

Audited Financial Statements

COAST GUARD MUTUAL ASSISTANCE, INC.

December 31, 2018

Coast Guard Mutual Assistance, Inc.

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TRYON

A Professional Corporation

Certified Public

Accountants

and Consultants

Independent Auditor's Report

To the Board of Control
Coast Guard Mutual Assistance, Inc.

We have audited the accompanying financial statements of Coast Guard Mutual Assistance, Inc. (CGMA), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Coast Guard Mutual Assistance, Inc. as of December 31, 2018 and 2017, 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.

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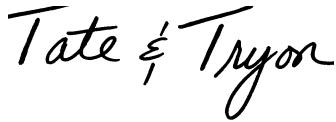
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Adoption of Accounting Standards Update 2016-14

As described in Note A to the financial statements, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). As required by the FASB, CGMA adopted the provisions of ASU 2016-14 during the year ended December 31, 2018. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added regarding liquidity and the availability of resources. There was no change in CGMA's previously reported change in net assets as a result of the adoption of the ASU. Our opinion is not modified with respect to this matter.



Washington, DC
July 3, 2019

Coast Guard Mutual Assistance, Inc.

Statements of Financial Position

December 31,	2018	2017
Assets		
Cash and cash equivalents	\$ 1,626,331	\$ 1,189,468
Pledges receivable	741,911	645,000
Investments	23,711,519	26,246,182
Beneficial interest in perpetual trust	1,083,997	1,214,724
Accrued dividends and interest	60,958	25,991
Loans receivable, net	3,766,462	3,869,155
Other receivables	-	700
Property and equipment, net	744,359	942,428
Security deposit	8,544	8,544
Total assets	\$ 31,744,081	\$ 34,142,192
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 21,238	\$ 21,432
Accrued leave	29,513	52,388
Deferred rent	90,793	87,759
Total liabilities	141,544	161,579
Net assets		
Without donor restriction	29,445,963	32,335,613
With donor restriction	2,156,574	1,645,000
Total net assets	31,602,537	33,980,613
Total liabilities and net assets	\$ 31,744,081	\$ 34,142,192

See accompanying notes to the financial statements.

Coast Guard Mutual Assistance, Inc.

Statements of Activities

Year Ended December 31,	2018	2017
Activities without donor restrictions		
Revenue, gains and other support		
Contributions		
Annual campaign collections	\$ 1,416,632	\$ 1,309,139
Other donations	126,086	209,679
Other income	23,426	14,481
Investment (loss) income, net	(1,268,045)	3,702,279
Net (loss) gain on beneficial interest in perpetual trust	(80,727)	140,169
	217,372	5,375,747
Net assets released from restrictions	645,000	675,000
	862,372	6,050,747
Expense		
Program expenses	3,116,140	3,151,279
Supporting services		
General and administrative	369,967	405,824
Fundraising	265,915	136,978
	3,752,022	3,694,081
Change in net assets without donor restrictions	(2,889,650)	2,356,666
Activities with donor restrictions		
Contributions	1,287,302	645,000
Investment loss, net	(130,728)	-
Net assets released from restrictions	(645,000)	(675,000)
Change in net assets with donor restrictions	511,574	(30,000)
Change in net assets	(2,378,076)	2,326,666
Net assets, beginning of year	33,980,613	31,653,947
Net assets, end of year	\$ 31,602,537	\$ 33,980,613

See accompanying notes to the financial statements.

Coast Guard Mutual Assistance, Inc.

Statement of Functional Expenses Year Ended December 31, 2018

	Program Expenses	General and Administrative	Fundraising	Total
Grants	\$ 1,250,479	\$ -	\$ -	\$ 1,250,479
Salaries and benefits	562,407	215,772	117,380	895,559
Loans converted to grants	604,497	-	-	604,497
Depreciation	247,600	665	463	248,728
Bad debt expense (net of collections)	162,730	-	-	162,730
Facilities rental	84,361	32,023	16,360	132,744
Printing and mailing	3,144	10,338	109,850	123,332
Tutoring	104,281	-	-	104,281
Computer equipment and maintenance	45,539	4,851	5,907	56,297
Layette program	36,256	-	-	36,256
Miscellaneous expenses	5,697	29,266	874	35,837
Bank fees	-	28,118	4,185	32,303
Legal and audit	-	29,250	-	29,250
State registration fees	-	-	9,218	9,218
Outreach	5,649	-	1,678	7,327
Office supplies	-	6,449	-	6,449
Insurance / bonding	-	5,131	-	5,131
Payroll services	-	5,038	-	5,038
Financial counseling fees	3,500	-	-	3,500
Taxes	-	3,066	-	3,066
	\$ 3,116,140	\$ 369,967	\$ 265,915	\$ 3,752,022

Coast Guard Mutual Assistance, Inc.

Statement of Functional Expenses Year Ended December 31, 2017

	Program Expenses	General and Administrative	Fundraising	Total
Grants	\$ 1,576,045	\$ -	\$ -	\$ 1,576,045
Salaries and benefits	473,688	276,382	39,479	789,549
Loans converted to grants	354,674	-	-	354,674
Bad debt expense (net of collections)	257,270	-	-	257,270
Depreciation	237,242	-	-	237,242
Facilities rental	71,003	40,852	6,483	118,338
Tutoring	89,375	-	-	89,375
Printing and mailing	3,504	4,913	75,536	83,953
Computer equipment and maintenance	46,781	17,037	-	63,818
Layette program	33,322	-	-	33,322
Bank fees	-	25,266	4,905	30,171
Legal and audit	-	20,779	-	20,779
State registration fees	-	-	9,247	9,247
Miscellaneous expenses	4,265	4,434	271	8,970
Office supplies	-	5,968	-	5,968
Insurance / bonding	-	5,222	-	5,222
Payroll services	-	4,971	-	4,971
Financial counseling fees	4,110	-	-	4,110
Outreach	-	-	1,057	1,057
	\$ 3,151,279	\$ 405,824	\$ 136,978	\$ 3,694,081

Coast Guard Mutual Assistance, Inc.

Statements of Cash Flows

<i>Year Ended December 31,</i>	2018	2017
Cash flows from operating activities		
Change in net assets	\$ (2,378,076)	\$ 2,326,666
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	248,728	237,242
Provision for doubtful accounts	-	80,000
Realized and unrealized losses (gains) on investments	1,847,176	(3,219,848)
Changes in assets and liabilities:		
Change in beneficial interest in perpetual trust	130,727	(90,169)
Accrued dividends and interest	(34,967)	6,604
Pledges receivable	(96,911)	30,000
Loans receivable	102,693	(1,543,726)
Other receivables	700	9,544
Accounts payable	(194)	(187,612)
Accrued leave	(22,875)	(8,846)
Deferred rent	3,034	4,381
Total adjustments	2,178,111	(4,682,430)
Net cash used in operating activities	(199,965)	(2,355,764)
Cash flows from investing activities		
Purchases of property and equipment	(50,659)	(575,417)
Purchases of investments	(14,544,547)	(11,762,543)
Proceeds from sale of investments	15,232,034	15,273,507
Net cash provided by investing activities	636,828	2,935,547
Net increase in cash and cash equivalents	436,863	579,783
Cash and cash equivalents, beginning of year	1,189,468	609,685
Cash and cash equivalents, end of year	\$ 1,626,331	\$ 1,189,468

See accompanying notes to the financial statements.

Coast Guard Mutual Assistance, Inc.

Notes to the Financial Statements

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: Coast Guard Mutual Assistance, Inc. (CGMA) is a non-profit charitable organization operating since 1924 to provide financial aid to all active-duty and retired Coast Guard personnel, commissioned officers of the Public Health Service serving with the Coast Guard, civilian employees of the Coast Guard, and members of the Selected Reserve and Auxiliary. Financial assistance may be in the form of an outright grant or an interest-free loan for housing assistance, post-secondary educational purposes, general assistance, medical and dental assistance, debt management, or emergency assistance. The organization consists of a headquarters located in Arlington, Virginia and over 140 field offices located at Coast Guard installations throughout the country. CGMA incorporated in Virginia in 1998.

Income tax status: CGMA is exempt from the payment of income tax under section 501(c)(3) of the Internal Revenue Code.

Basis of accounting: CGMA prepares its financial statements on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when the underlying obligations are incurred.

Cash and cash equivalents: For financial statement purposes, CGMA considers all short-term, highly liquid investments with original maturities of three months or less to be cash and cash equivalents. Money market funds held in investments are excluded from cash and cash equivalents.

Pledges receivable: Contributions result primarily from annual fundraising campaigns among active-duty and retired Coast Guard personnel, including civilians, auxiliarists, and reservists. Contributions are recognized when the donor makes a pledge to CGMA that is, in substance unconditional. CGMA estimates the amount of pledges receivable based on historical experience.

Property and equipment: Acquisitions of property and equipment greater than \$1,000 and all expenditures for repairs, maintenance and betterments that materially prolong the useful lives of assets are capitalized at cost. Depreciation and amortization is calculated using the straight-line method over the estimated useful lives.

Net assets: For financial statement purposes, net assets are classified as follows:

Without donor restrictions: Net assets without donor restrictions include those net assets whose use is not restricted by donors.

With donor restriction: Net assets with donor restriction include those net assets whose use has been restricted by specified time or purpose limitations.

Coast Guard Mutual Assistance, Inc.

Notes to the Financial Statements

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Contributions: Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in restricted net assets, depending on the nature of the restrictions. When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Functional allocation of expenses: Certain costs are allocated among multiple program services or supporting services activities. Allocable costs include professional fees, facilities rental, printing and mailing, computer equipment and maintenance, salary and benefits. The costs are allocated among program services and supporting services activities based on employee effort and direct expenditures.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from estimates.

Reclassifications: Certain amounts in the 2017 financial statements have been reclassified to conform to the 2018 presentation with no effect on the previously reported change in net assets. A summary of these reclassifications is presented below:

	Year Ended December 31, 2017		
	Original Presentation	Reclassification	Current Presentation
Expense			
Program expenses	\$ 2,909,239	\$ 242,040	\$ 3,151,279
General and administrative	647,864	(242,040)	405,824
	<u>\$ 3,557,103</u>	<u>\$ -</u>	<u>\$ 3,557,103</u>

B. CONCENTRATIONS

Credit risk: CGMA maintains demand deposits with commercial banks and money market funds with financial institutions. At times, certain balances held within these accounts may not be fully guaranteed or insured by the U.S. federal government. The uninsured portions of cash and money market accounts are backed solely by the assets of the underlying institution. Therefore, the failure of an underlying institution could result in financial loss to CGMA. However, CGMA has not experienced losses on these accounts in the past, and management believes the risk of loss, if any, to be minimal.

Market value risk: CGMA also invests funds in various investment securities. Such investments are exposed to market and credit risks. Therefore, CGMA's investments may be subject to significant fluctuations in fair value. As a result, the investment balances reported in the accompanying financial statements may not be reflective of the portfolio's value during subsequent periods.

Coast Guard Mutual Assistance, Inc.

Notes to the Financial Statements

C. INVESTMENTS

Investments consisted of the following at December 31,:

	2018	2017
Equities	\$ 13,598,498	\$ 17,567,831
Fixed income securities	5,966,959	1,897,654
Mutual funds - fixed income	2,942,132	4,984,033
Mutual funds - real estate investment trusts	37,470	503,123
Money market funds	1,166,460	1,293,541
	<u>\$ 23,711,519</u>	<u>\$ 26,246,182</u>

Investment (loss) income consisted of the following for the years ended December 31,:

	2018	2017
Interest and dividends	\$ 548,449	\$ 580,952
Net (loss) gain on investments	(1,847,176)	3,219,848
Less: investment fees	<u>(100,046)</u>	<u>(98,521)</u>
	<u>\$ (1,398,773)</u>	<u>\$ 3,702,279</u>

D. BENEFICIAL INTEREST IN PERPETUAL TRUST

In 2012, CGMA received an irrevocable right to receive income earned from a perpetual trust. CGMA does not own or control the trust's assets; however, CGMA recognized as its asset the beneficial interest in the trust assets. The fair value of a beneficial interest in a perpetual trust held by a third party generally can be measured using the fair value of the trust assets. CGMA recorded its beneficial interest in the perpetual trust at the fair value of its share of the trust's assets. The fair value of CGMA's interest in the trust is re-measured annually at December 31 with the gain or loss recognized in the statement of activities. The value of the original contribution is classified as a donor restricted endowment.

In 2018 and 2017, CGMA received distributions of \$50,000 from the trust. For the years ended December 31, 2018 and 2017, CGMA recognized net (loss) gains of (\$80,727) and \$140,169, respectively, for the change in fair value of its interest.

Coast Guard Mutual Assistance, Inc.

Notes to the Financial Statements

E. FAIR VALUE MEASUREMENTS

In accordance with generally accepted accounting principles, CGMA uses the following prioritized input levels to measure fair value of financial instruments. The input levels used for valuing financial instruments are not necessarily an indication of risk.

Level 1 – Observable inputs that reflect quoted prices for identical assets or liabilities in active markets such as stock quotes;

Level 2 – Includes inputs other than level 1 that are directly or indirectly observable in the marketplace such as yield curves or other market data;

Level 3 – Unobservable inputs which reflect the reporting entity's assessment of the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk such as bid/ask spreads and liquidity discounts.

2018	Total	Level 1	Level 2	Level 3
Investments				
Investments, fair value				
Equities	\$ 13,598,498	\$ 13,598,498	\$ -	\$ -
Fixed income securities	5,966,959		5,966,959	
Mutual funds - fixed income	2,942,132	2,942,132		
Mutual funds - real estate investment trusts	37,470	37,470		
	22,545,059	16,578,100	5,966,959	-
Investments, cost				
Money market funds	1,166,460			
	23,711,519			
Beneficial interest in perpetual trust	1,083,997			1,083,997
	\$ 24,795,516	\$ 16,578,100	\$ 5,966,959	\$ 1,083,997
2017	Total	Level 1	Level 2	Level 3
Investments				
Investments, fair value				
Equities	\$ 17,567,831	\$ 17,567,831	\$ -	\$ -
Fixed income securities	1,897,654		1,897,654	
Mutual funds - fixed income	4,984,033	4,984,033		
Mutual funds - real estate investment trusts	503,123	503,123		
Investments, cost	24,952,641	23,054,987	1,897,654	-
Money market funds	1,293,541			
	26,246,182			
Beneficial interest in perpetual trust	1,214,724			1,214,724
	\$ 27,460,906	\$ 23,054,987	\$ 1,897,654	\$ 1,214,724

Coast Guard Mutual Assistance, Inc.

Notes to the Financial Statements

E. FAIR VALUE MEASUREMENTS - CONTINUED

Level 3 investments are reconciled as follows for the years ended December 31,:

	2018	2017
Beneficial interest in Perpetual Trust, beginning of year	\$ 1,214,724	\$ 1,124,555
Distributions	(50,000)	(50,000)
Change in value of beneficial interest	<u>(80,727)</u>	<u>140,169</u>
Beneficial interest in Perpetual Trust, end of year	<u>\$ 1,083,997</u>	<u>\$ 1,214,724</u>

There is no market in which a beneficial interest in a charitable trust trades. Therefore, no observable exit price exists for the beneficial interest. The fair values using level 3 inputs are determined based on the present value of the estimated future cash receipts or disbursements related to the trust.

F. LOANS RECEIVABLE

At December 31, 2018 and 2017, CGMA had uncollateralized loans receivable totaling \$3,966,462 and \$4,069,155, respectively, all to present or former members of the Coast Guard family. CGMA loans bear no interest. Some of the loans are converted into grants and if it becomes apparent that the individual is in financial need. Loans outstanding at December 31, 2018 and 2017 are shown net of an allowance for doubtful accounts of \$200,000. The allowance is calculated based on prior history of loan repayments. Loans are reviewed monthly to determine if any are past due or delinquent.

Program expenses do not include \$4,015,706 and \$4,808,397, respectively, in interest-free loans made by CGMA during the years ended December 31, 2018 and 2017, and revenues do not include \$3,351,172 and \$2,657,526, respectively, in repayments on loans received during the same periods. In accordance with generally accepted accounting principles, loans made and repayments of loans affect the calculation of the loan balance on the statements of financial position and are not shown as income or expenses.

Coast Guard Mutual Assistance, Inc.

Notes to the Financial Statements

G. LIQUIDITY

CGMA invests cash balances in excess of immediate liquidity needs in accordance with its investment policy. The following provides a summary of financial assets available for general expenditures at December 31, 2018:

Cash and cash equivalents	\$ 1,626,331
Investments, including beneficial interest in perpetual trust	24,795,516
Receivables	4,508,373
Accrued dividends and interest	60,958
Subtotal financial assets	30,991,178
Amounts not available within one year	
Net assets with donor restrictions	(2,156,574)
Financial assets available to meet cash needs for general expenditures within one year	\$ 28,834,604

H. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31,:

	2018	2017
Furniture, fixtures and equipment	\$ 19,068	\$ 19,068
Computer Software	1,216,512	1,165,852
	1,235,580	1,184,920
Less accumulated depreciation	(491,221)	(242,492)
Net property and equipment	\$ 744,359	\$ 942,428

I. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restriction consisted of the following at December 31, :

	2018	2017
Endowment	\$ 869,272	\$ 1,000,000
Pledges	741,911	645,000
Emergency assistance	500,000	
Charles Samuel Rose estate	45,391	
	\$ 2,156,574	\$ 1,645,000

Coast Guard Mutual Assistance, Inc.

Notes to the Financial Statements

J. ENDOWMENT

CGMA's endowment consists of a beneficial interest in a trust and donor-restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Governing Board has interpreted the *Uniform Prudent Management of Institutional Funds Act* (UPMIFA), as enacted in the Commonwealth of Virginia, as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. CGMA classifies as donor restricted net assets in perpetuity (a) the original value of gifts to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the endowment. The remaining portion of the donor-restricted endowment fund that is not classified in net assets invested in perpetuity is classified as endowment net assets until those amounts are appropriated for expenditure by CGMA in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, CGMA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of CGMA and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation/depreciation of investments
6. Other resources of CGMA
7. The investment policies of CGMA

Funds with Deficiencies

From time to time, the fair value of the assets associated with individual donor-restricted endowments may fall below the level that the donor or UPMIFA requires CGMA to retain as a fund of perpetual duration. During the year ended December 31, 2018, there is a deficiency of \$130,728. There are no deficiencies of this nature that are reported at December 31, 2017.

Net Assets With Donor Restrictions Held in Perpetuity - Return Objectives and Risk Parameters

CGMA has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment. Endowment assets include those assets of donor-restricted funds that CGMA must hold in perpetuity or for donor-specified periods.

Coast Guard Mutual Assistance, Inc.

Notes to the Financial Statements

J. ENDOWMENT - CONTINUED

Spending Policy and How Investment Objectives Relate to Spending Policy

Except as specifically stated within the donor agreement, CGMA has a policy of appropriating for expenditure each year the interest, dividends, and unrealized gains/losses of the endowment. In establishing this policy, CGMA considered the long-term expected return on its endowment net assets.

A summary of donor-restricted endowment funds subject to UPMIFA is as follows for the year ended December 31, 2018:

	<u>Without Restriction</u>	<u>Specified Purpose</u>	<u>Held in Perpetuity</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ -	\$ 1,000,000	\$ 1,000,000
Investment return				
Interest and dividends		-	7,531	7,531
Net appreciation (realized and unrealized)		-	(122,821)	(122,821)
Investment fees		-	(15,438)	(15,438)
Total investment return	-	-	(130,728)	(130,728)
Total endowment funds, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 869,272</u>	<u>\$ 869,272</u>

A summary of donor-restricted endowment funds subject to UPMIFA is as follows for the year ended December 31, 2017:

	<u>Without Restriction</u>	<u>Specified Purpose</u>	<u>Held in Perpetuity</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ -	\$ 1,000,000	\$ 1,000,000
Investment return				
Interest and dividends		-	30,266	30,266
Net appreciation (realized and unrealized)		-	75,077	75,077
Investment fees		-	(15,173)	(15,173)
Total investment return	-	-	90,170	90,170
Appropriation of endowment assets for expenditure		-	(90,170)	(90,170)
Total endowment funds, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>

Coast Guard Mutual Assistance, Inc.

Notes to the Financial Statements

K. RETIREMENT PLAN

CGMA provides a salary deferral arrangement which is qualified under Section 403(b) of the Internal Revenue Code. All employees are eligible to participate in the plan. CGMA matches 100% of employee contributions up to 5% of the employee's annual compensation. CGMA matching contributions for the years ended December 31, 2018 and 2017 were \$21,343 and \$25,014, respectively.

L. COMMITMENT

In September of 2015, CGMA entered in to a lease for office space for a term of 10 years and 9 months. No rent payments are due for the first nine months of the lease. Under the terms of the lease agreement, monthly payments of \$8,544 began in August 2016 and escalate 2.75% annually. CGMA recognizes rent expense on a straight-line basis. The difference in the amount of rent paid and the amount of rent expense recognized in the financial statements is recorded as deferred rent on the statement of financial position and totaled \$90,793 and \$87,759 at December 31, 2018 and 2017, respectively.

At December 31, 2018, CGMA was obligated under terms of non-cancelable leases for the following minimum lease payments:

Year Ending December 31,

2019	\$ 111,730
2020	114,803
2021	117,960
2022	121,204
2023	124,537
Thereafter	<u>337,887</u>
	<u>\$ 928,121</u>

M. SUBSEQUENT EVENT

Subsequent events have been evaluated through July 3, 2019, which is the date the financial statements were available to be issued.

Subsequent to the year ended December 31, 2018, CGMA received a \$15 million grant to provide funding for emergency financial assistance through its loan program to those actively serving Coast Guard servicemember and civilian employees who may be impacted by future United States government shutdowns.