SEARCH INSTITUTE

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

SEARCH INSTITUTE
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Search Institute
Minneapolis, Minnesota

We have audited the accompanying financial statements of Search Institute (a nonprofit organization), which comprise the balance sheets as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

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

Board of Directors
Search Institute

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Search Institute as of December 31, 2019 and 2018, 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
June 12, 2020

SEARCH INSTITUTE
BALANCE SHEETS
DECEMBER 31, 2019 AND 2018

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 799,416	$ 841,094
Short-Term Investments	2,426,980	1,003,718
Prepaid Expenses	111,810	92,974
Inventory, Net	61,539	59,015
Accounts Receivable, Net	177,769	404,124
Grants Receivable	535,000	1,390,000
Total Current Assets	4,112,514	3,790,925
PROPERTY, PLANT, AND EQUIPMENT		
Office Furniture and Equipment	720,239	701,932
Website and Software	224,058	224,058
Leasehold Improvements	263,950	263,950
Total	1,208,247	1,189,940
Less: Accumulated Depreciation and Amortization	(911,053)	(829,612)
Total Property, Plant, and Equipment, Net	297,194	360,328
OTHER ASSETS		
Investments	-	500,000
Long-Term Grants Receivable, Net	-	524,613
Beneficial Interest in Assets Held by Others	29,460	26,420
Total Other Assets	29,460	1,051,033
Total Assets	$ 4,439,168	$ 5,202,286
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$ 238,084	$ 246,851
Accrued Liabilities	124,003	111,623
Deferred Revenue - Consulting	61,660	133,558
Deferred Revenue - Curriculum and Training	39,910	25,075
Deferred Lease Credits	33,193	30,702
Total Current Liabilities	496,850	547,809
DEFERRED LEASE CREDITS - LONG-TERM	164,954	198,148
Total Liabilities	661,804	745,957
NET ASSETS		
Without Donor Restrictions	987,292	911,214
With Donor Restrictions	2,790,072	3,545,115
Total Net Assets	3,777,364	4,456,329
Total Liabilities and Net Assets	$ 4,439,168	$ 5,202,286

See accompanying Notes to Financial Statements.

SEARCH INSTITUTE
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING SUPPORT AND REVENUE						
Grants	$ -	$ 1,152,079	$ 1,152,079	$ -	$ 1,422,320	$ 1,422,320
Consulting	773,359	-	773,359	1,175,101	-	1,175,101
Curriculum Sales and Training	1,251,269	-	1,251,269	1,229,712	-	1,229,712
Rental Income	4,800	-	4,800	5,306	-	5,306
Contributions	45,063	-	45,063	33,521	-	33,521
Royalties	56,513	-	56,513	49,534	-	49,534
Change in Value of Beneficial Interest	-	3,040	3,040	-	(2,963)	(2,963)
Other Income	33,320	-	33,320	3,657	-	3,657
Subtotal	2,164,324	1,155,119	3,319,443	2,496,831	1,419,357	3,916,188
Net Assets Released from Restrictions	1,910,162	(1,910,162)	-	1,515,065	(1,515,065)	-
Total Operating Support and Revenue	4,074,486	(755,043)	3,319,443	4,011,896	(95,708)	3,916,188
OPERATING EXPENSE						
Program Services	3,250,057	-	3,250,057	3,243,109	-	3,243,109
Management and General	745,203	-	745,203	681,065	-	681,065
Fundraising	3,148	-	3,148	9,315	-	9,315
Total Operating Expense	3,998,408	-	3,998,408	3,933,489	-	3,933,489
CHANGE IN NET ASSETS	76,078	(755,043)	(678,965)	78,407	(95,708)	(17,301)
Net Assets - Beginning of Year	911,214	3,545,115	4,456,329	832,807	3,640,823	4,473,630
NET ASSETS - END OF YEAR	$ 987,292	$ 2,790,072	$ 3,777,364	$ 911,214	$ 3,545,115	$ 4,456,329

See accompanying Notes to Financial Statements.

SEARCH INSTITUTE
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019				2018			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Payroll	$ 1,353,602	$ 463,017	$ 1,151	$ 1,817,770	$ 1,358,263	$ 409,131	$ 6,068	$ 1,773,462
Fringe Benefits and Payroll Taxes	293,820	100,505	250	394,575	334,182	100,661	1,493	436,336
Office Expenses	86,496	25,145	1,535	113,176	75,779	27,395	298	103,472
Printing, Advertising, and Promotion	842	-	-	842	5,035	-	639	5,674
Travel and Business Meeting	278,208	12,949	78	291,235	245,658	3,443	223	249,324
Professional and Outside Services	591,643	64,514	-	656,157	428,258	49,003	-	477,261
Pass-Through Grants	387,870	-	-	387,870	519,885	-	-	519,885
Insurance	26,424	9,381	22	35,827	27,545	9,182	-	36,727
Occupancy and Maintenance	131,709	46,761	112	178,582	133,034	40,072	594	173,700
Cost of Publications and Surveys Sold	38,362	-	-	38,362	55,223	-	-	55,223
Bad Debt Expense	-	2,571	-	2,571	-	22,096	-	22,096
Total Expenses Before Depreciation	3,188,976	724,843	3,148	3,916,967	3,182,862	660,983	9,315	3,853,160
Depreciation and Amortization	61,081	20,360	-	81,441	60,247	20,082	-	80,329
Total Expenses	$ 3,250,057	$ 745,203	$ 3,148	$ 3,998,408	$ 3,243,109	$ 681,065	$ 9,315	$ 3,933,489
	81%	19%	0%	100%	82%	17%	0%	100%

See accompanying Notes to Financial Statements.

SEARCH INSTITUTE
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (678,965)	$ (17,301)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	81,441	80,329
Increase (Decrease) in Allowance for Doubtful Accounts	-	22,096
Change in Investment Value in Beneficial Interests	(3,040)	2,963
Unrealized (Gain) Loss on Investments	(22,389)	271
(Increase) Decrease in Assets:		
Prepaid Expenses and Other Assets	(18,836)	(22,668)
Inventory	(2,524)	(10,385)
Contracts Receivable	226,355	(214,676)
Grants Receivable	1,379,613	947,257
Increase (Decrease) in Liabilities:		
Accounts Payable	(8,767)	169,987
Accrued Liabilities	12,380	(138)
Deferred Contract Revenue	(57,063)	(55,948)
Deferred Lease Credits	(30,703)	(12,608)
Net Cash Provided by Operating Activities	877,502	889,179
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property, Plant, and Equipment	(18,307)	(46,864)
Purchases of Investments	(1,504,867)	(1,500,000)
Proceeds from Sale of Investments	603,994	1,100
Net Cash Used by Investing Activities	(919,180)	(1,545,764)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(41,678)	(656,585)
Cash and Cash Equivalents - Beginning of Year	841,094	1,497,679
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 799,416	$ 841,094

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Business

Search Institute (the Institute) is a Minnesota nonprofit corporation that engages in research and educational services that promote the well-being of children and adolescents. The Institute fulfills its mission by engaging in in-depth applied research and evaluation, and by conducting surveys that explore young people's needs and the effectiveness of youth-serving programs. The Institute's primary sources of revenues are contracts, contributions from corporations and private foundations, and sales of training workshops and conferences, survey services, research-based books and materials.

Financial Statement Presentation

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Institute and changes therein are classified and reported as follows:

Without Donor Restrictions – Those resources not subject to donor-imposed restrictions. The Institute has discretionary control over these resources.

With Donor Restrictions – Those resources subject to donor-imposed restrictions which will be satisfied by actions of the Institute or passage of time. There are also resources that are restricted by donors to investment in perpetuity. The income may be expended for such purpose as specified by the donor, or if none, then for any purpose of the Institute.

Revenues are reported as increases in net assets without donor restriction unless use of the related asset is limited by donor-imposed restrictions. Donor-restricted contributions, the restrictions of which are met in the same year as the gift is made, are reported as with donor restrictions contributions in the current year. Expenses are reported as decreases in net assets without donor restrictions. Expirations of net assets with donor restrictions are reported as reclassifications between the applicable classes of net assets.

Accounting Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Cash and Equivalents

The Institute deposits its temporary cash investments in high credit quality financial institutions. At times, such investments may be in excess of Federal Deposit Insurance Corporation insurance limits. Cash and cash equivalents include cash on hand, savings, and money market accounts.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

Accounts, contracts, and grants receivable are stated at net realizable value. Bad debts are provided on the reserve method based on historical experience and management's evaluation of outstanding receivables at the end of each year. When all collection efforts have been exhausted, the accounts are written off against the related allowance. The allowance for uncollectible accounts was $35,000 at December 31, 2019 and 2018.

At December 31, 2019, one organization comprised 21% of accounts receivable and one organization comprised 100% of grants receivable. At December 31, 2018, two organization comprised 48% of accounts receivable and two organizations comprised 100% of grants receivable.

Inventory

Inventory consists of published books and books in the process of being published. Inventory is valued at the lower net realizable value or cost. An allowance for excess and obsolete inventory has been recorded for books, which may not be saleable based on historical data. The allowance for obsolescence was $12,667 at December 31, 2019 and 2018.

Investments

Investments consist of certificates of deposit which are carried at fair value, based on quoted prices in an active market. Investment gains and losses are recognized in the statements of activities in the period in which they occur.

Beneficial Interests in Assets Held by Others

The Institute's beneficial interest in a donor-designated fund with The Minneapolis Foundation is recognized as an asset. The governing instrument of The Minneapolis Foundation states that The Minneapolis Foundation shall have the sole and exclusive right to manage, control, and conduct the affairs of the donor-designated fund and to modify any direction, restriction or condition, and the timing of distributions from the fund.

Office Furniture and Equipment

Office furniture and equipment acquisitions in excess of $1,000 are recorded at cost. Depreciation is computed using the straight-line method over an estimated useful life of five years.

Leasehold Improvements

Leasehold improvements are recorded at cost and are being amortized over the shorter of the useful life or the term of the lease.

Website and Software

Website and software acquisitions in excess of $1,000 are recorded cost. Depreciation is computed using the straight-line method over an estimated useful life of three years.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants

Grant revenue is recognized when notification is received, absent any condition clauses on recognition. Expenditures under grant contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the Institute will record such disallowance at the time the determination is made. Two organizations comprised of 99% grant revenue for the year ended December 31, 2019, and three organizations comprised 98% of grant revenue for the year ended December 31, 2018.

Consulting Revenue

Consulting revenue relates to amounts received from organizations and governmental agencies to fund various projects undertaken by the Institute. Performance obligations are determined based on the services, milestones, or other obligations as outlined in each consulting contract. Revenue for performance obligations is satisfied over time and is recognized based on actual charges incurred using the input method. The Institute believe that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Expenses are recorded as incurred. Amounts received related to contract revenue and not yet earned, are recorded as deferred contract revenue. In 2019, four organizations comprised 38% of consulting revenue. In 2018, three organizations comprised 53% of consulting revenue.

Curriculum Sales and Training

Curriculum sales relate to amounts received in exchange for survey services, research-based books, and materials. The revenue is recognized at the time of the sale, using the point in time method. Training revenue is recognized when the conference or workshop is held, also using the point in time method. All revenues are recognized based on the outputs provided in the contracts. Amounts received in advance are recorded as deferred revenue.

Contributions

Contributions are recognized as revenue in the period received or pledged. All contributions are considered to be available for use without donor restriction unless specifically restricted by the donor. Contributions to be received after one year are discounted to reflect the time value of money.

Shipping and Handling Fees

The Institute charges a fee to customers for reimbursement of shipping and handling costs associated with sales of publications. For the years ended December 31, 2019 and 2018, the Institute recorded shipping and handling fees of $14,857 and $14,695, respectively, which are included in curriculum sales revenue on the statements of activities.

Functional Allocation of Expense

Salaries and related expenses are allocated to the program and supporting services based on actual time employees spend on each function. The remaining expenses are allocated as a percentage of direct labor hours devoted to that function or using another systematic methodology.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising Costs

Advertising costs are charged to operations when the advertising takes place. Advertising expense was $842 and $5,673 for the years ended December 31, 2019 and 2018, respectively.

Tax-Exempt Status

The Institute qualifies as a tax-exempt organization described in Section 501(c)(3) and is not a private foundation under Section 509(a)(2) of the Internal Revenue Code. As such, it is subject to federal and state income taxes on net unrelated business income. The Institute currently has no unrelated business income.

The Institute follows a policy that clarifies the accounting for uncertainty in income taxes recognized in an organization’s financial statements. The policy prescribes a recognition threshold and measurement principles for the financial statement recognition and measurement of tax positions taken or expected to be taken on a tax return that are not certain to be realized.

Fair Value Measurements

The Institute has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities, whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Institute has the ability to access.

Level 2 – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include the following:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in nonactive markets;
- pricing models whose inputs are observable for substantially the full term of the asset or liability; and prices for similar assets or liabilities in active markets;
- pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset or liability for similar assets or liabilities in active markets.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

Level 3 – Financial assets and liabilities, whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability. Securities valued using Level 3 inputs include funds held on behalf of the Institute at The Minneapolis Foundation. The inputs used to determine the funds held are based on the underlying value of the holdings as well as the Institute's proportionate share of The Master Fund at The Minneapolis Foundation.

Change in Accounting Principle

ASU 2014-09 – the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Topic 606 requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The Institute adopted using the modified retrospective approach as of January 1, 2019.

ASU 2018-08 – In June 2018, FASB issued Accounting Standards (ASU) 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and contributions made. The amendments to this ASU assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as an exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The Institute adopted using the prospective approach as of January 1, 2019.

There was no impact to the total change in net assets as previously reported due to the implementation of these new standards.

Subsequent Events

Subsequent events have been evaluated through June 12, 2020, which is the date the financial statements were available to be issued.

NOTE 2 LIQUIDITY

The Institute receives significant contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. For the years ended December 31, 2019 and 2018, restricted contributions of $1,152,079 and $1,422,320, respectively, were included in financial assets available to meet cash needs for general expenditures within one year. The Institute manages its liquidity and reserves following three guiding principles: Operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

NOTE 2 LIQUIDITY (CONTINUED)

The Institute has a liquidity goal to maintain current financial assets less current liabilities at a minimum of 30 days operating expenses. The Institute has a goal to target a year-end balance of reserves of unrestricted, undesignated net assets at approximately 90 days of expected expenditures. To achieve these targets, the entity forecasts its future cash flows and monitors its liquidity quarterly, and monitors its reserves annually. During the years ended December 31, 2019 and 2018, the level of liquidity and reserves was managed within these requirements.

	2019	2018
Financial Assets:		
Cash and Equivalents	$ 799,416	$ 841,094
Accounts Receivable, Net	177,769	404,124
Grants Receivable, Net	535,000	1,914,613
Investments	2,426,980	1,003,718
Total Financial Assets	3,939,165	4,163,549
Less:		
Donor-Imposed Restrictions	(2,760,612)	(3,518,695)
Net Financial Assets:	$ 1,178,553	$ 644,854

NOTE 3 INVESTMENTS

The following tables present a summary of investment holdings as of December 31. The tables also present the fair value hierarchy for the balances of the assets of the Institute measured at fair value on a recurring basis as of December 31:

	2019			
	Level 1	Level 2	Level 3	Total
Beneficial Interest in Assets Held by Others	$ -	$ -	$ 29,460	$ 29,460
Equities	-	-	-	-
Certificates of Deposit	-	2,426,980	-	2,426,980
Total	$ -	$ 2,426,980	$ 29,460	$ 2,456,440

	2018			
	Level 1	Level 2	Level 3	Total
Beneficial Interest in Assets Held by Others	$ -	$ -	$ 26,420	$ 26,420
Equities	3,989	-	-	3,989
Certificates of Deposit	-	1,499,729	-	1,499,729
Total	$ 3,989	$ 1,499,729	$ 26,420	$ 1,530,138

NOTE 3 INVESTMENTS (CONTINUED)

Level 3 Assets and Liabilities

The following tables provide a summary of changes in fair value of the Institute's Level 3 financial asset, the beneficial interest in assets held by others, for the years ended December 31, 2019 and 2018:

	2019
Balance - December 31, 2018	$ 26,420
Unrealized Loss in Net Asset Value	4,444
Withdrawals	(1,404)
Balance - December 31, 2019	$ 29,460

	2018
Balance - January 1, 2018	$ 29,383
Unrealized Gain in Net Asset Value	(1,862)
Withdrawals	(1,101)
Balance - December 31, 2018	$ 26,420

The Institute's assets at The Minneapolis Foundation are held in the "Master Fund." The Minneapolis Foundation invests the Master Fund's assets in a diversified portfolio consisting principally of domestic and foreign fixed income and equity securities.

NOTE 4 GRANTS RECEIVABLE

Grants receivable includes the following at December 31:

	2019	2018
Grants Receivable	$ 535,000	$ 1,925,000
Present Value Discount	-	(10,387)
Net Grant Receivable	$ 535,000	$ 1,914,613
Amounts Due in:		
Less than One Year	$ 535,000	$ 1,390,000
One to Five Years	-	524,613
Total	$ 535,000	$ 1,914,613

Grants due in more than one year were discounted at a rate of 1.98% for the years ended December 31, 2019 and 2018. Grants due in less than one year were not discounted. Management does not believe an allowance is warranted for the grant receivable balance based on past experience with the grantors.

NOTE 5 LINE OF CREDIT

The Institute has a $100,000 revolving line of credit agreement bearing interest at 8.5% (based on prime plus 3.75%) as of December 31, 2019. There were no advances under the line of credit as of December 31, 2019 and 2018. The line of credit is unsecured.

NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were as follows at December 31:

	2019	2018
Purpose Restrictions:		
Einhorn Family Charitable Trust	$ 736,555	$ 1,855,561
Altria Family Partnerships	586,349	211,020
Schulze Family Foundation	25,643	84,773
Ting Foundation Peer Relationships	11,109	20,898
Altria Get Connected	264,868	500,000
WEM Foundation Measuring What Matters	384,853	494,175
Lilly Endowment Faith Community Relationships	117,282	352,268
Gates Foundation Social Capital	633,953	-
Total Purpose Restrictions	2,760,612	3,518,695
Beneficial Interest in Assets Held by Others	29,460	26,420
Total Temporarily Restricted Net Assets	$ 2,790,072	$ 3,545,115

Net Assets Released from Restrictions

	2019	2018
Purpose Restriction	$ 1,910,162	$ 1,515,065

NOTE 7 RETIREMENT PLAN

The Institute sponsors a 403(b) retirement plan for all eligible employees. The Institute matches contributions at 0.5% of employee contributions, with a cap of $1,500 per employee, up to 3% of employee contributions. Employees must be 21 years of age and work at the Institute for three months prior to receiving matching contributions. Total contributions by the Institute for the years ended December 31, 2019 and 2018 were $36,112 and $39,827, respectively.

NOTE 8 COMMITMENTS

Rental expense for office space and equipment was $103,525 in 2019 and $105,765 in 2018 based on agreements which expire on various dates through 2021. In 2017, the Institute signed a new office lease, with escalating rental payments, over an 87-month lease term. The lease for office space expires in 2025. Minimum annual payments under terms of these operating leases are as follows:

Year Ending December 31,	Amount
2020	$ 106,017
2021	104,472
2022	105,658
2023	108,149
2024	110,641
Thereafter	18,510
Total	$ 553,447

NOTE 9 SUBSEQUENT EVENTS

Subsequent to year-end, the World Health Organization declared the spread of Coronavirus disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. It is expected the COVID-19 will impact the Institute's 2020 operations resulting in a decline in revenue as well as other additional, unanticipated costs.

Management believes the Institute is taking appropriate actions to address negative impacts on current operations. However, the full financial impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.