Northside Achievement Zone

Financial Statements
Together with
Independent Auditors' Report

June 30, 2018

NORTHSIDE ACHIEVEMENT ZONE

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OlsenThielen & Co., Ltd.
CPAS AND ADVISORS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Northside Achievement Zone
Minneapolis, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of Northside Achievement Zone (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018 and 2017, and the related statement of activities, cash flows and functional expenses 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 Northside Achievement Zone as of June 30, 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.

Olsen Thielen + Co., Ltd

Roseville, Minnesota
September 19, 2018

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NORTHSIDE ACHIEVEMENT ZONE

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

ASSETS

	2018	2017
CURRENT ASSETS:		
Cash	**$ 3,117,575**	$ 9,273,420
Grants and Contributions Receivable, net	**3,458,337**	2,951,132
Other Receivables	**11,716**	47,350
Prepaid Expenses	**86,229**	79,467
Total Current Assets	**6,673,857**	12,351,369
INVESTMENTS	**6,348,904**	–
PROPERTY AND EQUIPMENT:		
Furniture and Equipment	**143,990**	136,477
Less Accumulated Depreciation	**133,355**	127,851
Net Property and Equipment	**10,635**	8,626
OTHER LONG-TERM ASSETS:		
Grants and Contributions Receivable, Net	**2,154,751**	1,526,000
Security Deposits	**1,540**	1,540
Total Other Assets	**2,156,291**	1,527,540
TOTAL ASSETS	**$ 15,189,687**	$ 13,887,535

LIABILITIES AND NET ASSETS

	2018	2017
CURRENT LIABILITIES:		
Accounts Payable	**$ 550,861**	$ 313,068
Accrued Expenses	**302,707**	295,050
Total Current Liabilities	**853,568**	608,118
NET ASSETS:		
Unrestricted Net Assets	**5,430,464**	5,430,464
Temporarily Restricted Net Assets	**8,905,655**	7,848,953
Total Net Assets	**14,336,119**	13,279,417
TOTAL LIABILITIES AND NET ASSETS	**$ 15,189,687**	$ 13,887,535

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

NORTHSIDE ACHIEVEMENT ZONE

STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018			2017		
	Unrestricted	**Temporarily Restricted**	**Total**	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUES:						
Government Grants	**$ 1,740,613**	**$**	**$ 1,740,613**	$ 4,220,122	$	$ 4,220,122
Contributions:						
Individuals	**728,411**	**2,274,250**	**3,002,661**	421,175	940,000	1,361,175
Congregations	**4,032**		**4,032**	8,893		8,893
Corporations	**302,758**	**15,000**	**317,758**	202,048	250,000	452,048
Foundations	**2,443,462**	**3,972,798**	**6,416,260**	6,123,449	2,816,000	8,939,449
Investment Loss	**(66,748)**		**(66,748)**			
Miscellaneous	**10,663**		**10,663**	15,064		15,064
Contributed Services	**26,864**		**26,864**	10,048		10,048
Net Assets Released from Restrictions	**5,205,346**	**(5,205,346)**	**–**	3,353,887	(3,353,887)	–
Total Support and Revenues	**10,395,401**	**1,056,702**	**11,452,103**	14,354,686	652,113	15,006,799
EXPENSES:						
Program Services	**8,312,990**		**8,312,990**	7,793,718		7,793,718
Management and General	**1,160,360**		**1,160,360**	1,285,468		1,285,468
Fundraising	**922,051**		**922,051**	1,022,283		1,022,283
Total Expenses	**10,395,401**	**–**	**10,395,401**	10,101,469	–	10,101,469
CHANGE IN NET ASSETS	**–**	**1,056,702**	**1,056,702**	4,253,217	652,113	4,905,330
NET ASSETS, Beginning of Period	**5,430,464**	**7,848,953**	**13,279,417**	1,177,247	7,196,840	8,374,087
NET ASSETS, End of Period	**$ 5,430,464**	**$ 8,905,655**	**$ 14,336,119**	$ 5,430,464	$ 7,848,953	$ 13,279,417

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

NORTHSIDE ACHIEVEMENT ZONE

STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	**$ 1,056,702**	$ 4,905,330
Adjustments to Reconcile Change in Net Assets to Net Cash Flows From Operating Activities:		
Depreciation	**5,504**	23,660
Realized Losses on Investments, Net	**30,132**	–
Unrealized Losses on Investments, Net	**123,853**	–
Changes in Assets and Liabilities:		
Grants and Contributions Receivable	**(1,135,956)**	1,264,825
Other Receivables	**35,634**	183,689
Prepaid Expenses	**(6,762)**	11,923
Accounts Payable	**237,793**	82,381
Accrued Expenses	**7,657**	14,263
Net Cash Flows From Operating Activities	**354,557**	6,486,071
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Investments	**(9,518,150)**	–
Sales of Investments	**3,015,261**	–
Purchases of Property and Equipment	**(7,513)**	(3,890)
Net Cash Flows From Investing Activities	**(6,510,402)**	(3,890)
NET CHANGE IN CASH	**(6,155,845)**	6,482,181
CASH at Beginning of Period	**9,273,420**	2,791,239
CASH at End of Period	**$ 3,117,575**	$ 9,273,420

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

NORTHSIDE ACHIEVEMENT ZONE

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018				2017			
	Program Services	**Management and General**	**Fundraising**	**Total**	Program Services	Management and General	Fundraising	Total
Personnel Costs:								
Salaries and Wages	**$ 3,099,908**	**$ 507,128**	**$ 428,885**	**$ 4,035,921**	$ 3,084,507	$ 503,858	$ 516,809	$ 4,105,174
Payroll Taxes and Benefits	**982,207**	**192,749**	**82,450**	**1,257,406**	1,049,133	202,166	123,845	1,375,144
Total Personnel Costs	**4,082,115**	**699,877**	**511,335**	**5,293,327**	4,133,640	706,024	640,654	5,480,318
Contracted Services	**3,591,380**	**215,679**	**200,396**	**4,007,455**	2,970,748	209,156	184,970	3,364,874
Occupancy	**311,024**	**79,277**	**66,476**	**456,777**	359,969	82,369	50,860	493,198
Program	**201,464**	**–**	**–**	**201,464**	189,382	–	–	189,382
Travel and Meetings	**31,105**	**26,356**	**97,813**	**155,274**	48,062	17,647	90,585	156,294
Marketing and Communications	**–**	**19,799**	**–**	**19,799**	4,795	19,160	–	23,955
Office Supplies	**26,207**	**27,166**	**8,288**	**61,661**	21,827	20,458	15,199	57,484
Miscellaneous	**563**	**11,986**	**10,727**	**23,276**	6,379	7,608	7,398	21,385
Bad Debt Expense	**–**	**40,000**	**–**	**40,000**	–	182,289	–	182,289
Staff Training and Development	**29,425**	**7,807**	**1,100**	**38,332**	15,151	5,439	2,233	22,823
Legal Services	**15,585**	**21,372**	**22,000**	**58,957**	26,046	5,056	28,220	59,322
Operations	**24,122**	**11,041**	**3,916**	**39,079**	17,719	30,262	2,164	50,145
TOTAL EXPENSES	**$ 8,312,990**	**$ 1,160,360**	**$ 922,051**	**$ 10,395,401**	$ 7,793,718	$ 1,285,468	$ 1,022,283	$ 10,101,469

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

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Northside Achievement Zone (NAZ) exists to end generational poverty and build a culture of achievement in North Minneapolis where all low-income children of color graduate from high school, college, and career-ready. We accomplish this through collaboration with parents, community organizations, and schools.

NAZ is a collaborative of more than 30 Northside nonprofits and six schools that are committed to building measurable and lasting change in the toughest of neighborhoods. In total there are 970 families with 2,100 children enrolled in NAZ.

Through NAZ, two generations of Northsiders are leading themselves out of poverty.

- Children focus on building their own academic goals, and they are supported both in school and outside of school.
- Parents are advocating for their children and actively leading them on a path to college, starting at birth.
- Families are surrounded by a team, including trained family coaches from North Minneapolis that provide the connections they need to reach their goals.

In its first year there was a statistically significant difference in math and reading proficiency across all grades (1st - 8th grade), between NAZ and non-NAZ scholars. Our most recent set of data shows that:

- NAZ scholars are outperforming other comparable Northside students in every grade (K-8).
- NAZ scholars in most anchor schools are outperforming those in other schools.
- More NAZ is better. NAZ scholars are twice as likely to be proficient in math with two (or more layers) of support.
- NAZ children were significantly more prepared for kindergarten than their peers.

In the NAZ collaborative nonprofits and schools are working together to provide families with streamlined resources. We continuously measure student and family outcomes to ensure that we are building the most effective system of supports to close the achievement gap permanently.

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

The Organization's financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Revenues, expenses, gains and losses, and net assets are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets of the Organization and related changes are classified and reported as follows:

Unrestricted Net Assets - Resources over which the Board of Directors has discretionary control.

Temporarily Restricted - Resources received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted - Those resources subject to donor imposed restrictions which will be maintained permanently by the Organization. The Organization had no permanently restricted net assets at June 30, 2018 and 2017.

Accounting Estimates

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

In preparing these financial statements, the Organization has evaluated for recognition or disclosure the events or transactions that occurred through September 19, 2018, the date the financial statements were available to be issued.

Grants and Contributions Receivable

Contributions receivable consists of unconditional promises to give and are recognized as revenue in the period made. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions to be received after one year are discounted using present value of future cash flows. Amortization of discounts is recorded as additional contribution revenue. An allowance for uncollectible contributions receivable is provided based upon management's judgment including such factors as prior collection history. The uncollectible allowance was $40,000 and $0 at June 30, 2018 and 2017.

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants and Contributions Receivable (Continued)

Grants and contributions receivable at June 30, 2018 consist of $440,522 of reimbursable expenditures incurred under the Organization's government grant awards and $5,172,566 from private donors. Grants and contributions receivable at June 30, 2017 consist of $539,132 of reimbursable expenditures incurred under the Organization's government grant award and $3,938,000 from private donors.

Property and Depreciation

Property and equipment are recorded at original cost. Additions, improvements or major renewals are capitalized. If items of property are sold, retired or otherwise disposed of, they are removed from the asset and accumulated depreciation accounts and any gains or losses thereon are reflected in operations. Donated property and equipment are carried at the approximate fair value at the date of donation.

Depreciation is computed using the straight-line method at rates based on the estimated service lives of the various assets as follows:

Computer Equipment	5 Years
Furniture	7 Years

Investments

Investments in marketable securities are stated at fair value, which is determined by quoted market prices in active markets. Realized and unrealized gains and losses are included in the statement of activities. Realized gains and losses are determined using the specific identification method. Interest and dividend income are reported as income when earned.

Revenue Recognition

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-imposed contributions are reported as temporarily restricted net assets, even if it is anticipated such restrictions will be met in the current reporting period.

Government grants are recognized when earned. Revenue is earned when eligible expenditures, as defined in each grant are made. Expenditures under government grants are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these grants, the Organization will record such disallowance at the time the final assessment is made.

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributed Services

Donated services are recognized for services that create or enhance nonfinancial assets or require specialized skills, are provided by individuals and organizations possessing those skills, and would ordinarily be purchased if not provided by donation. Contributed services, including promises to give, that do not meet these criteria are not recognized.

Many individuals have donated time and services to advance the Organization’s programs and objectives. The value of these services has not been recorded in the financial statements because it does not meet the definition of recognition under generally accepted accounting principles.

The expense associated with the donated services consist of contributed legal and consulting services and supplies in the amount of $26,864 in 2018 and $10,048 in 2017.

Income Taxes

The Organization is exempt from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue Code, therefore, the statements do not include a provision for income taxes.

The Organization reviews income tax positions taken or expected to be taken in income tax returns to determine if there are any income tax uncertainties. This includes positions that the entity is exempt from income taxes or not subject to income taxes on unrelated business income. The Organization recognizes tax benefits from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by taxing authorities, based on the technical merits of the positions. The Organization has identified no significant income tax uncertainties. The Organization files information returns as a tax-exempt organization. Should that status be challenged in the future, all years since inception could be subject to review by the IRS.

Functional Allocation of Expenses

The Organization allocates its expenses on a functional basis among the various elements of its Promise Neighborhood program, and support services. Expenses that can be identified with a specific program element are allocated directly according to their natural expenditure classification.

Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash. The Organization places its cash with high credit quality financial institutions and, by policy, generally limits the amount of credit exposure to any one financial institution. As of June 30, 2018, the Organization had no significant concentrations of credit risk.

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

Under generally accepted accounting principles as outlined in the Financial Accounting Standards Board's Accounting Standards Codification (ASC) 820, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The accounting standards establish a three-level fair value hierarchy that prioritizes information used in developing assumptions when pricing an asset or liability as follows:

Level 1 - Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. The inputs include those traded on an active exchange, such as New York Stock Exchange, as well as U.S. Treasury and other U.S. government securities that are traded by dealers or brokers in active over-the-counter markets.

Level 2 - Financial assets and liabilities are valued using inputs that are quoted prices for similar assets, or inputs that are observable market data. Level 2 includes private collateralized mortgage obligations, municipal bonds, and corporate debt securities.

Level 3 - Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset.

The fair values of the Organization's investments were determined based on inputs as presented in Note 4.

Recently Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606),* which provides guidance for accounting for revenue from contracts with customers. The new guidance outlines a single comprehensive model for organizations to use in accounting for revenue from contracts with customers. This ASU is effective for annual and interim periods beginning after December 15, 2018 with early adoption permitted. It can be adopted using either a retrospective approach or a modified retrospective approach. The Organization is currently evaluating this guidance to determine the impact it may have on its financial statements.

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*, which provides guidance for accounting for leases. The new guidance requires companies to recognize the assets and liabilities for the rights and obligations created by leased assets, initially measured at the present value of the lease payments. The accounting guidance for lessors is largely unchanged. This ASU is effective for annual and interim periods beginning after December 15, 2019 with early adoption permitted. It is to be adopted using the modified retrospective approach. The Organization is currently evaluating this guidance to determine the impact it may have on its financial statements.

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements (Continued)

In August 2016, FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*, which provides guidance for presentation of financial statements of not-for-profit entities. The new guidance requires a number of changes in the financial statement presentation including presenting two classes of net assets, underwater endowments, investment return, enhanced disclosures on board designations and management of liquid resources for cash flows, and present expenses by their natural and functional classification. The ASU will be effective for financial statements for fiscal years beginning after December 15, 2017 with early adoption permitted. The amendments in this updated should be applied on a retrospective basis. However, if presenting comparative financial statements, the Organization has the option to omit the following information for any periods presented before the period of adoption: analysis of expenses by both natural classification and functional classification and disclosures about liquidity and availability of resources. The Organization is currently evaluating the impact that the adoption of this guidance will have on the Organization's financial statements.

NOTE 2 - INVESTMENT CAMPAIGN

The Organization is currently in the silent phase of a $35 million Investment Campaign entitled *NAZ is Working.* The purpose of these funds is to offset the loss of the Organization's $27 million federal Promise Neighborhood Grant, which ended in December 2016, and allow the Organization to continue with its Northside partners the important work of ending multi-generational poverty in north Minneapolis. As a result of this campaign, the Organization's change in net assets on the statement of activities and total assets on the statement of financial position are abnormally high for the years ended June 30, 2017 and 2018 (and may also be high for future fiscal years). The revenue raised from the investment campaign is intended to be used in future fiscal years to replace the Promise Neighborhood Grant. The grants and contributions receivable and temporarily restricted net assets at June 30, 2018 and 2017 consist mostly of *NAZ is Working* Investment Campaign pledges.

NOTE 3 - GRANTS AND CONTRIBUTIONS RECEIVABLE

	2018	2017
Grants and Contributions Receivable	**$ 5,613,088**	$ 4,477,132

Grants and contributions receivable are due as follows for the year ended June 30, 2018:

2019	$ 3,458,607
2020	1,112,916
2021	896,667
2022	250,000
2023	–
	5,718,190
Less Discount at 3%	105,102
Total	$ 5,613,088

NOTE 4 - INVESTMENTS

Investments consist of the following at June 30, 2018:

	Cost	Market
Government Securities	$ 1,554,892	$ 1,542,436
Corporate Bonds	2,027,197	2,008,723
Mutual Funds	1,254,917	1,224,889
Common Stocks	1,450,362	1,442,478
Mutual Funds - CEF's and ETF's	133,293	130,378
Total	$ 6,420,661	$ 6,348,904

Net investment loss consists of the following for the year ended June 30, 2018:

Interest and Dividends	115,072
Unrealized Investment Losses	(123,854)
Realized Investment Losses	(30,132)
Fees	(27,834)
Total	$ (66,748)

The following table, as of June 30, 2018, provides information by level for assets that are measured at fair value, on a recurring basis.

Description	Total Market	Quoted Prices for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Government Securities	$ 1,542,436	$ –	$ 1,542,436	$ –
Corporate Bonds	2,008,723	–	2,008,723	–
Mutual Funds	1,224,889	1,224,889	–	–
Common Stocks	1,442,478	1,442,478	–	–
Mutual Funds - CEF's and ETF's	130,378	130,378	–	–
Totals	$ 6,348,904	$ 2,797,745	$ 3,551,159	$ –

The fair value of the Organization’s mutual funds and stocks are determined by reference to quoted market prices and other relevant information generated by market transactions. These investments are classified within Level 1 of the valuation hierarchy.

NOTE 4 - INVESTMENTS (Continued)

The fair value of the Organization's government securities and corporate bonds were determined based on Level 2 inputs and are estimated as the present value of expected future cash inflows, taking into account (1) the type of security, its term, and any underlying collateral, (2) the seniority level of the debt security, and (3) quotes received from brokers and pricing services. In applying the valuation model, significant inputs including probability of default for debt securities, the estimated prepayment rate, and the projected yield based on estimated future market rates for similar securities.

The Organization holds investments in a variety of investment funds. In general, its investments are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and such changes could be material to the amounts reported in the statement of financial position.

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2018 and 2017 consist of the following:

	2018	2017
Investment Campaign	**$ 6,619,000**	$ 2,901,000
Expanded Learning	**1,033,921**	2,663,085
Time Restriction	**735,600**	860,000
Health	**166,986**	152,700
Career & Finance	**140,000**	20,457
Family Engagement	**120,000**	360,647
Early Childhood	**95,000**	–
Family Academy	**91,250**	95,801
Education Pipeline	**9,000**	795,263
Contributions Receivable Discount	**(105,102)**	–
	$ 8,905,655	$ 7,848,953

Temporarily restricted net assets released from restriction were $5,205,346 and $3,353,887 in 2018 and 2017. Temporarily restricted net assets were released from restriction due to satisfaction of time and program restrictions.

NOTE 6 - RETIREMENT PLAN

The Organization has a defined contribution 403(b) plan. Eligible employees are automatically enrolled at 3% upon hire date with an "opt out" feature. Employees may make contributions up to 100% of their salaries subject to IRS limits. The Organization matches up to 3% of eligible compensation. Organization expense for the Plan was $112,850 in 2018 and $114,604 in 2017.

NOTE 7 - LEASE COMMITMENTS

The Organization rents its office space under a lease agreement which expires in September 2022. In addition to monthly rent payments, the Organization is required to pay its pro-rata share of building operating costs and real estate taxes. The Organization also rents certain equipment under terms that expires in October 2023.

The Organization's rent expense and its share of the future minimum rental commitments under these operating leases (excluding operating costs and real estate taxes) are as follows:

	Office Space	Equipment	Total
Expense:			
2018	**$ 295,417**	**$ 17,628**	**$ 313,045**
2017	290,425	31,244	321,669
Commitments:			
2019	$ 189,210	$ 5,160	$ 194,370
2020	195,090	5,160	200,250
2021	201,015	5,160	206,175
2022	206,865	5,160	212,025
2023	52,080	4,300	56,380