

TREES ATLANTA, INC.

**Financial Statements
and
Independent Auditor's Report**
Years Ended June 30, 2019 and 2018

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Independent Auditor's Report

The Board of Directors
Trees Atlanta, Inc.
Atlanta, Georgia

We have audited the accompanying financial statements of Trees Atlanta, Inc. (a not-for-profit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, cash flows and functional expenses for the year 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.

Auditor's 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 Trees Atlanta, Inc. as of June 30, 2019, and the changes in its net assets for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Trees Atlanta, Inc. June 30, 2018 financial statements, and our report dated October 3, 2018, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Hancock Robins & Co, LLP

Norcross, Georgia
October 4, 2019

Trees Atlanta, Inc.

Statements of Financial Position

<i>June 30,</i>	2019	2018
ASSETS		
Cash and cash equivalents	\$ 3,912,347	\$ 4,072,580
Investments, at fair market value	3,635,385	3,447,702
Trade receivables, less allowance of \$5,000 and \$5,000	694,960	1,456,551
Promises to give, less allowance of \$4,750 and \$5,000	80,471	123,019
Prepaid expenses and other assets	129,601	74,657
Property and equipment, net	4,017,518	3,974,945
Total assets	\$ 12,470,282	\$ 13,149,454
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued liabilities	\$ 237,316	\$ 293,217
Deferred tree maintenance liability	711,374	686,865
Deferred rent liability	15,977	27,317
Other liabilities	17,465	5,148
Total liabilities	982,132	1,012,547
Commitments and contingencies (Note 11)		
Net assets		
Without donor restrictions	8,942,058	8,784,727
With donor restrictions	2,546,092	3,352,180
Total net assets	11,488,150	12,136,907
Total liabilities and net assets	\$ 12,470,282	\$ 13,149,454

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

Trees Atlanta, Inc.

Statements of Activities (with Summarized Comparative Information for Fiscal 2018)

<i>Years ended June 30,</i>			2019	2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenue				
Contributions	\$ 602,957	\$ 584,375	\$ 1,187,332	\$ 1,018,625
Contract and maintenance revenue	1,848,301	-	1,848,301	2,683,038
Fundraising revenue	347,224	-	347,224	296,064
Contributed goods and services	48,752	-	48,752	39,496
Rental revenue	79,148	-	79,148	54,654
Education fees	132,634	-	132,634	103,422
Investment income	136,838	-	136,838	71,284
Net realized gain on sale of investments	5,634	-	5,634	178,324
Net unrealized loss on investments	(20,658)	-	(20,658)	(47,601)
Net assets released from restrictions	1,390,463	(1,390,463)	-	-
Total revenue	4,571,293	(806,088)	3,765,205	4,397,306
Expenses				
Program activities	3,699,714	-	3,699,714	3,578,886
General and administrative activities	397,185	-	397,185	431,952
Fundraising activities	317,063	-	317,063	257,332
Total expenses	4,413,962	-	4,413,962	4,268,170
Change in net assets	157,331	(806,088)	(648,757)	129,136
Net assets, beginning of year	8,784,727	3,352,180	12,136,907	12,007,771
Net assets, end of year	\$ 8,942,058	\$ 2,546,092	\$ 11,488,150	\$ 12,136,907

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

Trees Atlanta, Inc.

Statements of Cash Flows

<i>June 30,</i>	2019	2018
Operating activities		
Change in net assets	\$ (648,757)	\$ 129,136
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	168,740	160,126
Bad debt expense	796	-
Net realized gain on sale of investments	(5,634)	(178,324)
Net unrealized loss on investments	20,658	47,601
Changes in assets and liabilities		
Trade receivables	761,591	(715,724)
Promises to give	41,752	73,419
Prepaid expenses and other assets	(54,944)	(4,797)
Accounts payable and accrued liabilities	(55,901)	(12,627)
Deferred tree maintenance liability	24,509	149,812
Deferred rent liability	(11,340)	(9,302)
Other liabilities	12,317	5,148
Cash provided by (used in) operating activities	253,787	(355,532)
Investing activities		
Purchase of investments	(895,368)	(448,382)
Proceeds from sales and maturities of investments	692,661	400,648
Purchase of property and equipment	(211,313)	(240,841)
Disposal of property and equipment	-	551
Cash used in investing activities	(414,020)	(288,024)
Decrease in cash and cash equivalents	(160,233)	(643,556)
Cash and cash equivalents, beginning of year	4,072,580	4,716,136
Cash and cash equivalents, end of year	\$ 3,912,347	\$ 4,072,580

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

Trees Atlanta, Inc.

Statement of Functional Expenses

Year ended June 30,

2019

	General and Administrative	Program	Fundraising	Total
Salaries & benefits	\$ 100,826	\$ 1,751,184	\$ 79,599	\$ 1,931,609
Plant material expenses	-	554,654	43,057	597,711
Contractor expense	-	386,387	-	386,387
Insurance	32,674	184,401	4,633	221,708
Facility expenses	29,112	160,052	3,048	192,212
Payroll taxes & fees	23,860	139,500	6,125	169,485
Depreciation expense	25,311	134,992	8,437	168,740
Equipment & supplies	4,158	153,003	-	157,161
Professional fees	95,996	25,016	6,200	127,212
Special events	-	-	79,256	79,256
Organizational expenses	24,309	18,625	28,932	71,866
Marketing	12,418	39,901	9,689	62,008
Vehicle expense	-	52,646	-	52,646
IT support	14,257	36,001	-	50,258
In-Kind	16,850	-	31,902	48,752
Travel expenses	3,485	28,287	347	32,119
Accounting fees	11,550	4,950	-	16,500
Retirement plan	1,127	13,852	1,385	16,364
Re-grant distributions	-	16,263	-	16,263
Finance charges	456	-	14,453	14,909
Bad debt expense	796	-	-	796
Total expenses	\$ 397,185	\$ 3,699,714	\$ 317,063	\$ 4,413,962

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

Notes to Financial Statements

1. Nature of Operations and Summary of Significant Accounting Policies

General

Trees Atlanta, Inc. (the Organization or Trees Atlanta) is a not-for profit organization that protects and improves Atlanta’s urban forest by planting trees, conserving forests and educating youth and adults.

The Organization began in 1985 by planting 40 trees in downtown Atlanta and has since planted 133,000 trees across metro Atlanta. The Organization plants and maintains the majority of trees with the assistance of community and corporate volunteers, creating the dual benefit of greater operating efficiency and a more involved and educated public. Volunteers also assist with the restoration of greenspaces that have been overrun by invasive plants, helping to return those areas to native landscapes and providing improved public access.

Trees Atlanta has made a concerted effort in recent years to expand educational programming for both youth and adults. The Organization aims to help Atlanta’s citizens understand the benefits that the tree canopy provides and deliver the tools needed to protect and enhance the urban forest in their own backyards and neighborhoods.

The Organization qualifies as a not-for-profit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended June 30, 2018, from which the summarized information was derived.

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, 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 significantly from those estimates.

Functional Expenses

The Organization allocates its expenses on a functional basis among its various programs and supporting services. Expenses that can be identified with a specific program and supporting service are allocated directly according to their functional expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases. Expenses common to several functions that are allocated include the following:

Expense	Method of Allocation
Salaries and benefits	Time and effort
Depreciation	Building allocation

Notes to Financial Statements

1. Nature of Operations and Summary of Significant Accounting Policies (cont.)

Net Asset Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 18, 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) “Audit and Accounting Guide for Not-for-Profit Organizations” (the Guide). ASC 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and 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 operations purposes from time to time. Certain of these resources have been designated by the Board of Directors for specific purposes and are included in the accompanying statements of financial position in net assets without donor restrictions. The Board of Directors can release these designations at its discretion. Additionally, donor-restricted resources whose restrictions are met in the same reporting period that they are received are also included in net asset without donor restriction.

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. At June 30, 2019 and 2018, the Organization did not have any funds to be maintained in perpetuity.

Board Designated Funds

The endowment and reserve amounts consist of funds designated as such by the Board of Directors. Endowment and reserve assets are pooled for investment purposes. Income, including interest, dividends, and realized and unrealized gains and losses from pooled investments, are included in net assets without donor restrictions.

Cash and Cash Equivalents

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

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values on the statements of financial position. Unrealized gains and losses are included in the change in net assets.

Investment transactions are recorded on the trade date. Realized gains and losses on the sale of investments are calculated on the basis of specific identification of the securities sold. Investment income is recorded on an accrual basis and presented net of related expenses on the statements of activities.

Notes to Financial Statements

1. Nature of Operations and Summary of Significant Accounting Policies (cont.)

Trade Receivables

Trade receivables are recorded at net realizable value and result from contracts to plant trees and other various services by the Organization.

An allowance for uncollectible contracts is provided based on management’s evaluation of potential uncollectible trade receivables at year-end. Changes in the allowance for uncollectible contracts are charged to the provision for bad debt expense. Trade receivables are charged-off when management deems them uncollectible. The allowance for uncollectible contracts as of June 30, 2019 and 2018 was \$5,000.

Promises to Give

Unconditional promises to give that are expected to be collected within one year are reported at their net realizable value. If material, unconditional promises to give that are expected to be collected in future years are discounted to their present value. Amortization of the discount is recorded as an adjustment to contribution revenue.

An allowance for uncollectible contributions is provided based on management’s evaluation of potential uncollectible promises to give at year-end. Changes in the allowance for uncollectible contributions are charged to the provision for bad debt expense. The allowance for uncollectible contributions as of June 30, 2019 and 2018 was \$4,750 and \$5,000, respectively.

Property and Equipment

The Organization capitalizes all property and equipment with a cost of \$2,000 or greater if purchased, and a fair value of \$2,000 or greater at the date of donation if received by a contribution. Property and equipment are recorded at cost less accumulated depreciation. Depreciation is computed on a straight-line basis over the estimated useful lives of the property and equipment as follows:

Buildings and improvements	5 - 40 years
Furniture and equipment	5 - 10 years
Computers and software	3 - 10 years
Vehicles	5 - 10 years

Leasehold improvements are depreciated over the lesser of their useful lives or the term of the lease. The Organization reviews long lived assets for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable.

Deferred Tree Maintenance Liability

For each tree planted by the Organization, a portion of the corresponding revenue is deferred for future tree maintenance. The Organization recognizes the revenue over the related maintenance period. This revenue is recorded under contract and maintenance revenue on the statements of activities. As of June 30, 2019 and 2018, the short term portion of the deferred tree maintenance liability balance was \$422,341 and \$460,176, respectively, and the long term portion was \$289,033 and \$226,689, respectively.

Notes to Financial Statements

1. Nature of Operations and Summary of Significant Accounting Policies (cont.)

Contributions

Contributions are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and are reported as an increase in net assets without donor restrictions.

Contract Revenue

Contract revenue consists of revenue from contracts to plant trees and other various services by the Organization. Such revenue is recognized once the services have been performed by the Organization.

Contributed Goods and Services

Contributed goods are recorded at fair market value at the date of the contribution. At June 30, 2019 and 2018, the balance in contributed goods consists primarily of donated silent auction items on the statements of activities.

A substantial number of volunteers have made significant contributions of their time to the Organization's programs. The value of this contributed time is not reflected in the financial statements since it does not require a specialized skill. During the years ended June 30, 2019 and 2018, the Organization received approximately 39,000 and 34,000 hours of donated tree planting services at an estimated value of approximately \$986,000 and \$820,000, respectively.

New Accounting Pronouncement

On August 18, 2016, FASB issued 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. Trees Atlanta, Inc. has adjusted the presentation of these statements accordingly and the ASU has been applied retrospectively to all periods presented.

Subsequent Events

On July 16, 2019, the Organization purchased a property for \$3,000,000 to be the site of its future headquarters. Construction is expected to begin in July 2020. The transaction was funded with a \$3,100,000 twenty-four-month bridge loan obtained from a financial institution.

Subsequent events have been evaluated and disclosed through October 4, 2019, the date the financial statements were available to be issued.

2. Concentrations of Credit Risk

The Organization maintains cash balances in financial institutions which may at times exceed the insured amount covered by the Federal Deposit Insurance Corporation. The amounts that exceeded FDIC insured limits as of June 30, 2019 and 2018, was approximately \$3,390,000 and \$3,930,000, respectively.

Notes to Financial Statements

3. Promises to Give

The Organization's contributions receivable consists of unconditional promises to give as follows:

<i>June 30,</i>	2019	2018
Receivable in less than one year	\$ 83,721	\$ 121,519
Receivable in one to three years	1,500	6,500
Total promises to give	85,221	128,019
Less allowance for uncollectible promises	4,750	5,000
Net promises to give	\$ 80,471	\$ 123,019

Promises to give that are expected to be collected in future years have not been discounted to their present value due to the immaterial effect of discounting on the financial statements.

4. Investments

Investments are stated at fair value and consist of the following:

	2019			2018		
	Cost	Market Value	Unrealized Gain/(Loss)	Cost	Market Value	Unrealized Gain/(Loss)
Cash	\$ 55,964	\$ 55,964	\$ -	\$ 2,768,402	\$ 2,768,402	\$ -
Equity securities	3,600,079	3,579,421	(20,658)	537,218	679,300	142,082
	\$ 3,656,043	\$ 3,635,385	\$ (20,658)	\$ 3,305,620	\$ 3,447,702	\$ 142,082

Investment income is comprised of interest and dividends of \$153,426 and \$89,649 and is shown net of external and direct internal investment expenses in the amount of \$16,588 and \$18,365 for the years ended June 30, 2019 and 2018, respectively.

On June 29, 2018, the Organization initiated a transfer of all investments to a new broker with trades settled in fiscal 2019 which resulted in a large cash investment balance at June 30, 2018.

Refer to Note 6 for investment fair value hierarchy.

Notes to Financial Statements

5. Property and Equipment

Property and equipment consisted of the following:

<i>June 30,</i>	2019	2018
Land	\$ 1,250,000	\$ 1,250,000
Buildings and improvements	3,680,099	3,508,860
Furniture and equipment	153,350	153,350
Computers and software	274,440	190,647
Vehicles	342,844	305,157
Construction in progress	-	103,867
	5,700,733	5,511,881
Accumulated depreciation	(1,683,215)	(1,536,936)
	\$ 4,017,518	\$ 3,974,945

Depreciation expense amounted to \$168,740 and \$160,126 in 2019 and 2018, respectively.

6. Fair Value of Financial Instruments

Valuation Hierarchy

Accounting principles generally accepted in the United States of America establish a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1 - inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following tables set forth, by level within the fair value hierarchy, the Organization's investment assets at fair value as of June 30, 2019 and 2018. As required by accounting principles generally accepted in the United States of America, assets and liabilities are classified in their entirety based upon the lowest level of input that is significant to the fair value measurement.

<i>June 30, 2019</i>	Level 1	Level 2	Level 3	Total
Cash	\$ 55,964	\$ -	\$ -	\$ 55,964
Equity securities	3,579,421	-	-	3,579,421
Total investments at fair value	\$ 3,635,385	\$ -	\$ -	\$ 3,635,385

Notes to Financial Statements

6. Fair Value of Financial Instruments (cont.)

Valuation Hierarchy (cont.)

<i>June 30, 2018</i>	Level 1	Level 2	Level 3	Total
Cash	\$ 2,768,402	\$ -	\$ -	\$ 2,768,402
Equity securities	679,300	-	-	679,300
Total investments at fair value	\$ 3,447,702	\$ -	\$ -	\$ 3,447,702

On June 29, 2018, the Organization initiated a transfer of all investments to a new broker with trades settled in fiscal 2019 which resulted in a large cash investment balance at June 30, 2018.

7. Net Assets with Donor Restrictions

During the year ended June 30, 2015, the Organization launched a capital campaign (the 2014 Capital Campaign) to enhance education programs, accelerate tree planting efforts, expand conservation initiatives and extend the Atlanta BeltLine Arboretum. The 2014 Capital Campaign raised approximately \$5 million in funds. The funds raised through the 2014 Capital Campaign are being utilized over several years and are recorded in net assets with donor restrictions. During the years ended June 30, 2019 and 2018, approximately \$766,000 and \$427,000, respectively, of the funds were utilized for 2014 Capital Campaign programs and released from net assets with donor restrictions.

During the year ended June 30, 2012, the Organization conducted a capital campaign (the 2011 Capital Campaign) to honor the retirement of the Organization’s founder and Executive Director, Marcia Bansley. The 2011 Capital Campaign raised over \$2 million in funds for the Marcia Bansley Atlanta Canopy tree planting program, the Atlanta BeltLine Arboretum and the Leadership Transition Fund. The funds raised through the 2011 Capital Campaign are being utilized over several years and are recorded in net assets with donor restrictions. During the years ended June 30, 2019 and 2018, approximately \$3,000 and \$18,000, respectively, of the funds were utilized for 2011 Capital Campaign programs and released from net assets with donor restrictions.

At June 30, 2019 and 2018, the Organization had net assets with donor restrictions of approximately \$2,546,000 and \$3,352,000, respectively, restricted for use by the Organization’s various campaigns and programs.

8. Board-Designated Funds

Board-designated funds are included in net assets without donor restrictions and consist of the board-designated endowment and board designated operating reserve funds.

The board-designated endowment consists of funds established to provide a solid foundation for the Organization’s long-term operational success. The endowment is focused on long-term growth and capital appreciation. The amount of board-designated endowment funds for the years ended June 30, 2019 and 2018, were approximately \$3,103,000 and \$2,937,000, respectively.

Notes to Financial Statements

8. Board-Designated Funds (cont.)

The board-designated reserve consists of liquid securities designated for use in the event of cash shortfalls and is made up of excess operating reserves held in investment and money market accounts. The reserve ensures the stability of the mission, programs, employment, and ongoing operations of the Organization and is intended to provide an internal source of funds for situations such as a sudden increase in expenses, one-time unbudgeted expenses, unanticipated loss in funding, or uninsured losses. The amount of board-designated reserve funds for the years ended June 30, 2019 and 2018 was approximately \$520,000 and \$498,000, respectively.

As required by the accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of board designations.

The Organization has adopted investment and spending policies for endowment assets that seek to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce long-term capital growth in excess of inflation while assuming a moderate level of investment risk.

To satisfy its long-term return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

The Organization has a policy allowing for the distribution of no greater than 3% of the total Endowment market value in a given calendar year. During the years ended June 30, 2019 and 2018, all investment income and gains were reinvested into the endowment. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long-term, the Organization expects the current spending policy to allow its endowment to grow annually.

9. Liquidity

The Organization has financial assets for use within one year from the statement of financial position totaling \$4,686,278, which includes restricted capital campaign funds of \$3,108,313, unrestricted operating cash of \$804,034 and receivables of \$773,931.

The Organization has highly liquid investments in a reserve account designated by the Board in the amount of approximately \$520,116. In addition, the Board has designated funds held in an endowment for the long-term success of the Organization totaling \$3,102,739 at June 30, 2019. These funds may be used in the event of financial distress or an immediate liquidity need resulting from events outside of the Organization's routine course of business. The Board allows distributions from the endowment up to 3% of the total market value of the funds within a calendar year. This equates to approximately \$93,000 for use within one year of June 30, 2019. During the years ended June 30, 2019 and 2018, all investment income and gains were reinvested into the endowment.

10. Employee Benefit Plans

The Organization sponsors a 403(b)(7) retirement plan, covering substantially all employees meeting certain age and service requirements. For the years ended June 30, 2019 and 2018, the Organization made contributions amounting to \$16,364 and \$10,798, respectively.

Notes to Financial Statements

11. Commitment and Contingencies

The Organization leases office space under a non-cancelable operating lease expiring in August 2020. Rental expense included in the statements of activities was \$62,966 and \$64,113 for the years ended June 30, 2019 and 2018, respectively.

Future minimum lease payments under non-cancelable operating leases having remaining terms in excess of one year as of June 30, 2019 are as follows:

<i>June 30,</i>		
2020	\$	72,061
2021		12,309
	\$	84,370

On August 1, 2017, the Organization entered into a license agreement with the Atlanta Development Authority through its designated special agent, Atlanta Beltline, Inc. to use a portion of real property located in the City of Atlanta. The Organization utilizes this property as a storage site for materials and equipment and to park vehicles. In return, the Organization agreed to make improvements to the building located on the property. The Organization capitalized construction costs totaling \$171,239 associated with these improvements and began depreciating these costs when construction was completed in February 2019. Depreciation will continue until the license expires on July 31, 2023. The property, building, and improvements remain the property of the Licensor.

12. Significant Contributors

For the years ended June 30, 2019 and 2018, the Organization received 36% and 49%, respectively, of its revenue from its two largest contributors that are greater than 10 percent individually. In addition, two customer receivable balances represented 79% of total trade receivables as of June 30, 2019. As of June 30, 2018, one customer receivable balance represented 90% of total trade receivables. Additionally, as of June 30, 2019, one donor receivable balance represented 68% of total promises to give. As of June 30, 2018, two donor receivable balances represented 39% and 19% of total promises to give.