

**THE FUND FOR TEACHERS: A FOUNDATION TO
RECOGNIZE, STIMULATE AND ENHANCE**

FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

CONTENTS

	<u>Page</u>
Independent Auditor's Report.....	2
Statements of Financial Position	3
Statements of Activities.....	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7-13



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Fund For Teachers: A Foundation to Recognize, Stimulate and Enhance
Houston, Texas

We have audited the accompanying financial statements of The Fund for Teachers: A Foundation to Recognize, Stimulate and Enhance (a nonprofit Texas corporation), which comprise the statements of financial position as of December 31, 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; 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. 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 The Fund for Teachers: A Foundation to Recognize, Stimulate and Enhance as of December 31, 2018 and 2017, and the changes in its nets assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

Harper & Pearson Company, P.C.

Houston, Texas
May 14, 2019

**THE FUND FOR TEACHERS: A FOUNDATION TO RECOGNIZE, STIMULATE AND ENHANCE
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017**

	2018	2017
ASSETS		
ASSETS		
Cash and cash equivalents	\$ 586,054	\$ 448,967
Investment securities	18,662,424	21,736,332
Pledges and other receivables	5,150	2,600
TOTAL ASSETS	\$ 19,253,628	\$ 22,187,899
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 25,341	\$ 30,838
Total liabilities	25,341	30,838
NET ASSETS		
Net assets without donor restrictions	18,234,547	21,057,864
Net assets with donor restrictions	993,740	1,099,197
Total net assets	19,228,287	22,157,061
TOTAL LIABILITIES AND NET ASSETS	\$ 19,253,628	\$ 22,187,899

**THE FUND FOR TEACHERS: A FOUNDATION TO RECOGNIZE, STIMULATE AND ENHANCE
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT						
Contributions	\$ 1,088,856	\$ 1,109,973	\$ 2,198,829	\$ 944,403	\$ 1,007,389	\$ 1,951,792
Overriding royalty interest income	16,289	-	16,289	5,397	-	5,397
Investment returns	(1,773,908)	-	(1,773,908)	3,296,821	-	3,296,821
Special events	135,075	-	135,075	120,295	-	120,295
Other income	-	-	-	1,557	-	1,557
Assets released from restrictions	<u>1,215,430</u>	<u>(1,215,430)</u>	<u>-</u>	<u>1,384,221</u>	<u>(1,384,221)</u>	<u>-</u>
Total Revenues and Support	<u>681,742</u>	<u>(105,457)</u>	<u>576,285</u>	<u>5,752,694</u>	<u>(376,832)</u>	<u>5,375,862</u>
EXPENSES						
Program:						
Grants paid	1,958,877	-	1,958,877	2,038,180	-	2,038,180
Program support	<u>922,484</u>	<u>-</u>	<u>922,484</u>	<u>868,685</u>	<u>-</u>	<u>868,685</u>
Total Program	<u>2,881,361</u>	<u>-</u>	<u>2,881,361</u>	<u>2,906,865</u>	<u>-</u>	<u>2,906,865</u>
Supporting Services:						
Management and general	467,638	-	467,638	363,873	-	363,873
Fundraising and special events	<u>156,060</u>	<u>-</u>	<u>156,060</u>	<u>148,925</u>	<u>-</u>	<u>148,925</u>
Total Supporting Services	<u>623,698</u>	<u>-</u>	<u>623,698</u>	<u>512,798</u>	<u>-</u>	<u>512,798</u>
Total Expenses	<u>3,505,059</u>	<u>-</u>	<u>3,505,059</u>	<u>3,419,663</u>	<u>-</u>	<u>3,419,663</u>
CHANGE IN NET ASSETS	(2,823,317)	(105,457)	(2,928,774)	2,333,031	(376,832)	1,956,199
NET ASSETS, BEGINNING OF YEAR	<u>21,057,864</u>	<u>1,099,197</u>	<u>22,157,061</u>	<u>18,724,833</u>	<u>1,476,029</u>	<u>20,200,862</u>
NET ASSETS, END OF YEAR	<u>\$ 18,234,547</u>	<u>\$ 993,740</u>	<u>\$ 19,228,287</u>	<u>\$ 21,057,864</u>	<u>\$ 1,099,197</u>	<u>\$ 22,157,061</u>

See accompanying notes.

**THE FUND FOR TEACHERS: A FOUNDATION TO RECOGNIZE, STIMULATE AND ENHANCE
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018				2017			
	Program	General & Administrative	Fundraising	Total	Program	General & Administrative	Fundraising	Total
Fellowship grants	\$ 1,958,877	\$ -	\$ -	\$ 1,958,877	\$ 2,038,180	\$ -	\$ -	\$ 2,038,180
Salaries and benefits	549,860	187,819	61,354	799,033	499,247	197,413	74,326	770,986
Fundraising and special events	-	-	70,408	70,408	-	-	45,342	45,342
Accounting fees	-	26,500	-	26,500	-	25,500	-	25,500
Bank charges	-	7,817	-	7,817	-	7,650	-	7,650
Consultants	128,693	143,464	15,000	287,157	140,354	25,412	18,187	183,953
Insurance	-	3,207	-	3,207	-	3,117	-	3,117
Marketing and communications	84,261	18,966	-	103,227	75,177	36,456	-	111,633
Meals	9,856	24,308	-	34,164	3,544	14,157	-	17,701
Miscellaneous expenses	-	348	-	348	1	393	-	394
Office equipment and software	1,991	664	231	2,886	1,580	585	234	2,399
Office supplies	1,731	577	201	2,509	1,048	403	161	1,612
Postage and delivery	959	5,239	-	6,198	360	575	-	935
Printing and reproduction	-	4,426	-	4,426	-	4,566	-	4,566
Production tax expense	-	2,907	-	2,907	-	253	-	253
Professional development	-	2,066	-	2,066	-	1,459	-	1,459
Information technology communications	32,066	3,562	-	35,628	37,528	5,278	-	42,806
Rent and parking	73,416	24,472	8,512	106,400	67,275	25,875	10,350	103,500
Subscriptions and publications	-	592	-	592	-	40	-	40
Telephone	3,050	1,017	354	4,421	2,109	811	325	3,245
Travel	36,601	9,687	-	46,288	40,462	13,930	-	54,392
	<u>\$ 2,881,361</u>	<u>\$ 467,638</u>	<u>\$ 156,060</u>	<u>\$ 3,505,059</u>	<u>\$ 2,906,865</u>	<u>\$ 363,873</u>	<u>\$ 148,925</u>	<u>\$ 3,419,663</u>

See accompanying notes.

**THE FUND FOR TEACHERS: A FOUNDATION TO RECOGNIZE, STIMULATE AND ENHANCE
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (2,928,774)	\$ 1,956,199
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Net realized and unrealized loss (gain) on investment securities	2,483,028	(1,629,046)
Changes in operating assets and liabilities:		
Pledges and other receivables	(2,550)	52,700
Accounts payable and accrued expenses	(5,497)	(10,789)
Total adjustments	2,474,981	(1,587,135)
Net cash (used) provided by operating activities	(453,793)	369,064
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of investment securities	2,519,322	2,057,867
Purchase of investment securities	(1,928,442)	(2,429,142)
Net cash provided (used) by investing activities	590,880	(371,275)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	137,087	(2,211)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	448,967	451,178
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 586,054	\$ 448,967

See accompanying notes.

**THE FUND FOR TEACHERS: A FOUNDATION TO RECOGNIZE, STIMULATE AND ENHANCE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE A ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Fund For Teachers: A Foundation to Recognize, Stimulate and Enhance (the "Foundation") is a Texas not-for-profit corporation that commenced operations on May 10, 2001. The Foundation was formed exclusively for educational, charitable, and literary purposes. Specifically, the Foundation's mission is to strengthen instruction by investing in outstanding teachers' self-determined professional growth and development in order to support student success, enrich their own practice, and strengthen their schools and communities. The activities of the Foundation include making grants directly to teachers throughout the United States so that they may have sufficient financial resources to participate in training and enrichment activities that will improve and enhance their skills and capacities as teachers.

Use of Estimates - The preparation of financial statements in accordance with accounting principles generally accepted in the United States (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from these estimates.

Concentrations of Credit Risk - Financial instruments, which subject the Foundation to concentrations of credit risk, consist principally of cash and cash equivalents, pledges and other receivables, and investment securities. Cash and cash equivalents consist of demand deposits available for operations. Cash and cash equivalents are maintained with financial institutions in the United States. Deposits with financial institutions at year-end and various times during the year exceeded the amount of federal deposit insurance provided on such deposits (approximately \$336,000 at December 31, 2018); however, these deposits typically may be redeemed upon demand and therefore, bear minimal risk. Money market funds, brokerage accounts and private investment funds are not insured. In monitoring this credit risk, the Foundation periodically evaluates the stability of the financial institutions and money managers that hold or invest its funds.

At December 31, 2018 and 2017, all pledges and other receivables are due in the next year. No collateral or other security is required to support pledges and other receivables. An allowance for doubtful accounts is established as needed based upon factors surrounding the credit risk of specific donors and debtors, historical trends and other information. Management estimates that all receivables are collectible, thus no allowance for uncollectible amounts has been recorded.

Two donors contributed approximately 75% and 74% of total contributions and special events revenue during 2018 and 2017, respectively.

Investment Risk - The Foundation's investments in securities subject the Foundation to various levels of risk associated with economic, operating, and political events beyond management's control. Consequently, management's judgment as to the level of losses that currently exist or may develop in the future involves the consideration of current and anticipated conditions and their potential effects on the Foundation's investments. Due to the level of risk associated with investment securities and the level of uncertainty related to changes in the value of investment securities, it is possible that changes in risks could materially impact the amounts reflected herein in the near term.

**THE FUND FOR TEACHERS: A FOUNDATION TO RECOGNIZE, STIMULATE AND ENHANCE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE A ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Valuation of Investments - Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Implementation of New Accounting Standard - The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, "*Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*" in August 2016. This ASU became effective for the Foundation on January 1, 2018. The ASU amends the current reporting model for nonprofit organizations and enhances required disclosures. The major provisions of the standard applicable to the Foundation include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) requiring that all nonprofits present an analysis of expenses by function and disclose a summary of the allocation methods used to allocate costs, (c) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, and (d) presenting investment return net of external and direct internal investment expenses. There was no impact on previously reported net assets or changes in net assets. The financial statements for 2017 have been revised to conform to the new presentation, which required reclassification of external investment expense of \$26,294 from management and general expenses to investment returns, net (See Note D).

Net Assets - Information regarding the financial position and activities of the Foundation is reported in two categories as follows:

Net Assets Without Donor Restrictions - represent expendable funds available for operations which are not otherwise limited by donor restrictions.

Net Assets With Donor Restrictions - consist of (i) contributed funds subject to donor or grantor imposed restrictions related to a specific purpose or requiring a specific passage of time before the funds can be spent, and (ii) contributed funds subject to irrevocable donor restrictions requiring the assets be maintained in perpetuity for the purpose of generating investment income to fund current operations.

Contributions - Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor for future periods or a specific purpose are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as assets released from restrictions.

In-kind contributions are reflected as contributions at their estimated fair value at date of donation. The Foundation liquidates contributed stock immediately upon receipt and records the proceeds as contributions. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

**THE FUND FOR TEACHERS: A FOUNDATION TO RECOGNIZE, STIMULATE AND ENHANCE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE A ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unconditional promises to give that are expected to be collected within one year are recorded at their realizable value. Unconditional promises to give that are expected to be collected after one year or more are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promise is received. Amortization of the discount is included as contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met.

Investment Returns - Interest, management fees, realized gains and losses, and the net change in unrealized appreciation or depreciation of investment securities during the year are recorded as investment returns in net assets without donor restrictions in the statements of activities unless the use of the income is limited by donor-imposed restrictions. Income whose use is restricted by the donor is reported as an increase in net assets with donor restrictions.

Grants Paid - Grants paid include all direct grant awards made to educators. Program support includes costs associated with providing the grant opportunity and the administration of the grants.

Functional Expenses - Expenses are charged directly to functional classifications where applicable. Expenses which are attributable to more than one program or supporting function require allocation on a reasonable basis that is consistently applied. Salaries and related benefits are allocated on the basis of the percentages derived from the time reporting by the employee. Office equipment and software, office supplies, marketing, and rent/parking are allocated using the functional percentages derived from payroll allocations.

Federal Income Tax - The Foundation is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). However, the Foundation is subject to taxes on unrelated business income. During 2018 and 2017, there was no unrelated business income.

The Foundation believes that all significant tax positions utilized by the Foundation will more likely than not be sustained upon examination. As of December 31, 2018, the tax years that remain subject to examination by the major tax jurisdictions under the statute of limitations are from the year 2015 forward (with limited exceptions). Tax penalties and interest, if any, would be accrued as incurred and would be classified as management and general expense in the statement of activities.

Recent Accounting Pronouncements Not Yet Effective - In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, "*Leases (Topic 842)*". Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statements of activities. The new standard is effective for the Foundation for the year beginning January 1, 2020. The Foundation is currently evaluating the effect the provisions of ASU 2016-02 will have on the financial statements.

**THE FUND FOR TEACHERS: A FOUNDATION TO RECOGNIZE, STIMULATE AND ENHANCE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE A ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events - The Foundation has evaluated subsequent events through May 14, 2019, the date the financial statements were available to be issued. No subsequent events occurred which require adjustment to or disclosure in the financial statements at December 31, 2018.

NOTE B LIQUIDITY AND AVAILABILITY

The Foundation regularly monitors liquidity required to meet its operating needs and manages its cash flows through the adherence to budgets created annually and updated quarterly. The Foundation relies on contributions from program partners and donors, program administration fees, and income generated from its investment portfolio to fund ongoing operations. The Foundation strives to maximize available funds through investments in marketable securities to provide interest and dividend income to support current operating activities. Should the need arise, the Foundation's investments could be liquidated to fund operations.

As of December 31, 2018, the Foundation has available the following assets to meet operating expenditures for the next fiscal year:

Financial Assets at Year End:	
Cash and cash equivalents	\$ 586,054
Current pledge receivables	5,150
Investment securities	<u>18,662,424</u>
	19,253,628
Less net assets with donor restrictions	<u>(993,470)</u>
Total Financial Assets	<u>\$ 18,260,158</u>

NOTE C INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Foundation invests in various securities including direct investments in equity and fixed income securities, and mutual funds, all of which are traded on the open market. In addition, the Foundation has an investment in a privately offered multi-asset mutual fund. Equity securities and mutual funds include domestic and foreign common stocks and equity index shares. Fixed income securities and mutual funds include corporate bonds and notes, fixed income index shares and U.S. government and sovereign debt obligations.

GAAP provides a framework for measuring fair value using a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value based upon whether the inputs to those valuation techniques are observable or unobservable. This hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical financial instruments and the lowest priority to unobservable inputs. Valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. The financial instrument'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.

**THE FUND FOR TEACHERS: A FOUNDATION TO RECOGNIZE, STIMULATE AND ENHANCE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE C INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

These inputs are summarized in the three broad levels listed below:

Level 1 – Unadjusted quoted prices for identical financial instruments in active markets that the Foundation has the ability to access.

Level 2 – Other significant observable inputs (including quoted prices in active and inactive markets for similar assets or liabilities), or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the financial instruments.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the financial instruments. The fair value of Level 3 financial instruments is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

Following is a description of the valuation techniques used for investments measured at fair value.

The investment in the privately offered multi-asset mutual fund is valued at the net asset value computed by the fund manager on a monthly basis using fair values of underlying assets, estimates of future earnings and other valuation techniques.

All other investments held are traded in active markets and valued at the most recent trade prices quoted.

The Foundation believes its valuation techniques are appropriate and consistent with other market participants; however, the use of different techniques or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The fair values of investments are categorized as follows at December 31, 2018 and 2017:

	2018			
	Level 1	Level 2	Level 3	Total
Domestic equity mutual funds	\$ 3,692,667	\$ -	\$ -	\$ 3,692,667
International equity mutual funds	1,179,918	-	-	1,179,918
Fixed income mutual funds	1,035,194	-	-	1,035,194
Money market fund	1,012,260	-	-	1,012,260
Multi-asset mutual fund	-	11,742,385	-	11,742,385
	\$ 6,920,039	\$ 11,742,385	\$ -	\$ 18,662,424

**THE FUND FOR TEACHERS: A FOUNDATION TO RECOGNIZE, STIMULATE AND ENHANCE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE C INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

	2017			
	Level 1	Level 2	Level 3	Total
Domestic equity mutual funds	\$ 3,894,032	\$ -	\$ -	\$ 3,894,032
International equity mutual funds	1,378,938	-	-	1,378,938
Fixed income mutual funds	1,048,155	-	-	1,048,155
Money market fund	1,105,177	-	-	1,105,177
Multi-asset mutual fund	-	14,310,030	-	14,310,030
	<u>\$ 7,426,302</u>	<u>\$ 14,310,030</u>	<u>\$ -</u>	<u>\$ 21,736,332</u>

NOTE D INVESTMENT RETURNS

During 2018 and 2017, investment returns including interest earned on cash and cash equivalents consists of the following:

	2018	2017
Interest and dividends	\$ 737,396	\$ 1,694,069
Net realized and unrealized (loss) gain	(2,483,028)	1,629,046
Investment management fees	<u>(28,276)</u>	<u>(26,294)</u>
Investment returns	<u>\$ (1,773,908)</u>	<u>\$ 3,296,821</u>

NOTE E RESTRICTIONS OF NET ASSETS

Net assets with donor restrictions are restricted for the following regional program activities at December 31, 2018 and 2017:

	2018	2017
Asian Fellowship Program	\$ 110,665	\$ 125,558
Oklahoma Program	377,500	377,500
Permian Basin Program	59,100	117,631
Kansas City Program	113,227	100,000
Connecticut Area Program	305,172	332,611
Douglas County Oregon Program	-	4,048
Other Specified Programs	<u>28,076</u>	<u>41,849</u>
	<u>\$ 993,740</u>	<u>\$ 1,099,197</u>

There are no net assets required to be maintained in perpetuity. All assets released from restrictions during 2018 and 2017 were in satisfaction of program restrictions.

**THE FUND FOR TEACHERS: A FOUNDATION TO RECOGNIZE, STIMULATE AND ENHANCE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE F RELATED PARTY TRANSACTIONS

Members of the Board of Directors and the founding corporate contributor are considered related parties. All individuals who perform services for the Foundation are employees of the founding corporation. In addition, the founding corporation provides office space, utilities, supplies and equipment at no charge to the Foundation. During 2018, the Foundation was notified that beginning January 1, 2019, the founding corporation would no longer be making these contributions, including payroll and related expenses. Balances and transactions with related parties are as follows at and for the years ended December 31, 2018 and 2017:

	2018	2017
Accounts payable and accrued expenses	\$ 869	\$ 961
Contributions	\$ 16,350	\$ 21,800
Contributions of salaries and benefits	\$ 799,033	\$ 770,986
Contributions of office space	\$ 106,400	\$ 103,500

NOTE G BENEFICIAL INTEREST IN COMMUNITY FOUNDATION

Fund for Teachers is the named beneficiary of a designated fund held by the Tulsa Community Foundation (TCF) with a fair value of approximately \$1.2 million including accumulated earnings of approximately \$350,000 as of December 31, 2018. Contributions, earnings and the fair value of this designated fund are not included in the accompanying financial statements as TCF has control of the related investments and the authority to redirect proceeds if TCF deems appropriate. The fund was created to support grants to teachers in Oklahoma.

NOTE H COMMITMENTS

On December 31, 2018, the Foundation entered a sub-lease agreement for the office space previously contributed by the founding corporation (see Note F). The Foundation may terminate the lease with three months' prior written notice. If no such notice is given, future minimum payments are as follows:

2019	\$ 100,787
2020	74,405
2021	111,441
2022	112,963
2023	114,485
2024	116,007
	\$ 630,088