



2016

ANNUAL REPORT



CELEBRATING 15 YEARS OF
TRAFFIC & TRAVEL SAFETY EDUCATION

2016 MID-ATLANTIC FOUNDATION
FOR SAFETY & EDUCATION BOARD MEMBERS

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Mr. Michael Sumsy
Treasurer
Hatfield, 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.



Myra and Otto always put on a wonderful, age-appropriate presentation. She takes into account the ages of the children and changes her interactions as needed. We look forward to her visit every year.

Mary Jane Reymann

The Goddard School of Marriotsville



A LETTER FROM THE EXECUTIVE DIRECTOR

Dear Friends and Supporters,

Passion and *Commitment* were the key components that made 2016 a significant year for the Mid-Atlantic Foundation for Safety and Education. Our Club's *passion* for safety education was the reason AAA Mid-Atlantic formed our Foundation in November 2001. Today our team of safety professionals retains their *commitment* to our mission of educating and training individuals of all ages to raise their level of traffic and travel safety awareness.

As we celebrate 15 years of successful operation, our Foundation is **committed** to the ongoing development and refinement of traffic safety programs we provide to all age groups. In 2016 we developed and launched three new safety programs for middle school children which expanded our outreach to 3,000 more students than in the previous year.

Because of our passionate concern for new parents and caregivers of young children, we more than doubled the number of Child Safety Seat installations provided in 2016. Since children are indeed precious cargo, Child Passenger Safety is one of our hallmark programs which ensures safer journeys.

And finally, we are **committed** to helping mature drivers remain safely behind the wheel for as long as possible. Our team conducted 59% more CarFit® and other mature driver programs in 2016 to provide safety techniques to assist in maintaining an individual's independence and mobility.

As you read through the pages of our Annual Report, my hope is you will agree that the merits of maintaining both **passion** and **commitment** are key components of a strong and viable traffic safety program.

Susan Meade-Beachell

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

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HISTORY OF THE MID-ATLANTIC FOUNDATION FOR SAFETY AND EDUCATION

Since 1900, AAA has played a prominent role in public advocacy and support of traffic safety. As a Member-based organization, AAA Mid-Atlantic (*Club*), determined they wanted to do more and have a greater impact in teaching the motoring public about traffic safety.

So in 2001 the Club pursued the formation and incorporation of the Mid-Atlantic Foundation for Safety and Education (*Foundation*) as an affiliated public charity, with nonprofit 501(c)(3) tax-exempt status. The creation of the Foundation has allowed AAA Mid-Atlantic to accomplish far more than it ever could have through its former Traffic Safety Department.

The Development Office conducts the primary functions of fiscal management, compliance, fundraising, and donor stewardship. A Board of Directors administers the affairs of the Foundation.

Educational programming is provided by seven traffic safety Associates located throughout the AAA Mid-Atlantic footprint. Our primary regional offices include Springfield, VA; Richmond, VA; Towson, MD; Hamilton, NJ; Warrington, PA; Wilkes Barre, PA; and Newark, DE.

The Foundation celebrated its 15th year of operation in November 2016. Each year,

the Foundation helps educate thousands of children, adults, and seniors about traffic and travel safety.

In 2016 alone, 68,808 children and 3,127 adults and seniors attended at least one of our programs. Additionally, 431 trained Adult Crossing Guards are on duty as a result of the Foundation's work in all communities we serve. All Foundation programs are provided to the community free of charge.

The Foundation is a strong supporter of AAA National's strategic traffic safety initiatives, which include Teen Driving, Senior Mobility, and Child Passenger Safety. In addition to our keen focus on these strategic initiatives, the Foundation provides over 30 specific traffic and travel safety programs.



Andreea was very knowledgeable and personable. She was well prepared both in her presentation and in her answers to the children. We asked her to present a program for 40 campers who were visiting our library. She was great! She is coming again next week and we are looking forward to her presentation for our library patrons.

Janet Bauman

Back Mountain Memorial

IDRIVE ON THE GO

Program Launch

Enhancing the safety awareness of teen drivers regarding distracted and impaired driving is a primary goal for the Mid-Atlantic Foundation for Safety and Education. Our new mobile learning lab, *IDrive on the Go*, which is housed in a 16-foot trailer, first launched in Virginia on December 15, 2016. Over 300 students at Henrico High School attended the first program.

Designed for teen drivers, *IDrive on the Go* utilizes a series of hands-on educational stations. Teens can participate in a variety of simulated experiences geared toward changing driver behavior and increasing awareness of distracted and impaired driving.

Our goal is to secure a series of *IDrive on the Go* units to provide the program at area high schools, colleges, and youth centers across all regions we serve.

Primary Programs

Teen Driving—Our Foundation has made teen driving and the risks associated with it a priority. Presentations include distracted driving, no texting while driving, alcohol awareness, the dangers of speeding/aggressive driving, prom season awareness, the importance of wearing seat belts, and *IDrive on the Go*.

Senior Mobility—The Foundation is committed to promoting “lifelong senior mobility” through educational programs such as CarFit®. It includes a 12-point checklist to ensure senior drivers are sitting properly in their vehicles and that the driver's seat, safety belt, mirrors, steering wheel, headrest, gas/brake pedals, and other controls are positioned properly.



Child Passenger Safety—This program involves educating parents on how to safely transport children in a vehicle. Buying the correct safety seat will not protect the child unless the seat is installed properly. Our Foundation traffic safety educators are all certified child safety seat technicians.

ADDITIONAL PROGRAMS OF THE MID-ATLANTIC FOUNDATION FOR SAFETY AND EDUCATION

Otto the Auto—Our most popular child safety program, Otto is an interactive three-foot-tall remote-controlled talking car, which enables Foundation Associates to immediately engage and teach children ages 4 to 7 about safety.

AAA School Safety Patrol—Since 1920, the AAA School Safety Patrol program has provided leadership training to support students who help safeguard the lives of millions of children traveling to and from school daily.

School Bus Safety—Instruction on school bus safety and reinforcing good behaviors is crucial training for youngsters. Instruction is provided for boarding, riding, and exiting a bus, and identifying the danger zones surrounding the school bus.

Adult School Crossing Guard Program—The school crossing guard position requires a high degree of responsibility and informed instruction. The Foundation provides Adult Crossing Guard training through our *Safe Crossings* program.

School's Open, Drive Carefully—This seasonal campaign is conducted in all AAA Mid-Atlantic service areas in late August and early September, to encourage motorists to drive safely and use extra caution in areas where school children are likely to be present.



Our kindergarten students look forward to Matthew and Otto's visit every year! The children gain so much information and knowledge about car safety. We love and appreciate Matthew and Otto! They are the best! Thank you!

Joy Gardner
Kent Island ES

FUNDRAISING EVENTS

Golf

The 8th Annual Charity Golf Outing was conducted at the DuPont Country Club on Monday, June 27, 2016. We had another successful event, with a net total of over \$93,000 raised. Most of the proceeds will be applied to the Foundation's projects and programs that benefit child safety.

In addition to the 132 golfers who joined us that day, we are most grateful for the support from our 57 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 2016 event is very much appreciated.



Sponsors

- | | | |
|---------------------------|----------------------------------|------------------------------|
| AAA Driver Services | Document Concepts | Penske |
| AAA Mid-Atlantic | Dover Downs | Philadelphia Eagles |
| Affinity Cellular | Dover International Speedway | PNC Bank |
| American Direct | Ed & Dawn Tobler | Radius Systems |
| Aquarius Sports Marketing | Eurest | Relay Network |
| AT&T | Fiserv | Remline |
| AUL Warranty | Highmark DE | Richard Childress Racing |
| Auto Club Partners, Inc. | ICS | Sigma |
| Baltimore Ravens | IMRE | Siuprem |
| Bank of America | Irene Monley | Somerset Patriots |
| Bayshore Ford Truck Sale | Jones Lang LaSalle | Spitfire Services |
| Berni & Magi Koch | McCarter & English | Sprint |
| Best Western | Montgomery McCracken | The Phone Company |
| Carfax | Monumental Sports | Town II Auto Body & Towing |
| Century Engineering | MPV Properties | Urban Neon |
| Comcast SportsNet | MTS Safety Products | VA Tech - IMG |
| CRW Graphics | NAPA | Vforce |
| CSAA Insurance Group | National Mail | Westin Wilmington Riverfront |
| Discover Bank | Nick & Colleen Eppinger | Wilmington Blue Rocks |
| | NJ Traffic Officer's Association | |



FUNDRAISING EVENTS *(continued)***Safety Walk**

Our 1st Safety Walk was held on Wednesday, September 21, 2016 on the Wilmington Riverfront. Over 160 walkers registered for our one-mile lunchtime health walk to support teen driving initiatives—raising over \$2,200 in net proceeds.

Sponsors

AAA Mid-Atlantic
ACP
Currie
Eurest
Navient
Penn Cinema
Wawa
Westin Riverfront



Mr. Beddick is always very professional, clear in his instructions to the students, and very efficient in covering all the responsibilities of safety patrol for our students.

Barton Conner
St. Ambrose

FUNDRAISING EVENTS *(continued)***Fall Social**

Our 2016 Fall Social was held at the Simeone Museum in Philadelphia, Pennsylvania, on Friday, November 11, 2016. Over 90 attendees enjoyed an evening of dining, dancing, auction bidding, and museum touring. The museum features more than 65 historically significant cars including an Alfa Romeo, Bugatti, Ferrari, and Aston Martin. Dr. Frederick Simeone, the museum owner, was honored as the 2016 recipient of the Traffic Safety Advocate of the Year Award.

The event raised over \$28,000 in net proceeds to support programs that benefit child safety. *IDrive on the Go*, the Foundation's newest interactive tool in educating today's teen drivers, premiered at the event. During a special pledge auction, funds could be dedicated to support the purchase of *IDrive on the Go* units for all regions served.

Sponsors

160over90
AAA Mid-Atlantic
ACP
Bazelon, Less & Feldman
Crossfit Riverfront
Currie
Highmark Delaware
Loews Annapolis
McCarter & English
Montgomery County Police–Safety Unit
National Mail Marketing
Parkowski, Guerke & Swayze
Pepper Hamilton
Rittenhouse Hotel–Hersha Group
Simeone Foundation
Spitfire Services
Viking Cruises
Wilmington Blue Rocks



I asked Frank to come up with a very specific presentation for a company I work with and he created something that was as close to the subject as I could have expected.

Vicki Beck
RideWise



AAA School Safety Patrol Events

In 2016, the Foundation hosted five Outstanding School Safety Patrol Luncheons throughout our territory. A total of 55 deserving students received recognition as Outstanding Patrols.

To be considered as an Outstanding Patrol, a form is submitted 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 Associates review every nomination form returned and select up to 12 students in each region who meet all criteria. All winning patrol members received a \$100 Visa gift card and a personalized plaque to commemorate their outstanding service and dedication.

LifeSaver Award

We are pleased to announce one of the eleven winners of the prestigious 2016 AAA Lifesaving Medal, which is awarded to students who saved someone's life while at their post, was awarded to a student in our territory. Ivan Glerum from Diamond Elementary School in Gaithersburg, Maryland, is a young hero who exemplifies responsibility, bravery, and leadership—and helps make his community safer for his peers.

Charles M. Hayes Advancement Grant

For the 10th 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, eight of the 11 schools that received grants to grow their Patrol program were from the Mid-Atlantic territory.

2016 AAA School Safety Patrol

Charles M. Hayes Grant Recipients:

- Campbell Elementary, Arlington, VA
- Westbriar Elementary, Vienna, VA
- Elizabeth Vaughn Elementary, Woodbridge, VA
- Kerrydale Elementary, Woodbridge, VA
- Rockledge Elementary, Bowie, MD
- Washington Grove Elementary, Gaithersburg, MD
- Barkley Elementary, Phoenixville, PA
- Washington Avenue School, Pleasantville, NJ



Sarah is incredibly personable, which adds to the class. She provides not only her knowledge, but her personal experiences, which allows the participant to identify with the topic. I wish she could be cloned and used in all the stores I work with. Thank you for allowing Sarah to present with Babies“R”Us.

Geneveive Leibrant
Babies“R”Us

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 26 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 \$500 or more of financial support per calendar year.

- Susan Meade-Beachell
- Michelle Deaver
- Allen DeWalle
- Marke Dickinson
- Tiffany Downs
- Nicholas Eppinger
- Joseph Fernandez
- James Fortney
- Michael Frainie
- William Gamble
- Matthew Haas
- Robert Harra

- Scott Hunter
- Nancy Keatts
- Paul Laskow
- Bernhard Koch
- Paul Lohrmann
- Peter Luciano
- William Mallen
- Daniel Martin
- Ronald McLain
- Colleen Cole
- Anita Nugent
- Lance Sabouni



- Herbert Semel
- Chris Sitaram
- Francis Smyth
- Victoria Stark
- Michael Tichenor
- Edward Tobler
- Emily Turner
- Dr. Ellen Yankellow
- Stephen Zentz
- Kimberlee Ziolkowski



Haley held the interest of the group and surprised us with new information that changed what we seasoned drivers thought we knew. She was well prepared and spoke clearly. I will share this with other Lions clubs in our area.

Richmond West Breakfast
Lions Club





FINANCIAL STATEMENTS

Mid-Atlantic Foundation for Safety and Education
Year Ended December 31, 2016 and 2015
With Report of Independent Auditors

Mid-Atlantic Foundation for Safety and Education

Financial Statements

Years Ended December 31, 2016 and 2015

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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 statement of financial position as of December 31, 2016, and the related statements of activities and changes in net assets and of cash flows for the year 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 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 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, 2016, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The financial statements of the Company as of December 31, 2015 and for the year then ended were audited by other auditors whose report, dated July 1, 2016, expressed an unmodified opinion on those statements.

PricewaterhouseCoopers LLP

October 19, 2017

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	
	2016	2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 838,186	\$ 85,797
Cash restricted for temporary programs	23,234	19,577
Contributions receivable from AAA Club Alliance, Inc.	163,523	210,627
Other assets	16,302	15,980
Total current assets	1,041,245	331,981
Property and equipment:		
Equipment and automobiles	207,007	206,934
Less accumulated depreciation	(134,790)	(126,305)
Property and equipment, net	72,217	80,629
Total assets	\$ 1,113,462	\$ 412,610
Liabilities and net assets		
Current liabilities:		
Accounts payable	\$ 31,988	\$ 31,357
Due to AAA Club Alliance, Inc.	859,139	156,940
Accrued payroll and related taxes	38,062	40,040
Total current liabilities	929,189	228,337
Net assets:		
Unrestricted	161,039	164,696
Temporarily restricted	23,234	19,577
Total net assets	184,273	184,273
Total liabilities and net assets	\$ 1,113,462	\$ 412,610

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		
	Year Ended December 31	
	2016	2015
Changes in unrestricted assets		
Revenues		
Contributions	\$ 751,600	\$ 831,423
Contributions AAA Club Alliance, Inc.	367,765	505,388
Fund raising revenue	190,346	209,263
Interest income	3,702	2,051
	<u>1,313,413</u>	<u>1,548,125</u>
Net assets released from restriction	27,800	16,762
Total unrestricted revenues	<u>1,341,213</u>	<u>1,564,886</u>
Expenses		
Salaries, wages and payroll taxes	762,199	773,558
Pension and employee benefits	127,832	135,822
Occupancy	81,626	159,365
Insurance	19,059	16,267
Printing	-	5,467
Public relations	46,593	112,980
Depreciation	29,199	28,409
Auto operating	23,112	27,839
Travel and entertainment	34,349	43,427
Auditing	16,275	15,500
Consulting and other professional services	98,439	103,734
Dinner dance expense	15,241	17,572
Golf outing expense	34,823	32,489
Other expenses	55,141	97,016
Total unrestricted expenses	<u>1,343,888</u>	<u>1,569,445</u>
Decrease in unrestricted assets	<u>(2,675)</u>	<u>(4,559)</u>
Changes in temporarily restricted assets		
Contributions	30,475	21,321
Net assets released from restriction	(27,800)	(16,762)
Increase in temporarily restricted assets	<u>2,675</u>	<u>4,559</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		
	Year Ended December 31	
	2016	2015
Operating activities		
Change in net assets	\$ -	\$ -
Adjustments to changes in net assets:		
Depreciation	29,199	28,409
Realized loss on disposal of fixed assets	714	-
Changes in operating assets and liabilities:		
Other assets	(323)	962
Contributions receivable	47,104	(132,353)
Accounts payable	631	(2,887)
	<u>702,199</u>	<u>(125,509)</u>
Due to AAA Club Alliance, Inc.	(1,978)	(18,475)
Accrued payroll and related taxes	<u>777,546</u>	<u>(249,853)</u>
Cash provided by (used in) operating activities		
Investing activities		
Equipment and automobiles acquired	(21,500)	(23,733)
Cash used in investing activities	<u>(21,500)</u>	<u>(23,733)</u>
Increase (decrease) in cash and cash equivalents	756,046	(273,586)
Cash and cash equivalents at beginning of year	105,374	378,960
Cash and cash equivalents at end of year	<u>\$ 861,420</u>	<u>\$ 105,374</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, 2016 and 2015

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

Mid-Atlantic Foundation for Safety and Education

Notes to Financial Statements (continued)

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.

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.

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, 2016 and 2015.

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

Mid-Atlantic Foundation for Safety and Education

Notes to Financial Statements (continued)

maintained its exempt status. Additionally, management has concluded that there are no uncertain tax positions as of December 31, 2016.

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.

Pension Plan

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 \$18,204 and \$18,193 in 2016 and 2015, 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 Mid-Atlantic 401(k) and Defined Contribution Retirement Plan. The Foundation’s expense for the defined contribution plan amounted to \$40,015 and \$34,468 in 2016 and 2015, respectively. Defined contribution plan expense is included in the statements of activities and changes in net assets as pension and employee benefits.

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.

Mid-Atlantic Foundation for Safety and Education

Notes to Financial Statements (continued)

In August 2016, the FASB issued an ASU 2016-18, Statement of Cash Flows: Restricted Cash to address the classification of certain cash receipts and cash payments in the Statement of Cash Flows. The guidance is effective for the Company in 2019 and early adoption is permitted. The Company is currently evaluating the impact of the pronouncement.

In February 2016, the FASB issued an ASU guidance outlining a single comprehensive five step model for entities to use in accounting for revenue arising from contracts with customers (ASC 606 Revenue from Contracts with Customers). The new guidance supersedes most current revenue recognition guidance, in an effort to converge the revenue recognition principles within U.S. GAAP. This new guidance also requires entities to disclose certain quantitative and qualitative information regarding the nature, amount, timing and uncertainty of qualifying revenue and cash flows arising from contracts with customers. Entities have the option of using a full retrospective or a modified retrospective approach to adopt the new guidance. This guidance is effective for the Company in fiscal 2019. The Company is currently evaluating the impact of the pronouncement.

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 \$163,523 and \$210,627 for the years ended December 31, 2016 and 2015, 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 \$204,242 and \$294,761 for the years ended December 31, 2016 and 2015, 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 (continued)

4. Restricted Net Assets

Foundation restricted net assets are available for the following purposes:

	December 31	
	2016	2015
Program operating activities:		
Tribute Funds – Harvest Ball	\$ 9,293	\$ 11,574
General Fund	1,500	-
Safety from the Start program	5,300	400
iDrive on the Go	4,750	-
Otto the Auto program	1,391	7,603
BikeSafe	1,000	-
Total temporarily restricted net assets	<u>\$ 23,234</u>	<u>\$ 19,577</u>

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

	December 31	
	2016	2015
Purpose restrictions accomplished:		
Tribute Funds – Harvest Ball	\$ 2,281	\$ 944
Safety from the Start Program	-	1,950
iDrive on the Go	18,325	-
Otto the Auto program	7,194	12,368
BikeSafe	-	1,500
Total restrictions released	<u>\$ 27,800</u>	<u>\$ 16,762</u>

Mid-Atlantic Foundation for Safety and Education

Notes to Financial Statements (continued)

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, 2016 and 2015 are as follows:

	December 31	
	2016	2015
Programs:		
Program service expense	\$ 1,089,232	\$ 1,206,976
Total programs	<u>1,089,232</u>	<u>1,206,976</u>
Fundraising expense	37,074	40,803
Management and general expense	217,582	321,666
Total functional expenses	<u>\$ 1,343,888</u>	<u>\$ 1,569,445</u>

6. Subsequent Events

Subsequent events through October 19, 2017, the date the financial statements were available to be issued, have been evaluated for disclosure and recognition.



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