THE ENRICHMENT CENTER -
AN AFFILIATED CHAPTER OF THE ARC

Financial Statements

June 30, 2019 and 2018

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BUTLER BURKE LLP

CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors
The Enrichment Center - An Affiliated Chapter of the ARC
Winston-Salem, North Carolina

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of The Enrichment Center – An Affiliated Chapter of the ARC (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, 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 U.S. generally accepted accounting principles; 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 U.S. generally accepted auditing standards. Those standards require that we plan and perform the audits 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 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 The Enrichment Center – An Affiliated Chapter of the ARC as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Butler & Burke, LLP

Winston-Salem, North Carolina
August 30, 2019

THE ENRICHMENT CENTER - AN AFFILIATED CHAPTER OF THE ARC
STATEMENTS OF FINANCIAL POSITION
June 30, 2019 and 2018

	2019	2018
ASSETS		
Cash and cash equivalents	$ 1,424,147	$ 1,424,433
Accounts receivable, net	267,528	315,875
Other receivables	11,428	17,908
Prepaid expenses	63,830	61,787
Property and equipment, net	1,945,014	1,970,576
Investments	256,076	247,535
Beneficial interests in assets held by others	373,997	357,123
TOTAL ASSETS	$ 4,342,020	$ 4,395,237
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 131,896	$ 123,889
Other liabilities	23,276	23,316
Total Liabilities	155,172	147,205
Net Assets		
Without donor restrictions		
Undesignated	1,777,006	1,764,172
Designated for property and equipment	1,945,014	1,970,576
Board designated for endowment	143,467	136,846
	3,865,487	3,871,594
With donor restrictions	321,361	376,438
Total Net Assets	4,186,848	4,248,032
TOTAL LIABILITIES AND NET ASSETS	$ 4,342,020	$ 4,395,237

THE ENRICHMENT CENTER - AN AFFILIATED CHAPTER OF THE ARC
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Public Support			
United Way contributions	$ 177,356	$ -	$ 177,356
Other contributions	159,548	1,345	160,893
Grants	18,503	47,400	65,903
Total Public Support	355,407	48,745	404,152
Revenue			
Program fees	2,811,101	-	2,811,101
Craft sales	47,497	-	47,497
Special events, net	2,633	-	2,633
Investment income, net	4,106	-	4,106
Interest income	10,963	-	10,963
Change in value in beneficial interest	6,621	9,953	16,574
Unrealized gains on investments	4,435	-	4,435
Other	3,683	-	3,683
Total Revenue	2,891,039	9,953	2,900,992
Net assets released from restrictions	113,775	(113,775)	-
Total Support and Revenue	3,360,221	(55,077)	3,305,144
EXPENSES			
Program services	2,701,387	-	2,701,387
Management and general	523,498	-	523,498
Fundraising	141,443	-	141,443
Total Expenses	3,366,328	-	3,366,328
CHANGE IN NET ASSETS	(6,107)	(55,077)	(61,184)
Net Assets, Beginning of Year	3,871,594	376,438	4,248,032
Net Assets, End of Year	$ 3,865,487	$ 321,361	$ 4,186,848

THE ENRICHMENT CENTER - AN AFFILIATED CHAPTER OF THE ARC
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Public Support			
United Way contributions	$ 188,932	$ -	$ 188,932
Other contributions	266,665	2,475	269,140
Grants	11,427	103,983	115,410
Total Public Support	467,024	106,458	573,482
Revenue			
Program fees	2,665,087	-	2,665,087
Craft sales	30,270	-	30,270
Investment income, net	916	-	916
Interest income	3,144	-	3,144
Change in value in beneficial interest	9,013	13,522	22,535
Unrealized losses on investments	(3,382)	-	(3,382)
Loss on disposal of property and equipment	(763)	-	(763)
Other	6,579	-	6,579
Total Revenue	2,710,864	13,522	2,724,386
Net assets released from restrictions	66,160	(66,160)	3,297,868
Total Support and Revenue	3,244,048	53,820	3,297,868
EXPENSES			
Program services	2,614,748	-	2,614,748
Management and general	507,773	-	507,773
Fundraising	160,589	-	160,589
Total Expenses	3,283,110	-	3,283,110
CHANGE IN NET ASSETS	(39,062)	53,820	14,758
Net Assets, Beginning of Year	3,910,656	322,618	4,233,274
Net Assets, End of Year	$ 3,871,594	$ 376,438	$ 4,248,032

THE ENRICHMENT CENTER - AN AFFILIATED CHAPTER OF THE ARC
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2019

	Program Services	Management and General	Fundraising	Total
Salaries	$ 1,793,795	$ 299,565	$ 100,806	$ 2,194,166
Employee benefits	281,200	35,916	14,995	332,111
Payroll taxes	131,661	22,018	7,147	160,826
Total Salaries and Related Expenses	2,206,656	357,499	122,948	2,687,103
Professional fees	67,007	48,774	2,229	118,010
Office expense	28,691	12,812	5,482	46,985
Supplies	58,682	-	-	58,682
Telephone	32,297	3,810	896	37,003
Postage	2,009	924	1,125	4,058
Occupancy	31,001	2,612	530	34,143
Equipment rental	1,706	463	44	2,213
Advertising	-	-	1,251	1,251
Equipment repairs	11,541	33,059	645	45,245
Travel	69,070	1,492	837	71,399
Training and seminars	8,179	2,233	1,425	11,837
Dues and subscriptions	295	11,828	695	12,818
Insurance	43,117	14,687	428	58,232
Miscellaneous	23,723	23,825	889	48,437
Total Expenses Before Depreciation	2,583,974	514,018	139,424	3,237,416
Depreciation	117,413	9,480	2,019	128,912
TOTAL EXPENSES	$ 2,701,387	$ 523,498	$ 141,443	$ 3,366,328

THE ENRICHMENT CENTER - AN AFFILIATED CHAPTER OF THE ARC
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2018

	Program Services	Management and General	Fundraising	Total
Salaries	$ 1,711,620	$ 306,794	$ 111,414	$ 2,129,828
Employee benefits	277,617	35,559	13,642	326,818
Payroll taxes	126,794	22,697	8,209	157,700
Total Salaries and Related Expenses	2,116,031	365,050	133,265	2,614,346
Professional fees	71,935	46,989	6,546	125,470
Office expense	17,581	14,973	7,123	39,677
Supplies	85,121	-	-	85,121
Telephone	22,517	4,008	1,163	27,688
Postage	2,106	870	847	3,823
Occupancy	31,505	3,339	537	35,381
Equipment rental	1,575	355	62	1,992
Advertising	-	-	400	400
Equipment repairs	18,020	25,237	278	43,535
Travel	49,608	993	1,008	51,609
Training and seminars	18,003	2,999	1,723	22,725
Dues and subscriptions	1,240	10,536	749	12,525
Insurance	39,895	14,305	401	54,601
Miscellaneous	15,454	8,231	4,354	28,039
Total Expenses Before Depreciation	2,490,591	497,885	158,456	3,146,932
Depreciation	124,157	9,888	2,133	136,178
TOTAL EXPENSES	$ 2,614,748	$ 507,773	$ 160,589	$ 3,283,110

THE ENRICHMENT CENTER - AN AFFILIATED CHAPTER OF THE ARC
STATEMENTS OF CASH FLOWS
For The Years Ended June 30, 2019 and 2018

	2019	2018
OPERATING ACTIVITIES		
Change in net assets	$ (61,184)	$ 14,758
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	128,912	136,178
Unrealized (gains) losses on investments	(4,435)	3,382
Change in value in beneficial interest	(16,574)	(22,535)
Loss on disposal of property and equipment	-	763
Allowance for uncollectible accounts	27,896	-
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Promises to give	-	12,000
Accounts receivable	20,451	52,783
Other receivables	6,480	(11,531)
Prepaid expenses	(2,043)	3,867
Increase (decrease) in:		
Accounts payable and accrued expenses	8,007	9,574
Other liabilities	(40)	(3,606)
Contributions restricted for long-term purposes	(300)	(175)
Net Cash Provided by Operating Activities	107,170	195,458
INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	-	700
Capital expenditures	(103,350)	(32,538)
Purchases of investments	(64,317)	(250,000)
Sales of investments	64,317	-
Reinvested investment income, net of fees	(4,106)	(917)
Beneficial interest additions	(300)	(175)
Net Cash Used in Investing Activities	(107,756)	(282,930)
FINANCING ACTIVITIES		
Contributions restricted for long-term purposes	300	175
Net Cash Provided by Financing Activities	300	175
Change in Cash and Cash Equivalents	(286)	(87,297)
Cash and Cash Equivalents at Beginning of Year	1,424,433	1,511,730
Cash and Cash Equivalents at End of Year	$ 1,424,147	$ 1,424,433

NOTE A: ORGANIZATION AND NATURE OF ACTIVITIES

The Enrichment Center - An Affiliated Chapter of the ARC (the "Center") is a non-profit organization organized under the laws of the state of North Carolina. It is located in Winston-Salem, North Carolina and offers training for mentally disabled adults in independent living and in development of special skills. The Center offers relief, support and education to parents and other family members of the intellectually and developmentally disabled and increases public awareness of the needs, as well as the potential, of intellectually and developmentally disabled adults.

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Center have been prepared on the accrual basis in accordance with U.S. generally accepted accounting principles (GAAP). The Center reports 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 that are not restricted by donors or for which donor-imposed restrictions have expired. If the board specifies a purpose where none has been stated, such funds are classified as board designated assets without donor restrictions.
>
> *Net assets with donor restrictions* - net assets subject to donor-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.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. 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. 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.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with original maturity dates of less than six months. These accounts at times may exceed federally insured limits. The Center has not experienced any losses on these accounts and management does not believe it is exposed to any significant credit risk.

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Promises to Give

Contributions and grants (promises to give) are recognized as revenues in the period the commitment is made. The Center records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contributions and grants revenue in the statements of activities. The Center determines an allowance for uncollectible promises to give based on historical experience, an assessment of the economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions upon which they depend are substantially met.

Accounts Receivable

Accounts receivable are recorded at net realizable value consisting of the carrying amount less the allowance for uncollectible accounts, as needed. The Center uses the allowance method to account for uncollectible receivable balances. Under the allowance method, if needed, an estimate of uncollectible balances is made based upon specific account balances that are considered uncollectible. The Center has determined that an allowance for uncollectible accounts of $27,896 was considered necessary at June 30, 2019. No allowance was considered necessary at June 30, 2018.

Property and Equipment

Property and equipment are stated at cost, or at estimated fair value if donated. Depreciation is provided on a straight-line method over the estimated useful lives of the assets, generally from three to forty years.

Investments

The Center accounts for its investments in marketable securities with readily determinable fair values at their fair values in the statements of financial position. Investment income and realized and unrealized gains and losses are included in the change in net assets in the statements of activities. Expenses relating to investment income, including custodial fees and investment advisory fees, have been netted against investment income in the financial statements. Fees paid for investment advisory services amounted to $2,456 and $523 for the years ended June 30, 2019 and 2018, respectively.

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Beneficial Interests in Assets Held by Others

The Center has established a trust arrangement with the Winston-Salem Foundation (the “Foundation”), the purpose of which is to provide a permanent endowment to support the future needs of the Center. Donor contributions and monies designated by the Board have been irrevocably transferred to the Foundation, who will invest the funds and make quarterly earnings distributions, to the Center or an accumulated income fund within the endowment, in an amount determined by the Foundation. The Center has granted the Foundation variance power, the unilateral power to redirect the use of the assets, but has retained a right to the assets by specifying itself as the beneficiary. In accordance with GAAP, this endowment has been recognized as a beneficial interest in assets held by others in the accompanying statements of financial position at the current market value of the underlying investments held by the Foundation, which amounted to $373,997 and $357,123 for the years ended June 30, 2019 and 2018, respectively. The Center is not subject to the Uniform Prudent Management of Institutional Funds Act or the endowment disclosure requirements of FASB ASC 958-205-50 for these funds since control over the funds was relinquished to the Foundation.

Revenue Recognition

Revenue is recognized when earned. Contributions are recognized when cash, securities, or other assets, an unconditional promise to give, or notification of a beneficial interest is received.

In-Kind Contributions

Contributions of assets other than cash are recorded at their estimated fair value. The Center reports revenue for the fair value of contributed services received where the services require specialized skills, are provided by individuals possessing these skills, and represent services that would have been purchased had they not been donated. Additionally, a substantial number of volunteers donate significant amounts of time to the Center; however, no amounts have been reflected in the financial statements for these services since the donated services do not meet the above conditions for recognition under GAAP.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Accordingly, certain costs have been allocated between the programs and supporting services benefited. Directly identifiable expenses are charged to the appropriate programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of estimates of time and effort made by management.

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could vary from those estimates.

Subsequent Events

The Center has evaluated its subsequent events (events occurring after June 30, 2019) through the date of this report, which represents the date the financial statements were available to be issued and determined that all significant events and disclosures are included in the financial statements.

Tax-Exempt Status

The Center is a not-for-profit organization and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, income tax expense is limited to activities that are deemed by the Internal Revenue Service to be unrelated to their exempt purpose.

The Center's primary tax positions relate to its status as a not-for-profit entity exempt from income taxes and classification of activities related to its exempt purpose. It is the opinion of management that the Center has no uncertain tax positions that would be subject to change upon examination.

The Center is required to file a federal exempt organization tax return (Form 990) annually to retain its exempt status. The Center is also required to file an exempt organization business income tax return (Form 990-T) for any year unrelated business income exceeds $1,000. The Center's Form 990 filings are generally subject to examination by the Internal Revenue Service for three years after they are filed.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Change in Accounting Principle

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards 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 Center has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

NOTE C: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of the balance sheet date, comprise the following:

	2019	2018
Cash and cash equivalents	**$ 1,424,147**	**$ 1,424,433**
Accounts receivable, net	**267,528**	**315,875**
Other receivables	**11,428**	**17,908**
Investments	**256,076**	**247,535**
Beneficial interest in assets held by others	**373,997**	**357,123**
Total financial assets	**2,333,176**	**2,362,874**
Less those unavailable for general expenditure within one year due to:		
Purpose restrictions	**(90,831)**	**(156,161)**
Beneficial interest in assets held by others	**(373,997)**	**(357,123)**
Financial assets available to meet cash needs for general expenditure within one year	**$ 1,868,348**	**$ 1,849,590**

The Center has a goal to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Center has a $250,000 line of credit available to draw upon, if needed. Additionally, included in the beneficial interest in assets held by others are grantable funds totaling $122,533 that could be requested for general expenditure, if needed.

NOTE D: FAIR VALUE MEASUREMENTS

Financial assets and liabilities required to be measured on a recurring basis (at least annually) are classified under a three-tier hierarchy. Fair value is the amount that would be received to sell an asset, or paid to settle a liability, in an orderly transaction between market participants at the measurement date.

Assets and liabilities measured at fair value are categorized depending on the observability of the inputs employed in their measurement. Level I inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are observable inputs other than quoted prices included within Level 1 for the asset or liability, such as quoted prices for similar assets or liabilities, quoted prices in inactive markets, or other inputs that can be corroborated by observable data for substantially the full term of the assets or liabilities. Level 3 inputs are unobservable for the asset or liability, including the Center's own assumptions in determining the fair value of assets or liabilities.

Valuation techniques used in the fair value measurements need to maximize the use of observable inputs and minimize the use of unobservable inputs. A valuation method may produce a fair value measurement that may not be indicative of net realizable value or reflective of future fair values. Futhermore, although the Center believes its valuation methods are appropriate and consistent with those used by other market participants, the use of different methodologies or assumptions could result in different fair value measurements at the reporting date.

The following is a description of the valuation methodologies used by the Center for assets measured at fair value:

> *Beneficial Interest In Assets Held By Others:* Equities and fixed income funds within the Winston-Salem Foundation (the Foundation) endowment pool are valued at the closing price reported on the active markets on which the individual securities are traded. Although the measurement is based on the unadjusted fair value of trust assets reported by the Foundation, the Center has irrevocably assigned the monies to the Foundation and is only able to redeem accumulated income that the Foundation has transferred to the grantable funds account within the endowment. Therefore, the Center considers the measurement of its beneficial interest in assets held by others to be a Level 3 measurement within the fair value hierarchy.
>
> *Investments:* Valued at the closing price reported on the active markets on which the individual securities are traded (level 1).

NOTE D: FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth by level, within the fair value hierarchy, the Center's assets measured at fair value on a recurring basis as of June 30, 2019 and 2018:

	2019				2018			
Assets:	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Investments								
Money market and short-term reserve funds	$ 6,110	$ -	$ -	$ 6,110	$ 5,947	$ -	$ -	$ 5,947
Mutual funds								
Bond and fixed income funds								
Large Blend	5,573	-	-	5,573	63,043	-	-	63,043
World Bond	59,446	-	-	59,446	-	-	-	-
High Yield	4,956	-	-	4,956	4,967	-	-	4,967
Ultrashort	7,590	-	-	7,590	7,011	-	-	7,011
Inflation-protected	-	-	-	-	4,966	-	-	4,966
Emerging Markets	5,098	-	-	5,098	7,295	-	-	7,295
Exchange Traded	8,687	-	-	8,687	-	-	-	-
Intermediate Term	17,482	-	-	17,482	17,544	-	-	17,544
	108,832	-	-	108,832	104,826	-	-	104,826
Equity funds								
Domestic Large Blend	38,594	-	-	38,594	40,110	-	-	40,110
Domestic Large Growth	11,150	-	-	11,150	10,533	-	-	10,533
Domestic Mid-cap Blend	7,355	-	-	7,355	10,562	-	-	10,562
Domestic Large Value	46,471	-	-	46,471	34,143	-	-	34,143
Domestic Small Blend	2,820	-	-	2,820	3,113	-	-	3,113
Diversified Emerging Markets	7,407	-	-	7,407	8,195	-	-	8,195
Europe Stock	-	-	-	-	563	-	-	563
Preferred Stock	5,077	-	-	5,077	2,519	-	-	2,519
Foreign Large Blend	22,260	-	-	22,260	27,024	-	-	27,024
	141,134	-	-	141,134	136,762	-	-	136,762
Beneficial Interest in Assets Held by Others	-	-	373,997	373,997	-	-	357,123	357,123
	-	-	373,997	373,997	-	-	357,123	357,123
Total assets at fair value	$ 256,076	$ -	$ 373,997	$ 630,073	$ 247,535	$ -	$ 357,123	$ 604,658

The table below sets forth a summary of changes in the fair value of the Center's level 3 assets for the years ended June 30, 2019 and 2018:

	2019	2018
Balance, beginning of year	$ 357,123	$ 334,413
Additions	300	175
Change in value	16,574	22,535
Balance, end of year	$ 373,997	$ 357,123

NOTE E: INVESTMENTS

Investments at June 30, 2019 and 2018 are summarized as follows:

	2019	2018
Money market funds	$ 6,110	$ 5,947
Bond and fixed income funds	108,832	104,826
Equity funds	141,134	136,762
	$ 256,076	$ 247,535

NOTE F: PROPERTY AND EQUIPMENT

A summary of property and equipment as of June 30, 2019 and 2018 is as follows:

	2019	2018
Land	$ 82,438	$ 82,438
Building	3,171,594	3,129,055
Furniture and equipment	653,553	597,842
	3,907,585	3,809,335
Less accumulated depreciation	(1,962,571)	(1,838,759)
	$ 1,945,014	$ 1,970,576

Depreciation expense for the years ended June 30, 2019 and 2018 was $128,912 and $136,178, respectively.

NOTE G: LINE OF CREDIT

The Center has a $250,000 line of credit agreement with a bank, bearing interest on outstanding borrowings at the bank's prime rate minus 0.75% (not less than 4.00%), to be paid monthly, with maturity in June 2021. The agreement is subject to annual renewals. There was no outstanding balance on the line of credit at June 30, 2019 or 2018.

NOTE H: LEASES

The Center leases various office equipment under operating leases expiring through March 2022. Future minimum payments under noncancellable leases with initial or remaining terms of one year or more are as follows:

Year ended June 30,	
2020	$ 8,168
2021	2,251
2022	801
	$ 11,220

Lease expense under all operating leases for the years ended June 30, 2019 and 2018 was $14,696 and $19,899, respectively.

NOTE I: RETIREMENT PLAN

The Center has a 403(b) retirement plan (the Plan) for its employees. For the years ended June 30, 2019 and 2018, the Center matched 100% up to 5% of participating employee's pay into the Plan. Retirement plan contributions for the years ended June 30, 2019 and 2018 were $36,800 and $35,568, respectively.

NOTE J: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30, 2019 and 2018:

	2019	2018
Purpose restricted:		
My Turn program	$ 63,646	$ 66,408
Sculpture Garden Stones	614	699
Parents Friends Organization	3,951	4,465
Visual art	1,930	2,228
State transition project	16,689	56,458
Other	4,001	25,903
	90,831	156,161
Beneficial interest in assets held by others:		
Held in perpetuity	129,450	129,150
Accumulated earnings	101,080	91,127
	230,530	220,277
	$ 321,361	$ 376,438