Columbus Speech & Hearing Center

Financial Report
December 31, 2019

Contents

RSM

Independent Auditor's Report

RSM US LLP

To the Board of Directors
Columbus Speech & Hearing Center

Report on the Financial Statements
We have audited the accompanying financial statements of Columbus Speech & Hearing Center, which comprise the statements of financial position as of December 31, 2019 and 2018, the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 above present fairly, in all material respects, the financial position of Columbus Speech & Hearing Center as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

RSM US LLP

Columbus, Ohio
June 29, 2020

Columbus Speech & Hearing Center

Statements of Financial Position
December 31, 2019 and 2018

	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	$ 111,508	$ 236,455
Receivables, net:		
Clients	349,537	375,419
United Way	62,500	62,500
Pledges	-	1,283
Other	33,679	56,366
	445,716	495,568
Prepaids	31,170	40,770
Inventory	16,149	13,067
	47,319	53,837
Total current assets	604,543	785,860
Property and equipment, net	2,055,878	2,020,591
Other assets:		
Deposits and other assets	5,466	4,571
	$ 2,665,887	$ 2,811,022
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 348,142	$ 446,769
Revolving line of credit	5,000	216,430
Notes payable - current	105,287	80,000
Deferred revenue	107,028	107,888
Total current liabilities	565,457	851,087
Notes payable - noncurrent	554,713	260,000
Total liabilities	1,120,170	1,111,087
Net assets:		
Without donor restrictions	1,452,364	1,575,237
With donor restrictions	93,353	124,698
Total net assets	1,545,717	1,699,935
	$ 2,665,887	$ 2,811,022

See notes to financial statements.

Columbus Speech & Hearing Center

Statement of Activities and Changes in Net Assets
Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	**Total**
Public support:			
United Way funds	$ 62,500	$ 62,500	**$ 125,000**
Contributions and grants	513,676	1,374	**515,050**
Total public support	576,176	63,874	**640,050**
Revenue:			
Government fees for services	366,968	-	**366,968**
Clinic fees	1,620,776	-	**1,620,776**
Hearing aid and assistive listening device sales	1,718,637	-	**1,718,637**
Building rental	140,397	-	**140,397**
Investment income	1,609	-	**1,609**
Other income	15,388	-	**15,388**
Total revenue	3,863,775	-	**3,863,775**
Net assets released from restrictions	95,219	(95,219)	**-**
Total public support and revenue	4,535,170	(31,345)	**4,503,825**
Expenses:			
Program services	4,034,231	-	**4,034,231**
Supporting services - management and general	478,303	-	**478,303**
Fundraising	145,509	-	**145,509**
Total expenses	4,658,043	-	**4,658,043**
Change in net assets	(122,873)	(31,345)	**(154,218)**
Net assets:			
Beginning	1,575,237	124,698	**1,699,935**
Ending	$ 1,452,364	$ 93,353	**$ 1,545,717**

See notes to financial statements.

Columbus Speech & Hearing Center

Statement of Activities and Changes in Net Assets
Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Public support:			
United Way funds	$ 76,500	$ 62,500	$ 139,000
Contributions and grants	533,980	26,691	560,671
In-kind contributions	8,594	-	8,594
Total public support	619,074	89,191	708,265
Revenue:			
Government fees for services	531,070	-	531,070
Clinic fees	1,961,233	-	1,961,233
Hearing aid and assistive listening device sales	1,370,405	-	1,370,405
Building rental	148,844	-	148,844
Investment income	863	-	863
Other income	16,932	-	16,932
Total revenue	4,029,347	-	4,029,347
Net assets released from restrictions	122,436	(122,436)	-
Total public support and revenue	4,770,857	(33,245)	4,737,612
Expenses:			
Program services	4,124,557	-	4,124,557
Supporting services - management and general	491,820	-	491,820
Fundraising	213,900	-	213,900
Total expenses	4,830,277	-	4,830,277
Change in net assets	(59,420)	(33,245)	(92,665)
Net assets:			
Beginning	1,634,657	157,943	1,792,600
Ending	$ 1,575,237	$ 124,698	$ 1,699,935

See notes to financial statements.

Columbus Speech & Hearing Center

Statement of Functional Expenses
Year Ended December 31, 2019

	Program Services	Management and General	Fundraising	**Total**
Salaries and wages	$ 2,271,964	$ 312,264	$ 86,889	**$ 2,671,117**
Payroll taxes and employee benefits	313,280	83,199	12,194	**408,673**
Total compensation	2,585,244	395,463	99,083	**3,079,790**
Hearing aid and assistive listening devices	428,510	-	-	**428,510**
Conferences, meetings and staff development	2,718	125	125	**2,968**
Bad debts	-	10,020	-	**10,020**
Consulting, legal and accounting	128,239	6,223	6,223	**140,685**
Printing	10,054	686	3,086	**13,826**
Telephone	15,298	769	769	**16,836**
Supplies	29,109	612	648	**30,369**
Utilities	66,583	7,566	1,513	**75,662**
Maintenance, building and grounds	97,579	11,089	2,218	**110,886**
Postage and shipping	4,260	650	446	**5,356**
Public relations and development	74,566	15,147	7,574	**97,287**
Process and service fees	140,880	2,127	8,623	**151,630**
Equipment repair	16,656	705	705	**18,066**
Insurance	34,330	2,783	1,412	**38,525**
Transportation	21,729	7,821	439	**29,989**
Interest and other financing fees	32,593	3,704	741	**37,038**
Miscellaneous	21,143	2,750	2,363	**26,256**
Dues and subscriptions	23,873	572	572	**25,017**
Depreciation of property and equipment	223,285	6,293	5,415	**234,993**
IT support and software	77,582	3,198	3,554	**84,334**
Total expenses	$ 4,034,231	$ 478,303	$ 145,509	**$ 4,658,043**
Percentage of total expenses	87%	10%	3%	**100%**

See notes to financial statements.

Columbus Speech & Hearing Center

Statement of Functional Expenses
Year Ended December 31, 2018

	Program Services	Management and General	Fundraising	Total
Salaries and wages	$ 2,513,028	$ 326,718	$ 132,891	$ 2,972,637
Payroll taxes and employee benefits	360,591	63,758	18,005	442,354
Total compensation	2,873,619	390,476	150,896	3,414,991
Hearing aid and assistive listening devices	434,016	-	-	434,016
Conferences, meetings and staff development	1,380	1,299	1,213	3,892
Bad debts	-	10,020	-	10,020
Consulting, legal and accounting	86,044	30,458	17,865	134,367
Printing	11,484	1,095	5,574	18,153
Telephone	15,154	844	733	16,731
Supplies	39,632	762	1,156	41,550
Utilities	67,000	7,614	1,523	76,137
Maintenance, building and grounds	85,604	9,728	1,946	97,278
Postage and shipping	6,392	456	1,218	8,066
Public relations and development	42,965	17,760	8,880	69,605
Process and service fees	64,265	2,912	2,912	70,089
Equipment repair	55,111	1,187	8,013	64,311
Insurance	34,696	2,814	1,427	38,937
Transportation	25,809	3,848	477	30,134
Interest and other financing fees	29,251	3,324	665	33,240
Miscellaneous	1,123	(9,092)	733	(7,236)
Dues and subscriptions	14,195	1,101	1,573	16,869
Depreciation of property and equipment	197,076	13,576	5,275	215,927
IT support and software	39,741	1,638	1,821	43,200
Total expenses	$ 4,124,557	$ 491,820	$ 213,900	$ 4,830,277
Percentage of total expenses	85%	10%	5%	100%

See notes to financial statements.

Columbus Speech & Hearing Center

Statements of Cash Flows
Years Ended December 31, 2019 and 2018

		2019		2018
Cash flows from operating activities:				
Change in net assets	**$**	**(154,218)**	$	(92,665)
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation		**234,993**		215,927
Change in:				
Receivables		**49,852**		(76,844)
Prepaid, inventory and other assets		**5,623**		8,147
Accounts payable and accrued liabilities		**(98,627)**		167,574
Deferred revenue		**(860)**		37
Net cash provided by operating activities		**36,763**		222,176
Cash flows from investing activities:				
Purchase of property and equipment		**(270,280)**		(39,136)
Cash flows from financing activities:				
Repayments of notes payable		**(80,000)**		(75,000)
Borrowings of notes payable		**183,570**		-
Net change in revolving line of credit		**5,000**		(20,570)
Net cash provided by (used in) financing activities		**108,570**		(95,570)
Net (decrease) increase in cash and cash equivalents		**(124,947)**		87,470
Cash and cash equivalents:				
Beginning		**236,455**		148,985
Ending	**$**	**111,508**	$	236,455
Supplemental disclosure of cash flow information:				
Cash paid for interest	**$**	**26,831**	$	22,440
Supplemental schedule of noncash investing and financing activities:				
Conversion of line of credit to term note	**$**	**216,430**	$	-

See notes to financial statements.

Note 1. Organization and Summary of Significant Accounting Policies

Organization and background: The Columbus Speech & Hearing Center (the Center), was founded in 1923 to help all people improve communication and vocational independence for life. The Center is a nonprofit agency which provides services to people of all ages who are deaf or who may have communication disorders related to speech or hearing impairment. The Center serves clients throughout Ohio and is funded through billings for services or products and grants from third party agencies.

Use of estimates: The accounting and reporting policies of the Center conform to accounting principles generally accepted in the United States of America. 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

Net asset classification: Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Net assets without donor restrictions are those that are free of donor-imposed restriction, and include all revenue, expenses, gains, and losses that do not relate to net assets with donor restrictions. Net assets with donor restrictions are those net assets whose use has been limited by donors to a specific time period or purpose. There are no donor restricted net assets that must be maintained into perpetuity at December 31, 2019 and 2018.

Cash and cash equivalents: For purposes of the statement of cash flows, the Center considers all investments with an original maturity date of three months or less to be cash equivalents.

Accounts receivable: The Center asks for co-pay or full fee at time of service from individuals. The Center follows up on insurance claims after 60 days. If the insurance claim is denied, the amount is due immediately from the individual. Accounts receivable are reported at the amount that reflects the consideration to which the Center expected to be entitled in exchange for providing the service. This estimate is based upon management's review of patient accounts and an assessment of the Center's historical evidence of collections. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to revenue in the period of change. Subsequent changes that are determined to be the result of an adverse change in the ability to pay are recorded as bad debt expense. Bad debt expense was approximately $10,000 for the years ended December 31, 2019 and 2018.

Property and equipment: Property and equipment are recorded at cost, less accumulated depreciation and amortization. Provisions for depreciation and amortization are computed using the straight-line method based on estimated useful lives of 5-30 years for buildings and improvements, 10 years for program, office and mobile equipment and 3 years for computer equipment.

The Center capitalizes the cost of all property and equipment additions in excess of $500; the fair value of donated property and equipment is similarly capitalized. When property and equipment is sold or retired, the cost and related accumulated depreciation is removed from the accounts.

Impairment of long-lived assets: The Center reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. Measurement of any impairment would include a comparison of estimated undiscounted future cash flows to be generated during the remaining life of the asset to its net carrying value. The Center believes the carrying values of all long-lived assets at December 31, 2019 and 2018, are recoverable.

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Fair value of financial instruments: The carrying amounts of financial instruments, including cash, cash equivalents, accounts receivable, accounts payable, and accrued liabilities approximate fair value due to the short term nature of these instruments.

Concentration of credit risk: The Center places its cash with financial institutions, and has cash on deposit from time to time in one financial institution in excess of insurance coverage provided by the Federal Deposit Insurance Corporation. The finance committee periodically reviews and approves the selection of financial institutions. The Center continually monitors these balances to minimize the risk of loss.

Revenue recognition: The Center's revenue is primarily derived from clinic fees, sales of hearing aids and assistive listening devices, and grants and contributions. The Center recognizes revenue for clinic fees, sales of hearing aids and assistive listening devices under the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The core principle of the revenue model is that revenue is recognized when a customer obtains control of a good or service. A customer obtains control when they have the ability to direct the use of and obtain the benefits from the good or service. Transfer of control is not the same as transfer of risk and rewards. Under Topic 606, revenue should be recognized over time or at a point in time.

Revenue from clinic fees, hearing aids and assistive listening devices are reported at amounts that reflect the consideration to which the Center expects to be entitled in exchange for providing these services and goods to patients. These amounts are due from patients, third-party payers (including managed care payers and government programs) and others. Revenue is recognized at a point in time when the performance obligations are satisfied. As the performance obligations relate to contracts with a duration of less than one year, the Center has elected to apply the optional exemption provided in Accounting Standards Codification (ASC) 606-10-50-14(a) and therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The unsatisfied performance obligation for these contracts are primarily related to services related to hearing aid sales. The transaction price for these contracts are based on gross charges for services provided, reduced by contractual adjustments provided to third-party payers and implicit prices concessions based on contractual adjustments and discounts based on contractual agreements, discount policies and historical experience. The Center uses a portfolio approach as a practical expedient to account for these contracts as a collective group rather than individually. Under Topic 606, the estimated uncollectable amounts due from patients are generally considered implicit price concessions that are a direct reduction to revenue. The Center has not historically incurred any costs to obtain contracts.

When the Center's contracts with patients contain multiple performance obligations, the transaction price is allocated on a relative standalone selling price basis to each performance obligation. The Company typically determines standalone selling price (SSP) based on observable selling prices of its products and services.

Payment terms on invoiced amounts are typically 30 days. In instances where the timing of revenue recognition differs from the timing of the right to invoice, the Center has determined that a significant financing component generally does not exist. The primary purpose of the invoicing terms is to provide customers with simplified and predictable ways of purchasing the products and services and not to receive financing from or provide financing to the customer. The Center has elected the practical expedient that permits an entity not to recognize a significant financing component if the time between when the promised service is transferred to the customer and when the customer pays for the service is one year less. The Center records accounts receivable when it has the unconditional right to issue an invoice and receive payment, regardless of whether revenue has been recognized. If revenue has not yet been recognized, a contract liability (deferred revenue) is also recorded.

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

If revenue is recognized in advance of the right to invoice, a contract asset (unbilled receivable) is recorded. The Company has deferred revenue of $107,028 and $107,888 as of December 31, 2019 and 2018, respectively, and has no other significant contract assets or liabilities.

The Center provides warranties associated with the sale of hearing aids in addition to the manufacturer warranties. The first warranty is a limited-assurance-type warranty for which the warranty periods typically extend for a limited duration following transfer of control of the product. Historically, warranty claims for the limited assurance-type warranty have not resulted in material costs incurred. The Company does not consider these warranties to be performance obligations. The second warranty is an extended product warranty which is considered a separate performance obligation. The extended warranty is recognized over the life of the warranty and a purchase price is assigned to the warranty at the time of sale. The price is fixed through the fee schedule noted above as the patients can purchase extended warranties.

Grant support that is determined to be a reciprocal transaction is recognized over time when the performance obligations are satisfied. Grants received in advance of revenue being earned are recorded as deferred revenue until the performance obligations are satisfied.

The Center records contributions received, including grants that are nonreciprocal, as revenue in the period an unconditional transfer of cash or other assets, as well as unconditional promises to give are received. These amounts are recorded at their fair values. The Center reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction 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. Donor-restricted contributions whose restrictions are met in the same reporting period are recorded as net assets without donor restrictions. The Center reports contributions of land, buildings, and equipment as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Contributions of long-lived assets with explicit restrictions that specify how the assets are to be used and contributions of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Center reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donated services and assets: Contributed services are recorded when they meet the criteria of (1) creating or enhancing nonfinancial assets, or, (2) requiring specialized skills, and provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. There were no donated services for the years ended December 31, 2019 and 2018. Donated assets were $0 and $8,594 for the years ended December 31, 2019 and 2018, respectively.

Advertising: The Center's advertising efforts are associated with nondirect-response programs. The costs are expensed as incurred. The Center had advertising expenses for the years ended December 31, 2019 and 2018, of $64,474 and $41,686, respectively.

Functional expenses: The Center allocates its expenses on a functional basis among its various programs and support services. Expenses are allocated either directly according to their natural expenditure classification or by various statistical bases including revenues, hours worked, salary expense and square footage.

Tax exempt status: The Center is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, the Center is taxed on other unrelated income, if any exists. Currently, the only unrelated business income is rental income.

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

The Center follows FASB guidance on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Center may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Center, and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement.

The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods. At December 31, 2019 and 2018, there were no material unrecognized tax benefits identified or recorded as liabilities.

The Center files Forms 990 and 990T in the U.S. federal jurisdiction. With few exceptions, the Center is no longer subject to examination by the Internal Revenue Service of tax years three to five years from the date of filing.

Recently issued accounting pronouncements: In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. In September 2017, the FASB issued ASU 2017-13, *Revenue Recognition (Topic 605), Revenue from Contracts with Customers (Topic 606), Leases (Topic 840), and Leases (Topic 842): Amendments to SEC Paragraphs*, which rescinds certain SEC Observer comments and staff announcements from the lease guidance and incorporates SEC staff announcements on the effect of a change in tax law on leveraged leases from ASC 840 into ASC 842. In July 2018, the FASB issued ASU 2018-10, *Codification Improvements to Topic 842, Leases*, which makes narrow scope improvements to the standard for specific issues. In July 2018, the FASB also issued ASU 2018-11, *Leases (Topic 842): Targeted Improvements*, which provides an optional transition method allowing the standard to be applied at the adoption date.

The new standard is effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Center is currently evaluating the impact the pending adoption of the new standard will have on the financial statements.

Reclassifications: Certain amounts included in the 2018 financial statements have been reclassified to conform to the 2019 presentation. The reclassifications had no impact on the total net assets or the change in net assets.

Subsequent events: The Center has evaluated subsequent events for potential recognition and/or disclosure through June 29, 2020, the date the financials were available to be issued.

Note 2. Liquidity and Availability

The table below represents financial assets available for general expenditures, such as operating expenses and scheduled principal payments on notes payable, within one year of December 31, 2019:

	2019	2018
Financial assets at year-end:		
Cash and cash equivalents	$ 111,508	$ 236,455
Receivables	445,716	495,568
Total financial assets	557,224	732,023
Less amounts not available to be used to meet general expenditures within one year:		
Restricted for specific purposes	30,853	62,198
Financial assets available to meet general expenditures within one year	$ 526,371	$ 669,825

The Center regularly monitors liquidity required to meet its annual operating needs and other contractual commitments. The Center has various sources of liquidity at its disposal including cash and cash equivalents and a revolving line of credit. See Note 4 for information about the Center's revolving line of credit facility.

Note 3. Property and Equipment

Property and equipment consisted of the following at December 31:

	2019	2018
Land	$ 240,000	$ 240,000
Building and improvements	5,209,370	5,034,325
Program equipment	551,979	453,095
Office equipment	856,960	855,010
Construction in progress	-	5,600
	6,858,309	6,588,030
Less: accumulated depreciation and amortization	(4,802,431)	(4,567,439)
Net property and equipment	$ 2,055,878	$ 2,020,591

Depreciation expense was $234,993 and $215,927 for the years ended December 31, 2019 and 2018, respectively.

Note 4. Notes Payable and Revolving Line of Credit

Notes payable consisted of the following at December 31:

	2019	2018
Revenue bonds payable	$ 260,000	$ 340,000
Promissory note	400,000	-
	660,000	340,000
Less: current maturities	105,287	80,000
	$ 554,713	$ 260,000

Note 4. Notes Payable and Revolving Line of Credit (Continued)

Future maturities on notes payable are as follows for the year ending December 31:

2020	$	105,287
2021		107,586
2022		127,586
2023		27,586
2024		27,586
Thereafter		264,369
	$	660,000

In March 2002, the Center entered into tax-exempt bonds issued by Franklin County in the amount of $1,200,000, maturing through 2022. The bonds are Health Care Facilities Revenue Bonds that bear interest at a variable rate as determined each week by the Remarketing Agent. The rate is determined by the Remarketing Agent and shall be the minimum rate necessary for the Remarketing Agent to sell the bonds. The variable rate shall not exceed the lesser of 10% per annum or the maximum rate permitted by law. At the option of the Center, with a 45-day notice, the bonds can be converted to fixed rate bonds. The interest rate at December 31, 2019 and 2018, was 1.61% and 1.92%, respectively. The bonds are secured by a standby letter of credit from a financial institution which expires in April 2021. There were no standby letters of credit outstanding at December 31, 2019 and 2018.

The Center had an available line of credit agreement in the amount of $500,000. Borrowings outstanding on the line of credit were $216,430 at December 31, 2018. The line of credit bore interest at LIBOR plus 3.24%. At December 31, 2018, the LIBOR rate was 2.50%. The agreement matured July 10, 2019, and was collateralized by the current assets of the Center. The line was repaid in full during July 2019.

In July 2019, the Center entered into a new line of credit agreement in the amount of $300,000, which replaced the existing line of credit. Borrowings outstanding on the line of credit were $5,000 at December 31, 2019. The line bears interest at the Prime rate plus an applicable margin of .50%. At December 31, 2019, the Prime rate was 4.75%. The agreement requires monthly interest payments and with the principal balance due at maturity on July 12, 2020. The line is secured by the building mortgage and assignment of leases and rents on the property as well as a security interest in all business assets.

In July 2019, the Center also entered into a promissory note agreement in the amount of $400,000. The note bears interest at 6.00% until July 12, 2022, at which point the interest rate shall change to the Prime rate plus an applicable margin of .50%, not to be below 6.00%. The note requires six monthly interest payments through January 2020, at which point the note will require monthly principal and interest payments until maturity on July 12, 2034. The note is secured by the building mortgage and assignment of leases and rents on the property as well as a security interest in all business assets. The proceeds from the note were used to pay-off the balance of the old line of credit balance.

Note 5. Employee Benefit Plan

The Center maintains a 401(k) plan (the Plan) for eligible employees. Employees are eligible to participate in the Plan at the time of hire. Employees are eligible for employer contributions after completing one year of service and providing at least 1,000 hours. Participants become fully vested in employer contributions after three years. Employer contributions are generally made by the Center annually and are made at management's discretion. The Center made no employer contributions to the Plan in 2019 and 2018.

Note 6. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes at December 31:

	2019	2018
United Way allocations not yet received	$ 62,500	$ 62,500
Garage renovation	19,227	21,052
Various programs	11,626	41,146
	$ 93,353	$ 124,698

Note 7. Special Events

The Center annually sponsors the Great Communicators Golf Outing and other events. Contributions and grants for events include revenue of $140,488 and $132,510 for the years ended December 31, 2019 and 2018, respectively, which is included in contribution and grants on the accompanying statements of activities and changes in net assets. Total expenses associated with these events were $33,131 and $27,914 for years ended December 31, 2019 and 2018, respectively, which is included in public relations and development on the accompanying statements of functional expenses.

Note 8. Leases

The Center leases a portion of its building to third parties under long-term agreements expiring at various dates through February 2022, with renewal options for additional periods in certain cases. The Center generally pays insurance and specified maintenance costs. Future minimum rentals under these non-cancelable leases are as follows:

2020	$ 142,195
2021	110,154
2022	57,059
	$ 309,408

Rental income for the years ended December 31, 2019 and 2018, was $140,397 and $148,844, respectively.

Note 9. Commitments and Contingencies

The Center is subject to claims and lawsuits in the ordinary course of business. In the opinion of management, the Center has adequate legal defenses and/or adequate insurance coverage for such matters. If not insured, management believes that such matters will not, in the aggregate, have a materially adverse impact on the Center's financial position, results of future operations or cash flows.

Note 10. Subsequent Events

On January 30, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a "Public Health Emergency of International Concern" and on March 11, 2020, declared COVID-19 a pandemic. The impact of COVID-19 could negatively impact the Center's operations, suppliers or other vendors, and customer base. The extent to which the coronavirus impacts the Center's results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and actions taken to contain the coronavirus or its impact, among others. As of the date of these financial statements, the Center has not been required to cease operations.

Note 10. Subsequent Events (Continued)

On March 27, 2020, the CARES Act was signed into law. The CARES Act legislation is intended to provide relief for small businesses that have been negatively impacted by the COVID-19 pandemic. One of the many provisions of the CARES Act, the Paycheck Protection Program (PPP) provides loans to small businesses to prevent layoffs and business closures during the pandemic. On April 9, 2020, the Center received proceeds in the form of a PPP loan in the amount of $592,000. The loan will bear interest at 1% with monthly payments of principal and interest totaling $41,196 being due starting November 2020. The loan has a scheduled maturity date of April 9, 2022. Although there are no assurances, if certain conditions of the PPP loan program are met, the PPP loan is forgivable.

Another provision of the CARES Act, the Economic Injury Disaster Loan (EIDL) provides emergency funds to small businesses and private non-profits harmed by COVID-19. On April 22, 2020, the Center received proceeds in the form of an EIDL loan advance in the amount of $500,000. The loan will bear interest at 2.75% with monthly payments of principal and interest totaling $2,136 being due starting April 2021. The loan has a scheduled maturity date of April 22, 2050. The loan is collateralized by substantially all assets of the Center.