REPORT OF INDEPENDENT AUDITORS AND
CONSOLIDATED FINANCIAL STATEMENTS

ALPFA INC.

Years Ended December 31, 2017 and 2016

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Report of Independent Auditors

The Board of Directors
ALPFA Inc.

Report on Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of ALPFA Inc. and affiliate (“ALPFA”), which comprise the consolidated statements of financial position as of December 31, 2017 and 2016, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management’s Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

Our responsibility is to express an opinion on these consolidated 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of ALPFA as of December 31, 2017 and 2016, and the change in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the consolidated financial statements, ALPFA has a net asset and working capital deficit. Management's evaluation of the events and conditions and management's plans to mitigate these matters are also described in Note 2. Our opinion is not modified with respect to this matter.

Moss Adams LLP

Los Angeles, California
July 26, 2018

ASSETS

	December 31, 2017	December 31, 2016
CURRENT ASSETS		
Cash and cash equivalents	$ 188,048	$ 36,559
Accounts receivable, net	90,473	32,696
Prepaid expenses	27,145	44,856
Total current assets	305,666	114,111
NON-CURRENT ASSETS		
Endowed investments	31,254	29,424
Property and equipment, net	5,708	-
Total non-current assets	36,962	29,424
Total assets	$ 342,628	$ 143,535

LIABILITIES AND NET ASSETS (DEFICIT)

	December 31, 2017	December 31, 2016
CURRENT LIABILITIES		
Accounts payable	$ 22,696	$ 168,564
Accrued liabilities	410,900	435,234
Deferred revenue	1,092,933	894,345
Notes payable, current portion	704,494	624,121
Total current liabilities	2,231,023	2,122,264
NON-CURRENT LIABILITIES		
Notes payable, net of current portion	770,498	1,476,485
Total liabilities	3,001,521	3,598,749
NET ASSETS (DEFICIT)		
Unrestricted	(2,690,147)	(3,484,638)
Temporarily restricted	10,715	8,885
Permanently restricted	20,539	20,539
Total net assets (deficit)	(2,658,893)	(3,455,214)
Total liabilities and net assets (deficit)	$ 342,628	$ 143,535

ALPFA Inc.
Consolidated Statement of Activities

	Year Ended December 31, 2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE				
General sponsorships	$ 3,500,549	$ 3,330	$ -	$ 3,503,879
Event registrations	1,253,026	-	-	1,253,026
Membership dues	163,353	-	-	163,353
Other income	69,740	56,569	-	126,309
Scholarship contributions	-	96,375	-	96,375
Contributions in-kind	116,730	-	-	116,730
Net assets released from restrictions	154,444	(154,444)	-	-
Total revenue	5,257,842	1,830	-	5,259,672
EXPENSES				
Program services	2,328,025	-	-	2,328,025
Supporting services				
Management and general	2,135,326	-	-	2,135,326
Total expenses	4,463,351	-	-	4,463,351
CHANGE IN NET ASSETS	794,491	1,830	-	796,321
NET ASSETS (DEFICIT)				
Beginning of year	(3,484,638)	8,885	20,539	(3,455,214)
End of year	$ (2,690,147)	$ 10,715	$ 20,539	$ (2,658,893)

See accompanying notes

	Year Ended December 31, 2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE				
General sponsorships	$ 3,819,660	$ 32,470	$ -	$ 3,852,130
Event registrations	874,123	-	-	874,123
Membership dues	235,156	-	-	235,156
Other income	198,294	22,604	-	220,898
Scholarship contributions	-	86,030	-	86,030
Contributions in-kind	31,891	-	-	31,891
Net assets released from restrictions	139,730	(139,730)	-	-
Total revenue	5,298,854	1,374	-	5,300,228
EXPENSES				
Program services	2,282,482	-	-	2,282,482
Supporting services				
Management and general	2,190,471	-	-	2,190,471
Total expenses	4,472,953	-	-	4,472,953
CHANGE IN NET ASSETS	825,901	1,374	-	827,275
NET ASSETS (DEFICIT)				
Beginning of year	(4,310,539)	7,511	20,539	(4,282,489)
End of year	$ (3,484,638)	$ 8,885	$ 20,539	$ (3,455,214)

ALPFA Inc.
Consolidated Statement of Cash Flows

	Year Ended December 31, 2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 796,321	$ 827,275
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation and amortization	5,106	-
Revenue from contributed property and equipment	(10,814)	-
Loss on disposal of fixed assets	-	15,897
Unrealized gain from investments	(1,830)	(1,374)
Changes in operating assets and liabilities:		
Accounts receivable	(57,777)	(32,696)
Prepaid expenses	17,711	(42,832)
Accounts payable	(145,868)	(408,450)
Accrued liabilities	(24,334)	(151,464)
Deferred revenue	198,588	(4,101)
Net cash and cash equivalents provided by operating activities	777,103	202,255
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal repayments on notes payable	(625,614)	(288,360)
Net cash and cash equivalents used in financing activities	(625,614)	(288,360)
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	151,489	(86,105)
CASH AND CASH EQUIVALENTS, beginning of year	36,559	122,664
CASH AND CASH EQUIVALENTS, end of year	$ 188,048	$ 36,559
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	$ 18,515	$ 17,940
SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING ACTIVITIES		
Conversion of accrued liability to note payable (Note 3)	$ -	$ 690,000
Contributed property and equipment	$ 10,814	$ -

 See accompanying notes

Note 1 – Organization and Summary of Significant Accounting Policies

Organization – ALPFA Inc. (the "Association" or the “Organization”) is a not-for-profit member-based professional association. The “ALPFA” acronym today stands for the Association of Latino Professionals for America. Formed in California in 1972, the Association is the longest standing Latino organization for business students, professionals and entrepreneurs. ALPFA develops the next generation of Latino professionals via experiential leadership development and mentoring from senior corporate executives, whom it empowers into the C-suite and onto corporate boards. The Association receives the vast majority of its financial support from corporate sponsorships for its national convention and related activities held annually and local chapter events held throughout the year.

In 1974, the American Association of Hispanic Certified Public Accountants – Foundation (the "Foundation") was organized for the purpose of providing educational and financial assistance to business students and professionals. On April 16, 2004, the Foundation registered as the “Association of Latino Professionals in Finance and Accounting Foundation Inc.” On November 19, 2010, the Foundation changed its name to “ALPFA Foundation Inc.”

Principles of consolidation – The accompanying statements reflect the consolidation of the Association and the Foundation and report the amounts of their financial position and activities in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). All significant inter-entity transactions and balances have been eliminated.

Cash and cash equivalents – The Organization and Foundation consider cash and cash equivalents to be all cash on hand, deposits with financial institutions, and highly liquid investments, except those held for long-term investment, with original maturities of three months or less when purchased. Balances of deposits with financial institutions are FDIC insured up to $250,000.

Accounts receivable – Accounts receivable are stated at the amount management expects to collect from outstanding contributions. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. There was no allowance for doubtful accounts as of December 31, 2017. As of December 31, 2016, the allowance for doubtful accounts was $14,800.

Endowed Investments – Investments are reported at fair value based on quoted market prices for such securities. Investment income includes interest and dividends from investments, net of advisor fees, and realized and unrealized gains and losses.

Property and equipment – Property and equipment are stated at cost. Expenditures over $1,500 for major improvements are capitalized, while replacements, maintenance and repairs, which do not significantly improve or extend the useful life of the asset, are expensed when incurred. Depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of the assets, which range from three to five years. Depreciation expense for the year ended December 31, 2017 was $5,106. There was no depreciation or amortization expense in 2016 as all property and equipment had been either fully depreciated or written off.

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

Deferred revenue – Funds received in advance of events taking place or services being provided by the Association are recorded as deferred revenue.

Net assets – Net assets and changes therein are classified and reported as follows:

Unrestricted net assets: Net assets that are not subject to donor-imposed stipulations.

Temporary restricted net assets: Net assets that are subject to donor-imposed stipulations that will be met by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions. Temporarily restricted net assets which have their restriction met in the same year are reported as unrestricted in the consolidated statements of activities.

Permanently restricted net assets: Endowment net assets subject to donor-imposed stipulations that will be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Contributions – Contributions of unconditional promises to give are generally recognized as revenue upon the earlier receipt of either a cash remittance or pledge. A pledge is defined as a donor's written, unconditional promise to give. Pledges are recorded as revenue and pledges receivable, and management determines whether a promise to give is conditional or unconditional. Conditional promises to give are not recorded in the consolidated financial statements until the condition on which it depends is substantially met. Unconditional promises to give are donor commitments where there is sufficient evidence they exist, verifiable documentation, no ambiguous conditions, and they are legally enforceable. If these contributions are to be received after a year and/or over a number of years, they are discounted at a rate equivalent with the short-term and mid-term applicable risk adjusted rate. The discount is amortized and recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any. There were no pledge receivables as of December 31, 2017 and 2016.

Contributions of unconditional promises to give with payments due in future periods are reported as temporarily restricted contributions unless the donor expressly stipulates, or circumstances surrounding the receipt of the promise make clear, that the donor intended it to be used to support activities of the current period and in those cases revenue is recorded as unrestricted. The revenue of any billed or received future exchange transactions are deferred until the exchange transaction takes place. Multi-year contributions are recorded at fair value at the date of the contribution. Contributions receivable is reported within accounts receivable on the consolidated statements of financial position.

General sponsorships – National office and each of the Association's professional and student chapters receive funds from national or local sponsors. Funds can be designated for specific purposes, including hosting chapter events, or unconditional to be used to support the national office or chapter operations. Revenue on funds received for a specific purpose are recognized when the condition on which it depends is met. Unconditional chapter sponsorships are recognized when received.

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

Event registrations – National office and student chapters hold events throughout the year, including a national convention, and request paid participation from attendees. Revenues are earned and recognized in the month of the event.

Internet and newsletter – The Association receives payments for advertising space in the Association's website and newsletter. Internet and newsletter revenues are recognized as earned and recorded as other income. Advanced payments are recorded as deferred revenues on the consolidated statements of financial position. No internet and newsletter revenue was recognized for the year ended December 31, 2017. Internet and newsletter revenue for the year ended December 31, 2016 was $49,240. Internet and newsletter revenues are reported within other income on the statement of activities.

Membership dues – Membership in the Association requires a person's adherence to its by-laws including the advance payment of membership dues, which vary by type of membership (general, associate, or student) and term. Membership terms and dues run from the date that each individual member joins or renews and expire on the anniversary thereof, and are not refundable. Membership revenues are recognized as they are earned over the membership term. Advance payments are recorded as deferred revenues on the consolidated statements of financial position.

Donated materials, services, and facilities – Contributions of donated materials and other non-cash assets are recorded at their estimated fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received and are offset by the related expense. Donated services from unpaid volunteers who assist in the events, fundraising, special projects, and other volunteer services that do not meet these criteria are not recognized in the consolidated financial statements. There were $116,730 of contributions of donated materials and other non-cash assets for the year ended December 31, 2017, consisting of computer equipment of $10,814, rent for the Boston office space of $20,000 (see Note 4) and interest of $85,916. Donated materials and other non-cash assets for the year ended December 31, 2016 was $31,891 for interest.

Expenses – The costs of providing the various programs and other activities have been summarized in the consolidated statements of activities. Accordingly, certain expenses have been allocated among the programs and supporting services benefited.

Use of estimates – The preparation of consolidated 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 consolidated financial statements. Estimates also affect the reported amount of revenue and expense during the reporting period. Actual results could differ from those estimates.

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

Federal and state income taxes – The Association is incorporated as a nonprofit mutual benefit corporation under the laws of the State of California and is generally exempt from federal and state income taxes under Section 501(c)(6) of the Internal Revenue Code and Section 23701(d) of the Revenues and Taxation Code of the State of California.

The Foundation operates as a nonprofit public benefit corporation under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the Revenues and Taxation Code of the State of California and, generally, is exempt from federal and state income taxes. Accordingly, no provision for income taxes is included in these consolidated financial statements.

Uncertainty in income taxes – The Association and the Foundation have evaluated the consolidated financial statement impact of tax positions taken or expected to be taken in their tax returns. Management has determined that no tax liabilities need to be recorded under applicable accounting guidance for the years ended December 31, 2017 and 2016.

Reclassifications – Certain amounts from prior year have been reclassified to conform to the current year's presentation. These reclassifications do not have a material impact on the consolidated financial statements.

Recently issued accounting pronouncements – In August, 2016, the FASB issued Accounting Standards Update ("ASU") 2016-14, *Not-For-Profit Entities (Topic 958), Presentation of Financial Statements of Not-For-Profit Entities.* The main provisions of the update address issues related to the complexity of net asset classification, transparency regarding the liquidity of funds, deficiencies in reporting financial performance measures, inconsistencies in expense reporting, and misunderstandings in presenting cash flow information. The ASU is effective for fiscal years beginning after December 15, 2017. The Organization is currently evaluating the effect of this accounting pronouncement on its consolidated financial statements.

Note 2 – Financial Condition

In prior years, the Association experienced difficulty in obtaining sufficient unrestricted funds to provide working capital as it had several years of unrestricted expenses in excess of revenue. As a result, the Association is carrying a negative net assets balance on the consolidated statement of financial position and has accumulated significant debts from financial institutions, hotel chains and various host sponsors in relation to past years' annual conventions. The Association has implemented plans to generate unrestricted revenues by implementing initiatives for expanded membership opportunities, new conferences, tapping into new corporate sponsorships and a fundraising campaign run by the Foundation. Personnel changes and focused cost management efforts have continued to result in reduced operating costs and successful negotiations on payment plans to clear the outstanding balances with its debtors. These efforts have yielded positive results inclusive of an increase in net assets of $796,321 and $827,275 for the years ended December 31, 2017 and 2016, respectively. Additionally, cash provided by operations amounted to $777,103 and $202,255 for the years ended December 31, 2017 and 2016, respectively. Continued improvement of the Association's financial condition is dependent upon further successes of these efforts. The consolidated financial statements do not include any adjustments that might be necessary if the financial condition of the Association does not continue to improve.

Note 3 – Notes Payable

On September 30, 2014, the Organization obtained an $808,564 secured term loan with a financial institution to consolidate the outstanding debt from a previous line of credit used for operations, equipment purchases and credit card balances. The loan bore interest at a rate of 9.5% per annum and was secured by the assets of the Association. On February 29, 2016, the Organization's term loan was replaced with a new non-interest bearing term loan for $724,406 with the same lender. Installments of $15,092 are due monthly with the final payment due on March 30, 2020. At December 31, 2017 and 2016, the unpaid balance under the term loan and previous line was $377,386 and $566,370, respectively.

On October 30, 2014, the Organization entered into an unsecured agreement to establish a payment plan to clear a past due balance with a large hotel chain. The interest rate for the payment plan is 9.0% per annum and scheduled monthly payment installments range between $10,000 and $60,000 and is expected to be paid in full in October 2019. Interest expense incurred for the years ended December 31, 2017 and 2016 was $31,401 and $35,560, respectively, of which $41,422 and $28,536, respectively, were accrued for as of year-end. At December 31, 2017 and 2016, the unpaid balance under the agreement was $278,061 and $347,046, respectively.

On May 21, 2015, the Organization entered into an unsecured agreement to establish a payment plan to clear a past due balance with a large corporation. The agreement is non-interest bearing, scheduled monthly payment installments equal $12,127, and all outstanding principal is due on May 1, 2020. At December 31, 2017 and 2016, the unpaid balance under the agreement was $339,545 and $497,190, respectively.

Note 3 – Notes Payable (continued)

In March 2016, the Organization established a payment plan to clear a past due balance with a hotel chain. Accordingly, the unpaid balance as of December 31, 2016 was reclassified from accrued liability to note payable in 2016. The non-interest bearing payment plan consists of incremental monthly installments ranging between $10,000 and $20,000, with the last payment of $20,000 due in December 2019. At December 31, 2017 and 2016, the unpaid balance under the agreement was $480,000 and $690,000, respectively.

Future minimum principal payments as of December 31, 2017 under the notes payable with third parties are as follows:

Years Ending December 31,	
2018	$ 704,494
2019	709,865
2020	60,633
	$ 1,474,992

Note 4 – Commitments

The Organization leases its headquarters office in Los Angeles, California and another office in New York, New York. The Los Angeles office space agreement is month-to-month with monthly lease payments of $750. In September 2016, the Organization negotiated an early lease termination of its New York lease agreement and paid an early lease termination penalty of $30,506. In September 2016, the Organization entered into a month-to-month lease for two offices in New York for lesser space, at monthly rents of $1,170. The New York lease agreement was amended in June 2017, reducing the leased space to one office with revised monthly rent of $780.

The Organization leases additional office space in Boston, Massachusetts, Chicago, Illinois, and Houston, Texas. These lease agreements are month-to-month with monthly rent payments of $1,700, $300 and $734, respectively.

Rent expense for the years ended December 31, 2017 and 2016, excluding the New York lease early termination penalty, incurred in September 2016, was $53,800 and $170,372, respectively.

Note 5 – Restricted Net Assets

Restricted net assets consist of the following at December 31:

	2017	2016
Temporarily restricted:		
Accumulated endowment earnings	$ 10,715	$ 8,885
	$ 10,715	$ 8,885
Permanently restricted:		
Endowment - scholarships	$ 20,539	$ 20,539
	$ 20,539	$ 20,539

Note 6 – Investments and Fair Value Measurements

ASC 820, *Fair Value Measurements*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, assets or liabilities;

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly for substantially the full term of the asset or liability;

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

Note 6 – Investments and Fair Value Measurements (continued)

The following tables sets forth the Organization's financial assets measured at fair value by level within the fair value hierarchy. Assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	Fair Value at December 31, 2017			
	Total	Level 1	Level 2	Level 3
Assets:				
Endowment investments - cash and money market funds	$ 16,571	$ 16,571	$ -	$ -
Endowment investments - mutual funds:				
U.S. equities	10,501	10,501	-	-
Mixed assets	4,182	4,182	-	-
	$ 31,254	$ 31,254	$ -	$ -

	Fair Value at December 31, 2016			
	Total	Level 1	Level 2	Level 3
Assets:				
Endowment investments - cash and money market funds	$ 16,697	$ 16,697	$ -	$ -
Endowment investments - mutual funds:				
U.S. equities	8,922	8,922	-	-
Mixed assets	3,805	3,805	-	-
	$ 29,424	$ 29,424	$ -	$ -

Endowment investments are comprised of money market funds and mutual funds, and are classified as Level 1 since they are valued by quoted prices in active and accessible markets.

Note 7 – Endowment

The Association’s endowment consists of a fund established by one of its chapters for the purpose of distributing scholarships to students in the chapter’s local community. Its endowment includes only donor-restricted endowment funds. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the governing board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Note 7 – Endowment (continued)

Interpretation of relevant law – The management of the Organization has interpreted the California Uniform Prudent Management of Institutional Funds Act ("CUPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by CUPMIFA.

In accordance with CUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the Organization and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation or deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Organization
(7) The investment policies of the Organization

Investment policy – The Endowment Fund requires the Organization to preserve the principal awarded and fund scholarships from income accrued on the principal. The Endowment Fund is currently invested in interest-bearing cash, money market funds and mutual funds. The Association's investment policy is to maximize return on invested assets while maintaining a high degree of liquidity and generally safeguarding the principal assets.

Spending policy – The Endowment Fund restricts the distribution of funds as scholarships solely for the benefit of New Mexico Hispanic students pursuing a post-secondary education in the fields of accounting, finance or other related business field. Scholarships are awarded by the Foundation's Board of Directors in accordance with the terms of the Endowment Fund.

Note 7 – Endowment (continued)

Endowment net assets composition consists of the following at:

	Year Ended December 31, 2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment	$ -	$ 10,715	$ 20,539	$ 31,254
Total endowment funds	$ -	$ 10,715	$ 20,539	$ 31,254

	Year Ended December 31, 2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment	$ -	$ 8,885	$ 20,539	$ 29,424
Total endowment funds	$ -	$ 8,885	$ 20,539	$ 29,424

Change in the endowment net assets consists of the following at:

	Year Ended December 31, 2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets, beginning of year	$ -	$ 8,885	$ 20,539	$ 29,424
Investment return:				
Unrealized gain	-	1,830	-	1,830
Net endowment assets, end of year	$ -	$ 10,715	$ 20,539	$ 31,254

	Year Ended December 31, 2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets, beginning of year	$ -	$ 7,511	$ 20,539	$ 28,050
Investment return:				
Unrealized gain	-	1,374	-	1,374
Net endowment assets, end of year	$ -	$ 8,885	$ 20,539	$ 29,424

Note 8 – Benefit Plan

The Association's employees have access to a 401k retirement plan. Under this plan, the Association makes a matching contribution on a participant's salary deferrals up to a maximum of five percent of a participant's annual salary. During the years ended December 31, 2017 and 2016, the Organization recorded matching contributions of $14,066 and $12,440, respectively.

Note 9 – Subsequent Events

Subsequent events are events or transactions that occur after the consolidated statement of financial position date but before consolidated financial statements are available to be issued. The Organization recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated statement of financial position, including the estimates inherent in the process of preparing the consolidated financial statements. The Organization's consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated statement of financial position but arose after the consolidated statement of financial position date and before consolidated financial statements are available to be issued. The Organization has evaluated subsequent events through July 26, 2018, which is the date the consolidated financial statements were available to be issued.