

VENTURES

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2018 AND 2017



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Ventures
Seattle, Washington

We have audited the accompanying financial statements of Ventures (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, 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.

Auditors' 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 Ventures as of December 31, 2018 and 2017, 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.

Jones & Associates PLLC, CPAs
June 27, 2019

VENTURES
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

	2018	2017
ASSETS		
Cash and cash equivalents	\$ 1,182,550	\$ 1,026,007
Cash - microloan revolving account	75,077	170,008
Cash - restricted for IDA program	84,108	104,731
Investments	-	20,492
Loans receivable, net	215,266	69,169
Loan loss reserve fund	33,439	35,768
Government grants receivable	79,675	100,627
Contributions receivable	332,250	425,610
Prepaid expenses and other	7,231	16,984
Property and equipment, net	73,444	97,177
	\$ 2,083,040	\$ 2,066,573
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 13,191	\$ 20,404
Accrued payroll and related liabilities	74,161	71,563
Group fund deposits	1,175	1,175
IDA matching funds payable	15,727	36,349
Notes payable	236,815	220,601
	341,069	350,092
 NET ASSETS		
Without donor restrictions		
Undesignated	1,026,392	773,656
Board designated operating reserve	257,170	250,000
	1,283,562	1,023,656
With donor restrictions	458,409	692,825
	1,741,971	1,716,481
	\$ 2,083,040	\$ 2,066,573

VENTURES
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Government grants	\$ 425,275	\$ -	\$ 425,275
Contributions	663,859	297,917	961,776
Special events	50,079	-	50,079
In-kind contributions	24,218	-	24,218
Retail service fees	147,319	-	147,319
Program fees	47,008	-	47,008
Investment return and other income	26,310	-	26,310
	<u>1,384,068</u>	<u>297,917</u>	<u>1,681,985</u>
Net assets released from restriction			
Satisfaction of purpose restrictions	282,333	(282,333)	-
Satisfaction of time restrictions	250,000	(250,000)	-
	<u>1,916,401</u>	<u>(234,416)</u>	<u>1,681,985</u>
EXPENSES			
Program	1,252,821	-	1,252,821
Management and general	204,264	-	204,264
Fundraising	199,410	-	199,410
Total expenses	<u>1,656,495</u>	<u>-</u>	<u>1,656,495</u>
CHANGE IN NET ASSETS	259,906	(234,416)	25,490
NET ASSETS			
Beginning of the year	<u>1,023,656</u>	<u>692,825</u>	<u>1,716,481</u>
End of the year	<u>\$ 1,283,562</u>	<u>\$ 458,409</u>	<u>\$ 1,741,971</u>

VENTURES
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Government grants	\$ 737,631	\$ -	\$ 737,631
Contributions	585,047	687,500	1,272,547
In-kind contributions	50,807	-	50,807
Retail service fees	123,653	-	123,653
Program fees	38,153	-	38,153
Investment return and other income	21,561	-	21,561
	<u>1,556,852</u>	<u>687,500</u>	<u>2,244,352</u>
Net assets released from restriction			
Satisfaction of purpose restrictions	300,929	(300,929)	-
	<u>1,857,781</u>	<u>386,571</u>	<u>2,244,352</u>
EXPENSES			
Program	1,238,304	-	1,238,304
Management and general	169,884	-	169,884
Fundraising	138,761	-	138,761
Total expenses	<u>1,546,949</u>	<u>-</u>	<u>1,546,949</u>
CHANGE IN NET ASSETS	310,832	386,571	697,403
NET ASSETS			
Beginning of the year	<u>712,824</u>	<u>306,254</u>	<u>1,019,078</u>
End of the year	<u>\$ 1,023,656</u>	<u>\$ 692,825</u>	<u>\$ 1,716,481</u>

VENTURES
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018

	Program Services				Support Services		
	Core Training	Core Incubation	Capital	Total	Management and General	Fundraising	Total
Salaries and wages	\$ 415,152	\$ 105,266	\$ 293,034	\$ 813,452	\$ 72,260	\$ 103,685	\$ 989,397
Payroll taxes and benefits	90,668	22,537	65,233	178,438	15,456	23,734	217,628
	505,820	127,803	358,267	991,890	87,716	127,419	1,207,025
Facilities	30,803	59,152	15	89,970	31,192	2,245	123,407
Professional and contract	48,321	4,341	6,785	59,447	48,974	12,679	121,100
Office supplies and equipment	2,632	5,672	2,756	11,060	19,556	4,411	35,027
Fundraising	652	2,128	-	2,780	-	29,033	31,813
Professional development	2,967	1,629	4,124	8,720	7,877	12,213	28,810
Program supplies	15,178	2,091	3,391	20,660	2,314	1,539	24,513
Depreciation	14,884	-	-	14,884	1,722	1,435	18,041
Miscellaneous	14,300	9	3,143	17,452	220	-	17,672
Communications	14	418	10,212	10,644	697	3,995	15,336
Bank charges and credit card fees	155	7,507	4	7,666	-	1,753	9,419
Travel and entertainment	3,375	1,963	1,622	6,960	-	2,217	9,177
Insurance	3,324	1,401	368	5,093	1,691	405	7,189
State and local taxes	581	2,126	-	2,707	1,255	66	4,028
Interest	-	145	2,743	2,888	1,050	-	3,938
	\$ 643,006	\$ 216,385	\$ 393,430	\$ 1,252,821	\$ 204,264	\$ 199,410	\$ 1,656,495

See accompanying notes to financial statements.

VENTURES
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017

	Support Services			Total
	Program	Management and General	Fundraising	
Salaries and wages	\$ 760,854	\$ 32,137	\$ 88,386	\$ 881,377
Payroll taxes and benefits	150,783	20,523	13,767	185,073
	911,637	52,660	102,153	1,066,450
Facilities	79,376	28,409	3,117	110,902
Professional and contract	147,901	51,186	8,370	207,457
Office supplies and equipment	20,918	8,860	11,595	41,373
Professional development	6,056	14,274	7,984	28,314
Program supplies	22,079	1,753	-	23,832
Depreciation	10,376	2,076	2,075	14,527
Miscellaneous	1,752	239	1,950	3,941
Communications	19,043	2,062	372	21,477
Bank charges and credit card fees	5,502	-	643	6,145
Travel and entertainment	5,848	433	231	6,512
Insurance	3,170	7,011	-	10,181
State and local taxes	1,625	845	-	2,470
Interest	3,021	76	271	3,368
	<u>\$ 1,238,304</u>	<u>\$ 169,884</u>	<u>\$ 138,761</u>	<u>\$ 1,546,949</u>

VENTURES
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from grants, contributions, and fees	\$ 1,745,769	\$ 1,947,185
Cash received from interest and other income	20,688	7,179
Cash paid to employees and suppliers	(1,629,720)	(1,489,371)
	136,737	464,993
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(17,686)	(81,084)
Proceeds from sale of food truck	29,000	-
Purchase of investments	-	(111,132)
Sales of investments	20,492	105,022
Net decrease (increase) in loans receivable	(146,097)	38,126
Net decrease in loan loss reserve fund	2,329	3,168
	(111,962)	(45,900)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on notes payable	(28,786)	(27,329)
Proceeds from issuance of notes payable	45,000	35,000
	16,214	7,671
NET CHANGE IN CASH AND CASH EQUIVALENTS	40,989	426,764
CASH AND CASH EQUIVALENTS		
Beginning of the year	1,300,746	873,982
End of the year	\$ 1,341,735	\$ 1,300,746
RECONCILIATION TO CASH ACCOUNTS		
Cash and cash equivalents	\$ 1,182,550	\$ 1,026,007
Cash - microloan revolving account	75,077	170,008
Cash - restricted for IDA program	84,108	104,731
	\$ 1,341,735	\$ 1,300,746

See accompanying notes to financial statements.

VENTURES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note 1 – Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities – Ventures (the Organization) is a Washington non-profit corporation incorporated in 1995. The mission of the Organization is to provide the business training, supportive community and capital to help enterprising individuals with limited financial resources gain self-sufficiency through small business ownership.

Basis of Accounting and Presentation – The financial statements of the Organization have been prepared on the accrual basis of accounting and 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 – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restriction. There were no net assets with donor-imposed restrictions that are perpetual in nature at December 31, 2018 and 2017.

Cash and Cash Equivalents – For purposes of the statements of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents. At December 31, 2018 and 2017, cash and cash equivalents consist of checking, savings and money market accounts. At times, cash and cash equivalents may exceed federally insured limits. The Organization has not experienced any losses in these accounts, and management does not believe it is exposed to any significant credit risk.

Investments – The Organization carries investments with readily determinable fair values at their fair values in the statement of financial position. Investment return is included in net assets without donor restrictions in the accompanying statement of activities. Investments consist of equities at December 31, 2017.

Fair Value Measurements – Fair value is defined as the price received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Accounting standards establish a hierarchy for measuring fair value that gives the highest priority to unadjusted quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3).

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note 1 – Nature of Activities and Summary of Significant Accounting Policies (continued)

The three levels of the fair value hierarchy are as follows:

- Level 1 Unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2 Quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or liabilities in inactive markets, or other inputs that can be corroborated by observable market data.
- Level 3 Inputs that are not observable that reflect management’s assumptions and estimates.

Fair value measurements apply to the Organization’s equity investments, which are classified within level 1 of the fair value hierarchy.

Loans Receivable and Loan Loss Reserve Fund – The Organization offers loans to its program participants, which are made up of low-income individuals. Loans are held for investment and are reported at the principal amount outstanding. Allowances for estimated losses for participant loans are established based on a credit quality indicator determined based on repayment status and delinquency status. Loan balances are written off only when they are deemed to be permanently uncollectible. The funds held for loan loss reserve are maintained in cash equivalents.

Government Grants Receivable – Government grants receivable includes amounts due from government agencies and are due within one year. No allowance for uncollectible balances has been established by management based upon the Organization’s historical experience in the collection of balances due.

Contributions Receivable – Contributions receivable from foundations and other grantors are recognized as revenues or gains in the period to which they are committed and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional pledges receivable are recognized only when the conditions on which they depend are substantially met and the pledge becomes unconditional. No discount for contributions receivable that are expected to be collected in more than one year has been recorded by management as the amount is deemed insignificant to the financial statements as a whole. No allowance for uncollectible balances has been established by management based upon the Organization’s historical experience in the collection of balances due.

Property and Equipment – Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over a period of 3 to 15 years. The Organization follows a policy whereby it capitalizes purchases of property and equipment over \$1,000 that provides future benefits over a period longer than one year.

Group Fund Deposits – Group fund deposits represent the liability for the deposits made by members of the Business Group program.

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note 1 – Nature of Activities and Summary of Significant Accounting Policies (continued)

IDA Matching Funds Payable and Cash Restricted for IDA Program – IDA matching funds payable represents amounts received from government agencies to match amounts saved by individuals participating in the Assets for Independence/Individual Development Accounts program. Funds are held in a separate cash account which includes government funding as well as certain funds set aside by the Organization to be used in the match.

Revenue Recognition – Revenue is recognized when earned. Program and retail service fees received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions (including those received at special events) are recognized when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

The Organization operates a consignment store for its program participants. The Organization recognizes retail services fees revenue based on a percentage of the sales price when products are sold at point of sale and the title and risk of loss for products has passed to the customer.

In-kind Contributions – Donated goods and facilities are recorded as revenue at the estimated fair value at the date of donation. Donated services are recognized as revenue and corresponding expense at their estimated fair value when (a) the services received create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Expense Allocation – The statements of functional expenses present expenses by function and natural classification. Certain categories of expenses are attributed to more than one program or supporting function and have been allocated among the programs and supporting services benefited. The expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort spent.

Estimates – Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Income Tax Status – The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation under Section 509(a)(1).

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

New Accounting Pronouncement – On August 18, 2016, the FASB issued Accounting Standards update ASU 2016-14, Presentation of Financial Statements of Not-for-Profit Entities (Topic 958). The ASU amends the current reporting model for nonprofit organizations and enhances the required disclosures. Significant changes include presenting only two classes of net assets; adding disclosures around liquidity and the availability of resources; and providing additional information about expenses. The Organization has adopted the ASU for the year ended December 31, 2018 and has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Subsequent Events – Subsequent events were evaluated through June 27, 2019 which is the date the financial statements were available to be issued.

Note 2 – Liquidity

Financial assets available for general expenditure within one year of the statement of financial position date are as follows at December 31, 2018:

Financial Assets	
Cash and cash equivalents	\$ 1,375,174
Government grants and contributions receivable	411,925
Loans receivable	215,266
Total financial assets	<u>2,002,365</u>
Less those unavailable for general expenditures within one year:	
Cash restricted for microloans and IDA program	(159,185)
Cash restricted for loan loss reserve	(33,439)
Loans receivable to be collected in 2020 and beyond	(123,769)
Board reserve fund (unavailable without Board approval)	(257,170)
Financial assets available within one year	<u><u>\$ 1,428,802</u></u>

The Organization's cash flow fluctuates depending on timing of fundraising efforts, program delivery, grant award timing and major donor cultivation cycles. A pro forma cash flow is presented to the Ventures Finance Committee and Board monthly, as well as current, available cash. Liquidity is monitored by the Associate Director and Controller. The Organization has a Board Designated Reserve with the objective of setting funds aside to be drawn upon in the event of financial distress or an immediate liquidity need. The Organization also has a \$200,000 line of credit that could be drawn upon in the event of an unanticipated liquidity need.

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note 3 – Loans Receivable

Substantially all loans are unsecured. The loans receivable that result from the loans made with funds provided by the U.S. Small Business Administration (SBA) are subject to security interest in favor of the SBA. Loans are made to low income individuals to start their own businesses. Interest rates are variable. Start-up loans are funded by the SBA and U.S. Bancorp Community Development Corporation. Loans receivable consist of the following at December 31:

	2018	2017
Loans receivable in one year or less	\$ 106,441	\$ 34,911
Loans receivable in more than one year	123,769	50,392
Less allowance for uncollectible amounts	(14,944)	(16,134)
	\$ 215,266	\$ 69,169

There were \$3,143 and \$1,953 of loans charged off against the allowance, and provision made to the allowance, during the years ended December 31, 2018 and 2017, respectively. There were no loans over 30 days past due at December 31, 2018 and 2017. No loans have been placed in nonaccrual status, or identified as impaired or troubled debt restructured loans.

Note 4 – Contributions Receivable

Contributions receivable consist of the following at December 31:

	2018	2017
Receivables due in less than one year	\$ 332,250	\$ 320,610
Receivables due in one to five years	-	105,000
	\$ 332,250	\$ 425,610

Note 5 – Property and Equipment

Property and equipment consist of the following at December 31:

	2018	2017
Furniture and equipment	\$ 221,430	\$ 248,742
Leasehold improvements	62,451	62,451
Less accumulated depreciation	(210,437)	(214,016)
	\$ 73,444	\$ 97,177

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NOTES TO FINANCIAL STATEMENTS
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Note 6 – Notes Payable

Notes payable consist of the following at December 31:

	2018	2017
U.S. Small Business Administration:		
Note payable with award of \$150,000 dated February 2009, due in monthly installments of \$654, and non-interest bearing. Secured by microloan program. The note matured in February 2019 and was paid early.	\$ -	\$ 10,124
Note payable with award of \$100,000 dated October 2012, due in monthly installments of \$463, and non-interest bearing. Secured by microloan program. The note matures in December 2022.	50,805	62,721
Note payable with award of \$100,000 dated August 2015, due in monthly installments of \$907. Interest accrues at a base rate of 1.625%, subject to certain reductions. Secured by microloan program. The note matures in August 2025.	56,010	62,756
Note payable with award of up to \$100,000 dated July 2018, due in monthly installments of \$985. Interest accrues at a base rate of 2.625%, subject to certain reductions. Secured by microloan program. The note matures in July 2028.	45,000	-
Plymouth Congregational Church:		
Unsecured note payable with an original balance \$85,000 dated June 2011, including interest at 2% due quarterly with a balloon payment at maturity of March 2022.	85,000	85,000
	\$ 236,815	\$ 220,601

Principal payments on notes payable are scheduled as follows for the years ending December 31:

2019	\$ 30,713
2020	30,827
2021	30,943
2022	116,922
2023	7,445
Thereafter	19,965
	\$ 236,815

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note 6 – Notes Payable (continued)

The U.S. Small Business Administration (SBA) notes payable include the following requirements:

- a. a non-drawn, non-federal source of cash matching contribution of 15 percent of the amount of the disbursement requested,
- b. a loan loss reserve fund established and maintained at a minimum of 15 percent of the total outstanding principal amount due on all microloan notes receivable in a segregated bank account,
- c. a microloan revolving fund established in a segregated bank account.

The SBA notes payable are collateralized by a security interest in all funds held in the Microloan Revolving Fund, all funds held in the Loan Loss Reserve Fund and all microloan notes receivable from funds disbursed from funds received from the SBA.

Note 7 – Net Assets With Donor Restrictions

Net assets with donor restriction are composed of the following restrictions at December 31:

	<u>2018</u>	<u>2017</u>
Micro-business incubation expansion and replication	\$ 297,917	\$ -
Fundraising capacity	160,492	260,492
Program capacity	-	200,000
For use in subsequent years	-	187,500
Relations manager compensation	-	24,833
Savers Club program	-	20,000
	<u>\$ 458,409</u>	<u>\$ 692,825</u>

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note 8 – In-Kind Contributions

In-kind contributions are composed of the following for the years ended December 31:

	2018	2017
Professional and contract services	\$ 14,375	\$ 50,153
Goods and supplies	7,343	654
Facilities	2,500	-
	\$ 24,218	\$ 50,807
	2018	2017
Program	\$ 2,500	\$ 50,407
Management and general	25	-
Fundraising	21,693	400
	\$ 24,218	\$ 50,807

Note 9 – Lease Commitments

The Organization leases equipment, and office and retail space, with various terms through December 2022. Retail space terms include a base rent and/or additional rents based on a percentage of sales. Total rent expense (including additional rents for percentages of sales, common area charges, utilities, and other month to month leases) totaled \$121,535 and \$110,902 for the years ended December 31, 2018 and 2017, respectively. Future minimum lease payments (excluding percentage based rents as amounts are indeterminable) are as follows for the years ending December 31:

2019	\$ 58,809
2020	44,604
2021	43,164
2022	41,748
	\$ 188,325

Note 10 – Line of Credit

The Organization has a \$200,000 unsecured line of credit payable to a financial institution that renews each year in December. The line of credit charges variable interest. The Organization has no outstanding borrowings against this line of credit at December 31, 2018 and 2017.

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NOTES TO FINANCIAL STATEMENTS
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Note 11 – Retirement Plan

The Organization established a discretionary defined contribution retirement plan qualified under Section 403(b) of the Internal Revenue Code for all full and part-time office employees. Employees are eligible on the first of the month following their date of hire unless the date of hire is the first of the month, in which case they are eligible on the date of hire. The Organization contributed \$18,168 and \$15,183 to the plan during the years ended December 31, 2018 and 2017, respectively.

Note 12 – Concentrations

At December 31, 2018, 67% of government grants receivable was due from one government agency, and 83% of contributions receivable was due from two donors. At December 31, 2017, 64% of loans receivable was due from two borrowers, 66% of government grants receivable was due from one government agency, and 82% of contributions receivable was due from two donors.

During the year ended December 31, 2018, 21% of total support and revenue was received from one donor. During the year ended December 31, 2017, 27% of total support and revenue was earned from two government agencies and 27% of total support and revenue was received from two donors.

Note 13 – Conditional Pledge

The Organization received notice of a multi-year grant award for \$117,000 in November 2016. During the 18 months ended December 31, 2016, \$78,000 was recognized as revenue. The remainder of the award, \$39,000, is contingent on the Organization's completion of terms and conditions set forth in the grant. No revenue was recognized in 2017. In 2018, \$19,000 was received and recognized as revenue. The final payment of \$20,000 is expected to be received in 2019. As the \$20,000 remainder represents a conditional promise to give, this portion of the award will not be recognized as revenue until the grantor conditions are met.