
CENTER FOR ENVIRONMENTAL HEALTH

FINANCIAL STATEMENTS

DECEMBER 31, 2017

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2016)

CROSBY & KANEDA
Certified Public Accountants

Dedicated to Nonprofit Organizations

CENTER FOR ENVIRONMENTAL HEALTH

Contents

Independent Auditors' Report	1-2
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Statement of Functional Expenses	6
Notes to the Financial Statements	7-14

INDEPENDENT AUDITORS' REPORT

Board of Directors
Center for Environmental Health
Oakland, California

Report on the Financial Statements

We have audited the accompanying financial statements of Center for Environmental Health, which comprise the statement of financial position as of December 31, 2017, and the related statements of activity, cash flows and functional expenses for the year 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 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 Center for Environmental Health as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Center for Environmental Health's December 31, 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 7, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Croody + Lanida CPAs LLP

Oakland, California

September 19, 2018

CENTER FOR ENVIRONMENTAL HEALTH

Statement of Financial Position

December 31, 2017

(With Comparative Totals as of December 31, 2016)

	<u>2017</u>	<u>2016</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 380,512	\$ 294,170
Investments (Note 3)	3,356,609	4,191,712
Accounts receivable	49,019	113,040
Grants and pledges receivable	125,320	340,000
Prepaid expenses	52,052	85,922
Total Current Assets	<u>3,963,512</u>	<u>5,024,844</u>
Property and equipment, net (Note 5)	20,064	29,610
Deposits	<u>13,650</u>	<u>21,450</u>
Total Assets	<u>\$ 3,997,226</u>	<u>\$ 5,075,904</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 88,355	\$ 147,102
Grants payable	-	55,928
Vacation accrual	90,839	88,107
Deferred revenue	255,001	289,625
Total Liabilities	<u>434,195</u>	<u>580,762</u>
Commitments and Contingency (Notes 6 and 7)		
Net Assets		
Unrestricted		
Board-designated (Note 9)	1,500,000	1,500,000
Undesignated	1,757,281	2,401,442
Total Unrestricted	<u>3,257,281</u>	<u>3,901,442</u>
Temporarily restricted (Note 8)	305,750	593,700
Total Net Assets	<u>3,563,031</u>	<u>4,495,142</u>
Total Liabilities and Net Assets	<u>\$ 3,997,226</u>	<u>\$ 5,075,904</u>

See Notes to the Financial Statements

CENTER FOR ENVIRONMENTAL HEALTH

**Statement of Activities
For the Year Ended December 31, 2017
(With Comparative Totals for the Year Ended December 31, 2016)**

	Unrestricted	Temporarily Restricted	Total	
			2017	2016
Support and Revenue				
Support				
Foundation and corporate support	\$ 160,000	\$ 660,000	\$ 820,000	\$ 1,215,683
Contributions	232,628	22,000	254,628	303,826
Special event, net (Note 12)	112,092	15,000	127,092	-
Total Support	<u>504,720</u>	<u>697,000</u>	<u>1,201,720</u>	<u>1,519,509</u>
Revenue				
Awards and settlements	509,498		509,498	1,259,489
Testing and other fees	611,557		611,557	746,395
Other	22,704		22,704	14,155
Total Revenue	<u>1,143,759</u>	<u>-</u>	<u>1,143,759</u>	<u>2,020,039</u>
Net assets released from donor restriction (Note 8)	984,950	(984,950)	-	-
Total Support and Revenue	<u>2,633,429</u>	<u>(287,950)</u>	<u>2,345,479</u>	<u>3,539,548</u>
Expenses				
Program	2,628,238		2,628,238	2,726,344
Management and general	320,779		320,779	267,134
Fundraising	584,657		584,657	604,472
Total Expenses	<u>3,533,674</u>	<u>-</u>	<u>3,533,674</u>	<u>3,597,950</u>
Change in Net Assets, from operations	(900,245)	(287,950)	(1,188,195)	(58,402)
Investment activity, net (Note 3)	256,084		256,084	58,096
Change in Net Assets (Note 13)	(644,161)	(287,950)	(932,111)	(306)
Net Assets, beginning of year	<u>3,901,442</u>	<u>593,700</u>	<u>4,495,142</u>	<u>4,495,448</u>
Net Assets, end of year	<u>\$ 3,257,281</u>	<u>\$ 305,750</u>	<u>\$ 3,563,031</u>	<u>\$ 4,495,142</u>

See Notes to the Financial Statements

CENTER FOR ENVIRONMENTAL HEALTH

**Statement of Cash Flows
For the Year Ended December 31, 2017
(With Comparative Totals for the Year Ended December 31, 2016)**

	2017	2016
Cash flows from operating activities		
Change in net assets	\$ (932,111)	\$ (306)
Adjustments to reconcile change in net assets to net cash provided (used) in operating activities		
Depreciation	9,546	18,297
Donated stock	(8,813)	(13,949)
Investment activity, net	(256,084)	(58,096)
Change in assets and liabilities:		
Accounts receivable	64,021	(12,307)
Grants and pledges receivables	214,680	(340,000)
Prepaid expenses	33,870	(39,672)
Deposits	7,800	(11,421)
Accounts payable and accrued expenses	(58,747)	(80,734)
Grants payable	(55,928)	(9,296)
Vacation accrual	2,732	12,118
Deferred revenue	(34,624)	(31,302)
Net cash provided (used) by operating activities	(1,013,658)	(566,668)
Cash flows from investing activities		
Proceeds from sale of investments	1,100,000	299,999
Net cash provided (used) by investing activities	1,100,000	299,999
Net change in cash and cash equivalents	86,342	(266,669)
Cash and cash equivalents, beginning of year	294,170	560,839
Cash and cash equivalents, end of year	\$ 380,512	\$ 294,170

See Notes to the Financial Statements

CENTER FOR ENVIRONMENTAL HEALTH

**Statement of Functional Expenses
For the Year Ended December 31, 2017
(With Comparative Totals for the Year Ended December 31, 2016)**

	Program	Management and general	Fundraising	Total	
				2017	2016
Salaries	\$ 1,486,094	\$ 162,139	\$ 255,883	\$ 1,904,116	\$ 1,776,577
Retirement benefits	57,497	6,281	9,863	73,641	68,674
Other employee benefits	124,764	17,072	21,480	163,316	181,496
Payroll taxes	113,539	11,468	19,490	144,497	136,972
Total Personnel	<u>1,781,894</u>	<u>196,960</u>	<u>306,716</u>	<u>2,285,570</u>	<u>2,163,719</u>
Grants and contributions	5,408	-	-	5,408	216,208
Legal	159,456	1,628	-	161,084	204,924
Accounting	-	50,030	-	50,030	51,606
Contract services	108,621	6,213	127,507	242,341	299,989
Research and testing services	178,176	-	-	178,176	96,150
Advertising and promotion	15,814	2	780	16,596	2,399
Supplies and office expense	52,803	7,168	43,390	103,361	93,215
Information technology	25,825	3,056	3,984	32,865	35,653
Occupancy	189,744	22,233	29,269	241,246	205,914
Travel and meals	46,442	1,160	41,176	88,778	139,527
Training and conferences	7,579	12,231	4,442	24,252	19,455
Depreciation	7,508	880	1,158	9,546	18,297
Insurance	-	15,190	-	15,190	15,003
Dues, licenses, service fees	17,172	504	21,643	39,319	30,272
Miscellaneous	31,796	3,524	4,592	39,912	5,619
Total Expenses	<u>\$ 2,628,238</u>	<u>\$ 320,779</u>	<u>\$ 584,657</u>	<u>\$ 3,533,674</u>	<u>\$ 3,597,950</u>

See Notes to the Financial Statements

CENTER FOR ENVIRONMENTAL HEALTH

Notes to the Financial Statements For the Year Ended December 31, 2017 (With Comparative Totals for the Year Ended December 31, 2016)

NOTE 1: NATURE OF ACTIVITIES

Center for Environmental Health (the Organization or CEH) is a California nonprofit public benefit corporation, which was organized to protect the public from toxic chemicals.

Enforcing the Law to Protect People from Toxic Chemicals and Heavy Metals

CEH uses California's Proposition 65 law (the Safe Drinking Water and Toxic Enforcement Act of 1986) and other laws to force corporations to stop exposing people to toxic chemicals.

Creating Sound Public Policy to Protect People from Toxic Chemicals

CEH works with coalitions, other non-profit organizations, and local, state, and federal agencies (1) to help the government draft, implement, and enforce sensible public health regulations on toxic chemicals and (2) to protect existing environmental health protections from industries' ongoing attempts to weaken them.

Protecting People from Toxic, Endocrine Disrupting Chemicals (EDCs)

CEH identifies sources of exposures to chemicals that harm people's health and development by interfering with natural hormones. The program also eliminates these exposures by (1) creating incentives for manufacturers to make safer products, (2) educating consumers about the health threat posed by EDCs, and (3) supporting public policies that protect people from EDCs.

Protecting People from Toxic Chemicals Related to Oil & Gas Development

CEH (1) educates people about the health effects of oil and gas extraction, (2) supports communities imperiled by oil and gas extraction and distribution, and (3) elevates the national dialog about the largely overlooked health threats that accompany oil and gas development.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis of Presentation

The Organization presents information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The three classes are differentiated by donor restrictions.

Unrestricted net assets – consist of resources which have not been specifically restricted by a donor. Unrestricted net assets may be designated for specific purposes by the Organization or may be limited by contractual agreements with outside parties.

CENTER FOR ENVIRONMENTAL HEALTH

Notes to the Financial Statements For the Year Ended December 31, 2017 (With Comparative Totals for the Year Ended December 31, 2016)

Temporarily restricted net assets – represent contributions whose use is limited by donor-imposed stipulations that expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

Permanently restricted net assets – represent contributions and other inflows of assets whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization, other asset enhancements and diminishments subject to the same kinds of stipulations or reclassifications from or to other classes of net assets as a consequence of donor-imposed stipulations. There were no permanently restricted net assets as of December 31, 2017.

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional; that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of contribution. Contributions to be received after one year are discounted at an appropriate rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Unrestricted contributions and grants are recorded as unrestricted revenue when received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Accounts, Grants, and Pledges Receivable

The Organization considers all accounts, grants, and pledges receivable to be fully collectible at December 31, 2017. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

Income Taxes

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and the California Revenue and Taxation Code Section 23701(d). The Organization has evaluated its current tax positions as of December 31, 2017 and is not aware of any significant uncertain tax positions for which a reserve would be necessary. The Organization's tax returns are generally subject to examination by federal and state taxing authorities for three and four years, respectively after they are filed.

CENTER FOR ENVIRONMENTAL HEALTH

Notes to the Financial Statements
For the Year Ended December 31, 2017
(With Comparative Totals for the Year Ended December 31, 2016)

Contributed Services

Contributed services are reflected in the financial statements at the fair value of the services received only if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. There were no contributed services that met the criteria for recognition for the year ended December 31, 2017.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all money market funds and other highly liquid investments with original maturities of three months or less when purchased to be cash equivalents. Cash and cash equivalents held in investment accounts for investment purposes are treated as part of investment balances for purposes of the statement of cash flows.

Concentration of Credit Risk

At times, the Organization may have deposits in excess of federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions.

Property and Equipment

Property and equipment purchased by the Organization is recorded at cost. The Organization capitalizes all expenditures for property and equipment over \$5,000; the fair value of donated fixed assets is similarly capitalized. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment or the related lease terms as follows:

Furniture and equipment	3-5 years
Website and software	3 years

Expenditures for major renewals and betterments that extend the useful lives of the property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of the asset may not be recoverable.

Deferred Revenue

Deferred revenue represents a combination of unexpended additional settlement payments from Proposition 65 enforcement plus advance payments for compliance testing of fashion accessories.

CENTER FOR ENVIRONMENTAL HEALTH

Notes to the Financial Statements
For the Year Ended December 31, 2017
(With Comparative Totals for the Year Ended December 31, 2016)

Functional Allocation of Expenses

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

Prior Year Summarized Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

Reclassifications

Certain accounts in the prior year's summarized information have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Subsequent Events

The Organization has evaluated subsequent events and has concluded that as of September 19, 2018 the date that the financial statements were available to be issued, there were no significant subsequent events to disclose.

NOTE 3: INVESTMENTS

The fair value of investments consisted of the following at December 31:

	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	\$ 209,333	\$ 298,618
Certificates of deposit	619,882	920,270
Fixed income	1,472,244	1,694,018
Domestic equities	<u>1,055,150</u>	<u>1,278,806</u>
Total	<u>\$ 3,356,609</u>	<u>\$ 4,191,712</u>

Investment activity consisted of the following at December 31:

	<u>2017</u>	<u>2016</u>
Interest and dividends	\$ 71,832	\$ 54,142
Realized and unrealized gains (loss)	205,142	25,391
Investment management fees	<u>(20,890)</u>	<u>(21,437)</u>
Total	<u>\$ 256,084</u>	<u>\$ 58,096</u>

Fixed Income Ratings and Duration

Ratings (omitting +/-) for the Organization's corporate bond holdings using Standard and Poor's or equivalent, were as follows as of December 31, 2017:

CENTER FOR ENVIRONMENTAL HEALTH

**Notes to the Financial Statements
For the Year Ended December 31, 2017
(With Comparative Totals for the Year Ended December 31, 2016)**

AAA	\$ 322,854
AA	400,935
A	149,594
BBB	473,967
BB	<u>103,037</u>
Total	<u>\$ 1,450,387</u>

The prices of fixed-income securities may be sensitive to changes in interest rates. The Organization's fixed income holdings mature in 1 year to 9 years as of December 31, 2017.

NOTE 4: FAIR VALUE MEASUREMENTS

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Organization determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value. Certain investments are recorded at values that approximate fair value due to their short term nature such as cash and cash equivalents.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 - Inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs for the assets or liability.

Fair values inputs of assets measured on recurring basis were as follows as of December 31, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Cash and cash equivalents	\$ 209,333	\$ -	\$ 209,333
Certificates of deposit	-	619,882	619,882
Fixed income			
Corporate bonds	-	1,199,947	1,199,947
Government bonds	-	150,444	150,444
Municipal bonds	-	99,996	99,996
Exchange traded funds	21,857	-	21,857
Domestic equities			
Materials and industrial goods	171,420	-	171,420
Consumer	205,378	-	205,378
Healthcare	150,558	-	150,558
Financial services	167,251	-	167,251
Technology	266,906	-	266,906
Telecom and utilities	52,871	-	52,871
Real estate	<u>40,766</u>	<u>-</u>	<u>40,766</u>
Total	<u>\$ 1,286,340</u>	<u>\$ 2,070,269</u>	<u>\$ 3,356,609</u>

CENTER FOR ENVIRONMENTAL HEALTH

**Notes to the Financial Statements
For the Year Ended December 31, 2017
(With Comparative Totals for the Year Ended December 31, 2016)**

NOTE 5: PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2017</u>	<u>2016</u>
Furniture and equipment	\$ 52,526	\$ 73,012
Website and software	63,575	63,575
Less: Accumulated depreciation	<u>(96,037)</u>	<u>(106,977)</u>
Total	<u>\$ 20,064</u>	<u>\$ 29,610</u>

NOTE 6: COMMITMENTS

The Organization is party to leases for office space in Oakland and other locations which expire through July 2021. Future minimum operating lease payments are as follows for the years ending December 31:

2018	\$ 205,613
2019	211,782
2020	218,135
2021	<u>129,445</u>
Total	<u>\$ 764,975</u>

Rent payments for the years ended December 31, 2017 and 2016 totaled \$241,248 and \$205,914, respectively.

NOTE 7: CONTINGENCY

Certain grant awards and donations require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. The Organization's management is of the opinion that the Organization has complied with the terms of all grants.

NOTE 8: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available as follows on December 31:

	<u>2017</u>	<u>2016</u>
Coalitions	\$ 50,000	\$ 90,000
Endocrine Disrupting Chemicals - Food Innovation	93,250	263,700
Endocrine Disrupting Chemicals - Built Environments	-	20,000
Policy	119,250	50,000
Energy	6,250	-
Total purpose restrictions	<u>-</u>	<u>50,000</u>
Restricted for future operations	268,750	473,700
Total	<u>37,000</u>	<u>120,000</u>
	<u>\$ 305,750</u>	<u>\$ 593,700</u>

CENTER FOR ENVIRONMENTAL HEALTH

Notes to the Financial Statements
For the Year Ended December 31, 2017
(With Comparative Totals for the Year Ended December 31, 2016)

Temporarily restricted net assets were released from donor restriction by incurring expenses satisfying the purposes and time restrictions specified by donors as follows:

	<u>2017</u>	<u>2016</u>
Coalitions	\$ 40,000	\$ -
Childcare Centers	-	15,000
Endocrine Disrupting Chemicals in Food	540,450	26,300
Innovation	20,000	20,000
Litigation	-	100,000
Endocrine Disrupting Chemicals in Built		
Environments	145,750	372,000
Policy	68,750	23,000
Energy	<u>50,000</u>	<u>112,500</u>
Total purpose restriction fulfilled	864,950	668,800
Passage of time	<u>120,000</u>	<u>-</u>
Total	<u>\$ 984,950</u>	<u>\$ 668,800</u>

NOTE 9: BOARD-DESIGNATED NET ASSETS

As of December 31, 2017 and 2016, the Board of Directors designated \$1,500,000 in unrestricted net assets for an operating reserve.

NOTE 10: RETIREMENT PLAN

The Organization has a defined contribution plan as established under Internal Revenue Code Section 401(k) (the Plan). All full-time employees become eligible for participation after six months of employment and contributions are 100% vested. The Organization matches employee contributions based on the following formula: 100% of elective deferral contribution amounts up to 5% of compensation. Total contributions made by the Organization for the years ended December 31, 2017 and 2016 were \$73,641 and \$68,674, respectively.

NOTE 11: DONOR ADVISED FUND

The Organization serves as an advisor to the Community Environmental Action & Justice Fund, a donor advised fund held at a local community foundation. The Organization's policy is to contribute a portion of its legal settlement fees to this fund. The amount of the contribution is determined annually. For the year ended December 31, 2017, no contribution was made. Such funds are the property of the community foundation until granted out to grant recipients. The Organization has formed a committee of environmental justice stakeholders in order to recommend grants to the community foundation. The balance of the fund was \$166,119 at December 31, 2017.

CENTER FOR ENVIRONMENTAL HEALTH

**Notes to the Financial Statements
For the Year Ended December 31, 2017
(With Comparative Totals for the Year Ended December 31, 2016)**

NOTE 12: SPECIAL EVENT

The Organization held a fundraising event during the year. Activity related to the event was as follows:

Admissions	\$ 33,500
Donations and sponsorships	223,995
Less: Costs of direct donor benefit	<u>(130,403)</u>
Total	<u>\$ 127,092</u>

NOTE 13: CHANGE IN NET ASSETS

Changes in net assets for the years ended December 31 2017 and 2016 were \$(932,111) and \$(306), respectively. The board of directors authorized and planned for this decrease as an investment in the implementation of the Organization's strategic plan. This investment was possible due to a significant accumulation of net assets in prior years.