



— EDUCATING FOR A —
SAFER TOMORROW



ANNUAL
REPORT
2017

1,200,000 PEOPLE

THE FOUNDATION HAS REACHED 1.2 MILLION PEOPLE SINCE OUR FOUNDING IN 2001.

24,633 CHILDREN
HOW MANY YOUNGSTERS WERE HELPED TO STAY SAFE WITH THE OTTO PROGRAM IN 2017 ALONE.

34,374 TEENS
HOW MANY MIDDLE SCHOOL AND HIGH SCHOOL STUDENTS ATTENDED A SAFETY PROGRAM IN 2017 ALONE.

17,420 ADULTS & SENIORS
HOW MANY ADULTS AND SENIORS ATTENDED A SAFETY PROGRAM IN 2017 ALONE.

More than
TOTAL OUTREACH
76,427 PEOPLE
from infants to seniors—have had their lives made better and safer through the efforts of the Foundation in 2017 alone.

2017 MID-ATLANTIC FOUNDATION
FOR SAFETY AND EDUCATION
BOARD MEMBERS

Ms. Susan Meade-Beachell
EXECUTIVE DIRECTOR, HOCKESSIN, DELAWARE

Mr. G. William Gearhart, Jr.
ROANOKE, VIRGINIA

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ROBBINSVILLE, NEW JERSEY

Mr. Michael Sumsky
TREASURER, HATFIELD, PENNSYLVANIA

Mr. Jack Weber
WEST GROVE, PENNSYLVANIA

Our Mission

To prevent fatalities and reduce injuries through traffic and travel awareness and safety education.

Our Vision

To position the Foundation as a prominent leader and authority regarding traffic safety.

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LETTER FROM THE EXECUTIVE DIRECTOR

Dear Friends and Supporters,
The greatest impact our Foundation makes in the communities we serve is providing training and education that can improve the public's knowledge of traffic safety. Keeping people safe is our primary mission and, since our founding in 2001, we have reached more than 1.2 million children, teens, adults, and seniors with one or more of our programs.

As subject matter experts, our team of seven educators offers a wide range of traffic safety topics. In addition to the 30+ programs developed, we can also customize a presentation to suit the specific needs of schools, civic groups, and corporations. As always, all programs we provide are offered *free of charge*.

In 2017, we provided safety education to 76,427 individuals. Our youngest attendees were 24,633 children who attended a safety program featuring our popular interactive talking robot, Otto the Auto. An additional 34,374 students in middle and high school received presentations to encourage safety awareness and help impart an understanding of why certain behaviors can lead to bad outcomes.

Although our primary focus is providing traffic safety education in schools, in 2017 we saw an increase in civic and corporate requests. With the public's focus on both distracted and impaired driving, many organizations requested our help to share best practices. By satisfying their requests for safety programming, we impacted another 17,420 adults and seniors.

As this annual report shares, our efforts to continually refine, improve, and expand our list of safety programming will help us maintain our relevance with all the constituents we serve. I am proud of the commitment our team makes each and every day to fulfill our mission to help save lives.

Sincerely,



Susan
Susan Meade-Beachell

Executive Director & Chief Development Officer
Mid-Atlantic Foundation for Safety and Education

FAMILIES

- Child Passenger Safety Checks
- The Basics of Car Seat Installation for New Parents and Caregivers
- Safety from the Start—Car Seats Save Lives (*infants*)
- School's Open—Drive Safely

ADULTS

- Inclement Weather
- Aggressive Driving
- Distracted and Impaired Driving
- Sharing the Road with Trucks
- Work Zone Safety
- School Crossing Guard Training
- School Safety Patrol Advisor Training

SENIORS

- Overcoming Challenges—Driving Longer and Safer
- CarFit
- Roadwise Rx

**CHILDREN**

- Otto the Auto
- School Bus Safety
- Stranger Danger
- Pedestrian Safety
- AAA School Safety Patrol
- AAA School Safety Patrol Camp
- Safety Town
- Protect Your Melon

PRETEENS

- BikeSafe
- Being a Responsible Passenger
- Map Reading

TEENS

- Unravel the Mystery of Teen Crashes
- Prom Safety—Tips to Save Your Life
- Alcohol and Driving Don't Mix
- Dangers of Texting and Driving
- The Physiological Effects of Alcohol on the Teen Brain
- What to Do When You Get Pulled Over

New programs and presentations our team created in 2017 focused on three basic areas: providing resources for School Safety Patrol advisors; creating new presentations for businesses and corporations; and expanding and enhancing our offerings for both teen and mature drivers.

The AAA School Safety Patrol program is the oldest and most well-known school-based traffic safety program in the world. AAA created the program in 1920, so for almost 100 years, students serving as School Safety Patrols have been keeping their classmates safe as they travel to and from school. In the Mid-Atlantic region over 93,000 students serve as School Safety Patrols with almost 4,000 schools participating in the program. In addition to the free equipment AAA provides participating schools, our Foundation provides training for the teachers who serve as advisors for the program in their respective schools.

In 2017, our Foundation enhanced the online resources teachers can access to support the creation of a School Safety Patrol program. In addition to a full refresh of our School Safety Patrol web page, a new video on Setting up a Patrol, Advisor Outline, Operations Manual, Patrol Training PowerPoint, and Role Playing Scenarios are now available to support the school advisors in every step needed to create a strong program.

Although creating new Driver Safety presentations for area businesses and corporations was accomplished in 2017, we are most pleased we could support AAA Fleet Operations by providing Supervisor Fleet Training in various locations within the Mid-Atlantic Region. Keeping current on traffic laws, safety issues involving distracted and impaired driving, and basic defensive driving refreshers are the important topics Fleet Operations and other corporations requested.

Since Teen Driving and Senior Mobility are two strategic initiatives of both AAA National and our Foundation, we developed several new presentations for these demographic groups. What to Do When You Get Pulled Over, Unravel the Mystery of Teen Crashes, and the Physiological Effects of Alcohol on the Teen Brain were created for teen drivers. For senior drivers, Overcoming Challenges—Driving Longer and Safer was created to assist mature drivers in strategies to keep them mobile and independent.



24,633
CHILDREN
HOW MANY YOUNGSTERS WERE HELPED TO
STAY SAFE
WITH THE OTTO PROGRAM IN 2017 ALONE.



The 9th Annual Charity Golf Outing was conducted at the DuPont Country Club on Monday, June 19, 2017. We had another successful event, with a net total of over \$90,000 raised. Most of the proceeds will be applied to the Foundation’s projects and programs that benefit child safety.

In addition to the 140 golfers who teed off that day, we are most grateful for the support from our 71 sponsors. Every year, our event receives support from business partners of AAA Mid-Atlantic and other regional corporations and patrons. Their generosity and support of our 2017 event is so appreciated.



2017 Golf Sponsors

- 160over90
- 97.5 The Fanatic
- AAA Club Partners
- AAA Driver Services
- AAA Mid-Atlantic
- Abbot Downing
- Affinity Cellular
- Allied Universal
- American Direct Marketing Resources, LLC
- Aquarius Sports and Entertainment
- Baltimore Ravens
- Bank of America
- Bayshore Ford Truck Sales
- Berni & Magi Koch
- Century Engineering
- Chase Bank
- Coldwell Banker Townside Realtors
- Comcast SportsNet
- Connection Enterprise
- Correct Rx Pharmacy
- CSAA Insurance Exchange
- Currie Hair, Skin & Nails
- Delaware Children’s Theater
- Diane Ferber
- Discover Bank
- Dover International Speedway
- Ed Tobler
- Firestone Roasting House
- Fiserv
- Goldner Associates
- Grace Construction Management Company
- Herman Stewart Construction
- Highmark Delaware
- HP, Inc.
- IMRE
- J.M. McCauley & Company
- Jones Lang LaSalle
- Kentucky Speedway
- Konica
- Lance Sabouni
- Merrifield Patrick Vermillion Real Estate
- Montgomery, McCracken, Walker & Rhoades, LLP
- National Mail Marketing Corporation
- Nick Eppinger
- NJ Police Traffic Officers Association
- NWN Corporation
- Patriots Glen National Golf Club
- Pendragon PLC

- Penske
- Philadelphia Eagles
- Philadelphia Flyers
- PNC Bank
- Radius Systems
- Remline
- Richard Childress Racing
- Richmond Flying Squirrels
- Richmond International Raceway
- Rick Rugel
- Riv Athletics
- Sigma Marketing Insights
- Spitfire Services Group LLC
- The Phone Company
- Unifirst
- Virginia Tech IMG
- Vforce
- Washington Capitals
- Wells Fargo
- Westland Printers
- William Miller
- Wilmington Blue Rocks
- Workday

Making Strides for Safety Run/Walk

Our 2017 5K Walk/Run was held on Sunday, October 1, 2017 on the Wilmington Riverfront. There were 57 participants registered for the event providing a good friend-raising experience for our Foundation.



Sponsors

AAA Mid-Atlantic
Currie Hair, Skin & Nails
Eurest
ICS
New Castle Farmers Market
Penn Cinema
Wawa
Westin Riverfront



1,200,000 PEOPLE
THE FOUNDATION HAS REACHED 1.2 MILLION PEOPLE SINCE OUR FOUNDING IN 2001.



Revved Up for Safety Fall Social & Fundraiser

Our 2017 Fall Social was held at the Chase Center on the Wilmington Riverfront in Wilmington, Delaware on Saturday, November 18, 2017. More than 60 attendees enjoyed a NASCAR-themed evening. A small-scale remote-controlled race track and display of racing memorabilia set the tone for a fun evening. The event raised \$22,000 in net proceeds to support programs that benefit child safety.



Sponsors

160over90
AAA Club Partners, Inc.
Bayshore Ford Truck Sales
Bazelon Less & Feldman, PC
Blue Rocks
Cosi
Currie Hair, Skin & Nails
Delaware Children's Museum
Deerfield
Delmarva Power
Delaware Theatre Company
Ed Tobler
Grace Construction
Highmark
JJID, Inc.
McCarter & English, LLP
OKC Thunder
Parkowski, Guerke & Swayze, PA
Penn Cinema
Pepper Hamilton, LLP
Sanctuary Spa
Spitfire Services Group, LLC



AAA School Safety Patrol Events

In 2017, the Foundation hosted seven Outstanding School Safety Patrol Luncheons throughout our territory. A total of 73 deserving students received recognition as Outstanding Patrols.

In order for a student to be considered as an Outstanding Patrol, school advisors submit a form detailing how the student performs required patrol duties, goes above and beyond, the level of academic performance achieved, and other extracurricular activities pursued.

A panel of Foundation staff review every nomination form returned and students in each region who meet all criteria are selected. All winning patrol members received a \$100 Visa gift card and a personalized plaque to commemorate their outstanding service and dedication.



34,374 TEENS

HOW MANY MIDDLE SCHOOL AND HIGH SCHOOL STUDENTS
ATTENDED A **SAFETY PROGRAM** IN 2017 ALONE.



Lifesaver Award

We are pleased to announce that four of the eleven winners of the prestigious 2017 AAA Lifesaving Medal are students in our territory. The Medal is awarded to students who saved someone's life while at their post: Emerson Delfin from North Chevy Chase Elementary School in Chevy Chase, Maryland; Ian G. Javelosa from St. Martin of Tours in Gaithersburg, Maryland; Kylie Marie Moorman from Benjamin Banneker Elementary School in Milford, Delaware; and Madison Paige Walker from Leslie Fox Keyser Elementary School in Front Royal, Virginia. All are young heroes who exemplify responsibility, bravery, and leadership—and help make their communities safer for their peers.

Charles M. Hayes Advancement Grant

For the 11th consecutive year, the AAA Foundation for Traffic Safety awarded the \$500 Charles M. Hayes Advancement Grant to deserving schools. With more than 100 compelling applications to choose from, six of the 11 schools that received grants to grow their Patrol program were from our territory.

2017 AAA School Safety Patrol Charles M. Hayes Grant Recipients

Lyndhurst Elementary, Baltimore, MD
Meadow Hall Elementary, Rockville, MD
Mispillion Elementary, Milford, DE
Peter Muschal Elementary,
 Bordentown, NJ
Richard Bowling Elementary,
 Norfolk, VA
Samuel T. Busansky Upper Elementary,
 Pemberton, NJ



Safety Sustainers

The Safety Sustainer Society was established in 2012 to provide recognition for Foundation major donors. Seven founding members are now joined by more than 28 additional donors who have contributed \$1,000 or more per calendar year to join the Society.

Every January, a special recognition event is conducted to thank the donors for their support. In addition, new Society members participate in an induction ceremony at this event to receive their pins and thanks from the Foundation Board of Directors.

Initial Society membership requires that cumulative gifts be made to the Mid-Atlantic Foundation for Safety and Education in the amount of \$1,000 or more during a calendar year. To retain membership in the Safety Sustainer Society, an individual will provide financial support of \$500 or more per calendar year.

Susan Meade-Beachell	William Gamble	Anita Nugent
William Bennett*	Matthew Haas	Lance Sabouni
Colleen Cole	Robert Harra	Herbert Semel
Michelle Deaver	Scott Hunter	Chris Sitaram
Allen DeWalle	Nancy Keatts	Francis Smyth
Marke Dickinson	Paul Laskow	Victoria Stark
Tiffany Downs	Paul Lohrmann	Michael Tichenor
Nicholas Eppinger	Peter Luciano	Edward Tobler
Joseph Fernandez	Bernhard Koch	Emily Turner
James Fortney	William Mallen	Dr. Ellen Yankellow
Michael Frainie	Daniel Martin	Stephen Zentz
Tim Fryman*	Ronald McLain	Kimberlee Ziolkowski

*New Society Members in 2017

17,420 ADULTS & SENIORS
HOW MANY ADULTS AND SENIORS ATTENDED A **SAFETY PROGRAM** IN 2017 ALONE.



FINANCIAL STATEMENTS

Mid-Atlantic Foundation for Safety and Education
As of December 31, 2017 and 2016
For the Years Ended December 31, 2017 and 2016

Mid-Atlantic Foundation for Safety and Education
December 31, 2017 and 2016

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Report of Independent Auditors

To the Board of Directors of
Mid-Atlantic Foundation for Safety and Education

We have audited the accompanying financial statements of Mid-Atlantic Foundation for Safety and Education, which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and changes in net assets and of cash flows for the years then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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, we consider internal control relevant to the Company'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 Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mid-Atlantic Foundation for Safety and Education as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania
June 8, 2018

PricewaterhouseCoopers LLP, Two Commerce Square, Suite 1800, 2001 Market Street, Philadelphia, PA 19103-7042
T: (267) 330 3000, F: (267) 330 3300, www.pwc.com/us

Mid-Atlantic Foundation for Safety and Education
Statements of Financial Position

	December 31,	
	2017	2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 47,012	\$ 838,186
Cash restricted for temporary programs	33,198	23,234
Contributions receivable from AAA Club Alliance Inc.	195,908	163,523
Accounts receivable	26,789	5,500
Other assets	11,607	10,802
Total current assets	314,514	1,041,245
Property and equipment, net:		
Equipment and automobiles	202,368	207,007
Less accumulated depreciation	(157,845)	(134,790)
Property and equipment, net	44,523	72,217
Total assets	\$ 359,037	\$ 1,113,462
Liabilities and net assets		
Current liabilities:		
Accounts payable	\$ 818	\$ 31,988
Due to AAA Club Alliance Inc.	139,351	859,139
Accrued payroll and related taxes	34,595	38,062
Total current liabilities	174,764	929,189
Net assets:		
Unrestricted	151,075	161,039
Temporarily restricted	33,198	23,234
Total net assets	184,273	184,273
Total liabilities and net assets	\$ 359,037	\$ 1,113,462

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

Mid-Atlantic Foundation for Safety and Education
Statements of Activities and Changes in Net Assets

	Years Ended December 31,	
	2017	2016
Changes in unrestricted assets		
Revenues		
Contributions	\$ 755,649	\$ 751,600
Contributions AAA Club Alliance Inc.	404,196	367,765
Fund raising revenue	182,889	190,346
Interest income	1,631	3,702
	<u>1,344,365</u>	<u>1,313,413</u>
Net assets released from restriction	136	27,800
Total unrestricted revenues	<u>1,344,501</u>	<u>1,341,213</u>
Expenses		
Salaries, wages and payroll taxes	741,638	762,199
Pension and employee benefits	213,068	127,832
Occupancy	74,523	81,626
Insurance	15,589	19,059
Public relations	23,498	46,593
Depreciation	26,156	29,199
Auto operating	18,867	23,112
Travel and entertainment	18,977	34,349
Auditing	16,000	16,275
Consulting and other professional services	105,634	98,439
Dinner dance expense	12,715	15,241
Golf outing expense	38,694	34,823
Other expenses	49,106	55,141
Total unrestricted expenses	<u>1,354,465</u>	<u>1,343,888</u>
Decrease in unrestricted assets	<u>(9,964)</u>	<u>(2,675)</u>
Changes in temporarily restricted assets		
Contributions	10,100	30,475
Net assets released from restriction	(136)	(27,800)
Increase in temporarily restricted assets	<u>9,964</u>	<u>2,675</u>
Change in net assets	-	-
Net assets at beginning of year	<u>184,273</u>	<u>184,273</u>
Net assets at end of year	<u>\$ 184,273</u>	<u>\$ 184,273</u>

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

Mid-Atlantic Foundation for Safety and Education
Statements of Cash Flows

	Years Ended December 31,	
	2017	2016
Operating activities		
Change in net assets	\$ -	\$ -
Adjustments to changes in net assets:		
Depreciation	26,156	29,199
Realized loss on disposal of fixed assets	-	714
Changes in operating assets and liabilities:		
Other assets	(805)	693
Contributions receivable	(32,385)	47,104
Accounts receivable	(21,289)	(1,016)
Accounts payable	(29,632)	631
Due to AAA Club Alliance, Inc.	(719,788)	702,199
Accrued payroll and related taxes	<u>(3,467)</u>	<u>(1,978)</u>
Cash (used in) provided by operating activities	<u>(781,210)</u>	<u>777,546</u>
Investing activities		
Property and equipment acquired	-	(21,500)
Cash used in investing activities	-	(21,500)
(Decrease) increase in cash and cash equivalents	<u>(781,210)</u>	<u>756,046</u>
Cash, cash equivalents, and restricted cash at beginning of year	<u>861,420</u>	<u>105,374</u>
Cash, cash equivalents, and restricted cash at end of year	<u>\$ 80,210</u>	<u>\$ 861,420</u>

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

Mid-Atlantic Foundation for Safety and Education
Notes to Financial Statements
December 31, 2017 and 2016

1. Organization

Organization

The Mid-Atlantic Foundation for Safety and Education (the “Foundation”) is a not-for-profit corporation established on June 21, 2002, to raise funds to support safety and educational program services and operations.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in accordance with U.S. generally accepted accounting principles (U.S. GAAP) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Basis of Presentation

Net assets have been presented in accordance with U.S. GAAP used for not-for-profit organizations. These standards require the Foundation to report information regarding its financial position and activities according to two classes of net assets as follows:

Unrestricted net assets – represents resources which have met all applicable restrictions and/or resources generated by other sources.

Temporarily restricted net assets – represents resources recognized as restricted support until such a time when all associated restrictions have been met.

Contributions and Other Program Revenues

Contributions are considered to be unrestricted unless explicit donor stipulations specify how the donated assets must be used. Unrestricted donations are available for distribution in accordance with the Foundation’s bylaws and are recorded at fair value at the date of donation. Donations of cash or other assets with explicit restrictions that specify how the assets are to be used are reported as restricted support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose 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. When restrictions are met in the same period in which the contribution is received, the contribution is recorded as unrestricted support.

Mid-Atlantic Foundation for Safety and Education
Notes to Financial Statements
December 31, 2017 and 2016

The Foundation receives its contributions primarily from Mid-Atlantic territory members of AAA Club Alliance Inc. (“ACA”), a membership organization providing automobile, travel and insurance services to its members. ACA is a not-for-profit (income tax paying) corporation and is a fully accredited member of the American Automobile Association, Inc. The Mid-Atlantic territory members of ACA reflect AAA membership residing primarily in the States of Pennsylvania, New Jersey, Virginia, Delaware, Maryland and the District of Columbia. When ACA bills its Mid-Atlantic territory members for annual dues, a contribution of \$1 – \$2 is included in the quoted dues. Such contributions are recorded as revenue when received. The member may waive this contribution without penalty.

In addition to member contributions, the Foundation may receive contributions from ACA upon consent of ACA’s Board of Directors to support the Foundation operations. See Note 3 for additional information.

The Foundation also receives contributions in the form of gifts or donations from non-members, including revenues from certain fund raising events or programs.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposit and money-market accounts.

The following table provides a reconciliation to cash, cash equivalents and restricted cash reported within the statements of financial position that sum to the total of such amounts shown in the statements of cash flow:

	December 31,	
	2017	2016
Cash and cash equivalents	\$ 47,012	\$ 838,186
Restricted cash	33,198	23,234
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	<u>\$ 80,210</u>	<u>\$ 861,420</u>

Revenue Recognition

Revenue from member contributions is recorded as revenue when received. Contributions from ACA are accrued in accordance with the terms of administrative support agreements or commitments to the Foundation and are recorded as contributions receivable at December 31 2017 and 2016.

Mid-Atlantic Foundation for Safety and Education
Notes to Financial Statements
December 31, 2017 and 2016

Income Taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) as a charitable organization whereby only unrelated business income, as defined by Section 509(a)(1) of the Code, is subject to federal income tax. The Foundation is not considered a private foundation. Management has concluded that the Foundation has maintained its exempt status. Additionally, management has concluded that there are no uncertain tax positions as of December 31, 2017.

Property and Equipment

Property and equipment consisting of computer equipment and a custom-built auto safety demonstration vehicle is stated at cost. Depreciation is provided by the straight-line method over a three to five year useful life.

Employee Benefit Plans

Eligible employees of the Foundation are covered under the AAA Mid-Atlantic Defined Benefit Pension Plan. An affiliate is the plan sponsor of the plan as a result in accordance with ASC 715 the Foundation records pension expense based on the required contribution to the plan. Accordingly, the Foundation has been charged \$26,902 and \$18,204 in 2017 and 2016, respectively, by ACA for its portion of total pension expense of the AAA Mid-Atlantic Defined Benefit Plan. Pension plan expense is recorded in the statements of activities and changes in net assets as pension and employee benefits.

Eligible Foundation employees are also covered under the AAA Club Alliance Inc. 401(k) Retirement Savings Plan. During 2016, the Company contributions to the plan with respect to the participants' pretax contributions as a percentage of their eligible compensation were 3.5% of Company contributions over the first 6% of employee contributions plus a non-elective 4% Company match. On January 1, 2017, the Company amended the Company contribution components for all participants. Company contributions to the new plan with respect to the participants' pretax contributions as a percentage of their eligible compensation were 5% of Company contributions over the first 4% of employee contributions and 2% of Company contributions over the next 2% of employee contributions. The Foundation's expense for the defined contribution plan amounted to \$43,305 and \$40,015 in 2017 and 2016, respectively. Defined contribution plan expense is included in the statements of activities and changes in net assets as pension and employee benefits.

Mid-Atlantic Foundation for Safety and Education
Notes to Financial Statements
December 31, 2017 and 2016

Recent Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board issued ASU 2016-14, "Presentation of Financial Statements for Not-for-Profit Entities". This standard marks the completion of the first phase of a larger project aimed at improving not-for-profit financial reporting. Under the new guidance, the existing three categories of net assets will be replaced with a simplified model that combines temporarily restricted and permanently restricted net assets into a single category called "net assets with donor restrictions" and renames unrestricted net assets as "net assets without donor restrictions." There will be new reporting requirements for expenses and additional disclosures to describe an organization's liquidity. The standard is effective for fiscal years beginning after December 15, 2017. The Foundation is currently assessing the impact this standard will have on its financial statements.

In August 2016, the Financial Accounting Standards Board issued ASU 2016-18, "Statement of Cash Flows: Restricted Cash". This standard requires that a statement of cash flows explain the change in total cash, cash equivalents and amounts generally described as restricted cash and restricted cash equivalents. Amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. As permitted by the amendment, the Foundation has elected to early adopt this amendment in 2017 and there was no impact on 2016 balances.

3. Related-Party Transactions

AAA Club Alliance Inc, upon consent of its Board of Directors, makes additional funding contributions to the Foundation in support of operations. ACA made additional funding contributions to the Foundation of \$195,908 and \$163,523 for the years ended December 31 2017 and 2016, respectively.

The Foundation also receives contributions from ACA in the form of "In-Kind" contributions reflecting the value of accounting and other support services received, as well as certain rent and related occupancy charges for building space provided for Foundation use. In-Kind contributions were \$208,288 and \$204,242 for the years ended December 31, 2017 and 2016, respectively, which are reflected as a component of "Contribution AAA Club Alliance Inc" revenues and the related expenses are reflected as a component of Salaries, wages and payroll taxes, "Occupancy" and "Consulting and other professional services" in the statements of activities and changes in net assets.

Mid-Atlantic Foundation for Safety and Education
Notes to Financial Statements
December 31, 2017 and 2016

4. Restricted Net Assets

Foundation restricted net assets are available for the following purposes:

	December 31,	
	2017	2016
Program operating activities:		
Tribute Funds – Harvest Ball	\$ 9,293	\$ 9,293
General Fund	2,500	1,500
Safety from the Start program	5,164	5,300
iDrive on the Go	8,850	4,750
Otto the Auto program	1,391	1,391
BikeSafe	1,000	1,000
Bill Miller Scholarship Fund	5,000	-
Total temporarily restricted net assets	<u>\$ 33,198</u>	<u>\$ 23,234</u>

Net assets were released from donor restrictions by incurring expenses that satisfied the restricted purposes as follows:

	December 31,	
	2017	2016
Purpose restrictions accomplished:		
Tribute Funds – Harvest Ball	\$ -	\$ 2,281
Safety from the Start Program	136	-
iDrive on the Go	-	18,325
Otto the Auto program	-	7,194
BikeSafe	-	-
Total restrictions released	<u>\$ 136</u>	<u>\$ 27,800</u>

Mid-Atlantic Foundation for Safety and Education
Notes to Financial Statements
December 31, 2017 and 2016

5. Functional Expenses

The Foundation presents the expenses within the statements of activities and changes in net assets on a natural classification basis. For full functional reporting of expenses, salaries and overhead are allocated proportionately to programs and supporting services based on estimated personnel efforts. Fully allocated functional expenses for the years ended December 31, 2017 and 2016 are as follows:

	December 31,	
	2017	2016
Programs:		
Program service expense	<u>\$ 1,097,289</u>	<u>\$ 1,089,232</u>
Total programs	1,097,289	1,089,232
Fundraising expense	56,995	37,074
Management and general expense	<u>200,181</u>	<u>217,582</u>
Total functional expenses	<u>\$ 1,354,465</u>	<u>\$ 1,343,888</u>

6. Subsequent Events

Subsequent events through June 8, 2018, the date the financial statements were available to be issued, have been evaluated for disclosure and recognition.



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