



PHILLIPS, SALMI + ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS

MIDWEST FOOD BANK, NFP

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Midwest Food Bank, NFP
Normal, Illinois

We have audited the accompanying financial statements of Midwest Food Bank, NFP (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, 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 Midwest Food Bank, NFP as of December 31, 2017 and the change in its net assets for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Phillips, Salmi & Associates, LLC

Washington, Illinois

May 10, 2018

MIDWEST FOOD BANK, NFP
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	2,349,870
Investments		2,433,905
Inventory		15,221,897
Pledges receivable		19,000
Contribution receivable, charitable lead trust		8,755
Prepaid expenses		89,644
Total current assets		20,123,071

PLEDGES RECEIVABLE, RESTRICTED FOR PURCHASE
OF LAND, BUILDINGS AND EQUIPMENT

30,750

CASH RESTRICTED TO PURCHASE LAND,
BUILDINGS AND EQUIPMENT

594,415

CONTRIBUTION RECEIVABLE - CHARITABLE LEAD TRUST,
less current portion

67,947

LAND, BUILDINGS AND EQUIPMENT (net)

13,495,375

TOTAL ASSETS

\$ 34,311,558

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Lines of credit	\$	1,711,129
Current maturities of long-term debt		68,509
Accounts payable		202,398
Real estate tax advances		9,056
Deferred revenue		2,250
Accrued expenses		102,469
Total current liabilities		2,095,811

NOTES PAYABLE, less current maturities

1,632,714

TOTAL LIABILITIES

3,728,525

Net Assets

Unrestricted		29,539,768
Temporarily restricted		1,043,265
Total net assets		30,583,033

TOTAL NET ASSETS

30,583,033

TOTAL LIABILITIES AND NET ASSETS

\$ 34,311,558

See accompanying notes.

MIDWEST FOOD BANK, NFP
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017

	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT AND REVENUE			
Contributions			
General public	\$ 5,158,285	\$ 2,169,962	\$ 7,328,247
Donated food, vehicles, equipment and services	157,941,268	-	157,941,268
Special events, net of costs	506,249	-	506,249
Other income			
Tender Mercies	68,861	-	68,861
Investment income	442,662	-	442,662
Gain on sale of land, buildings and equipment	294,703	-	294,703
Rent	51,000	-	51,000
Other	62,509	-	62,509
Change in value of split interest agreement	-	3,287	3,287
Net assets released from time restrictions	8,755	(8,755)	-
Net assets released from purpose restrictions	1,587,823	(1,587,823)	-
Total Public Support and Revenue	<u>166,122,115</u>	<u>576,671</u>	<u>166,698,786</u>
EXPENSES			
Program services	158,504,094	-	158,504,094
Management and general	1,126,032	-	1,126,032
Fundraising	470,394	-	470,394
Total Expenses	<u>160,100,520</u>	<u>-</u>	<u>160,100,520</u>
CHANGE IN NET ASSETS	<u>6,021,595</u>	<u>576,671</u>	<u>6,598,266</u>
NET ASSETS - BEGINNING, AS PREVIOUSLY REPORTED	23,665,555	384,424	24,049,979
CHANGE IN ACCOUNTING BASIS	<u>(147,382)</u>	<u>82,170</u>	<u>(65,212)</u>
NET ASSETS - BEGINNING, GAAP BASIS	<u>23,518,173</u>	<u>466,594</u>	<u>23,984,767</u>
NET ASSETS - ENDING	<u><u>\$ 29,539,768</u></u>	<u><u>\$ 1,043,265</u></u>	<u><u>\$ 30,583,033</u></u>

See accompanying notes.

MIDWEST FOOD BANK, NFP
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017

	Program Services	Management and General	Fundraising	Total
Wages	\$ 627,242	\$ 587,772	\$ 216,820	\$ 1,431,834
Employee Benefits	-	141	-	141
Payroll taxes	48,000	44,928	16,528	109,456
Total payroll costs	675,242	632,841	233,348	1,541,431
Donated food and supplies	153,746,062	-	-	153,746,062
Contributed management salaries	20,000	130,000	50,000	200,000
Contributed professional truck driver services	140,994	-	-	140,994
Purchased food	937,813	-	-	937,813
Fuel	268,679	14,141	-	282,820
Professional fees	-	31,585	-	31,585
Supplies	200,387	31,216	-	231,603
Telephone and internet	44,046	23,248	6,977	74,271
Shipping	732,833	42,647	4,407	779,887
Occupancy	5,700	300	-	6,000
Equipment rental and maintenance	355,298	18,700	-	373,998
Interest	130,549	6,871	-	137,420
Insurance	148,488	7,815	-	156,303
Utilities	250,806	13,200	-	264,006
Advertising/promotional/events	-	-	89,853	89,853
Purchased services	64,801	19,011	5,542	89,354
Travel	2,637	50,100	-	52,737
Technology	14,698	16,536	5,512	36,746
Bank and credit card fees	-	2,500	47,509	50,009
Grant consulting	-	-	26,716	26,716
Miscellaneous	16,124	45,903	530	62,557
Total expenses before depreciation	157,755,157	1,086,614	470,394	159,312,165
Depreciation	748,937	39,418	-	788,355
TOTAL EXPENSES	\$ 158,504,094	\$ 1,126,032	\$ 470,394	\$ 160,100,520
See accompanying notes.				

MIDWEST FOOD BANK, NFP
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$	6,598,266
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation		788,355
Amortization of discount on split-interest agreement		(3,287)
Non-cash donation of equipment		(14,675)
Non-cash donation of capitalized services		(13,965)
Gain on disposal of land, buildings and equipment		(294,703)
Contributions restricted for long-term investment		(603,025)
Unrealized gain on investments		(331,662)
Increase (decrease) in operating assets		
Inventory		(3,834,905)
Pledges receivable		(19,000)
Contribution receivable - charitable lead trust		8,755
Prepaid expenses		(75,689)
Increase (decrease) in operating liabilities		
Accounts payable		110,603
Real estate taxes advances		(108,437)
Deferred revenue		2,250
Accrued expenses		31,077
Net cash provided by operating activities		2,239,958

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sale of land, buildings and equipment		1,788,924
Acquisitions of land, buildings and equipment		(3,194,427)
Deposits made to cash restricted to purchase land, buildings and equipment		(355,227)
Purchase of investments		(2,914,438)
Proceeds from sale of investments		812,195
Net cash used in investing activities		(3,862,973)

MIDWEST FOOD BANK, NFP
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

CASH FLOWS FROM FINANCING ACTIVITIES	
Collections of contributions restricted for investment in land, buildings and equipment	\$ 572,275
New borrowings	
Line of credit	1,281,154
Debt reduction	
Line of credit	(1,748,514)
Notes payable	(815,288)
Net cash used in financing activities	(710,373)
DECREASE IN CASH AND CASH EQUIVALENTS	(2,333,388)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	4,683,258
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,349,870
SUPPLEMENTAL DATA	
Cash paid for interest	\$ 138,004
Noncash donations of property and equipment	\$ 14,675
Noncash donations of capitalized services	\$ 13,965

See accompanying notes.

MIDWEST FOOD BANK, NFP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) Organization and Reporting Entity

Midwest Food Bank, NFP (Organization) is a nonprofit organization, which bestows food and supplies to individuals and organizations in fourteen states and East Africa as well as providing disaster relief across the United States for those areas impacted by natural disasters. The Organization has warehouse facilities in Illinois, Indiana, Florida, Georgia and Arizona.

B) Basis of Accounting

Basis of accounting refers to the timing of when revenues and expenses are recognized in the accounts and reported in the financial statements. As of January 1, 2017, the Organization presents its audited financial statements in accordance with the Generally Accepted Accounting Principles (GAAP).

Prior to January 1, 2017, the Organization presented its financial statements on the modified cash basis of accounting. Accordingly, certain revenues were recognized when received rather than when earned, and certain expenses were recognized when cash was disbursed rather than when the obligation was incurred. The modifications from cash basis were capitalizing land, buildings and equipment and depreciating over their estimated useful lives and presenting loan agreements. The change in accounting basis, from modified cash to GAAP, decreased net assets as previously presented by \$65,212 and is presented on the statement of activities.

C) Basis of Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: Unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. These net assets classifications are described as follows:

Unrestricted Net Assets – not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes or locations by action of the Board of Directors.

Temporarily Restricted Net Assets – subject to donor-imposed stipulations that may be fulfilled by actions of the Organization to meet the stipulations or become unrestricted at the date specified by the donor.

Permanently Restricted Net Assets – subject to donor-imposed stipulations that they be retained and invested permanently by the Organization. The Organization has no permanently restricted net assets.

MIDWEST FOOD BANK, NFP
NOTES TO FINANCIAL STATEMENTS – Continued

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D) Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates based on management's knowledge and experience. Due to their prospective nature, actual results could differ from those estimates.

E) Cash and Currency Exchange

The functional currency of the Organization is U.S. dollars. East African transactions and balances were converted to U.S. dollars using a monthly average conversion rate. Building and equipment purchases were converted at the exchange rate on the date of purchase. Ending cash balances were converted at the exchange rate at December 31, 2017.

F) Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Organization maintains its cash and cash equivalents in bank deposit accounts, which, at times, may exceed federally insured limits. The approximate credit risk in excess of federal insured limits at December 31, 2017 was \$1,385,400.

G) Investments

Investments are carried at fair market value. Changes in fair market value are reported in the statement of activities.

H) Inventory

Inventory is stated at an estimated fair market value based upon published prices, vendors, donors and other sources. Generally, inventory on hand is tracked and valued based on value per case depending upon the specific food or supply item. The method is applied consistently. The per-case valuation is reassessed quarterly utilizing the most relevant cost information available.

MIDWEST FOOD BANK, NFP
NOTES TO FINANCIAL STATEMENTS – Continued

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

I) Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organizations that is, in substance, unconditional. Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. The Organizations use the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

J) Cash Restricted to Purchase Land, Buildings and Equipment

Cash restricted to purchase land, buildings and equipment has been restricted by donors and is not available for operating purposes.

K) Contribution Receivable – Charitable Lead Trust

The Organization's beneficial interest in a charitable lead trust was recorded as temporarily restricted net assets at January 1, 2017 when the Organization changed its basis of accounting from the modified cash basis to GAAP basis. The contribution receivable is reported at fair value, which is estimated using an income approach based on assumptions developed by the Organization about future distributions it will receive from the trust. Changes in fair value of the contribution receivable are reflected in the temporarily restricted class of net assets. Distributions from the trust are reflected as reductions in the contribution receivable and reclassifications from temporarily restricted to unrestricted net assets.

L) Land, Building and Equipment

Land, buildings and equipment are stated at cost or if donated, at the fair value at the date of donation. The cost of maintenance and repairs is charged to income as incurred; significant renewals and betterments are capitalized. Land, building and equipment expenditures of \$1,000 or less are charged to expense when incurred. Depreciation expense for year ended December 31, 2017 totaled \$788,355. Depreciation is computed on the straight line basis of depreciation over the estimated useful lives of the assets as follows:

Building	40 years
Building improvements	7-15 years
Warehouse equipment	5-10 years
Trucks and trailers	5-7 years
Freezers	7 years
Office and miscellaneous equipment	5-15 years

MIDWEST FOOD BANK, NFP
NOTES TO FINANCIAL STATEMENTS – Continued

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

M) Donations-In-Kind

Contributed food and supplies received by the Organization are recorded as income along with a corresponding charge to expense or inventory. Donations-in-kind of food and supplies recognized in the financial statements for the year ended December 31, 2017 were \$153,746,062.

Contributed vehicles and equipment received by the Organization and to be used by the Organization are recorded as income along with a corresponding charge to equipment. Donations-in-kind of vehicles and equipment recognized in the financial statements for the year ended December 31, 2017 were \$14,675.

Contributed services of professional truck drivers, accounting, and executive management are recognized as in-kind revenues at the estimated fair value when they create or enhance nonfinancial assets or they require specialized skills which would need to be purchased if they were not donated; these amounted to \$354,959 for the year ended December 31, 2017.

Over 23,630 people participated in the Organization's volunteer program during the year ended December 31, 2017. Community members volunteered in many capacities. A dollar valuation of their efforts is not included in the financial statements because it does not meet the criteria for recognition. However, volunteer hours for the year ended December 31, 2017 were approximately 222,000.

N) Income Taxes

Midwest Food Bank is a not-for-profit corporation and claims exemption from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue Code and similar provisions of State tax codes. In addition, the Organization qualifies for the charitable contribution deduction under section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

The Organization believes there are no significant uncertain tax positions resulting in liabilities that would have been required to be recorded for the year ended December 31, 2017.

The Organization conducts business in the U.S. and, as a result, files income tax informational returns for the U.S. and Illinois. In the normal course of business, the Organization is subject to examination by taxing authorities. The Organization's income informational returns for years subsequent to December 31, 2013 are open, by statute, for review by authorities. However, at present, there are no ongoing income tax audits or unresolved disputes with the various tax authorities that Midwest Food Bank currently files or has filed with.

MIDWEST FOOD BANK, NFP
NOTES TO FINANCIAL STATEMENTS – Continued

O) Economic Dependence

Contributed Food and Supplies Donors

In 2017, the largest food and supplies donor accounted for about 14% of the food and supplies donations received by the Organization.

P) Fair Value Measurements

Fair value is the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. Fair value is calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the entity.

The Organization reports all financial and nonfinancial assets and liabilities that are recognized or disclosed at fair value in the combined financial statements on a reoccurring basis (at least annually) in one of the following three levels which are determined by the lowest level input that is significant to the fair value measurement in its entirety. These levels are:

- Level 1 – inputs are based upon unadjusted quoted prices for identical instruments traded in active markets.
- Level 2 – inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – inputs are generally unobservable and typically reflect management’s estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

Q) Special Events

Special events are reported net of directly related expenses of \$170,890 for the year ended December 31, 2017.

R) Subsequent Events

The Organization has evaluated subsequent events through May 10, 2018, the date which the financial statements were available for issuance.

MIDWEST FOOD BANK, NFP
NOTES TO FINANCIAL STATEMENTS – Continued

S) Functionalization of Expenses

The costs of providing the various programs and supporting series are summarized on a functional basis in the statement of functional expenses. Accordingly, specific expenses are charged directly to the related programs and general expenses are allocated to the various programs and supporting services based on employee time studies.

2) INVESTMENTS

Investments consisted of the following as of December 31, 2017:

Mutual funds	\$	2,278,105
Exchange traded funds		155,800
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	\$	2,433,905
		<hr/> <hr/>

The components of investment income from investments are reflected below:

Dividends and interest	\$	111,015
Net realized and unrealized gains and losses		331,647
		<hr/>
	\$	442,662
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3) CHARITABLE LEAD TRUST SPLIT INTEREST AGREEMENT

During 2013, a donor established a trust with a national bank naming the Organization as a beneficiary of a charitable lead trust. The assets of the trust fund consists investments managed by the trustees. The Organization has no control over those assets. Under terms of the split-interest agreement, the Organization is to receive an annual distribution equal to .2335% of the original fair market value of assets in the trust for its unrestricted use for 15 years. After 15 years, the remaining trust assets are to be distributed to others. The Organization received \$8,755 from the trust in 2017, which was recorded as a reduction in the receivable and a corresponding reclassification from temporarily restricted to unrestricted net assets.

MIDWEST FOOD BANK, NFP
 NOTES TO FINANCIAL STATEMENTS – Continued

4) LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment consist of:

Land	\$ 994,441
Buildings and improvements	11,693,349
Warehouse equipment	951,474
Trucks and trailers	3,278,584
Freezers	1,208,941
Office and miscellaneous equipment	360,124
Construction in process	<u>43,185</u>
	18,530,098
Less accumulated depreciation	<u>5,034,723</u>
Land, buildings and equipment, net	<u><u>\$ 13,495,375</u></u>

5) ACCRUED EXPENSES

Accrued wages and payroll taxes	\$ 62,679
Accrued vacation	37,940
Security deposit	<u>1,850</u>
Total	<u><u>\$ 102,469</u></u>

6) DEBT

LINES OF CREDIT

\$1,530,000, interest due quarterly at 3.00%, secured by real property in McLean County, Illinois, maturity date of November 23, 2021.	\$ 1,146,269
\$750,000, interest at 3.15%, principal payment upon maturity on November 22, 2018. Monthly interest payments of 3.15% beginning December 22, 2016. Secured by real property in Peachtree City, GA.	<u>564,860</u>
Total	<u><u>\$ 1,711,129</u></u>

MIDWEST FOOD BANK, NFP
 NOTES TO FINANCIAL STATEMENTS – Continued

NOTES PAYABLE

TERM NOTE \$1,785,000, interest at 3.00%, 19 quarterly installments of \$29,869, including interest, with a final balloon payment due on September 8, 2021. Secured by real property in Maricopa County, Arizona.

	\$ 1,701,223
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The future minimum payments on the above notes payable are as follows:

2018	\$	68,509
2019		70,617
2020		72,656
2021		1,489,441
Total	\$	1,701,223

7) RESTRICTIONS ON NET ASSETS

At December 31, 2017, temporarily restricted net assets consisted of the following:

Tender mercies	\$	16,295
Disaster relief		215,810
NYC		92,830
Truck and trailer purchases		243,000
Facility expansion		382,165
Meat program		11,463
Emergency box project		5,000
Beneficial interest in trust – time restriction		76,702
Total	\$	1,043,265

8) RELATED PARTY TRANSACTIONS

Midwest Food Bank may purchase goods or services from companies that are affiliated with or owned by Board members directly or indirectly. Generally, items and services are purchased using a competitive process. Insurance coverage was brokered through an agency owned by a Board member during the year ended December 31, 2017. The related commissions, if any, are immaterial to the financial statements. The Organization also borrows money from a bank where a Board member is a stockholder and director. The interest expense from these loans is \$105,061 for the year ended December 31, 2017. The Tender Mercies meals in Africa are produced by a Company owned by a board member. The Organization paid the Company \$344,442 for its production of the Tender Mercies meals during the year ended December 31, 2017.

MIDWEST FOOD BANK, NFP
NOTES TO FINANCIAL STATEMENTS – Continued

9) LEASING ACTIVITIES

The Organization leases a portion of their commercial buildings to third parties. The rental income was \$51,000 at December 31, 2017.

The future minimum rental income is as follows:

	2018	\$	27,000
	2019		6,750
Total		\$	<u>33,750</u>

During 2014, the Organization entered into a land lease agreement at the East Africa location. Under the terms of the lease, the Organization is required to make a fixed annual payment of 1,000 Kenyan Shillings through October 31, 2034. At the end of the lease period, the ownership of the building built on the leased land shall be transferred to the lessor for 20,000 Kenyan Shillings. During 2016, the Organization prepaid the annual payment for the duration of the lease.

10) FAIR VALUE MEASUREMENTS

Following is a description of the valuation methodologies used for assets measured at fair value.

Investments: where quoted prices are available in an active market, securities are classified within level 1 of the valuation hierarchy. Level 1 securities include mutual funds and exchange traded equities

Beneficial interest in trust: valued at fair market value of trust assets, which approximates the net present value of estimated future earnings to be received there from. See Note 3 for further information on valuation of trust.

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 the Organization 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.

MIDWEST FOOD BANK, NFP
 NOTES TO FINANCIAL STATEMENTS – Continued

Fair values of assets measured on a recurring basis as of December 31, 2017 are as follows:

	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Mutual funds	\$ 2,278,105	\$ 2,278,105	\$ -	\$ -
Exchange traded funds	155,800	155,800	-	-
Beneficial interest in charitable lead trust	76,702	-	-	76,702

Reconciliation of level 3 assets measured at fair value on a recurring basis using significant unobservable inputs:

Beneficial interest in charitable lead trust

Value, beginning of year	\$ 82,170
Change in value of split-interest agreement	3,287
Payment from charitable lead trust	<u>(8,755)</u>
Value, end of year	<u>\$ 76,702</u>

The change in value of the split-interest agreement of \$3,287 in 2017 is attributable to the unrealized gain on remeasurement of the contribution receivable – charitable lead trust as of December 31, 2017.