

Arcus Foundation

Financial Statements

December 31, 2018 and 2017

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, 2018 and 2017, 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, 2018 and 2017, 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.

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Change in Accounting Principle

As discussed in Note 2 to the financial statements, during the year ended December 31, 2018, Arcus Foundation adopted new accounting guidance resulting in a change in the manner in which it presents net assets and reports certain aspects of its financial statements. Our opinion is not modified with respect to this matter.

PKF O'Connor Davies, LLP

September 26, 2019

Arcus Foundation

Statements of Financial Position

	December 31	
	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 21,493,905	\$ 10,028,752
Accrued interest and dividends	290,833	267,692
Due from investment managers	991,093	2,017,373
Prepaid Federal excise tax	-	8,000
Property, equipment and leasehold improvements, net	1,031,683	1,133,440
Due from Arcus Operating Foundation	-	15,764
Investments	177,091,570	195,942,301
Other assets	<u>380,458</u>	<u>388,803</u>
	<u>\$ 201,279,542</u>	<u>\$ 209,802,125</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Grants payable, net	\$ 15,713,448	\$ 16,206,867
Accounts payable and accrued expenses	830,984	648,595
Excise tax payable	25,000	-
Deferred Federal excise tax	1,650,000	2,020,000
Deferred rent	<u>718,444</u>	<u>742,601</u>
Total Liabilities	18,937,876	19,618,063
Net assets, without donor restrictions	<u>182,341,666</u>	<u>190,184,062</u>
	<u>\$ 201,279,542</u>	<u>\$ 209,802,125</u>

See notes to financial statements

Arcus Foundation

Statements of Activities

	Year Ended	
	December 31	
	2018	2017
SUPPORT AND REVENUE		
Contributions	\$ 30,010,000	\$ 30,059,865
Investment Return		
Dividends and interest	2,170,601	1,567,941
Net realized gain on investments	8,731,413	6,588,503
Unrealized (loss) gain on investments	(10,543,403)	22,651,708
Investment expense	(365,113)	(330,116)
Investment Return	(6,502)	30,478,036
In-kind contributions	357,578	433,320
Other income	-	109
Total Support and Revenue	30,361,076	60,971,330
GRANTS AND OPERATING EXPENSES		
Grants and program	34,298,747	34,512,023
Operations and governance	4,214,929	4,420,169
Total Grants and Operating Expenses	38,513,676	38,932,192
Change in Net Assets Before Other Changes	(8,152,600)	22,039,138
OTHER CHANGES		
Benefit (provision) for deferred Federal excise tax	370,000	(530,000)
Federal excise tax, current	(59,796)	(40,000)
Change in Net Assets	(7,842,396)	21,469,138
NET ASSETS		
Beginning of year	190,184,062	168,714,924
End of year	\$ 182,341,666	\$ 190,184,062

See notes to financial statements

Arcus Foundation

Statements of Cash Flows

	Year Ended	
	December 31	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (7,842,396)	\$ 21,469,138
Adjustments to reconcile change in net assets to net cash from operating activities		
Bond premium amortization	151,031	10,572
Depreciation and amortization	323,171	350,698
Deferred rent	(24,157)	(12,548)
Discount on grants payable	(106,898)	32,684
Realized gain on investments	(8,731,413)	(6,588,503)
Unrealized loss (gain) on investments	10,543,403	(22,651,708)
Deferred Federal excise tax	(370,000)	530,000
Donated stock received	-	(15,049,665)
Contributions of stock to grantees	17,000,283	16,758,669
Changes in operating assets and liabilities		
Accrued interest and dividends	(23,141)	(26,848)
Due from investment managers	1,026,280	(471,699)
Prepaid Federal excise tax	8,000	15,000
Due from Arcus Operating Foundation	15,764	65,889
Other assets	8,345	60,870
Grants payable	(386,521)	(265,862)
Excise tax payable	25,000	-
Accounts payable and accrued expenses	182,389	(208,990)
Net Cash from Operating Activities	11,799,140	(5,982,303)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(44,706,365)	(28,849,549)
Net proceeds from sales of investments	44,593,792	34,574,618
Purchase of property, equipment and leasehold improvements	(221,414)	(226,377)
Net Cash from Investing Activities	(333,987)	5,498,692
Net Change in Cash and Cash Equivalents	11,465,153	(483,611)
CASH AND CASH EQUIVALENTS		
Beginning of year	10,028,752	10,512,363
End of year	\$ 21,493,905	\$ 10,028,752
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for Federal excise taxes	\$ 25,000	\$ -

See notes to financial statements

Arcus Foundation

Notes to Financial Statements
December 31, 2018 and 2017

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 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.

The Foundation follows U.S. GAAP guidance which removed the requirements to categorize within the fair value hierarchy alternative investments where fair value is measured using the Net Asset Value (“NAV”) per share as a practical expedient.

Arcus Foundation

Notes to Financial Statements
December 31, 2018 and 2017

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

Investments

Investments are carried at fair value. The fair value of alternative investments has been estimated using 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.

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.

Investment Expense

Investment expense on the statements of activities consists of fees paid directly to the Foundation’s investment advisor, investment managers and investment custodians.

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 is being depreciated over three to fifteen years. Leasehold improvements are amortized over the terms of the office lease or life of the asset, whichever is shorter. The Foundation capitalizes all purchases greater than or equal to \$1,000.

The Foundation reviews 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, 2018 and 2017.

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.

Arcus Foundation

Notes to Financial Statements
December 31, 2018 and 2017

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

Change in Accounting Principle

On January 1, 2018, the Foundation adopted new guidance regarding the Presentation of Financial Statements for Not-for-Profit Entities. This guidance requires the Foundation to collapse the three-category (unrestricted, temporarily restricted, and permanently restricted) classification of net assets into two categories: with donor restrictions and without donor restrictions. In addition, the new guidance requires the Foundation to make certain expanded disclosures relating to (1) the liquidity of financial assets, and (2) expenses by both their natural and functional classification in one location in the financial statements.

Net Asset Presentation

The Foundation reports information regarding its financial position and activities according to classes of net assets based on the presence or absence of donor-imposed restrictions. Net assets without donor restrictions are not externally restricted for identified purposes. Net assets with donor restrictions represent amounts that are restricted by donors that are to be held until the donor or time restriction has been satisfied or that are to be held in perpetuity. There are no net assets with donor restrictions as of December 31, 2018 and 2017.

Functional Allocation of Expenses

The costs of providing various programs and related supporting services have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the appropriate programs and supporting services benefited. Refer to note 6 for the classification of expenses by their functional allocation and policy for allocating such expenses.

Contributions

Contributions are reported as an increase in net assets without donor restrictions, unless their use is limited by donor-imposed restrictions.

In-Kind Contributions

Donation of assets other than cash are recorded at their fair value as of the date of donation.

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 2015.

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Notes to Financial Statements
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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 September 26, 2019.

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 tables summarize the fair value of investments valued at fair value on a recurring basis, at December 31, grouped by the fair value hierarchy, for those investments subject to categorization within such hierarchy:

	2018			Total
	Level 1	Level 2	Other Investments Measured at Net Asset Value (*)	
Common Stock				
Healthcare	\$ 39,482,190	\$ -	\$ -	\$ 39,482,190
Foreign equities	12,804,204	-	-	12,804,204
Banks	3,224,464	-	-	3,224,464
Other common stock	11,847,703	-	-	11,847,703
Government, agency notes and bonds	8,893,585	-	-	8,893,585
Corporate bonds	-	4,587,807	-	4,587,807
Private equity	-	-	22,206,966	22,206,966
Hedge Funds				
Diversified strategy	-	-	19,627,652	19,627,652
Hedged equity	-	-	18,046,510	18,046,510
Strategic fixed income	-	-	14,385,979	14,385,979
Select equity	-	-	21,984,510	21,984,510
	<u>\$ 76,252,146</u>	<u>\$ 4,587,807</u>	<u>\$ 96,251,617</u>	<u>\$ 177,091,570</u>

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Notes to Financial Statements December 31, 2018 and 2017

4. Investments (continued)

	2017			Total
	Level 1	Level 2	Other Investments Measured at Net Asset Value (*)	
Common Stock				
Healthcare	\$ 54,683,604	\$ -	\$ -	\$ 54,683,604
Foreign equities	10,673,980	-	-	10,673,980
Banks	2,207,549	-	-	2,207,549
Other common stock	9,259,325	-	-	9,259,325
Government, agency notes and bonds	8,224,139	-	-	8,224,139
Corporate bonds	-	5,191,579	-	5,191,579
Private equity	-	-	21,133,162	21,133,162
Hedge Funds				
Diversified strategy	-	-	21,894,984	21,894,984
Hedged equity	-	-	22,424,014	22,424,014
Strategic fixed income	-	-	15,779,833	15,779,833
Select equity	-	-	24,470,132	24,470,132
	<u>\$ 85,048,597</u>	<u>\$ 5,191,579</u>	<u>\$ 105,702,125</u>	<u>\$ 195,942,301</u>

(*) As discussed in Note 2, investments that are measured using the practical expedient are not classified within the fair value hierarchy.

There were no transfers into or out of any level of the fair value hierarchy for assets measured at fair value for the years ended December 31, 2018 and 2017.

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

	2018		
	Tax Cost	Book Cost	Fair Value
251,880 Shares	\$ 3,608	\$ 28,364,446	\$ 39,482,190
	2017		
	Tax Cost	Book Cost	Fair Value
353,162 Shares	\$ 5,059	\$ 38,116,951	\$ 54,683,604

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

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Notes to Financial Statements December 31, 2018 and 2017

4. Investments (continued)

As of and for the years ended December 31, unrealized and realized gains attributed to Stryker Corporation stock are included on the statements of activities as follows:

	2018	2017
Realized gain	\$ 7,247,778	\$ 5,493,660
Unrealized (loss) gain	(5,448,909)	8,096,196

In addition to the shares of Stryker Corporation stock, the Foundation is also invested in several hedge fund-of-fund structures and three private equity investments. Three of the four hedge funds represented 12%, 11% and 10% of the Foundation's total investment portfolio at December 31, 2018, and three of the hedge funds represented 12%, 11% and 11% at December 31, 2017.

Information regarding alternative investments valued using NAV as practical expedient at December 31, 2018 is as follows:

Description	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Private equity (see "a" below)	\$ 22,206,966	\$ 19,223,074	Locked	N/A**
Hedge Funds				
Diversified strategy (see "b" below)	19,627,652	-	Monthly	7 days
Hedged equity (see "c" below)	18,046,510	-	Monthly	7 days
Strategic fixed income (see "d" below)	14,385,979	-	Monthly	7 days
Select equity (see "e" below)	21,984,510	-	Monthly	7 days
	\$ 96,251,617	\$ 19,223,074		

(**) This investment can never be redeemed with the funds. Instead, the nature of the investments in this category is that distributions are received through liquidation of the underlying assets of the fund.

- a. The private equity portfolio allocates to a number of managers who seek to exceed the return of the global public equity market through value generation and operational intensity. The underlying fund investments are generally expected to span a range of strategies including, without limitation, investments of the following nature: buyout, growth capital, venture capital, distressed credit and direct lending. In addition, the portfolio intends to consider, and may include, strategies that are sector specific and may be related to physical assets such as real estate and natural resources.

- b. The diversified strategy portfolio allocates capital to a number of managers who deploy their capital with flexibility across all major markets of the world including public equities, fixed income, credit, foreign exchange, commodities, and may, from time to time, also make privately negotiated equity and debt investments. The composition 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.

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Notes to Financial Statements
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4. Investments (continued)

- c. The hedged equity portfolio allocates capital to a number of 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.
- d. The strategic fixed income portfolio allocates capital to a number of managers who approach the world's fixed income, foreign exchange and credit markets with strong research skills and/or quantitative and technical insights.
- e. The select equity portfolio allocates capital to a number of managers who apply their unique insights and talents to the world's public equity markets. Select equity managers seek to exceed the return of the global public equities through research driven stock selection, private equity approaches to public corporate shares and increased concentration around a set of high conviction ideas.

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. Liquidity and Availability of Financial Assets

The following reflects the Foundation's financial assets and resources without donor restrictions available as of December 31, 2018, to meet cash needs for general expenditures within one year of the date of the Statement of Financial Position:

Financial assets:	
Cash and cash equivalents	\$ 21,493,905
Accrued interest and dividends	290,833
Due from investment managers	991,093
Investments	177,091,570
Less: Private equities	<u>(22,206,966)</u>
Total Financial Assets Available Within One Year	<u>\$ 177,660,435</u>

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Notes to Financial Statements
December 31, 2018 and 2017

5. Liquidity and Availability of Financial Assets *(continued)*

The Foundation structures its financial assets to be available to pay general expenditures and other obligations as they become due. The Foundation forecasts its future cash flows and monitors its liquidity and available cash. Based on these forecasts, the Foundation receives funding from its primary funding source in intervals based on operational needs within one year. Additional funding can be requested at any time from this funding source.

6. Expenses by Functional and Natural Classification

Expenses are presented by functional classification in alignment with the overall mission of the Foundation. Expenses are classified based on the direct impact to the Foundation. Therefore, certain expenses require allocation on a reasonable basis that is consistently applied. These expenses are based on employee time and effort. The following table presents expenses by both their natural and functional classification for the year ended December 31, 2018. Total expenses for 2017 are presented for comparative purposes only.

	2018			2017
	Grants and Program	Operations and Governance	Total	Total
Grants awarded, net	\$ 28,448,671	\$ -	\$ 28,448,671	\$ 27,917,395
Salaries and wages	2,988,360	1,373,233	4,361,593	5,113,074
Payroll taxes and employee benefits	982,033	486,417	1,468,450	1,526,155
Professional fees	819,976	547,509	1,367,485	1,427,033
Occupancy	-	666,324	666,324	657,035
Meetings, travel and site visits	375,958	269,892	645,850	610,973
Postage, printing and publications	599,638	10,572	610,210	778,793
Office expense	72,030	251,225	323,255	256,277
Repairs and maintenance	-	87,236	87,236	97,152
Insurance	-	104,806	104,806	95,723
Membership dues	12,081	29,129	41,210	47,939
Depreciation and amortization	-	323,171	323,171	350,698
Other	-	65,415	65,415	53,945
Total	\$ 34,298,747	\$ 4,214,929	\$ 38,513,676	\$ 38,932,192

7. 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 value.

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Notes to Financial Statements
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8. Property, Equipment and Leasehold Improvements

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

	<u>2018</u>	<u>2017</u>
Leasehold improvements	\$ 1,519,577	\$ 1,519,577
Furniture and equipment	<u>2,624,572</u>	<u>2,403,158</u>
	4,144,149	3,922,735
Less: accumulated depreciation and amortization	<u>3,112,466</u>	<u>2,789,295</u>
	<u>\$ 1,031,683</u>	<u>\$ 1,133,440</u>

9. 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:

	<u>2018</u>	<u>2017</u>
Less than one year	\$ 11,283,287	\$ 12,754,396
One to four years	<u>4,669,325</u>	<u>3,584,737</u>
	15,952,612	16,339,133
Less: present value discount	<u>239,164</u>	<u>132,266</u>
Grants Payable, net	<u>\$ 15,713,448</u>	<u>\$ 16,206,867</u>

To reflect the time value of money, grants payable as of December 31, 2018 and 2017 were discounted to their present value using the Federal Reserve Business Lending rate of 4.94% and 3.75%.

10. Grants Awarded

For the years December 31, grants awarded were comprised of the following:

	<u>2018</u>	<u>2017</u>
Grants awarded	\$ 28,579,205	\$ 28,070,176
Grants rescinded/refunded	(93,747)	(171,960)
Stock transfer adjustment	70,111	(13,505)
Present value discount	<u>(106,898)</u>	<u>32,684</u>
Grants Awarded, net	<u>\$ 28,448,671</u>	<u>\$ 27,917,395</u>

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11. Retirement Plan

The Foundation maintains a 401(k) plan, which covers all employees whose regular schedule is at least 30 hours a week. Employees become eligible 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 \$155,513 and \$177,090 for 2018 and 2017. The Foundation may also make discretionary contributions to all eligible employees. Discretionary contributions were \$428,788 and \$453,180 for 2018 and 2017. 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.

12. Commitments

The Foundation has a lease agreement expiring August 25, 2025 for space at 44 West 28th Street, 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 \$208,512 as a guarantee for the lease agreement.

The Foundation also occupies space in the United Kingdom under a lease agreement which expired March 31, 2019. The lease agreement was renewed through March 2020.

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

2019	\$	611,154
2020		583,104
2021		610,671
2022		624,411
2023		638,460
Thereafter		<u>1,094,523</u>
	\$	<u>4,162,323</u>

13. Related Party

The Foundation and the Arcus Operating Foundation ("AOF") are related organizations with directors and officers in common. On July 5th, 2018 the Board of AOF approved a plan to discontinue operations and dissolve AOF effective November 1, 2018. There was no administrative service agreement in effect for 2018 as all AOF expenses were direct. In 2017 there was an administrative service agreement between the two organizations where by the Foundation provides AOF with staff, space and general administration support and AOF reimbursed the Foundation for such costs and services. Total reimbursements amounted to \$168,769 for 2017.

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Notes to Financial Statements
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14. In-Kind Contributions

The Foundation received pro-bono advertising space valued at an estimated \$357,578 and \$433,320 during 2018 and 2017. Such services have been reflected as a contribution and an expense within postage, printing and publications.

15. Subsequent Events

Subsequent to year end the Foundation received two donations totaling \$30,000,000.

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