

FOUNDATION FOR COGNITIVE THERAPY AND RESEARCH

STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2018	2017
ASSETS		
Current assets		
Cash and cash equivalents	\$ 304,091	\$ 192,043
Accounts receivable, net	275,613	263,503
Pledges receivable, current portion	71,224	29,617
Prepaid expenses and other	153,143	193,700
Total current assets	804,071	678,863
Investments	9,194,842	10,354,790
Pledges receivable, net of current portion	58,537	-
Fixed assets, net	109,234	128,678
Intangible assets, net	130,324	200,984
Total assets	\$ 10,297,008	\$ 11,363,315
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 195,303	\$ 189,070
Deferred revenue	330,011	373,315
Deferred rent obligation, current portion	10,221	7,323
Total current liabilities	535,535	569,708
Long-term liabilities		
Deferred rent obligation, net of current portion	4,863	14,917
Total liabilities	540,398	584,625
Commitments		
Net assets		
Without donor restrictions	9,638,073	10,778,690
With donor restrictions	118,537	-
Total net assets	9,756,610	10,778,690
Total liabilities and net assets	\$ 10,297,008	\$ 11,363,315

See notes to financial statements.

FOUNDATION FOR COGNITIVE THERAPY AND RESEARCH
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

	Year Ended December 31,	
	2018	2017
Operating revenue and support		
Program revenues		
Center for Psychotherapy income	\$ 432,797	\$ 437,831
Center for training income		
Online training	1,568,947	1,190,182
On the road workshops	26,500	27,200
Philadelphia workshops	443,650	471,750
Supervision and consultation fees	150,950	260,300
Training for organizations	359,344	542,934
Student workshops	46,400	46,500
Cancellation/transfer fees	2,889	3,313
Trainee discounts	(75,555)	(87,390)
Total center for training income	2,523,125	2,454,789
Diet income	102,975	60,163
Publication and royalties income	39,960	37,248
Total program revenues	3,098,857	2,990,031
Contributions	302,909	148,291
Donated goods and services	20,000	20,000
Miscellaneous	7,334	734
Net assets released from restrictions	61,463	-
Total operating revenue and support	3,490,563	3,159,056
Operating expenses		
Program	3,485,897	3,129,346
Management and general	648,635	552,238
Development	189,697	-
Total expenses	4,324,229	3,681,584
Changes in net assets from operations	(833,666)	(522,528)
Other changes		
Investment income	433,380	416,850
Net realized and unrealized (losses) gains on investments	(740,331)	1,123,951
	(306,951)	1,540,801
Change in net assets before donor restrictions	(1,140,617)	1,018,273
With donor restrictions		
Contributions	180,000	-
Net assets released from restrictions	(61,463)	-
	118,537	-
Change in net assets	(1,022,080)	1,018,273
Net assets, beginning of year	10,778,690	9,760,417
Net assets, end of year	\$ 9,756,610	\$ 10,778,690

See notes to financial statements.

FOUNDATION FOR COGNITIVE THERAPY AND RESEARCH

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2018

	Center for Training Income										Total
	Center for Psychotherapy	On the Road Workshops	Online Training	Philadelphia Workshops	Supervision & Consultation	Training for Organizations	Diet	Program Subtotal	Management and General	Development	
Payroll and benefits	\$ 361,136	\$ 5,379	\$ 362,173	\$ 182,294	\$ 138,043	\$ 252,978	\$ 78,545	\$ 1,380,548	\$ 538,782	\$ 74,522	\$ 1,993,852
Direct program expenses	670	13,607	910,816	137,211	2,148	4,502	3,397	1,072,351	23	26,093	1,098,467
Professional services *	-	-	-	52,500	88,620	105,467	-	246,587	-	-	246,587
Operating expenses	74,473	4,823	57,635	45,268	34,643	56,962	19,390	293,194	47,620	21,670	362,484
Administrative expenses	33,694	3,242	60,049	17,202	14,693	26,187	8,937	164,004	25,693	55,147	244,844
Insurance	17,099	417	4,634	2,658	2,346	3,872	1,468	32,494	3,815	1,271	37,580
Marketing	22,054	3,773	20,209	37,526	10,556	17,281	7,056	118,455	-	-	118,455
Rent and related costs	46,021	3,546	39,288	22,858	19,645	34,155	12,751	178,264	32,702	10,994	221,960
Total expenses	\$ 555,147	\$ 34,787	\$1,454,804	\$ 497,517	\$ 310,694	\$ 501,404	\$ 131,544	\$ 3,485,897	\$ 648,635	\$ 189,697	\$ 4,324,229

* Professional services consist of amounts paid to supervisors and speakers. Supervisors generally receive a portion of the amount paid to the Foundation by third parties for supervision training. Speakers receive a flat fee per speaking engagement.

See notes to financial statements.

FOUNDATION FOR COGNITIVE THERAPY AND RESEARCH

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2017

	Center for Training Income							Program Subtotal	Management and General Development	Total
	Center for Psychotherapy	On the Road Workshops	Online Training	Philadelphia Workshops	Supervision & Consultation	Organizations	Diet			
Payroll and benefits	\$ 337,838	\$ 21,125	\$ 348,413	\$ 151,627	\$ 71,485	\$ 132,404	\$ 48,184	\$ 1,111,076	\$ 442,847	\$ 1,553,923
Direct program expenses	2,209	14,810	746,311	156,898	2,105	11,473	2,519	936,325	14,683	951,008
Professional services *	1,639	147	3,583	47,234	136,523	178,027	4,567	371,720	2,081	373,801
Operating expenses	41,840	2,881	61,253	60,360	35,861	47,072	9,537	258,804	38,312	297,116
Administrative expenses	17,855	1,003	24,102	20,060	10,030	17,263	3,103	93,416	19,050	112,466
Insurance	13,876	220	5,288	4,407	2,203	3,526	661	30,181	3,306	33,487
Marketing	11,753	1,369	25,193	31,849	10,425	52,217	2,635	135,441	-	135,441
Rent and related costs	45,980	1,776	49,810	39,316	19,657	30,451	5,393	192,383	31,959	224,342
Total expenses	\$ 472,990	\$ 43,331	\$1,263,933	\$ 511,751	\$ 288,289	\$ 472,433	\$ 76,599	\$ 3,129,346	\$ 552,238	\$ 3,681,584

* Professional services consist of amounts paid to supervisors and speakers. Supervisors generally receive a portion of the amount paid to the Foundation by third parties for supervision training. Speakers receive a flat fee per speaking engagement.

See notes to financial statements.

FOUNDATION FOR COGNITIVE THERAPY AND RESEARCH

STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2018	2017
Cash flows from operating activities		
Change in net assets	\$ (1,022,080)	\$ 1,018,273
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation and amortization	168,136	140,138
Contributed securities	(61,463)	-
Net realized and unrealized losses (gains) on investments	740,331	(1,123,951)
Changes in operating assets and liabilities		
Accounts receivable	(12,110)	(139,637)
Pledges receivable	(100,144)	(2,947)
Prepaid expenses and other	40,557	(95,356)
Accounts payable and accrued expenses	6,233	40,127
Deferred revenue	(43,304)	97,174
Deferred rent obligation	(7,156)	(4,182)
Net cash used in operating activities	(291,000)	(70,361)
Cash flows from investing activities		
Purchases of fixed assets	(29,546)	(36,987)
Purchases of intangible assets	(48,486)	(61,693)
Proceeds from sale of investments	3,026,492	1,630,017
Purchase of investments	(2,545,412)	(1,512,461)
Net cash provided by investing activities	403,048	18,876
Net increase (decrease) in cash and cash equivalents	112,048	(51,485)
Cash and cash equivalents, beginning of year	192,043	243,528
Cash and cash equivalents, end of year	\$ 304,091	\$ 192,043

See notes to financial statements.

FOUNDATION FOR COGNITIVE THERAPY AND RESEARCH

NOTES TO FINANCIAL STATEMENTS

1 - NATURE OF THE ORGANIZATION

The Foundation for Cognitive Behavior Therapy (the “Foundation”), known as The Beck Institute for Cognitive Behavior Therapy, is a leading international source for training, therapy, and resources in Cognitive Behavior Therapy (“CBT”). The Foundation’s training department delivers workshops and training to a worldwide audience of mental health professionals, researchers, and educators, and the Foundation’s Philadelphia-based clinic provides state-of-the-art therapy and consultations.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements reflect the accounts of the Foundation and have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (US GAAP).

In August 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 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 returns, and cash flows. The guidance replaces the three classes of net assets previously presented on the statement of financial position with two new classes of net assets, which are based on the existence or absence of donor-imposed restrictions. ASU No. 2016-14 includes specific disclosure requirements intended to improve a financial statement user’s ability to assess an entity’s available financial resources, along with its management of liquidity and liquidity risk. The Foundation has adopted ASU 2016-14 for its fiscal year ended December 31, 2018 and has applied the amendments retrospectively to the financial statements and related footnotes.

The provisions of ASU 2016-14 improve presentation and disclosure to provide more relevant information about resources and changes in resources to donors, grantors and other users. There are qualitative and quantitative requirements in several areas including the following:

Temporarily and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restriction. The unrestricted net asset class has been renamed net assets without donor restrictions. The chart below illustrates the impact, caused by adopting ASU No. 2016-14, on classifications of January 1, 2017 net asset balances as follows:

FOUNDATION FOR COGNITIVE THERAPY AND RESEARCH

NOTES TO FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

	Opening net assets classification for ASU No. 2016-14		
	Without donor restrictions	With donor restrictions	Total Net Assets
As previously presented:			
Unrestricted	\$ 9,760,417	\$ -	\$ 9,760,417
Temporarily Restricted	-	-	-
Permanently Restricted	-	-	-
Net assets, as reclassified	\$ 9,760,417	\$ -	\$ 9,760,417

The financial statements also include a disclosure about liquidity and availability of resources (see Note 3).

Net Assets

Net assets, revenue, and support are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions. The net assets whose use is restricted by the Board of Directors are also included within net assets without donor restrictions. The Foundation had no board restricted net assets at December 31, 2018 and 2017.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events or purposes specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that such resources be maintained in perpetuity. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the consolidated financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

FOUNDATION FOR COGNITIVE THERAPY AND RESEARCH

NOTES TO FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with US GAAP 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Foundation considers cash and money funds held in investment accounts purchased with initial maturities of three months or less to be cash and cash equivalents.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment, it has concluded that realization losses on balances outstanding at year-end will be immaterial.

Pledges Receivable

Pledges receivable consists of contributions promised to the Foundation but not yet collected as of year-end. The Foundation's management has determined that these pledges receivable are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary at December 31, 2018 and 2017.

Investments

Investments in equity securities and mutual funds with readily determinable fair values and all investments in debt securities are measured at fair value in the statements of financial position. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is reported as increases or decreases in net assets in the reporting period.

Fixed Assets and Depreciation and Amortization

Fixed assets are stated at cost, or fair market value, if donated. Depreciation and amortization is provided using the straight-line method over the estimated useful lives of the related assets as follows:

Furniture and fixtures	5 years
Equipment	3-10 years
Leasehold improvements	Term of lease

FOUNDATION FOR COGNITIVE THERAPY AND RESEARCH

NOTES TO FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fixed Assets and Depreciation and Amortization (Continued)

The Foundation charges maintenance and repairs to expense in the period incurred. Acquisitions, major improvements and renewals are capitalized and depreciated. Gain or loss on disposition is included in the statements of activities and changes in net assets in the period of disposition.

Intangible Assets and Amortization

Intangible assets consist of production costs incurred for the online training programs and costs for the redesign of the Foundation's website. Intangible assets are stated at cost. Amortization is provided using the straight-line method over their estimated useful lives of three years from when the asset is put into use.

Deferred Revenue

Deferred revenue consists of supervision, workshop and online training courses revenue received but not yet earned as of the date of the statements of financial position. Deferred revenue will be earned as the various training engagements and courses occur.

Grants and Contribution

Unconditional promises to give cash and other assets to the Foundation are reported as grants and contributions and recorded at fair value on the date the promise is received. All contributions are considered to be available for use without restriction unless specifically restricted by the donor. Contributions received for specific purposes or with donor stipulations are reported as increases in net assets with restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restrictions is accomplished, net assets with restrictions are reclassified to net assets without restrictions and reported in the statement of activities as net assets released from restrictions. Restricted contributions received, whose restrictions are met in the same reporting period, are reflected as contributions without restrictions.

Program Income

Program income is reported at the estimated net realizable amounts and as services are provided.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs were \$118,455 and \$135,441 for the years ended December 31, 2018 and 2017, respectively.

Donated Goods and Services

In addition to cash contributions, the Foundation receives donated goods and services, consisting primarily of professional services. These goods and services are reported at fair value at the time of receipt. During each of the years ended December 31, 2018 and 2017, the Foundation received donated legal services of \$20,000.

FOUNDATION FOR COGNITIVE THERAPY AND RESEARCH

NOTES TO FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Foundation qualifies as a tax exempt Foundation under Section 501(c)(3) of the Internal Revenue Code and similar state laws, therefore, there is no provision for federal or state income taxes. The Foundation is not a private foundation.

Management of the Foundation considers the likelihood of changes by taxing authorities in its filed income tax returns and recognizes a liability for or discloses potential significant changes that management believes are more likely than not to occur upon examination by tax authorities, including changes to the Foundation's status as a not-for-profit entity. Management believes the Foundation met the requirements to maintain its tax-exempt status and has no income subject to unrelated business income tax, therefore no provision for income taxes has been provided in these financial statements.

Functional Allocation of Expenses

The costs of providing program and supporting services have been summarized on a functional basis in the accompanying statements of functional expenses. The Foundation incurs expenses that directly relate to, and can be assigned to, a specific program or supporting activity. The Foundation also conducts several activities and generates costs which benefit all of its programs and supporting services (i.e. development and management and general activities). These indirect costs, which are not specifically attributable to a specific program or supporting activity, are allocated by management on a consistent basis among the various programs and supporting services that are the beneficiary.

The allocation of payroll, which is the fundamental basis for allocating shared costs across functions, is based on a time and effort schedule provided by the department heads and the executive director. The department heads and executive director indicate the approximate amount of time spent supporting the various functional areas of the Foundation. Their individual payroll expenses are then allocated to the functional areas in direct accordance with the time allocation schedule. Indirect costs, whose costs are not identifiable with any specific program, are then allocated in accordance with the combined allocation ratio of total payroll dollars by functional area.

FOUNDATION FOR COGNITIVE THERAPY AND RESEARCH

NOTES TO FINANCIAL STATEMENTS

3 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Foundation's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	December 31,	
	2018	2017
Cash and cash equivalents	\$ 304,091	\$ 192,043
Investments	9,194,842	10,354,790
Accounts receivable, net	275,613	263,503
Pledge receivable	71,224	29,617
Total financial assets available to management for general expenditure within one year	\$ 9,845,770	\$ 10,839,953

The Foundation's financial assets available to meet cash needs for general expenditures within one year represents funding for ongoing operational requirements and planned increase in program expenditures in fiscal year 2019.

The Foundation has certain donor-restricted assets limited as to either use or time which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the above qualitative information for financial assets to meet general expenditures within one year.

Liquidity Management

The Foundation has an investment policy authorized by the Board of Directors that provides guidance and oversight for the management of cash and cash equivalents and investments. The policy provides that the Foundation maintain an adequate level of cash to meet on-going operational requirements. In addition, the policy sets forth the structure for investment of excess cash based on the financial needs of the Foundation, the time horizon of those needs and the Board of Directors' investment philosophy.

4 - PLEDGE RECEIVABLE, NET

The Foundation has pledges receivable, net amounting to \$129,761 and \$29,617 as of December 31, 2018 and 2017, respectively. Contributions due in future years are discounted to their fair value. Management has determined that no discount is necessary because the stated amount would not materially differ from their present values. Valuation of the future contributions receivable takes place at the time of the contribution.

FOUNDATION FOR COGNITIVE THERAPY AND RESEARCH

NOTES TO FINANCIAL STATEMENTS

4 - PLEDGE RECEIVABLE, NET (Continued)

The receivables are expected to be collected as follows:

	Year Ended December 31,	
	2018	2017
Receivables due in less than one year	\$ 71,224	\$ 29,617
Receivables due in one to five years	58,537	-
Total pledges receivables, net	\$ 129,761	\$ 29,617

5 - INVESTMENTS

The Foundation's investments are reported at fair market value and consist of the following:

	December 31,	
	2018	2017
Equity securities	\$ 413,994	\$ 375,198
Mutual funds	7,017,578	8,308,470
Government agency bonds	1,763,270	1,671,122
	\$ 9,194,842	\$ 10,354,790

6 - FAIR VALUE MEASUREMENTS

The Foundation's investments are reported at fair value in the accompanying statements of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with 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.

US GAAP defines fair value, provides guidance for measuring fair value and requires certain disclosures. GAAP discusses valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flow) and the cost approach (cost to replace the service capacity of an asset or replacement cost). GAAP provides for a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

FOUNDATION FOR COGNITIVE THERAPY AND RESEARCH

NOTES TO FINANCIAL STATEMENTS

6 - FAIR VALUE MEASUREMENTS (Continued)

Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in markets that are not active.

Level 3: Unobservable inputs that reflect management's own assumptions.

The following is a description of the valuation methodologies used for the investments measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy, as applicable.

Equities and Mutual Funds – The fair value of equities and mutual funds is based on quoted market prices of the shares held by the Foundation at year-end.

Government Bonds – The fair value of bonds is based on the discounted cash flow approach, which is calculated on the present value of the bond's future interest payments and the bond's value upon maturity or par value.

The following tables summarize investment assets measured at fair value:

Investment Assets at Fair Value as of December 31, 2018				
	Level 1	Level 2	Level 3	Total
Equities				
Financial sector	\$ 182,675	\$ -	\$ -	\$ 182,675
Healthcare sector	148,206	-	-	148,206
Technology sector	83,113	-	-	83,113
Mutual Funds				
Emerging markets	236,706	-	-	236,706
Financial	208,154	-	-	208,154
Foreign stock	1,703,021	-	-	1,703,021
Government	10,840	-	-	10,840
Mid-Cap growth	84,021	-	-	84,021
Short-term bond	1,162,490	-	-	1,162,490
Large growth	2,569,392	-	-	2,569,392
Large blend	1,042,954	-	-	1,042,954
Bonds				
US government bonds	-	1,763,270	-	1,763,270
Total investment assets at fair value	\$ 7,431,572	\$ 1,763,270	\$ -	\$ 9,194,842

FOUNDATION FOR COGNITIVE THERAPY AND RESEARCH

NOTES TO FINANCIAL STATEMENTS

6 - FAIR VALUE MEASUREMENTS (Continued)

	Investment Assets at Fair Value as of December 31, 2017			
	Level 1	Level 2	Level 3	Total
Equities				
Financial sector	\$ 208,069	\$ -	\$ -	\$ 208,069
Healthcare sector	85,380	-	-	85,380
Technology sector	81,749	-	-	81,749
Mutual Funds				
Emerging markets	278,915	-	-	278,915
Foreign stock	1,672,767	-	-	1,672,767
Global real estate	179	-	-	179
Government	13,360	-	-	13,360
High yield bond	25,608	-	-	25,608
Intermediate bond	503,739	-	-	503,739
Short-term bond	512,618	-	-	512,618
Large growth	3,992,465	-	-	3,992,465
Large blend	1,308,819	-	-	1,308,819
Bonds				
US government bonds	-	1,671,122	-	1,671,122
Total investment assets at fair value	\$ 8,683,668	\$ 1,671,122	\$ -	\$ 10,354,790

7 - FIXED ASSETS, NET

Fixed assets, net consist of the following:

	December 31,	
	2018	2017
Furniture and fixtures	\$ 79,358	\$ 75,442
Equipment	162,350	136,720
Leasehold improvements	97,975	97,975
	339,683	310,137
Less accumulated depreciation and amortization	230,449	181,459
	\$ 109,234	\$ 128,678

FOUNDATION FOR COGNITIVE THERAPY AND RESEARCH

NOTES TO FINANCIAL STATEMENTS

8 - INTANGIBLE ASSETS, NET

Intangible assets, net consist of the following:

	December 31,	
	2018	2017
Intangible property	\$ 404,820	\$ 356,334
Less accumulated amortization	274,496	155,350
	<u>\$ 130,324</u>	<u>\$ 200,984</u>

Amortization expense for 2018 and 2017 was \$119,146 and \$102,937, respectively. Estimated amortization expense at December 31, 2018 for each of the three succeeding years is as follows:

Year ending December 31,	
2019	\$ 85,860
2020	32,003
2021	12,461
	<u>\$ 130,324</u>

9 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes:

	December 31,	
	2018	2017
Subject to the passage of time	\$ 118,537	\$ -

10 - COMMITMENTS

Lease Commitments

The Foundation leases its organizational and training facilities under non-cancelable operating leases expiring May 2020. Included in these leases are escalation clauses which are accounted for on the straight-line basis with the deferred rent obligation recorded as a liability at each statement of financial position date. In addition, the Foundation leases equipment under several non-cancelable operating leases with various expiration dates through June 2020.

FOUNDATION FOR COGNITIVE THERAPY AND RESEARCH

NOTES TO FINANCIAL STATEMENTS

10 - COMMITMENTS (Continued)

Lease Commitments (Continued)

The following is a schedule of future minimum annual lease payments required under operating leases as of December 31, 2018, whose initial lease terms were in excess of one year:

<u>Year Ending December 31,</u>	
2019	\$ 202,736
2020	84,984
	<u>\$ 287,720</u>

Total facility rent expense and related costs for 2018 and 2017 were \$221,960 and \$224,342, respectively, and total equipment operating lease payments for 2018 and 2017 were \$9,720 and \$9,674, respectively.

Joint Venture

In 2015, the Foundation entered a joint venture agreement with an unrelated company. The purpose of this joint venture is to develop and deliver online CBT training courses for the term of the agreement, which is for five years and six months starting in September 2015.

11 - CONCENTRATION OF CREDIT RISK

A majority of the Foundation's assets are invested in the financial markets. The Foundation's future net realized and unrealized gains or losses from these investments are subject to financial market fluctuations. Although a downswing in the financial market would have a material effect on the financial strength of the Foundation, the Foundation's investment committee meets regularly to assess investments and makes necessary adjustments in holdings.

The Company maintains its cash in bank accounts which, at times, may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution.

FOUNDATION FOR COGNITIVE THERAPY AND RESEARCH

NOTES TO FINANCIAL STATEMENTS

12 - PENSION EXPENSE

The Foundation has a 401(k) plan in which each eligible employee receives a fully-vested annual contribution of 3% of their salary. The Foundation also makes contributions on behalf of its president to the profit sharing portion of this plan. The pension expense for the years ended December 31, 2018 and 2017 was \$39,240 and \$32,355, respectively. The contributions made by the Foundation on behalf of its president to the profit sharing portion of the plan for the years ended December 31, 2018 and 2017 was \$13,619 and \$12,955, respectively.

13 - RELATED PARTY TRANSACTIONS

During the year ended December 31, 2018, the Foundation received contributions in the amount of \$200,000 from two board members of the Foundation. During the year ended December 31, 2017, the Foundation received contributions in the amount of \$100,000 from the same two board members.

At December 31, 2018, the Foundation received a \$50,000 contribution from a family member of the President of the Foundation.

14 - SUBSEQUENT EVENTS

The Foundation has evaluated events and transactions for potential recognition or disclosure in the financial statements through June 18, 2019, the date on which the financial statements were available to be issued.