Financial Statements and Report of Independent Certified Public Accountants

The California Wellness Foundation

December 31, 2018 and 2017

Contents

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Report of Independent Certified Public Accountants

Board of Directors
The California Wellness Foundation

We have audited the accompanying financial statements of The California Wellness Foundation (the "Foundation"), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities 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 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 Foundation'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 Foundation'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 California Wellness Foundation as of December 31, 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.

Grant Thornton LLP

Los Angeles, California
June 28, 2019

The California Wellness Foundation

STATEMENTS OF FINANCIAL POSITION

As of December 31,

	2018	2017
ASSETS		
Cash and cash equivalents	$ 200,447	$ 127,040
Investment receivable	87,139	279,155
Interest and dividends receivable	1,096,703	837,650
Investments	871,442,415	1,000,964,847
Program related investments	2,000,000	-
Other assets	458,954	420,386
Property and equipment, net	5,323,618	3,491,566
Total assets	$ 880,609,276	$ 1,006,120,644
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	$ 3,766,814	$ 3,627,424
Accrued postretirement healthcare benefit obligation	902,437	959,169
Investment payable	907,197	899,957
Grants payable, net	2,380,300	6,181,200
Federal excise tax liability	1,299,075	4,839,600
Total liabilities	9,255,823	16,507,350
Net assets without donor restrictions	871,353,453	989,613,294
Total liabilities and net assets	$ 880,609,276	$ 1,006,120,644

The accompanying notes are an integral part of these financial statements.

The California Wellness Foundation

STATEMENTS OF ACTIVITIES

For the Years ended December 31,

	2018	2017
Operating:		
Changes in net assets without donor restrictions:		
Investment (loss) / income, net	$ (74,317,718)	$ 157,743,845
Expenses:		
Program services	8,816,357	7,611,703
Direct charitable grants	33,515,234	36,849,228
Management and general	3,934,059	3,598,078
(Recovery) / provision for federal excise and other tax	(2,166,100)	3,134,400
	44,099,550	51,193,409
Increase in net assets without donor restrictions from operating activities	(118,417,268)	106,550,436
Nonoperating:		
Postretirement benefits-related changes other than net periodic pension cost	(157,427)	35,926
(Decrease) / increase in net assets without donor restrictions	(118,259,841)	106,514,510
Net assets without donor restrictions, beginning of year	989,613,294	883,098,784
Net assets without donor restrictions, end of year	$ 871,353,453	$ 989,613,294

The accompanying notes are an integral part of these financial statements.

The California Wellness Foundation

STATEMENTS OF CASH FLOWS

For the Years ended December 31,

	2018	2017
Cash flows from operating activities:		
Changes in net assets	$ (118,259,841)	$ 106,514,510
Adjustments to reconcile changes in net assets		
to net cash used in operating activities:		
Realized and unrealized loss / (gain) on investments, net	88,251,631	(144,212,570)
Depreciation and amortization	623,062	207,288
Change in deferred federal excise tax liability	(3,540,525)	2,089,400
Change in accrued postretirement health care benefit obligation	(56,732)	138,499
Change in operating assets and liabilities:		
Investment receivable	192,016	(252,417)
Interest and dividends receivable	(259,053)	299,168
Program related investments	(2,000,000)	-
Other assets	(38,568)	(127,477)
Accounts payable and accrued expenses	139,390	2,448,749
Investment payable	7,240	19,462
Grants payable, net	(3,800,900)	2,313,533
Net cash used in operating activities	(38,742,280)	(30,561,855)
Cash flows from investing activities:		
Proceeds from sale of investments	302,024,904	242,905,775
Purchases of investments	(260,754,103)	(208,916,479)
Purchases of property and equipment	(2,455,114)	(3,445,900)
Net cash provided by investing activities	38,815,687	30,543,396
Net (decrease) / increase in cash and cash equivalents	73,407	(18,459)
Cash and cash equivalents, beginning of year	$ 127,040	$ 145,499
Cash and cash equivalents, end of year	$ 200,447	$ 127,040
Supplemental disclosure of cash flow information		
Federal excise tax paid	$ 1,374,425	$ 1,045,000

The accompanying notes are an integral part of these financial statements.

NOTE 1 – NATURE OF THE ORGANIZATION

The California Wellness Foundation (the "Foundation"), a California nonprofit public benefit corporation, was created in September 1990 in anticipation of the conversion of Health Net (a California corporation) from nonprofit to for-profit status. The conversion of Health Net to a business corporation was finalized in February 1992, resulting in a contribution to the Foundation to further its purpose. The contribution consisted of cash, stock and notes receivable.

Our Mission

To protect and improve the health and wellness of the people of California by increasing access to health care, quality education, good jobs, healthy environments and safe neighborhoods.

Our Work

- We use our resources to advance our mission through grantmaking, investments, sharing our learning and lifting our voice.
- We fund direct services that address the urgent needs people are facing in their communities, particularly the needs of low-income individuals, people of color, youth and residents of rural areas.
- We recognize, encourage and strengthen leaders to be powerful agents of change.
- We support advocacy and civic engagement so that communities can build power and create public policies that reflect their vision, will and needs.
- We trust and invest in nonprofit organizations so that they can operate at full capacity.
- We partner with community-led organizations, philanthropic organizations, businesses, government and individuals who want to improve health and wellness for Californians.

Advancing Wellness Grants Program

In pursuit of the Foundation's mission, the Advancing Wellness grants program includes four grantmaking portfolios:

- Health Care
- Healthy and Safe Neighborhoods
- Education and Employment
- Health Policy and Strengthening the Sector

The establishment of these portfolios is grounded in research on the social determinants of health, which states that where people live and work, their race or ethnicity, and their income can impact their health and wellness. The Foundation's desire is to help level the playing field so that everyone has access to good-paying jobs, safe neighborhoods and quality health care services.

Building on its past, the Foundation remains committed to the Wellness Approach: responsive, statewide grantmaking; core operating support; funding of direct services, public policy and capacity building; and prioritizing the health of underserved populations.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Revenue and Expense Recognition

The Foundation recognizes contributions, including unconditional promises to give, as revenue in the period received. Revenues, gains, expenses and losses are classified based on the existence or absence of donor-imposed restrictions. As of December 31, 2018 and 2017, all the Foundation's net assets were without donor restrictions.

Cash and Cash Equivalents

Cash and cash equivalents consist of interest-bearing deposits and highly liquid investments with original maturities of less than 90 days. Cash equivalents are carried at cost, which approximates fair value. The Foundation maintains its cash in bank deposit accounts which at times may exceed federally insured limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant risk relative to its cash balance at December 31, 2018 and 2017.

Investment Securities

Investments in all debt and equity securities are stated at fair value at December 31, 2018 and 2017. Investments with a readily determinable market value are stated at fair value; hedge funds and private equity investments are also stated at fair value. Realized and unrealized gains or losses on investments are recorded in the Statements of Activities in the period that such gains or losses or fluctuations occur.

Most of the Foundation's assets are invested in securities which are listed on national exchanges. Investment sales and purchases are recorded on a trade-date basis, which may result in either an investment receivable or investment payable on unsettled investment trades at the Statement of Financial Position date. Dividend and interest income are recorded when earned on an accrual basis.

Investment securities are exposed to various risks, such as changes in interest rates or credit ratings, general economic conditions and market fluctuations. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is possible that the value of the Foundation's investments and the total net assets balance could fluctuate materially.

The majority of the Foundation's investments are highly liquid and redeemable on a daily basis. The Foundation also invests in common or commingled funds which are subject to limited restrictions on redemptions, generally redeemable monthly. At December 31, 2018 and 2017, the Foundation was invested in alternative investments valued at $189,276,009 and $174,079,033, respectively. For these investments, the estimated fair value is based on valuations provided by the fund manager or the general partner. Detail of redemption frequency for these investments at December 31, 2018 is provided in Note 4.

Investment manager services are provided by various companies whereby the assets are invested in accordance with the Foundation's investment policy. The Foundation's investments are held by a third-party custodian, which serves as the asset custodian and record keeper.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Property, Plant and Equipment

Property, plant and equipment are recorded at cost and depreciated on a straight-line basis over the estimated useful lives of the respective assets, presently three to seven years, or amortized over the lease term. The Foundation generally capitalizes assets with an original cost over $5,000.

Direct Charitable Grants

Grants made by the Foundation to other organizations are recorded as grant expense in the period such grants have been approved and authorized by the Board of Directors or the President and CEO.

Grants which are conditional upon a future and uncertain event are expensed when these conditions are substantially met. There were no conditional grants at December 31, 2018 and 2017.

Grants payable as of December 31, 2018 and 2017 amounted to $2,380,300 and $6,181,200, respectively, and are payable within the next 24 months.

Income Taxes

The Foundation has been recognized by the Internal Revenue Service ("IRS") as exempt from federal income taxes under provisions of the Internal Revenue Code ("IRC") Section 501(c)(3), except for unrelated business income and has also been determined by the IRS as an organization that is classified as a private foundation under IRC Section 509(a).

The Foundation is subject to federal excise tax of 2%, or 1% if certain criteria are met, on net investment income, including realized gains as defined by the IRC.

The Foundation has also been recognized by the California Franchise Tax Board ("FTB") as exempt from California franchise and/or income taxes under section 23701(d) of the California Revenue and Taxation Code, except for unrelated business income.

The Foundation became subject to unrelated business income tax on commuting related employee benefits in 2018 as a result of the Tax Cut and Jobs Act of 2017 and has recorded the corresponding expense and made estimated tax payments against the liability.

The Foundation recognizes and measures its unrecognized tax benefits in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740, "Income Taxes", which requires the Foundation to determine whether tax positions of the Foundation are "more likely than not" to be sustained upon examination by the applicable taxing authority based on the technical merits of the positions. As of December 31, 2018, the Foundation has analyzed the inventory of tax positions taken with respect to all applicable income tax issues for all open tax years (in each respective jurisdiction) including tax years ended December 31, 2015 through December 31, 2017 for federal tax purposes and tax years ended December 31, 2014 through December 31, 2017 for California tax purposes and has concluded that no reserve for uncertain tax positions is required as of December 31, 2018 and 2017 and that no material change is anticipated in the twelve months following the year ended December 31, 2018.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Functional Allocation of Expenses

The costs of providing program services and other activities are maintained on a functional and natural basis and are presented on a functional basis in the accompanying Statements of Activities. Certain costs have been allocated among the programs and supporting services benefited based on management's estimates.

Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation format.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of events are expensed during the reporting period. Actual results could differ from those estimates.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)". The underlying principle of ASU No. 2016-02 is that lessees should be required to recognize the assets and liabilities arising from leases on the Statement of Financial Position. The guidance requires a lessee to recognize a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from previous U.S. GAAP. There continues to be a differentiation between finance leases and operating leases. However, the principal difference from previous guidance is that the lease assets and lease liabilities arising from operating leases should be recognized in the Statement of Financial Position. The guidance will be effective for the Foundation for 2020 and early adoption is permitted. Lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The Foundation is currently evaluating the impact that the adoption of ASU 2016-02 will have on its financial statements.

In August 2016, the FASB issued ASU No. 2016-14, "Presentation of Financial Statements of Not-for-Profit Entities", which is intended to improve how a not-for-profit entity classifies its net assets, as well as the information it presents in its financial statements about its liquidity and availability of resources, expenses and investment return, and cash flows. The guidance also requires presentation of expenses by both their natural and functional classification in a single location in the financial statements. The Foundation implemented this ASU in 2018.

Implementation of this guidance resulted in a change in presentation of net assets and additional disclosures surrounding the Foundation's functional expense classifications and liquidity.

NOTE 3 – INVESTMENTS

At December 31, 2018 and 2017, the Foundation's investments, at fair value, consist of the following:

	2018	2017
Short term investments	$ 1,619,816	$ 1,239,630
Equity securities	545,833,831	686,822,826
Government and corporate obligations	134,712,759	138,823,358
Alternative investments	189,276,009	174,079,033
	$ 871,442,415	$ 1,000,964,847

NOTE 4 – ASSETS MEASURED AT FAIR VALUE ON A RECURRING BASIS

The Foundation has categorized all investment assets on an individual security basis according to the fair value hierarchy as either: Level 1, observable inputs that are derived from quoted prices (unadjusted) for identical assets or liabilities in an active market; or Level 2, quoted prices in non-active markets or in active markets for similar assets or liabilities, inputs other than quoted prices that are observable, and inputs that are not directly observable, but are corroborated by external market data. The pricing vendors generally use the market approach because prices from market transactions for identical or comparable assets are available for use to value the investments. The Foundation does not have any Level 3 assets whose fair value cannot be determined by using observable inputs or measures such as market prices or models and is calculated using estimates or risk-adjusted value ranges.

NOTE 4 – ASSETS MEASURED AT FAIR VALUE ON A RECURRING BASIS – Continued

As of December 31, the fair value measurement of investments is as follows:

2018	Level 1	Level 2	Level 3	Total
Asset class				
Short term investments	$ 1,619,816	$ -	$ -	$ 1,619,816
Equity securities	102,957,381	442,876,450	-	545,833,831
Government and corporate obligations	4,572,812	130,139,947	-	134,712,759
Alternative investments *	-	-	-	189,276,009
	$ 109,150,009	$ 573,016,397	$ -	$ 871,442,415

2017	Level 1	Level 2	Level 3	Total
Asset class				
Short term investments	$ 1,239,630	$ -	$ -	$ 1,239,630
Equity securities	120,224,303	566,598,523	-	686,822,826
Government and corporate obligations	-	138,823,358	-	138,823,358
Alternative investments *	-	-	-	174,079,033
	$ 121,463,933	$ 705,421,881	$ -	$ 1,000,964,847

*Investments that are measured at fair value using the net asset value (NAV) per share (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Statement of Financial Position.

NOTE 4 – ASSETS MEASURED AT FAIR VALUE ON A RECURRING BASIS – Continued

Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Hedge Funds *	$ 130,998,042	N/A	1 year lock, after one year, quarterly	90 days
Private Equity **	46,571,077	$ 69,131,917	N/A	N/A
Private Real Assets ***	-	12,000,000	N/A	N/A
Developed Market Equities ****	8,591,929	N/A	varies, generally monthly or quarterly	varies, 5 days to 90 days
Fixed Income *****	3,114,961	N/A	monthly	30 days
Total	$ 189,276,009	$ 81,131,917		

* This class includes investments in various hedge funds, including a hedge fund of funds. The funds include investments in U.S., global, and emerging market long/short equity strategies, debt strategies, activist strategies and structured investments, merger arbitrage and cash. The fair values of the investments in this class have been estimated using the net asset value per share of the long investments.

** This class includes investments in private equity limited partnerships and various funds of funds. The fund commitments are distributed across the U.S., Europe, Asia and emerging markets. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

*** This class includes investments in private real estate funds focused on debt and equity strategies in U.S. small and middle market entities as well as utility infrastructure.

**** This class includes investments in developed market public equities held in a limited partnership structure.

***** This class includes domestic and international fixed income instruments.

NOTE 5 – PROGRAM RELATED INVESTMENTS

During 2018 the Foundation made two $1 million program related investments in the form of below market rate loans with programmatic alignment to community development financial institutions. The loans bear interest at 2% and have maturity dates of five to seven years. Management has reviewed the collectability of all program related investments and has determined no allowance is necessary at December 31, 2018.

NOTE 6 – PROPERTY AND EQUIPMENT

At December 31, 2018 and 2017, property and equipment consist of the following:

	2018	2017
Furniture and equipment	$ 1,779,296	$ 1,380,054
Leasehold improvements	4,738,494	2,737,379
Construction in progress	-	93,922
	6,517,790	4,211,355
Less accumulated depreciation and amortization	(1,194,172)	(719,789)
	$ 5,323,618	$ 3,491,566

Depreciation and amortization expense for the years ended December 31, 2018 and 2017 totaled $623,062 and $207,288, respectively.

NOTE 7 – COMMITMENTS AND CONTINGENCIES

Lease Commitments

The Foundation leases its office facilities under operating leases which expire in 2027 and 2028. In 2016, the Foundation executed a new lease for its headquarters beginning in October 2017 and expiring in September 2027 with one five year renewal option. In 2017, the Foundation executed a new lease for its Northern California office beginning in May 2018 and expiring in May 2028 with one five year renewal option. The office facilities leases provide for payments of property taxes, insurance, and maintenance expenses. The Foundation also leases office equipment under leases that expire in 2019 through 2023. The following is a schedule by year of minimum future payments related to these leases:

Years ending December 31,	
2019	$ 854,875
2020	878,082
2021	907,553
2022	928,726
2023	879,644
Thereafter	4,174,158
	$ 8,623,038

Rent expense totaled $950,336 and $764,082 for the years ended December 31, 2018 and 2017, respectively.

NOTE 7 – COMMITMENTS AND CONTINGENCIES - Continued

Legal Matters

In the ordinary course of business, the Foundation is subject to certain lawsuits and other potential legal actions. In the opinion of management, such matters will not have a material effect on the Foundation's financial statements.

NOTE 8 – FEDERAL EXCISE TAXES

The provision for federal excise tax related to unrealized appreciation / (depreciation) on investments is reflected as a liability until the related investment is sold or there is a change in the valuation of such investment.

The provision for excise and other tax is comprised of the following at December 31:

	2018	2017
Current	$ 682,200	$ 1,039,900
Deferred	(2,873,300)	2,094,500
UBIT	25,000	-
Total	$ (2,166,100)	$ 3,134,400

The Foundation believes that it has appropriate support for the excise tax and unrelated business income tax (UBIT) positions taken and, as such, does not have any uncertain tax positions as of December 31, 2018 and 2017.

NOTE 9 – EXPENSES BY FUNCTION AND NATURE

The Foundation classified expenses by natural category and function as either grantmaking, supporting, or allocable. Grantmaking expenses directly support delivery of the Foundation's mission and supporting expenses support the Foundation as a whole, including oversight. Allocable expenses support each function and are allocated based on a reasonable methodology such as time spent, departmental headcount supported and office square footage utilized for programmatic vs. administrative activities. For the year ended December 31, 2018 and 2017, respectively, the Foundation's expenses were categorized as follows:

2018

Expense	Grantmaking & Program Services	Management & General	Total
Grants	$ 33,515,234	$ -	$ 33,515,234
Compensation & benefits	5,245,956	2,641,669	7,887,625
Professional services	1,376,130	545,368	1,921,498
Travel	398,417	139,252	537,669
Occupancy	1,596,039	470,713	2,066,752
Other expenses	199,815	137,057	336,872
Total	$ 42,331,591	$ 3,934,059	$ 46,265,650

2017

Expense	Grantmaking & Program Services	Management & General	Total
Grants	$ 36,849,228	$ -	$ 36,849,228
Compensation & benefits	5,019,470	2,365,121	7,384,591
Professional services	1,000,773	529,111	1,529,884
Travel	340,303	127,114	467,417
Occupancy	1,030,281	391,385	1,421,666
Other expenses	220,876	185,347	406,223
Total	$ 44,460,931	$ 3,598,078	$ 48,059,009

NOTE 10 – TAX-DEFERRED RETIREMENT PLAN

The Foundation sponsors a 401(k) plan for Foundation employees. Under the provisions of the plan, participating employees may make voluntary contributions through salary deductions up to the maximum amount allowed by law. The Foundation's practice is to contribute an amount equal to 12% of all eligible employee compensation and to match eligible employee contributions up to 4% of compensation. Foundation contributions and expenses related to the plan totaled $717,177 and $702,515 for the years ended December 31, 2018 and 2017, respectively.

NOTE 11 – DEFERRED COMPENSATION PLAN

The Foundation maintains a 457(b) deferred compensation plan for certain employees. The employees contribute through payroll withholding into various mutual funds or annuity contracts with CUNA Mutual Group. While the assets are owned by the Foundation, they are held in trust accounts for the exclusive benefit of the employees. The values of $151,931 and $104,048 at December 31, 2018 and 2017, respectively, are classified as Other Assets and are offset by corresponding liabilities.

NOTE 12 – POSTRETIREMENT HEALTHCARE BENEFIT PLAN

The Foundation implemented a retiree medical plan effective January 1, 2009 designed to reimburse retirees who qualify in terms of age and years of service for a portion of their premium cost for securing Medigap (Supplemental Insurance) Plan coverage and Medicare Part D Plan coverage. The changes in postretirement healthcare benefit obligation, plan assets and the amounts recognized in the financial statements are as follows:

	2018	2017
Postretirement benefit obligation as of January 1	$ 959,169	$ 820,670
Service cost	56,555	57,052
Interest cost	33,366	33,368
Actuarial (gain) / loss	(129,068)	64,287
Benefits paid by employer	(17,585)	(16,208)
Accrued postretirement benefit obligation as of December 31	$ 902,437	$ 959,169

By Foundation policy, the postretirement healthcare benefit plan is not funded.

	2018	2017
Change in plan assets:	$ -	$ -
Foundation contributions	17,585	16,208
Benefits paid	(17,585)	(16,208)
Fair value of plan assets as of December 31	$ -	$ -

NOTE 12 – POSTRETIREMENT HEALTHCARE BENEFIT PLAN - Continued

Amount recognized in Statements of Financial Position as of December 31:

	2018	2017
Fair value of plan assets as of December 31	$ -	$ -
Accrued postretirement healthcare benefit cost	$ 902,437	$ 959,169
Plan assets	-	-
Net amount recognized	$ 902,437	$ 959,169
Amount included in net assets without donor restrictions:		
Unrecognized prior service cost	$ 128,761	$ 157,122
Unrecognized net (gain) / loss	(85,631)	43,437
Net loss included in net assets without donor restrictions	$ 43,130	$ 200,559

	2018	2017
Net periodic postretirement healthcare benefit cost:		
Service cost	$ 56,555	$ 57,052
Interest cost	33,366	33,368
Amortization of unrecognized net loss	-	-
Amortization of prior service cost	28,361	28,361
Net periodic postretirement healthcare benefit cost	118,282	118,781
Other changes recognized in net assets without donor restrictions:		
Net (gain) / loss	(129,066)	64,287
Amortization of unrecognized net gain	-	-
Amortization of prior service cost	(28,361)	(28,361)
Total recognized in net assets without donor restrictions	(157,427)	35,926
Total recognized net periodic benefit cost in net assets without donor restrictions	$ (39,145)	$ 154,707

NOTE 12 – POSTRETIREMENT HEALTHCARE BENEFIT PLAN - Continued

Actuarial Assumptions

The weighted average discount rate assumptions used for the postretirement healthcare benefit plan as of December 31, are shown below:

	2018	2017
Discount rate to determine benefit obligations	4.16%	3.52%
Discount rate to determine net periodic benefit cost	4.16%	3.52%

To determine the accumulated postretirement healthcare benefit obligation as of December 31, 2018, the annual rate of increase in per capita costs of covered health care was graded down from 5.8% to 4.5% by 2031.

Assumed healthcare cost trend rates have a significant effect on the amounts reported for the healthcare plan. Increasing the health care cost trend rate by 1% in each future year would increase the accumulated postretirement healthcare benefit obligation by $13,760 and the aggregate annual service and interest cost by $1,342. Decreasing the healthcare cost trend rate by 1% in each future year would decrease the accumulated postretirement healthcare benefit obligation by $21,350, and the aggregate annual service and interest cost by $2,451.

Expected Contributions

The Foundation expects to contribute $22,635 in postretirement healthcare benefits during the fiscal year ending December 31, 2019.

Expected Benefit Payments

The following benefit payments, which reflect expected future service, are expected to be paid for the fiscal years ending December 31:

Years ending December 31,	Benefit Payments
2019	$ 22,635
2020	30,584
2021	31,706
2022	32,819
2023	33,915
2024 to 2028 (aggregate)	216,753

NOTE 13 – LIQUIDITY

The Foundation's financial assets available within one year of December 31, 2018 and 2017, respectively, are as follows:

	2018	2017
Cash and cash equivalents	$ 200,447	$ 127,040
Interest and dividends receivable	1,096,703	837,650
Short term investments	1,619,816	1,239,630
Equity securities	545,833,831	686,822,826
Government and corporate obligations	134,712,759	138,823,358
Available financial assets	$ 683,463,556	$ 827,850,504

Excluded from the amounts above are those investments that do not have immediate liquidity and are intended to be held for long-term purposes. Some of the assets without immediate liquidity may be available and liquid within one year. The Foundation also has no debt on the Statement of Financial Position and typically pays its obligations by the use of its cash. Additionally, management is confident that the level of available financial assets as of December 31, 2018 is more than adequate to support one year of normal operations and programmatic activities of the Foundation. The Foundation does not have any board designated assets.

NOTE 14 – SUBSEQUENT EVENTS

The Foundation evaluated its December 31, 2018 financial statements for subsequent events through June 28, 2019, the date the financial statements were available to be issued. The Foundation is not aware of any subsequent events which would require recording or disclosure in the financial statements.