

SUPPORT THE ENLISTED PROJECT, INC.
FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

SUPPORT THE ENLISTED PROJECT, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Support The Enlisted Project, Inc.

We have audited the accompanying financial statements of Support The Enlisted Project, Inc. a nonprofit organization, which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities and changes in net assets, 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 Support The Enlisted Project, Inc., a nonprofit organization, as of June 30, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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An accountancy corporation

December 23, 2019

SUPPORT THE ENLISTED PROJECT, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

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	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 212,949	\$ 387,012
Certificate of deposit	210,731	100,678
Pledges receivable	108,360	25,000
Prepaid expenses	<u>6,009</u>	<u>2,866</u>
	538,049	515,556
PROPERTY AND EQUIPMENT (note 3)	53,562	30,589
OTHER ASSETS		
Inventory	2,550	750
Deposits	<u>3,869</u>	<u>3,869</u>
	<u>6,419</u>	<u>4,619</u>
TOTAL ASSETS	<u><u>598,030</u></u>	<u><u>550,764</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	2,135	17,907
Accrued liabilities (note 4)	119,670	92,481
Deferred revenue	<u>190</u>	<u>373</u>
TOTAL LIABILITIES	121,995	110,761
NET ASSETS (note 5)		
Without donor restrictions	408,976	437,214
With donor restrictions	<u>67,059</u>	<u>2,789</u>
TOTAL NET ASSETS	<u>476,035</u>	<u>440,003</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 598,030</u></u>	<u><u>\$ 550,764</u></u>

See accompanying notes

SUPPORT THE ENLISTED PROJECT, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2019

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	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	Total
REVENUES			
In-kind goods and services (note 6)	\$ 811,958	\$ -	\$ 811,958
Grants	610,740	-	610,740
Contributions	334,720	199,530	534,250
Special events, net (note 8)	105,112	-	105,112
Interest	5,885	-	5,885
	1,868,415	199,530	2,067,945
NET ASSETS RELEASED FROM RESTRICTIONS (note 5)			
Satisfaction of program restrictions	135,260	(135,260)	-
TOTAL REVENUE AND SUPPORT	2,003,675	64,270	2,067,945
EXPENSES			
Program services	1,697,208	-	1,697,208
Management and general	139,064	-	139,064
Development	195,641	-	195,641
	2,031,913	-	2,031,913
CHANGE IN NET ASSETS	(28,238)	64,270	36,032
NET ASSETS, BEGINNING	437,214	2,789	440,003
NET ASSETS, ENDING	<u>\$ 408,976</u>	<u>\$ 67,059</u>	<u>\$ 476,035</u>

See accompanying notes

SUPPORT THE ENLISTED PROJECT, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2018

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	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	Total
REVENUES			
In-kind goods and services (note 6)	\$ 880,631	\$ -	\$ 880,631
Grants	600,991	-	600,991
Contributions	453,288	74,151	527,439
Special events, net (note 7)	44,511	-	44,511
Interest	2,626	-	2,626
	<u>1,982,047</u>	<u>74,151</u>	<u>2,056,198</u>
NET ASSETS RELEASED FROM RESTRICTIONS			
Satisfaction of program restrictions	<u>82,856</u>	<u>(82,856)</u>	<u>-</u>
TOTAL REVENUE AND SUPPORT	2,064,903	(8,705)	2,056,198
EXPENSES			
Program services	1,665,287	-	1,665,287
Management and general	137,758	-	137,758
Development	177,232	-	177,232
	<u>1,980,277</u>	<u>-</u>	<u>1,980,277</u>
CHANGE IN NET ASSETS	84,626	(8,705)	75,921
NET ASSETS, BEGINNING	<u>352,588</u>	<u>11,494</u>	<u>364,082</u>
NET ASSETS, ENDING	<u><u>\$ 437,214</u></u>	<u><u>\$ 2,789</u></u>	<u><u>\$ 440,003</u></u>

See accompanying notes

SUPPORT THE ENLISTED PROJECT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

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	PROGRAM SERVICES	MANAGEMENT AND GENERAL	DEVELOPMENT	TOTAL
EXPENSES				
Personnel				
Salaries	\$ 392,423	\$ 90,559	\$ 120,746	\$ 603,728
Payroll taxes	34,300	7,915	10,554	52,769
Health benefits	12,421	2,866	3,822	19,109
Active duty assistance				
Auto assistance	87,408	-	-	87,408
Food, furniture and appliance assistance	297,377	-	-	297,377
Housing assistance	84,705	-	-	84,705
Other program assistance	91,298	-	-	91,298
Veterans' assistance				
Auto assistance	12,421	-	-	12,421
Food assistance	3,250	-	-	3,250
Housing assistance	39,933	-	-	39,933
Advertising	5,659	1,132	754	7,545
Depreciation	6,410	1,287	858	8,555
Dues and subscriptions	3,516	703	469	4,688
Employee development	5,786	1,157	771	7,714
Equipment rent and repairs and maintenance	1,976	396	264	2,636
Information technology	12,696	2,512	1,674	16,882
Insurance	10,792	2,158	1,439	14,389
Meetings and special events	-	-	40,092	40,092
Morale support programs	93,374	-	-	93,374
Occupancy (note 6)	165,528	9,622	6,414	181,564
Other secondary support programs (note 7)	186,537	-	-	186,537
Outside services	10,095	-	-	10,095
Postage, shipping and delivery	1,885	457	201	2,543
Printing, copying and publications	15,772	2,153	6,414	24,339
Professional fees	100,213	10,020	6,680	116,913
Supplies	3,045	2,578	394	6,017
Telephone	4,210	842	561	5,613
Travel and meals	14,178	2,706	1,828	18,712
TOTAL EXPENSES	1,697,208	139,064	203,934	2,040,206
Less: direct benefit to donors at special events included in revenue	-	-	(8,293)	(8,293)
TOTAL EXPENSES INCLUDED IN THE EXPENSE SECTION OF THE STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS	<u>\$ 1,697,208</u>	<u>\$ 139,064</u>	<u>\$ 195,641</u>	<u>\$ 2,031,913</u>

See accompanying notes

SUPPORT THE ENLISTED PROJECT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

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	PROGRAM SERVICES	MANAGEMENT AND GENERAL	DEVELOPMENT	Total
EXPENSES				
Personnel				
Salaries	\$ 295,056	\$ 91,569	\$ 122,092	\$ 508,717
Payroll taxes	27,821	8,635	11,512	47,968
Health benefits	10,949	3,398	4,531	18,878
Active duty assistance				
Auto assistance	69,725	-	-	69,725
Food, furniture and appliance assistance	395,558	-	-	395,558
Housing assistance	66,212	-	-	66,212
Other program assistance	79,468	-	-	79,468
Veterans' assistance				
Auto assistance	11,571	-	-	11,571
Food assistance	1,503	-	-	1,503
Housing assistance	59,805	-	-	59,805
Advertising	11,830	2,203	1,469	15,502
Depreciation	238	48	32	318
Dues and subscriptions	2,525	505	337	3,367
Employee development	1,665	333	222	2,220
Equipment rent and repairs and maintenance	4,378	75	50	4,503
Information technology	13,528	2,635	1,757	17,920
Insurance	10,690	2,139	1,425	14,254
Meetings and special events	-	-	14,616	14,616
Morale support programs	32,674	-	-	32,674
Occupancy (note 6)	129,515	8,534	5,689	143,738
Other secondary support programs (note 7)	280,799	-	-	280,799
Outside services	4,266	-	-	4,266
Postage, shipping and delivery	1,807	469	217	2,493
Printing, copying and publications	17,385	2,211	7,802	27,398
Professional fees	106,754	7,934	5,170	119,858
Supplies	5,811	2,405	442	8,658
Telephone	8,993	1,798	1,199	11,990
Travel and meals	14,761	2,867	1,832	19,460
TOTAL EXPENSES	1,665,287	137,758	180,394	1,983,439
Less: direct benefit to donors at special events included in revenue	-	-	(3,162)	(3,162)
TOTAL EXPENSES INCLUDED IN THE EXPENSE SECTION OF THE STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS	<u>\$ 1,665,287</u>	<u>\$ 137,758</u>	<u>\$ 177,232</u>	<u>\$ 1,980,277</u>

See accompanying notes

SUPPORT THE ENLISTED PROJECT, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

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	<u>2019</u>	<u>2018</u>
CASH FLOWS (USED)/PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	\$ 36,032	\$ 75,921
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET		
CASH PROVIDED/(USED) BY OPERATING ACTIVITIES		
Depreciation expense	8,555	318
Change in operating assets and liabilities:		
Pledges receivable	(83,360)	10,875
Prepaid expenses	(3,143)	(1,324)
Inventory	(1,800)	500
Accounts payable	(15,772)	10,081
Accrued liabilities	27,189	26,574
Deferred revenue	(183)	373
	<u>(68,514)</u>	<u>47,397</u>
CASH FLOWS (USED)/PROVIDED BY OPERATING ACTIVITIES	(32,482)	123,318
CASH FLOWS (USED)/PROVIDED BY INVESTING ACTIVITIES		
Net proceeds on certificates of deposit	(110,053)	24,512
Purchase of property and equipment	(31,528)	(29,422)
	<u>(141,581)</u>	<u>(4,910)</u>
NET (DECREASE)/INCREASE IN CASH	(174,063)	118,408
CASH, BEGINNING OF YEAR	<u>387,012</u>	<u>268,604</u>
CASH, END OF YEAR	<u>\$ 212,949</u>	<u>\$ 387,012</u>

See accompanying notes

SUPPORT THE ENLISTED PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 1 THE ORGANIZATION

Support The Enlisted Project, Inc. (the "Organization") is a California non-profit organization that was incorporated in 2005. The Organization assists junior active duty enlisted members and recently discharged enlisted veterans and their families in Southern California facing financial crisis achieve long term financial self-sufficiency through counseling, education and grants to alleviate critical near term obligations. The Organization provides aid to those in and from the lower six military pay grades. Southern California has one of the highest cost of living indexes in the country and active duty military families living on meager base incomes struggle each month trying to make ends meet. The Organization also offers emergency financial assistance to veterans and their immediate families within the first 18 months after honorable discharge from service to assist in their successful reintegration back into civilian life. The Organization offers a multitude of services and programs to strengthen health and well-being for these families who demonstrate verified need. The Organization provides the following services and programs to active duty and recently discharged military families in Southern California per board approved standard operating procedures:

Emergency financial assistance grants - Emergency food, rent and mortgage, utilities assistance, critical baby items, emergency dental care, vision care, emergency child care and in-home health care, auto repair, auto payment and insurance, emergency travel, essential home items and other emergency financial assistance.

Morale programs – Holiday assistance, financial planning seminars/classes, wounded warrior care giver respite events and distribution of in-kind goods.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting - The financial statements have been prepared on the accrual basis of accounting in conformity with generally accepted accounting principles (GAAP) in the United States.

Estimates - The preparation of financial statements in conformity with GAAP requires the Organization to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Financial statement presentation - The Organization follows the recommendation of Financial Accounting Standards Board's (FASB) Financial Statements of Not-for-Profit Organizations for presentation of its financial statements which requires that net assets, support, revenue and gains, expenses and losses be classified as with donor restrictions and without donor restrictions.

Net assets without donor restriction – Net assets without donor restriction represent expendable funds available for operations that are not otherwise limited by donor restrictions. Net assets without donor restriction also include amounts designated for certain purposes by the Board of Directors. At June 30, 2019 and 2018 the Organization had \$408,976 and \$437,214 of net assets without donor restriction, respectively.

SUPPORT THE ENLISTED PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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Net assets with donor restriction – Net assets with donor restriction consist of contributed funds subject to specific donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Organization may recognize the funds or recognized the support. At June 30, 2019 and 2018, the Organization had net assets with donor restrictions of \$67,059 and \$2,789, respectively.

Cash and cash equivalents - The Organization considers financial instruments with a fixed maturity date of less than three months to be cash equivalents. The Organization maintains two checking accounts at a national bank and a cash account at a national investment firm. At various times, cash balances may exceed federally insured deposit limits. As of June 30, 2019, the Organization's cash and cash equivalents were fully insured. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

Certificate of deposit – The Organization held certificates of deposit totaling at \$210,731 June 30, 2019. The certificates of deposit included accrued interest of \$722 for the year ended June 30, 2019. The certificates of deposit matured between July and August 2019. Certificates of deposit are insured by the FDIC up to \$250,000.

Pledges receivable – The pledges receivable consist of donor promises to give. It is the Organization's policy to charge off uncollectible pledges receivable when management determines the pledge will not be collected. As of June 30, 2019 and 2018, all pledges are considered collectible.

Conditional promises to give – During the year ended June 30, 2019, the Organization received an unrestricted grant of \$50,000 that contained a donor condition requiring matching funds to be raised. Since the grant represents conditional promises to give, it is not recorded as a contribution revenue until the donor conditions are met.

Inventory - Inventory is comprised of gift cards and is stated at cost.

Property and equipment - Property and equipment are stated at cost or fair market value at the date of donation, if donated. Depreciation is calculated on a straight line basis over the estimated useful lives of the depreciable assets of 3 to 5 years. Repairs and maintenance are charged to expense as incurred. It is the Organization's policy to capitalize all property and equipment greater than or equal to a cost or fair value of \$1,000. When items of property and equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts, and any gain or loss is recognized in the current period financial statements.

Revenue recognition - The financial statements of the Organization are presented on the accrual method of accounting. Under this method of accounting, revenues are recognized when earned or a donor makes a promise to give that is, in substance, unconditional. Revenue from cost reimbursement of grants is generally recorded when the costs are billed to the granting agency.

SUPPORT THE ENLISTED PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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Donor-imposed restrictions - All contributions received are considered to be without donor restrictions and available for general use unless designated by the donor for a specific purpose. Amounts received designated for future periods or restricted by the donor for specific purpose are reported as an increase in net assets with donor restrictions. 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 and changes in net assets as net assets released from restrictions. If a restriction is fulfilled in the same period in which the contribution is received, the support is reported as net assets with donor restrictions and then released from restriction in the same period.

In-kind goods - The Organization recognizes the value of donated goods by recording the donations at fair value. The fair value of donated goods has been measured on a nonrecurring basis using quoted prices for similar financial statement elements in inactive markets (Level 2 inputs). See note 6 for additional information.

In-kind services - The Organization follows standards relating to contributions received and contributions made as consistent with FASB codification. These standards require recording the value of donated services that create or enhance non-financial assets or require specialized skills. Volunteers have contributed significant amounts of their time to activities of the Organization; however, only the services that meet the above requirements are recorded in the financial statements. The fair value of donated services has been measured on a nonrecurring basis using quoted prices for similar financial statement elements in inactive markets (Level 2 inputs). See note 6 for additional information.

Advertising - Advertising expenses are charged to expense as incurred.

Functional expense allocation – The Organization allocates its expenses on a functional basis among its program and support services. Directly identifiable expenses are charged to program and supporting services. There are certain categories of expenses that are attributable to more than one program or supporting function and require allocation on a reasonable basis. Expenses like compensation and benefits, utilities, advertising and marketing and rent are allocated on the basis of estimates of time and effort. Other expenses related to more than one function are charged to program and supporting services on the basis of periodic and expense studies.

Income taxes - The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law, and contributions to it are tax deductible within the limitations prescribed by the Code.

The Organization follows accounting standards which provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. Management has considered its tax position and believes that all of the positions taken in its exempt organization tax returns are more likely than not to be sustained upon examination. As of June 30, 2019, the Organization has no accrued interest or penalties related to uncertain tax positions. The Organization files tax returns in the U.S. Federal jurisdiction and the State of California.

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NOTES TO THE FINANCIAL STATEMENTS
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In August 2016, FASB issued Accounting Standard Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The ASU is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. The ASU is to be applied retroactively with transition provisions. The Organization's management elected to adopt this ASU effective in the year ending June 30, 2019.

The new standards change the following aspects of the Organization's financial statements:

- The temporarily restricted net asset class has been renamed net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements include a new disclosure about liquidity and availability of resources (note 9)
- Net asset and functional expense disclosures were expanded (note 5)

NOTE 3 PROPERTY AND EQUIPMENT

Major categories of property and equipment are summarized as follows:

	2019	2018
Vehicles	\$ 110,721	\$ 79,193
Office equipment	8,981	8,981
Furniture and fixtures	4,552	4,552
	124,254	92,726
Accumulated depreciation	(70,692)	(62,137)
	<u>\$ 53,562</u>	<u>\$ 30,589</u>

Depreciation expense was \$8,555 and \$318 for the years ended June 30, 2019 and 2018, respectively.

NOTE 4 ACCRUED LIABILITIES

Accrued liabilities consisted of the following:

	2019	2018
Credit cards payable	\$ 27,850	\$ 18,820
Accrued vacation	23,178	17,679
Accrued payroll taxes	11,327	9,846
Accrued payroll	31,444	27,241
Funds held in trust for joint events	20,871	18,895
Employee Development	5,000	-
	<u>\$ 119,670</u>	<u>\$ 92,481</u>

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 5 NET ASSETS

Net assets were available for the following purposes as of June 30:

	<u>2019</u>	<u>2018</u>
With donor restrictions:		
Subject to expenditure for specific purpose:		
General program restrictions	\$ 67,059	\$ 2,789
Without donor restrictions		
Unrestricted and undesignated	408,976	437,214
Total net assets	<u><u>\$ 476,035</u></u>	<u><u>\$ 440,003</u></u>

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by donors during the years ended June 30 are as follows:

	<u>2019</u>	<u>2018</u>
Purpose restrictions accomplished:		
Operational assistance	\$ 86,184	\$ 64,938
Emergency financial assistance	26,576	11,495
Baby supplies	17,000	2,200
School supplies	5,500	-
Active duty assistance	-	4,223
	<u><u>\$ 135,260</u></u>	<u><u>\$ 82,856</u></u>

The change as a result of the new accounting pronouncements as outlined in note 2 have the following effects on the net assets at June 30, 2018:

<u>Net asset class</u>	<u>As originally presented</u>	<u>After adoption of ASU 2016-14</u>
Unrestricted net assets	\$ 437,214	\$ -
Temporarily restricted net assets	2,789	-
Net assets without donor restrictions	-	437,214
Net assets with donor restrictions	-	2,789
	<u><u>\$ 440,003</u></u>	<u><u>\$ 440,003</u></u>

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NOTE 6 IN-KIND GOODS AND SERVICES

Donated goods of \$619,745 and \$734,412 were recognized for the years ended June 30, 2019 and 2018, respectively, which included clothing, event tickets, gift cards, household items, infant items, school supplies and toys. Donated services of \$192,213 and \$146,219 were recognized for the years ended June 30, 2019 and 2018, respectively, which included facilities, auto repair, outside services and professional services.

Donated services include, donated office and warehouse space valued at \$117,421 and \$72,341 for the years ended June 30, 2019 and 2018, respectively. These amounts are included under occupancy on the statements of functional expenses.

NOTE 7 OTHER SECONDARY SUPPORT PROGRAMS

Other secondary support programs consist of the following:

	2019	2018
Clothing, toys, school and household items	\$ 164,797	\$ 221,602
Event Tickets	16,485	12,203
Gift Cards	5,255	46,844
Office Furniture	-	150
	<u>\$ 186,537</u>	<u>\$ 280,799</u>

NOTE 8 SPECIAL EVENTS

Special event revenues and expenses consist of the following for the years ended June 30:

	2019	2018
Revenue:		
Donations	\$ 54,700	\$ 22,077
Sponsorship	31,500	16,000
Ticket sales	19,605	5,014
Auction	7,600	4,582
	<u>113,405</u>	<u>47,673</u>
Expenses:		
Direct benefit to donor	8,293	3,162
Other expenses	32,479	11,454
	<u>40,772</u>	<u>14,616</u>
Net special events revenue	<u>\$ 72,633</u>	<u>\$ 33,057</u>

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NOTE 9 COMMITMENTS

The Organization leases its office space in San Diego under an operating lease. In August 2015, the Organization entered into a 39 month operating lease agreement for office equipment. In August 2018 the Organization renewed its existing operating lease agreement for office equipment for an additional 39 months. Minimum future lease contract payments under non-cancelable operating leases and contracts having remaining terms in excess of one year for the years ended June 30 are as follows:

2020	\$	42,542
2021		1,031
2022		1,031
2023		344
	\$	<u>44,949</u>

The rent expense under the office space agreement described above for the years ending June 30, 2019 and 2018 was \$44,821 and \$41,712, respectively.

NOTE 10 LIQUIDITY AND AVAILABILITY

The Organization is substantially supported by contributions without restrictions. Contributions and expenses are monitored on a monthly basis by the Organization's leadership and board. The level of assets are monitored on a quarterly basis. The Organization has historically had an average of \$1,000,000 in donations without restrictions every year. The Organization's goal is to be able to function within the boundaries of the income received throughout the year.

Occasionally, the Organization receives contributions with restrictions. As of June 30, 2019, the Organization has approximately \$500,000 of net assets, of which \$67,000 is classified as net assets with donor restrictions (see note 5). These restricted funds can be used for expenditures within the guidelines established by the donor with time or purpose restrictions. Amounts without restrictions total in excess of \$409,000 as of June 30, 2019.

As part of the Organization's liquidity management, it has structured its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization manages its liquidity following these guiding principles: operating within a prudent range of financial stewardship and stability and maintaining adequate liquid assets to fund near-term operating needs, to provide reasonable assurance that long-term obligations will be discharged. For evaluating financial assets that meet the criteria for general expenditures over the next fiscal year, the Organization considers all expenditures related to its program activities including services performed to facilitate those activities to be general expenditures.

The following reflect the Organization's financial assets as of June 30, 2019, reduced by the amounts not available for general expenditures because of donor-imposed restrictions within one year of the statement of financial position date:

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NOTES TO THE FINANCIAL STATEMENTS
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Financial assets, at year-end	
Cash	\$ 212,949
Certificates of deposit	210,731
Pledges receivable	<u>108,360</u>
	532,040
Less those unavailable for general expenditures within one year due to contractual or donor-imposed restrictions	
Donor-restricted to specific programs	(29,059)
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 502,981</u></u>

NOTE 11 SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through December 23, 2019, the date which the financial statements were available to be issued. There were no material subsequent events which affected the amounts or disclosures in the financial statements.