Council for a Strong America

Financial Report
December 31, 2018

Contents

Independent Auditor's Report

To the Board of Directors
Council for a Strong America

Report on the Financial Statements
We have audited the accompanying financial statements of Council for a Strong America (the Council), which comprise the statement of financial position as of December 31, 2018, the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Council for a Strong America 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.

Emphasis of Matter
As discussed in Note 1 to the financial statements, the Council adopted the Financial Accounting Standards Board's Accounting Standards Update 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The adoption of this standard resulted in the inclusion of a statement of functional expenses for the year ended December 31, 2018, additional footnote disclosures, and changes to classification of net assets. Our opinion is not modified with respect to this matter.

Other Matter
The financial statements of the Council, as of and for the year ended December 31, 2017, were audited by other auditors, whose report, dated May 15, 2018, expressed an unmodified opinion on those statements.

Report on Summarized Comparative Information
The Council's 2017 financial statements, were audited by other auditors who expressed an unmodified audit opinion on those audited financial statements in their report dated May 15, 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.

RSM US LLP

Washington, D.C.
December 11, 2019

Council for a Strong America

Statement of Financial Position
December 31, 2018
(With Comparative Totals for 2017)

		2018		2017
Assets				
Cash and cash equivalents	**$**	**1,122,151**	$	5,984,489
Promises to give, net		**3,397,004**		3,764,466
Prepaid expenses		**11,282**		86,948
Investments		**4,915,806**		2,634,737
Deposits		**46,745**		44,245
Property and equipment, net		**256,536**		303,812
Total assets	**$**	**9,749,524**	$	12,818,697
Liabilities and Net Assets				
Liabilities:				
Accounts payable	**$**	**135,944**	$	110,225
Accrued payroll expenses		**64,890**		306,268
Accrued vacation		**371,597**		384,646
Deferred rent		**534,540**		598,578
Total liabilities		**1,106,971**		1,399,717
Commitments (Note 8)				
Net assets:				
Net assets without donor restrictions		**191,023**		619,352
Net assets with donor restrictions		**8,451,530**		10,799,628
Total net assets		**8,642,553**		11,418,980
Total liabilities and net assets	**$**	**9,749,524**	$	12,818,697

See notes to financial statements.

Council for a Strong America

Statement of Activities
Year Ended December 31, 2018
(With Comparative Totals for 2017)

	Without Donor Restrictions	With Donor Restrictions	Total 2018	Total 2017
Support and revenue:				
Contributions and grants	$ 366,240	$ 7,241,011	$ 7,607,251	$ 11,976,018
Other income	43,400	-	43,400	3,183
Investment income, net	31,071	-	31,071	65,544
Net assets released from restrictions	9,589,109	(9,589,109)	-	-
Total support and revenue	10,029,820	(2,348,098)	7,681,722	12,044,745
Expenses:				
Program services:				
Early childhood	5,130,603	-	5,130,603	3,264,911
K-16	1,744,311	-	1,744,311	3,283,138
Health	252,146	-	252,146	1,088,304
Police training institute	893,897	-	893,897	1,128,342
Other equity and justice issues	774,138	-	774,138	729,546
Total program services	8,795,095	-	8,795,095	9,494,241
Supporting services:				
Management and general	982,826	-	982,826	1,165,249
Fundraising	680,228	-	680,228	990,717
Total supporting services	1,663,054	-	1,663,054	2,155,966
Total expenses	10,458,149	-	10,458,149	11,650,207
Change in net assets	(428,329)	(2,348,098)	(2,776,427)	394,538
Net assets:				
Beginning	619,352	10,799,628	11,418,980	11,024,442
Ending	$ 191,023	$ 8,451,530	$ 8,642,553	$ 11,418,980

See notes to financial statements.

Council for a Strong America

Statement of Functional Expenses
Year Ended December 31, 2018
(With Comparative Totals for 2017)

	Program Expenses						Supporting Services				
	Early Childhood	K-16	Health	Police Training Institute	Other Equity and Justice Issues	Total Program Expenses	Management and General	Fundraising	Total Supporting Services	2018 Total	2017 Total
Expenses:											
Payroll and benefits	$ 3,644,488	$ 1,345,519	$ 208,209	$ 498,838	$ 662,684	$ 6,359,738	$ 471,793	$ 579,498	$ 1,051,291	$ 7,411,029	$ 8,748,083
Professional fees	460,175	214,395	9,653	218,670	7,662	910,555	133,480	50,787	184,267	1,094,822	983,287
Occupancy	241,888	55,246	3,553	23,558	60,046	384,291	236,076	17,382	253,458	637,749	615,254
Travel	230,048	57,450	18,984	85,366	9,521	401,369	13,828	13,429	27,257	428,626	508,446
Meetings and networking	207,725	17,521	3,704	7,352	3,800	240,102	15,800	1,532	17,332	257,434	103,711
Technology services and repair	155,962	19,239	1,527	8,200	17,196	202,124	70,737	5,208	75,945	278,069	325,388
Dues, subscriptions, publications	74,761	9,873	668	1,963	1,260	88,525	15,755	8,232	23,987	112,512	81,525
Office	106,398	22,314	4,469	10,408	11,715	155,304	25,197	2,604	27,801	183,105	276,203
Other	9,158	2,754	1,379	39,542	254	53,087	160	1,556	1,716	54,803	8,310
	$ 5,130,603	$ 1,744,311	$ 252,146	$ 893,897	$ 774,138	$ 8,795,095	$ 982,826	$ 680,228	$ 1,663,054	$ 10,458,149	$ 11,650,207

See notes to financial statements.

Council for a Strong America

Statement of Cash Flows
Year Ended December 31, 2018
(With Comparative Totals for 2017)

	2018	2017
Cash flows from operating activities:		
Change in net assets	**$ (2,776,427)**	$ 394,538
Adjustment to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	**64,279**	67,574
Bad debt expense	**-**	59,000
Unrealized and realized losses (gains), net	**16,412**	(45,220)
Change in discount on promises to give	**35,386**	(4,471)
Decrease (increase) in:		
Promises to give	**332,076**	3,224,739
Prepaid expenses	**75,666**	39,053
Deposits	**(2,500)**	
(Decrease) increase in:		
Accounts payable	**25,719**	(31,205)
Accrued payroll expenses	**(241,378)**	(55)
Accrued vacation	**(13,049)**	9,986
Deferred rent	**(64,038)**	(62,644)
Net cash (used in) provided by operating activities	**(2,547,854)**	3,651,295
Cash flows from investing activities:		
Purchase of property and equipment	**(17,003)**	-
Purchases of investments	**(6,733,913)**	(2,054,541)
Proceeds from sale of investments	**4,436,432**	3,486,795
Net cash (used in) provided by investing activities	**(2,314,484)**	1,432,254
Net (decrease) increase in cash and cash equivalents	**(4,862,338)**	5,083,549
Cash and cash equivalents:		
Beginning	**5,984,489**	900,940
Ending	**$ 1,122,151**	$ 5,984,489

See notes to financial statements.

Note 1. Nature of Organization and Summary of Significant Accounting Policies

Nature of organization: The Council for a Strong America (the Council) was incorporated as a non-profit organization under the laws of the District of Columbia in 1995 to increase investments in children and families. The Council is comprised of five projects—Fight Crime: Invest in Kids, Ready Nation, Mission: Readiness, Shepherding the Next Generation and Champions for America's Future—and operates under these names.

The Council has an affiliate political action entity, Fight Crime: Invest in Kids Action, which is a non-profit organization under Section 501(c)(4) of the Internal Revenue Code. The entity is dormant as of and for the year ended December 31, 2018. The only financial activity is an interest bearing cash account, which includes approximately $125,000 at December 31, 2018. This entity is not consolidated with the Council, as it does not meet the criteria prescribed in generally accepted accounting principles.

The significant accounting policies followed by the Council are described below:

Basis of accounting: The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby unconditional support is recognized when notification of the contribution is received, revenue is recognized when earned, and expenses are recognized when incurred.

Adoption of recent accounting pronouncement: In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities*, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, net assets with donor restrictions and net assets without donor restrictions, and expands disclosures about the nature and amount of any donor restrictions.

The Council adopted this guidance during the year ended December 31, 2018. As a result, there are additional quantitative and qualitative disclosures to communicate information related to the Council's liquidity. Also, there were changes in the presentation of net assets within the statements and disclosures. A statement of functional expenses was included as part of the basic financial statements. Investment income is shown net of the related investment fees.

Basis of presentation: The accompanying financial statement presentation follows the recommendations under the Not-for-Profit Topic of the FASB Accounting Standards Codification (ASC). Under the ASC, the Council 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.

Cash and cash equivalents: Cash and cash equivalents consist of checking and savings accounts, and money market accounts with initial maturities of three months or less.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of $250,000. At times during the year, the Council maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

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

Promises to give: Promises to give are recorded at their net realizable value, which approximates fair value. Promises to give that are expected to be collected in future years are recorded at their fair value, measured as the present value of their future cash flows. The discounts on these 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 contributions and grants revenue. The allowance for doubtful accounts is determined based upon an annual review of account balances, including the age of the balance and the historical experience with the donor.

Investments: Investments are stated at their readily determinable fair value. Interest and dividends, unrealized and realized gains and losses are included in investment income, net of related investment fees, on the statement of activities. Investments acquired by gift are recorded at their fair value at the date of the gift. The Council's policy is to liquidate all gifts of investments as soon as possible after the gift.

The Council invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Property and equipment: Acquisitions of property and equipment of more than $1,000 are capitalized at cost. Depreciation and amortization are recorded on the straight-line method over the assets' useful life, generally three years. Leasehold improvements are amortized over the shorter of the useful life or the life of the lease. The cost of maintenance and repairs is recorded as expenses are incurred.

Valuation of long-lived assets: Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the estimated fair value of the asset. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell.

Deferred rent: The Council has entered into lease agreements for rental space. The lease agreements provide for a period of free rent and escalated payments over the life of the leases. One lease also contains provisions for a leasehold improvements allowance, and these improvements and the related allowance are amortized over the life of the lease. Rent expense is recognized on a straight-line basis over the term of the lease. The difference between the expense and the cash payments is reported as deferred rent.

Income taxes: The Council is generally exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Council is not a private foundation. Income from certain activities not directly related to the Council's exempt purpose, less applicable deductions, is subject to taxation as unrelated business income. For the year ended December 31, 2018, the Council had no net unrelated business income.

For the year ended December 31, 2018, the Council has documented its consideration of FASB ASC 740-10, Income Taxes, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

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

Net asset classification: The net assets are reported in two self-balancing groups as follows:

Net assets without donor restrictions: Net assets without donor restrictions include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operations of the Council.

Net assets with donor restrictions: Net assets with donor restrictions include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of the Council and/or the passage of time. When a restriction expires, 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.

Contributions and grants: Unconditional contributions and grants are recorded as revenue in the year notification is received from the donor. Donor restricted contributions and grants are recognized as support without donor restrictions only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements. If the donor stipulation for contributions and grants is met in the year notification is received, contributions and grants are classified as net assets without donor restrictions in the accompanying financial statements.

Advertising: The Council expenses advertising costs as incurred. Advertising expense was $25,074 for the year ended December 31, 2018.

Functional allocation of expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited using salaries for each function as the allocation base. Management and general expenses include those expenses that are not directly identifiable with any other specific function, but that provide for the overall support and direction of the Council and are unallocated on the statement of activities.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Prior year information: The financial statements include certain prior year summarized comparative information in total but not by net asset class or function; specifically, the lack of 2017 footnote information, a breakout of donor restricted activities in the statement of activities for 2017 and a 2017 statement of functional expenses by program. Such information presented does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Council's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

Reclassifications: Certain items in the December 31, 2017, summarized comparative information have been reclassified to conform to the December 31, 2018, financial statement presentation. The reclassifications had no effect on the previously reported change in net assets or net assets.

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

Recent accounting pronouncements: In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in generally accepted accounting principles in the United States of America (U.S. GAAP) when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14, which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2018. The Council is currently evaluating the impact of the adoption of this guidance on the financial statements.

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. The new standard is effective for fiscal years beginning after December 15, 2020. 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 Council is currently evaluating the impact of the adoption of this guidance on the financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The ASU also clarifies the guidance used by entities other than not-for-profits to identify and account for contributions made. The ASU has different effective dates for resource recipients and resource providers. Where the Council is the resource recipient, the ASU is applicable to contributions received for annual periods beginning after December 15, 2018. Where the Council is a resource provider, the ASU is effective for annual periods beginning after December 15, 2019. The Council is currently evaluating the impact of the adoption of this guidance on the financial statements.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. The ASU results in the removal, modification and addition of certain disclosure requirements related to transfers between levels within the fair value hierarchy, valuation processes and unrealized gains/losses presentation for Level 3 measurements, and liquidation timing for investments held at net asset value. The changes in this ASU should generally be applied on a retrospective basis in the year that the ASU is first applied except for the changes related to Level 3 measurements which should be applied prospectively. ASU 2018-13 is effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The Council is currently evaluating the impact of the adoption of this guidance on the financial statements.

Subsequent events: The Council evaluated subsequent events through December 11, 2019, the date the financial statements were available to be issued.

Note 2. Liquidity and Availability of Financial Assets

The Council regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations. The Council has various sources of liquidity at its disposal, including cash, receivables, and investments. As of December 31, 2018, the following financial assets are available to meet annual operating needs of the 2019 fiscal year:

Cash and cash equivalents	$ 1,122,151
Promises to give, net	3,397,004
Investments	4,915,806
	9,434,961
Less:	
Promises to give not expected to be collected within a year	(379,147)
Financial assets with donor restrictions for time and purpose	(8,072,383)
	$ 983,431

The Council manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability
- Maintaining a sufficient level of asset liquidity
- Monitoring and maintaining reserves to provide reasonable assurance that long-term commitments and obligations related to donor restrictions will continue to be met

The Council’s process of liquidity management requires the maintenance of sufficiently liquid financial assets in order to readily meet general expenditures and obligations as they become due. Management periodically reviews the Council’s liquid asset needs and adjusts the cash and cash equivalent balances as necessary.

Note 3. Promises to Give

As of December 31, 2018, the Council had promises to give outstanding of $3,476,857. All amounts are expected to be collected within two years. Promises due beyond 2019 have been recorded at the present value of the estimated cash flows, using a discount rate of 5.5%.

A summary of promises to give along with a schedule of anticipated receipts by year is as follows:

Less than one year	$ 3,076,857
One to five years	400,000
Total promises to give	3,476,857
Less:	
Allowance for doubtful accounts	(59,000)
Discount on non-current receivables	(20,853)
Promises to give, net	$ 3,397,004

Note 4. Investments

Investments at December 31, 2018, consist of the following:

Certificates of deposit	$	1,977,023
Mutual funds		379,303
Cash and equivalents		2,559,480
	$	4,915,806

Net investment income for the year ended December 31, 2018, consists of the following:

Interest and dividends	$	65,791
Unrealized and realized losses, net		(16,412)
Investment fees		(18,308)
	$	31,071

Note 5. Fair Value Measurements

The Fair Value Measurement Topic of the FASB ASC defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy are described below:

Level 1: Quoted market prices in active markets for identical assets or liabilities.
Level 2: Observable market-based inputs or unobservable inputs corroborated by market data.
Level 3: Unobservable inputs that are not corroborated by market data.

In determining the appropriate levels, the Council performs a detailed analysis of the assets and liabilities that are subject to accounting for fair value measurements. At each reporting period all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3. There were no Level 3 assets held by the Council at December 31, 2018. There were no liabilities subject to fair value measurements at December 31, 2018.

The table below presents the balances of assets measured at fair value on a recurring basis by level within the hierarchy as of December 31, 2018:

	Level 1	Level 2	Level 3	Total
Assets:				
Certificates of deposit	$ -	$ 1,977,023	$ -	$ 1,977,023
Mutual funds	379,303	-	-	379,303
Investments held at fair value	$ 379,303	$ 1,977,023	$ -	2,356,326
Investments held at cost				2,559,480
				$ 4,915,806

The Council holds investments in certificates of deposit, which have quoted prices in active markets for similar but not for identical assets, and therefore are considered Level 2 items. The fair value of the mutual funds are determined based on quoted prices in active markets and are thus classified as Level 1 items.

Note 6. Property and Equipment

Property, equipment and accumulated depreciation at December 31, 2018, are summarized as follows:

Equipment	$ 182,146
Leasehold improvements	638,211
	820,357
Less accumulated depreciation and amortization	(563,821)
	$ 256,536

Depreciation and amortization expense totaled $64,279 for the year ended December 31, 2018.

Note 7. Net Assets with Donor Restrictions

Net assets with donor restrictions include funds only available for program activities or general support designated for future years. Amounts were released from restrictions during the year ended December 31, 2018, due to time restrictions ending or satisfaction of purpose restrictions.

Changes in net assets with donor restrictions during the year ended December 31, 2018, are as follows:

	Balance December 31, 2017	Additions	Releases	Balance December 31, 2018
Time and purpose restrictions	$ 10,799,628	$ 7,241,011	$ (9,589,109)	$ 8,451,530

Note 8. Lease Commitments

On September 27, 2011, the Council amended its existing office space lease for its headquarters in Washington, D.C. The lease provides for initial rental payments of $41.50 per square foot fixed, annual escalations in base rent by 4% each year, and the Council is responsible for its pro-rata share of real estate taxes and operating expenses. Rent payments approximated $43,000 per month during the year ended December 31, 2018. The lease provides rent abatements for half of the first five months and an abatement of $15,000 for the twenty-fourth month of the term of the lease. The lease expires on November 30, 2022.

The Council has eight other non-cancelable operating leases for office space in California, Illinois, Pennsylvania, New York, Michigan, and Colorado, with various expiration dates through November 2022. Monthly payments range from $400 to $2,369 per month with annual rent escalation ranging from 0% to 4%. Three leases expired in 2018 or 2019 and were not renewed, including two office spaces in California and one in New York.

A tenant improvement allocation totaling $316,210 was allotted by the landlord for the Washington, D.C. space. The value of the rent abatements, fixed annual increases, and tenant improvement allowance have been deferred and will recognized ratably over the term of the lease on a straight-line basis. The liability totaled $534,540 at December 31, 2018.

Total rent expense, including operating costs, for the year ended December 31, 2018, totaled $588,368.

Note 8. Lease Commitments (Continued)

Following is a summary of future minimum rental payments required under the lease agreements:

Years ending December 31:		
2019	$	604,173
2020		620,946
2021		627,369
2022		585,559
	$	2,438,047

Note 9. Retirement Plan

The Council sponsors a 403(b) tax-deferred annuity plan (the Plan) covering employees that work more than 1,000 hours per year. The Plan provides for discretionary employer matching and non-elective contributions. Contributions are allocated pro-rata based on a uniform percentage of employee compensation. Employees automatically contribute 2% of their annual salary to the Plan. There was no employer matching contribution for the year ended December 31, 2018. Total retirement plan expense for the year ended December 31, 2018, was $94,448.