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AGL CPA Group, LLC
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February 24, 2020

To the Board of Directors of
Gwinnett Children's Shelter, Inc.

We have audited the financial statements of Gwinnett Children's Shelter, Inc. (the "Organization") for the year ended June 30, 2018, and have issued our report thereon dated February 24, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 9, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in Note B to the financial statements. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

> Management's estimate of the useful lives of fixed assets is based on estimated future utility. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.
>
> Management's determination of the discount on the donated rent receivable is based on prevailing interest rates at the time of the lease inception and affected revenue recognized and temporarily restricted net assets recognized at the time of lease inception and amortized into unrestricted net assets. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 24, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Management Recommendations

Pledges Receivable

Generally accepted accounting principles stipulate that pledges receivable spanning over multiple years will result in future cash flows that should be discounted from net realizable value to present value using an appropriate discount rate, and all revenue should be recognized at the time the signed pledge is received. Recording the pledge at the time it is executed and received by the Organization will result in an increase in revenue and a corresponding pledge receivable in the financial statements of the Organization. As payments are received on those pledges, this should be treated as a reduction of the pledge receivable balance. We recommend the Organization implement accounting policies to better track multi-year pledges and to ensure the accounting for multi-year pledges is proper.

Establish a Fixed Asset Capitalization Policy

We noted that the Company does not have a set policy for capitalization of fixed assets. We recommend that management establish a policy whereby all property purchases over an agreed-upon dollar threshold and having a useful life of one year or more are capitalized and recorded as assets (and subsequently depreciated) in the financial records. Purchases costing less than the established amount or having a useful life of less than one year should be expensed, since the cost of maintaining depreciation records for such items would exceed the benefits. The Company should document the capitalization policy and communicate it to those who code property invoices to ensure the policy is consistently followed.

This information is intended solely for the use of board of directors of Gwinnett Children's Shelter, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

AGL CPA Group, LLC

GWINNETT CHILDREN'S SHELTER, INC.

Financial Statements and
Independent Auditors' Report

For the year ended June 30, 2019 and 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Gwinnett Children's Shelter, Inc.

We have audited the accompanying financial statements of Gwinnett Children's Shelter, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, 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 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 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 Gwinnett Children's Shelter, Inc. as of June 30, 2019 and 2018, and the changes in its net assets, its functional expenses, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

AGL CPA Group, LLC

Duluth, Georgia
February 24, 2020

GWINNETT CHILDREN'S SHELTER, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2019 and 2018

	2019	2018
ASSETS		
Cash	$ 573,319	$ 470,953
Beneficial interest in assets held at the Community Foundation for Northeast Georgia	632,540	590,464
Donated rent receivable, net of discount of $30,024 in 2019 and $45,867 in 2018	244,328	297,073
Promises to give	63,333	126,667
Property and equipment, net	2,596,342	2,655,712
Other assets	8,218	60,286
Total assets	$ 4,118,080	$ 4,201,155
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	$ 2,745	$ 15,916
Notes payable	8,471	18,120
Total liabilities	11,216	34,036
Net assets:		
Without donor restrictions	3,673,086	3,743,379
With donor restrictions	433,778	423,740
Total net assets	4,106,864	4,167,119
Total liabilities and net assets	$ 4,118,080	$ 4,201,155

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

GWINNETT CHILDREN'S SHELTER, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Contributions	$ 494,034	$ 240,843	$ 734,877
Fundraisers	406,509	-	406,509
Investment income	41,466	-	41,466
Net assets released from restrictions	230,805	(230,805)	-
Total support and revenue	1,172,814	10,038	1,182,852
Expenses:			
Program services	742,368	-	742,368
Management and general	270,798	-	270,798
Fundraising	229,941	-	229,941
Total expenses	1,243,107	-	1,243,107
Change in net assets	(70,293)	10,038	(60,255)
Net assets, beginning of year	3,743,379	423,740	4,167,119
Net assets, end of year	$ 3,673,086	$ 433,778	$ 4,106,864

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

GWINNETT CHILDREN'S SHELTER, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Contributions	$ 670,403	$ 208,808	$ 879,211
Fundraisers	423,600	-	423,600
Investment income	40,123	-	40,123
Net assets released from restrictions	131,921	(131,921)	-
Total support and revenue	1,266,047	76,887	1,342,934
Expenses:			
Program services	668,357	-	668,357
Management and general	250,676	-	250,676
Fundraising	246,660	-	246,660
Total expenses	1,165,693	-	1,165,693
Change in net assets	100,354	76,887	177,241
Net assets, beginning of year (restated)	3,643,025	-	3,643,025
Prior period adjustment - error relates to previous year	-	346,853	346,853
Net assets, end of year	$ 3,743,379	$ 423,740	$ 4,167,119

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

GWINNETT CHILDREN'S SHELTER, INC.
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED JUNE 30, 2019

	Program Services	Management and General	Fundraising	Total
Salaries and wages	$ 263,548	$ 103,120	$ 101,715	$ 468,383
Employee benefits and taxes	56,437	16,235	4,639	77,311
Depreciation expense	115,526	33,234	9,495	158,255
Insurance expense	26,512	7,627	2,179	36,318
Supplies	3,236	931	266	4,433
Events expenses	-	-	174,309	174,309
Repairs and maintenance	12,834	3,692	1,055	17,581
Utilities	49,265	14,172	4,049	67,486
Bank and credit card fees	-	7,144	-	7,144
Dues and subscriptions	-	5,643	-	5,643
Meetings and training	773	222	63	1,058
Rent expense	50,070	14,403	4,115	68,588
Operational program costs	65,497	-	-	65,497
Postage and mailing services	-	15,049	-	15,049
Technology	16,138	4,642	1,326	22,106
Professional fees	-	48,247	-	48,247
Travel	4,160	1,197	342	5,699
Total	$ 663,996	$ 275,558	$ 303,553	$ 1,243,107

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

GWINNETT CHILDREN'S SHELTER, INC.
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED JUNE 30, 2018

	Program Services	Management and General	Fundraising	Total
Salaries and wages	$ 234,172	$ 94,663	$ 99,491	$ 428,326
Employee benefits and taxes	54,170	15,583	4,452	74,205
Depreciation expense	116,730	33,580	9,594	159,904
Insurance expense	21,881	6,294	1,798	29,973
Supplies	2,640	759	217	3,616
Events expenses	-	-	192,929	192,929
Repairs and maintenance	27,588	7,937	2,268	37,793
Utilities	37,499	10,787	3,082	51,368
Bank and credit card fees	-	5,904	-	5,904
Dues and subscriptions	-	3,239	-	3,239
Meetings and training	5,840	1,680	480	8,000
Rent expense	50,070	14,403	4,115	68,588
Operational program costs	14,624	-	-	14,624
Postage and mailing services	-	10,442	-	10,442
Technology	18,313	5,268	1,505	25,086
Professional fees	-	43,033	-	43,033
Travel	6,324	1,819	520	8,663
Total	$ 589,851	$ 255,391	$ 320,451	$ 1,165,693

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

GWINNETT CHILDREN'S SHELTER, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019 AND 2018

	2019	2018
Cash flows from operating activities		
Increase in net assets	$ (60,255)	$ 177,241
Adjustments:		
Depreciation	158,255	159,904
Investment Income	(42,076)	(40,123)
Amortization	48,879	-
Changes in:		
Donated rent receivable, net of discount	52,745	49,780
Promises to give	63,334	(126,667)
Prepaid expenses	3,189	6,735
Accounts payable	(13,171)	8,135
Net cash provided by operating activities	210,900	235,005
Cash flows from investing activities		
Purchase of property and equipment	(98,885)	-
Net cash used in investing activities	(98,885)	-
Cash flows from financing activities		
Principal paid on notes payable	(9,649)	(9,283)
Net cash used in financing activities	(9,649)	(9,283)
Net increase in cash	102,366	225,722
Cash, beginning of year	470,953	245,231
Cash, end of year	$ 573,319	$ 470,953
Supplemental cash flow information:		
Cash paid for interest	$ 610	$ 1,032

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

NOTE A – ORGANIZATION AND PURPOSE

Gwinnett Children's Shelter, Inc. (the "Organization") is a not-for-profit corporation that commenced operations in 1986. The Organization is a residential care facility that provides both long and short term services to homeless children (up to age 17), with their single mothers who are in need of care in a loving and nurturing environment.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Financial Presentation

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

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operation purposes from time to time. Other changes to this category include assets without restrictions for investment income and all expenses.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Cash

The Organization considers all short-term, highly liquid investments with original maturities at the purchase date of three months or less to be cash.

The Organization places its cash with financial institutions. At times, such amounts may exceed FDIC limits. The Organization believes its risk is mitigated by using highly reputable financial institutions.

Beneficial Interest in Assets Held at the Community Foundation for Northeast Georgia

The Organization has transferred assets to the Community Foundation for Northeast Georgia (the "Foundation") which is holding them in a fund ("Fund") for the benefit of the Organization. The Fund is subject to the Foundation's investment and spending policies. The Foundation will make distributions of the assets at the Organization's request. The Organization reports the fair value of the Fund as Beneficial Interest in Assets Held at the Community Foundation for Northeast Georgia in the statement of financial position and reports distributions received as investment income on the statement of changes in net assets. Changes in the value of the Fund are also reported as investment income in the statement of activities. Administrative and investment fees related to the Fund were $9,226 and $9,199 for the years ended June 30, 2019 and 2018, respectively, and are netted in investment income in the statement of activities.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Beneficial Interest in Assets Held at the Community Foundation for Northeast Georgia (Continued)

Changes in the Fund for the years ended June 30, 2019 and 2018 are as follows:

	2019	2018
Balance at July 1	$ 590,464	$ 550,341
Additional amounts invested in Fund	-	-
Share of appreciation of Fund	42,076	40,123
Balance at June 30	$ 632,540	$ 590,464

Promises to Give

The pledges and grants receivable consist of donor promises to give. It is the Organization's policy to charge off uncollectible pledges receivable when management determines the pledge will not be collected. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. All pledges receivable are considered collectible as of June 30, 2019 and 2018.

Property and Equipment

Property and equipment is recorded at cost, except for donated property and equipment, which is stated at the estimated fair value at the date of receipt. Such donations are reported as unrestricted support unless the donor has restricted the donated asset for a restricted purpose. The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of $1,000. Depreciation is provided using the straight-line method over the following estimated useful lives:

Buildings and improvements	7 - 40 years
Furniture and fixtures	5 – 10 years
Vehicles	5 years
Computer equipment	3 – 5 years
Office equipment	5 – 7 years

Leasehold improvements are amortized using the straight-line method over the lesser of the remaining lease terms, including any anticipated lease renewals, or the estimated useful lives of the improvements.

The cost of repairs and maintenance is expensed as incurred.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Assets

Other assets consists of prepaid expenses and gift cards on hand. The Organization receives numerous gift cards to various stores from donors and records them as contributions. As of June 30, 2019 and 2018, the Organization had $8,218 and $7,218, respectively, in gift cards on hand.

Sources of Revenues and Revenue Recognition

The Organization raises funds through donations, grants and fundraising events. Most donations received are unconditional and without donor restrictions and are received from the general public and attendees at fundraising events. Some of the grants and donations received are with donor restrictions to be used on investment in fixed assets or for a specific expenditure for the families in the program. Donations and grants are recognized as revenues on the date of donation. Amounts raised at fundraisers are recognized as revenues on the date of the event.

Donations

Members of the Board of Directors contribute significant uncompensated program development and supporting services. Various unpaid volunteers work with families at the Organization and work at fundraising events organized by the Organization. The value of these services is not recorded in the financial statements because all of the criteria established by generally accepted accounting principles for such recognition has not been satisfied.

Functional Expenses

The Organization allocates its expenses on a functional basis among its programs and support services. Expenses that can be identified with a specific program or support service are allocated directly. Expenses common to several functions are allocated according to a formula developed by management, most notably time and effort.

Tax Status

The Organization is a charitable organization and qualifies under Section 501(c)(3) of the Internal Revenue Code as an exempt organization for both Federal and state income tax purposes. Therefore, no income tax provision has been included in the accompanying financial statements. FASB ASC Topic 740, *Income Taxes*, requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Organization's tax returns to determine whether the tax positions would "more-likely-than-not" be sustained if challenged by an applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit or expense in the current year.

The Organization evaluates its uncertain tax positions using the provisions of FASB ASC Topic 450, *Contingencies*. Management believes there are no amounts relating to uncertain tax positions that should be accrued as of June 30, 2019 and 2018.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of 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 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 these estimates.

Pending and recently adopted accounting pronouncements

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). 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 Organization has adjusted the presentation of these statements accordingly. ASU 2016-14 has been applied retrospectively to all periods.

In May 2014, the Financial Accounting Standards Board (FASB) published Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, which supersedes existing accounting standard for revenue recognition and creates a single framework. In August 2015, the FASB issued 2015-14, *Revenue from Contracts with Customer: Deferral of the Effective Date*, which defers the effective date by one year while providing the option to early adopt the standard on the original effective date for ASU 2014-09. Accordingly, the effective date for ASU 2015-14 for the Organization is for annual periods beginning after December 15, 2018. The Organization is currently evaluating the impact ASU 2014-09 will have on its financial statements and disclosures.

Reclassifications

Certain amounts in the prior year statements have been classified to conform to the current year presentation.

Subsequent Events

The Organization evaluated subsequent events through February 24, 2020, which is the date these financial statements were available to be issued and concluded that no events or transactions occurred during that period that required recognition or disclosure in the financial statements.

NOTE C – FAIR VALUE MEASUREMENT

The Organization measures its financial assets and liabilities in accordance with FASB ASC Topic 820, *Fair Value Measurement* (ASC 820), which defines fair value as 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. In determining fair value, the Organization uses various methods including market, income and cost approaches. The Organization utilizes valuation techniques that maximize the use of observable inputs and minimizes the use of unobservable inputs.

NOTE C – FAIR VALUE MEASUREMENT (CONTINUED)

As a basis for categorizing these inputs, ASC 820 establishes the following hierarchy, which prioritizes the inputs used to measure fair value from market-based assumptions to entity-specific assumptions:

- Level 1: Inputs based on quoted market prices for identical assets or liabilities in active markets at the measurement date.

- Level 2: Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

- Level 3: Inputs reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. The inputs are unobservable in the market and significant to the instrument's valuation.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a summary of assets held at fair value at June 30, 2019:

		Fair Value Measurements Using		
Description	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Beneficial interest in assets held at the Community Foundation of Northeast Georgia	$ 632,540	$ -	$ 632,540	$ -

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

NOTE C – FAIR VALUE MEASUREMENT (CONTINUED)

The following is a summary of assets held at fair value at June 30, 2018:

		Fair Value Measurements Using		
Description	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Beneficial interest in assets held at the Community Foundation of Northeast Georgia	$ 590,464	$ -	$ 590,464	$ -

The beneficial interest in assets held at the Community Foundation for Northeast Georgia (the "Foundation") has been valued, as a practical expedient, at the fair value of the Organization's share of the Foundation's investment pool as of the measurement date. The Foundation values securities and other financial instruments on a fair value basis of accounting. The estimated fair values of certain investments of the Foundation, which includes private placements and other securities for which prices are not readily available, are determined by the management of the Foundation and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments. The Foundation's investments are composed approximately of 65 percent equities, and 35 percent fixed income.

NOTE D – DONATED RENT RECEIVABLE

The Organization has an agreement with Gwinnett County, dated June 10, 1998, to lease the 25 acres of land upon which it operates. The Organization has agreed to be responsible for the construction and maintenance of the buildings and facilities on the property as consideration for the lease. The lease expires June 2023, at which time the Organization has an option to extend the lease for 25 more years.

The carrying value of the donated rent receivable at the lease inception in 1998 was $1,714,701 (net of a discount recognized of $810,581, computed using an interest rate of 5.8%). At June 30, 2019 and 2018, the carrying value of the donated rent receivable is $274,352 and $342,940, net of a discount recognized of $30,024 and $45,867, respectively, as reported on the statement of financial position. Rent expense recognized for the years ended June 30, 2019 and 2018 was $68,588, which is included in the statement of activities and changes in net assets.

Future amortization of donated rent receivable at June 30, 2019 and 2018 is as follows:

	2019	2018
Fair market value of rent-free payments	$ 274,352	$ 342,940
Amount representing interest	30,024	45,867
Donated rent receivable	$ 244,328	$ 297,073

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

NOTE E – PROMISES TO GIVE

Included in promises to give are the following:

	2019	2018
Pledges from individuals restricted for time	$ 63,333	$ 126,667
	63,333	126,667
Less: allowance for uncollectible promises to give	-	-
Promises to give, net	$ 63,333	$ 126,667
Amounts due in:		
Less than one year	$ 63,333	$ 63,333
One year to five years	-	63,334
Total	$ 63,333	$ 126,667

NOTE F – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2019 and 2018:

	2019	2018
Buildings and improvements	$ 4,476,262	$ 4,476,262
Furniture and fixtures	300,304	300,304
Vehicles	142,122	142,122
Computer equipment	148,671	148,671
Office equipment	40,421	40,421
Capital Improvements	98,884	-
	5,206,664	5,107,780
Accumulated depreciation	(2,610,322)	(2,452,068)
Property and equipment, net	$ 2,596,342	$ 2,655,712

Depreciation expense for the years ended June 30, 2019 and 2018 was $158,255 and $159,904, respectively.

NOTE G – NOTES PAYABLE

The Organization has two notes payable with aggregate monthly payments of $860, including principal and interest. The interest rate for the notes is 4.45% and both mature in April 2020. The notes are secured by vehicles with a net book value of $28,569 and are included in property and equipment.

NOTE G – NOTES PAYABLE (CONTINUED)

As of June 30, 2019, scheduled maturities of the notes payable are as follows:

Year ended June 30,	
2020	$ 8,471
Total	$ 8,471

NOTE H – NET ASSETS WITH DONOR RESTRICTIONS

The following table summarizes the Organization's net assets with donor restrictions as of June 30:

	2019	2018
Gwinnett County donated rent	$ 244,328	$ 297,073
Pledges receivable restricted for time	63,333	126,667
Building improvements	126,117	-
	$ 433,778	$ 423,740

All of the net assets restricted for the year ended June 30, 2019 and 2018 relate to funds raised through donations and from rent free leases. Amounts included in restricted net assets are restricted either for time or for use for the investment in fixed assets. These restrictions are considered to expire with the passage of time.

NOTE I – LIQUIDITY MANAGEMENT

The Organization's financial assets available within one year of the statement of financial position date for general expenditure is as follows for the years ended June 30:

	2019	2018
Cash	$ 573,319	$ 470,953
Promises to give	63,333	126,667
Donated rent receivable, net discount	55,887	52,745
Other assets	8,218	60,286
Beneficial interest in assets	632,540	590,464
Total available financial assets	1,333,297	1,301,115
Net assets with donor restrictions	(433,778)	(423,740)
Financial assets available to meet general expenditures over the next twelve months	$ 899,519	$ 877,375

NOTE I – LIQUIDITY MANAGEMENT (CONTINUED)

The Organization's financial assets have been reduced by amounts not available for general use because of donor imposed restrictions within one year of the financial position date.

NOTE J – CONCENTRATIONS

During the years ended June 30, 2019 and 2018, two fundraising events accounted for 36% and 37%, respectively, of the Organization's total support and revenue. Furthermore, a one-time donation from an individual accounted for 18% and 26%, respectively, of total support and revenue.

Pledges receivable consisted of pledges from four individuals and organizations.

The Organization maintains cash balances at financial institutions that are insured by the Federal Deposit Insurance Corporation (FDIC) for up to federally insured limits. As of June 30, 2019 and 2018, cash balances exceeded FDIC limits by approximately $318,000 and $215,000, respectively.