

KRAMDEN INSTITUTE, INC.

FINANCIAL REPORT

DECEMBER 31, 2018 and 2017

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Kramden Institute, Inc.
4915 Prospectus Drive, Suite J
Durham, NC 27713

We have audited the accompanying statements of financial position of Kramden Institute, Inc. (a nonprofit organization), as of December 31, 2018 and 2017, and the related statements of activities, cash flows, functional expenses and related notes to the financial statements for the years then ended.

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 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 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 Kramden Institute, Inc., 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.

Report on Summarized Comparative Information

We have previously audited Kramden Institute, Inc.'s 2017 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 30, 2018. In our opinion, the summarized comparative information presented herein, as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Dreher Martin CPAs, P.A.

August 8, 2019

KRAMDEN INSTITUTE, INC
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 and 2017

ASSETS

	2018	2017
Current Assets		
Cash and Cash Equivalents	\$ 408,440	\$ 366,369
Inventory	251,518	196,443
Investments	5,384	5,875
Unconditional Promises to Give, Net	7,843	15,960
Donations - Receivable	7,486	9,230
Total Current Assets	680,671	593,877
Property and Equipment, Net	50,550	64,873
Other Assets		
Security Deposits	11,485	11,485
Total Other Assets	11,485	11,485
TOTAL ASSETS	\$ 742,706	\$ 670,235

LIABILITIES AND NET ASSETS

Current Liabilities		
Credit Cards Payable	\$ 6,101	\$ 4,852
Accrued Expenses	22,902	21,521
Total Current Liabilities	29,003	26,373
Total Liabilities	29,003	26,373
Net Assets		
Without Donor Restrictions	705,860	518,569
With Donor Restrictions	7,843	125,293
Total Net Assets	713,703	643,862
TOTAL LIABILITIES AND NET ASSETS	\$ 742,706	\$ 670,235

See Accompanying Notes and Independent Auditors' Report

KRAMDEN INSTITUTE, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2018 WITH COMPARATIVE TOTALS
FOR THE YEAR ENDED 2017

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2018 Totals</u>	<u>2017 Totals</u>
REVENUES				
Contributions - Cash	\$ 372,043	\$ -	\$ 372,043	\$ 453,961
Contributions - In-kind	573,975	-	573,975	463,020
Program Related Sales	472,199	-	472,199	298,909
Net Investment Return	1,706	-	1,706	4,285
Other Income	2,170	-	2,170	4,892
Other Program Related Service Fees	47,324	-	47,324	16,039
Total Revenue and Support	<u>1,469,417</u>	<u>-</u>	<u>1,469,417</u>	<u>1,241,106</u>
Net Assets Released from Restrictions	<u>117,450</u>	<u>(117,450)</u>	<u>-</u>	<u>-</u>
EXPENSES				
Program Services	1,203,814	-	1,203,814	1,159,199
Supporting Services				
General and Administrative	147,448	-	147,448	138,633
Fund Raising Expenses	48,314	-	48,314	48,630
Total Expenses	<u>1,399,576</u>	<u>-</u>	<u>1,399,576</u>	<u>1,346,462</u>
CHANGE IN NET ASSETS	<u>187,291</u>	<u>(117,450)</u>	<u>69,841</u>	<u>(105,356)</u>
NET ASSETS BEGINNING OF YEAR	<u>518,569</u>	<u>125,293</u>	<u>643,862</u>	<u>749,218</u>
NET ASSETS END OF YEAR	<u>\$ 705,860</u>	<u>\$ 7,843</u>	<u>\$ 713,703</u>	<u>\$ 643,862</u>

See Accompanying Notes and Independent Auditors' Report.

KRAMDEN INSTITUTE, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$ 69,841	\$ (105,356)
Adjustments to Reconcile Increase (Decrease) in Net Assets		
To Cash Provided by Operating Activities		
Donated Inventory	(55,075)	8,050
Depreciation	14,323	14,324
Investment Gains, Unrealized and Realized	617	(1,738)
Reinvested Dividends	(127)	(122)
Decrease in Unconditional Promised to Give	8,117	8,402
Decrease in Pledges Receivable	1,744	30,907
Increase in Loan from Related Party	-	1,147
Increase in Credit Cards Payable	1,249	1,420
Increase in Accrued Expenses	1,382	1,932
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	42,071	(41,034)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	42,071	(41,034)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	366,369	407,403
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 408,440	\$ 366,369

See Accompanying Notes and Independent Auditors' Report

KRAMDEN INSTITUTE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Total</u>
	<u>Tech Programs</u>	<u>General and Administrative</u>	<u>Fund Raising</u>		
In-kind Computer Refurbish Supplies	\$ 518,900	\$ -	\$ -	\$ 518,900	
Wages	371,656	66,707	38,118	476,481	
Office Lease	111,423	7,347	3,673	122,443	
Taxes - Payroll	28,785	5,167	2,952	36,904	
Volunteer Event Support	35,782	-	-	35,782	
Employee Benefits	21,776	3,908	2,233	27,917	
Computer Refurbish Supplies	22,678	-	-	22,678	
Postage, Shipping and Delivery	15,479	3,870	-	19,349	
Training	17,494	-	-	17,494	
Bank Fees	-	15,479	-	15,479	
Depreciation Expense	-	14,323	-	14,323	
Travel and Meeting Expenses	11,424	2,856	-	14,280	
Utilities	12,382	816	408	13,606	
Retirement Expense	8,705	1,562	893	11,160	
Professional Services	-	9,550	-	9,550	
Temporary Staff	7,302	-	-	7,302	
Insurance	-	6,817	-	6,817	
Miscellaneous	6,001	-	-	6,001	
Advertising	4,453	-	-	4,453	
Telephone	-	4,107	-	4,107	
Supplies	3,365	-	-	3,365	
Equipment Rental & Maintenance	3,160	-	-	3,160	
Dues	-	2,459	-	2,459	
Volunteer Appreciation	1,333	-	-	1,333	
Internet	641	642	-	1,283	
Other Payroll Expenses	-	1,021	-	1,021	
Printing and Copying	919	-	-	919	
Board Meeting Expenses	-	778	-	778	
Small Equipment	156	39	-	195	
Fundraising Expense	-	-	37	37	
TOTAL	<u>\$ 1,203,814</u>	<u>\$ 147,448</u>	<u>\$ 48,314</u>	<u>\$ 1,399,576</u>	

See Accompanying Notes and Independent Auditors' Report.

KRAMDEN INSTITUTE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Total</u>
	<u>Tech Programs</u>	<u>General and Administrative</u>	<u>Fund Raising</u>		
In-Kind Computer Refurbish Supplies	\$ 471,070	\$ -	\$ -	\$ 471,070	
Wages	362,228	65,015	37,152	464,395	
Office Lease	109,828	7,241	3,621	120,690	
Employee Benefits	31,904	5,726	3,272	40,902	
Taxes - Payroll	28,836	5,176	2,958	36,970	
Volunteer Event Support	35,185	-	-	35,185	
Computer Refurbish Supplies	25,297	-	-	25,297	
Postage, Shipping and Delivery	12,190	3,047	-	15,237	
Depreciation Expense	-	14,324	-	14,324	
Utilities	11,656	768	384	12,808	
Retirement Expense	9,050	1,624	928	11,602	
Bank Fees	-	11,025	-	11,025	
Computer Distribution	10,952	-	-	10,952	
Training	10,928	-	-	10,928	
Professional Services	-	9,100	-	9,100	
Travel and Meeting Expenses	6,798	1,700	-	8,498	
Advertising	8,490	-	-	8,490	
Temporary Staff	8,000	-	-	8,000	
Insurance	-	6,125	-	6,125	
Miscellaneous	5,850	-	-	5,850	
Supplies	4,506	-	-	4,506	
Telephone	-	3,969	-	3,969	
Equipment Rental & Maintenance	3,118	-	-	3,118	
Dues	-	1,465	-	1,465	
Internet	684	684	-	1,368	
Volunteer Appreciation	1,183	-	-	1,183	
Other Payroll Expenses	-	1,059	-	1,059	
Printing and Copying	994	-	-	994	
Small Equipment	452	113	-	565	
Board Meeting Expenses	-	472	-	472	
Fundraising Expense	-	-	315	315	
TOTAL	<u>\$ 1,159,199</u>	<u>\$ 138,633</u>	<u>\$ 48,630</u>	<u>\$ 1,346,462</u>	

See Accompanying Notes and Independent Auditors' Report.

KRAMDEN INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 and 2017

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Kramden Institute, Inc. (“the Entity” or “the Institute”) is a not-for-profit organization whose mission is to provide technology tools and training to bridge the digital divide. The Institute does this by collecting, refurbishing and reusing computers, extending their useful lives while providing digital inclusion programming to low-income individuals and communities. The Entity was founded in November 2003 and is located in Durham, North Carolina.

The Entity receives its funding from a variety of sources including grants and donations.

Basis of Accounting

The financial statements for the Entity have been prepared on the accrual basis of accounting; whereby, income is recognized when earned and expenses are recognized when incurred. This basis of accounting conforms to accounting principles generally accepted in the United States of America.

Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Financial Statement Presentation

The Entity follows the recommendations of the Financial Accounting Standards Board in its FASB ASC 958, “Not-for-Profit Entities.” Under FASB ASC 958, the Entity is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. As permitted by the statement, the Entity does not use fund accounting.

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 Entity. These net assets may be used at the discretion of the Entity’s management and board of directors.

Net Assets With Donor Restrictions – Net assets subject stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature: those restrictions will be met by actions of the Entity, 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.

KRAMDEN INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 and 2017

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - Cont'd

Revenue and Support

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or when the purpose of the 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.

Investments

Investments consist of equity securities. Consistent with FASB ASC 958-320, FASB 820-10 and FASB ASC 825-10, these investments are stated at fair value based on market quotations for identical investments.

Inventory

Inventories consist of donated computer equipment and parts. Donated inventory is recorded at fair value on the date of donation using a base line valuation adjusted up or down according to average sales prices.

Property and Equipment

It is the Entity's policy to capitalize property and equipment over \$500. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Entity reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Entity reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed using the straight-line or accelerated method over estimated useful lives of five to thirty-nine years.

KRAMDEN INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 and 2017

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - Cont'd

Donated Materials, Equipment and Services

Donated materials and equipment are recorded as contributions at their estimated fair market values at the date of receipt. No amounts are recorded for donated services, inasmuch as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time in the Entity's program services, fund-raising campaigns and management.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The expenses that are allocated include the following:

<u>Expenses</u>	<u>Method of Allocation</u>
Salaries and benefits	Time and effort
Office lease	Square footage occupied
Postage, shipping and delivery	Time and effort
Utilities	Square footage occupied

Income Taxes

The Entity is a not-for-profit organization that is exempt from income taxes under Section 501(c) 3 of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation.

Advertising

Costs associated with advertising are charged to expense as incurred. Advertising expenses were \$4,453 and \$8,490, for the years ended December 31, 2018 and 2017, respectively

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Entity considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

KRAMDEN INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 and 2017

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - Cont'd

Promises to Give

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

Donations Receivable

Donations receivable reflect unconditional promises to give which are expected to be received within 12 months. The Entity believes the receivables are fully collectible and, as such, has not provided an allowance for uncollectible accounts.

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Entity has adjusted the presentation of these financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

NOTE 2 – LIQUIDITY AND AVAILABILITY

The table below represents financial assets available for general expenditures within one year at December 31, 2018:

Financial assets at year-end:

Cash and cash equivalents	\$ 408,440
Investments	5,384
Unconditional promises to give	7,843
Donations receivable	<u>7,486</u>
Total financial assets	<u>429,153</u>
Less amounts not available to be used within one year:	
Unconditional promises to give	<u>(7,843)</u>
Financial assets not available to be used within one year	<u>(7,843)</u>
Financial assets available to meet general and program expenditures within one year	<u>\$ 421,310</u>

KRAMDEN INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 and 2017

NOTE 2 – LIQUIDITY AND AVAILABILITY - Cont'd

The Entity has certain donor-restricted assets limited to use which are designated for future education and program expenditures. These assets limited to use are more fully described in Note 3 and are not available for general expenditure within the next year.

As part of the Entity's liquidity management plan, excess cash is invested in short-term investments, including money market accounts.

NOTE 3 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes, as of December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Education	\$ -	\$ 81,833
Unconditional promise to give – Tech Scholars	7,843	15,960
Tech Scholars Program	-	2,500
Tech Events	-	25,000
	<u>\$ 7,843</u>	<u>\$ 125,293</u>

Net assets released from net assets with donor restrictions, for the years ended December 31, 2018 and 2017, were as follows:

	<u>2018</u>	<u>2017</u>
Education	\$ 81,833	\$ 10,000
Tech Scholars Program	10,617	8,402
Tech Events	25,000	-
	<u>\$ 117,450</u>	<u>\$ 18,402</u>

In 2018, contributions of \$72,000 for education and \$15,000 for Tech Scholars Program were received and spent in the same year and are shown on the Statement of Activities as revenue without donor restrictions.

KRAMDEN INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 and 2017

NOTE 4 – INVESTMENTS

The Entity's investments, as of December 31, 2018 and 2017, consist of unrestricted stocks and are recorded at market value and are summarized as follows:

	<u>2018</u>	<u>2017</u>
Cost	<u>\$ 3,882</u>	<u>\$ 3,755</u>
Fair Market Value	<u>\$ 5,384</u>	<u>\$ 5,875</u>

The Entity adopted FASB ASC 820-10 for fair value measurements of investments that are recognized and disclosed at fair value in the financial statements on a recurring basis. FASB ASC 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) for identical investments in active markets.

Level 2 inputs are quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.

Level 3 inputs are model derived valuations in which one or more significant inputs or significant value drivers are unobservable.

In certain cases, the inputs to measure fair value may result in an asset or liability falling into more than one level of the fair value hierarchy. In such cases, the determination of the classification of an asset or liability within the fair value hierarchy is based on the least determinate input that is significant to the fair value measurement.

The investments in stocks are measured at fair value on a recurring basis and are Level 1.

NOTE 5 – PROMISES TO GIVE

An unconditional promise to give is a promise to give that depends only on the passage of time or demand by the promise for performance. The fair value of unconditional promises to give is measured on a nonrecurring basis using an income approach with estimates of future cash flows and based on previous experience (level 3 inputs).

KRAMDEN INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 and 2017

NOTE 5 – PROMISES TO GIVE - Cont'd

At December 31, 2018 and 2017, the Entity had an uncollateralized unconditional promise to give from one company as follows:

Promises to give expected to be collected in:

	<u>2018</u>	<u>2017</u>
One to five years	\$ 9,000	\$ 18,000
Discount on promise	<u>(1,157)</u>	<u>(2,040)</u>
	<u>\$ 7,843</u>	<u>\$ 15,960</u>

Unconditional promises to give, due in more than one year, are recognized at fair value using present value techniques and a discount rate of 3.5%. Management believes that all unconditional promises to give are fully collectible; therefore, no allowance for doubtful accounts was recorded, as of December 31, 2018.

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	<u>2018</u>	<u>2017</u>
Furniture, Fixtures and Equipment	\$ 12,509	\$ 12,509
Leasehold Improvements	27,505	27,505
Vehicles	39,764	39,764
Software	<u>30,000</u>	<u>30,000</u>
	109,778	109,778
Accumulated Depreciation	<u>(59,228)</u>	<u>(44,905)</u>
	<u>\$ 50,550</u>	<u>\$ 64,873</u>

The depreciation expense, for the years ended December 31, 2018 and 2017, was \$14,323 and \$14,324, respectively.

NOTE 7 – CONCENTRATIONS

The Entity maintains its cash account in North Carolina commercial banks and a credit union. Interest bearing accounts at the banks are guaranteed by the Federal Deposit Insurance Corporation (FDIC) and at the credit union by the National Credit Union Association (NCUA) up to \$250,000, per bank or credit union. Noninterest bearing accounts are completely insured. At December 31, 2018 and 2017, all cash accounts were considered unrestricted. Amounts on deposit at a credit union exceed the NCUA insured amounts by \$153,004 in 2018 and \$80,636 in 2017.

KRAMDEN INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 and 2017

NOTE 8 – LEASE AGREEMENT

The Entity has a non-cancelable operating lease for its facility that expires February 28, 2019. In addition to the facility rent, the Entity is assessed an amount for general overhead expenses which it pays on a pro-rata basis with the lease payment. The assessment is adjusted periodically based on the actual expense incurred by the landlord. The total rent expense and overhead expenses under their lease, for the years ended December 31, 2018 and 2017, was \$122,443 and \$120,690, respectively.

Future minimum lease payments under the noncancelable operating lease total \$20,630 due in 2019.

NOTE 9 – RETIREMENT PLAN

The Entity has established a simple IRA plan covering eligible employees. The Entity makes matching contributions up to 3% of the qualified employee's compensation. The retirement expense for 2018 and 2017 was \$11,160 and \$11,602, respectively.

NOTE 10 – COMPARATIVE FINANCIAL INFORMATION

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Entity's financial statements, for the year ended December 31, 2017, from which the summarized information was derived.

NOTE 11 – DONATED SERVICES AND MATERIALS

The value of donated materials is determined based upon the resale value of comparable used equipment. For the year ended December 31, 2018 and 2017, donated materials totaled \$573,975 and \$463,020, respectively.

A substantial number of volunteers donate significant amounts of their time in the Entity's program services. These donated hours are a necessary part of the Entity's activities since its services could not be sustained without such support. The services contributed do not enhance nonfinancial assets or require specialized skills; therefore, no dollar amounts have been reflected in the accompanying financial statements for these services.

KRAMDEN INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 and 2017

NOTE 12 – INCOME TAXES

The Entity has open tax years with both the Internal Revenue Service and the North Carolina Department of Revenue from 2015 through 2018.

NOTE 13 – SUBSEQUENT EVENTS

Subsequent events were evaluated through August 8, 2019, which is the date the financial statements were available to be issued.

In July 2019, the Entity extended its facility lease term to September 30, 2022. Base rent ranges from \$9,600 to \$10,200 per month.