

**LEVITT & QUINN
FAMILY LAW CENTER, INC.**

(A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENTS

December 31, 2017



Gurseley | Schneider LLP
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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CERTIFIED
PUBLIC ACCOUNTANTS
& ADVISORS

Independent Auditor’s Report

To the Board of Directors
Levitt & Quinn Family Law Center, Inc.
Los Angeles, California

We have audited the accompanying financial statements of the Levitt & Quinn Family Law Center, Inc., (a California nonprofit public benefit corporation), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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FOUNDERS

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Opinion

In our opinion, the financial statements referred on the previous page present fairly, in all material respects, the financial position of the Levitt & Quinn Family Law Center, Inc. as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Gursey | Schneider LLP

April 6, 2018
Los Angeles, California

LEVITT & QUINN FAMILY LAW CENTER, INC.
(A California Nonprofit Public Benefit Corporation)
Statement of Financial Position
December 31, 2017

ASSETS

ASSETS

Cash and cash equivalents	\$	162,406
Grants and contributions receivable		83,402
Prepaid expenses and other assets		21,471
Investments, at fair value		483,942
Property and equipment, net		591,138

TOTAL ASSETS	\$	1,342,359
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LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$	1,638
Accrued expenses		51,496
Loan payable		481,380
Loan payable, related party		99,336

TOTAL LIABILITIES		633,850
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NET ASSETS

Unrestricted		664,810
Temporarily restricted		43,699

TOTAL NET ASSETS		708,509
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TOTAL LIABILITIES AND NET ASSETS	\$	1,342,359
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LEVITT & QUINN FAMILY LAW CENTER, INC.
(A California Nonprofit Public Benefit Corporation)
Statement of Activities
For the Year Ended December 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES			
Contributions and grants	\$ 227,225	\$ 41,136	\$ 268,361
Program service revenues	452,430	-	452,430
Donated services	322,369	-	322,369
Fundraising events:			
Gross revenue	429,575	-	429,575
Less: direct costs	<u>(92,480)</u>	<u>-</u>	<u>(92,480)</u>
Fundraising events, net	337,095	-	337,095
Interest and other income	18,591	-	18,591
Realized and unrealized gains, net	15,895	-	15,895
Restrictions released	<u>2,437</u>	<u>(2,437)</u>	<u>-</u>
TOTAL REVENUES	<u>1,376,042</u>	<u>38,699</u>	<u>1,414,741</u>
EXPENSES			
Program services	1,066,031	-	1,066,031
Supporting services	180,655	-	180,655
Fundraising expenses	<u>119,724</u>	<u>-</u>	<u>119,724</u>
TOTAL EXPENSES	<u>1,366,410</u>	<u>-</u>	<u>1,366,410</u>
CHANGE IN NET ASSETS	<u>9,632</u>	<u>38,699</u>	<u>48,331</u>
NET ASSETS, Beginning of year	<u>655,178</u>	<u>5,000</u>	<u>660,178</u>
NET ASSETS, End of year	<u><u>\$ 664,810</u></u>	<u><u>\$ 43,699</u></u>	<u><u>\$ 708,509</u></u>

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

LEVITT & QUINN FAMILY LAW CENTER, INC.
(A California Nonprofit Public Benefit Corporation)
Statement of Functional Expenses
For the Year Ended December 31, 2017

	Program Services	Supporting Services	Fundraising Expenses	Total Expenses
<u>Salaries and Related Expenses</u>				
Salaries	\$ 511,955	\$ 96,027	\$ 83,463	\$ 691,445
Health insurance	52,038	9,770	8,500	70,308
Payroll taxes	39,312	7,368	6,413	53,093
<i>Subtotal</i>	603,305	113,165	98,376	814,846
<u>Other Expenses</u>				
Bank charges	-	10,733	-	10,733
Client costs advanced	4,406	2,066	-	6,472
Computer and office systems	24,858	4,390	3,626	32,874
Depreciation	22,156	3,874	3,041	29,071
Dues and subscriptions	9,595	1,820	1,605	13,020
Insurance	20,255	3,790	3,297	27,342
Interest	-	20,678	-	20,678
Meals	2,548	966	399	3,913
Parking and mileage	4,389	70	69	4,528
Postage	2,145	431	488	3,064
Professional fees - donated	322,369	-	-	322,369
Professional fees - other	19,746	6,938	3,860	30,544
Repairs and maintenance	3,795	761	692	5,248
Supplies	5,407	1,015	855	7,277
Telephone	4,920	918	798	6,636
Training	-	6,025	-	6,025
Utilities	16,137	3,015	2,618	21,770
<i>Subtotal</i>	462,726	67,490	21,348	551,564
TOTAL EXPENSES	\$ 1,066,031	\$ 180,655	\$ 119,724	\$ 1,366,410
<i>Percent of total expenses</i>	78.02%	13.22%	8.76%	100.00%

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

LEVITT & QUINN FAMILY LAW CENTER, INC.
(A California Nonprofit Public Benefit Corporation)
Statement of Cash Flows
For the Year Ended December 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 48,331
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	29,071
Amortization of loan fees included in interest expense	1,053
Net realized and unrealized investment gain	(15,895)
(Increase) decrease in assets:	
Grants and contributions receivable	(13,267)
Prepaid expenses and other assets	3,652
Increase (decrease) in liabilities:	
Accounts payable	(3,468)
Accrued expenses	87
	49,564
NET CASH PROVIDED BY OPERATING ACTIVITIES	
CASH FLOWS USED IN INVESTING ACTIVITIES	
Cash paid for purchases of investments	(463,334)
Cash paid for purchases of fixed assets	(30,331)
	(493,665)
CASH USED IN INVESTING ACTIVITIES	
CASH FLOWS FROM FINANCING ACTIVITIES	
Borrowings from long-term debt	500,000
Loan fees	(10,525)
Repayment of long-term debt	(9,148)
	480,327
CASH PROVIDED BY FINANCING ACTIVITIES	
NET INCREASE IN CASH AND CASH EQUIVALENTS	36,226
CASH AND CASH EQUIVALENTS, Beginning of year	126,180
CASH AND CASH EQUIVALENTS, End of year	\$ 162,406
<u>CASH PAID DURING THE YEAR FOR:</u>	
Interest	\$ 20,678

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

LEVITT & QUINN FAMILY LAW CENTER, INC.
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
For the Year Ended December 31, 2017

NOTE 1 — NATURE OF ORGANIZATION

Levitt & Quinn Family Law Center, Inc. (“L&Q”), a California nonprofit public benefit corporation, was incorporated in 1985. L&Q is a nonprofit family law center whose mission is to protect children and to stand with family members in crisis. L&Q provides a full range of family law legal services for poor and low income families who are unable to qualify for help from other legal services providers or to afford private attorney representation. L&Q attorneys and volunteers provide legal assistance in cases impacting the safety and well-being of children and the security and economic well-being of families.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Financial 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 (“GAAP”).

Use of Estimates — The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures 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 these estimates.

Cash and Cash Equivalents — Cash and cash equivalents include cash held in money market and checking accounts which are insured up to the federal limit by the Federal Deposit Insurance Corporation. Cash and cash equivalents have maturities at date of purchase of three months or less. At times, the cash balance maintained at a single financial institution may exceed federally insured limits.

Net Asset Accounting — To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of L&Q are maintained in accordance with the principles of net assets accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

- **Unrestricted Net Assets.** Net assets are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by actions of the board of directors, or may otherwise be limited by contractual agreements with outside parties.
- **Temporarily Restricted Net Assets.** L&Q reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.
- **Permanently Restricted Net Assets.** These net assets are received from donors who stipulate that resources are to be maintained permanently, but permit L&Q to expend all of the income (or other economic benefits) derived from the donated assets. At December 31, 2017, there were no permanently restricted net assets.

LEVITT & QUINN FAMILY LAW CENTER, INC.
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
For the Year Ended December 31, 2017

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (CONTINUED)

Recognition of Restricted Contributions — L&Q recognizes contributions, including unconditional promises to give, as revenue in the period received, at fair value. L&Q reports amounts in the accompanying financial statements for each of two classes of net assets, unrestricted net assets and temporarily restricted assets.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires or purpose fulfilled in the reporting period in which the support is recognized.

All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. Temporarily restricted net assets become available once the restriction has been satisfied. Once satisfied, these are reclassified to unrestricted net asset and reported in the accompanying financial statements as net assets released from restrictions.

Revenue Recognition — L&Q recognizes program service revenues as legal services are provided. Generally, amounts are received at the time service is rendered.

Grants and Contributions Receivable — Grants and contributions receivables are recorded when accrued and are stated at the amount management expects to collect. 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 receivables. At December 31, 2017, no valuation allowance was deemed necessary. All grants and contributions receivable at December 31, 2017 are expected to be collected in 2018.

Contributed Services — Contributed services are recognized if the services received (a) increase or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. L&Q receives a significant amount of contributed time from attorneys or legal firms. In 2017, \$322,369 of donated legal services was recognized.

Functional Expenses — The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Loan Costs — Debt issuance costs are presented on the statement of financial position as a direct deduction from the carrying amount of the related debt liability, which is similar to the presentation of debt discounts or premiums. The loan costs are amortized to interest expense using the effective interest method.

Property and Equipment — Acquisition of property and equipment in excess of \$1,000 is capitalized at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed over the estimated useful lives of the assets as follows:

Building and Improvements	7 to 30 years
Computers and Equipment	5 to 7 years

LEVITT & QUINN FAMILY LAW CENTER, INC.
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
For the Year Ended December 31, 2017

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (CONTINUED)

Investments — L&Q accounts for its investments at fair value, determined by quoted market prices. Purchases and sales of investments are recorded on the trade date. Dividend income is recorded based on the record date. Interest income is recorded as earned on an accrual basis. Realized gains and losses are recorded upon disposition of securities. Investment income and realized and unrealized gains and losses are recognized as unrestricted net assets, unless their use is temporary or permanently restricted by donors to a specified purpose or future period.

Concentrations of Risk — At December 31, 2017, all of the grants receivable are due from two donors. For the year ended December 31, 2017, approximately 45% of the total contributions and grants revenues were received from three donors and approximately 66% of the total program services revenue was received from two agencies. Substantially all grants receivable are due from these two agencies. Each of these parties has a long-standing association with L&Q. Additionally, a significant portion of contributions received are from current and former board members.

Income Taxes — L&Q is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. L&Q is classified by the Internal Revenue Service as other than a private foundation.

L&Q recognizes the impact of tax positions in the financial statements if the positions are more likely than not to be sustained on audit, based on the technical merits of the position. L&Q has not recognized / derecognized tax benefits, tax penalties or interest. Federal income tax and informational returns for tax years ending December 31, 2014 and subsequent remain subject to examination by the Internal Revenue Service. The returns for California remain subject to examination by the California Franchise Tax Board for years 2013 and subsequent.

Fair Value Measurements — The carrying amount of L&Q's cash and cash equivalents, grants receivable, accounts payable and accrued vacation approximates fair market value due to the short-term maturities of these instruments.

Effect of Recently Issued Accounting Standards — In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, "*Revenue from Contracts with Customers*," which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in GAAP when it becomes effective. In July 2015, the FASB approved a one-year deferral of this standard, with a revised effective date for fiscal years beginning after December 15, 2018. Early adoption is permitted, although not prior to fiscal years beginning after December 15, 2016. The standard permits the use of either the retrospective or modified retrospective (cumulative effect) transition method. Management is currently evaluating the impact this change in accounting standards will have on L&Q's financial statements and related disclosures and has not yet selected a transition method.

In February 2016, the FASB issued ASU 2016-02, "*Leases*" (Topic 842). This ASU requires a lessee to recognize a right-of-use asset and a lease liability under most operating leases in its balance sheet. For non-public entities, the standard is effective for fiscal years beginning after December 15, 2019 and interim periods beginning the following year. Early adoption is permitted. The new standard must be adopted using a modified retrospective transition, and provides for certain practical expedients during the period of adoption. Transition will require application of the new guidance at the beginning of the earliest comparative period presented. Management is currently evaluating the impact this change in accounting standards will have on L&Q's financial statements and related disclosures.

LEVITT & QUINN FAMILY LAW CENTER, INC.
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
For the Year Ended December 31, 2017

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (CONTINUED)

Finally, on August 18, 2016, FASB issued new rules for nonprofit organizations under ASU 2016-14 *“Not-for-Profit Entities (Topic 958), Presentation of Financial Statements of Not-for-Profit Entities”* (“NFP”). This ASU changes the financial reporting format for nonprofit organization financial statements to simplify the way in which NFPs quantify and qualify their financial performance, their liquidity and cash flows, and their classification of net assets. Five changes included in ASU 2016-14 include:

- (1) The existing three-class system of classifying net assets as unrestricted, temporarily restricted and permanently restricted, will be replaced with a simpler two-class structure. Going forward, NFPs will differentiate net assets solely between those net assets with donor restriction and net assets without donor restrictions. NFPs will still be required to disclose the nature and amounts of donor-imposed restrictions.
- (2) The presentation of required disclosure of underwater endowment funds will change. When the fair market value of a donor-restricted endowment is less than the original gift amount or the amount the NFP is required to maintain by the donor or by law, NFPs will be required to also report the amount of the deficiency and their governing boards’ policies or decisions to reduce or spend from these funds.
- (3) NFPs will be required to disclose in financial statement notes qualitative information regarding how they will manage available liquid resources to meet cash needs for general expenses for the year following the balance sheet date. In addition, NFPs will be required to provide on the face of financial statements or in disclosure notes detailed quantitative information regarding their availability of financial assets at the balance sheet date to meet cash needs for the next year.
- (4) Expenses by both their natural classification and their functional classification will be presented either on the face of the statement of activities, as a separate statement or in the notes to the financial statements. In addition to this change in the presentation of expenses, the method used to allocate costs among program and supporting activities functions is required to be disclosed.
- (5) Finally, NFP’s may continue to present the statement of cash flows using either the direct or indirect method of reporting. However, under the new reporting standard, NFPs employing the direct method to report cash flow will no longer be required to provide a reconciliation of net income to the cash amounts presented under the indirect method.

ASU 2016-14 will be effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Application to interim financial statements is permitted but not required in the initial year of application. Early application of the amendments in this Update is permitted.

Subsequent Events — Subsequent events have been evaluated through April 6, 2018, the date the financial statements were available to be issued.

LEVITT & QUINN FAMILY LAW CENTER, INC.
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
For the Year Ended December 31, 2017

NOTE 3 — INVESTMENTS

L&Q's investments are reported at fair value in the accompanying statement of financial position. Fair value is defined as the price that would be received upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market of the investment. A three-tiered hierarchy is employed to maximize the use of observable market data and minimize the use of unobservable inputs, and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect assumptions market participants would use in pricing the asset developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available.

The three-tier hierarchy of inputs is summarized in the three broad levels listed below.

Level 1: Observable inputs that reflect unadjusted quoted prices for identical assets or liabilities traded in active markets.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset of liability, either directly or indirectly.

Level 3: Inputs that are generally unobservable. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

Investments consist of the following:

	<u>Fair value</u>	<u>Cost or Amortized Cost</u>
Common Stock	\$ 8,824	\$ 8,151
<u>Mutual Fund Categories</u>		
Fixed Maturity	321,288	319,707
Equity Securities	137,239	124,471
REIT Funds	16,591	16,197
Total Investments	<u>\$ 483,942</u>	<u>\$ 468,526</u>

L&Q's investments were classified by level within the valuation hierarchy as follows:

	<u>Total</u>	<u>Fair Value Hierarchy Designation</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Common Stock	\$ 8,824	\$ 8,824	\$ -	\$ -
Fixed Maturity Funds	321,288	321,288		
Equity Security Funds	137,239	137,239	-	-
REIT Funds	16,591	16,591	-	-
Total Investments	<u>\$ 483,942</u>	<u>\$ 483,942</u>	<u>\$ -</u>	<u>\$ -</u>

LEVITT & QUINN FAMILY LAW CENTER, INC.
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
For the Year Ended December 31, 2017

NOTE 4 — PROPERTY AND EQUIPMENT

Property and equipment held for use by L&Q is comprised of the following at December 31, 2017:

Land	\$ 176,221
Building	176,221
Building Improvements	586,731
Furnitures and Equipment	<u>47,482</u>
	986,655
Less: Accumulated Depreciation	<u>(395,517)</u>
Property and Equipment, Net	<u>\$ 591,138</u>

Depreciation expense for the year ended December 31, 2017 was \$29,071.

NOTE 5 — TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2017, L&Q had in temporarily restricted net assets as follows:

Technology	\$ 34,759
Mobile Legal Clinic	3,804
Time Restricted	<u>5,136</u>
Total Temporarily Restricted Net Assets	<u>\$ 43,699</u>

During the year ended December 31, 2017, amounts released from restriction from satisfying purpose restrictions as follows:

Mobile Legal Clinic	\$ 1,196
Technology	<u>1,241</u>
Total Net Assets Released from Restrictions	<u>\$ 2,437</u>

NOTE 6 — LONG-TERM DEBT

On January 11, 2017, L&Q obtained a \$500,000 term loan from a bank. The loan matures on February 1, 2027 and initially bears interest at a fixed rate of 4.535% for a five-year period. At the beginning of the sixth year, the fixed interest rate changes to a variable rate calculated as the 6-month LIBOR rate plus 2.80%. The variable rate adjusts every six months. The loan principal amortizes over a 25-year period with the unpaid principal balance due on the maturity date. L&Q can pay off the loan balance at the end of five years without incurring a penalty. L&Q granted a first deed of trust on the land and building owned by the organization to the bank as collateral for the loan. As part of the underwriting process, the lender engaged a real estate appraiser to value the land and building. The appraiser provided a report to the bank indicating the real estate collateral was valued at \$1.9 million (unaudited).

The proceeds from the loan were invested in order to provide working capital for the organization.

LEVITT & QUINN FAMILY LAW CENTER, INC.
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
For the Year Ended December 31, 2017

NOTE 6 — LONG-TERM DEBT — (CONTINUED)

The long-term debt balance is summarized as follows:

Principal Balance	\$ 490,852
Unamortized Loan Costs	<u>(9,472)</u>
Long-Term Debt, Net	<u>\$ 481,380</u>

The following table summarized the future minimum principal due under this term loan.

<u>Years Ending December 31,</u>	
2018	\$ 11,482
2019	12,014
2020	12,510
2021	13,149
2022	13,758
Thereafter	<u>427,939</u>
	<u>\$ 490,852</u>

NOTE 7 — RELATED PARTY TRANSACTIONS

L&Q borrowed \$99,336 from a board member in prior years. The loan bears no interest and is due in 2025. No payments of principal or interest were made in 2017.

NOTE 8 — EMPLOYEE BENEFIT PLAN

L&Q sponsors a 403(b) plan for the benefit of its employees covering all employees. Employees are eligible to contribute to the plan commencing on their first day of employment. Participating employees are permitted to make qualifying elective contributions, subject to statutory limitations by IRS. L&Q elected not to make discretionary contributions to the plan. No amounts were contributed for the year ended December 31, 2017.

NOTE 9 — LEASE COMMITMENT

L&Q leases office equipment under a non-cancelable operating lease that expires in 2021. The future minimum lease payments are as follows:

<u>Years Ending December 31,</u>	
2018	\$ 4,794
2019	4,794
2020	4,794
2021	<u>801</u>
	<u>\$ 15,183</u>