

**EDMARC, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2018 AND 2017**

**EDMARC, INC.**

**FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Edmarc, Inc.  
Portsmouth, Virginia

We have audited the accompanying financial statements of Edmarc, Inc. (a nonprofit organization) (the "Organization"), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses 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.

***Auditor's 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 auditor's judgment, including the assessment of the risk 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 Edmarc, Inc. as of June 30, 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.

*Barnes, Brock, Cornwell & Painter, PLC*

January 22, 2019  
Chesapeake, Virginia

EDMARC, INC.

STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2018 AND 2017

ASSETS		
	2018	2017
CURRENT ASSETS:		
Cash and cash equivalents	\$ 557,513	\$ 386,263
Pledges receivable, current	-	12,000
Prepaid expenses	7,266	10,968
Investments	434,067	296,432
Total current assets	<u>\$ 998,846</u>	<u>\$ 705,663</u>
PROPERTY AND EQUIPMENT, NET	<u>\$ 516,809</u>	<u>\$ 489,821</u>
OTHER ASSETS:		
Long-term pledges receivable	\$ -	\$ 10,750
Endowments	146,243	141,542
Total other assets	<u>\$ 146,243</u>	<u>\$ 152,292</u>
Total assets	<u><u>\$ 1,661,898</u></u>	<u><u>\$ 1,347,776</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Current portion of long-term debt	\$ 7,316	\$ -
Accounts payable and accrued expenses	42,429	21,856
Total current liabilities	<u>\$ 49,745</u>	<u>\$ 21,856</u>
LONG-TERM DEBT:		
Note Payable	\$ 15,005	\$ -
Less - current portion above	7,316	-
Net long-term debt	<u>\$ 7,689</u>	<u>\$ -</u>
Total liabilities	<u>\$ 57,434</u>	<u>\$ 21,856</u>
NET ASSETS:		
Unrestricted:		
Operating	\$ 490,825	\$ 214,178
Board designated	76,572	76,507
Total unrestricted net assets	<u>\$ 567,397</u>	<u>\$ 290,685</u>
Temporarily restricted	872,067	870,235
Permanently restricted	165,000	165,000
Total net assets	<u>\$ 1,604,464</u>	<u>\$ 1,325,920</u>
Total liabilities and net assets	<u><u>\$ 1,661,898</u></u>	<u><u>\$ 1,347,776</u></u>

See independent auditor's report and accompanying notes to the financial statements.

EDMARC, INC.

STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	2018 Total	Comparative 2017 Total
<b>REVENUE AND SUPPORT:</b>					
Contributions	\$ 509,225	\$ 531,005	\$ -	\$ 1,040,230	\$ 644,127
United way	-	173,454	-	173,454	195,920
Program service revenue	78,723	-	-	78,723	106,735
Fundraising, net of expenses \$37,141 and \$33,572, respectively	90,070	-	-	90,070	172,784
In-kind donations	139,313	-	-	139,313	126,380
Interest and dividend income	10,117	9,411	-	19,528	17,222
Unrealized gain on investments	3,486	23,149	-	26,635	42,967
Loss on disposal of property and equipm	(2,790)	-	-	(2,790)	-
Net assets released from restrictions	735,187	(735,187)	-	-	-
<b>Total revenue and support</b>	<b>\$ 1,563,331</b>	<b>\$ 1,832</b>	<b>\$ -</b>	<b>\$ 1,565,163</b>	<b>\$ 1,306,135</b>
<b>EXPENSES:</b>					
Program services	\$ 1,151,875	\$ -	\$ -	\$ 1,151,875	\$ 1,128,084
Management and general	67,168	-	-	67,168	65,955
Fundraising	67,576	-	-	67,576	31,823
<b>Total expenses</b>	<b>\$ 1,286,619</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,286,619</b>	<b>\$ 1,225,862</b>
<b>CHANGES IN NET ASSETS</b>	<b>\$ 276,712</b>	<b>\$ 1,832</b>	<b>\$ -</b>	<b>\$ 278,544</b>	<b>\$ 80,273</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>290,685</b>	<b>870,235</b>	<b>165,000</b>	<b>1,325,920</b>	<b>1,245,647</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 567,397</b>	<b>\$ 872,067</b>	<b>\$ 165,000</b>	<b>\$ 1,604,464</b>	<b>\$ 1,325,920</b>

See independent auditor's report and accompanying notes to the financial statements.

EDMARC, INC.

STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	Program Services	Management and General	Fund Raising	2018 Total	Comparative 2017 Total
Salaries and wages	\$ 695,401	\$ 39,534	\$ 55,751	\$ 790,686	\$ 745,255
Payroll taxes	50,917	2,904	4,265	58,086	56,430
Employee retirement benefits	8,359	454	273	9,086	1,200
Total salaries and related expenses	\$ 754,677	\$ 42,892	\$ 60,289	\$ 857,858	\$ 802,885
Accounting and legal	6,753	768	154	7,675	6,200
Appreciation items	12,462	1,433	430	14,325	9,521
Bank charges	5,009	576	173	5,758	6,079
Conference	4,063	-	-	4,063	978
Consulting	4,196	482	145	4,823	2,235
Depreciation	19,150	395	197	19,742	13,846
Dues and subscriptions	3,906	449	135	4,490	3,987
Food and beverage	1,215	140	42	1,397	2,227
Gifts bereaved/non-bereaved	4,372	-	-	4,372	16,688
In-kind donations	139,313	-	-	139,313	126,380
Insurance	69,746	8,017	2,405	80,168	95,333
Interest expense	331	38	11	380	-
Office expenses	24,404	2,805	842	28,051	30,076
Other supplies	1,862	214	64	2,140	9,047
Postage	12,832	1,475	443	14,750	15,751
Repairs and maintenance	6,910	794	238	7,942	14,481
Restricted expenses	22,471	-	-	22,471	9,762
Telephone	13,850	1,592	478	15,920	17,099
Travel	36,037	4,142	1,243	41,422	31,898
Utilities	8,316	956	287	9,559	11,389
Total expenses	\$ 1,151,875	\$ 67,168	\$ 67,576	\$ 1,286,619	\$ 1,225,862

See independent auditor's report and accompanying notes to the financial statements.

EDMARC, INC.

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 278,544	\$ 80,273
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	19,742	13,846
Unrealized gain on investments, net of investments fees	(37,958)	(58,319)
Loss on disposal of property and equipment	2,790	-
(Increase) decrease in assets:		
Pledges receivable	22,750	18,925
Prepaid expenses	3,702	(7,532)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	20,573	(27,098)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 310,143</u>	<u>\$ 20,095</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Distribution made from endowment	\$ 4,658	\$ 4,630
Purchase of investments	(109,036)	(6,037)
Purchase of property and equipment	(49,520)	-
NET CASH USED BY INVESTING ACTIVITIES	<u>\$ (153,898)</u>	<u>\$ (1,407)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from long-term note payable	\$ 21,573	\$ -
Repayments on long-term note payable	(6,568)	-
NET CASH USED PROVIDED BY FINANCING ACTIVITIES	<u>\$ 15,005</u>	<u>\$ -</u>
NET CHANGES IN CASH AND CASH EQUIVALENTS	\$ 171,250	\$ 18,688
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>386,263</u>	<u>367,575</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 557,513</u>	<u>\$ 386,263</u>

SUPPLEMENTAL DISCLOSURES OF NONCASH INFORMATION

Fair value of donated supplies and equipment	<u>\$ 139,313</u>	<u>\$ 126,380</u>
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See independent auditor's report and accompanying notes to the financial statements.

**EDMARC, INC.**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

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**NOTE 1 - ORGANIZATION:**

Edmarc, Inc. (Edmarc) is a non-profit organization dedicated to easing the trauma of a child's illness or death and to reducing the disabling effects of pediatric illness, loss and bereavement on families. Located in Hampton Roads, Virginia, Edmarc employs a variety of health professionals and other trained personnel to work in the homes of families who have a child who is seriously ill or disabled and with families who have experienced the death of a child.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

(a) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and, as such, recognize income when earned and expenses when incurred.

(b) Classification of Net Assets

The accompanying financial statements have been prepared in accordance with the recommendations of the Financial Accounting Standards Board. Edmarc reports information regarding its financial position and activities according to three classes of net assets, as follows:

- Unrestricted amounts are those currently available, at the discretion of the Board of Directors, for use in the operations and those resources invested in property and equipment.
- Temporarily restricted amounts are those that are stipulated by donors for specific purposes. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.
- Permanently restricted amounts are restricted to investments in perpetuity, the income from which is expendable in accordance with the conditions of each specific donation.

(c) Cash and Cash Equivalents

For purposes of the statements of cash flows, Edmarc considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Cash equivalents amounted to \$0 and \$111,232 for the years ending June 30, 2018 and 2017, respectively.

(d) Recognition of Restrictions on Assets

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the same reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction.

(e) Donated Property

Edmarc recognizes in-kind contributions as revenue and expense in the period in which they are received. Donated materials are valued by donor at fair market value on the date of the gift. No amounts have been reflected in the accompanying financial statements for volunteer services since they are not susceptible to objective measurement or valuation; however, a number of volunteers donated significant amounts of their time performing services that would otherwise be performed by paid employees.

See independent auditor's report. Notes continued on next page.



EDMARC, INC.

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

(f) Pledges Receivable and Allowance for Doubtful Accounts

Pledges receivable are stated at amounts pledged less an allowance for doubtful accounts. Receivables outstanding for more than 30 days are considered past due. Edmarc uses the allowance method to determine uncollectible pledges receivable. The allowance is based on prior years' experience and management's analysis of specific pledges made. For the years ended June 30, 2018 and 2017, there was no allowance for doubtful accounts.

(g) Property and Equipment

Property and equipment are recorded at cost. Expenditures for maintenance and repairs are expensed as incurred while renewals and betterments are capitalized. The gain or loss on items traded is applied to the asset account, and that on items otherwise disposed of is reflected in income.

Depreciation has been provided for using straight-line method over the estimated useful lives of the assets. The estimated useful lives of the assets are as follows:

Building	40 years
Furniture and equipment	5 - 7 years
Vehicle	5 years

(h) Income Taxes

Edmarc, Inc., is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. Internal Revenue Code Section 513(a) defines an unrelated trade or business of an unexempt organization as any trade or business which is not substantially related to the exercise or performance of its exempt purpose. Currently the Organization has no obligation for any unrelated business income tax. The Organization believes it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements; however, any penalties and interest incurred as a result of uncertain tax positions would be recorded in general administration. The Organization's federal return of Organization Exempt from Income Tax (Form 990) for fiscal years ending 2018, 2017, 2016, and 2015 are subject to examination by the IRS, generally for three years after they were filed.

(i) 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(j) Charity Care

Edmarc provides care to patients who meet certain criteria under its charity policy. Because Edmarc does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. Uncompensated care provided by Edmarc totaled \$369,450 and \$201,385 for the years ended June 30, 2018 and 2017, respectively.

(k) Functional Allocation of Expenses

The cost of providing Edmarc's various programs and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs are allocated among the programs and supporting services benefited.

See independent auditor's report. Notes continued on next page.

**EDMARC, INC.**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

(l) Advertising

Edmarc expenses the cost of advertising when incurred. At June 30, 2018 and 2017, no advertising costs were incurred.

(m) Summarized Comparative 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

NOTE 3 - PLEDGES RECEIVABLE:

Pledges receivable at June 30, 2018 and 2017 consisted of the following:

	2018	2017
Receivable in less than one year	\$ -	\$ 12,000
Receivable in one to ten years	-	10,750
Less: allowance for uncollectible	-	-
	\$ -	\$ 22,750

Reflected in the financial statements as follows:

	2018	2017
Pledges receivable, net, current	\$ -	\$ 12,000
Long-term pledges receivable, net	-	10,750
	\$ -	\$ 22,750

NOTE 4 - FAIR VALUE MEASUREMENTS:

Edmarc adopted the provisions of this statement for its financial assets and liabilities that are re-measured and reported at fair value each reporting period. The adoption of SFAS 157 did not have any impact on the statement of activities or balance sheet, but does require additional disclosures.

FASB Statement No. 157, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB statement No. 157 are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that Edmarc has the ability to access.

See independent auditor's report. Notes continued on next page.

**EDMARC, INC.**

**NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 4 - FAIR VALUE MEASUREMENTS (Continued):

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2018 and 2017.

*Mutual funds:* Valued at the net asset value (NAV) of shares held by Edmarc at year end.

*Common stocks:* Valued at the closing price reported on the active market on which the individual securities are traded.

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

The following table sets forth by level, within the fair value hierarchy, Edmarc's assets at fair value as of June 30, 2018 and 2017, respectively.

Assets at Fair Value as of June 30, 2018:

	Level 1	Level 2	Level 3	Total
Bond funds	\$ 15,286	\$ -	\$ -	\$ 15,286
Equities	20,921			20,921
Exchange Traded Funds	397,860	-	-	397,860
Total	<u>\$ 434,067</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 434,067</u>

Assets at Fair Value as of June 30, 2017:

	Level 1	Level 2	Level 3	Total
Bond funds	\$ 14,904	\$ -	\$ -	\$ 14,904
Equities	13,367			13,367
Exchange Traded Funds	268,161	-	-	268,161
Total	<u>\$ 296,432</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 296,432</u>

See independent auditor's report. Notes continued on next page.

**EDMARC, INC.**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

**NOTE 5 - PROPERTY AND EQUIPMENT:**

Property and equipment at June 30, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Building	\$ 635,000	\$ 635,000
Furniture and fixtures	76,233	48,286
Vehicle	21,573	12,228
	<u>\$ 732,806</u>	<u>\$ 695,514</u>
Less accumulated depreciation	215,997	205,693
	<u>\$ 516,809</u>	<u>\$ 489,821</u>

Depreciation expense for the years ended June 30, 2018 and 2017 amounted to \$19,742 and \$13,846, respectively.

In December 2004, Edmarc was deeded a house in Portsmouth, which is included in property in the above table. If the house is sold before 90 years the proceeds must go to The Southeast Virginia Community Foundation.

**NOTE 6 - ENDOWMENTS:**

At June 30, 2018 and 2017 endowments consisted of the following:

	<u>2018 Fair Market</u>	<u>2017 Fair Market</u>
Southeast Virginia Community Foundation	\$ 118,648	\$ 115,451
United Way Foundation	27,595	26,091
	<u>\$ 146,243</u>	<u>\$ 141,542</u>

During the years ended June 30, 2018 and 2017, Edmarc had an unrealized gain on the above investments of \$1,215 and \$3,967, respectively. Income from the Southeast Virginia Community Foundation is restricted for property repairs and maintenance.

**NOTE 7 - EMPLOYEE BENEFIT PLAN:**

Edmarc has a defined contribution salary deferral plan covering substantially all employees. Under the plan, Edmarc contributes one percent of the annual salary for those employees who have been employed for the past twelve months at the fiscal year end. The annual contribution is at the board's discretion. Edmarc's expense related to this plan totaled \$9,086 and \$1,200 for the years ended June 30, 2018 and 2017, respectively.

**NOTE 8 - LINE OF CREDIT:**

Edmarc has a \$50,000 line of credit with Towne Bank. Principal is due upon demand and interest is payable monthly at 7.75%. The line is unsecured. At June 30, 2018 and 2017, Edmarc had \$50,000 available on this line. The line matures on April 25, 2019.

**NOTE 9 - FUND RAISING COSTS:**

Edmarc's allocated fund raising costs for United Way for the year ended June 30, 2018 and 2017 were \$12,991 and \$11,945, respectively.

See independent auditor's report. Notes continued on next page.

**EDMARC, INC.**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

**NOTE 10 - CONCENTRATION OF CREDIT RISK:**

Edmarc solicits contributions from individuals, businesses, and various agencies. Financial instruments that potentially subject Edmarc to credit risk include contributions. Contributions are not collateralized, and there is no legal recourse to collect unpaid contributions.

Financial instruments, which potentially subject Edmarc to concentration of credit risk, consist principally of cash.

Edmarc places its cash and cash equivalents on deposit with financial institutions in the United States. Beginning January 1, 2014, funds deposited in a noninterest-bearing transaction account no longer will receive unlimited deposit insurance coverage by the Federal Deposit Insurance Corporation (FDIC). All of a depositor's accounts at an insured depository institution, including all non-interest bearing transaction accounts, will be insured by the FDIC and Securities Investor Protection Corporation (SIPC), up to the standard maximum deposit insurance amount for each deposit insurance ownership category. As of June 30, 2018 and 2017, Edmarc had demand deposits on hand in financial institutions which exceeded depositor's insurance provided by the applicable guaranty agency by \$340,261 and \$56,038, respectively. There were no investments in excess of SIPC insured limits at June 30, 2018 and 2017.

Breakdowns of contributions and fundraising by significant type of donor for the years ended June 30, 2018 and 2017 are as follows:

	2018	2017
Foundations and trusts	34%	22%
Fundraising	6%	9%
United Way	12%	17%
Individual donations	13%	19%
Organization donations	18%	28%
Other	17%	5%
	100%	100%

Breakdowns of program revenue from services by significant type of payer for the years ended June 30, 2018 and 2017 are as follows:

	2018	2017
Tricare/Champus	47%	51%
Anthem	10%	15%
Optima	27%	16%
Medicaid	3%	8%
Other	13%	10%
	100%	100%

**NOTE 11 - NET ASSETS RELEASED FROM RESTRICTIONS:**

Net assets were released from donor restrictions by incurring expenses satisfying the temporarily restricted purposes or by occurrence of other events specified by donor.

	2018	2017
Expenses from temporarily restricted funds:		
Children's hospice care & bereavement counseling	\$ 735,187	\$ 304,044

See independent auditor's report. Notes continued on next page.

**EDMARC, INC.**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

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**NOTE 12 - LONG TERM DEBT:**

In July 2017, Edmarc secured an installment loan in the amount of \$21,573 with payments in the amount of \$632, including interest at 2.25% maturing June 2020. The loan is secured by the vehicle it was purchased with. At June 30 2018 and 2017, the outstanding balance was \$15,005 and \$0, respectively.

Total notes payable	\$ 15,005
Less current portion	<u>7,316</u>
Total long-term notes payable	<u><u>\$ 7,689</u></u>

Future maturities of notes payable are as follows:

	<u>Amount</u>
2019	\$ 7,316
2020	<u>7,693</u>
Total	<u><u>\$ 15,009</u></u>

**NOTE 13 - SUBSEQUENT EVENTS:**

Subsequent events were evaluated through January 22, 2019, which is the date the financial statements were available to be issued. No events have occurred subsequent to the balance sheet date and through January 22, 2019 that would require adjustment to, or disclosure in, the financial statements.