

**OHIO ACADEMY OF FAMILY
PHYSICIANS FOUNDATION**

**FINANCIAL STATEMENTS
DECEMBER 31, 2022**

**OHIO ACADEMY OF FAMILY
PHYSICIANS FOUNDATION**

TABLE OF CONTENTS

Independent Auditor's Report	3-4
Statement of Financial Position	5
Statement of Activities	6
Statement of Functional Expenses	7
Statement of Cash Flows	8
Notes to Financial Statements	9-15



INDEPENDENT AUDITOR'S REPORT

**To the Board of Trustees
Ohio Academy of Family Physicians Foundation
Columbus, Ohio**

Opinion

We have audited the accompanying financial statements of Ohio Academy of Family Physicians Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ohio Academy of Family Physicians Foundation as of December 31, 2022 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Ohio Academy of Family Physicians Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Ohio Academy of Family Physicians Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is

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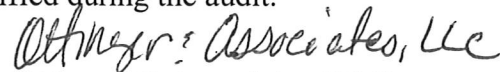
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not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Ohio Academy of Family Physicians Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Ohio Academy of Family Physicians Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.


Ottinger & Associates, LLC
Galena, Ohio
March 6, 2023

OHIO ACADEMY OF FAMILY PHYSICIANS FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
<u>ASSETS:</u>			
Cash & Cash Equivalents	\$ 162,297	\$ 25,198	\$ 187,495
Accounts Receivable, net of allowance of \$-0-	7,892		7,892
TOTAL CURRENT ASSETS	170,189	25,198	195,387
Endowed Investments - AAFP Pooled Funds	1,707,007		1,707,007
Furniture and Fixtures	5,709		5,709
Less: Accumulated Depreciation	(5,709)		(5,709)
TOTAL OTHER ASSETS	1,707,007	0	1,707,007
TOTAL ASSETS	\$ 1,877,196	\$ 25,198	\$ 1,902,394
<u>LIABILITIES:</u>			
Accounts Payable	\$ 16,678		\$ 16,678
Accrued Vacation and Paid Time Off	5,431		5,431
TOTAL CURRENT LIABILITIES	22,109	0	22,109
TOTAL LIABILITIES	22,109	0	22,109
<u>NET ASSETS:</u>			
Net Assets Without Donor Restrictions	1,855,087		1,855,087
Net Assets With Donor Restrictions		25,198	25,198
TOTAL NET ASSETS	1,855,087	25,198	1,880,285
TOTAL LIABILITIES & NET ASSETS	\$ 1,877,196	\$ 25,198	\$ 1,902,394

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

OHIO ACADEMY OF FAMILY PHYSICIANS FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

<u>CHANGES IN NET ASSETS:</u>	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
<u>INCREASES IN NET ASSETS:</u>			
<u>Support and Revenue:</u>			
Unrestricted Gifts/Contributions	\$ 20,981		\$ 20,981
In Kind Contributions	782		782
Academy Dues Commitment	37,575	21,075	58,650
Restricted Gifts/Contributions	78,646		78,646
Investment Dividends and Interest, net of fees	43,816		43,816
Unrealized Gains/(Losses) on Investments	(402,538)		(402,538)
Realized Gains/(Losses) on Investments	42,934		42,934
Reclassification of Net Assets	25,700	(25,700)	-
TOTAL INCREASES IN NET ASSETS	(152,104)	(4,625)	(156,729)
<u>DECREASES IN NET ASSETS:</u>			
<u>Expenses:</u>			
<u>Program Services:</u>			
Preceptorships & Student Interest	132,849		132,849
<u>Support Services:</u>			
Management & General	37,208		37,208
Fundraising	20,780		20,780
Total Support Services	57,988		57,988
TOTAL DECREASES IN NET ASSETS	190,837	-	190,837
NET INCREASE/(DECREASE) IN NET ASSETS	(342,941)	(4,625)	(347,566)
NET ASSETS - BEGINNING OF YEAR	2,198,028	29,823	2,227,851
NET ASSETS - END OF YEAR	\$ 1,855,087	\$ 25,198	\$ 1,880,285

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

OHIO ACADEMY OF FAMILY PHYSICIANS FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services	Support Services		Total Support Services	Total Expenses
		Management & General	Fundraising		
Payroll and Related Expenses	\$ 20,237	\$ 26,445	\$ 17,977	\$ 44,422	\$ 64,659
Grants Awarded	110,547				110,547
Recognition and Awards		449		449	449
General and Administrative	42	1,131	237	1,368	1,410
Travel		1,878		1,878	1,878
Professional Fees		5,495		5,495	5,495
Account Management and Bank Charges	96	150	1,348	1,498	1,594
Advertising and Promotion	185	534	185	719	904
Printing and Duplicating		24	58	82	82
Telephone	280	378	304	682	962
Occupancy	590	724	524	1,248	1,838
Miscellaneous	872				872
Postage			147	147	147
Total Functional Expenses	\$ 132,849	\$ 37,208	\$ 20,780	\$ 57,988	\$ 190,837

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

OHIO ACADEMY OF FAMILY PHYSICIANS FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:			
Net Increase/(Decrease) in Net Assets	\$ (342,941)	\$ (4,625)	\$ (347,566)
Adjustments to Reconcile Net Increase/ (Decrease) in Net Assets to Net Cash Provided by Operating Activities:			
Realized (Gains)/Losses	(42,934)		(42,934)
Unrealized (Gains)/Losses	402,538		402,538
(Increase)/Decrease in Assets:			
Accounts Receivable	(2,322)		(2,322)
Inventory	90		90
Increase/(Decrease) in Liabilities:			
Accounts Payable	9,180		9,180
Accrued Vacation	1,586		1,586
Net Cash Provided By/ (Used In) Operating Activities	<u>25,197</u>	<u>(4,625)</u>	<u>20,572</u>
CASH FLOWS PROVIDED BY/ (USED IN) INVESTING ACTIVITIES:			
Purchase of Investments	(89,595)		(89,595)
Proceeds from Sale of Investments	45,794		45,794
Net Cash Provided By/(Used In) Investing Activities	<u>(43,801)</u>	<u>-</u>	<u>(43,801)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(18,604)</u>	<u>(4,625)</u>	<u>(23,229)</u>
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	<u>180,901</u>	<u>29,823</u>	<u>210,724</u>
CASH AND CASH EQUIVALENTS END OF YEAR	<u><u>\$ 162,297</u></u>	<u><u>\$ 25,198</u></u>	<u><u>\$ 187,495</u></u>

Supplemental Information:

Taxes Paid	-0-
Interest Paid	-0-

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

**OHIO ACADEMY OF FAMILY PHYSICIANS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 1 – General and Summary of Significant Accounting Policies

Organization and Purpose

The Ohio Academy of Family Physicians Foundation (The Foundation) serves as a philanthropic arm of the Ohio Academy of Family Physicians. Its mission is to cultivate student career choice in the specialty of family medicine. The Foundation's office is located in Columbus, Ohio and primarily operates within the boundaries of the state of Ohio.

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting, which recognizes income when it's earned and expenses when they are incurred. The Foundation is required to report information regarding its financial position and activities according to net assets with and without donor restrictions.

Net Assets – Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Without Donor Restrictions – Net assets not subject to donor-imposed stipulations.

With Donor Restrictions – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. The donors of these assets permit the Foundation to use all of the income earned on related investments for general or specific purposes. Net Assets with donor restrictions also include net assets subject to donor-imposed stipulations that may or will be met by actions of the Foundation and/or the passage of time.

Net Assets with donor restrictions that will be met with the passage of time were \$25,198 as of December 31, 2022. Net Assets of \$21,075 can be used for program services in 2023 and \$4,123 of Net Assets is designated as contributions to the Endowed Investments. Releases of restrictions during 2022 were \$25,700 for program services in 2022.

Revenue Recognition

Support and revenue are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions that are not satisfied in the accounting period. Gains and losses on investments and other assets or liabilities are recorded as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. All expenses are reported as decreases in net assets without donor restrictions. Expirations of temporary restrictions on net assets, that is, the expiration of the donor-imposed stipulated purposes or the elapsing of the specified time period, are reported as reclassifications of net assets.

**OHIO ACADEMY OF FAMILY PHYSICIANS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 1 – General and Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Contributions subject to donor-imposed restrictions are recorded as increases in net assets with donor restrictions and are reclassified as net assets without donor restrictions when the donor-imposed restriction has been fulfilled or the stipulated time period has elapsed. Promises to give that are scheduled to be received after the end of the reporting period are shown as increases in net assets with donor restrictions and reclassified to net assets without donor restrictions when the purpose or time restriction is met.

In accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 606, *Revenue from Contracts with Customers* (“ASC 606”), the Foundation recognizes revenue when control of the promised goods or services are transferred to outside parties in an amount that reflects the consideration the Foundation expects to be entitled to in exchange for those goods or services.

The Foundation recognizes revenue from grants and contracts in accordance with Accounting Standards Update (ASU) 2018-08, Not-For-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. In accordance with ASU 2018-08, the Foundation evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, the Foundation applies guidance under ASC 606. If the transfer of assets is determined to be a contribution, the Foundation evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the Foundation is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor’s obligation to transfer assets.

Fair Value Measurements

Accounting principles generally accepted in the United States of America establish 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) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described below:

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

**OHIO ACADEMY OF FAMILY PHYSICIANS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 1 – General and Summary of Significant Accounting Policies (Continued)

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 by other means.

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

Valuation techniques used in fair value measurements need to maximize the use of observable inputs and minimize the use of unobservable inputs. A valuation method may produce a fair value measurement that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with those used by other market participants, the use of different methodologies or assumptions could result in different fair value measurements at the reporting date. There have been no changes in the methodologies used during the year ended December 31, 2022.

Furniture and Fixtures

Furniture and fixtures are recorded at cost or, if donated, at the estimated fair market value upon receipt. Depreciation of furniture and fixtures is provided over the estimated useful lives of the respective assets ranging from three to seven years on a straight-line basis. Depreciation expense for 2022 was \$-0-. The Foundation's capitalization policy includes capitalizing purchases over \$1,000 and repairs and maintenance costs are properly expensed.

Inventory

Inventory consists of items available for fundraising events and stated at lower of cost or market. Donated items are based on estimated fair value.

Income Taxes

No provisions are made for federal income tax; Ohio Academy of Family Physicians Foundation is exempt from tax under Internal Revenue Code Section 501(c)(3). However, income from certain activities not directly related to the Foundation's exempt purpose, would be subject to taxation. Currently, the Foundation has no obligation for any unrelated business income tax. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) of the Code and has been classified as an organization other than a private foundation under Section 509(a)(1).

**OHIO ACADEMY OF FAMILY PHYSICIANS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 1 – General and Summary of Significant Accounting Policies (Continued)

Income Taxes (Continued)

The Foundation believes that 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.

The Foundation annually files federal form 990, *Return of Organization Exempt from Income Tax*, with the Internal Revenue Service (IRS) and has registered as a charitable organization with the Ohio Attorney General's office. The Foundation's returns for the years ended December 31, 2022, 2021 and 2020 are subject to examination by the IRS, generally for three years after the forms are filed.

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 and changes in net assets and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based upon salaries.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration.

The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. ASU No. 2016-02 is effective for fiscal year 2022. The Foundation has evaluated the impact this standard will have on the financial statements and no leases exist at this time.

NOTE 2 – Cash and Cash Equivalents

Cash and Cash Equivalents consist of the checking, cash money market reserves and petty cash (maturities of three months or less). As of December 31, 2022, the total amount of cash and cash equivalents was \$187,495. No interest or taxes were paid during the year.

NOTE 3 – Endowment Investments

The Foundation's Endowment fund was established by the Board of Trustees to provide and ensure the future of the Foundation's programs. Throughout the year, donors make contributions designated for the Endowment Fund.

**OHIO ACADEMY OF FAMILY PHYSICIANS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 3 – Endowment Investments (Continued)

These net assets are with donor restrictions until the funds are deposited into the Endowment Investments. Once deposited into the endowed investments, net assets are reclassified to net assets without donor restrictions.

Investments in equity securities with readily determinable fair values and investments in debt securities are carried at fair value in the statements of financial position. The fair values of all investments are determined using quoted prices in active markets for identical assets (Level 1, as defined in Accounting Standards Codification 820 (ASC 820), *Fair Value Measurements*). Realized and unrealized gains or losses are recognized in the statement of activities as increases or decreases in net assets without donor restrictions.

As of December 31, 2022, the fair market value of these investments resulted in a net unrealized loss of \$(402,538). This loss has been presented on the statement of activities. There was a realized gain of \$42,934 from the sale of securities. The Endowed Investments were held at AAFP Pooled Investment Fund, L.P.

NOTE 4 – Related Party

The Ohio Academy of Family Physicians, a nonprofit organization, under the Internal Revenue Code Section 501(c)(6), appoints one board member to the Foundation's board. However, the Foundation is not under common control of the Academy's board of directors.

The Foundation shares personnel and office space with the Ohio Academy of Family Physicians. During the year, the Foundation reimbursed The Academy for these shared costs.

During the year, the Foundation received dues commitment from the Academy for \$58,650. As of December 31, 2022, the Foundation had a payable due to Academy of \$16,674 and a receivable from the Academy for \$3,619.

NOTE 5 – Concentration of Credit Risk

The Foundation received support from its related entity, Ohio Academy of Family Physicians. This support represents twenty-four percent (24%) of the Foundation's total support and revenue. A significant reduction in the Academy's support could adversely affect the Foundation's programs, if it were to occur.

The Foundation maintains their checking, money market and savings accounts at federally insured financial institutions. As of December 31, 2022, the Foundation's bank accounts did not exceed the federally insured limit with US Bank.

**OHIO ACADEMY OF FAMILY PHYSICIANS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 5 – Concentration of Credit Risk (Continued)

The equity securities held at AAFP Pooled Investment Fund, LP are not insured against any loss, however, these securities are backed by Charles Schwab – Trust Department and insured by SIPC in the event of broker-dealer failure up to \$500,000 for each account. The funds are invested in mutual funds and marketable securities and backed in full faith by the corporations in which the funds have shares of common stock. There is a risk that the Foundation's funds could sustain a loss due to the fluctuations in the stock market.

NOTE 6 – Retirement Plan

The Foundation participates in the Academy's 401(K) retirement plan. The plan establishes an individual retirement account for eligible employees. Eligible employees are at least 21 years of age and are paid \$300 or more in salary for any calendar year. The plan calls for contributions of nine and one half percent (9.5%) of the eligible employees' salary. During 2022, the Foundation contributed \$4,825 into the plan.

NOTE 7 – 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 amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

NOTE 8 – Liquidity and Reserves

The Foundation has a policy to manage its liquidity and reserves following three guiding principles: operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The following table reflects the Foundation's financial assets (cash and cash equivalents and instruments) as of December 31, 2022 reduced by amounts not available for general expenditures within one year.

	<u>2022</u>
Total financial assets	\$1,902,394
Less: those unavailable for general expenditure within one year due to:	
Purpose and time lapse restrictions	<u>(25,198)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,877,196</u>

**OHIO ACADEMY OF FAMILY PHYSICIANS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 9 – Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments appearing on the statement of financial position for which it is practicable to estimate that value:

a. **Cash and cash equivalents**

Cash and cash equivalents consist principally of investments in short-term (three months or less), interest bearing instruments and are carried at cost plus accrued interest, which approximates fair value.

b. **Accounts receivable**

The fair value of accounts receivable, after allowances for uncollectible accounts, was determined by historical collection rates and analysis of individual accounts.

c. **Investments**

The fair value of investments which consists principally of debt and equity securities was based principally upon quoted market prices.

NOTE 10 – Subsequent Events

The Foundation has not experienced any subsequent event that would provide evidence about the conditions that existed as of the year ended December 31, 2022 or arose subsequent to the date of these financial statements. Also, there were no changes regarding tax status and no material business combinations as of the year ended December 31, 2022 or subsequent to March 6, 2023, the date the financial statements were available to be issued.

NOTE 11 - Contingencies

The Foundation is not involved in any litigation which is expected to have a material effect upon the financial position or the results of operations.