

REGIONAL PLAN ASSOCIATION, INC.

**Financial Statements
for the year ended
June 30, 2019**

Independent Auditor's Report

Board of Directors of
Regional Plan Association, Inc.

We have audited the accompanying financial statements of Regional Plan Association, Inc. (the "Association") which comprise the statement of financial position as of June 30, 2019 and the related statements of activities, functional expenses and cash flows 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 in the first paragraph on the previous page present fairly, in all material respects, the financial position of Regional Plan Association, Inc. as of June 30, 2019 and the results of its activities and its cash flows 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 Association's 2018 financial statements, and our report dated August 8, 2018 expressed an unmodified opinion on those 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.

Condon O'Meara McGinty & Donnelly LLP

REGIONAL PLAN ASSOCIATION, INC.

Statement of Financial Position

Assets

	June 30	
	2019	2018
Cash	\$ 1,642,239	\$ 1,056,360
Investments, at fair value	2,226,462	2,034,658
Pledges receivable	1,249,459	1,662,723
Prepaid expenses and deposits	13,801	31,307
Sub-total	<u>5,131,961</u>	<u>4,785,048</u>
Property and equipment, at cost		
Leasehold improvements	209,976	209,976
Furniture, fixtures and equipment	<u>1,221,726</u>	<u>1,210,421</u>
Total property and equipment	1,431,702	1,420,397
Less accumulated depreciation and amortization	<u>1,173,931</u>	<u>1,118,460</u>
Net property and equipment	<u>257,771</u>	<u>301,937</u>
Total assets	<u>\$ 5,389,732</u>	<u>\$ 5,086,985</u>

Liabilities and Net Assets

Accounts payable, accrued expenses and other	\$ 194,095	\$ 57,218
Accrued employee benefits	89,682	135,843
Deferred rent	<u>151,721</u>	<u>143,219</u>
Total liabilities	<u>435,498</u>	<u>336,280</u>
Net assets		
Without donor restrictions		
Operating	289,551	205,141
Board-designated	<u>1,229,872</u>	<u>1,186,873</u>
Total without donor restrictions	1,519,423	1,392,014
With donor restrictions	<u>3,434,811</u>	<u>3,358,691</u>
Total net assets	<u>4,954,234</u>	<u>4,750,705</u>
Total liabilities and net assets	<u>\$ 5,389,732</u>	<u>\$ 5,086,985</u>

See notes to financial statements.

REGIONAL PLAN ASSOCIATION, INC.

Statement of Activities
Year Ended June 30, 2019
(with Summarized Comparative Information for the Year Ended June 30, 2018)

	Year Ended June 30				
	2019				2018
	Without Donor Restrictions		With Donor Restrictions		
	Operating	Board-Designated		Total	Total
Public support and revenue					
Public support					
Grants and contributions	\$ 1,550,808	\$ 50	\$ 1,834,918	\$ 3,385,776	\$ 3,933,874
Special events (net of direct expenses of \$630,353 in 2019 and \$397,620 in 2018)	1,068,773	-	-	1,068,773	774,092
Net assets released from restrictions	<u>1,805,850</u>	<u>-</u>	<u>(1,805,850)</u>	<u>-</u>	<u>-</u>
Total public support	<u>4,425,431</u>	<u>50</u>	<u>29,068</u>	<u>4,454,549</u>	<u>4,707,966</u>
Revenue					
Net investment return, net	22,191	42,949	47,052	112,192	81,292
Other	<u>45,231</u>	<u>-</u>	<u>-</u>	<u>45,231</u>	<u>364</u>
Total revenue	<u>67,422</u>	<u>42,949</u>	<u>47,052</u>	<u>157,423</u>	<u>81,656</u>
Total public support and revenue	<u>4,492,853</u>	<u>42,999</u>	<u>76,120</u>	<u>4,611,972</u>	<u>4,789,622</u>
Expenses					
Program services					
Research	2,668,175	-	-	2,668,175	3,349,834
Public affairs	389,624	-	-	389,624	420,299
Supporting activities					
Management and general	581,973	-	-	581,973	574,548
Fundraising	<u>768,671</u>	<u>-</u>	<u>-</u>	<u>768,671</u>	<u>499,174</u>
Total expenses	<u>4,408,443</u>	<u>-</u>	<u>-</u>	<u>4,408,443</u>	<u>4,843,855</u>
Increase (decrease) in net assets	84,410	42,999	76,120	203,529	(54,233)
Net assets, beginning of year	<u>205,141</u>	<u>1,186,873</u>	<u>3,358,691</u>	<u>4,750,705</u>	<u>4,804,938</u>
Net assets, end of year	<u>\$ 289,551</u>	<u>\$ 1,229,872</u>	<u>\$ 3,434,811</u>	<u>\$ 4,954,234</u>	<u>\$ 4,750,705</u>

See notes to financial statements.

REGIONAL PLAN ASSOCIATION, INC.

Statement of Functional Expenses Year Ended June 30, 2019 (with Summarized Comparative Information for the Year Ended June 30, 2018)

	2019				2018
	Program Services*		Supporting Activities		
	Research	Public Affairs	Management and General	Fund-Raising	Total Expenses
Salaries and wages	\$1,369,768	\$ 215,661	\$ 194,095	\$ 482,336	\$2,243,928
Payroll taxes	83,278	13,111	52,084	29,324	171,032
Employee health and welfare benefits	203,167	21,275	36,848	77,407	389,785
Professional fees	512,075	78,847	48,519	35,316	1,128,596
Office expenses	57,175	7,650	30,353	18,445	101,145
Occupancy	222,491	35,030	139,151	78,346	463,039
Travel	25,284	1,118	4,259	3,257	26,625
Conferences and meetings	38,534	2,182	6,971	15,949	61,670
Printing and publications	23,061	202	803	4,016	15,136
Information technology	37,136	6,469	23,136	13,731	109,392
Advertising	68,218	3,711	379	213	28,586
Bank charges and fees	2,006	277	1,099	1,182	4,613
Uncollectible accounts	-	-	28,027	-	35,111
Sub-total	2,642,193	385,533	565,724	759,522	4,778,658
Depreciation and amortization	25,982	4,091	16,249	9,149	65,197
Total	\$2,668,175	\$ 389,624	\$ 581,973	\$ 768,671	\$4,843,855

* For the 2019 fiscal year, the program services expense percentage to overall expenses was approximately 69%.

See notes to financial statements.

REGIONAL PLAN ASSOCIATION, INC.

Statement of Cash Flows

	Year Ended June 30	
	2019	2018
Cash flows from operating activities		
Increase (decrease) in net assets	\$ 203,529	\$ (54,233)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	55,471	65,197
Net realized and unrealized (gain) on investments	(75,744)	(55,837)
Contributed securities	(30,898)	(17,308)
Proceeds from sale of contributed securities	30,898	17,308
Contributions with permanent donor restrictions	(20,000)	(25,332)
(Increase) decrease in assets		
Pledges receivable	413,264	(277,465)
Prepaid expenses and deposits	17,506	18,538
Increase (decrease) in liabilities		
Accounts payable, accrued expenses and other	136,877	(5,784)
Accrued employee benefits	(46,161)	(12,205)
Deferred rent	8,502	71,759
Net cash provided by (used in) operating activities	<u>693,244</u>	<u>(275,362)</u>
Cash flows from investing activities		
Expenditures for furniture, fixtures and equipment	(11,305)	(2,978)
Purchases of investments	(995,972)	(652,700)
Proceeds from sale of investments	879,912	474,901
Net cash (used in) investing activities	<u>(127,365)</u>	<u>(180,777)</u>
Cash flows provided by financing activities		
Contributions with permanent donor restrictions	<u>20,000</u>	<u>25,332</u>
Net increase (decrease) in cash	585,879	(430,807)
Cash, beginning of year	<u>1,056,360</u>	<u>1,487,167</u>
Cash, end of year	<u>\$ 1,642,239</u>	<u>\$ 1,056,360</u>

See notes to financial statements.

REGIONAL PLAN ASSOCIATION, INC.**Notes to Financial Statements
June 30, 2019****Note 1 – Nature of organization**

Regional Plan Association, Inc. (the “Association”) is a nonprofit regional planning organization that promotes the improvement of the quality of life and economy in the New York, New Jersey and Connecticut tri-state region.

Note 2 – Summary of significant accounting policies**Financial reporting**

The Association reports information regarding its financial position and activities in two classes of net assets, which are as follows:

Without donor restrictions

- Operating net assets are used to account for the general activity of the Association.
- Board-designated net assets consist of contributions in connection with the capital campaign and it is the intent of the Association to preserve the principal; however the donors have granted the Association the flexibility to use the principal at the discretion of the Board of Directors.

With donor restrictions

Net assets with donor restrictions represent expendable gifts and grants received, which are restricted by the donor or pertain to future periods. When the funds are spent, they are released from their restriction. Included in this category are net assets subject to donor-imposed restrictions to be maintained permanently by the Association. However, the Association is permitted to expend the revenue derived from the assets.

Cash equivalents

The Association considers highly liquid assets with original maturities of ninety days or less to be cash equivalents. The Association did not have any cash equivalents as of June 30, 2019 and June 30, 2018.

Investments and investment return

Investments are carried at fair value, which are based on publicly quoted prices. Realized gains and losses on investments and the change in the unrealized value of the investments (unrealized gains or losses) are reflected in the statement of activities. Dividends are recorded on the ex-dividend date.

REGIONAL PLAN ASSOCIATION, INC.

Notes to Financial Statements (continued) June 30, 2019

Note 2 – Summary of significant accounting policies (continued)

Fair value measurements

Fair value refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value hierarchy gives the highest priority to quoted market prices in active markets and the lowest priority to unobservable data. Fair value measurements are required to be separately disclosed by level within the fair value hierarchy. The Association's investments are all measured using Level 1 inputs, which is the highest level in the hierarchy. Their fair values are based on quoted prices in active markets.

Contributions and net assets released from restrictions

The Association reports contributions as temporarily donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor stipulation expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Pledges receivable

At June 30, 2019, the pledges receivable are expected to be collected as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2020	\$ 949,459
2021	100,000
2022	100,000
2023	<u>100,000</u>
Total	<u>\$ 1,249,459</u>

Allowance for doubtful accounts

The Association deems all pledges receivable to be collectible and, accordingly, does not have an allowance for doubtful accounts for any potentially uncollectible receivables. Such estimate is based on management's experience, the aging of the receivables, subsequent receipts and current economic conditions.

Property and equipment

Property and equipment expenditures of \$1,000 or greater, with an estimated useful life of greater than one year, are recorded at cost and are being depreciated or amortized by the straight-line method over their estimated useful lives of the assets or the life of the lease which range from four to ten years. During 2018 fiscal year, fully depreciated property and equipment totaling \$6,466 were removed from the accounts and records of the Association.

REGIONAL PLAN ASSOCIATION, INC.**Notes to Financial Statements (continued)**
June 30, 2019**Note 2 – Summary of significant accounting policies (continued)****Concentrations of credit risk**

The Association's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash, investments and pledges receivable. The Association places its cash with what it believes to be quality financial institutions. At times during the year, the bank balances exceeded the FDIC insurance coverage limit. The Association has not incurred any losses in these accounts to date. The Association's investments are exposed to various risks such as interest rate, market volatility, liquidity and credit. Due to the level of uncertainty related to the aforementioned risks, it is at least reasonably possible that changes in these risks could have a material effect on the amounts reported in the statement of financial position as of June 30, 2019. The Association monitors its pledges receivable on an ongoing basis and management believes all pledges are collectible. The Association believes no significant concentrations of credit risk exist with respect to its cash, investments and pledges receivable.

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 amounts reported in the financial statements. Actual results could differ from these estimates.

Comparative financial information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class or functional classification. 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 Association's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain shared costs have been allocated among the program services and supporting activities benefited. Expenses attributable to more than one functional category are allocated based on time and effort.

REGIONAL PLAN ASSOCIATION, INC.

Notes to Financial Statements (continued)
June 30, 2019**Note 2 – Summary of significant accounting policies (continued)**Recent accounting pronouncementNot-for-Profit Financial Statement Presentation

During 2019, the Association adopted Accounting Standards Update *Not-for-Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities*. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows.

A recap of the net asset reclassifications and restatements driven by the adoption of the standard as of June 30, 2018 follows:

<u>Net Asset Classifications</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Assets</u>
As previously presented			
Unrestricted	\$ 1,392,014	\$ -	\$ 1,392,014
Temporarily restricted	-	2,042,260	2,042,260
Permanently restricted	-	<u>1,316,431</u>	<u>1,316,431</u>
Net assets, as reclassified			
June 30, 2018	<u>\$ 1,392,014</u>	<u>\$ 3,358,691</u>	<u>\$ 4,750,705</u>

Reclassification

Certain items in the 2018 financial statements have been reclassified for comparative purposes only.

Subsequent events

The Association has evaluated events and transactions for potential recognition or disclosure through September 18, 2019, which is the date the financial statements were available to be issued.

Note 3 – Financial assets and liquidity resources

As of June 30, 2019, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, were as follows:

Financial assets	
Cash	\$ 1,642,239
Investments, at fair value	2,226,462
Pledges receivable	1,249,459
Less: Board-designated net assets without donor restrictions	(1,229,872)
Net assets with temporary donor restrictions not expected to be met within one year	(300,000)
Net assets with permanent donor restrictions	<u>(1,336,431)</u>
Total	<u>\$ 248,057</u>

REGIONAL PLAN ASSOCIATION, INC.

Notes to Financial Statements (continued) June 30, 2019

Note 3 – Financial assets and liquidity resources (continued)

Endowment draws are Board approved annually. Cash is drawn as needed within the approved budget with careful consideration of receivables and payables. In addition, as of June 30, 2019, the Association had an additional \$1,229,872 in funds functioning as endowment, which are available for general expenditure with Board approval as well as a \$500,000 line of credit that the Association can draw on as needed.

Note 4 – Investments

The following is a summary of the investments at June 30, 2019 and June 30, 2018:

	2019		2018	
	Cost	Fair Value	Cost	Fair Value
U.S. Treasuries	\$ 214,255	\$ 214,567	\$ 189,334	\$ 169,516
Mutual funds				
Equities	96,371	98,134	113,385	131,200
Fixed income	172,366	173,581	110,162	111,137
Exchange-traded funds	1,506,475	1,740,180	1,467,407	1,622,805
Total	<u>\$ 1,989,467</u>	<u>\$ 2,226,462</u>	<u>\$ 1,880,288</u>	<u>\$ 2,034,658</u>

For the years ended June 30, 2019 and June 30, 2018, net investment return consists of the following:

	2019	2018
Interest and dividends	\$ 55,384	\$ 43,971
Realized gains (losses)	(6,881)	11,635
Unrealized gains	82,625	44,202
Fees	(18,936)	(18,516)
Total	<u>\$ 112,192</u>	<u>\$ 81,292</u>

Note 5 – Retirement plan

The Association maintains a defined contribution plan for all eligible employees, as defined by the plan. Contributions are made to the plan based on a percentage of the participating employees' salaries. The pension expense for the years ended June 30, 2019 and June 30, 2018 was \$108,702 and \$123,179, respectively.

Note 6 – Line of credit

The Association has available through April 17, 2020, a \$500,000 secured line of credit with a bank. Any amounts borrowed under the line, require interest at The Wall Street Journal Prime Rate. At June 30, 2019, there were no amounts outstanding under the line. The line is secured by the assets of the Association.

REGIONAL PLAN ASSOCIATION, INC.

Notes to Financial Statements (continued)
June 30, 2019**Note 7 – Lease agreements**

During September 2016, the Association entered into a new ten-year lease, for office space for its headquarters in New York City, which expires August 2027. Under the terms of the lease, the Association received a rent abatement for the first four months of the lease term which was effective May 1, 2017, the date the Association took occupancy of the premises. The rent abatement was recorded as deferred rent in the statement of financial position. The Association is required to pay a minimum annual rental of \$420,210 for the first five years, increasing to \$465,885 for the remainder of the lease. The Association is also required to pay its proportionate share of the landlord's operating expenses. In connection with the agreement, the Association obtained a \$210,105 irrevocable standby letter of credit from a bank in favor of the landlord.

In addition, the Association leases office space in New Jersey under the terms of a five year lease, expiring January 31, 2024. The lease requires monthly rent of \$1,276 for the first 30 months of the lease, increasing to \$1,330 a month for the remainder of the lease.

The required minimum annual rental payments under the leases are as follows:

<u>Fiscal Year</u>	<u>New York Office</u>	<u>New Jersey Office</u>	<u>Total</u>
2020	\$ 420,210	\$ 15,310	\$ 435,520
2021	420,210	15,310	435,520
2022	420,210	15,906	436,116
2023	458,273	15,959	474,232
2024	465,885	9,310	475,195
2025 and thereafter	<u>1,475,303</u>	<u>-</u>	<u>1,475,303</u>
Total	<u>\$ 3,660,091</u>	<u>\$ 71,795</u>	<u>\$ 3,731,886</u>

Occupancy expense in connection with these leases totaled \$475,018 and \$463,039 for the 2019 and 2018 fiscal years, respectively.

REGIONAL PLAN ASSOCIATION, INC.

Notes to Financial Statements (continued)

June 30, 2019

Note 8 – Net assets with temporary donor restrictions

Net assets with temporary donor restrictions activities consist of the following for the year ended June 30, 2019:

	Balance at June 30, 2018	Support and Investment Return	Net Assets Released from Restrictions	Balance at June 30, 2019
Regional Plan Exchange	\$ 450,000	\$ 800,000	\$ (293,561)	\$ 956,439
Gateway/Amtrak	169,761	178,539	(206,789)	141,511
Streets Democracy	145,680	-	(7,203)	138,477
Peter Herman/Richard Kaplan Chairs	129,790	47,052	(40,000)	136,842
New Jersey Issues	186,436	30,000	(84,952)	131,484
Triboro	76,734	87,000	(38,489)	125,245
Congestion Pricing	100,000	201,200	(224,437)	76,763
Jamaica Vision				
Implementation Strategies	105,922	-	(36,820)	69,102
Parking Studies	50,000	-	(21,414)	28,586
Penn Station Study	129,750	60,119	(161,874)	27,995
Inclusionary Zoning	49,024	-	(27,151)	21,873
Bay Area Regional Strategy	26,194	-	(6,318)	19,876
Lidership Institute for Housing II	30,000	-	(15,509)	14,491
LICF Affordable Housing	17,520	-	(3,245)	14,275
Inclusionary Hiring	162,243	-	(162,243)	-
Equitable Adaptation	42,363	-	(42,363)	-
NYC Property Tax	35,198	-	(35,198)	-
Town of Babylon				
Industrial Study	28,082	8,733	(36,815)	-
Long Island Index – HRA	24,973	-	(24,973)	-
Suffolk On Call	33,230	70,784	(104,014)	-
NYC Affordable Housing				
Loss	20,337	-	(20,337)	-
Value Capture	19,023	-	(19,023)	-
Arts Project	10,000	-	(10,000)	-

REGIONAL PLAN ASSOCIATION, INC.

Notes to Financial Statements (continued)
June 30, 2019**Note 8 – Net assets with temporary donor restrictions (continued)**

	Balance at June 30, 2018	Support and Investment Return	Net Assets Released from Restrictions	Balance at June 30, 2019
Equitable Adaptation	\$ -	\$ 75,000	\$ (18,703)	\$ 56,297
Bikeway Study	-	50,000	(2,885)	47,115
New Jersey Bus Service	-	25,000	-	25,000
New jersey Transit On-Call	-	27,780	(3,170)	24,610
Hidden Housing	-	20,000	(2,085)	17,915
PATH Extension Study	-	20,000	(2,606)	17,394
Environment and Energy	-	40,000	(34,962)	5,038
Offshore Wind				
Collaboration	-	10,000	(7,948)	2,052
Norwalk On-Call	-	26,236	(26,236)	-
Tarrytown - TOD	-	122	(122)	-
Fourth Plan Book	-	30,855	(30,855)	-
Rikers Island	-	10,000	(10,000)	-
Newark Airport City	-	12,300	(12,300)	-
Reimagining the BQE	-	30,000	(30,000)	-
Connecticut Tolling	-	1,250	(1,250)	-
Total	<u>\$2,042,260</u>	<u>\$1,861,970</u>	<u>\$ (1,805,850)</u>	<u>\$2,098,380</u>

Note 9 - Endowments

The Association reports its restricted net assets in accordance with accounting standards for Endowments and the New York Prudent Management of Institutional Funds Act in administering and managing its endowment assets.

Interpretations

The Association's endowment includes both donor-restricted funds and funds designated by the Board of Directors. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Association to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

REGIONAL PLAN ASSOCIATION, INC.

Notes to Financial Statements (continued) June 30, 2019

Note 9 – Endowments (continued)

Strategies employed for achieving objectives

To satisfy its long-term rate of return objectives which is to maintain the endowment real purchasing power, the Association relies on a total return strategy in which investments returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). To accomplish the Association's investment objectives an asset allocation that utilizes a mix of fixed income and equities in the 35% to 55% range for each category is employed. In addition, both cash and alternative investments will be utilized up to 15% for each category.

Spending policy

The Association has a policy of spending the investment income generated from its permanently restricted funds, which is allowable under the donor guidelines. Any unspent investment income is added to the balance of net assets with temporary donor restrictions of the appropriate fund. Any unspent investment income generated in connection with the Board designated funds, remains within the fund.

Net assets with permanent donor restrictions

The net assets with permanent donor restrictions activity consist of the following for the year ended June 30, 2019:

Balance at June 30, 2018	\$ 1,316,431
Contributions	<u>20,000</u>
Balance at June 30, 2019	<u>\$ 1,336,431</u>

Note 10 – Litigation

The Association is currently involved in a litigation arising in the ordinary course of business. The Association believes it has defenses for this litigation and is vigorously defending the action. In the opinion of management, after consultation with outside legal counsel, the final disposition of this matter will not have a material effect on the Association's financial statements.

Note 11 – Tax status

The Association is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code (the "Code"). In addition, the Association has been determined by the Internal Revenue Service to be a publicly supported organization and not a private foundation under the meaning of Section 509(a)(1) of the Code.