INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Management
American Relief Agency for the Horn of Africa
Minneapolis, MN

We have audited the accompanying financial statements of American Relief Agency for the Horn of Africa (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and 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 of material misstatement.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Relief Agency for the Horn of Africa 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.

Lafayette, Meissen & Plath, Ltd.

Certified Public Accountants
October 18, 2019
## ASSETS

### Current Assets
- Cash: $864,931
- Inventory: $59,706
- Promises to give, net: $25,400
- Accounts receivable: $2,709

**Total Current Assets**: $983,775

### Property and Equipment
- Building & improvements: $719,886
- Equipment: $69,900
- Land: $39,100
- Vehicle: $16,500
  - Less accumulated depreciation: ($60,945)

**Net Fixed Assets**: $275,399

### Mailing list, software, & web-site
  - Less accumulated amortization: $20,117

**Net Mailing list, software, & web-site**: $7,493

### Other Assets
- Agreement deposit: $100,000

**TOTAL ASSETS**: $1,366,211

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## LIABILITIES AND NET ASSETS

### Current Liabilities
- Accounts payable and accrued expenses: $121,221
- Security deposit: $2,898

**Total Current Liabilities**: $124,119

### Non-Current Liabilities
- Accrued severance & sick pay: $58,085

**TOTAL LIABILITIES**: $182,204

### Net Assets
- Without donor restrictions:
  - Board designated: $266,168
  - Undesignated: $221,507

**Total without donor restrictions**: $588,075

### With donor restrictions:
- Purpose restrictions: $555,932

**Total Net Assets**: $1,144,007

**TOTAL LIABILITIES AND NET ASSETS**: $1,366,211

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See Accompanying Notes to Financial Statements.
AMERICAN RELIEF AGENCY FOR THE HORN OF AFRICA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

SUPPORT AND REVENUE

<table>
<thead>
<tr>
<th></th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>$ 207,718</td>
<td>$ 1,102,325</td>
<td>$ 1,310,043</td>
</tr>
<tr>
<td>In-kind</td>
<td>1,055,566</td>
<td>-</td>
<td>1,055,566</td>
</tr>
<tr>
<td>Total Support</td>
<td>1,263,284</td>
<td>1,102,325</td>
<td>2,365,609</td>
</tr>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rental income</td>
<td>41,665</td>
<td>-</td>
<td>41,665</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>1,101,666</td>
<td>(1,101,666)</td>
<td>-</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>1,143,331</td>
<td>(1,101,666)</td>
<td>41,665</td>
</tr>
<tr>
<td>TOTAL SUPPORT AND REVENUE</td>
<td>2,406,615</td>
<td>659</td>
<td>2,407,274</td>
</tr>
</tbody>
</table>

EXPENSES

<table>
<thead>
<tr>
<th></th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program</td>
<td>2,146,974</td>
<td>-</td>
<td>2,146,974</td>
</tr>
<tr>
<td>Management and general</td>
<td>126,494</td>
<td>-</td>
<td>126,494</td>
</tr>
<tr>
<td>Fundraising</td>
<td>241,816</td>
<td>-</td>
<td>241,816</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>2,515,284</td>
<td>-</td>
<td>2,515,284</td>
</tr>
<tr>
<td>(Decrease) in net assets</td>
<td>(108,669)</td>
<td>659</td>
<td>(109,010)</td>
</tr>
<tr>
<td>Net Assets, beginning of year</td>
<td>696,744</td>
<td>595,273</td>
<td>1,292,017</td>
</tr>
<tr>
<td>Net Assets, end of year</td>
<td>$ 588,075</td>
<td>$ 595,932</td>
<td>$ 1,184,007</td>
</tr>
</tbody>
</table>

See Accompanying Notes to Financial Statements.
# AMERICAN RELIEF AGENCY FOR THE HORN OF AFRICA

## STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2018

<table>
<thead>
<tr>
<th></th>
<th>Program Supplies</th>
<th>Management and General</th>
<th>Fundraising</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Salaries</strong></td>
<td>$ 218,067</td>
<td>$ 69,652</td>
<td>$ 3,000</td>
<td>$ 1,826,291</td>
</tr>
<tr>
<td><strong>Payroll taxes</strong></td>
<td>$ 12,565</td>
<td>$ 4,013</td>
<td>$ 6,651</td>
<td>$ 403,154</td>
</tr>
<tr>
<td><strong>Employee benefits</strong></td>
<td>$ 7,120</td>
<td>$ 10,855</td>
<td>$ 3,173</td>
<td>$ 21,148</td>
</tr>
<tr>
<td><strong>Office and administrative</strong></td>
<td>$ 34,273</td>
<td>$ 4,217</td>
<td>$ 7,047</td>
<td>$ 45,537</td>
</tr>
<tr>
<td><strong>Fundraising events</strong></td>
<td>$ 348</td>
<td>$ 42,062</td>
<td>$ 42,410</td>
<td>$ 2,515,284</td>
</tr>
<tr>
<td><strong>Occupancy</strong></td>
<td>$ 28,889</td>
<td>$ 3,629</td>
<td>$ 6,015</td>
<td>$ 38,533</td>
</tr>
<tr>
<td><strong>Media and marketing</strong></td>
<td>$ 2,792</td>
<td>$ 13,003</td>
<td>$ 15,154</td>
<td>$ 30,949</td>
</tr>
<tr>
<td><strong>Professional services</strong></td>
<td>$ 27,471</td>
<td>$ 2,393</td>
<td>$</td>
<td>$ 29,864</td>
</tr>
<tr>
<td><strong>Depreciation and amortization</strong></td>
<td>$ 12,838</td>
<td>$ 4,100</td>
<td>$ 6,796</td>
<td>$ 23,734</td>
</tr>
<tr>
<td><strong>Travel and transportation</strong></td>
<td>$ 18,767</td>
<td>$ 129</td>
<td>$ 1,594</td>
<td>$ 20,490</td>
</tr>
<tr>
<td><strong>Postage and printing</strong></td>
<td>$ 4,302</td>
<td>$ 1,374</td>
<td>$ 2,277</td>
<td>$ 7,953</td>
</tr>
<tr>
<td><strong>Bad Debt</strong></td>
<td>$ 16,216</td>
<td>$ 16,216</td>
<td>$ 12,225</td>
<td>$ 44,657</td>
</tr>
<tr>
<td><strong>Accounting</strong></td>
<td>$ 599</td>
<td>$ 11,626</td>
<td>$</td>
<td>$ 12,225</td>
</tr>
<tr>
<td><strong>Building maintenance</strong></td>
<td></td>
<td>$ 2,277</td>
<td>$</td>
<td>$ 7,953</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$ 2,146,974</td>
<td>$ 126,494</td>
<td>$ 241,816</td>
<td>$ 2,515,284</td>
</tr>
</tbody>
</table>

**Percentage**

<table>
<thead>
<tr>
<th>Program Supplies</th>
<th>Management and General</th>
<th>Fundraising</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 1,779,291</td>
<td>$ 126,494</td>
<td>$ 241,816</td>
<td>$ 2,515,284</td>
</tr>
</tbody>
</table>

85% 5% 10% 100%

See Accompanying Notes to Financial Statements.
AMERICAN RELIEF AGENCY FOR THE HORN OF AFRICA

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018

Cash flows from operating activities:
(Decrease) in net assets $ (108,010)

Adjustments to reconcile changes in net assets to
net cash provided by (used in) operating activities:
- Depreciation and amortization 23,734
- Pledges receivable, net 18,297
- Inventory - in-kind project gifts (1,055,566)
- Inventory - in-kind project delivery 965,840
- Allowance for doubtful accounts (2,281)
- Contribution receivable (2,492)
- Accounts payable (14,641)
- Accrued expenses 14,590

Net cash (used in) operating activities (160,529)

Cash flows from investing activities
- Purchase of capitalizable assets (33,402)

Net cash (used in) investing activities (33,402)

Net (decrease) in cash (193,931)

Cash, beginning of year 1,059,662

Cash, end of year $ 864,931

See Accompanying Notes to Financial Statements.
NOTE 1 - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

American Relief Agency for the Horn of Africa (The Organization) is a non-profit organization incorporated on September 7, 2000 in Minnesota. ARAHA strives to alleviate human suffering and build self-reliant communities, by providing humanitarian aid and empowering individuals in the Horn of Africa and here at home. The Organization receives a majority of its support from grants and contributions.

The major programs of the Organization are as follows:

Food Distribution - Over 50,000 people are served by the Organization’s food distributions each year. We employ a rigorous process of working with local officials and trusted community representatives to identify the specific families that would benefit the most from our regular food programs.

Water Wells - the Organization works tirelessly to help those in the Horn of Africa who struggle to find water on a daily basis. Thousands of people and livestock now have easy access to water that is necessary to sustain life, thanks to the dozens of shallow, hand-dug and machine-dug wells ARAHA builds each year.

Education - the Organization’s goal is to give families the opportunity to help break the cycle of poverty in the Horn of Africa through the building and maintenance of schools and computer labs, distributing textbooks and other essential supplies, and paying teacher salaries.

Income Generation - the Organization has developed several projects like water tankers and dairy cows which promote self-reliance by helping beneficiaries generate an income. By making their own money, families don’t need to wait for another round of emergency aid to feed or clothe their children.

Orphan Sponsorship - Millions of children are orphaned due to war, famine, HIV/AIDS, and drought in the Horn of Africa. The Organization’s sponsorship provides basic food, clothing, and school fees to ensure that children who have lost their parents are able to stay in school and have hope for a better future.

Medical/Disaster Relief - The Organization brings relief to thousands in East Africa when drought, disease, or famine comes to the region. Whether it’s setting up a mobile cholera clinic on the ground or delivering emergency water rations during severe drought seasons, our goal is to reach as many people as possible when disaster strikes the Horn.

Basis of Accounting

The financial statements are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.
Promises to Give and Valuation Allowance

Promises to give represent unconditional commitments from foundations, corporations, and individuals and are stated at the amount management expects to collect from outstanding balances. Management provides for uncollectable amounts through a charge to activities and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables. The Organization periodically reviews individual accounts, and as of December 31, 2018, Management recorded an estimated allowance for uncollectible accounts of $17,206 as of December 31, 2018.

Income Taxes

The Organization is a non-profit organization exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision for income taxes is included in the accompanying financial statements. For federal income tax purposes, the Organization’s tax returns essentially remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

Estimates

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

Functional Allocation of Expenses

The costs of providing various program and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program and supporting services benefited.

Subsequent Events

Subsequent events have been evaluated through October 18, 2019, which is the date the financial statements were available to be issued.
Land, Building and Improvements, Equipment, Mailing list, Software & Web-site

Land, building, improvements, equipment, mailing list, and software purchased are recorded at cost and depreciated/amortized over the estimated useful lives of the assets. Property and equipment donated, if material, are stated at their fair market value at the time of donation. Depreciation/amortization is computed on the straight-line basis over the estimated useful lives of the assets. The Organization capitalizes all such assets with a cost basis of $1,000 or greater.

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building &amp; improvements</td>
<td>15-39 years</td>
</tr>
<tr>
<td>Equipment</td>
<td>5-7 years</td>
</tr>
<tr>
<td>Mailing list, software &amp; web-site</td>
<td>5 years</td>
</tr>
</tbody>
</table>

Depreciation/amortization expense of $23,734 was recorded for the year ended December 31, 2018.

Accrued Vacation Pay

The Organization provides vacation time for both full-time exempt and non-exempt employees based on length of service. An employee cannot maintain at one time any more vacation time than the maximum the employee is allowed to earn in a twelve month period.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization’s management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Advertising

The Organization expenses advertising as incurred.
Contributions and Grants

The Organization reports gifts 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

In-Kind Contributions

The Organization receives gifts in-kind, which consists of textbooks for students, medical supplies for hospitals, and food for use in its programs. In-kind revenue is recognized when the Organization has sufficient discretion over the use and disposition of the items to recognize a contribution in conformity with accounting principles generally accepted in the United States of America. Gifts in-kind received through donations are valued and recorded as revenue at their fair value at the time the contribution is received. When the Organization distributes gifts in-kind as part of its own programs, it reports an expense, which is reported in charitable giving program expenses in the statement of functional expenses.

Donated services are recognized at fair value if the services meet the recognition criteria prescribed by generally accepted accounting principles which include a) requiring specialized skills; b) provided by someone with those skills; and c) would have to be purchased if they were not donated. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization to fulfill its purpose. Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. During the year ended December 31, 2018, ARAHA received food and cooking oil with an estimated fair value of $1,055,566 and distributed food and cooking oil with an estimated fair value of $967,325.

Change in Accounting Principle

On August 10, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly.
NOTE 2 - BOARD DESIGNATED NET ASSETS

The Organization’s Board of Directors has established an unrestricted net asset account designated to help establish an estimated 6 month reserve for operating expenses.

NOTE 3 - ACCRUED SEVERANCE AND SICK PAY

The Organization has a special provision in its sick pay policy which states that unused sick time up to 25 days, will be paid out to an employee as normal wages at retirement. In addition, entered into an agreement with the Executive Director which included a provision to provide as severance package upon termination of employment.

NOTE 4 - CREDIT CARDS

The Organization maintained a credit card account on which it can cumulatively borrow up to $25,000 as of December 31, 2018. Balances on these accounts accrue interest at variable rates of interest. Advances on these accounts are included in accounts payable on the Statement of Financial Position.

NOTE 5 - RENTAL INCOME

During 2018, the Organization leases a portion of its office space to two non-related businesses on a month-to-month basis. Total rental income from these leases was $41,665 as of December 31, 2018.

NOTE 6 - RETIREMENT PLAN

ARAHA offers a Simple IRA plan to qualified USA staff participants in which it will match up to 3% of what the employee contributed. Pension expense amounted to $4,505 for the year ended December 31, 2018.

NOTE 7 - FOREIGN SMALL OFFICE LEASES

ARAHA rents five office spaces in Africa, all are on a month to month or less than a calendar year, for the purpose of overseeing its programs in Africa. Total rent expense for these five offices amounted to $18,576.
NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of donor-imposed contributions in cash and receivables and consist of the following as December 31, 2018:

Temporarily restricted net assets are available to use after December 31, 2018 for the following purposes:

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disaster relief</td>
<td>$289,073</td>
</tr>
<tr>
<td>Income generating projects</td>
<td>$117,006</td>
</tr>
<tr>
<td>Education</td>
<td>$170,641</td>
</tr>
<tr>
<td>Food</td>
<td>$5,032</td>
</tr>
<tr>
<td>Other</td>
<td>$15,180</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$595,932</strong></td>
</tr>
</tbody>
</table>

NOTE 9 - COMMITMENT TO FUND ANNUAL OPERATIONS OF SCHOOL

The ARAHA built a school for girls, in the Shegerab camp in eastern Sudan, in partnership with Healing Bridges, Inc. in 2010. The partnership agreement with Healing Bridges stated that Healing Bridges will continue to support the school financially for its operational expenses. Management of ARAHA has determined that Healing Bridges failed to fulfill its promise and had stopped all its funding in 2011 to support the school. ARAHA’s management has assessed that it has a "moral" obligation to support all of the school’s operational costs going forward until other assistance can be found. As of December 31, 2018, management has estimated that yearly operating costs for the school approximates $36,000 annually, for which it covers 100%. It is the Organization’s intent to continue fully funding the school’s operating costs on an annual basis, as part of its continuing mission work.

NOTE 10 - COOPERATION AGREEMENT

In 2016, the Organization entered into a continuous agreement with UAE Red Crescent Authority (UAE), where UAE would finance certain projects within the Horn of Africa and the Organization would supply the labor to perform approved projects. Under the terms of the agreement, the Organization was required and agreed to pay a $100,000 "agreement deposit" in which UAE indicated it would simply hold the check issued to UAE in perpetuity (not deposit the check). The purpose of the deposit is to have the ability to find labor to complete an approved project(s) in the chance that the Organization does not fulfill its obligation(s).
NOTE 11 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$864,931</td>
</tr>
<tr>
<td>Inventory</td>
<td>89,726</td>
</tr>
<tr>
<td>Promises to give, net</td>
<td>25,809</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>2,709</td>
</tr>
<tr>
<td><strong>Less those unavailable for general expenditure within one year, due to:</strong></td>
<td></td>
</tr>
<tr>
<td>Donor restrictions:</td>
<td></td>
</tr>
<tr>
<td>Purpose</td>
<td>(595,932)</td>
</tr>
<tr>
<td>Board designations:</td>
<td></td>
</tr>
<tr>
<td>Operating reserve</td>
<td>(266,168)</td>
</tr>
</tbody>
</table>

Financial assets available to meet cash needs for general expenditures within one year $121,075

As part of the Organization's liquidity plan, the Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due and invests cash in excess of short-term needs in savings accounts.

NOTE 12 - RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In May 2014, the FASB issued a new accounting standard, ASU 2014-09 (Topic 606), which impacts revenue recognition for exchange transactions. The standard will take effect for annual financial statements issued for fiscal years beginning after December 15, 2018. Early adoption is permitted subsequent to periods beginning after December 15, 2016. The Organization plans to adopt ASU 2014-09 (Topic 606) for the year beginning after December 31, 2018. The Organization is currently evaluating the impact that the adoption of this guidance will have on the Organization's financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases, (Topic 842), which provides guidance for accounting for leases. The new guidance requires organizations to recognize the assets and liabilities for the rights and obligations created by leased assets, initially measured at the present value of the lease payments. The accounting guidance for lessors is largely unchanged. The ASU is effective for the Organization in 2020. It is to be adopted using a modified retrospective approach. The Organization is currently evaluating the impact that the adoption of this guidance will have on the Organization's financial statements.
NOTE 12 - RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS - CONTINUED

In June 2018, the FASB issued a new accounting standard, ASU 2018-18 (Topic 958), to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The standard will take effect for annual financial statements issued for fiscal years beginning after December 15, 2018. Early adoption is permitted. The Organization plans to adopt ASU 2018-18 (Topic 958) for the year beginning after December 31, 2018. The Organization is currently evaluating the impact that the adoption of this guidance will have on the Organization’s financial statements.

NOTE 13 - PROMISES TO GIVE

Unconditional promises to give at December 31, 2018 are summarized as follows:

<table>
<thead>
<tr>
<th>Expected receipt of the promises to give in:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$43,015</td>
</tr>
<tr>
<td>Total</td>
<td></td>
</tr>
<tr>
<td>Less allowance for uncollectable promises to give</td>
<td>(17,206)</td>
</tr>
<tr>
<td></td>
<td>$25,809</td>
</tr>
</tbody>
</table>

Promises to give appear as follows in the statements of financial position:

- Current Assets:
  - Promises to give, net
    - $25,809
  - Total
    - $25,809

NOTE 14 - FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include program costs which are allocated on percentage used, human resource costs which are allocated on the basis of time and effort, and administrative type costs which are allocated on the basis of actual use.

NOTE 15 - CONCENTRATIONS

The Organization maintains its cash in bank deposit accounts which, at times, may exceed the federally insured limit.