INSTITUTE FOR FREE SPEECH
(a nonprofit organization)

FINANCIAL STATEMENTS

December 31, 2017
(with Summarized Comparative Information for December 31, 2016)

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Renner & Company
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A PROFESSIONAL CORPORATION

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Institute for Free Speech
Alexandria, Virginia

We have audited the accompanying financial statements of Institute for Free Speech (the Institute), 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 auditors' 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Institute 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 the Institute's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 25, 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.

Renner and Company, CPA, P.C.

Alexandria, Virginia
September 18, 2018

INSTITUTE FOR FREE SPEECH

STATEMENT OF FINANCIAL POSITION
December 31, 2017
(with comparative information as of December 31, 2016)

ASSETS

	2017	2016
CURRENT ASSETS		
Cash	$ 611,839	$ 864,960
Certificates of deposit - negotiable	2,764,501	2,000,000
Accounts receivable	12,412	158
Prepaid expenses	23,570	15,229
Escrow	2,321	-
TOTAL CURRENT ASSETS	3,414,643	2,880,347
PROPERTY AND EQUIPMENT, at cost		
Furniture, fixtures, and equipment	109,293	107,608
Leasehold improvements	80,709	80,709
Software	16,031	16,031
Equipment under capital lease	17,498	17,498
Accumulated depreciation	(216,590)	(211,070)
TOTAL PROPERTY AND EQUIPMENT, net	6,941	10,776
OTHER ASSETS		
Security deposit	-	200
TOTAL ASSETS	$ 3,421,584	$ 2,891,323

See Notes to Financial Statements.

INSTITUTE FOR FREE SPEECH

STATEMENT OF FINANCIAL POSITION
December 31, 2017
(with comparative information as of December 31, 2016)

LIABILITIES AND NET ASSETS

	2017	2016
CURRENT LIABILITIES		
Accounts payable	$ 58,809	$ 59,648
Accrued expenses	119,176	77,424
Capital lease obligation	3,822	3,646
Escrow	-	1,631
TOTAL CURRENT LIABILITIES	181,807	142,349
LONG-TERM LIABILITIES		
Capital lease obligation, net of current portion	327	4,149
TOTAL LIABILITIES	182,134	146,498
NET ASSETS		
Without donor restrictions	3,095,126	2,643,882
With donor restrictions	144,324	100,943
TOTAL NET ASSETS	3,239,450	2,744,825
TOTAL LIABILITIES AND NET ASSETS	$ 3,421,584	$ 2,891,323

See Notes to Financial Statements.

INSTITUTE FOR FREE SPEECH

STATEMENT OF ACTIVITIES
Year Ended December 31, 2017
(with summarized comparative information for the year ended December 31, 2016)

	2017			
	Without Donor Restrictions	With Donor Restrictions	Total	2016
SUPPORT AND REVENUE				
Contributions	$ 2,129,442	$ 50,000	$ 2,179,442	$ 2,021,188
Litigation award	220,000	-	220,000	125,000
Donated services	145,709	-	145,709	90,720
Miscellaneous	6,471	-	6,471	8,381
Interest income	27,747	-	27,747	217
Net assets released from restrictions	6,619	(6,619)	-	-
TOTAL SUPPORT AND REVENUE	2,535,988	43,381	2,579,369	2,245,506
EXPENSES				
Program services	1,808,895	-	1,808,895	1,653,947
Management and general	91,806	-	91,806	58,891
Development	184,043	-	184,043	193,629
TOTAL EXPENSES	2,084,744	-	2,084,744	1,906,467
CHANGE IN NET ASSETS	451,244	43,381	494,625	339,039
NET ASSETS, beginning of year	2,643,882	100,943	2,744,825	2,405,786
NET ASSETS, end of year	$ 3,095,126	$ 144,324	$ 3,239,450	$ 2,744,825

See Notes to Financial Statements.

INSTITUTE FOR FREE SPEECH

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2017 (with summarized comparative information for the year ended December 31, 2016)

	2017							
	Program Services				Supporting Services			
	Communication	Legal	Research and External Relations	Total Program	Management and General	Development	Total	2016 Total
Salaries	$ 199,676	$ 462,899	$ 308,707	$ 971,282	$ 23,870	$ 80,107	$ 1,075,259	$ 981,542
Payroll taxes	13,659	31,664	21,117	66,440	1,632	5,480	73,552	67,187
Employee benefits	20,513	47,555	31,715	99,783	2,452	8,230	110,465	115,355
Accounting fees	2,910	6,747	4,500	14,157	348	1,168	15,673	14,934
Bank fees	62	144	96	302	8	25	335	501
Branding	-	740	1,957	2,697	33,127	-	35,824	-
Business meals	-	42	325	367	9,217	-	9,584	9,963
Computer services	2,653	6,150	4,102	12,905	317	1,064	14,286	13,112
Conference	-	(50)	8,200	8,150	(1,625)	400	6,925	3,176
Depreciation	1,025	2,376	1,585	4,986	123	411	5,520	4,929
Donated services	17,640	128,069	-	145,709	-	-	145,709	90,720
Dues and subscriptions	558	45,213	25,811	71,582	938	1,133	73,653	63,937
Equipment rental	17	38	26	81	1	7	89	-
Grant expense	-	3,500	2,500	6,000	-	-	6,000	-
Insurance	-	8,520	-	8,520	1,165	-	9,685	8,018
Interest	54	125	83	262	6	22	290	458
Legal	-	22,665	-	22,665	-	8,366	31,031	59,069
Licenses and fees	-	-	-	-	2,551	-	2,551	2,649
Mailing, postage, and printing	17,124	9,365	2,653	29,142	6,120	12,209	47,471	44,458
Marketing	16	-	55	71	-	-	71	25
Meetings	-	-	-	-	-	-	-	5,876
Miscellaneous	5,257	12,186	8,127	25,570	628	2,109	28,307	7,797
Professional fees	92,829	27,834	26,839	147,502	6,972	43,357	197,831	234,476
Rent	23,803	55,181	36,800	115,784	2,847	9,549	128,180	122,457
Supplies	1,152	2,671	1,781	5,604	139	462	6,205	8,144
Telephone and internet	801	1,856	1,238	3,895	95	321	4,311	4,706
Travel	1,301	24,967	19,171	45,439	875	9,623	55,937	42,978
Total	$ 401,050	$ 900,457	$ 507,388	$ 1,808,895	$ 91,806	$ 184,043	$ 2,084,744	$ 1,906,467

See Notes to Financial Statements.

INSTITUTE FOR FREE SPEECH

STATEMENT OF CASH FLOWS
Year Ended December 31, 2017
(with comparative information for the year ended December 31, 2016)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from operations		
Support and revenue	$ 2,537,047	$ 2,245,277
Interest income	27,747	217
Total cash received from operations	2,564,794	2,245,494
Cash disbursed by operations		
Payment to suppliers and employees	2,047,793	1,854,359
Interest expense	290	458
Total cash disbursed by operations	2,048,083	1,854,817
NET CASH PROVIDED BY OPERATING ACTIVITIES	516,711	390,677
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(2,914,501)	(2,000,000)
Sale of investments	2,150,000	-
Purchase of property and equipment	(1,685)	(1,687)
NET CASH USED BY INVESTING ACTIVITIES	(766,186)	(2,001,687)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on capital lease obligation	(3,646)	(3,478)
NET DECREASE IN CASH	(253,121)	(1,614,488)
CASH, beginning of year	864,960	2,479,448
CASH, end of year	$ 611,839	$ 864,960

See Notes to Financial Statements.

INSTITUTE FOR FREE SPEECH

STATEMENT OF CASH FLOWS
Year Ended December 31, 2017
(with comparative information for the year ended December 31, 2016)

	2017	2016
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
CHANGE IN NET ASSETS	$ 494,625	$ 339,039
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation expense	5,520	4,929
CHANGES IN ASSETS AND LIABILITIES AFFECTING OPERATIONS PROVIDING (USING) CASH		
ASSETS		
Accounts receivable	(12,254)	(12)
Prepaid expenses	(8,341)	3,819
Security deposit	200	-
Escrow	(2,321)	-
	(22,716)	3,807
LIABILITIES		
Accounts payable	(839)	9,016
Accrued expenses	41,752	34,806
Escrow	(1,631)	(920)
	39,282	42,902
NET CHANGES IN ASSETS AND LIABILITIES	16,566	46,709
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 516,711	$ 390,677

See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2017
(with comparative information for the year ended December 31, 2016)

1. SIGNIFICANT ACCOUNTING POLICIES, ORGANIZATION AND PURPOSE

Organization and Purpose

Institute for Free Speech (the Institute) is an independent, non-profit organization incorporated in Virginia in November 2005 that promotes and defends the political rights to free speech, press, assembly, and petition guaranteed by the First Amendment through litigation, communication, research and education. The Institute's major program activities are as follows:

1. Litigation - The litigation program of the Institute pursues strategic litigation and files amicus briefs to defend the First Amendment rights to free political speech, press, assembly and petition.

2. Research and External Relations - The Institute publishes research on the effects of laws and regulations on the First Amendment rights to free political speech, press, assembly and petition. The Institute also tracks and analyzes proposed legislation and regulations at the federal and state levels that could affect these First Amendment rights.

3. Communication - The Institute educates its supporters and the public at large of the benefits of the First Amendment rights to free political speech, press, assembly and petition and the importance of these rights to competitive elections to ensure integrity at all levels of the political process. It communicates this information through published articles in newspapers, websites and magazines, briefings of and interviews with journalists, appearances on television and radio, newsletters and an extensive website and blog.

Significant Accounting Policies

Income Taxes

The Institute is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and has been granted public charity status. The Institute conducts no taxable activities. Accordingly, no provision for income taxes has been provided in the financial statements.

In accounting for uncertainty in income taxes, accounting standards require an entity to recognize the financial statement impact of a tax position when it is more-likely-than-not that the position will not be sustained upon examination. Management evaluated the Institute's tax positions and concluded there are no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

1. SIGNIFICANT ACCOUNTING POLICIES, ORGANIZATION AND PURPOSE (Continued)

Significant Accounting Policies (Continued)

Basis of Accounting

The Institute prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (U.S. GAAP). Revenues are recognized in the period in which they are earned; expenses are recognized in the period in which they are incurred.

Summarized Information

The financial statements include certain summarized comparative information in total but not by each class of net assets. 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 Institute's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

Cash and Cash Equivalents

Cash consists of checking and money market accounts. The Institute considers as cash equivalents highly liquid investments which can be converted into known amounts of cash and have a maturity period of 90 days or less at the time of purchase. There were no cash equivalents as of December 31, 2017 and 2016.

Investments

The Institute's investment portfolio includes certificates of deposit and money held in interest bearing deposit accounts. Certificates of deposit with maturities no more than one year are classified as short-term investments. Certificates with maturities greater than one year are classified as other long-term investments. Certificates of deposit are reported at cost plus accrued interest which approximates fair value. The certificates of deposit bear interest ranging from 1% to 1.5% at December 31, 2017 and have maturities ranging from 3 months to 1 year as of December 31, 2017.

1. SIGNIFICANT ACCOUNTING POLICIES, ORGANIZATION AND PURPOSE (Continued)

Significant Accounting Policies (Continued)

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. The Institute provides for losses on accounts receivable using the allowance method. Management has determined that all significant receivables are collectible and, therefore, an allowance for doubtful accounts has not been established. Accounts receivable are considered past due if payments are not received within 30 days of the invoice date. Returns are recorded as accepted and accounts receivable deemed uncollectible are charged off based on individual credit evaluation and specific circumstances of the parties involved.

Property and Depreciation

All acquisitions of property and equipment in excess of $1,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the appropriate fair value at the date of donation. Depreciation is computed using the straight-line method.

Intangible Assets

Intangible assets are carried at cost. Amortization is computed using the straight-line method based on the asset's estimated useful life. When the asset is retired or otherwise disposed of, the cost and related accumulated amortization are removed from the accounts, and any resulting gain or loss is recognized.

Classes of Assets

In accordance with U.S. GAAP, the Institute's net assets are classified into two categories: net assets without donor restriction and net assets with donor restriction.

Net Assets Without Donor Restriction

The Institute includes operating net assets which are available for the general operations of the Institute as net assets without donor restriction.

1. SIGNIFICANT ACCOUNTING POLICIES, ORGANIZATION AND PURPOSE (Continued)

Significant Accounting Policies (Continued)

Classes of Assets (Continued)

Net Assets With Donor Restriction

The Institute reports gifts of cash and other restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restriction.

Investment gains and losses earned on donor restricted funds held by the Institute are recorded as an increase or decrease in net assets without donor restriction.

Recognition of Contributions

The Institute reports contributions with donor-imposed restrictions as net assets with donor restrictions; however, donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restriction, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Adoption of New Accounting Standard

The Institute has adopted the financial statement presentation and disclosure standards contained in the Financial Accounting Standards Board Accounting Standards Update 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities,* modifying ASC 958. The change has been applied as of December 31, 2017 with no effect on beginning net assets.

Donated Services

The Institute receives donated professional services for legal, research, and communication projects. These donated services have been recorded in the financial statements at their estimated fair value in the statement of activities.

1. SIGNIFICANT ACCOUNTING POLICIES, ORGANIZATION AND PURPOSE (Continued)

Significant Accounting Policies (Continued)

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs, such as salaries, payroll taxes, employee benefits, accounting fees, bank fees, branding, business meals, computer services, conferences, depreciation, dues and subscriptions, equipment rental, insurance, interest, legal, mailing, postage, and printing, miscellaneous, professional fees, rent, supplies, telephone and internet, and travel expenses have been allocated among the program and supporting services benefits based on level of effort.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues during the reporting period. Actual results could differ from those estimates.

Liquidity

The Institute maintains a liquid cash balance in checking and money market accounts in an amount necessary to meet its anticipated expenditures for the next 30 days. Cash in excess of this amount is invested in short-term investments.

The Institute reconciles the balance of financial assets subject to donor restrictions monthly, based on restricted amounts used and received. Restricted cash and investments are separately identified and monitored as part of the Institute's monthly financial reporting process.

1. SIGNIFICANT ACCOUNTING POLICIES, ORGANIZATION AND PURPOSE (Continued)

Significant Accounting Policies (Continued)

Liquidity (Continued)

The Institute's financial assets available within one year to meet cash needs for general expenditures through December 31, 2018 are as follows:

Financial Assets	
Cash	$ 611,839
Certificates of deposit - negotiable	2,764,501
Accounts receivable	12,412
Total financial assets	$ 3,388,752
Less amounts not available within one year	
Purpose restricted net assets	(144,324)
Financial assets available within one year to meet cash needs for general expenditures within one year	$ 3,244,428

2. CASH

Cash as of December 31, 2017 and 2016 consisted of the following:

	2017	2016
Operating accounts	$ 611,839	$ 864,960

The Institute maintains cash balances at multiple financial institutions. The balances are insured by the Federal Deposit Insurance Corporation. As of December 31, 2017 and 2016, the Institute's cash balances in excess of federal deposit insurance coverage totaled $346,978 and $628,613 respectively.

3. PROPERTY AND DEPRECIATION

Property and depreciation for the years ended December 31, 2017 and 2016 consisted of the following:

2017	Cost	Depreciation expense	Accumulated depreciation	Useful life (years)
Furniture, fixtures, and equipment	$ 109,294	$ 2,020	$ 106,143	3 - 5
Leasehold improvements	80,708	-	80,708	3 - 6
Equipment under capital lease	17,498	3,500	13,708	5
Software	16,031	-	16,031	3
	$ 223,531	$ 5,520	$ 216,590	

2016	Cost	Depreciation expense	Accumulated depreciation	Useful life (years)
Furniture, fixtures, and equipment	$ 107,609	$ 1,429	$ 104,123	3 - 5
Leasehold improvements	80,708	-	80,708	3 - 6
Equipment under capital lease	17,498	3,500	10,208	5
Software	16,031	-	16,031	3
	$ 221,846	$ 4,929	$ 211,070	

4. INVESTMENTS

Investments are recorded at fair value and consist of the following as of December 31, 2017 and 2016:

2017	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Money market funds	$ 14,841	$ 14,841	$ -
Certificates of deposit	2,750,000	2,749,660	(340)
	$ 2,764,841	$ 2,764,501	$ (340)

4. INVESTMENTS (Continued)

	2016		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Money market funds	$ 339	$ 339	$ -
Certificates of deposit	2,000,000	1,999,661	(339)
	$ 2,000,339	$ 2,000,000	$ (339)

5. FAIR VALUE MEASUREMENTS

The Institute records investments based on fair value on a recurring basis. Financial accounting and reporting standards define fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the measurement date. The standard emphasizes that fair value is a market-based measurement, not an entity specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, the standards established a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent from the reporting entity (observable inputs that are classified within level 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within level 3 of the hierarchy).

Level 1 inputs utilize unadjusted quoted prices in active markets for identical assets or liabilities that the Institute has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets or liabilities in active markets, as well as inputs that are observable for the assets or liabilities (other than quoted prices), such as interest rates, foreign exchange rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs for the assets or liabilities, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

5. FAIR VALUE MEASUREMENTS (Continued)

The determination of the fair value level within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Institute's assessment of the significance of the particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the assets or liabilities.

The following summarizes investments, measured at fair value on a recurring basis, aggregated by the level in the fair value hierarchy within which those measurements fall, as of December 31, 2017 and 2016:

	2017		
	Fair Value	Level 1	Level 2
Money market fund	$ 14,841	$ 14,841	$ -
Certificates of deposit	2,749,660	-	2,749,660
	$ 2,764,501	$ 14,841	$ 2,749,660

	2016		
	Fair Value	Level 1	Level 2
Money market fund	$ 339	$ 339	$ -
Certificates of deposit	1,999,661	-	1,999,661
	$ 2,000,000	$ 339	$ 1,999,661

6. CAPITAL LEASE

The Institute entered into an agreement to lease a copier machine under a capital lease which commenced in February 2014 and expires January 2019. The assets and liabilities under the capital lease are recorded at the lower of the present value of the minimum lease payments or the market value of the asset and will be amortized over its estimated useful life. The capital lease obligation is secured by the leased assets.

Future minimum lease payments under this capital lease are as follows:

Fiscal year ending	Total Payments	Interest Portion	Net
2018	$ 3,936	$ 114	$ 3,822
2019	328	1	327
Total	$ 4,264	$ 115	$ 4,149

6. CAPITAL LEASE (Continued)

Total interest expense for the years ended 2017 and 2016 was $290 and $458, respectively.

7. NET ASSETS WITH DONOR RESTRICTION

A summary of activity in net assets with donor restriction for the year ended December 31, 2017 and 2016 is as follow:

	2017			
	Balance at December 31, 2016	Support and revenue	Net assets released from restrictions	Balance at December 31, 2017
Purpose restricted				
Advocacy restrictions project	$ 100,943	$ -	$ (1,254)	$ 99,689
Staff attorney	-	50,000	(5,365)	44,635
	$ 100,943	$ 50,000	$ (6,619)	$ 144,324

	2016			
	Balance at December 31, 2015	Support and revenue	Net assets released from restrictions	Balance at December 31, 2016
Purpose restricted				
Advocacy restrictions project	$ 100,943	$ -	$ -	$ 100,943

8. RETIREMENT PLAN

The Institute maintains a 401K plan into which employees can contribute up to $12,000 of their compensation in pre-tax dollars. The Institute matches employee contributions up to 3% of an employee's salary. Contribution expense for the Institute totaled $30,163 and $25,402 for the years ended 2017 and 2016, respectively.

9. COMMITMENTS - OFFICE LEASE

The Institute entered into a lease agreement in September 2007 to lease office space in Alexandria, Virginia. The yearly base rent at the start of the lease was $88,416 with a cost of living increase of 3% being incurred annually. The lease ended in February 2016 and The Institute has not renewed the lease. By mutual agreement, the Institute has renewed on a month to month lease basis until further notice. Rent expense for the years ended December 31, 2017 and 2016 was $128,180 and $122,457, respectively.

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2017
(with comparative information for the year ended December 31, 2016)

10. RELATED PARTY TRANSACTIONS

The Institute has entered into an agreement with the Chairman of its Board of Directors for consulting services to provide legal services, assist the Institute's communications activities, including but not limited to media interviews, articles, blog posts and speeches, assist with research and external relations, including testimony, letters and speeches, assist fundraising activities and provide other services as requested. The original agreement expired December 31, 2011; however it has been renewed through December 31, 2016 and will be automatically renewed on an annual basis unless cancelled in writing. The consulting services for the year ended December 31, 2017 totaled $60,500 and for the year ended December 31, 2016 totaled $66,000.

11. CONCENTRATIONS

During 2017, the Institute received $1,953,850 or 75.75% of its total revenue from thirteen donors. During 2016, the Institute received $1,810,000 or 80.61% of its total revenue from seventeen donors. No contracts or pledges exist as a guarantee that these levels of contributions will continue.

12. DONATED SERVICES

The fair value of donated services included as in-kind revenue and program services in the accompanying financial statements for the years ended December 31, 2017 and 2016 are as follows:

	2017	2016
Legal	$ 128,069	$ 72,630
Communications	17,640	18,090
	$ 145,709	$ 90,720

13. SUBSEQUENT EVENTS

In preparing the financial statements, the Institute has evaluated events and transactions for potential recognition or disclosure through September 18, 2018, the date of the financial statements were available to be issued.