

National Diversity Council
(A Not-for-Profit Organization)
Report on Audit of Financial Statements
For the Years Ended December 31, 2018 and 2017

National Diversity Council (A Not-for-Profit Organization)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
National Diversity Council (a not-for-profit organization)
Houston, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of National Diversity Council (a Texas not-for-profit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Diversity Council (a Texas not-for-profit organization) 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.

Emphasis of Matter

As discussed in note 2 to the financial statements, for the year ended December 31, 2018, National Diversity Council adopted new accounting guidance *Accounting Standards Update No. 2016-14, "Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities"*. Our opinion is not modified with respect to this matter.

A handwritten signature in black ink that reads "John F. Coggin CPA". The signature is written in a cursive, flowing style.

John F. Coggin CPA PLLC
Houston, TX
November 30, 2019

Financial Statements

NATIONAL DIVERSITY COUNCIL
STATEMENT OF FINANCIAL POSITION
December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents	\$ 144,290	\$ 189,737
Accounts receivable, net	243,024	110,260
Other receivable, net	31,916	12,816
Total assets	<u>\$ 419,230</u>	<u>\$ 312,813</u>
Liabilities and net assets		
Notes payable - line of credit	\$ 50,000	\$ -
Accounts payable	18,245	26,257
Accrued expenses and other liabilities	-	3,705
Deferred revenue	52,322	47,549
Loan payable - related entity	127,055	108,815
Total liabilities	<u>247,622</u>	<u>186,326</u>
Net assets		
Without donor restrictions	<u>171,608</u>	<u>126,487</u>
Total net assets	<u>171,608</u>	<u>126,487</u>
Total liabilities and net assets	<u>\$ 419,230</u>	<u>\$ 312,813</u>

The accompanying notes are an integral part of these financial statements

NATIONAL DIVERSITY COUNCIL
STATEMENT OF ACTIVITY AND CHANGES IN NET ASSETS
For the Years Ended December 31, 2018 and 2017

	2018	2017
	Without Donor Restrictions	With Donor Restrictions
Revenues and Program Services		
Diversity Certification and Training	675,320	332,900
Events, Summits and other support	492,902	578,518
Memberships	1,506,637	1,254,339
Total Revenues and Program Services	2,674,859	2,165,757
Expenses		
Diversity Certification and Training	672,973	166,017
Events, Summits and other support	491,786	197,627
General and Administrative	1,464,979	1,722,580
Total Expenses	2,629,738	2,086,224
Change in Net Assets	45,121	79,533
Beginning Net Assets	126,487	46,954
Ending Net Assets	171,608	126,487

The accompanying notes are an integral part of these financial statements

NATIONAL DIVERSITY COUNCIL
STATEMENT OF FUNCTIONAL EXPENSES
For the Years Ended December 31, 2018 and 2017

	Diversity					Diversity				
	Certification and Training	Events and Summits	Program Services	General and Administrative	Total	Certification and Training	Events and Summits	Program Services	General and Administrative	Total
Salaries	241,097	120,560	361,657	562,614	924,271	121,840	-	121,840	661,012	782,852
Employee benefits and payroll taxes	23,292	23,292	46,584	108,697	155,281	-	-	-	169,543	169,543
Total salaries and related expenses	264,389	143,852	408,241	671,311	1,079,552	121,840	-	121,840	830,555	952,395
Advertising/Promotional	3,008	3,761	6,769	10,811	17,580	-	1,756	1,756	20,025	21,781
Auto Expenses	5,275	5,275	10,550	24,618	35,168	-	-	-	29,977	29,977
Awards	-	8,978	8,978	-	8,978	-	14,824	14,824	-	14,824
Bank/Cred Card Fees	5,903	5,903	11,806	27,549	39,355	-	-	-	25,090	25,090
Catering	12,018	47,388	59,406	-	59,406	-	61,987	61,987	-	61,987
Contract Labor	89,547	88,740	178,287	414,118	592,405	4,750	-	4,750	551,577	556,327
Diversity Certification Allocation	163,500	-	163,500	-	163,500	-	-	-	-	-
In-kind Donations	4,500	4,500	9,000	21,000	30,000	-	-	-	29,400	29,400
Interest	328	329	657	1,534	2,191	-	-	-	2,341	2,341
Lodging	10,061	-	10,061	-	10,061	10,954	-	10,954	-	10,954
Meals	5,418	4,296	9,714	20,047	29,761	137	-	137	22,201	22,338
Office Rental	24,231	24,231	48,462	113,078	161,540	-	-	-	29,181	29,181
Other	9,795	10,361	20,156	23,555	43,711	-	14,544	14,544	27,453	41,997
Parking and Tolls	216	-	216	-	216	-	-	-	-	-
Payroll Taxes	8,795	-	8,795	-	8,795	9,444	-	9,444	-	9,444
Photography	-	3,041	3,041	-	3,041	-	4,646	4,646	-	4,646
Postage and Shipping	226	101	327	249	576	111	-	111	1,667	1,778
Printing	8,912	5,395	14,307	202	14,509	325	8,506	8,831	1,770	10,601
Programs	-	12,581	12,581	-	12,581	-	12,165	12,165	-	12,165
Professional Fee	5,550	5,550	11,100	25,900	37,000	-	-	-	30,655	30,655
Speaker	24,375	1,831	26,206	-	26,206	10,678	6,058	16,736	-	16,736
Software	3,848	3,948	7,796	18,425	26,221	-	-	-	6,344	6,344
Supplies	4,389	9,187	13,576	13,658	27,234	1,494	4,978	6,472	25,293	31,765
Technology	2,814	2,815	5,629	13,135	18,764	-	-	-	14,856	14,856
Telephone, Internet	2,396	2,396	4,792	11,182	15,974	-	-	-	11,963	11,963
Travel	13,429	11,727	25,156	54,607	79,763	6,284	-	6,284	62,232	68,516
Venue	50	85,600	85,650	-	85,650	-	68,163	68,163	-	68,163
Total Expenses	672,973	491,786	1,164,759	1,464,979	2,629,738	166,017	197,627	363,644	1,722,580	2,086,224

The accompanying notes are an integral part of these financial statements

NATIONAL DIVERSITY COUNCIL
STATEMENT OF CASH FLOWS
For the Years Ended December 31, 2018 and 2017

	2018	2017
Operating Activities:		
Cash inflows from operations:		
Revenues and Program Service Fees	2,546,868	2,165,757
Cash outflows from operations:		
Payments for salaries, benefits and payroll taxes	(1,088,347)	(961,839)
Payments to vendors	(1,503,968)	(1,152,084)
	(45,447)	51,834
Investing Activities:	-	-
Financing Activities:	-	-
Change in cash and cash equivalents	(45,447)	51,834
Cash and cash equivalents at beginning of year	189,737	137,903
	144,290	189,737
Supplemental disclosures:		
Interest Expense	2,191	2,341

The accompanying notes are an integral part of these financial statements

NATIONAL DIVERSITY COUNCIL
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

Note 1 - Organization

The National Diversity Council ("Council") was incorporated in the State of Texas on August 31, 2007, under the National Non-Profit Corporation Act. The Council's primary purpose is to engage in fostering a learning environment for the business community to grow in their knowledge of diversity. The Council currently has Councils located in 26 States with administration and management of the Council located in Houston, Texas. These councils serve the localities as both a resource and an advocate for the value of diversity. The council promotes networking and mentoring opportunities, scholarship programs and events to raise the awareness of diversity in the workplace.

The Council is operated by personnel and utilizes facilities shared with the Texas Diversity Council.

Note 2 – Significant Accounting Policies

The Organization prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit entities. The significant accounting and reporting policies used by the organization are described subsequently to enhance the usefulness and understandability of the financial statements.

Basis of Accounting

The organization prepares its financial statements using the accrual basis of accounting and accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the organization's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The organization's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net Assets without Donor Restrictions

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting for the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

NATIONAL DIVERSITY COUNCIL
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

Note 2 – Significant Accounting Policies, continued

Net Assets with Donor Restrictions

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor's instructions.

The organization's unspent contributions are included in this class if the donor limited their use, as are its donor-restricted endowment funds and its beneficial interest in a perpetual charitable trust held by a bank trustee.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the organization, unless the donor provides more specific directions about the period of its use.

Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses other than losses on endowment investments are reported as decreases in net assets without donor restrictions. Net gains on endowment investments increase net assets with donor restrictions, and net losses on endowment investments reduce that net asset class.

Cash and Cash Equivalents

Cash equivalents are short term, interest bearing, highly liquid investments with original maturities of three months or less, unless the investments are held for meeting restrictions of a capital or endowment nature. The organization maintains cash balances at financial institutions located in Houston, Tx. Deposit accounts at each bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per account. The balances occasionally could exceed those limits. Cash equivalents, other securities, and limited amounts of cash held in brokerage accounts are protected by the Securities Investor Protection Corporation (SIPC) in the event of broker-dealer failure, up to \$500,000 of protection for each brokerage account, with a limit of \$250,000 for claims of uninvested cash balances.

Accounts Receivable

Accounts receivable are unconditional promises to give that are recognized as revenue when the promise is received. Accounts receivable that are expected to be collected in less than one year are reported at net realizable value. The allowance for uncollectible contributions receivable is determined based on management's evaluation of the collectability of individual promises. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicated that payment is merely postponed.

NATIONAL DIVERSITY COUNCIL
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

Note 2 – Significant Accounting Policies, continued

Management believes that all outstanding accounts receivable are collectible in full, therefore no allowance for uncollectible receivables has been provided.

Short Term Investments

The organization has the approval to invests cash in excess of its immediate needs in money market funds and U.S Government and Government Agency issues. Short term investments are reported at fair value.

Accounting for Membership Fees and Events

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until the payment is due, unless the continuation is clearly intended to support activities of the current fiscal year. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Gift-in-kind Contributions

The organization receives contributions in a form other than cash or investments. Most are airline tickets, which are recorded as contributions at the date of gift and as expenses when the donated items are placed into service or distributed. If the organization receives a contribution of land, buildings, or equipment, the contributed asset is recognized as an asset at its estimated fair value at the date of gift, provided that the value of the asset and its estimated useful life meets the organization's capitalization policy. Donated use of facilities is reported as contributions and as expenses at the estimated fair value of similar space for rent under similar contribution conditions.

The organization benefits from personal services provided by a substantial number of volunteers. Those volunteers have donated significant amounts of time and services in the organization's program operations and in its fund-raising campaigns. However, the majority of the contributed services do not meet the criteria for recognition in financial statements. GAAP allow recognition of contributed services only if (a) the services create or enhance nonfinancial assets or (b) the services would have been purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing those skills.

Other Receivables

Other receivables are loans to and from related entities. These entities share facilities and management.

NATIONAL DIVERSITY COUNCIL
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

Note 2 – Significant Accounting Policies, continued

Expense Recognition and Allocation

The cost of providing the organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- Salaries and wages, benefits, and payroll taxes are allocated based on management estimates and financial reports prepared by the Council. The management estimates are averaged to determine grant percentages for cost allocations.
- Occupancy, depreciation, and amortization, and interest are allocated based upon management estimates and reports prepared by the Council. The management estimates are averaged to determine grant percentages for allocation of costs.
- Telephone and internet services, insurance, and supplies and miscellaneous expenses that cannot be directly identified are allocated on the basis of management estimates for each area and are averaged for cost allocations to each program and supporting activity.

Every three years, or more often when new space or programs are added, the bases on which costs are allocated are evaluated.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The organization generally does not conduct its fundraising activities in conjunction with its other activities.

In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and general and administrative expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

Change in Accounting Principles

The organization implemented FASB ASU No. 2016-14 in the current year, applying the changes retrospectively. The new standards change the following aspects of the financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The format of the statement of cash flows has changed to the direct method of reporting cash flows from operations, which we believe to be more understandable for the users of our financial statements
- The financial statements include a disclosure about liquidity and availability of resources

NATIONAL DIVERSITY COUNCIL
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

Note 2 – Significant Accounting Policies, continued

The changes have the following effect on net assets at December 31, 2017:

Net Assets Class	As Originally Presented	After Adoption of ASU 2016-14
Unrestricted net assets	\$ 126,487	-
Temporarily restricted net assets	-	-
Permanently restricted net assets	-	-
Net assets without donor restrictions	-	\$ 126,487
Net assets with donor restrictions	-	-
Total net assets	\$ 126,487	\$ 126,487

Tax Status

The organization is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code (IRC), though it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the IRC). Contributions to the organization are tax deductible to donors under Section 170 of the IRC. The organization is not classified as a private foundation. If it is probable that an uncertain tax position will result in a material liability and the amount of the liability can be estimated, the estimated liability is accrued. If the organization were to incur any income tax liability in the future, interest on any income tax liability would be reported as interest expense, and penalties on any income tax would be reported as income taxes. As of December 31, 2018 and 2017, there were no uncertain tax positions.

Note 3 – Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2018 are:

Financial assets:	
Cash and cash equivalents	144,290
Account receivable, net	243,024
Short-term investments	-
Other receivable	31,916
Total financial assets	419,230
Less financial assets held to meet donor-imposed restrictions:	
Less financial assets net receivable within one year:	
Amount available for general expenditures within one year	419,230

The above table would reflect donor-restricted and board-designated funds as unavailable because it is the organization's intention to invest those resources for the long-term support of the organization. However, in the case of need, the Board of Directors could appropriate resources from either the donor-restricted funds available for general use.

The organization maintains a revolving line of credit of \$50,000 to cover short-term cash need (note 6).

NATIONAL DIVERSITY COUNCIL
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

Note 4 - Fair Value Measurements

The organization reports fair value measures of its assets and liabilities using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The asset or liability's measurement within the fair value hierarchy is based on the lowest level of input that is significant to the measurement. The three levels of inputs used to measure fair value are as follows:

- Level 1. Quoted prices for identical assets or liabilities in active markets to which the organization has access at the measurement date.
- Level 2. Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include
 - quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets in markets that are not active;
 - observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
 - inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- Level 3. Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value if observable inputs are not available.

When available, the organization measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value. However, level 1 inputs are not available for many of the assets and liabilities that the organization is required to measure at fair value (for example, unconditional promises to give and in-kind contributions).

The primary uses of fair value measures in the organization's financial statements are

- initial measurement of noncash gifts, including gifts of investment assets and unconditional promises to give.
- recurring measurement of short-term investments.
- recurring measurement of endowment and long-term investments.
- recurring measurement of beneficial interests in trusts.

NATIONAL DIVERSITY COUNCIL
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

Note 5 – Accounts Receivable

Accounts receivable at December 31, 2018, are due as follow:

Currently due	243,024
Less than 1 year	-
1 year to 5 years	-
	243,024
Less:	
Allowance for uncollectible contributions receivable	-
	243,024

Note 6 – Note Payable

Note payable and capital obligations at December 31, 2018, are as follows:

Note payable to Comercia Bank in the original principal amount of \$50,000 due on December 31, 2019. Fixed interest rate of 6.125%, payable on demand.	50,000
Total note payable and capital lease obligation	50,000

	Note Payable
Year ending December 31, 2019:	50,000
2020	-
2021	-
2022	-
2023	-
2024	-
Thereafter	-
Total payments	50,000
Less portion for interest	-
Note payable or capital lease obligation	50,000

Note 7 – Operating Lease Commitments

The origination has various operating leases for several facilities. The following is a schedule of future minimum rental payments:

	Facility #1	Facility #2
Year ending December 31:	\$510/MTh	12,103/MTh
Expires 08/31/2019	4,080	
2019	-	143,652
Expires 08/31/2020	-	96,824
Total future minimum rental payments	4,080	240,476

NATIONAL DIVERSITY COUNCIL
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

Note 7 – Operating Lease Commitments, continued

At expiration of the above, the organization will go month to month renting new facility locations. Rent of facilities was \$161,540 and \$29,181 for year ended December 31, 2018 & 2017, respectively.

Note 8 – Commitments and Contingencies

The organization has entered into contracts with various convention centers for its 2019 and future years. These contracts do not contain cancellation penalties.

Also, as an annual budgetary process, payment to management contractors is allocated annually. The payment of the amounts is accumulated but payment timing is not determinable. The total budget allocations not yet paid are \$2,984,140. Due to the underdetermined payments and timing this amount is not reflected in the financial statements.

Note 9 – Related Party Transactions

The National Diversity Council shares building space and expenses as well as management and staffing with the Texas Diversity Council and the Diversity Leadership Council, Inc. Officers of the National Diversity Council, the Diversity Leadership Council and the Texas Diversity Council are common to both organizations. Numerous deposits and disbursements by each organization is reimbursed or disbursed to the related organization based on payroll allocation, rental space and revenue received. Also, certain officers of National Diversity Council are paid employees of Texas Diversity Council.

Accordingly, there are related party transactions between the entities controlled by management and the Board.

In addition, there are receivables and payables between the entities and management.

Note 10 – Loan Payable – Related Entity

The Council shares management and facilities with related entities, Texas Diversity Council and Diversity and Leadership, Inc. The loans from Diversity and Leadership, Inc. are non-interest bearing and have no payment schedule or amortization. The loans were established in lieu of bank loans to assist in operating needs. The balance due is \$127,055 at December 31, 2018 and \$108,815 at December 31, 2017.

Note 11 – Deferred Revenues

Deferred revenues are comprised of future years membership and events paid by the contributor in the current year.

NATIONAL DIVERSITY COUNCIL
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

Note 12 – Concentrations of Risk

A significant portion, approximately 56%, of the organization's annual funding comes from membership due of individuals and entities.

The majority of the organization's contributions are received from corporations, and individuals located in the various metropolitan areas. As such, the organization's ability to generate resources via contributions is dependent upon the economic health of the area and of the State of the location.

Note 13 – Retirement Plans

The Council has no retirement plans in place. Medical insurance is provided with a share paid by the employee and the Council.

Note 14 – Subsequent Events

Subsequent events have been evaluated through November 30, 2019, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.