National Environmental Health Association

Financial Report

September 30, 2019

Contents

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Independent Auditor's Report

To the Board of Directors
National Environmental Health Association

Report on the Financial Statements

We have audited the accompanying financial statements of National Environmental Health Association (the "Association"), which comprise the statement of financial position as of September 30, 2019 and the related statements of activities and changes in net assets, 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. Our audit as of and for the year ended September 30, 2019 was also conducted in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 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 National Environmental Health Association as of September 30, 2019 and the changes in its net assets, functional expenses, and 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 National Environmental Health Association's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 14, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

To the Board of Directors
National Environmental Health Association

Emphasis of Matter

As described in Note 2 to the financial statements, the Association adopted the provisions under Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, as of October 1, 2018. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2020 on our consideration of National Environmental Health Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering National Environmental Health Association's internal control over financial reporting and compliance.

Plante & Moran, PLLC

January 30, 2020

Statement of Financial Position

September 30, 2019 and 2018

	2019	2018
Assets		
Current Assets		
Cash and cash equivalents	$ 1,227,090	$ 1,840,823
Investments	-	488,675
Restricted cash and investments	179,032	162,182
Receivables - Net of allowances:		
Accounts receivable - Net of allowance for doubtful accounts of $4,000	584,926	293,373
Unbilled receivables	-	100,000
Inventory	66,935	60,602
Prepaid expenses and other current assets	35,355	42,044
Total current assets	2,093,338	2,987,699
Investments	1,543,975	-
Property and Equipment - Net	-	2,961
Total assets	**$ 3,637,313**	**$ 2,990,660**
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 198,329	$ 105,667
Accrued vacation	103,312	104,755
Accrued liabilities and other:		
Accrued compensation	166,523	45,883
Other accrued expenses	137,064	11,899
Deferred revenue	326,867	415,160
Deferred rent - Current portion	23,876	22,868
Total current liabilities	955,971	706,232
Deferred Rent	24,097	47,973
Total liabilities	980,068	754,205
Net Assets		
Without donor restrictions:		
Undesignated	2,217,746	1,813,806
Board-designated	340,625	331,426
Total without donor restrictions	2,558,371	2,145,232
With donor restrictions	98,874	91,223
Total net assets	2,657,245	2,236,455
Total liabilities and net assets	**$ 3,637,313**	**$ 2,990,660**

See notes to financial statements.

National Environmental Health Association

Statement of Activities and Changes in Net Assets

Year Ended September 30, 2019
(with comparative totals for 2018)

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenue and Gains				
Program and partnership development	$ 2,148,242	$ -	$ 2,148,242	$ 1,688,144
Annual Education Conference	941,288	-	941,288	1,271,869
Credentialing and education	768,780	-	768,780	794,630
Membership dues	500,565	-	500,565	492,183
Journal of environmental health	149,546	-	149,546	131,942
Contributions	19,614	7,191	26,805	10,461
CDC/NEHA ICLB conference	-	-	-	161,249
Hurricane supplemental	2,396,756	-	2,396,756	42,196
Publications	40,474	-	40,474	24,295
Entrepreneurial Zone	1,706,298	-	1,706,298	1,232,004
Investment income - Net	57,613	460	58,073	63,070
Miscellaneous income	32,245	-	32,245	19,413
Total revenue and gains	8,761,421	7,651	8,769,072	5,931,456
Expenses				
Program services:				
Grants, contracts, and subawards	4,682,035	-	4,682,035	1,704,198
Special projects	2,635,017	-	2,635,017	2,416,729
Total program services	7,317,052	-	7,317,052	4,120,927
Support services - Management and general	1,031,230	-	1,031,230	1,281,774
Total expenses	8,348,282	-	8,348,282	5,402,701
Increase in Net Assets	413,139	7,651	420,790	528,755
Net Assets - Beginning of year	2,145,232	91,223	2,236,455	1,707,700
Net Assets - End of year	**$ 2,558,371**	**$ 98,874**	**$ 2,657,245**	**$ 2,236,455**

National Environmental Health Association

Statement of Functional Expenses

Year Ended September 30, 2019
(with comparative totals for 2018)

	Program Services			Support Services	Total	
	Grants, Contracts, and Subawards	Special Projects	Total Program Services	Management and General	2019	2018
Salaries	$ 1,207,221	$ 1,180,120	$ 2,387,341	$ 427,497	$ 2,814,838	$ 1,831,371
Benefits	199,990	2,419	202,409	179,999	382,408	730,633
Advertising and marketing	-	-	-	44,176	44,176	44,819
Computer equipment and supplies	54,561	78,005	132,566	34,101	166,667	184,629
Conference and meetings	-	176,823	176,823	57,014	233,837	417,484
Contracted services	2,370,297	387,630	2,757,927	12,212	2,770,139	787,236
Cost of goods sold	-	61,415	61,415	-	61,415	60,385
Equipment rental and maintenance	21,185	46,297	67,482	368	67,850	98,689
Fees	54,747	31,140	85,887	23,587	109,474	139,862
Insurance	15,822	8,493	24,315	329	24,644	49,745
Miscellaneous	1,849	185,285	187,134	31,608	218,742	60,087
Occupancy	75,806	120,067	195,873	97,913	293,786	295,509
Office supplies	199,087	41,567	240,654	14,528	255,182	90,603
Postage, mailing, and shipping	16,777	47,024	63,801	2,940	66,741	53,881
Printing and publications	19,983	105,558	125,541	1,597	127,138	110,344
Professional services	-	-	-	39,319	39,319	40,150
Royalties	-	100,271	100,271	-	100,271	137,272
Taxes	-	-	-	1,401	1,401	1,190
Travel	444,710	62,903	507,613	62,641	570,254	268,812
Total functional expenses	**$ 4,682,035**	**$ 2,635,017**	**$ 7,317,052**	**$ 1,031,230**	**$ 8,348,282**	**$ 5,402,701**

Statement of Cash Flows

Years Ended September 30, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities		
Change in net assets	$ 420,790	$ 528,755
Adjustments to reconcile change in net assets to net cash and cash equivalents from operating activities:		
Depreciation	2,961	15,942
Amortization of deferred rent	(22,868)	(12,798)
Realized and unrealized gains on investments	(24,583)	(54,185)
Changes in operating assets and liabilities that (used) provided cash and cash equivalents:		
Accounts receivable	(291,553)	(24,284)
Unbilled receivables	100,000	274,724
Inventory	(6,333)	4,448
Prepaid expenses and other assets	6,689	23,691
Accounts payable	92,662	4,230
Accrued vacation	(1,443)	8,466
Accrued compensation	120,640	45,883
Other accrued expenses	125,165	8,615
Deferred revenue	(88,293)	128,147
Net cash and cash equivalents provided by operating activities	433,834	951,634
Cash Flows Used in Investing Activities - Purchases of investments	(1,204,357)	(12,583)
Net (Decrease) Increase in Cash and Cash Equivalents	(770,523)	939,051
Cash and Cash Equivalents - Beginning of year	2,003,005	1,063,954
Cash and Cash Equivalents - End of year	**$ 1,232,482**	**$ 2,003,005**
Cash and Cash Equivalents are Reported in the Statement of Financial Position as Follows		
Cash and cash equivalents	$ 1,227,090	$ 1,840,823
Restricted cash and investments	5,392	162,182

See notes to financial statements.

Note 1 - Nature of Business

National Environmental Health Association (the "Association"), a nonprofit organization, was incorporated in 1937. The Association is a membership organization whose mission is to advance the environmental health professional for the purpose of providing a healthful environment for all. Its members, who are primarily environmental health professionals, are provided educational services through the Association's Annual Educational Conference (AEC), various environmental workshops, and the sales of environmental publications. The Association reports its governmental contracts and certain Entrepreneurial Zone (EZ) program activities as grants, contracts, and subawards in the statements of activities and changes in net assets and functional expenses. The AEC, periodicals, credentialing and continuing education, membership, and remaining EZ activities are reported as special projects.

Note 2 - Significant Accounting Policies

Basis of Presentation

The financial statements of the Association have been prepared on the basis of generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from those estimates.

Summarized Comparative Information

The financial information presented for comparative purposes for the year ended September 30, 2018 is not intended to be a complete financial statement presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Association's 2018 financial statements, from which the summarized information was derived.

Classification of Net Assets

Net assets of the Association are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Association.

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 Association or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Board-designated Net Assets

Board-designated net assets are net assets without donor restrictions designated by the board for various purposes (see Note 7). These designations are based on board actions, which can be altered or revoked at a future time by the board.

Cash and Cash Equivalents

For the purpose of the accompanying financial statements, the Association considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents. The carrying amount reported in the statement of financial position for cash and cash equivalents approximates fair value due to the short-term nature of these investments.

Note 2 - Significant Accounting Policies (Continued)

Investments

The Association reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values with unrealized gains and losses included on the statement of activities and changes in net assets.

Restricted Cash and Investments

Restricted cash and investments represent contributions with donor restrictions for the scholarship fund, the student fund, and the Global Environmental Health Fund, as well as board-designated endowment funds.

Accounts Receivable

Accounts receivable represent amounts due resulting from the sales of products and performance of services provided to other organizations and individuals. The provision for uncollectible amounts is continually reviewed and adjusted to maintain the allowance at a level considered adequate to cover future losses. The allowance is management's best estimate of uncollectible amounts and is determined based on historical performance that is tracked by the Association on an ongoing basis. The losses ultimately incurred could differ materially in the near term from the amounts estimated in determining the allowance.

Unbilled Receivables

Unbilled receivables represent services provided but not yet billed. The Association evaluates unbilled amounts for collectibility based on knowledge of specific account estimates of work in progress that may not be billed.

Credit Risk, Major Customers, and Suppliers

As of September 30, 2019 and 2018, 73 percent and 79 percent, respectively, of the Association's accounts receivable were due from three government agencies.

The Association received grant revenue from three governmental agencies during the year ended September 30, 2019, which made up approximately 61 percent of total revenue. The Association received grant revenue from one governmental agency during the year ended September 30, 2018, which made up approximately 10 percent of total revenue.

During the year ended September 30, 2018, the Association received contract revenue from the Centers for Disease Control and Prevention, which made up approximately 47 percent of total revenue.

Inventory

Inventory is stated at the lower of cost or net realizable value and consists of books and other educational materials held for sale.

Property and Equipment

Property and equipment are recorded at cost. The straight-line method is used for computing depreciation and amortization. Assets are depreciated over their estimated useful lives. The cost of leasehold improvements is depreciated (amortized) over the lesser of the length of the related leases or the estimated useful lives of the assets. Costs of maintenance and repairs are charged to expense when incurred.

Note 2 - Significant Accounting Policies (Continued)

Revenue Recognition and Deferred Revenue

Revenue is recognized when it is realized or realizable and earned. The Association considers revenue realized or realizable when it has persuasive evidence of an agreement, the product has been delivered, services have been provided to the customer, the sale price is fixed or determinable, and collectibility is reasonably assured. Grant revenue is recorded in the period the respective expenses are incurred. Differences in the timing of billings and revenue recognition are reflected in unbilled accounts receivable and deferred revenue. Provisions for the entire amount of estimated losses on uncompleted contracts are recorded in the period such losses are determined. Amounts received in advance are deferred until the earnings process is complete, at which time they are recognized as revenue.

Contributions

Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received, measured at fair value. Donor promises to give in the future are recorded at the present value of estimated future cash flows.

Functional Allocation of Expenses

Costs of providing the program and support services have been reported on a functional basis in the statement of activities and changes in net assets. Expenses are recorded based on the direct benefit to a program or supporting activity. Salaries and benefits are reported by function based on time and effort. Certain costs have been allocated between the various programs and support services based on estimates, as determined by management. Occupancy costs are allocated based on square footage utilized by function. Technology costs are allocated based on headcount. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Income Taxes

The Association is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3).

Recently Adopted Accounting Pronouncement

As of October 1, 2018 and retroactively applied, the Association adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.* This ASU requires net assets to be classified in two categories, net assets without donor restrictions and net assets with donor restrictions, rather than the three previous classifications. The ASU also requires changes in the way certain information is aggregated and reported by the Association, including disclosures of quantitative and qualitative information about the liquidity and availability of resources and the presentation of expenses by both functional and natural classification. The ASU also clarifies the definition of management and general and prohibits certain expenses from being allocated out of management and general. Under the new standard, the Association has elected to omit the disclosures about liquidity and availability of resources for periods prior to the period of adoption. Investment fees in the amount of $4,008 were reclassified to net against investment income as part of the adoption of this ASU for the year ended September 30, 2018.

Note 2 - Significant Accounting Policies (Continued)

Upcoming Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which will supersede the current revenue recognition requirements in Topic 605, *Revenue Recognition*. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance will be effective for the Association's year ending September 30, 2020. The ASU permits application of the new revenue recognition guidance using one of two retrospective application methods. The Association has not yet determined which application method it will use.

The FASB issued ASU No. 2016-02, *Leases*, which will supersede the current lease requirements in Accounting Standards Codification (ASC) 840. The ASU requires lessees to recognize a right-to-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. Currently, leases are classified as either capital or operating, with only capital leases recognized on the balance sheet. The reporting of lease-related expenses in the statements of operations and cash flows will be generally consistent with the current guidance. The Association is still evaluating which method it will apply. The new lease standard is expected to have a significant effect on the Association’s financial statements as a result of the Association's operating leases, as disclosed in Note 10, that will be reported on the statement of financial position at adoption. Upon adoption, the Association will recognize a lease liability and corresponding right-to-use asset based on the present value of the minimum lease payments. The new guidance will be effective for the Association's year ending September 30, 2022. The effects on the results of operations are not expected to be significant, as recognition and measurement of expenses and cash flows for leases will be substantially the same under the new standard. The new guidance will be effective for the Association's year ending September 30, 2020.

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which provides enhanced guidance to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal transactions) and (2) determining whether a contribution is conditional. The accounting guidance will result in more governmental contracts being accounted for as contributions and may delay revenue recognition for certain grants and contributions that no longer meet the definition of unconditional. The new guidance will be effective for the Association’s year ending September 30, 2020 and will be applied on a modified prospective basis. The Association does not expect the standard to have a significant impact on the timing of revenue recognition for government grants and contracts.

Reclassification

Money market mutual fund balances totaling $1,013,745 as of September 30, 2018 previously reported as investments have been reclassified to cash and cash equivalents to conform to the 2019 presentation.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including January 30, 2020, which is the date the financial statements were available to be issued.

Note 3 - Liquidity and Availability of Resources

The Association has $1,551,549 of financial assets available within one year of the September 30, 2019 to meet cash needs for general expenditure consisting of cash of $966,623 and receivables of $584,926 at September 30, 2019. None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date.

The Association has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Association invests cash in excess of daily requirements in various investments, including mutual funds, corporate bonds, and treasury instruments. Investments balances total $1,543,975 at September 30, 2019.

Note 4 - Investments

The details of the Association's investments and restricted cash and investments at September 30 are as follows:

	2019	2018
Mutual funds - Equities	$ 121,810	$ -
Mutual funds - Bonds	51,830	-
U.S. Treasurys	490,250	-
Corporate bonds	1,053,725	-
Cash and cash equivalents	-	257,837
Certificates of deposits	-	76,977
Equities	-	316,043
Total	$ 1,717,615	$ 650,857

Investments are presented on the statement of financial position as follows:

	2019	2018
Investments - Current	$ -	$ 488,675
Restricted cash and investments	173,640	162,182
Investments - Long-term	1,543,975	-
Total	$ 1,717,615	$ 650,857

Note 5 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Association's assets measured at fair value on a recurring basis at September 30, 2019 and 2018 and the valuation techniques used by the Association to determine those fair values.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Association has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Note 5 - Fair Value Measurements (Continued)

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Association's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

	Assets Measured at Fair Value on a Recurring Basis at September 30, 2019			
	Level 1	Level 2	Level 3	Total
Investments:				
Mutual funds - Equities	$ 121,810	$ -	$ -	$ 121,810
Mutual funds - Bonds	51,830	-	-	51,830
Corporate bonds	-	1,053,725	-	1,053,725
U.S. Treasurys	-	490,250	-	490,250
Total investments	$ 173,640	$ 1,543,975	$ -	$ 1,717,615

	Assets Measured at Fair Value on a Recurring Basis at September 30, 2018			
	Level 1	Level 2	Level 3	Total
Investments - Equities	$ 316,043	$ -	$ -	$ 316,043

Note 6 - Property and Equipment

Property and equipment are summarized as follows:

	2019	2018
Furniture and fixtures	$ 30,716	$ 65,753
Computer equipment and software	250,320	410,186
Leasehold improvements	387,524	387,524
Total cost	668,560	863,463
Accumulated depreciation	668,560	860,502
Net property and equipment	$ -	$ 2,961

Depreciation expense totaled $2,961 and $15,942 for the years ended September 30, 2019 and 2018, respectively.

Note 7 - Net Assets

Net assets without donor restrictions consist of the following as of September 30:

	2019	2018
Board-designated net assets:		
Emergency reserve fund	$ 195,878	$ 195,878
Computer reserve funds	64,589	64,589
Endowment fund	80,158	70,959
Total	$ 340,625	$ 331,426

Net assets with donor restrictions as of September 30 are available for the following purposes:

	2019	2018
Subject to expenditures for a specified purpose:		
Scholarship fund	$ 93,552	$ 85,901
Global Environmental Health Fund	2,600	2,600
Student fund	2,722	2,722
Total	$ 98,874	$ 91,223

Note 8 - Investment in Endowments

Board-designated endowments are funds without donor restrictions designated by the board to function as endowments.

The Association established a board-designated quasiendowment fund. Monies contributed to the fund, plus interest earned, totaled $80,158 and $70,959 as of September 30, 2019 and 2018, respectively. Contributions to this fund are without donor restriction. Principal and income earned on the investments are to be used upon approval by the board. As the endowment is not significant to the Association's financial statements as a whole, management has elected not to include certain disclosures normally required by generally accepted accounting principles.

Note 9 - Retirement Plans

The Association has a retirement plan (the "Retirement Plan") under Internal Revenue Code Section 403(b). Employees are eligible to participate in the Retirement Plan on their first day of employment. Employees are eligible for nonelective contributions or matching contributions after 60 consecutive days of service. The Retirement Plan allows employees to defer a discretionary amount of their salaries, not to exceed a defined limit, to the Retirement Plan. The Retirement Plan provides for the Association to make a discretionary matching contribution. Contributions to the Retirement Plan totaled $139,915 and $109,121 for the years ended September 30, 2019 and 2018, respectively.

Note 10 - Operating Leases

The Association leases its facilities under a noncancelable operating lease. The current lease expires in July 2021. Total rent expense under these leases was $244,627 and $251,636 for 2019 and 2018, respectively.

Note 10 - Operating Leases (Continued)

Future minimum annual commitments under these operating leases are as follows:

Years Ending September 30		Amount
2020	$	248,688
2021		211,440
Total	$	460,128

Note 11 - Government Grants

The Association received certain grant revenue from various governmental agencies. The disbursement of funds received under these grants generally requires compliance with terms and conditions specified in the grants and is subject to audit by the granting agencies. The amount of charges to these grants that may be disallowed, if any, by such audits cannot presently be determined, and no provision for any liability that may result has been made in the accompanying financial statements. However, management believes that all necessary adjustments to the financial statements have been recorded to be in compliance with its grant requirements.