
CHILDREN'S LEUKEMIA FOUNDATION OF MICHIGAN

**Financial Report
For The Year Ended
June 30, 2016**



certified public accountants

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CHILDREN'S LEUKEMIA FOUNDATION OF MICHIGAN
Farmington Hills, Michigan

I N D E X

	<u>Page</u>
Independent Auditors' Report	1
Statement of Financial Position	2
Statement of Activities and Changes in Net Assets	3
Statement of Functional Expenses	4 - 5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 13



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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Children's Leukemia Foundation of Michigan

We have audited the accompanying financial statements of Children's Leukemia Foundation of Michigan (a non-profit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses, and cash flows 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.

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 Children's Leukemia Foundation of Michigan as of June 30, 2016, 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 the Children's Leukemia Foundation of Michigan's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 12, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Gordon Advisors, P.C.

October 11, 2016

CHILDREN'S LEUKEMIA FOUNDATION OF MICHIGAN
Statement of Financial Position
June 30, 2016
(With Summarized Information for June 30, 2015)

	2016			2015	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Assets					
Cash and cash equivalents	\$ 304,079	\$ 75,521	\$ 51,523	\$ 431,123	\$ 469,153
Investments	54,340	0	1,024,885	1,079,225	595,400
Receivables	619,277	40,948	590	660,815	53,122
Loan due from general fund	0	0	79,000	79,000	109,000
Prepaid expenses and deposits	22,576	0	0	22,576	17,402
Property and equipment	10,637	0	0	10,637	11,788
Total Assets	\$ 1,010,909	\$ 116,469	\$ 1,155,998	\$ 2,283,376	\$ 1,255,865
Liabilities and Net Assets					
Liabilities					
Loan due to endowment fund	\$ 79,000	\$ 0	\$ 0	\$ 79,000	\$ 109,000
Accounts payable	32,856	0	0	32,856	46,472
Accrued rent	0	0	0	0	11,943
Deferred revenue	0	0	0	0	19,600
Accrued payroll and withholding	7,282	0	0	7,282	14,746
Total Liabilities	119,138	0	0	119,138	201,761
Net Assets					
Unrestricted	891,771	0	0	891,771	110,382
Temporarily restricted	0	116,469	0	116,469	122,679
Permanently restricted	0	0	1,155,998	1,155,998	821,043
Total Net Assets	891,771	116,469	1,155,998	2,164,238	1,054,104
Total Liabilities and Net Assets	\$ 1,010,909	\$ 116,469	\$ 1,155,998	\$ 2,283,376	\$ 1,255,865

CHILDREN'S LEUKEMIA FOUNDATION OF MICHIGAN
Statement of Activities and Changes In Net Assets
For The Year Ended June 30, 2016
(With Summarized Information For The Year Ended June 30, 2015)

	2016			2015	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Revenue, Gains and Other Support					
Public support:					
United Way Support	\$ 116,203	\$ 0	\$ 0	\$ 116,203	\$ 155,147
Legacies and bequests	601,667	0	0	601,667	0
Gifts	295,435	0	357,056	652,491	649,799
Grant income	96,176	4,474	0	100,650	69,600
Third-party fund-raising	112,110	0	0	112,110	163,697
Special fund-raising events	373,077	0	0	373,077	234,607
Total Public Support	1,594,668	4,474	357,056	1,956,198	1,272,850
Other revenue:					
Investment income	737	0	21,936	22,673	4,194
Endowment income	0	81,896	0	81,896	81,730
Miscellaneous	25	0	0	25	350
Net realized and unrealized gains (losses) on investments	(15,168)	0	(31,040)	(46,208)	(12,840)
Total Other Revenue	(14,406)	81,896	(9,104)	58,386	73,434
Net assets released from restrictions:					
Satisfaction of restrictions	105,577	(92,580)	(12,997)	0	0
Total Revenue, Gains and Other Support	1,685,839	(6,210)	334,955	2,014,584	1,346,284
Expenses					
Program services:					
Patient services	385,999	0	0	385,999	317,504
Community education and public information	375,165	0	0	375,165	342,744
Total Program Services	761,164	0	0	761,164	660,248
Supporting services:					
Management and general	18,588	0	0	18,588	80,696
Fund-raising	124,698	0	0	124,698	109,591
Total Supporting Services	143,286	0	0	143,286	190,287
Total Expenses	904,450	0	0	904,450	850,535
Change In Net Assets	781,389	(6,210)	334,955	1,110,134	495,749
Net Assets - Beginning of Year	110,382	122,679	821,043	1,054,104	558,355
Net Assets - End of Year	\$ 891,771	\$ 116,469	\$ 1,155,998	\$ 2,164,238	\$ 1,054,104

See Independent Auditors' Report and Accompanying Footnotes.

CHILDREN'S LEUKEMIA FOUNDATION OF MICHIGAN
Statement of Functional Expenses
For The Year Ended June 30, 2016
(With Summarized Information For The Year Ended June 30, 2015)

	2016		
	Patient Services	Community Education & Public Info	Total Program Services
Salaries and Related Expenses			
Salaries and wages	\$ 166,391	\$ 187,913	\$ 354,304
Employee benefits	7,021	3,372	10,393
Payroll taxes	14,370	15,133	29,503
Total Salaries and Related Expenses	187,782	206,418	394,200
Other Expenses			
Awards and financial assistance	30,011	0	30,011
Patient services	58,796	0	58,796
Professional and contract fees	28,475	99,056	127,531
Supplies, postage and printing	4,499	4,945	9,444
Telephone	5,223	5,741	10,964
Occupancy	47,971	33,456	81,427
Equipment rental and maintenance	15,419	16,948	32,367
Travel and auto	3,187	3,503	6,690
Conferences and meetings	2,210	2,430	4,640
Depreciation	1,741	1,914	3,655
Bad debt	0	0	0
Dues and other	685	754	1,439
Total Other Expenses	198,217	168,747	366,964
Total Functional Expenses	\$ 385,999	\$ 375,165	\$ 761,164
Percentage of Total Expenses	42.7%	41.5%	84.2%

2016				2015
Management and General	Fundraising	Total Supporting Services	Total	Total
\$ 7,364	\$ 48,088	\$ 55,452	\$ 409,756	\$ 420,083
154	981	1,135	11,528	17,445
373	4,276	4,649	34,152	34,828
<u>7,891</u>	<u>53,345</u>	<u>61,236</u>	<u>455,436</u>	<u>472,356</u>
0	0	0	30,011	10,593
0	0	0	58,796	69,642
1,197	9,369	10,566	138,097	111,155
189	39,056	39,245	48,689	33,449
219	1,484	1,703	12,667	10,846
8,115	10,382	18,497	99,924	85,234
648	4,379	5,027	37,394	32,649
134	905	1,039	7,729	4,677
93	628	721	5,361	4,933
73	494	567	4,222	6,136
0	4,463	4,463	4,463	7,203
29	193	222	1,661	1,662
<u>10,697</u>	<u>71,353</u>	<u>82,050</u>	<u>449,014</u>	<u>378,179</u>
<u>\$ 18,588</u>	<u>\$ 124,698</u>	<u>\$ 143,286</u>	<u>\$ 904,450</u>	<u>\$ 850,535</u>
<u>2.0%</u>	<u>13.8%</u>	<u>15.8%</u>	<u>100.0%</u>	

See Independent Auditors' Report and Accompanying Footnotes.

CHILDREN'S LEUKEMIA FOUNDATION OF MICHIGAN
Statement of Cash Flows
For the Year Ended June 30, 2016 and 2015

	2016	2015
Operating Activities		
Change in net assets	\$ 1,110,134	\$ 495,749
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	4,222	6,136
Net realized and unrealized loss on investments	46,208	12,840
Decrease (increase) in operating assets:		
Receivables	(577,693)	(15,428)
Prepaid expenses and deposits	(5,174)	(2,135)
Increase (decrease) in operating liabilities:		
Accounts payable	(13,616)	33,333
Accrued rent	(11,943)	(12,807)
Deferred revenue	(19,600)	2,600
Accrued payroll and withholding	(7,464)	2,317
Net Cash Provided By Operating Activities	525,074	522,605
Investing Activities		
Purchase of investments	(830,033)	(608,418)
Proceeds from sale of investments	300,000	337,821
Purchase of property and equipment	(3,071)	(2,173)
Net Cash Used In Investing Activities	(533,104)	(272,770)
Financing Activities		
Borrowings from endowment fund	0	110,000
Repayments to endowment fund	(30,000)	(50,000)
Payments on long-term debt	0	(30,000)
Net Cash Provided By (Used In) Financing Activities	(30,000)	30,000
Net Increase (Decrease) In Cash and Cash Equivalents	(38,030)	279,835
Cash and Cash Equivalents -		
Beginning of Year	469,153	189,318
End of Year	\$ 431,123	\$ 469,153
Supplemental Disclosure of Cash Flow Information -		
Cash paid for interest	\$ 0	\$ 529

See Independent Auditors' Report and Accompanying Footnotes.

CHILDREN'S LEUKEMIA FOUNDATION OF MICHIGAN

Notes to the Financial Statements

For The Year Ended June 30, 2016

NOTE:

1. Summary of Significant Accounting Policies

Description of Entity – The Children's Leukemia Foundation of Michigan (the "Foundation") is a non-profit corporation organized under the laws of the State of Michigan whose sources of revenue are principally allocations and contributions from individual contributions, grants, and special fundraising events. The Foundation assists people in Michigan coping with leukemia and related disorders, and distributes educational information to improve the well being of patients and their families.

The Foundation records transactions based on the nature of the activity and classifies net assets as unrestricted, temporarily restricted, or permanently restricted.

The following are accounting principles generally accepted in the United States of America and policies followed by the Foundation:

Basis of Accounting – The accrual basis of accounting has been adopted for purposes of financial reporting.

Cash and Cash Equivalents – For purposes of the statements of cash flows, the Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Investments – Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Total fair market value of investments at June 30, 2016 is maintained in investment funds. Accounting pronouncements for fair value measurements establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. There were no investments valued using Level 2 or Level 3 inputs.

Investment securities, in general, are exposed to various risks, such as interest rate risk, credit risk, business risk, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities could occur in the near term and such changes could materially affect the amounts reported in the financial statements.

Receivables – Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. The receivables are reported net of allowances for doubtful accounts. An allowance for doubtful accounts is based on prior years' experience and management's analysis of specific promises made. Amounts deemed uncollectible are written-off in the period that the determination is made.

Contributions – Contributions of cash and other assets, including unconditional promises to give in the future (pledges), are reported as revenue when received, measured at fair value. Contributions without donor-imposed restrictions and contributions with donor-imposed time or purpose restrictions that are met in the same period as the gift are both reported as unrestricted support. Other restricted gifts are reported as restricted support and temporarily or permanently restricted net assets when received and reclassified to unrestricted net assets when the restrictions are met.

CHILDREN'S LEUKEMIA FOUNDATION OF MICHIGAN
Notes to the Financial Statements (Continued)
For The Year Ended June 30, 2016

NOTE:

1. Summary of Significant Accounting Policies (Continued)

Property and Equipment – The Foundation capitalizes all expenditures for property and equipment in excess of \$1,000. Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation on property and equipment is provided on a straight-line basis over their estimated useful lives.

Classification of Net Assets – Net assets of the Foundation are classified as permanently restricted, temporarily restricted, or unrestricted depending on the presence and characteristics of donor-imposed restrictions limiting the Foundation's ability to use or dispose of contributed assets or the economic benefits embodied in these assets. Donor-imposed restrictions that expire with the passage of time or can be removed by meeting certain requirements result in temporarily restricted net assets. Earnings, gains and losses on restricted net assets are classified as unrestricted unless specifically restricted by the donor or by applicable state law.

Tax Status – The Foundation is exempt from income tax as provided for under Internal Revenue Code Section 501(c)(3). Therefore, a provision for Federal income taxes is not required.

Uncertain Tax Position – Management evaluates, at least annually, whether any tax positions reported on tax returns are more likely than not to be sustained if challenged. Management believes no such positions exist that would have significant impact on Organization's financial position and results of operations. As of June 30, 2016 no liability for uncertain tax benefits was recorded.

Functional Allocation of Expenses – The costs of providing the program and support services have been reported on a functional basis in the statement of activities and changes in net assets. Expenses directly related to a specific program or supporting service are allocated accordingly. Indirect expenses are allocated to programs and supporting services based on the number of hours charged to the various program and supporting services for the current year. Although the methods of allocation used are considered appropriate, other methods could be used that would produce a different allocation.

Donated Services – No amounts have been reflected in the statements for volunteer services since these services are not recordable under accounting principles generally accepted in the United States of America; however, volunteers have donated significant amounts of time in the Foundation's program services and its fundraising campaigns. The value of these services is not disclosed since no objective basis is available to measure the value of such services.

Donated Assets – Donated assets are recorded as contributions at estimated fair value at date of receipt.

Summarized Financial 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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's prior year financial statements from which the summarized information was derived.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure 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.

Advertising – Advertising costs are expensed over the time period the advertising takes place.

CHILDREN'S LEUKEMIA FOUNDATION OF MICHIGAN
Notes to the Financial Statements (Continued)
For The Year Ended June 30, 2016

NOTE:**1. Summary of Significant Accounting Policies (Continued)**

Van Dusen Endowment – Accounting for Assets Held by Community Foundation of Southeastern Michigan – The Foundation was a participant in the Van Dusen Endowment Challenge Program sponsored by the Community Foundation for Southeastern Michigan. The objective of the Van Dusen Challenge Program is to create long-term sources of funding for organizations by establishing permanent endowment funds to be held by the Community Foundation for Southeastern Michigan. During 1997, the Foundation attained its challenge grant goal of raising \$1,000,000. Since the challenge goal was met, the Community Foundation provided a 33% matching grant, totaling \$333,333, which has been added to the endowment. The Community Foundation held endowment investments earmarked for the Foundation of \$1,541,842 at June 30, 2016.

In accordance with professional standards, the funds held by the Community Foundation of Southeastern Michigan on behalf of the Foundation are not recognized as net assets of the Foundation because the Community Foundation of Southeastern Michigan maintains variance power over these funds.

Subsequent Events – Management has evaluated subsequent events as of October 11, 2016, the date which the financial statements were available for issue.

2. Cash Balances

The Foundation maintains its cash accounts at financial institutions whose balances are insured up to limits established by the Federal Deposit Insurance Corporation. The Foundation at times maintains cash balances in excess of federally insured limits. Management does not believe the Foundation is exposed to any unusual credit risk on uninsured balances.

3. Investments

Investments presented at fair value at June 30, 2016 are summarized as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Mutual funds	\$ 0	\$ 0	\$ 573,478
Common Stock	54,340	0	0
Other	<u>0</u>	<u>0</u>	<u>451,407</u>
Total investments	<u>\$ 54,340</u>	<u>\$ 0</u>	<u>\$ 1,024,885</u>

Diversification by asset class, investment style, and investment manager is employed to avoid undue risk concentration and to enhance total return. The current long-term return objective is expressed as a range from 7% to 9%, net of investment fees. Actual returns in any year may vary from this amount. To satisfy its long-term rate of return objective, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Investment earnings available for distribution are recorded in unrestricted net assets. Investment earnings with donor restrictions are recorded in temporarily or permanently restricted net assets based on the nature of the restrictions.

CHILDREN'S LEUKEMIA FOUNDATION OF MICHIGAN
Notes to the Financial Statements (Continued)
For The Year Ended June 30, 2016

NOTE:**4. Receivables**

As of June 30, 2016, receivables consist of:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Contributions	\$ 619,277	\$ 0	\$ 0
Community Foundation grant	0	40,948	0
Unconditional promises to give	<u>0</u>	<u>0</u>	<u>590</u>
	<u>\$ 619,277</u>	<u>\$ 40,948</u>	<u>\$ 590</u>

During the year ended June 30, 2016, investment earnings from the Community Foundation of Southeast Michigan endowment of \$81,896 were approved for distribution to Children's Leukemia Foundation of Michigan, of which \$40,948 has been received and \$40,948 is included in receivables. This income can be used for general operating support, and as such, will be recorded as unrestricted net assets when received.

The Foundation also had promises to give of \$590 at June 30, 2016, representing an endowment campaign. The endowment funds are to be permanently restricted. The promises to give as of June 30, 2016, are unconditional and due 2017.

Management believes all receivables outstanding at June 30, 2016 will be collected. Accordingly, no provision for uncollectible amounts has been made.

5. Property and Equipment

Property and equipment at June 30, 2016 is summarized as follows:

Furniture and fixtures	\$ 44,609
Computer equipment	93,136
Leasehold improvements	<u>7,188</u>
Total cost	144,933
Less: Accumulated depreciation	<u>(134,296)</u>
Net carrying amount	<u>\$ 10,637</u>

Depreciation expense for the year ended June 30, 2016 amounted to \$4,222.

6. Net Assets - Temporary Restrictions

Temporarily restricted net assets consist of time-restricted Community Foundation of Southeast Michigan endowment income and donor-restricted contributions and grants for patient services and community education.

CHILDREN'S LEUKEMIA FOUNDATION OF MICHIGAN
Notes to the Financial Statements (Continued)
For The Year Ended June 30, 2016

NOTE:**7. Net Assets - Permanent Restrictions**

Permanently restricted net assets consist of funds raised for the Endowment Campaign, a drive aimed to supplement the operating funds of the Organization to assure its mission is met and families are served. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The Foundation has a policy that provides for an annual disbursement up to 5% of the average market value of the fund over the previous 12 quarters and divided between two payouts each year. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment asset to grow at the rate of inflation. This is consistent with the Foundation's objective to maintain the purchasing power of endowment asset as well as to provide additional real growth through new gifts and investment return.

Endowment net asset composition as of June 30, 2016 is as follows:

Balance – Beginning of year	\$ 821,043
Net gifts received and invested	357,056
Disbursement of funds for use in programs	(12,997)
Investment returns:	
Dividends and interest	21,936
Net realized and unrealized loss	<u>(31,040)</u>
Balance – End of year	<u>\$ 1,155,998</u>

8. Financial Assistance

The Foundation provides a financial assistance program whereby the Foundation reimburses patients for medication, treatment, transportation and wigs. This assistance has a limitation of \$1,000 per eligible patient per year. The patients are also eligible for special needs up to \$500 per eligible patient. Special needs are for emergencies and are looked at case by case. Total costs for patient financial assistance amounted to \$30,011 for the year ended June 30, 2016. During the year, there were 104 patients who received financial assistance.

9. Gifts In Kind

The Foundation provides a holiday toy program that served 551 children for the year ended June 30, 2016. Many of these toys were donated to the Foundation and recorded as contributions on the financial statements. Other items that were recorded as gifts in kind were various donations for third-party and special fundraising events.

CHILDREN'S LEUKEMIA FOUNDATION OF MICHIGAN
Notes to the Financial Statements (Continued)
For The Year Ended June 30, 2016

NOTE:**10. Special Fundraising Events**

Revenue from special fundraising events is presented net of related expenses. The gross revenue and expense from these events for the year ended June 30, 2016 are as follows:

<u>Fundraising Event</u>	<u>Revenue</u>	<u>Expenses</u>	<u>Net Revenue</u>
CRUSH	\$ 60,123	\$ 6,568	\$ 53,555
CRAFT	30,812	15,182	15,630
Hoops for Hope	68,608	3,992	64,616
House Party	52,556	7,601	44,955
Grays Reef Golf Outing	172,962	47,140	125,822
Movie Marathon	23,992	2,576	21,416
Walk	53,425	11,307	42,118
Miscellaneous under \$10,000	<u>10,697</u>	<u>5,732</u>	<u>4,965</u>
	<u>\$ 473,175</u>	<u>\$ 100,098</u>	<u>\$ 373,077</u>

11. Operating Leases

The Foundation entered into a non-cancelable operating lease for its facility in Troy, Michigan. This lease expired May 31, 2016. On May 6, 2016, the Foundation entered into an operating lease for its facility in Farmington Hills, Michigan. This lease expires July 31, 2021 and has an option to extend for an additional three-year term. Rental expense consisted of \$57,601 for the year ended June 30, 2016.

The Foundation entered into an operating lease for its facility in Grand Rapids, Michigan. This lease expires March 31, 2018 and has an option to extend for an additional two-year term and has an option to terminate the lease after 36 months. Minimum rent payments under operating leases are recognized on a straight-line basis over the term of the lease including any periods of free rent. Rental expense consisted of \$16,009 for the year ended June 30, 2016.

The Foundation leases its office equipment on a combination of long-term leases. The terms of these agreements range from 48 to 63 months and the monthly lease rates range from \$173 to \$237 per month. Total leasing expense for office equipment amounted to \$5,224 for the year ended June 30, 2016.

Future minimum lease payments under operating leases that have remaining terms in excess of one year as of June 30, 2016 are:

<u>June 30,</u>	<u>Year Ending Amount</u>
2017	\$ 99,209
2018	97,279
2019	82,266
2020	83,225
2021	84,224
Thereafter	<u>7,814</u>
	<u>\$ 454,017</u>

CHILDREN'S LEUKEMIA FOUNDATION OF MICHIGAN
Notes to the Financial Statements (Continued)
For The Year Ended June 30, 2016

NOTE:

12. Defined Contribution Plan

The Foundation maintains a defined contribution pension plan covering substantially all of its employees. Contributions are discretionary based on 2.5% of each covered employee's salary. The Foundation recognizes pension plan costs as they accrue. The pension plan expense was \$0 for the year ended June 30, 2016.

13. Revocable Split-Interest Agreement

The Foundation has been named a beneficiary under a living trust. The assets of the trust are not included in the Statement of Financial Position of the Foundation since the trust is revocable at the discretion of the grantor. The intent of the grantor is to bequest the Organization \$250,000 upon the death of the donor.

14. Related Party Transaction

During the year ended June 30, 2016, the Organization entered into a one year consulting contract with an entity controlled by a board member. The Organization will outsource their marketing, advertising, public relations, and promotional responsibilities to the related entity. Consulting fees for these services amounted to \$22,900 as of June 30, 2016.

15. Loan Due From General Fund / Loan Due to Endowment Fund

From time to time, the Board may authorize a withdrawal from the Endowment Fund of more than five percent of the value of the Fund. In cases where the Board takes this action, that amount in excess of five percent of the value will constitute a loan that is to be repaid to the Fund in the same year as the loan is taken or as soon as possible in subsequent years. Any loans from the Fund will be restricted to funding the Organization's Patient Services programs or services. During June 30, 2016, \$0 was borrowed from the endowment fund and \$30,000 was repaid. As of June 30, 2016 the balance of the loan was \$79,000.