

THE MONTGOMERY INSTITUTE

FINANCIAL STATEMENTS

August 31, 2019 and 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Montgomery Institute
Meridian, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of The Montgomery Institute (a nonprofit organization), which comprise the statement of financial position as of August 31, 2019, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Montgomery Institute as of August 31, 2019, 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.

Report on Summarized Comparative Information

We have previously audited The Montgomery Institute's 2018 financial statements, and in our report dated January 24, 2019, we expressed an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

REA, SHAW, GIFFIN & STUART, LLP

THE MONTGOMERY INSTITUTE
STATEMENTS OF FINANCIAL POSITION
August 31, 2019 and 2018

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash	\$ 324,937	\$ 278,287
Cash held on behalf of others	-	13,375
Grants receivable	14,831	44,904
Prepaid expenses	<u>7,719</u>	<u>6,558</u>
Total current assets	<u>\$ 347,487</u>	<u>\$ 343,124</u>
EQUIPMENT		
Equipment, at cost	\$ 10,808	\$ 10,808
Automobiles, at cost	48,070	48,070
Leasehold improvements, at cost	3,765	3,765
Less accumulated depreciation	<u>(53,090)</u>	<u>(42,939)</u>
Total equipment, net	<u>\$ 9,553</u>	<u>\$ 19,704</u>
OTHER NON-CURRENT ASSETS		
Endowment cash - restricted	\$ 2,011	\$ 49,179
Endowment investments - restricted	<u>1,515,121</u>	<u>1,502,216</u>
Total other non-current assets	<u>\$ 1,517,132</u>	<u>\$ 1,551,395</u>
Total assets	<u>\$ 1,874,172</u>	<u>\$ 1,914,223</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 5,177	\$ 6,248
Liabilities for amounts held for others	<u>-</u>	<u>13,375</u>
Total current liabilities	<u>\$ 5,177</u>	<u>\$ 19,623</u>
NET ASSETS		
Net asset without donor restrictions	\$ 454,865	\$ 480,470
Net assets with donor restrictions	<u>1,414,130</u>	<u>1,414,130</u>
Total net assets	<u>\$ 1,868,995</u>	<u>\$ 1,894,600</u>
Total liabilities and net assets	<u>\$ 1,874,172</u>	<u>\$ 1,914,223</u>

The Notes to Financial Statements are an integral part of these statements.

THE MONTGOMERY INSTITUTE

STATEMENTS OF ACTIVITIES

For the Year Ended August 31, 2019

(with summarized financial information for the year ended August 31, 2018)

	Without Donor Restrictions	With Donor Restrictions	2019 Total	2018 Total
SUPPORT AND REVENUE				
Contributions and grants from foundations, government entities, businesses or individuals	\$ 347,595	\$ -	\$ 347,595	\$ 324,242
Rental income	-	-	-	1,650
Program fee income	5,004	-	5,004	1,405
Other income	726	-	726	113,710
Realized and unrealized net loss on investments	(25,954)	-	(25,954)	86,443
Interest income	211	-	211	93
Investment income, net	61,690	-	61,690	28,079
Donated facility	7,600	-	7,600	7,600
Net assets released from restrictions	-	-	-	-
Total support and revenue	\$ 396,872	\$ -	\$ 396,872	\$ 563,222
EXPENSES				
Program services:				
Leadership and workforce development	\$ 265,742	\$ -	\$ 265,742	\$ 209,302
Strategic thinking and analysis	12,471	-	12,471	25,518
Information dissemination	88,774	-	88,774	78,108
Support services:				
Management and general	54,356	-	54,356	63,141
Fundraising	1,134	-	1,134	427
Total expenses	\$ 422,477	\$ -	\$ 422,477	\$ 376,496
Change in net assets	\$ (25,605)	\$ -	\$ (25,605)	\$ 186,726
Net assets, beginning	480,470	1,414,130	1,894,600	1,707,874
Net assets, ending	\$ 454,865	\$ 1,414,130	\$ 1,868,995	\$ 1,894,600

The Notes to Financial Statements are an integral part of these statements.

THE MONTGOMERY INSTITUTE

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended August 31, 2019

(with summarized financial information for the year ended August 31, 2018)

	Program Services			Support Services		2019 Total	2018 Total
	Leadership and Workforce Development	Strategic Thinking and Analysis	Information Dissemination	Management General	Fundraising		
Contracts	\$ 9,197	\$ -	\$ -	\$ 602	\$ 719	\$ 10,518	\$ 20,422
Depreciation	6,330	305	2,119	1,396	-	10,150	9,129
Donated facility	7,600	-	-	-	-	7,600	7,600
Insurance	6,421	310	2,149	1,416	-	10,296	11,373
Meeting expense	-	-	-	801	-	801	339
Office expense	14,370	1,675	7,882	2,611	415	26,953	24,120
Professional fees	3,305	160	1,106	729	-	5,300	6,065
Rent	14,967	722	5,010	3,301	-	24,000	26,500
Salaries, payroll taxes, and benefits	182,455	8,804	61,072	40,243	-	292,574	246,412
Telephone and communication	3,435	495	869	1,410	-	6,209	6,239
Travel	10,942	-	8,567	1,847	-	21,356	15,888
Utilities	6,720	-	-	-	-	6,720	2,409
Total expenses	\$ 265,742	\$ 12,471	\$ 88,774	\$ 54,356	\$ 1,134	\$ 422,477	\$ 376,496

The Notes to Financial Statements are an integral part of these statements.

THE MONTGOMERY INSTITUTE
STATEMENTS OF CASH FLOWS
For the Years Ended August 31, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (25,605)	\$ 186,726
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	10,151	9,129
Realized and unrealized net gain on investments	25,954	(86,443)
Change in grants receivable	30,073	(1,733)
Change in prepaid expenses	(1,161)	795
Change in accounts payable and accrued expenses	<u>(1,071)</u>	<u>(3,952)</u>
Net cash provided by operating activities	<u>\$ 38,341</u>	<u>\$ 104,522</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest for reinvestment	\$ -	\$ (4,975)
Purchase of fixed assets	-	(8,765)
Proceeds from sale of investments	1,750,699	150,028
Purchase of investments	<u>(1,789,558)</u>	<u>(188,381)</u>
Net cash used in investing activities	<u>\$ (38,859)</u>	<u>\$ (52,093)</u>
Net increase (decrease) in cash and cash equivalents	\$ (518)	\$ 52,429
Cash and cash equivalents, beginning of year	<u>327,466</u>	<u>275,037</u>
Cash and cash equivalents, end of year	<u>\$ 326,948</u>	<u>\$ 327,466</u>

The Notes to Financial Statements are an integral part of these statements.

THE MONTGOMERY INSTITUTE
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

Nature of activities

The Montgomery Institute (the “Institute”) is a Mississippi non-profit corporation. The Institute’s mission is to support regional community building programs which advance leadership and workforce development, strategic thinking and analysis, and information dissemination among the people of East Mississippi and West Alabama.

Basis of presentation

The financial statements of the Institute have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. The Institute reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restrictions. Accordingly, net assets of the Institute and changes therein are classified and reported as follows:

Net Assets without Donor Restriction — net assets that are not subject to or are no longer subject to donor imposed stipulations.

Net Assets with Donor Restriction — net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Institute has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

Estimates

The preparation 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 1. Summary of Significant Accounting Policies (continued)

Cash and cash equivalents

For purposes of the statements of cash flows, the Institute considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents, unless those investments are held for endowment purposes.

Investments

The Institute's investments consist of marketable equity and debt securities that are reported at their fair values in the statements of financial positions. Unrealized gains and losses are reported in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Accounting Standards Codification ("ASC") 820 defines fair value and establishes a framework for measuring fair value in U.S. generally accepted accounting principles, and expands disclosures about fair value measurements. ASC 820 applies only to fair value measurements that are already required or permitted by other accounting standards and is expected to increase the consistency of those measurements. The definition of fair value focuses on the exit price, i.e., 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, not the entry price, i.e., the price that would be paid to acquire the asset or received to assume the liability at the measurement date.

In accordance with ASC 820, the Institute groups its assets measured at fair value in three levels, based on the markets in which such assets are traded and the reliability of the assumptions used to determine fair value. This hierarchy requires the Institute to maximize the use of observable market data, when available, and to minimize the use of unobservable inputs when determining fair value. Each fair value measurement is placed into the proper level based on the lowest level of significant input. These levels are:

- Level 1 – Inputs to the valuation methodology are based upon quoted prices for identical instruments traded in active markets.
- Level 2 – Inputs to the valuation methodology are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.
- Level 3 – Inputs to the valuation methodology are generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect our own estimates of assumptions that market participants would use in pricing the asset.

Note 1. Summary of Significant Accounting Policies (continued)

Marketable equity and debt securities are the Institute's only assets carried at fair value. The Institute has no liabilities that are carried at fair value.

Property and equipment

Purchased property and equipment, consisting primarily of office equipment, is recorded at cost and is depreciated using the straight-line method over its estimated useful life.

Donated facilities

The Institute receives donations of the use of facilities that are recorded when there is an objective basis upon which to value them. These donations are an essential part of the Institute's activities.

New accounting pronouncement

During the year ended August 31, 2019, the Institute adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14-*Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). This 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 between not-for-profit entities. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. A footnote on liquidity has also been added.

Endowment

Net assets with donor restrictions are endowment funds consisting of marketable equity and debt securities which are restricted in perpetuity to continue the tradition of the Institute. Income generated by the assets is to be used in accordance with donor stipulations.

The State of Mississippi approved the Uniform Prudent Management of Institutional Funds Act (UPMIFA) in July 2013. The Institute interprets UPMIFA as requiring preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Institute classifies net assets with donor restrictions 1) the original value of gifts donated to the perpetual endowment, 2) the original value of subsequent gifts to the perpetual endowment, and 3) accumulation to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion

Note 1. Summary of Significant Accounting Policies (continued)

of the donor-restricted endowment fund that is not classified as net assets with donor restrictions will remain restricted until those amounts are appropriated for expenditure by the Institute in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Institute's endowment investment policy is based on fundamental financial principles that include prudent asset allocation, risk assessment, and long-term planning. The investment policy emphasizes total return, which allows the funds to utilize current dividend and interest income, and over time, a portion of the aggregate return from capital appreciation, in an attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Within this framework, specific investment objectives for endowment investments include liquidity, preservation of capital, preservation of purchasing power, and long-term growth of capital.

Revenue recognition

Revenue is recognized when earned. Program service fees and payments under cost reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

Expense allocation

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated among the programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide overall support and direction of the Institute.

Income taxes

The Institute is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Institute has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1) of the Internal Revenue Code.

The Institute has adopted the provisions of FASB ASC 740-10, Accounting for Uncertainty in Income Taxes. The Institute's status as a 501(c)(3) not-for-profit has been determined to be valid and the adoption of FASB ASC 740-10 did not result in a change to net assets. The Institute files Federal Form 990 and is generally no longer subject to examination by the Internal Revenue Service for years prior to 2016.

Note 1. Summary of Significant Accounting Policies (continued)

Risks and uncertainties

The Institute invests or holds a variety of investment vehicles including governmental obligations, corporate stock, and mutual funds. These investments are exposed to interest rate, market, credit, and other risks depending upon the nature of the investment. Accordingly, it is reasonably possible that these factors will result in changes in the value of the Institute's investments, which could materially affect amounts reported in the financial statements.

Subsequent events

Management has evaluated subsequent events through June 25, 2020, the date on which the financial statements were available to be issued. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact net income. Other financial impact could occur though such potential impact is unknown at this time.

Note 2. Endowment

As of August 31, 2019 and 2018, the investments and cash in the endowment account totaled \$1,517,132 and \$1,551,395, respectively. Included in these amounts are cash balances of \$2,011 and \$49,179, and investment balances of \$1,515,121 and \$1,502,216 for the years ended August 31, 2019 and 2018, respectively.

Investments are carried at fair value, and realized and unrealized gains and losses are reflected in the statements of activities and changes in net assets. The fair values were determined using only Level 1 inputs.

The investment portfolio consisted of the following at August 31:

	2019	2018
Common stock	\$1,071,188	\$ 964,864
Mutual funds	45,792	272,941
Preferred stock	219,501	114,449
Master partnership	66,999	-
Certificates of deposit	111,641	149,962
	<u>\$1,515,121</u>	<u>\$ 1,502,216</u>

Note 2. Endowment (continued)

Investment activities for the years ended August 31 are as follows:

	2019	2018
Investments, beginning of the year	\$1,502,216	\$ 1,372,445
Sale of investments	(1,750,699)	(150,028)
Interest income reinvested	-	4,975
Purchases of investments	1,789,558	188,381
Net unrealized and realized gain	<u>(25,954)</u>	<u>86,443</u>
	<u>\$1,515,121</u>	<u>\$ 1,502,216</u>

Note 3. Grants and Related Receivables

Mississippi State Department of Health

During fiscal 2019, the Institute was awarded a cost reimbursement grant for \$76,987 from the Mississippi State Department of Health for the purpose of establishing, facilitating, and strengthening the Mississippi Tobacco-Free Coalition program by developing and maintaining a general coalition, attending mandatory staff development training, establishing youth program teams, and promotion of the Mississippi Tobacco Quitline and ACT Center. The ending date of this grant is June 30, 2020. As of August 31, 2019, the Institute received \$0 of this grant and \$13,621 is included in grants receivable.

During fiscal 2018, the Institute was awarded a cost reimbursement grant for \$76,987 from the Mississippi State Department of Health for the purpose of establishing, facilitating, and strengthening the Mississippi Tobacco-Free Coalition program by developing and maintaining a general coalition, attending mandatory staff development training, establishing youth program teams, and promotion of the Mississippi Tobacco Quitline and ACT Center. The ending date of this grant is June 30, 2019. As of August 31, 2018, the Institute received \$0 and \$13,888 is included in grants receivable.

The Riley Foundation

In fiscal 2019, the Institute was awarded a grant for \$4,000 from The Riley Foundation for the purpose of hiring a college student under the summer work program. As of August 31, 2019, the Institute received the full amount of this grant.

In fiscal 2018, the Institute was awarded a grant for \$4,000 from The Riley Foundation for the purpose of hiring a college student under the summer work program. As of August 31, 2018, the Institute received the full amount of this grant.

Note 3. Grants and Related Receivables (continued)

United Way of East Mississippi, Inc.

In fiscal 2019, the Institute was awarded a \$2,419 grant from United Way of East Mississippi, Inc. for support of the Meridian Freedom Project. As of August 31, 2019, the Institute received \$4,710, and \$1,210 is included in grants receivable.

In fiscal 2018, the Institute was awarded a \$6,000 grant from United Way of East Mississippi, Inc. for support of the Meridian Freedom Project. As of August 31, 2018, the Institute received \$2,500, and \$3,500 is included in grants receivable.

Phil Hardin Foundation

In fiscal 2019, the Institute was awarded a \$300,000 grant from Phil Hardin Foundation for the Meridian Freedom Project to be paid in four installments. As of August 31, 2019, the Institute received \$100,000 of this grant, and \$0 is included in grants receivable.

In fiscal 2018, the Institute was awarded a \$70,000 grant from Phil Hardin Foundation for the Meridian Freedom Project. Of the \$70,000 grant award, \$20,000 was considered matching funds. As of August 31, 2018, the Institute received \$50,000 of this grant, and \$15,016 is included in grants receivable.

Citizens National Bank

In fiscal 2019, the Institute was awarded an \$11,305 grant for the Meridian Freedom Project. As of August 31, 2019, the Institute received the full amount of this grant.

In fiscal 2018, the Institute was awarded an \$8,191 grant for the Meridian Freedom Project. As of August 31, 2018, the Institute received the full amount of this grant.

In fiscal 2017, the Institute was awarded a \$12,500 grant from Citizens National Bank to provide job training and support community planning and development. The grant will be paid in five annual installments. As of August 31, 2019 and 2018, the Institute received \$2,500 and \$2,500 of this grant and \$0 was included in grants receivable, respectively.

East Mississippi Community College

During fiscal 2019, the Institute entered into an agreement to provide educational and support services to East Mississippi Community College for the purpose of facilitating research and development efforts. Grant income related to this agreement for the year ended August 31, 2019 was \$33,000. Grants receivable includes \$0 as of August 31, 2019.

Note 3. Grants and Related Receivables (continued)

During fiscal 2018, the Institute entered into an agreement to provide educational and support services to East Mississippi Community College for the purpose of facilitating research and development efforts. Grant income related to this agreement for the year ended August 31, 2018 was \$33,000. Grants receivable includes \$3,000 as of August 31, 2018.

East Central Community College

During fiscal 2018, the Institute entered into an agreement to provide educational and support services to East Central Community College for the purpose of facilitating research and development efforts. Grant income related to this agreement was \$38,800 for the year ended August 31, 2018. Grants receivable includes \$2,000 at August 31, 2018.

East Central Health Net

During fiscal 2019 and 2018, the Institute entered into an agreement with East Central Health Net to provide payroll services. Income related to this agreement for the year ended August 31, 2019 and 2018 was \$3,600.

Dollar General Literacy Foundation

In fiscal 2019, the Institute was awarded a \$3,000 grant from Dollar General Literacy Foundation for the purpose of providing funding for the Freedom Project summer program. As of August 31, 2019, the Institute received the full amount of this grant.

In fiscal 2018, the Institute was awarded a \$2,000 grant from Dollar General Literacy Foundation for the purpose of providing funding for the Freedom Project summer program. As of August 31, 2018, the Institute received the full amount of this grant.

Golden Triangle Planning and Development

During fiscal 2019, the Institute was awarded a \$134,000 grant for the purpose of facilitating project management for the regional ARC POWER grant awarded to Golden Triangle Planning and Development for part-time management and leadership services. The grant will be paid in monthly installments over the span of 34 months ending September 30, 2021. Grant income related to this agreement was \$34,000 for the year ended August 31, 2019. Grant receivable related to this grant was \$0 at August 31, 2019.

Community Foundation of Northwest Mississippi

In fiscal 2019, the Institute was awarded a \$9,900 grant from Community Foundation of East Mississippi for the Highway 80 Songwriters Festival. As of August 31, 2019, the Institute received the full amount of this grant.

Note 3. Grants and Related Receivables (continued)

AT&T

In fiscal 2019, the Institute was awarded a \$10,893 grant from AT&T for the Meridian Freedom Project. As of August 31, 2019, the Institute received the full amount of this grant.

Note 4. Lease Commitments

The Institute was obligated under a lease agreement for its operating facilities through June 2013. In November 2014, the Institute agreed to pay monthly rental payments of \$2,000 per month. This agreement has no end date.

During fiscal 2019, the Institute renewed their lease agreement for an additional year with Acme Realty of Meridian, Inc. for office space for the Meridian Freedom Project with rent of \$1 per year.

Future minimum lease payments are as follows:

For the year ending:

August 31, 2020	\$ 24,000
August 31, 2021	\$ 24,000
August 31, 2022	\$ 24,000
August 31, 2023	\$ 24,000
August 31, 2024	\$ 24,000

Note 5. Donated Facilities

Donated facilities represent the use of office space on a reduced rent basis and is valued in the amount of \$7,600 for the years ended August 31, 2019 and 2018. See Note 4 "Lease Commitments" for the lease agreement for this donated facility.

Note 6. Net Assets with Donor Restrictions

Net assets with donor restrictions at August 31, 2019 and 2018 are available for the following purposes:

Business Contributions	\$ 1,389,600
Individual Contributions	<u>24,530</u>
	<u>\$ 1,414,130</u>

Note 7. Concentrations

The Institute places its cash with financial institutions and at times has deposits in excess of federal insurance limits. Concentrations of credit risk with respect to grants occur because of the volume of business with grantors. The Institute does not believe it is subject to any unusual credit risk beyond the customary credit risk related to conduction its nonprofit activities.

The Institute is exposed to considerable market risk as approximately 81% and 78% of its assets were in equity and debt securities at August 31, 2019 and 2018, respectively.

Note 8. Liquidity and Available Resources

The following reflects the Institute's financial assets as of the balance sheet date, reduced by amounts not available for general use within one year of the balance sheet date because of contractual or donor-imposed restrictions or internal designations. Amounts available include donor-restricted amounts that are available for expenditure in the following year. Amounts not available include amounts set aside for operating and other reserves that could be drawn upon if the Institute or Institute Board approves that action.

	2019	2018
Financial assets available within one year		
Cash	\$ 326,948	\$ 327,466
Grant receivable	14,831	44,904
Investments	<u>1,515,121</u>	<u>1,502,216</u>
Total financial assets	<u>\$ 1,856,900</u>	<u>\$ 1,874,586</u>
Contractual or donor-imposed restrictions		
Endowment contributions	<u>\$ (1,414,130)</u>	<u>(1,414,130)</u>
Total contractual or donor-imposed restrictions	<u>\$ (1,414,130)</u>	<u>(1,414,130)</u>
Total financial assets net of donor-imposed restrictions	<u>\$ 442,770</u>	<u>\$ 460,456</u>
Board designations		
Operating reserves and other (budgeted expenses)	<u>\$ (359,194)</u>	<u>\$ (422,477)</u>
Financial assets available to meet non-budgeted cash needs for expenditures within one year	<u>\$ 83,576</u>	<u>\$ 37,979</u>