stockman kast ryan + co LLP

USAFA ENDOWMENT, INC.

Financial Statements

For the Year Ended December 31, 2017

And

Independent Auditors' Report

USAFA ENDOWMENT, INC.

TABLE OF CONTENTS

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INDEPENDENT AUDITORS' REPORT

Board of Directors
USAFA Endowment, Inc.
Colorado Springs, Colorado

We have audited the accompanying financial statements of USAFA Endowment, Inc. (the Organization), which comprise the statement of financial position as of December 31, 2017 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' 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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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of USAFA Endowment, 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.

Report on Summarized Comparative Information

We have previously audited USAFA Endowment, Inc.'s 2016 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 11, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Stockman Kast Ryan & Co., LLP

July 20, 2018

USAFA ENDOWMENT, INC.

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017 (with comparative totals for 2016)

	2017	2016
ASSETS		
Cash and cash equivalents	$ 17,796,223	$ 15,172,635
Investments	32,431,234	28,265,966
Promises to give, net	14,711,938	16,258,307
Prepaid expenses	25,517	24,554
Beneficial interest in split-interest agreement	170,976	165,928
Property and equipment, net	78,252	15,256
TOTAL ASSETS	$ 65,214,140	$ 59,902,646
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 218,940	$ 135,610
Gift commitments and funds held for others	5,837,991	3,064,003
Total liabilities	6,056,931	3,199,613
NET ASSETS		
Unrestricted	1,471,753	1,480,532
Temporarily restricted	57,685,456	55,222,501
Total net assets	59,157,209	56,703,033
TOTAL LIABILITIES AND NET ASSETS	$ 65,214,140	$ 59,902,646

See notes to financial statements.

USAFA ENDOWMENT, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017 (with comparative totals for 2016)

	2017			2016
	Unrestricted	Temporarily Restricted	Total	Total
SUPPORT AND REVENUE				
Contributions	$ 2,301,697	$ 10,928,845	$ 13,230,542	$ 12,783,722
Net realized and unrealized gains on investments	222	4,833,911	4,834,133	1,428,257
Interest and dividends	18	445,846	445,864	478,474
Other		1,569	1,569	100
Net assets released from restrictions	13,747,216	(13,747,216)		
Total support and revenue	16,049,153	2,462,955	18,512,108	14,690,553
EXPENSES				
Program services	11,742,802		11,742,802	4,143,438
Supporting services:				
Fundraising	3,406,650		3,406,650	2,358,094
Management and general	908,480		908,480	663,364
Total expenses	16,057,932	—	16,057,932	7,164,896
CHANGE IN NET ASSETS	(8,779)	2,462,955	2,454,176	7,525,657
NET ASSETS, Beginning of year	1,480,532	55,222,501	56,703,033	49,177,376
NET ASSETS, End of year	$ 1,471,753	$ 57,685,456	$ 59,157,209	$ 56,703,033

See notes to financial statements.

USAFA ENDOWMENT, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017 (with comparative totals for 2016)

	2017				
		Supporting Services			
	Program Services	Fundraising	General and Administrative	Total	2016 Total
EXPENSES					
Program services:					
Athletic programs and facilities	$ 5,753,955			$ 5,753,955	$ 144,223
Other Academy related programs, facilities and activities	2,106,031			2,106,031	117,722
Dean's academic programs	1,349,381			1,349,381	1,107,984
Center for Character and Leadership Development programs and facilities	868,655			868,655	1,659,814
Commandant programs	533,343			533,343	144,610
Superintendent programs	519,118			519,118	268,341
Academy graduate programs	456,526			456,526	646,031
Class giving programs	155,793			155,793	54,713
Supporting Services:					
Employee compensation and benefits		$ 2,173,188	$ 668,746	2,841,934	1,843,492
Travel		215,160	17,146	232,306	138,655
Employee development, recruiting and retention		176,383	2,487	178,870	163,657
Payroll taxes		125,933	38,306	164,239	106,861
Professional fees		108,175	54,852	163,027	200,698
Professional fundraising		159,496		159,496	150,309
Printing and copying		155,979	469	156,448	63,383
Other		125,486	29,427	154,913	124,577
Conferences and meetings		8,632	54,181	62,813	35,414
Occupancy		41,816	16,608	58,424	74,323
Postage and shipping		53,722	387	54,109	50,393
Software		36,665	3,381	40,046	41,956
Depreciation		26,015	771	26,786	6,522
Bank fees and charges			21,719	21,719	21,218
TOTAL	$ 11,742,802	$ 3,406,650	$ 908,480	$ 16,057,932	
PERCENT OF TOTAL	73%	21%	6%	100%	
COMPARATIVE TOTALS – 2016	$ 4,143,438	$ 2,358,094	$ 663,364		$ 7,164,896
PERCENT OF TOTAL – 2016	58%	33%	9%		100%

See notes to financial statements.

USAFA ENDOWMENT, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017 (with comparative totals for 2016)

	2017	2016
OPERATING ACTIVITIES		
Change in net assets	$ 2,454,176	$ 7,525,657
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized and unrealized gains on investments	(4,834,133)	(1,428,257)
Depreciation	26,786	6,522
Contributions of investments pending sale	877,711	(2,064,775)
Contribution of split-interest agreements	(5,048)	(28,016)
Changes in operating assets and liabilities:		
Promises to give	1,546,369	(1,179,203)
Prepaid expenses	(963)	21,276
Accounts payable and accrued expenses	83,330	(126,072)
Gift commitments and funds held for others	2,773,988	(2,126,235)
Net cash provided by operating activities	2,922,216	600,897
INVESTING ACTIVITIES		
Proceeds from sales of investments	3,923,352	1,940,151
Purchases of investments	(4,132,198)	(2,775,886)
Purchases of property and equipment	(89,782)	(10,873)
Net cash used in investing activities	(298,628)	(846,608)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,623,588	(245,711)
CASH AND CASH EQUIVALENTS, Beginning of year	15,172,635	15,418,346
CASH AND CASH EQUIVALENTS, End of year	$ 17,796,223	$ 15,172,635

See notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization — USAFA Endowment, Inc. (the Organization), a nonprofit corporation, was organized under the laws of the State of Delaware in 2007. The mission of the Organization is to develop and secure donated gifts to support "margin of excellence" programs, services and facilities for cadets and graduates of the United States Air Force Academy (the Academy) in Colorado Springs, Colorado. The Organization also provides efficient and perpetual stewardship of donated gifts to ensure permanency and efficiency in accordance with donor intent; and to build a spirit of philanthropy among alumni, friends and others to motivate engagement and encourage support of the Academy's mission, adhering always to United States Air Force values of "Integrity first, Service before self, and Excellence in all we do."

The Organization's founding donors established a restricted fund which is a major source of funding for the operating expenses of the Organization, now and for the future. This Founding Director Fund enables program donations to be used principally for their intended purpose. Investment returns also primarily accrue to the applicable restricted fund.

Since its inception and through September 30, 2017, the Organization received no fees related to restricted contributions, however, effective October 1, 2017, unless otherwise requested by a donor, all contributions received by the Organization will have a portion designated as unrestricted; the portion designated as unrestricted is based upon a percentage established by the Organization's Board of Directors, which may be adjusted from time to time.

Basis of Presentation — The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, which represents the expendable resources that are available for operations at management's discretion; temporarily restricted net assets, which represents resources restricted by donors as to purpose or by the passage of time; and permanently restricted net assets, which represents resources whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization. The Organization has no permanently restricted net assets as of December 31, 2017 and 2016.

The financial statements include certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

Use of Estimates — The preparation of the 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents — The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents.

Investments — Investments are recorded at fair value. Realized and unrealized gains and losses are reflected in the statement of activities. Earnings on investments are recognized as an increase in unrestricted or temporarily restricted net assets according to the nature of the restrictions on the original gift. Donated investments are recorded at fair market value on the date of donation.

Promises to Give — Unconditional promises to give are recognized in the period received. Promises to give are recorded at net realizable value if expected to be collected within one year and at the present value of estimated future cash flows if expected to be collected in more than one year. The discounts on these amounts are computed using risk adjusted discount rates applicable to the year in which the promise is received. Such discount rates ranged from 1.0% to 2.41% as of December 31, 2017. Amortization of the discount is included in contribution revenue. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

The Organization uses the allowance method to account for uncollectible promises to give. The allowance is based on historical experience and management's analysis of individual promises.

Beneficial Interest in Split-Interest Agreements — The Organization is designated as a remainder beneficiary under various split-interest agreements. Under the terms of these agreements, the income beneficiaries (or their estate) receive distributions for a given term. At the end of the respective terms, remaining assets will be transferred to the Organization. The Organization is neither the trustee nor does it exercise any control over the assets. The beneficial interest in these assets has been recorded at the present value of the estimated future benefits to be received.

Property and Equipment — All acquisitions of property and equipment in excess of $500 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized at cost. Donated assets are recorded at fair market value on the date of the donation. Depreciation and amortization are provided on a straight-line basis over the estimated useful lives of the assets, ranging from five to seven years.

Gift Commitments — Unconditional promises made by the Organization are recorded as a gift commitment liability and program services expense in the period the promise is made. Conditional promises are recognized when the conditions on which they depend are substantially met.

Revenue Recognition — Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. When a donor restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributed Goods, Services and Facilities — Donated material and equipment are recorded as contributions at their estimated value on the date of receipt. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

The Organization records contribution revenue for certain services received at the fair value of those services, if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would be purchased if not donated.

The Organization received donated materials and services of $814,327 and $225,289 in 2017 and 2016, respectively.

Functional Allocation of Expenses — The cost of providing various program services and other activities has been summarized on a functional basis in the statement of activities. Certain costs have been allocated among the program and supporting expense categories based on management's estimates.

Income Taxes — The Organization is a qualified organization exempt from federal income taxes under the provisions of §501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction.

The Organization believes that it does not have any uncertain tax positions that are material to the financial statements. Tax years that remain subject to examination include 2014 through the current period.

Reclassifications — Certain amounts from prior year financial statements have been reclassified to conform with the format of the current year financial statements. There is no effect on net deficit due to these reclassifications.

Subsequent Events — The Organization has evaluated subsequent events for recognition or disclosure through the date of the Independent Auditors' Report, which is the date the financial statements were available for issuance.

2. AGREEMENTS WITH THE ASSOCIATION OF GRADUATES

The Organization and the Association of Graduates of the United States Air Force Academy (the AOG), have entered into a Memorandum of Understanding (the MOU) to establish a collaborative, comprehensive friendraising and fundraising process designed to raise increasing levels of charitable support for the Academy and to better serve the needs of the graduate community. The 2014 MOU was effective on January 1, 2014 and remains in effect for a minimum of four years. The 2018 MOU was effective January 1, 2018. Either party may terminate the 2018 MOU with 60 days written notice.

Under the 2014 MOU, annual fund cash receipts are distributed as follows: 51% retained by the Organization, 34% distributed to the AOG and 15% made available to the Academy. As of January 1, 2016, the distribution to the Academy was reduced to 5% for three years with the Endowment retaining an additional 10%.

In 2017, the Organization received $2,330,145 in unrestricted annual fund gifts from donors, resulting in annual fund support to the AOG and the Academy of $792,249 and $116,507, respectively. In 2016, the Organization received $2,312,210 in unrestricted annual fund gifts from donors, resulting in related support to the AOG and the Academy of $786,151 and $115,611, respectively. Unremitted annual fund support to the AOG and the Academy are included in gift commitments in the accompanying statements of financial position as of December 31, 2017 and 2016. The Academy support is available to be distributed to the Academy upon its request.

Pursuant to the 2014 MOU, the Organization has recorded a gift commitment to the AOG equal to 34% of the annual fund promises to give as of December 31, 2017 and 2016. As of December 31, 2017 and 2016, the Organization has recorded a gift commitment to the Academy equal to 5% of the annual fund promises to give that are expected to be received in 2018 and 15% of the annual fund promises to give expected to be received in years subsequent to 2018.

In connection with the 2014 MOU the Organization and the AOG entered into an Annual Operating Contract (the Contract). Pursuant to the principal provisions of the Contract, the Organization agreed to pay the AOG approximately $55,704 in 2017 and $94,000 in 2016 for services provided, to include rent of office space, furniture and equipment, data entry services, information technology support for hardware and software system and utilities. Payments are made in equal monthly installments. The fee for services provided each year is adjusted using the change in the consumer price index.

Effective July 1, 2016, the Organization and the AOG amended the Contract by eliminating certain data entry services and reducing the monthly installments by approximately $3,300. The total amount paid by the Organization to the AOG in 2016 related to the Contract was $74,323. No amendments were made for 2017.

Effective January 1, 2018, the Contract was renewed through December 31, 2018; however, the Contract may be terminated earlier if the 2018 MOU is terminated before December 31, 2018.

3. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Organization is required to use 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 for identical assets or liabilities that the Organization has the ability to access.

Level 2: Prices determined using significant other observable inputs. Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Prices determined using significant unobservable inputs.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Mutual funds and common stocks are valued based on quoted prices in active markets. Bonds are valued through pricing services. Real estate held for sale consists of industrial and residential properties donated to the Organization and are valued based on appraisals using the sales comparison approach. See Note 6 regarding the valuation of the beneficial interest in split-interest agreements. The following tables set forth by level, within the fair value hierarchy, the Organization's assets stated at fair value as of December 31:

	Fair Value	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
2017:				
Investments:				
Domestic equity mutual funds	$ 17,723,475	$ 17,723,475		
International equity mutual funds	13,404,153	13,404,153		
Fixed income mutual funds	1,126,070	1,126,070		
Other assets held for sale	85,000		$ 85,000	
Domestic common stock	92,536	92,536		
Total investments	32,431,234	32,346,234	85,000	$ —
Beneficial interest in split-interest agreements	170,976			170,976
Total assets at fair value	$ 32,602,210	$ 32,346,234	$ 85,000	$ 170,976
2016:				
Investments:				
Domestic equity mutual funds	$ 14,556,585	$ 14,556,585		
International equity mutual funds	10,510,195	10,510,195		
Real estate held for sale	1,800,000		$ 1,800,000	
Fixed income mutual funds	1,102,657	1,102,657		
Other assets held for sale	231,000		231,000	
Domestic common stock	65,529	65,529		
Total investments	28,265,966	26,234,966	2,031,000	$ —
Beneficial interest in split-interest agreements	165,928			165,928
Total assets at fair value	$ 28,431,894	$ 26,234,966	$ 2,031,000	$ 165,928

The following table shows quantitative information about significant unobservable inputs related to Level 3 fair value measurements used as of December 31, 2017 and 2016:

Fair Value 2017		Valuation Technique	Unobservable Inputs	Inputs 2017	Inputs 2016
$	137,912	Discounted cash flows	Return on assets	4.00%	4.00%
			Discount rate	4.00%	4.00%
	33,064	Discounted cash flows	Return on assets	Unavailable	N/A
			Discount rate	Unavailable	N/A
			Estimated life expectancy	Unavailable	N/A
$	170,976				

During the year ended December 31, 2017, there were no contributions of additional beneficial interest in split-interest agreements, however there was a change in value of $5,048. There was no change in the value of the beneficial interest in split-interest agreements during the year ended December 31, 2016, however there were contributions of additional beneficial interest in split-interest agreements totaling $28,016.

4. PROMISES TO GIVE

Unconditional promises to give consist of the following at December 31:

	2017	2016
Due in less than one year	$ 5,963,263	$ 6,889,782
Due in one to five years	9,961,355	10,475,701
Total	15,924,618	17,365,483
Allowance for doubtful promises to give	(832,625)	(702,560)
Discount to net present value of estimated cash flows	(380,055)	(404,616)
Promises to give, net	$ 14,711,938	$ 16,258,307

5. BENEFICIAL INTEREST IN SPLIT-INTEREST AGREEMENTS

The Organization is the beneficiary of a charitable remainder unitrust (the Trust). One of the Trustees of the Trust is also a member of the Organization's Board of Directors. Under the terms of the Trust, payments are to be made to the two donors during their lifetimes, or to the donor's estate following the death of the second donor, for a total period of 20 years. The annual payments equal 8% of the net fair value of the Trust assets valued as of the first business day of each Trust taxable year. The present value of the Organization's future benefits is calculated using a discount rate of 4% as of December 31, 2017 and 2016. The discount rate is based on the estimated annual investment return on the assets in the Trust. The Organization's beneficial interest in this remainder trust at the net present value is $137,912 at December 31, 2017 and 2016.

In 2016, the Organization became aware that they were named as beneficiaries of three gift annuities with net market values totaling $33,064 and $28,016 at December 31, 2017 and 2016, respectively.

6. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	2017	2016
Office equipment	$ 140,034	$ 63,222
Software	20,974	20,974
Leasehold improvements	11,750	
Other	22,972	22,972
Total	195,730	107,168
Less accumulated depreciation and amortization	117,478	91,912
Property and equipment, net	$ 78,252	$ 15,256

7. GIFT COMMITMENTS AND FUNDS HELD FOR OTHERS

The Organization's gift commitments and funds held for others consist of the following at December 31:

	2017	2016
The Academy	$ 3,834,633	$ 756,134
The Friends of the Air Force Academy Library	1,497,635	1,278,291
The AOG	503,437	1,028,901
Other	2,286	677
Total	$ 5,837,991	$ 3,064,003

See Note 2 regarding gift commitments to the AOG and the Academy resulting from agreements with those organizations under the MOU.

Included in the Organization's gifts accepted by the Academy during 2017 are the following five gifts: $2,500,000 for renovation costs for the Planetarium, $550,000 for renovations of the Holaday Athletic Center, $397,923 for Sponsor Wing Program support, $311,372 for CyberWorx program support, and $60,000 for maintenance at the Academy's cemetery. As of December 31, 2017, the Organization had liabilities for outstanding gift commitments related to these five gifts as follows: $2,044,394 for Planetarium renovations, $521,669 for Holaday Athletic Center renovations, $397,923 for Sponsor Wing Program support, $210,855 for CyberWorx program support and $60,000 for cemetery maintenance.

Included in the Organization's gifts accepted by the Academy in 2015 were two gifts of $2,500,000 each for landscaping, building signage, furniture, and equipment at the Center for Character and Leadership Development. As of December 31, 2017 and 2016, the Organization had liabilities for outstanding gift commitments of $451,597 and $507,018, respectively, related to these two gifts.

The Organization holds funds on behalf of The Friends of the Air Force Academy Library (The Friends), a separate non-profit organization which also supports the Academy.

As of December 31, 2017 and 2016, the Organization held $1,497,635 and $1,278,291, respectively, on behalf of The Friends.

8. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets may be expended for the following purposes at December 31:

	2017	2016
Program services:		
Center for Character and Leadership Development and related programs	$ 17,716,605	$ 16,634,008
Athletic facilities and programs	8,635,765	11,778,241
Academic programs	7,577,211	4,029,100
Academy programs	1,837,083	3,487,200
Other funds	4,087,042	4,089,267
Supporting services:		
Founding Director Fund	14,235,995	12,314,551
USAFA Endowment Campaign Initiative Fund	3,332,031	2,194,488
USAFA Endowment Fund	263,724	682,071
Other		13,575
Total	$ 57,685,456	$ 55,222,501

9. CONCENTRATIONS

The Organization maintains its cash in various bank deposit accounts which, at times, may exceed federally insured limits.

As of December 31, 2017, approximately 20% of promises to give were from one individual donor. During 2017, the Organization received approximately 12% of its contributions from one individual donor.

As of December 31, 2016, approximately 20% and 11% of promises to give were from two individual donors. During 2016, the Organization received approximately 23% of its contributions from one individual donor.

10. RELATED PARTY TRANSACTIONS

During the years ended December 31, 2017 and 2016, the Organization received $6,647,036 and $5,196,690, respectively, of contributions from members of its Board of Directors (including promises to give). Board members accounted for $8,055,877 and $7,992,604 of outstanding promises to give (before the discount to net present value) as of December 31, 2017 and 2016, respectively.

11. RETIREMENT PLAN

The Organization has adopted a SEP-IRA defined contribution retirement plan for its employees. Subject to meeting the minimum annual earnings level of $600 established by the Internal Revenue Service, all employees are eligible for participation in the plan effective on the first day of their employment. Subject to federal limitations, the Organization makes a contribution, determined each pay period, of 11.1% of the employee's non-retirement compensation. For the years ended December 31, 2017 and 2016 the Organization's total contributions were $253,391 and $170,031, respectively.