OBESITY ACTION COALITION, INC.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

OBESITY ACTION COALITION, INC.

YEARS ENDED DECEMBER 31, 2017 AND 2016

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INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF
OBESITY ACTION COALITION, INC.

Report on the Financial Statements
We have audited the accompanying financial statements of Obesity Action Coalition, Inc., which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

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

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Obesity Action Coalition, Inc. 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.

SKODA MINOTTI & CO.

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September 14, 2018

OBESITY ACTION COALITION, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2017 AND 2016

ASSETS

	2017	2016
CURRENT ASSETS		
Cash	$ 303,442	$ 156,452
Grants receivable	16,801	19,374
Prepaid rent	-	5,260
	320,243	181,086
PROPERTY AND EQUIPMENT, NET	3,674	1,863
OTHER ASSETS	3,763	3,763
	$ 327,680	$ 186,712

LIABILITIES AND NET ASSETS

	2017	2016
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 60,695	$ 52,536
Deferred rent expense	3,936	5,628
Deferred revenue	105,775	126,953
	170,406	185,117
NET ASSETS WITHOUT DONOR RESTRICTIONS	157,274	1,595
	$ 327,680	$ 186,712

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

OBESITY ACTION COALITION, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
SUPPORT AND REVENUE		
Gifts-in-kind and contributed services	$ 6,532,815	$ 4,784,082
Grants	955,000	684,965
Membership dues	302,003	359,901
Annual meeting income	212,715	208,372
Advertising income	135,695	132,806
Contributions	45,531	25,492
Miscellaneous income	-	1,691
TOTAL SUPPORT AND REVENUE	8,183,759	6,197,309
FUNCTIONAL EXPENSES		
Program services:		
Education	7,792,556	5,961,456
Assistance	69,436	89,315
Supporting services:		
Administrative	119,535	111,767
Fundraising	46,553	43,769
TOTAL FUNCTIONAL EXPENSES	8,028,080	6,206,307
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	155,679	(8,998)
NET ASSETS WITHOUT DONOR RESTRICTIONS - BEGINNING OF YEAR	1,595	10,593
NET ASSETS WITHOUT DONOR RESTRICTIONS - END OF YEAR	$ 157,274	$ 1,595

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

OBESITY ACTION COALITION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2017

	Program services			Supporting services			
	Education	Assistance	Total	Administrative	Fundraising	Total	Total expenses
Advertising	$ 6,420,331	$ -	$ 6,420,331	$ -	$ -	$ -	$ 6,420,331
Salaries	559,409	16,952	576,361	67,807	33,904	101,711	678,072
Publishing	416,882	-	416,882	-	-	-	416,882
Convention expense	187,412	-	187,412	-	-	-	187,412
Advocacy	75,600	-	75,600	14,175	4,725	18,900	94,500
Rent	44,217	-	44,217	12,633	6,317	18,950	63,167
Vitamin supplements	-	52,484	52,484	-	-	-	52,484
Office and supplies	13,636	-	13,636	12,272	1,364	13,636	27,272
Board member expense and other meetings	18,900	-	18,900	6,300	-	6,300	25,200
Postage	20,917	-	20,917	-	-	-	20,917
Professional fees	11,946	-	11,946	1,327	-	1,327	13,273
Telephone and internet	5,853	-	5,853	1,951	-	1,951	7,804
Insurance	2,999	-	2,999	2,999	-	2,999	5,998
Taxes and licenses	5,458	-	5,458	-	-	-	5,458
Bad debt expense	4,463	-	4,463	-	-	-	4,463
Website	3,263	-	3,263	-	172	172	3,435
Depreciation and amortization	1,270	-	1,270	71	71	142	1,412
	$ 7,792,556	$ 69,436	$ 7,861,992	$ 119,535	$ 46,553	$ 166,088	$ 8,028,080

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

OBESITY ACTION COALITION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2016

	Program services			Supporting services			
	Education	Assistance	Total	Administrative	Fundraising	Total	Total expenses
Advertising	$ 4,531,867	$ -	$ 4,531,867	$ -	$ -	$ -	$ 4,531,867
Salaries	564,301	17,100	581,401	68,400	34,200	102,600	684,001
Publishing	508,506	-	508,506	-	-	-	508,506
Convention expense	200,768	-	200,768	-	-	-	200,768
Advocacy	24,160	-	24,160	4,530	1,510	6,040	30,200
Rent	43,999	-	43,999	12,571	6,286	18,857	62,856
Vitamin supplements	-	72,215	72,215	-	-	-	72,215
Office and supplies	14,548	-	14,548	13,093	1,455	14,548	29,096
Board member expense and other meetings	21,673	-	21,673	7,224	-	7,224	28,897
Postage	22,515	-	22,515	-	-	-	22,515
Professional fees	11,856	-	11,856	1,317	-	1,317	13,173
Telephone and internet	5,245	-	5,245	1,748	-	1,748	6,993
Insurance	2,737	-	2,737	2,737	-	2,737	5,474
Taxes and licenses	3,382	-	3,382	-	-	-	3,382
Website	3,260	-	3,260	-	171	171	3,431
Depreciation and amortization	2,639	-	2,639	147	147	294	2,933
	$ 5,961,456	$ 89,315	$ 6,050,771	$ 111,767	$ 43,769	$ 155,536	$ 6,206,307

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

OBESITY ACTION COALITION, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 155,679	$ (8,998)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Add back items not affecting cash:		
Bad debt expense	4,463	-
Depreciation and amortization	1,412	2,933
Cash provided by (used in) changes in the following items:		
(Increase) decrease in grants receivable	(1,890)	4,049
(Increase) decrease in prepaid rent	5,260	(155)
Increase (decrease) in accounts payable and accrued expenses	8,159	(4,924)
Increase (decrease) in deferred rent expense	(1,692)	205
Decrease in deferred revenue	(21,178)	(77,809)
Net cash provided by (used in) operating activities	150,213	(84,699)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of property and equipment	(3,223)	(741)
NET INCREASE (DECREASE) IN CASH	146,990	(85,440)
CASH - BEGINNING OF YEAR	156,452	241,892
CASH - END OF YEAR	$ 303,442	$ 156,452

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Obesity Action Coalition, Inc. (the "Organization") was organized in December 2004 to educate patients, family members, and the public on obesity and severe obesity. In addition, the Organization aims to increase obesity education, improve access to medical treatments for obese patients, advocate for safe and effective treatments, and strives to eliminate the negative stigma associated with all types of obesity. All of the Organization's programs contribute to this goal. The Organization is supported primarily through grants and the national office is located in Tampa, Florida.

The Organization produces a magazine and three newsletters for those with obesity-related issues. *Your Weight Matters Magazine* is a quarterly educational and advocacy magazine and *The Obesity Action Alert, Your Weight Matters Weekly,* and *Members Make a Difference* are monthly electronic newsletters. The Organization also generates several educational brochures, videos, and posters covering various topics including details on obesity and its consequences and how to seek obesity treatment.

Additionally, the Organization administers a financial assistance program to provide free vitamin supplements for bariatric surgery patients. These patients medically require such supplementation for a lifetime after the surgical alteration of their digestive system.

Basis of Accounting

The Organization prepares its financial statements on the accrual basis of accounting and accordingly, reflects all significant receivables, payables, and other liabilities.

Basis of Presentation

The Organization has presented its financial statements in accordance with U.S. generally accepted accounting principles (GAAP) for not-for-profit organizations. Under this guidance, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

- Net assets without donor restrictions are those currently available at the discretion of the Board of Directors for use in the Organization's operations, and those resources invested in land, buildings, and equipment. These assets are not subject to donor-imposed restrictions, or the donor-imposed restrictions have expired.

- Net assets with donor restrictions are those that are restricted by donors for specific purposes that may become unrestricted by actions taken by the Organization or the passage of time or that must be retained and permanently invested by the Organization. As of December 31, 2017 and 2016, the Organization has no net assets with donor restrictions.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions and Grants

Contributions and grants are recognized as revenue in the period received or promised and are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence or nature of any donor-imposed stipulations.

All donor-restricted contributions are reported as an increase in net assets with donor restrictions, 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. If donor-imposed restrictions are met in the same year as they are imposed, the net assets are reported as without donor restrictions.

Membership Dues

The Organization sells memberships to individuals affected by obesity and their families, healthcare professionals, medical practices and institutions, corporations, and members of the public affected by obesity. Membership terms last one year. Significant membership dues are recognized as support and revenue in the period incurred and small, generally individual, memberships (less than $1,000) are recognized when collected. Membership dues amounted to $302,003 and $359,901 for the years ended December 31, 2017 and 2016, respectively. Membership dues of $105,775 and $126,953 are shown as deferred revenue on the accompanying statements of financial position at December 31, 2017 and 2016, respectively.

Grants Receivable

Grants receivable are stated net of an allowance for doubtful accounts. The Organization evaluates the adequacy of the allowance for doubtful accounts regularly to determine if any account balances will potentially be uncollectible. Accounts are written off when, in management's judgment, they are considered uncollectible. Historically, write-offs of grants receivable have not been significant. The Organization's receivables are deemed fully collectible, thus there is no allowance for doubtful accounts at December 31, 2017 and 2016.

Income Taxes

The Organization is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and from state corporate income tax under applicable Florida Statutes. The Internal Revenue Code provides for taxation of unrelated business income under certain circumstances. The Organization has no unrelated business income; however, such status is subject to final determination upon examination of the related income tax returns by the appropriate taxing authorities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Purchased property and equipment are recorded at historical cost and include expenditures which substantially increase the useful lives of existing property and equipment. Donations of property and equipment are recorded as contributions at their estimated fair value and are reported as with or without donor restrictions based on the restrictions placed on the asset by the donor. Routine maintenance and repairs are charged to operations when incurred.

It is the Organization's policy to capitalize property and equipment in excess of $250 and all software purchases regardless of costs. Lesser amounts are expensed. Depreciation and amortization expense was $1,412 and $2,933 for the years ended December 31, 2017 and 2016, respectively. Depreciation and amortization are calculated on a straight-line basis over the estimated useful lives of the assets, which are generally three to five years.

Use of Estimates

The preparation of financial statements in conformity with 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.

Liquidity

At December 31, 2017 and 2016, the Organization has $320,243 and $181,086, respectively, of financial assets available for general expenditures within one year of the balance sheet dates. There are no financial assets as of December 31, 2017 and 2016 that are subject to donor restrictions that make them unavailable for general expenditures within one year of the balance sheet dates.

Expense Classification

The financial statements report certain categories of expenses that are attributable to program services or supporting services. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include advertising, salaries, and advocacy which are allocated on the basis of estimated time spent in each category.

Concentration of Risk

The Organization places its cash with regulated financial institutions. Balances with the financial institutions may exceed insured limits. The Organization believes that there is no significant risk with respect to these deposits. The Organization has not experienced any losses on its deposits with financial institutions.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentration of Risk (continued)

During the year ended December 31, 2017 the Organization received contributions from one donor representing 70% of total support and revenues (not including in-kind contributions or advertising income). At December 31, 2017, receivables from this donor accounted for approximately 31% of grants receivable. During the year ended December 31, 2016 the Organization received contributions from two donors representing 74% of total support and revenues (not including in-kind contributions or advertising income). At December 31, 2016, receivables from these two donors accounted for approximately 60% of grants receivable. These contributions are included in grants, annual meeting income, and membership dues on the accompanying statements of activities for the years ended December 31, 2017 and 2016.

Subsequent Events

The Organization evaluated subsequent events through the Independent Auditors' Report date, the date which the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

New Accounting Pronouncements

In August 2016, FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The amended guidance requires that not-for-profits report two classes of net assets (net assets with donor restrictions and net assets without donor restrictions) on the face of the Statement of Financial Position rather than the previously required three classes of net assets (unrestricted, temporarily restricted, and permanently restricted), provide enhanced disclosures, including a Statement of Functional Expenses, and report investment return net of external and direct internal investment expenses.

The recognition and measurement guidance for net assets is not affected by the amendments in this accounting standard and these amendments are effective for financial statements issued for fiscal years beginning after December 15, 2017. The Organization has decided to early adopt ASU 2016-14 as of December 31, 2017 and applied this provision as of and for the year ended December 31, 2016.

On May 28 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*. The standard's core principle is that an entity will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This standard also includes expanded disclosure requirements that result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers. This standard will be effective for the calendar year ending December 31, 2019. The Organization is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncements (continued)

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases*. The ASU requires all leases with lease terms more than 12 months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance leases or operating leases. This distinction will be relevant for the pattern of expense recognition in the statement of activities. This ASU will be effective for the Organization for the year ending December 31, 2020. The Organization is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

2. PROPERTY AND EQUIPMENT

Property and equipment is made up of the following at December 31, 2017 and 2016:

	2017	2016
Computer equipment	$ 22,765	$ 20,072
Computer software	1,220	1,220
Office furniture	7,449	6,919
	31,434	28,211
Less: Accumulated depreciation and amortization	(27,760)	(26,348)
	$ 3,674	$ 1,863

3. GIFTS-IN-KIND AND CONTRIBUTED SERVICES

The Organization records gifts-in-kind and contributed services in accordance with the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-605, *Revenue Recognition.* This pronouncement requires the fair value of contributed services to be recognized in the financial statements if the services either create or enhance a nonfinancial asset or require specialized skills, are provided by entities or persons possessing those skills, and would need to be purchased if they were not donated. The fair value of gifts-in-kind and contributed services are recognized when there is an objective basis available to measure their value.

The Organization receives donations of contributed services that include policy consulting services at a reduced rate, the publication and distribution of a Public Service Announcement (television and radio), and a series of online and other media events. The estimated fair value of these services amounted to approximately $6,481,000 and $4,712,000 for the years ended December 31, 2017 and 2016, respectively, and is included in gifts-in-kind and contributed services on the accompanying statements of activities. Additionally, the Organization received donated pharmaceuticals for the Recover program amounting to approximately $52,000 and $72,000 for the years ended December 31, 2017 and 2016, respectively. These amounts have been included in gifts-in-kind and contributed services on the accompanying statements of activities.

3. GIFTS-IN-KIND AND CONTRIBUTED SERVICES (continued)

A substantial number of volunteers have donated significant amounts of their time to support the Organization in operating its program functions. The services rendered from these volunteers include article and brochure writing and reviewing, exhibiting and distributing materials, sharing information with elected officials, and serving as speakers at Organization events. These volunteer services are deemed not to meet the criteria for recognition as contributed services, and thus have not been recognized in the accompanying financial statements.

4. COMMITMENTS

Operating Leases

The Organization leases its office under an operating lease beginning February 1, 2014 and ending January 31, 2019.

Future minimum lease payments due under this lease as of December 31, 2017 are as follows:

YEAR ENDING DECEMBER 31,	
2018	$ 66,787
2019	5,579
	$ 72,366

Rental expense under the operating lease is $63,167 and $62,856 for the years ended December 31, 2017 and 2016, respectively.

In accordance with GAAP, the Organization recognizes rental expense for the lease, which contains a predetermined fixed escalation clause, on a straight-line basis over the expected term of the lease. The difference between the amounts charged to expense and the contractual minimum lease payment is recorded as a liability in the accompanying statements of financial position. This liability was $3,936 and $5,628 at December 31, 2017 and 2016, respectively, and has been recorded as deferred rent expense.

5. EMPLOYEE BENEFIT PLAN

The Organization maintains a 401(k) plan covering substantially all employees. The plan allows employees to make contributions of their compensation, subject to Internal Revenue Service annual limits. The Organization makes discretionary matching contributions. Contributions made by the Organization to the plan for the years ended December 31, 2017 and 2016 were $15,622 and $0, respectively.

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September 17, 2018

TO THE BOARD OF DIRECTORS
OBESITY ACTION COALITION, INC.

We have audited the financial statements of Obesity Action Coalition, Inc. as of and for the year ended December 31, 2017, and have issued our report thereon dated September 14, 2018. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated August 10, 2018, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of Obesity Action Coalition, Inc. solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

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Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Obesity Action Coalition, Inc. is included in Note 1 to the financial statements. As described in Note 1 to the financial statements, during the year, the Organization changed its method of financial statement presentation by adopting FASB Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The recogntion and measurement guidance for net assets is not affected by the amendments in this accounting standard. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements is management's estimate of gifts in kind and contributed services:

> Management's estimate of gifts in kind and contributed services is based on price quotes and estimates provided by the various donors for the range of goods and services contributed. We evaluated the key factors and assumptions used to develop the estimate of gifts in kind and contributed services and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

The financial statement disclosures are neutral and clear. Enhanced disclosures have been provided in connection with the adoption of FASB Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* as described in Note 1 to the financial statements.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. There were no uncorrected misstatements.

Entries proposed during the audit of this Organization include increasing depreciation expense, adjusting rent expense to be spread consistently over lease term, adjusting accrued vacation and deferring certain portions of membership revenues to the following year based on the expiration dates of the memberships (approximately $35,000). These entries are consistent with prior years.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The following entries were identified as a result of our audit procedures and brought to the attention of, and corrected by management:

> An adjustment was proposed to correct the beginning balance of net assets in the amount of $71,449 which related to prior year adjusting entries not being recorded.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Obesity Action Coalition, Inc.'s financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the management representation letter dated September 14, 2018.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings or Issues

In the normal course of our professional association with Obesity Action Coalition, Inc., we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Obesity Action Coalition, Inc.'s auditors.

Closing

We will be pleased to respond to any questions you have about the foregoing. We wish to thank the management and staff for their support and assistance during our audit and we appreciate the opportunity to continue to be of service to Obesity Action Coalition, Inc.

This report is intended solely for the information and use of the Board of Directors and management of Obesity Action Coalition, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Skoda Minotti & Co.

SKODA MINOTTI & CO.
Tampa, Florida