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NATIONAL MILITARY FAMILY ASSOCIATION

FINANCIAL STATEMENTS
AND

INDEPENTDENT AUDITORS' REPORT

DECEBMER 31, 2018

MATTHEWS, CARTER & BOYCE

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NATIONAL MILITARY FAMILY ASSOCIATION

FINANCIAL STATEMENTS

DECEMBER 31, 2018

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MATTHEWS, CARTER & BOYCE
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INDEPENDENT AUDITORS' REPORT

The Board of Governors
National Military Family Association
Alexandria, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the National Military Family Association, (NMFA), which comprise the statement of financial position as of December 31, 2018 and the related statements of activities and changes in net assets, 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.

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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 auditors consider 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Military Family Association as of December 31, 2018 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matthews, Carter and Boyce

Fairfax, Virginia
October 31, 2019

NATIONAL MILITARY FAMILY ASSOCIATION

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2018

ASSETS

	2018
CURRENT ASSETS	
Cash and cash equivalents	$ 2,517,892
Certificates of deposit	448,510
Accounts receivable, net	428,507
Prepaid expenses	39,770
Total Current Assets	$ 3,434,679
OTHER ASSETS	
Property and Equipment , net of accumulated depreciation	$ 76,302
Marketable securities	4,422,521
Deposits	12,230
Total Other Assets	$ 4,511,053
TOTAL ASSETS	$ 7,945,732

LIABILITIES AND NET ASSETS

	2018
CURRENT LIABILITIES	
Accounts payable and accrued expenses	$ 31,629
Accrued salaries and related taxes	58,982
Accrued vacation	113,891
Deferred revenue	271,227
Deferred rent	19,343
Total Current Liabilities	$ 495,072
NET ASSETS	
Without donor restrictions	
Board designated for general reserve fund	$ 3,753,407
Board designated for scholarships	669,114
Undesignated	1,939,769
Total net assets without donor restrictions	$ 6,362,290
With donor restrictions	1,088,370
Total Net Assets	$ 7,450,660
TOTAL LIABILITIES AND NET ASSETS	$ 7,945,732

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

NATIONAL MILITARY FAMILY ASSOCIATION

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2018

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE			
Contributions and grants	$ 2,485,259	$ 2,072,160	$ 4,557,419
Membership dues	551,117	-	551,117
In-kind donations	32,551	-	32,551
Royalties and other	108,444	-	108,444
Interest and dividends	135,198	-	135,198
Total	$ 3,312,569	$ 2,072,160	$ 5,384,729
Net assets released from restrictions			
Scholarships and program grants	1,494,712	(1,494,712)	-
Total Revenue	$ 4,807,281	$ 577,448	$ 5,384,729
EXPENSES			
Program services			
Strengthening and healing families	$ 2,147,613	$ -	$ 2,147,613
Engaging communities	871,318	-	871,318
Creating change: policy and awareness	733,176	-	733,176
Total program services	$ 3,752,107	$ -	$ 3,752,107
Supporting services			
Management and general	$ 229,326	$ -	$ 229,326
Fundraising and membership	603,325	-	$ 603,325
Total supporting services	$ 832,651	$ -	$ 832,651
Total Expenses	$ 4,584,758	$ -	$ 4,584,758
Change in net assets before other gains and losses	$ 222,523	$ 577,448	$ 799,971
Other gains and losses			
Investment return, net	(319,684)	-	(319,684)
CHANGE IN NET ASSETS	$ (97,161)	$ 577,448	$ 480,287
NET ASSETS, BEGINNING OF YEAR	6,459,451	510,922	6,970,373
NET ASSETS, END OF YEAR	$ 6,362,290	$ 1,088,370	$ 7,450,660

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

NATIONAL MILITARY FAMILY ASSOCIATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018

	2018
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from grants, program revenue, contributors	$ 4,213,296
Interest and dividend income received	135,198
Cash paid to suppliers and employees	(4,555,582)
Net Cash - Operating Activities	$ (207,088)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of certificates of deposit	$ (448,510)
Redemptions of certificates of deposit	438,180
Purchases of marketable securities	(526,043)
Sales of marketable securities	585,062
Purchases of property and equipment	(67,705)
Net Cash - Investing Activities	$ (19,016)
NET CHANGE IN CASH AND CASH EQUIVALENTS	$ (226,104)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,743,996
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 2,517,892

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

NATIONAL MILITARY FAMILY ASSOCIATION

STATEMENT OF CASH FLOWS (CONCLUDED)

FOR THE YEAR ENDED DECEMBER 31, 2018

	2018
Reconciliation of change in net assets to net cash - operating activities	
CHANGE IN NET ASSETS	$ 480,287
Adjustments to reconcile change in net assets to Net Cash -	
Operating Activities	
Depreciation and amortization	$ 39,784
Realized loss (gain) on sales of marketable securities	(155,007)
Unrealized loss (gain) on marketable securities	437,159
Donated marketable securities	(13,065)
Deferred rent	(17,176)
Changes in assets and liabilities	
(Increase) decrease in:	
Accounts receivable	(412,882)
Prepaid expenses	29,205
Increase (decrease) in:	
Accounts payable and accrued expenses	(7,478)
Accrued salaries and related taxes	16,125
Deferred revenue	(610,288)
Accrued vacation	6,248
Total adjustments	$ (687,375)
Net Cash - Operating Activities	$ (207,088)
Non-cash investing and financing activities	
Donated marketable securities	$ 13,065

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

NATIONAL MILITARY FAMILY ASSOCIATION

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2018

	Program Services				Suppoting Services			
	Strengthening and Healing Families	Engaging Communities	Creating Change: Policy and Awareness	Total Program Services	Management and General	Fundraising and Membership	Total Supporting Services	Total Expenses
Salaries and benefits	$ 686,791	$ 407,778	$ 483,781	$ 1,578,350	$ 148,687	$ 367,730	$ 516,417	$ 2,094,767
Military spouse scholarships	643,242	-	-	643,242	-	-	-	643,242
Camp and family retreat contracts	540,739	-	29,028	569,767	-	-	-	569,767
Outside consultants	25,749	136,573	19,422	181,744	5,344	69,655	74,999	256,743
Promotional materials and advertising	47,174	88,351	7,111	142,636	8,875	683	9,558	152,194
Rent and office maintenance	53,288	23,268	36,715	113,271	8,793	29,051	37,844	151,115
Legal, bank fees and accounting	49,521	29,992	34,444	113,957	23,904	38,081	61,985	175,942
IT equipment support	30,324	19,999	20,954	71,277	12,905	16,285	29,190	100,467
Publications, dues and subscriptions	4,038	7,904	19,847	31,789	6,220	4,115	10,335	42,124
Travel	26,738	8,248	19,894	54,880	2,834	4,220	7,054	61,934
Postage, mailing and other services	11,278	9,579	14,217	35,074	2,700	24,736	27,436	62,510
Training, conferences and meetings	1,047	1,811	36,396	39,254	2,032	28,110	30,142	69,396
Insurance	4,265	2,623	3,013	9,901	1,876	2,280	4,156	14,057
Software and licenses	19,945	104,720	5,900	130,565	3,628	16,522	20,150	150,716
Depreciation and amortization	3,474	30,472	2,454	36,400	1,528	1,857	3,385	39,784
Total expenses	$ 2,147,613	$ 871,318	$ 733,176	$ 3,752,107	$ 229,326	$ 603,325	$ 832,651	$ 4,584,758

Note 1. Organization:

The National Military Family Association (NMFA or the Association) was incorporated in the State of Maryland in December 1969 as a non-stock, not-for-profit organization. The Association was organized to identify and resolve issues of concern to military families and to fight for benefits and programs that strengthen and protect uniform service families. The Association is also recognized as a charitable organization and is primarily supported by charitable contributions and grants. The Association is governed by an elected Board of Governors and has approximately 34,500 concerned and caring members.

NMFA has been determined to be exempt from income tax pursuant to Internal Revenue Code Section 501(c)(3).

Note 2. Summary of Significant Accounting Policies:

Basis of presentation

The accompanying financial statements are presented in accordance with Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) Topic 958. Contributions are recognized as revenue when they are received or unconditionally pledged. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of NMFA and changes therein are classified and reported 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. These net assets may be used at the discretion of NMFA's management and the Board of Governors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors or grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of NMFA 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.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Revenue recognition

The Association accounts for contributions in accordance with the requirements of FASB ASC 958, under which contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence and/or nature of any donor restrictions.

Note 2. Summary of Significant Accounting Policies (Continued):

Revenue recognition (Concluded)

Support that is restricted by the donor, including pledges, is reported as an increase in net assets with donor restrictions. 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 to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

The Association records contributions and donations when received or when the unconditional promise-to-give is known. They are recorded by the Association as increases in net assets without donor restrictions or with donor restrictions based upon the existence or lack of donor-imposed restrictions. Donated goods or contributed services meeting the requirements for recognition in that they create or enhance non-financial assets or are services that require specialized skills and would typically need to be purchased if not donated are reported at fair value at the time of the donation.

During the year ended December 31, 2018, the Association received $32,551 of in-kind donations. These donations are primarily related to donated services, program costs and professional and consulting services. Such activity is included in contributions in the accompanying statement of activities and changes in net assets.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Unconditional contributions receivable are recognized as revenue in the period the pledge is received. Conditional contributions receivable are recognized when the conditions on which they depend are substantially met.

Accounts receivable and allowance for doubtful accounts

The Association's receivables consist primarily of pledges and bequests. Accounts receivable are recognized when an unconditional promise-to-give from a donor or decedent is both determinable and measureable by the Association. The Association reports its accounts receivable at their net realizable value by periodically reviewing an aging of its accounts receivable for collection purposes and to evaluate the adequacy of the allowance for doubtful accounts. As of December 31, 2018, the Association determined that an allowance for doubtful accounts was not necessary, and no significant bad debt expense was recognized during the year.

Fixed assets and depreciation

The Association capitalizes property and equipment acquisitions with a cost of $1,000 or greater, at cost or estimated fair value at the time of the donation and reports property and equipment net of accumulated depreciation. The Association depreciates property and equipment using the straight-line method over the estimated useful lives of 3 to 7 years. Expenditures for repairs and maintenance that do not extend the useful life of an asset, supplies and de minimis items are expensed as incurred.

Note 2. Summary of Significant Accounting Policies (Continued):

Cash equivalents

For financial statement purposes, the Association considers highly liquid debt instruments with maturities of three months or less, including certain money market funds, to be cash equivalents. As of December 31, 2018, the Association had approximately $608,661 in money market funds that are included as cash equivalents in the accompanying financial statements. The Association also reported approximately $50,771 in money market funds reported as components of marketable securities, as of December 31, 2018, given the Association's ability and intent for these funds to be reinvested within these portfolios.

Certificates of Deposit

As of December 31, 2018, the Association had approximately $448,500 invested in certificates of deposit held in several credit unions. The certificates of deposit are reported at fair value and currently have original maturities of 12 to 24 months. The certificates mature during the years ending December 31, 2019 and 2020, and earn interest at annual rates of approximately 2.3-2.5%. The certificates' cost approximates their fair value.

Investments

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statement of financial position, and changes in fair value are reported as investment return in the statement of activities.

Deferred revenue

The Association evaluates its grants and other funding to determine if grants are unconditional promises to give and thus, accounted for as contribution and either earmarked as net assets with or without donor restrictions. In situations in which the grants include significant stipulations, including the donor's ability to cancel funding at any time, the Association treats the grant as conditional promises to give in which the revenue is not recognized until the grantor's stipulations are substantially met.

Deferred rent

The Association recognizes rent expense on its long-term operating leases on a straight-line basis over the term of the lease. A deferred rent liability is reflected for the effects of rent escalations and the difference between actual rental payments and the straight-line amortization of the lease payments.

Note 2. Summary of Significant Accounting Policies (Continued):

Concentration of credit risk

The Association maintains its cash and certificates of deposit in financial institutions located in the Washington, DC metropolitan area. The balances at each institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. Throughout the year the balances maintained by the Association exceeds the insured balance.

The Association maintains cash equivalents and marketable securities portfolios with investment brokers which are members of the Securities Investor Protection Corporation (SIPC). The balances maintained in the brokerage accounts are insured by SIPC up to $500,000. The investments are subject to market fluctuations and risk of loss.

Credit risk with respect to contributions receivable is limited due to the number and credit worthiness of the corporations and individuals that comprise the contributor base.

Advertising

The costs of advertising are expensed as incurred.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Functional allocation of expenses

The costs of providing various programs, and other activities, have been summarized on a functional basis in the statements of activities and changes in net assets. Costs that can be identified with a particular program or support function are charged directly to that program or function. Salaries and related costs, as well as other costs indirectly related to the programs or support services, have been allocated among the programs and supporting services based upon direct labor dollars and related costs charged to the programs and support services.

Income taxes

No provision has been made for income taxes, since the Association has been determined to be exempt from income tax pursuant to Internal Revenue Code Section 501(c)(3). There was no unrelated business taxable income during the year ended December 31, 2018. The Association files its information tax returns for Federal reporting purposes. The Association is not under audit by any income tax jurisdiction.

FASB ASC 740, *Income Taxes*, requires changes in recognition and measurement for uncertain tax positions. The Association has determined that it currently does not have any uncertain tax positions. If this position changes, the Association will assess the impact of any such matters on its statement of financial position and its results of operations.

Note 2. Summary of Significant Accounting Policies (Concluded):

New Accounting Pronouncement

On August 18, 2016, the Financial Accounting Standards Board (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. The Association has adjusted the presentation of these statements accordingly.

Note 3. Availability and Liquidity:

The following represents the Association's financial assets at December 31, 2018:

Financial assets at December 31, 2018:	
Cash and cash equivalents	$2,517,892
Accounts receivable, net	428,507
Marketable securities	4,422,521
Total financial assets	$7,368,920
Less amounts not available to be used within one year:	
Net assets with donor restrictions	(1,088,370)
Financial assets available to meet general expenditures over the next twelve months	$6,280,550

Note 4. Investments in Marketable Securities:

The Association adopted the provisions of FASB ASC 820, *Fair Value Measurement*. In accordance with FASB ASC 820, NMFA 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 hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

- Level 1 – Inputs to the valuation methodology are quoted in an active market
- Level 2 – Inputs to the valuation methodology are inputs other than quoted prices that are observable for the assets
- Level 3 – Inputs to the valuation methodology that are unobservable and significant to the fair value measurement. These inputs reflect assumptions of management about assumptions market participants would use in pricing the investments. These investments include non-readily marketable securities that do not have an active market.

Note 4. Investments in Marketable Securities (Concluded):

All of the investment assets recorded in the Statement of Financial Position are categorized based on the inputs to the valuation technique and are at quoted prices in active markets for identical assets, Level 1 assets. The certificates of deposit are valued based upon observable market inputs for similar securities, including valuation models based upon prices paid for similar assets with similar yields from issuers with similar credit ratings and are included as Level 2 assets.

The Association reports investments in equity securities at fair value, with gains and losses included in the statement of activities and changes in net assets.

The Association's certificates of deposit and marketable securities consist of the following as of December 31, 2018:

	Cost	Market
Certificates of deposit	$ 448,510	$ 448,510
Money market funds	50,771	50,771
Mutual bond/equity funds	3,959,065	3,990,668
Exchange traded funds	258,326	291,775
Corporate equities	35,480	89,307
Total	$ 4,752,152	$ 4,871,031

The following table summarizes the fair value of the Association's investments by level at December 31, 2018:

	Fair Value Measurements at Reporting Date Using			
Marketable Securities	12/31/18	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of deposit	$ 448,510	$ -	$ 448,510	$ -
Money market funds	50,771	50,771		
Mutual bond/equity funds	3,990,668	3,990,668		
Exchange traded funds	291,775	291,775		
Corporate equities	89,307	89,307	-	-
Total	$ 4,871,031	$ 4,422,521	$ 448,510	$ -

Note 5. Governing Board Designations:

The Association's governing board has designated, from net assets without donor restrictions, net assets for the following purposes:

	2018
General reserve fund	$ 3,753,407
Scholarship reserve fund	669,114
	$ 4,422,521

The Association maintains two investment funds. The first is the Association's organizational invested fund, referred to as the "General Reserve Fund." The second invested fund is strictly designated for the spouse scholarship program and is referred to as the "Scholarship Reserve Fund." The funds are managed by the Finance Committee, the Chair, and the Executive Director, with the support of an outside investment advisor. Fund performance is reviewed by the Board of Governors. The Finance Committee will allocate invested fund assets in investments that are financially conservative and focused on long term growth. The Finance Committee develops specific asset allocation recommendations, which are approved by the Board of Governors.

General Reserve Fund:

- The Association's goal for this reserve fund is a minimum of six months of normal operating costs. There is no current maximum goal set for this fund.
- Withdrawal of reserve funds may be authorized by the Chairman of the Board based on the recommendation of the Executive Director with concurrence by the Finance Committee when an emergency exists. Withdrawal of reserve funds for a non-emergency must first be approved by a two-thirds majority of the Board of Governors.

Scholarship Reserve Fund:

- This fund was established with the goal of providing sufficient resources to finance a reasonable annual spouse scholarship program and support designated/named scholarships in perpetuity.
- Unless otherwise directed by the Board of Governors, the Association's investment plan is to invest the fund to maintain the fund balance at $700,000, with the goal of an annual return of at least 5%. Any fund balance exceeding $700,000 will be withdrawn annually to cover existing named scholarship commitments and to provide additional scholarship awards. The fund balance was below the $700,000 goal at December 31, 2018. Subsequently, investment returns have increased the balance in excess of the $700,000.

Note 6. Net Assets with Donor Restrictions:

The Association maintains net assets that are donor restricted as follows:

	2018
Temporarily restricted net assets:	
Educational scholarships	$ 621,108
Operation Purple programs	467,262
	$ 1,088,370

Note 7. Commitments and Contingencies:

Operating lease commitments

The Association leases equipment under various non-cancelable operating leases. The lease agreements have original terms that range from 36 to 60 months and expire at various times through the years ending December 2019-2020. The leases require minimum monthly rental payments totaling approximately $10,080 as of December 31, 2018.

The Association also leases office space under a non-cancelable operating lease. The lease originated March 2014. Under the terms of this lease the Association is responsible for its proportionate share of operating costs, maintenance, and any applicable taxes and insurance. The lease contains annual rent escalations. The Association recognizes rent expense on this long-term lease on a straight-line basis. Accordingly a deferred rent liability is reflected for the effects of rent escalations and the difference between actual rent payments and straight line amortization. The deferred rent liability was approximately $17,463 as of December 31, 2018 and rent expense was approximately $151,114, including office equipment rentals. The lease also provided for a lease incentive which is also amortized over the term of the lease. The unamortized lease incentive balance is $1,879 as of December 31, 2018.

In August 2019, the Association entered into a new lease agreement for office space under a non-cancelable operating lease. The term of this lease is eighty-nine months, effective October 2019. Under the terms of this lease the Association will be responsible for its proportionate share of operating costs, maintenance, and any applicable taxes and insurance. The lease contains annual rent escalations. The Association will recognize rent expense on this long-term lease on a straight-line basis. Accordingly a deferred rent liability will be reflected for the effects of rent escalations and the difference between actual rent payments and straight line amortization. The lease also provides for a lease incentive in the amount of $21,895 which will also be amortized over the term of the lease.

The future minimum lease payments required under the lease agreements on an annual basis are as follows for the years ending December 31:

2019	$	132,100
2020		91,865
2021		136,329
2022		140,424
2023		144,616
Thereafter		487,237
Total	$	1,132,571

Note 7. Commitments and Contingencies (concluded):

Operating Contingencies

The Association sponsors various youth programs and summer camps that have inherent risk associated with such activities. Although the Association only sponsors the youth programs or may provide grants for children to attend, the Association purchases insurance coverage with respect to the Association's sponsorship of such activities. Additionally, each camp is required to irrevocably promise and agree to release, discharge, indemnify and hold harmless the Association, its agents, officers, directors, and employees, from any and all claims. Each camp is also required to provide the Association with proof of insurance.

Note 8. Retirement Plan:

The Association adopted a 403(b) plan covering all employees meeting certain minimal requirements. Plan participants may make voluntary tax-deferred contributions to the retirement plan up to the maximum amount allowed by the Internal Revenue Code. The Association provides eligible participants matching contributions of $50 per month or fraction thereof. During the year ended 2018, the Association incurred retirement plan expenses, including matching contributions and plan administrative costs, approximating $10,650.

Note 9. Subsequent Events:

The Association has evaluated events through October 31, 2019, the date the financial statements were available to be issued. Subsequent to December 31, 2018, the Association entered into a new lease agreement for office space, see Note 7. The Association determined there was no other subsequent event that requires recognition or disclosure in these financial statements.