Arcus Foundation

Financial Statements

December 31, 2014 and 2013

O'CONNOR DAVIES

PKF

Independent Auditors' Report

To the Board of Directors
Arcus Foundation

We have audited the accompanying financial statements of Arcus Foundation (the "Foundation"), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities 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 misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Arcus Foundation as of December 31, 2014 and 2013, 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.

O'Connor Davies, LLP

August 26, 2015

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Arcus Foundation

Statements of Financial Position

	December 31	
	2014	2013
ASSETS		
Cash and cash equivalents	$ 13,285,860	$ 17,696,701
Accrued interest and dividends	219,584	181,676
Due from investment managers	2,144,538	1,598,808
Prepaid Federal excise tax	93,000	275,000
Property, equipment and leasehold improvements, net	1,798,465	1,665,198
Due from Arcus Operating Foundation	78,796	420,529
Investments	167,854,072	146,934,955
Program related investment	-	193,323
Other assets	545,845	506,395
	$ 186,020,160	$ 169,472,585
LIABILITIES AND NET ASSETS		
Liabilities		
Grants payable, net	$ 17,665,492	$ 22,645,051
Accounts payable and accrued expenses	846,772	721,575
Deferred Federal excise tax	1,250,000	910,000
Deferred rent	723,775	669,517
Total Liabilities	20,486,039	24,946,143
Net assets, unrestricted	165,534,121	144,526,442
	$ 186,020,160	$ 169,472,585

See notes to financial statements

Arcus Foundation

Statements of Activities

	Year Ended December 31	
	2014	2013
SUPPORT AND REVENUE		
Contributions	$ 43,332,883	$ 16,943,465
Dividends and interest	1,159,034	1,038,402
Net realized gain on investments	7,215,824	5,741,240
Other income	1,683	19,500
Total Support and Revenue	51,709,424	23,742,607
GRANTS AND OPERATING EXPENSES		
Grants awarded, net	27,993,103	30,568,197
Salaries and wages	3,732,471	3,594,770
Payroll taxes and employee benefits	1,134,595	940,735
Professional fees	1,797,796	1,863,019
Occupancy	584,066	450,607
Meetings, travel and site visits	969,045	843,252
Postage, printing and publications	355,493	454,457
Office expense	252,497	157,463
Repairs and maintenance	111,796	127,058
Insurance	84,008	84,068
Membership dues	77,823	33,556
Depreciation and amortization	399,658	371,679
Other	83,241	60,222
Total Grants and Operating Expenses	37,575,592	39,549,083
Change in Net Assets Before Other Changes	14,133,832	(15,806,476)
OTHER CHANGES		
Gain on property grant made	-	105,729
Loss on disposal of property, equipment and leasehold improvements	-	(121,589)
Unrealized gain on investments	7,395,847	13,478,639
Provision for deferred Federal excise tax	(340,000)	(285,000)
Federal excise tax, current	(182,000)	(15,000)
Change in Net Assets	21,007,679	(2,643,697)
NET ASSETS		
Beginning of year	144,526,442	147,170,139
End of year	$ 165,534,121	$ 144,526,442

See notes to financial statements

Arcus Foundation

Statements of Cash Flows

	Year Ended December 31	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 21,007,679	$ (2,643,697)
Adjustments to reconcile change in net assets to net cash from operating activities		
Bond premium amortization	(38,975)	(36,437)
Depreciation and amortization	399,658	371,679
Deferred rent amortization	54,258	64,141
Benefit for discount on grants payable	123,778	311,311
Realized gain on investments	(7,215,824)	(5,741,240)
Unrealized gain on investments	(7,395,847)	(13,478,639)
Deferred Federal excise tax provision	340,000	285,000
Donated stock received	(43,321,908)	(16,938,389)
Contributions of stock to grantees	23,346,501	20,793,127
Gifting of property, at appraised value	-	2,300,000
Gain on property grant made	-	(105,729)
Loss on disposal of property, equipment and leasehold improvements	-	121,589
Changes in operating assets and liabilities		
Accrued interest and dividends	(37,908)	178,763
Due from investment managers	(545,730)	(1,598,808)
Prepaid Federal excise tax	182,000	15,000
Due from Arcus Operating Foundation	341,733	(274,161)
Other assets	(39,450)	67,212
Grants payable	(5,103,337)	433,197
Accounts payable and accrued expenses	125,197	(173,825)
Net Cash from Operating Activities	(17,778,175)	(16,049,906)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(128,481,838)	(135,105,113)
Net proceeds from sales of investments	142,188,774	166,872,799
Repayment of program related investments	29,873	64,980
Forgiveness of program related investments	163,450	-
Purchase of property, equipment and leasehold improvements	(532,925)	(479,710)
Net Cash from Investing Activities	13,367,334	31,352,956
Net Change in Cash and Cash Equivalents	(4,410,841)	15,303,050
CASH AND CASH EQUIVALENTS		
Beginning of year	17,696,701	2,393,651
End of year	$ 13,285,860	$ 17,696,701

See notes to financial statements

1. Organization

The Arcus Foundation, (the “Foundation”) formed in 1997 as the Jon L. Stryker Foundation and renamed in 2000, is dedicated to the idea that people can live in harmony with one another and the natural world. The mission is driven by the vision of our founder and by our shared commitment to emergent global human rights and conservation movements. The Foundation has offices in Kalamazoo, Michigan, Cambridge, United Kingdom and New York City, New York.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of checking and money market accounts. The Foundation considers all highly liquid debt instruments available for current use with a maturity date of three months or less at the date of purchase to be cash equivalents.

Fair Value Measurements

The Foundation follows U.S. GAAP guidance on Fair Value Measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment’s level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Investments

Investments other than cash and cash equivalents are carried at fair value. The fair value of alternative investments has been estimated using the Net Asset Value (“NAV”) as reported by the management of the respective alternative investment fund. U.S. GAAP guidance provides for the use of NAV as a “Practical Expedient” for estimating fair value of alternative investments. NAV reported by each alternative investment fund is used as a practical expedient to estimate the fair value of the Foundation’s interest therein and their classification within Level 2 or 3 is based on the Foundation’s ability to redeem its interest in the near term.

2. Summary of Significant Accounting Policies *(continued)*

Investment Income Recognition

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized gains and losses on the sale of investments are computed on the specific identification basis. Realized and unrealized gains and losses are included in the determination of the change in net assets.

Property, Equipment and Leasehold Improvements

Property, equipment and leasehold improvements are carried at cost or appraised value at date of donation. Depreciation is computed using the straight-line method over the estimated useful life of the assets. Equipment is being depreciated over three to seven years. Furniture and fixtures are being depreciated over three to fifteen years. Leasehold improvements are recorded at cost and amortized over the terms of the office lease. The Foundation capitalizes all purchases of property and equipment greater than or equal to $1,000.

The Foundation reviews property and equipment assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If such assets are considered impaired, the impairment to be recognized is measured by the amount by which the carrying amounts of the assets exceed the fair value. No impairment loss has been recognized during the years ended December 31, 2014 and 2013.

Grants

The liability for grants and project appropriations payable is recognized when specific grants are authorized by the Board of Directors and the recipients have been notified.

Presentation of Net Assets

The Foundation 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 based on the presence or absence of donor imposed restrictions.

Contributions

Contributions are reported as an increase in unrestricted net assets unless their use is limited by donor-imposed restrictions.

Accounting for Uncertainty in Income Taxes

The Foundation recognizes the effect of tax positions when they are more likely than not to be sustained. Management is not aware of any violations of its tax status as an organization exempt from income tax, nor of any exposure to unrelated business income tax that would require disclosure and/or recognition. The Foundation is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to 2011.

2. Summary of Significant Accounting Policies *(continued)*

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is August 26, 2015.

3. Concentration of Credit Risk

The Foundation's cash, cash equivalents and investments are potentially exposed to concentrations of credit risk. The Foundation invests its cash and cash equivalents with quality financial institutions and throughout the year balances in such institutions may exceed the Federal insured limits. The Foundation invests in common stocks, fixed income securities, index funds, and limited partnerships. The Foundation routinely assesses the diversification and financial strength of its cash and investment portfolio.

4. Investments

The following are the classes and major categories of investments at December 31 grouped by the fair value hierarchy for those investments measured at fair value on a recurring basis:

	2014			
	(Level 1)	(Level 2)	(Level 3)	Total
Common Stock				
Healthcare	$ 36,706,161	$ -	$ -	$ 36,706,161
Pharmaceuticals and biotechnology	2,014,940	-	-	2,014,940
Banks	1,547,164	-	-	1,547,164
General retailers	1,149,358	-	-	1,149,358
Other common stock	12,727,666	-	-	12,727,666
Mutual funds	1,590,381	-	-	1,590,381
Government, agency notes and bonds	6,673,850	522,725	-	7,196,575
Corporate bonds	-	5,271,936	-	5,271,936
Other fixed income	-	1,707,561	-	1,707,561
Private equity	-	-	16,907,741	16,907,741
Hedge Funds				
Diversified strategy	-	23,345,732	-	23,345,732
Hedged equity	-	20,554,214	-	20,554,214
Strategic fixed income	-	17,831,725	-	17,831,725
Select equity	-	19,302,918	-	19,302,918
	$ 62,409,520	$ 88,536,811	$ 16,907,741	$ 167,854,072

4. Investments *(continued)*

	2013			
	(Level 1)	(Level 2)	(Level 3)	Total
Common Stock				
Healthcare	$ 26,185,990	$ -	$ -	$ 26,185,990
Pharmaceuticals and biotechnology	1,808,568	-	-	1,808,568
Banks	1,125,543	-	-	1,125,543
General retailers	1,021,637	-	-	1,021,637
Other common stock	9,151,758	-	-	9,151,758
Mutual funds	1,719,266	-	-	1,719,266
Government, agency notes and bonds	5,255,230	1,229,427	-	6,484,657
Corporate bonds	-	4,224,626	-	4,224,626
Other fixed income	-	2,291,671	-	2,291,671
Private equity	-	-	14,107,079	14,107,079
Hedge Funds				
Diversified strategy	-	-	26,023,699	26,023,699
Hedged equity	-	-	18,704,566	18,704,566
Strategic fixed income	-	-	17,097,404	17,097,404
Select equity	-	-	16,988,491	16,988,491
	$ 46,267,992	$ 7,745,724	$ 92,921,239	$ 146,934,955

At December 31, common stock includes shares of Stryker Corp. common stock as follows:

	2014		
	Tax Cost	Book Cost	Fair Value
389,125 Shares	$ 5,576	$ 32,376,853	$ 36,706,161

	2013		
	Tax Cost	Book Cost	Fair Value
348,496 Shares	$ 4,993	$ 22,917,603	$ 26,185,990

Tax cost represents the donor’s basis. Book cost represents the fair value of the donated stock at the time of donation.

In addition to the shares of Stryker stock, the Foundation is also invested in several hedge fund-of-fund structures and a private equity investment. Four of the hedge funds and the private equity investment represented 14%, 12%, 11%, 11% and 10%, respectively, of the Foundation’s total investment portfolio at December 31, 2014, and four hedge funds represented 18%, 13%, 12% and 12%, respectively, at December 31, 2013.

4. Investments *(continued)*

The following is a reconciliation of the beginning and ending balances for investments measured at fair value using significant unobservable inputs (Level 3) during the year ended December 31:

	2014		
	Private Equity	Hedge Funds	Total
Beginning balance	$ 14,107,079	$ 78,814,160	$ 92,921,239
Leveling transfers out	-	(78,814,160)	(78,814,160)
Unrealized gains relating to investments still held at the reporting date included in the change in net assets	1,763,476	-	1,763,476
Redemptions and withdrawals	(2,597,833)	-	(2,597,833)
Purchases and issuances	3,635,019	-	3,635,019
Ending balance	$ 16,907,741	$ -	$ 16,907,741

	2013			
	Private Equity	Real Asset Funds	Hedge Funds	Total
Beginning balance	$ 10,841,280	$ 9,517,625	$ 77,464,200	$ 97,823,105
Total realized losses included in change in net assets	-	(210,349)	-	(210,349)
Unrealized gains (losses) relating to investments still held at the reporting date included in the change in net assets	1,682,090	(517,625)	10,349,960	11,514,425
Redemptions and withdrawals	(1,637,155)	(8,789,651)	(11,000,000)	(21,426,806)
Purchases and issuances	3,220,864	-	2,000,000	5,220,864
Ending balance	$ 14,107,079	$ -	$ 78,814,160	$ 92,921,239

During 2014, investments were transferred in/(out) of levels as follows:

	(Level 1)	(Level 2)	(Level 3)	Reason
Hedge funds	$ -	$ 78,814,160	$ (78,814,160)	1

1 - Change in liquidity terms

There were no transfers into or out of each level of the fair value hierarchy for assets measured at fair value for the year ended December 31, 2013.

4. Investments *(continued)*

Information regarding alternative investments valued using NAV as practical expedient at December 31, 2014 is as follows:

Description	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Private equity (see "a" below)	$ 16,907,741	$ 17,977,622	Locked	N/A
Hedge Funds				
Diversified strategy (see "b" below)	23,345,732	-	Quarterly	7 days
Hedged equity (see "c" below)	20,554,214	-	Quarterly	7 days
Strategic fixed income (see "d" below)	17,831,725	-	Quarterly	7 days
Select equity (see "e" below)	19,302,918	-	Quarterly	7 days
	$ 97,942,330	$ 17,977,622		

a. This is a private equity fund that invests primarily in private equity investment partnerships. The fund makes commitments to a number of investment managers who are expected to bring business operating skills, information advantages, and at times a contrarian approach to add value at the company level through private direct ownership. Investments made directly or indirectly by the fund will generally be, by nature, illiquid and not publicly traded. The fund is expected to consist of U.S. and international private equity funds covering a range of private equity strategies. These strategies may include, among other things, buyouts, venture capital, growth capital, investments in securities of distressed companies, or investments in companies operating within particular industries. The fund expects to primarily make investments in investment funds, but may also make direct and secondary investments. The fair value of this investment has been estimated using the net asset value of the Foundation's ownership interest in partners' capital. This investment can never be redeemed with the fund. Instead, the nature of the investment is that distributions are received through liquidation of the underlying assets of the fund.

b. The diversified strategy portfolio allocates capital to a number of investment managers who deploy their capital with flexibility across all the major markets of the world including public equity, fixed income, credit, foreign exchange, commodities, and may, from time to time, also make privately-negotiated equity and debt investments. The compositions of the portfolios relative to actual underlying asset classes are likely to evolve over time based on the opportunity set in the world's markets, and also vary based on the core competencies of each underlying manager's team. Preservation of capital is typically a focus and hedging techniques are usually employed. While the portfolio will be primarily composed of investments in fund investments, the portfolio's investments are also employed in the portfolio's management, including cash, publicly-traded stocks and bonds, exchange-traded funds, and exchange-traded and over-the-counter derivative contracts, or other privately-negotiated investments and secondary investments made by acquiring interests in pooled investment vehicles from shareholders who are seeking liquidity.

4. Investments *(continued)*

c. The hedged equity portfolio allocates capital to a number of investment managers who approach the world's equity markets with the intention of generating positive total returns over a market cycle, while also attempting to preserve capital during adverse market conditions. The underlying managers typically employ hedging techniques at the single stock level, at the sector level, and sometimes at the broad market level. Underlying managers bring an expertise to the investment process typically based on strong research skills and/or on quantitative and technical insights. The focus is on recognizing areas of value in the global equity markets, uncovering securities that may be mispriced, and identifying special situations where value is driven more by specific events and less by the ups and downs of general market movements.

d. The strategic fixed income portfolio allocates capital to a number of investment managers who approach the world's fixed income, foreign exchange, and credit markets with strong research skills and/or quantitative and technical insights. The focus in the fixed income and foreign exchange markets tends to center on identifying mispricings in securities and interest rate curves around the world. In the credit markets, the focus tends to be on preserving capital through buying at low valuations and also through securing protection for investors by being high in the capital structure and/or by being collateralized to physical and/or financial assets of a corporate balance sheet.

e. The select equity portfolio allocates capital to a number of investment managers who apply their unique insights and talents to the world's public equity markets. Each underlying manager will typically have an area of focus or expertise which may be sector-based, regionally-based, or style-based. The underlying managers' portfolios tend to be more highly concentrated than index-based portfolios as the underlying managers tend to hold bigger positions in a smaller number of underlying equity shares. The underlying managers' portfolios tend to be invested with a longer time horizon, typically one to three years, and with less attention to monthly and quarterly ups and downs of the market. The underlying managers' portfolios are predominantly long-biased, with little if any hedging employed.

Alternative investments consist of non-traditional, not readily marketable investments, some of which may be structured as offshore limited partnerships, venture capital funds, hedge funds, private equity funds and common trust funds. The underlying investments of such funds, whether invested in stock or other securities, are generally not currently traded in a public market and typically are subject to restrictions on resale. Values determined by investment managers and general partners of underlying securities that are thinly traded or not traded in an active market may be based on historical cost, appraisals, a review of the investees' financial results, financial condition and prospects, together with comparisons to similar companies for which quoted market prices are available or other estimates that require varying degrees of judgment.

Because of the inherent uncertainty of valuations, the estimated fair values may differ significantly from the values that would have been used had a ready market for such investments existed or had such investments been liquidated, and those differences could be material.

5. Federal Excise Tax

The Foundation is exempt from Federal income taxes under Section 501(c)(3) and 509(a) of the Internal Revenue Code and has been further classified as a "private foundation." The Foundation is subject to an excise tax on its net investment income.

Excise taxes consist of two components: current taxes based upon net investment income and deferred taxes which arise from the difference between the tax cost of the investments held at year end and their fair market value.

6. Program Related Investment (PRI)

In accordance with a loan agreement dated May 20, 2009, the Foundation loaned $350,000 to Ol Pejeta Ranching Limited. Ol Pejeta Ranching Limited used the proceeds to repay a bank loan which was used for charitable expenditures. The note had an interest rate of 4% per annum, compounded monthly, for a term of seven years.

In accordance with the amended loan agreement dated August 24, 2012, under the new terms, the note had an interest rate of 2% per annum, compounded monthly, for a term of five years and three months.

During June 2014, the Foundation decided to forgive its program related investment to Ol Pejeta Ranching Limited in the amount of $163,450.

PRIs, defined in IRC 4944(c), have a primary purpose of advancing the mission of the Foundation without a significant purpose of the production of income or the appreciation of property. PRIs are treated as charitable distributions on Internal Revenue Service form 990-PF, the tax and information return filed by private foundations for minimum-distribution requirement purposes.

7. Property, Equipment and Leasehold Improvements

As of December 31, property, equipment and leasehold improvements consisted of the following:

	2014	2013
Leasehold improvements	$ 1,449,997	$ 1,428,467
Furniture and equipment	1,991,770	1,480,375
	3,441,767	2,908,842
Less: accumulated depreciation and amortization	1,643,302	1,243,644
	$ 1,798,465	$ 1,665,198

In 2013, the Foundation made a grant of property commonly known as the Arcus Depot Building with a fair value of $2,300,000 and a net book value of $2,194,271, to Kalamazoo Community Foundation Real Estate Holdings, Inc. In addition, the Foundation disposed of equipment, furniture and fixtures with a cost basis of $373,593 and accumulated depreciation of $252,004.

8. Grants Payable

The Foundation has entered into grant commitments with certain organizations. Payments to these organizations at December 31, are to be made as follows:

	2014	2013
Less than one year	$ 14,983,123	$ 16,189,221
One to four years	2,788,940	6,686,179
	17,772,063	22,875,400
Less: present value discount	106,571	230,349
Grants payable, net	$ 17,665,492	$ 22,645,051

To reflect the time value of money, grants payable as of December 31, 2014 and 2013 were discounted to their present value using the Federal Reserve Business Lending rate of 3.85% and 3.34%.

9. Grants Awarded, net

As of December 31, grants awarded were comprised of the following:

	2014	2013
Grants awarded	$ 28,022,344	$ 30,486,365
Grants rescinded/refunded	(123,201)	(212,084)
Stock transfer adjustment	(29,818)	(17,395)
Benefit for present value discount	123,778	311,311
Grants awarded, net	$ 27,993,103	$ 30,568,197

10. Retirement Plan

The Foundation maintains a 401(k) plan, which covers all employees whose regular schedule is at least 30 hours a week, on the first day of the month following his/her start date. Eligible employees may defer a portion of their compensation, not to exceed the annual limit set by the Internal Revenue Code. The Foundation matches 100% of the first 3% and 50% of the next 2% of an employee's contribution. The Foundation's matching contributions were $122,459 and $95,575 for 2014 and 2013. The Foundation may also make discretionary contributions to all eligible employees. Discretionary contributions were $358,478 and $282,616 for 2014 and 2013. For employees hired on or after July 1, 2013, their employer contributions will vest over a three year period, in equal parts each year. Employees receive the discretionary contributions regardless of their plan participation.

11. Commitments

The Foundation has a lease agreement expiring August 25, 2025 for space at 44 West 28th, NY, NY. The Foundation's policy is to record base rent on a straight-line basis over the term of the lease. The Foundation has a letter of credit obligation of $312,768 as a guarantee for the lease agreement.

The Foundation also occupies space in the United Kingdom under a lease agreement which expires December 31, 2015, and space in Kalamazoo, Michigan under a lease agreement which expires August 31, 2015.

Future minimum obligations under these leases, exclusive of required payments for increases in real estate taxes and operating expenses, are as follows:

2015	$ 547,817
2016	504,607
2017	515,960
2018	527,570
2019	539,440
Thereafter	3,535,088
	$ 6,170,482

12. Related Party

The Foundation and the Arcus Operating Foundation ("AOF") are related organizations with directors and officers in common. There is an administrative service agreement between the two organizations where by the Foundation provides AOF with staff, space and general administration support and AOF reimburses the Foundation for such costs and services. Total reimbursements amounted to $1,178,345 and $1,016,461 for 2014 and 2013.

13. Subsequent Events

In February 2015, the Foundation received 157,480 shares of Stryker Corporation common stock with a fair value of approximately $14,988,846 at date of donation.

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