



**AMERICAN  
COUNCIL ON  
GERMANY**

**Audited Financial Statements**

**December 31, 2019**

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
The American Council on Germany, Inc.

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of The American Council on Germany, Inc. ("ACG"), which comprise the statement of financial position as of December 31, 2019, 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 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.

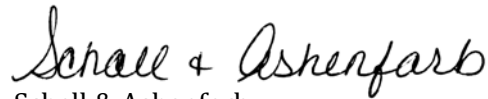
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The American Council on Germany, Inc. as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Report on Summarized Comparative Information***

We have previously audited ACG's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 4, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.



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Schall & Ashenfarb  
Certified Public Accountants, LLC

September 8, 2020

**THE AMERICAN COUNCIL ON GERMANY, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AT DECEMBER 31, 2019**  
(With comparative totals at December 31, 2018)

	12/31/19	12/31/18
<b>Assets</b>		
Cash and cash equivalents	\$773,669	\$521,818
Investments (Note 3)	11,809,526	10,711,431
Contributions and grants receivable	191,903	245,172
Prepaid expenses and other assets	19,935	31,337
Fixed assets, net (Note 4)	16,085	31,546
Security deposit	35,974	35,974
Total assets	\$12,847,092	\$11,577,278
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$121,973	\$113,123
Fellowship stipends and travel payable	23,000	60,000
Deferred revenue	103,384	4,625
Total liabilities	248,357	177,748
Net assets:		
Without donor restrictions	12,553,136	11,319,415
With donor restrictions (Note 5)	45,599	80,115
Total net assets	12,598,735	11,399,530
Total liabilities and net assets	\$12,847,092	\$11,577,278

*The attached notes and auditor's report are an integral part of these financial statements.*

**THE AMERICAN COUNCIL ON GERMANY, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
(With comparative totals for the year ended December 31, 2018)

	Without Donor Restrictions	With Donor Restrictions	Total 12/31/19	Total 12/31/18
Revenue and support:				
Contributions and grants	\$768,188	\$70,000	\$838,188	\$673,113
Special Events (net of expenses with a direct benefit to donors)(Note 6)	546,532		546,532	570,194
Membership dues	171,582		171,582	145,110
Discussion programs, luncheons, & meetings	124,328		124,328	198,212
Interest and dividend income	299,361		299,361	295,952
In-kind contributions (Note 9)	47,877		47,877	64,670
Net assets released from restrictions	104,516	(104,516)	0	0
Total revenue and support	<u>2,062,384</u>	<u>(34,516)</u>	<u>2,027,868</u>	<u>1,947,251</u>
Expenses:				
Program services	1,674,809		1,674,809	1,658,680
Management and general	286,265		286,265	219,704
Fundraising	114,223		114,223	122,854
Total expenses	<u>2,075,297</u>	<u>0</u>	<u>2,075,297</u>	<u>2,001,238</u>
Change in net assets from operating activities	<u>(12,913)</u>	<u>(34,516)</u>	<u>(47,429)</u>	<u>(53,987)</u>
Non-operating activities: (Note 3)				
Net gain/(loss) on investments	1,248,733		1,248,733	(1,182,408)
Loss on currency exchange	(2,099)		(2,099)	(9,125)
Total non-operating activities	<u>1,246,634</u>	<u>0</u>	<u>1,246,634</u>	<u>(1,191,533)</u>
Change in net assets	1,233,721	(34,516)	1,199,205	(1,245,520)
Net assets - beginning of year	<u>11,319,415</u>	<u>80,115</u>	<u>11,399,530</u>	<u>12,645,050</u>
Net assets - end of year	<u>\$12,553,136</u>	<u>\$45,599</u>	<u>\$12,598,735</u>	<u>\$11,399,530</u>

*The attached notes and auditor's report are an integral part of these financial statements.*

**THE AMERICAN COUNCIL ON GERMANY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
(With comparative totals for the year ended December 31, 2018)

	Program Services	Management and General	Fundraising	Total 12/31/19	Total 12/31/18
Salaries	\$730,656	\$83,620	\$60,510	\$874,786	\$848,875
Payroll taxes and employee benefits	140,314	16,059	11,621	167,994	187,823
Fellowship awards	68,295			68,295	112,000
Discussion programs and meetings (including in-kind)(Note 9)	168,470			168,470	150,825
Professional fees	3,586	94,445		98,031	67,958
Public policy program (including in-kind)(Note 9)	150,102	23,513		173,615	183,568
Communications and information technology	7,183	26,830	595	34,608	39,266
Occupancy	158,888	18,184	13,159	190,231	167,537
Travel, events and accommodations (including in-kind)(Note 9)	208,245	6,621	465	215,331	128,289
Office supplies and equipment	15,101	5,500	1,062	21,663	29,177
Postage and shipping	1,554	409	104	2,067	2,455
Insurance	7,191	823	595	8,609	6,834
Dues and subscriptions	893	506	309	1,708	10,392
Other event expenses (including in-kind)(Note 9)			127,697	127,697	127,542
Miscellaneous	1,417	8,277		9,694	11,082
Depreciation	12,914	1,478	1,069	15,461	31,260
<b>Total expenses</b>	<b>1,674,809</b>	<b>286,265</b>	<b>217,186</b>	<b>2,178,260</b>	<b>2,104,883</b>
Less: direct special event expenses netted with revenue (Note 6)			<u>(102,963)</u>	<u>(102,963)</u>	<u>(103,645)</u>
<b>Total expenses for statement of activities</b>	<b><u>\$1,674,809</u></b>	<b><u>\$286,265</u></b>	<b><u>\$114,223</u></b>	<b><u>\$2,075,297</u></b>	<b><u>\$2,001,238</u></b>

*The attached notes and auditor's report are an integral part of these financial statements.*

**THE AMERICAN COUNCIL ON GERMANY, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
(With comparative totals for the year ended December 31, 2018)

	<u>12/31/19</u>	<u>12/31/18</u>
Cash flows from operating activities:		
Change in net assets	\$1,199,205	(\$1,245,520)
Adjustment to reconcile change in net assets to net cash provided by/(used for) operations:		
Depreciation	15,461	31,260
Realized and unrealized (gain)/loss on investments	(1,273,999)	1,156,487
Changes in assets and liabilities:		
Contributions and grants receivable	53,269	(124,973)
Prepaid expenses and other assets	11,402	3,808
Accounts payable and accrued expenses	8,850	(34,705)
Fellowship stipends and travel payable	(37,000)	7,000
Deferred revenue	98,759	(1,360)
Deferred rent	0	(3,822)
Total adjustments	<u>(1,123,258)</u>	<u>1,033,695</u>
Net cash provided by/(used for) operating activities	<u>75,947</u>	<u>(211,825)</u>
Cash flows from investing activities:		
Purchases of fixed assets	0	(5,163)
Purchases of investments (including reinvestment of investment income)	(2,533,250)	(4,521,521)
Sale of investments	<u>2,709,154</u>	<u>4,956,489</u>
Net cash provided by investing activities	<u>175,904</u>	<u>429,805</u>
Increase in cash and cash equivalents	251,851	217,980
Cash and cash equivalents - beginning of year	<u>521,818</u>	<u>303,838</u>
Cash and cash equivalents - end of year	<u><u>\$773,669</u></u>	<u><u>\$521,818</u></u>
Supplement Information:		
Interest and taxes paid	<u><u>\$0</u></u>	<u><u>\$0</u></u>

*The attached notes and auditor's report are an integral part of these financial statements.*

**THE AMERICAN COUNCIL ON GERMANY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**Note 1 - Organization and Nature of Activities**

The American Council on Germany, Inc. ("ACG") is a not-for-profit organization that was formed in February 1952 for the purpose of improving understanding between the United States and the Federal Republic of Germany. ACG's primary sources of revenue are corporate, foundation and individual contributions.

ACG has been notified by the Internal Revenue Service that it is a not-for-profit organization exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and has not been determined to be a private foundation.

**Note 2 - Significant Accounting Policies**

a. Basis of Accounting

The financial statements of ACG have been prepared on the accrual basis of accounting, which is the process of recognizing revenue and expenses when earned or incurred rather than when received or paid.

Effective January 1, 2019 ACG adopted the requirements of the Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively, "Topic 606"). This provides the framework for recognizing revenue by highlighting the identification of performance obligations of a contract, determining the price and then allocating the price to each of the performance obligations so that revenue is recognized as each of those performance obligations are satisfied.

Also, effective January 1, 2019, ACG adopted ("ASU") No. 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* ("Topic 605"). Key provisions of this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improved guidance for conditional versus unconditional contributions. In accordance with this new standard, ACG evaluates whether a transfer of assets is an exchange transaction in which a resource provider is receiving a commensurate value in return for the transfer of resources or whether it is non-reciprocal. If the transaction is determined to be an exchange transaction, ACG applies guidance under Topic 606. If the transaction is determined to be non-reciprocal, it is treated as a contribution under Topic 605.

For contributions, ACG evaluates whether they are conditional or unconditional. Contributions are considered to be conditional when both a barrier must be overcome for ACG to be entitled to the revenue and a right of return of the asset or right of release from the obligation exists.

Analysis of the various provisions of both of these standards resulted in no significant changes in the way ACG recognizes revenue. An enhanced footnote disclosure was added to provide information required by Topic 606.



b. Basis of Presentation

As a not-for-profit organization, ACG reports information regarding their financial position and activities according to the following classes of net assets:

- *Net Assets Without Donor Restrictions* – represents those resources for which there are no restrictions by donors as to their use. Board designated net assets are considered to be net assets without donor restrictions as well. The board has set a restriction on management that funds from the investment account are not available for operations. That amount was \$11,809,526.

However, each year, as part of the budgetary process, management is authorized to spend an amount up to 5% of the average of the total assets of the investment account as of December 31st for each of the prior three years. Any amounts exceeding the 5% need board approval.

- *Net Assets With Donor Restrictions* –represents those resources, the uses of which have been restricted by donors to specific purposes or the passage of time and/or must remain intact, in perpetuity. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor (Note 5).

c. Revenue Recognition

ACG has adopted Topic 606 using the modified retrospective method applied to all contracts after January 1, 2019 and continues to use legacy GAAP for all contracts before January 1, 2019.

ACG has the following types of revenue that fall under Topic 606: membership dues and discussion programs, luncheons, and meetings that have been included in the statement of activities. Each different source of revenue is analyzed to determine that it has a contract with the customer that identifies both the performance obligation and the transaction price. Revenue is recognized when the performance obligation is complete.

Contributions are recognized at the earlier of when cash is received or at the time a pledge becomes unconditional in nature. Contributions are recorded in the net asset classes referred to above depending on the existence and/or nature of any donor-imposed restriction. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor restricted contributions are satisfied in the same period they were received, they are classified as without donor restrictions.

All receivables are assessed for collectability. Based on a review of several factors, including the credit worthiness of the donor and historical experience, no allowance for doubtful accounts has been established.

d. Cash and Cash Equivalents

ACG considers cash and liquid investments with an initial maturity of three months or less to be cash and cash equivalents, except for cash held with an investment custodian for long-term purposes.

e. Concentration of Credit Risk

Financial instruments which potentially subject ACG to concentration of credit risk consist of cash accounts and investment securities, which are placed with financial institutions that management deems to be creditworthy. The market value of investments is subject to fluctuation; however, management believes that the investment policy is prudent for the long-term welfare of ACG. At times, balances may exceed federally insured limits. ACG has not experienced any losses due to failure of a financial institution.

f. Contributions and Grants Receivable

Contributions and grants are recognized as revenue at net realizable value if expected to be collected within one year. All contributions and grants receivable at December 31, 2019 are expected to be received within 12 months. Management deems these receivables to be fully collectable and has not established any reserves.

Conditional promises to give are recognized when the conditions on which they depend are substantially met. ACG received one conditional pledge in the previous year which has a balance of \$72,000 remaining as conditional as of December 31, 2019. The original amount of the contribution was \$135,000. A second conditional grant was received in Euros which after conversion totaled \$604,724. The remaining balance of the grant is \$253,400 after conversion.

g. Investments

Investments are recorded at fair value, which refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Realized and unrealized gains and losses are recognized in the statement of activities.

h. Fixed Assets

Equipment, furniture and fixtures that have a useful life of more than one year and exceed predetermined amounts are capitalized at cost or at fair value, if donated. Depreciation is charged on a straight-line basis over the estimated useful lives of the assets.

i. Contributed Services

Donated services that create or enhance non-financial assets or require specialized skills are provided by individuals possessing those skills and would typically need to be purchased if not provided in-kind, are recognized at fair value.

Board members and other volunteers have donated a significant amount of time, but these services have not been recorded because they do not meet the criteria outlined above.

j. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of ACG.

The following costs are allocated using time and effort as the basis for allocation:

- Salaries
- Payroll taxes and employee benefits
- Communications and information technology
- Occupancy
- Insurance
- Depreciation

k. 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, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

l. Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with ACG's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

m. Accounting for Uncertainty of Income Taxes

ACG does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending December 31, 2016 and later are subject to examination by applicable taxing authorities.

n. New Accounting Pronouncement

FASB issued ("ASU") No. 2016-02, *Leases*. The ASU which becomes effective for the December 31, 2022 year, requires the full obligation of long-term leases to be recorded as a liability with a corresponding "right to use asset" on the statement of financial position.

FASB issued ("ASU") No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which becomes effective for the December 31, 2022 year with early adoption permitted. This ASU focuses on improving transparency in the reporting of contributed nonfinancial assets and requires a separate line item presentation on the statement of activities and additional disclosures.

ACG is in the process of evaluating the impact this standard will have on future financial statements.

### Note 3 - Investments

Accounting standards have established a fair value hierarchy, giving the highest priority to quoted market prices in active markets and the lowest priority to unobservable data. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on unadjusted, quoted prices in active markets for identical assets or liabilities that ACG has the ability to access.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are not observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The following summarizes the composition of investments:

	<u>12/31/19</u>	<u>12/31/18</u>
Level 1 securities:		
Cash and cash equivalents	\$72,781	\$384,147
Mutual Funds – global dividend portfolio	0	1,983,286
Mutual funds – fixed income	3,887,795	3,969,751
Exchange Traded Funds	0	2,468
U.S. Equities – various	<u>3,086,700</u>	<u>552,834</u>
	<u>7,047,276</u>	<u>6,892,486</u>
Investments measured at net asset value:		
Global equity – multi markets fund	<u>4,762,250</u>	<u>3,818,945</u>
Total	<u>\$11,809,526</u>	<u>\$10,711,431</u>

Level 1 securities are valued at the closing price reported on the active market that they are traded on. ACG's investments carried at NAV included a partnership of funds that contains various hedge funds and common stocks.

Those methods produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements.

The following summarizes net gain on investments:

	<u>12/31/19</u>	<u>12/31/18</u>
Realized gain on sale of investments	\$72,568	\$13,250
Unrealized gain/(loss) on investments	1,201,431	(1,169,737)
Investment fees	<u>(25,266)</u>	<u>(25,921)</u>
Total	<u>\$1,248,733</u>	<u>(\$1,182,408)</u>

ACG has foreign bank accounts which are adjusted to market based on the exchange rate. ACG had a loss on currency exchange of \$2,099 and \$9,125 during the years ended December 31, 2019 and 2018, respectively.

**Note 4 - Fixed Assets**

Fixed assets consist of the following:

	<u>12/31/19</u>	<u>12/31/18</u>
Computers and equipment (3-7 years)	\$119,458	\$119,458
Leasehold improvements (life of lease)	<u>140,725</u>	<u>140,725</u>
	260,183	260,183
Less: accumulated depreciation	<u>(244,098)</u>	<u>(228,637)</u>
Total fixed assets – net	<u>\$16,085</u>	<u>\$31,546</u>

**Note 5 - Net Assets with Donor Restrictions**

The following summarizes the activity of net assets with donor restrictions:

	<u>December 31, 2019</u>			
	<u>Balance</u>	<u>Restricted</u>	<u>Released</u>	<u>Balance</u>
	<u>1/1/19</u>	<u>Contributions</u>	<u>from</u>	<u>12/31/19</u>
			<u>Restrictions</u>	
Program restrictions:				
Kellen fellowships	\$31,714	\$25,000	(\$56,714)	\$0
Other fellowships	32,528	45,000	(31,929)	45,599
Cities of Tomorrow	<u>15,873</u>	<u>0</u>	<u>(15,873)</u>	<u>0</u>
Total	<u>\$80,115</u>	<u>\$70,000</u>	<u>(\$104,516)</u>	<u>\$45,599</u>
	<u>December 31, 2018</u>			
	<u>Balance</u>	<u>Restricted</u>	<u>Released</u>	<u>Balance</u>
	<u>1/1/18</u>	<u>Contributions</u>	<u>from</u>	<u>12/31/18</u>
			<u>Restrictions</u>	
Program restrictions:				
Kellen fellowships	\$26,714	\$25,000	(\$20,000)	\$31,714
Other fellowships	0	45,000	(12,472)	32,528
Cities of Tomorrow	<u>0</u>	<u>15,912</u>	<u>(39)</u>	<u>15,873</u>
Total	<u>\$26,714</u>	<u>\$85,912</u>	<u>(\$32,511)</u>	<u>\$80,115</u>

**Note 6 - Special Events**

A summary of the McCloy Awards Dinner is as follows:

	<u>12/31/19</u>	<u>12/31/18</u>
Event income	\$649,495	\$673,839
Less: expenses with a direct benefit to donors	<u>(102,963)</u>	<u>(103,645)</u>
	546,532	570,194
Less: other event expenses	<u>(24,734)</u>	<u>(23,897)</u>
Total	<u>\$521,798</u>	<u>\$546,297</u>

**Note 7 - Available Funds and Liquidity**

Financial assets at year-end:		
Cash and cash equivalents	\$773,669	
Investments	11,809,526	
Contributions receivable	<u>191,903</u>	
Total financial assets		\$12,775,098
Less amounts not currently available for general expenditures:		
Funds not currently authorized by board to support operations	(11,809,526)	
Donor restricted support	<u>(45,599)</u>	
Total amounts not currently available for general expenditures		(11,855,125)
Add board authorized appropriations for following year		<u>580,397</u>
Financial assets available to meet cash needs for general expenditures within one year		<u>\$1,500,370</u>

ACG's investment funds are held for long-term purposes to sustain the organization's operations. As described in note 2b, as part of its approval of the annual budget, the Board approves an amount that may be withdrawn from the investment account to cover projected operating deficits but also gives the President the authorization to withdraw funds from the organization's investment account for the purpose of managing cash flow and meeting operating deficits beyond those projected in the budget. The 2020 budget (which was approved prior to the COVID-19 pandemic), anticipates a withdrawal of \$296,500.

**Note 8 - Commitments**

ACG has a non-cancellable operating lease for office space that expires in June 2023. Minimum lease commitments are summarized as follows:

Year ending:	December 31, 2019	\$161,216
	December 31, 2020	164,032
	December 31, 2021	166,848
	December 31, 2022	169,664
	December 31, 2023	<u>85,536</u>
Total		<u>\$747,296</u>

**Note 9 - In-Kind Contributions**

ACG receives donations of catering and space for board meetings, the Young Leader Conference, and other policy and program meetings held. ACG received the following in-kind contributions:

	<u>December 31, 2019</u>		
	<u>Total</u>	<u>Program</u>	<u>Fundraising</u>
Discussion programs and meetings	\$50	\$50	\$0
Public policy program	45,665	45,665	0
Travel, events and accommodations	128	128	0
Other event expenses	<u>2,034</u>	<u>0</u>	<u>2,034</u>
Total	<u>\$47,877</u>	<u>\$45,843</u>	<u>\$2,034</u>

	<u>December 31, 2018</u>		
	<u>Total</u>	<u>Program</u>	<u>Management and General</u>
Public policy program	<u>\$64,670</u>	<u>\$64,250</u>	<u>\$420</u>

**Note 10 - Retirement Plan**

ACG offers all employees the option of participating in a 401(k)-retirement plan after 2 months of service and who are at least 21 years old. All eligible employees may elect to defer a portion of their salary and contribute to this plan up to statutory amounts. ACG can make a discretionary safe harbor contribution to the plan, which gets allocated based on the employee's position. In order to be eligible to receive the employer contribution, the employee must work at least 1,000 hours in the calendar year. ACG contributed \$29,200 and \$27,200 to the 401(k) plan during the fiscal years ended December 31, 2019 and 2018, respectively.

The following vesting periods apply:

<u>Completed Years of Service</u>	<u>Vesting Percentage</u>
1 year	0%
2 years	20%
3 years	40%
4 years	60%
5 years	80%
6 years or more	100%

## **Note 11 - Subsequent Events**

Management has evaluated the impact of all subsequent events through September 8, 2020, which is the date that the financial statements were available to be issued.

In January 2020, the World Health Organization declared the novel coronavirus (COVID-19) outbreak a Public Health Emergency of International Concern. Government measures to contain the outbreak have led to quarantines, facility closures, and travel restrictions in early 2020 resulting in high levels of unemployment, decreases in economic activity, volatility in financial markets, and widespread economic uncertainty. These developments have adversely affected ACG by impacting the funding it receives; limiting operations; reducing demand for its programs and activities; and disrupting its staff. In light of the current environment, ACG management has reduced its budget for income and expenses. It is likely ACG will have to draw on its investment funds to cover the resulting operating deficit. See Note 7. As of the date of these financial statements, the economic consequences for the ACG in 2020 and subsequent periods cannot be quantified.

No additional events have occurred subsequent to the statement of financial position date, through our evaluation date, that would require adjustment to or disclosure in the financial statements.