gain on investment	(64,316)	(139,006)
Increase (decrease) in cash due to changes in:		
Pledge receivables	4,900	6,950
Accounts and other receivables	800	(1,500)
Prepaid expenses and other assets	2,463	425
Accounts payable, related party	2,815	(1,083)
Accounts payable and accrued expenses	(3,577)	(8,133)
Unearned revenue	<u>(12,500)</u>	<u>15,500</u>
Net cash used in by operating activities	<u>(99,712)</u>	<u>(41,353)</u>
Cash flows from investing activities:		
Proceeds from sale of investments	2,321,131	1,385,653
Purchase of investments	<u>(2,277,873)</u>	<u>(4,768,056)</u>
Net cash provided by (used in) investing activities	<u>43,258</u>	<u>(3,382,403)</u>
Decrease in cash and cash equivalents	(56,454)	(3,423,756)
Cash and cash equivalents, beginning of year	<u>143,617</u>	<u>3,567,373</u>
Cash and cash equivalents, end of year	<u>\$ 87,163</u>	<u>\$ 143,617</u>

See accompanying notes.

GREATER LOUISVILLE MEDICAL SOCIETY FOUNDATION, INC.

Notes to the Financial Statements

1. Description of the Organization

Greater Louisville Medical Society Foundation, Inc. (the Foundation) is an association consisting of active and non-active members of the Greater Louisville Medical Society (the Society) who express an interest in the Foundation and make a financial contribution. The bylaws also provide for honorary membership. As of March 31, 2019 and 2018, there were 326 and 279 honorary donors, respectively.

The mission of the Foundation is to promote the betterment of public health and increase awareness of preventive health care practices, as well as to support projects of the Society. This is achieved through fund raising and prudent management of the Foundation that generate revenues to support the Foundation's causes.

2. Summary of Significant Accounting Policies

The financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP), which requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

The following is a summary of the significant accounting policies consistently followed by the Foundation in the preparation of its financial statements.

Basis of Presentation

For the year ended December 31, 2018, Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, became effective and was adopted by the Foundation. This standard changed the presentation and disclosure requirements for not-for-profit entities to provide more relevant information about their resources (and the changes in those resources) including qualitative and quantitative requirements in the following areas: 1) net asset classes; 2) investment return; 3) expenses; 4) liquidity and availability of resources; and 5) presentation of operating cash flows. The 2018 financial statements have been reformatted and various amounts have been reclassified to conform to the 2019 presentation with no impact on total assets, liabilities, net assets or changes in net assets.

Under GAAP, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions include the portion of expendable funds that are not subject to donor-imposed stipulations and include the following:

Undesignated: Net assets without donor restrictions available in operation of the Foundation.

GREATER LOUISVILLE MEDICAL SOCIETY FOUNDATION, INC.

Notes to the Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Board designated: Net assets whose use by the Foundation has been limited by the Board of Governors to a specific purpose. The Board of Governors could release or revise the designation in the future.

Net Assets With Donor Restrictions include net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions can be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. The Foundation treats donor-restricted contributions whose restrictions are met in the same reporting period as unrestricted support.

Cash and Cash Equivalents

Cash and cash equivalents include certain investments in highly liquid debt instruments with original maturities of three months or less that are not designated for a specific purpose. The Foundation has a concentration of credit risk in that it periodically maintains cash deposits in financial institutions in excess of federally insured limits. Management considers it very unlikely that any loss will result from the cash balance in excess of federal insurance limits.

Investment Valuation and Income Recognition

Investments are carried at fair value, generally determined by quoted market prices. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Net realized and unrealized gains and losses are reflected in the statements of activities.

The Foundation invests in cash equivalent funds, publicly-traded common stocks, fixed-income securities and mutual funds. These investments are subject to the risks common to financial markets, including interest rate risks, credit risks, and overall market risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Gain (loss) on investments includes the Foundation's gains and losses on investments bought and sold as well as held during the year.

GREATER LOUISVILLE MEDICAL SOCIETY FOUNDATION, INC.

Notes to the Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Pledges, Accounts and Other Receivables

Receivables consists primarily of donations. Delinquent receivables are written off based on individual and specific circumstances of the donor. No provision for doubtful accounts has been made at March 31, 2019 and 2018, as management considers all amounts to be fully collectible.

Property and Equipment

Property and equipment in excess of \$1,000 are stated at cost, or if donated, at the approximate fair value at the date of the donation. Depreciation is computed using the straight-line method over the estimated useful lives as follows:

Furniture and equipment	3 to 5 years
Donated art	40 years

Repairs and maintenance that do not improve or extend the useful lives of the respective assets are expensed as incurred.

Revenue Recognition

Revenue is recognized in the period that services are provided to the member or as otherwise earned.

Unearned Revenue

Unearned revenue represents fees and income, primarily sponsorship for the golf scramble, received but not yet earned.

Grants and Scholarships

Grants and scholarships are recorded as expenses when they are approved by the Board of Governors for payment. Amounts not paid as of year-end are included in the financial statements as accounts payable and accrued expenses and are expected to be paid within 12 months.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses based on estimated time spent on that function. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on estimate of time and effort.

GREATER LOUISVILLE MEDICAL SOCIETY FOUNDATION, INC.

Notes to the Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Income Taxes

The Foundation is a non-profit entity exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). Although the Foundation is exempt from income taxes, any income generated from activities unrelated to its exempt purpose is subject to tax under IRC Section 511. There was no unrelated business income for the years ended March 31, 2019 and 2018. Accordingly, the financial statements include no provision for income taxes.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported total net assets.

Subsequent Events

Management has evaluated subsequent events for accounting and disclosure requirements through August 29, 2019, the date that the financial statements were available to be issued.

New Accounting Pronouncements Not Yet Effective

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The standard will replace most existing revenue recognition guidance in GAAP when it becomes effective and permits the use of either a full retrospective or modified retrospective transition method. In August 2015, the FASB issued ASU 2015-14, which deferred the effective date by one year. The updated standard becomes effective for the Foundation for the year ending March 31, 2020. The Foundation has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on the financial statements.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. This standard should assist entities in 1) evaluating whether transactions should be accounted for as contributions (non-reciprocal transactions) within the scope of Topic 958, or as exchange (reciprocal) transactions subject to other guidance, and 2) determining whether a contribution is conditional. This standard will be effective for the year ending March 31, 2020. The Foundation is currently evaluating the effect that the updated standard will have on the financial statements.

GREATER LOUISVILLE MEDICAL SOCIETY FOUNDATION, INC.

Notes to the Financial Statements, continued

3. Liquidity and Availability

The Foundation receives contributions with donor restrictions to be used in accordance with the associated purpose restrictions. In addition, the Foundation receives support without donor restrictions; such support has historically represented approximately 6-10% of annual program funding needs, with the remainder funded by investment income without donor restrictions and appropriated earnings from gifts with donor restrictions.

The Foundation manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that long term grant commitments and obligations under endowments with donor restrictions and quasi-endowments that support mission fulfillment will continue to be met, ensuring the sustainability of the Foundation.

The Foundation's Grant Committee (the Committee) meets six times a year (every other month) to review and approve grant requests. Due to this timing, the Foundation strives to maintain financial assets available to meet general expenditures at a level that represents 100% of annual expenses for administrative, general, and fundraising expenses plus grants approved by the Committee.

The following table reflects the Foundation's financial assets available as of March 31, 2019 to meet general expenditures within one year of the financial statements date, reduced by amounts that are not available because of Board or donor designations. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the financial statement date, comprise the following:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 87,163	\$ 143,617
Investments	6,712,844	6,630,745
Pledges, accounts and other receivables	<u>700</u>	<u>6,400</u>
Financial assets	6,800,707	6,780,762
Less: Board designated funds	(8,216)	(14,213)
Less: net assets with donor restrictions	<u>(7,954)</u>	<u>(51,828)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,784,537</u>	<u>\$ 6,714,721</u>

GREATER LOUISVILLE MEDICAL SOCIETY FOUNDATION, INC.

Notes to the Financial Statements, continued

4. Fair Value Measurement

The Foundation classifies its investments measured at fair value based on a hierarchy consisting of: Level 1 (valued using quoted prices from active markets for identical assets), Level 2 (not traded on an active market but for which observable market inputs are readily available), and Level 3 (valued based on significant unobservable inputs). The asset's 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 maximize the use of observable inputs and minimize the use of unobservable inputs.

The following methods and assumptions were used by the Foundation in estimating the fair value of its investments. There were no changes in the methodologies used to measure fair value during the years ended March 31, 2019 and 2018.

Money market funds: Valued at the closing price reported on the active market on which the individual securities are traded.

Corporate stocks: Valued at unadjusted quoted prices for identical assets in active markets.

Corporate bonds and government securities: Valued at unadjusted quoted prices for similar assets in active markets or valued at unadjusted quoted prices for identical assets in inactive markets.

Mutual funds: Valued at net asset value (NAV) of shares held by the Foundation at year end. The NAV is based on the value of the underlying investment assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The NAV is a quoted price in an active market.

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

The following tables set forth by level, within the fair value hierarchy, the Foundation's investments at fair value:

GREATER LOUISVILLE MEDICAL SOCIETY FOUNDATION, INC.

Notes to the Financial Statements, continued

4. Fair Value Measurement, continued

<u>March 31, 2019</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market funds	\$ 201,488	\$ 201,488	\$ -	\$ -
Corporate bonds:				
A+ to A-	271,713	-	271,713	-
AA+ to AA-	149,104	-	149,104	-
AAA	24,403	-	24,403	-
BBB+	<u>95,019</u>	<u>-</u>	<u>95,019</u>	<u>-</u>
Total corporate bonds	540,239	-	540,239	-
Mutual funds:				
Fixed income	1,265,563	1,265,563	-	-
Equity	1,932,153	1,932,153	-	-
International	549,175	549,175	-	-
Other	<u>96,616</u>	<u>96,616</u>	<u>-</u>	<u>-</u>
Total mutual funds	3,843,507	3,843,507	-	-
Government securities				
A+	40,233	40,233	-	-
AA+ to AA-	170,976	170,976	-	-
AAA	<u>40,904</u>	<u>40,904</u>	<u>-</u>	<u>-</u>
Total government securities	252,113	252,113	-	-
Corporate stocks:				
Healthcare	298,374	298,374	-	-
Financial	192,894	192,894	-	-
Technology	405,045	405,045	-	-
Utilities	118,520	118,520	-	-
Consumer discretionary	219,451	219,451	-	-
Consumer goods	61,218	61,218	-	-
Industrial goods	298,397	298,397	-	-
Materials	56,537	56,537	-	-
Energy	173,188	173,188	-	-
Telecommunications	38,079	38,079	-	-
Real estate	<u>13,794</u>	<u>13,794</u>	<u>-</u>	<u>-</u>
Total corporate stock	<u>1,875,497</u>	<u>1,875,497</u>	<u>-</u>	<u>-</u>
Total investments at fair value	<u>\$ 6,712,844</u>	<u>\$ 6,172,605</u>	<u>\$ 540,239</u>	<u>\$ -</u>

GREATER LOUISVILLE MEDICAL SOCIETY FOUNDATION, INC.

Notes to the Financial Statements, continued

4. Fair Value Measurement, continued

<u>March 31, 2018</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market funds	\$ 133,551	\$ 133,551	\$ -	\$ -
Corporate bonds:				
A+ to A-	246,671	-	246,671	-
AA+ to AA-	<u>457,927</u>	<u>-</u>	<u>457,927</u>	<u>-</u>
Total corporate bonds	704,598	-	704,598	-
Mutual funds:				
Fixed income	1,123,439	1,123,439	-	-
Equity	1,898,238	1,898,238	-	-
International	599,407	599,407	-	-
Other	<u>51,475</u>	<u>51,475</u>	<u>-</u>	<u>-</u>
Total mutual funds	3,672,559	3,672,559	-	-
Corporate stocks:				
Healthcare	143,608	143,608	-	-
Financial	459,595	459,595	-	-
Technology	368,649	368,649	-	-
Biotechnology	87,579	87,579	-	-
Diversified business services	46,050	46,050	-	-
Consumer goods	309,646	309,646	-	-
Industrial goods	220,215	220,215	-	-
Materials	18,179	18,179	-	-
Energy	281,025	281,025	-	-
Telecommunications	102,103	102,103	-	-
Transportation	39,247	39,247	-	-
Real estate	<u>44,141</u>	<u>44,141</u>	<u>-</u>	<u>-</u>
Total corporate stock	<u>2,120,037</u>	<u>2,120,037</u>	<u>-</u>	<u>-</u>
Total investments at fair value	<u>\$ 6,630,745</u>	<u>\$ 5,926,147</u>	<u>\$ 704,598</u>	<u>\$ -</u>

GREATER LOUISVILLE MEDICAL SOCIETY FOUNDATION, INC.

Notes to the Financial Statements, continued

5. Property and Equipment

Property and equipment consists of the following at March 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Furniture and equipment	\$ 55,521	\$ 55,521
Donated art	<u>54,893</u>	<u>54,893</u>
	110,414	110,414
Less accumulated depreciation	<u>(76,025)</u>	<u>(71,191)</u>
Property and equipment, net	<u>\$ 34,389</u>	<u>\$ 39,223</u>

6. Net Assets with Donor Restrictions

As of March 31, 2019 and 2018, net assets with donor restrictions were for medical missions and medical scholarships and totaled \$7,954 and \$51,828, respectively.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended March 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Satisfaction of purpose restrictions:		
Annual event	\$ 70,880	\$ 52,713
Medical missions	558	6,523
Medical scholarships	<u>44,441</u>	<u>51,864</u>
	<u>\$ 115,879</u>	<u>\$ 111,100</u>

7. Contributions Payable

In October 2014, the Foundation pledged \$25,000 to The Healing Place in connection with that entity's capital campaign with funds to be contributed in \$5,000 increments over a five year period. The initial contribution of \$25,000 was expensed when made in the year ended March 31, 2015. As of March 31, 2019 and 2018, the remaining payable balance was \$0 and \$5,000, respectively.

8. Related Party Transactions

The Foundation is associated with the Society and the Medical Society Professional Services, Inc. (MSPS), by common membership. The Foundation paid a fixed fee of \$54,000 in both 2019 and 2018 to the Society for services of certain employees. At March 31, 2019 and 2018, \$11,126 and \$8,311, respectively, was due to the Society for other shared services and expenses.

GREATER LOUISVILLE MEDICAL SOCIETY FOUNDATION, INC.

Notes to the Financial Statements, continued

9. Employee Benefits

The Foundation has elected to participate in MSPS's 401(k) plan, which allows an associated organization's employees to be covered by the same plan. MSPS is a wholly-owned subsidiary of the Society. The plan covers all employees meeting certain requirements. The Foundation contributes an amount equal to a percentage (presently 5%) of the employees' earnings within certain established limits. The percentage of contribution can be changed at the discretion of the Board of Governors of the Society by amending the plan. Employees may make voluntary 401(k) plan contributions, subject to Internal Revenue Service regulations. The Foundation's contributions to the plan for years ended March 31, 2019 and 2018 were \$1,729 and \$723, respectively.

SUPPLEMENTARY INFORMATION

GREATER LOUISVILLE MEDICAL SOCIETY FOUNDATION, INC.

Schedules of Contribution Revenues and Contributions and Grant Expenses

Years ended March 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Contribution revenues:		
Annual event contributions	\$ 70,880	\$ 61,029
Membership contributions	18,500	27,926
Medical missions contributions	558	6,523
Medical scholarships	567	8,150
Community outreach	5,861	2,360
Gala event contributions	<u>52,656</u>	<u>-</u>
Total contribution revenues	<u>\$ 149,022</u>	<u>\$ 105,988</u>
Contributions and grant expenses:		
Greater Louisville Medical Society	\$ 18,000	\$ 20,000
Society for the Prevention of Aggressiveness and Violence		
Among Adolescents	-	2,500
Medical scholarships	30,000	35,000
Supplies over seas	-	5,000
Community outreach	18,687	-
Other contributions	<u>28,634</u>	<u>16,912</u>
Total contributions and grants expenses	<u>\$ 95,321</u>	<u>\$ 79,412</u>

See report of independent auditors.