

Atlas Service Corps, Inc.

Financial Statements
and Independent Auditors' Report

December 31, 2019 and 2018

Atlas Service Corps, Inc.

Financial Statements
December 31, 2019 and 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Atlas Service Corps, Inc.

We have audited the accompanying financial statements of Atlas Service Corps, Inc. ("Atlas Corps"), which comprise the statements of financial position as of December 31, 2019 and 2018; 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 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 Atlas Corps as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, Atlas Corps adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606) and FASB ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

A handwritten signature in black ink that reads "Rogers + Company PLLC". The word "Rogers" is written in a large, stylized cursive font, followed by a plus sign and the words "Company PLLC" in a smaller, more standard cursive font.

Vienna, Virginia
September 21, 2020

Atlas Service Corps, Inc.

Statements of Financial Position
December 31, 2019 and 2018

	2019	2018
Assets		
Cash	\$ 614,953	\$ 733,786
Accounts receivable	2,883	190,923
Grants receivable	129,855	226,604
Contributions receivable	137,119	79,968
Prepaid expenses and other assets	165,739	244,150
	<hr/>	<hr/>
Total assets	<u>\$ 1,050,549</u>	<u>\$ 1,475,431</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 63,281	\$ 149,066
Pass-through funds	95,164	18,465
Deferred revenue	503,403	1,020,169
Refundable advances	59,997	24,866
	<hr/>	<hr/>
Total liabilities	<u>721,845</u>	<u>1,212,566</u>
Net Assets		
Without donor restrictions	147,949	93,565
With donor restrictions	180,755	169,300
	<hr/>	<hr/>
Total net assets	<u>328,704</u>	<u>262,865</u>
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Total liabilities and net assets	<u>\$ 1,050,549</u>	<u>\$ 1,475,431</u>

See accompanying notes.

Atlas Service Corps, Inc.

Statement of Activities
For the Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Program revenue	\$ 2,425,154	\$ -	\$ 2,425,154
Government grants	576,458	-	576,458
Grants	44,250	450,000	494,250
Contributions	327,328	-	327,328
In-kind contributions	17,958	-	17,958
Other income	40,373	-	40,373
Net assets released from restrictions	438,545	(438,545)	-
Total revenue and support	3,870,066	11,455	3,881,521
Expenses			
Program services:			
General fellowships	3,356,085	-	3,356,085
Total program services	3,356,085	-	3,356,085
Supporting services:			
Fundraising	153,617	-	153,617
Management and general	305,980	-	305,980
Total supporting services	459,597	-	459,597
Total expenses	3,815,682	-	3,815,682
Change in Net Assets	54,384	11,455	65,839
Net Assets, beginning of year	93,565	169,300	262,865
Net Assets, end of year	\$ 147,949	\$ 180,755	\$ 328,704

See accompanying notes.

Atlas Service Corps, Inc.

Statement of Activities
For the Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Program revenue	\$ 2,418,315	\$ -	\$ 2,418,315
Government grants	979,818	-	979,818
Grants	528,160	300,000	828,160
Contributions	260,432	-	260,432
In-kind contributions	33,821	-	33,821
Other income	22,971	-	22,971
Net assets released from restrictions	281,700	(281,700)	-
Total revenue and support	4,525,217	18,300	4,543,517
Expenses			
Program services:			
General fellowships	4,108,897	-	4,108,897
Total program services	4,108,897	-	4,108,897
Supporting services:			
Fundraising	199,812	-	199,812
Management and general	161,889	-	161,889
Total supporting services	361,701	-	361,701
Total expenses	4,470,598	-	4,470,598
Change in Net Assets	54,619	18,300	72,919
Net Assets, beginning of year	38,946	151,000	189,946
Net Assets, end of year	\$ 93,565	\$ 169,300	\$ 262,865

See accompanying notes.

Atlas Service Corps, Inc.

Statement of Functional Expenses
For the Year Ended December 31, 2019

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total Expenses</u>
	General Fellowships	Fundraising	Management and General	
Fellow stipends	\$ 1,744,554	\$ -	\$ -	\$ 1,744,554
Salaries	497,683	52,464	136,761	686,908
Payroll taxes	41,901	4,417	11,514	57,832
Fringe benefits	34,113	3,596	9,374	47,083
Fellow travel	217,396	21	298	217,715
Fellow living expenses	218,167	-	-	218,167
Fellow training	172,565	-	5,194	177,759
Fellow insurance	122,288	-	-	122,288
Professional fees	29,012	3,908	71,524	104,444
Professional fees – in-kind	-	3,034	14,924	17,958
Advertising	1,789	276	709	2,774
Staff travel and meetings	3,553	4,202	6,686	14,441
Supplies and equipment	26,631	3,327	16,743	46,701
Communications	-	-	2,644	2,644
Insurance	7,655	807	2,104	10,566
Office rent	65,787	6,935	18,078	90,800
Project services and events	116,873	64,790	268	181,931
Program subgrant	46,740	-	-	46,740
Other business expenses	5,268	3,840	9,159	18,267
Bad debt expense	4,110	2,000	-	6,110
Total Expenses	\$ 3,356,085	\$ 153,617	\$ 305,980	\$ 3,815,682

See accompanying notes.

Atlas Service Corps, Inc.

Statement of Functional Expenses
For the Year Ended December 31, 2018

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Total Expenses</u>
	General Fellowships		Fundraising	Management and General	
Fellow stipends	\$ 1,986,217		\$ 560	\$ 4,112	\$ 1,990,889
Salaries	530,430		71,829	10,345	612,604
Payroll taxes	45,955		6,422	2,396	54,773
Fringe benefits	99,982		13,539	1,950	115,471
Fellow travel	194,228		-	-	194,228
Fellow living expenses	294,270		-	-	294,270
Fellow training	216,267		2,206	4,273	222,746
Fellow insurance	136,181		-	-	136,181
Professional fees	-		39,653	96,277	135,930
Professional fees – in-kind	33,821		-	-	33,821
Advertising	7,454		112	83	7,649
Staff travel and meetings	13,705		1,678	122	15,505
Supplies and equipment	35,530		5,634	5,312	46,476
Communications	5,307		520	397	6,224
Insurance	782		271	11	1,064
Office rent	59,918		8,115	6,020	74,053
Project services and events	438,708		48,785	-	487,493
Program subgrant	9,099		-	16,544	25,643
Other business expenses	1,043		488	13,841	15,372
Bad debt expense	-		-	206	206
Total Expenses	\$ 4,108,897		\$ 199,812	\$ 161,889	\$ 4,470,598

Atlas Service Corps, Inc.

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

	2019	2018
Cash Flows from Operating Activities		
Change in net assets	\$ 65,839	\$ 72,919
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	-	514
Change in allowance for bad debt	(15,457)	(1,043)
Change in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	203,497	44,539
Grants receivable	96,749	115,175
Contributions receivable	(57,151)	(47,221)
Prepaid expenses and other assets	78,411	28,532
Increase (decrease) in:		
Accounts payable and accrued expenses	(85,785)	22,274
Pass-through funds	76,699	12,210
Deferred revenue	(516,766)	325,864
Refundable advances	35,131	(25,372)
Deferred rent	-	(6,571)
	(118,833)	541,820
Net cash (used in) provided by operating activities	(118,833)	541,820
Net (Decrease) Increase in Cash	(118,833)	541,820
Cash, beginning of year	733,786	191,966
Cash, end of year	\$ 614,953	\$ 733,786

See accompanying notes.

Atlas Service Corps, Inc.

Notes to Financial Statements
December 31, 2019 and 2018

1. Nature of Operations

Atlas Service Corps, Inc. (“Atlas Corps”) was incorporated in 2006 in the state of Delaware and is governed by a diverse Board of Directors. Atlas Corps’s mission is to address critical social issues by developing leaders, strengthening organizations, and promoting innovation through an overseas fellowship of skilled nonprofit professionals. Profiled as a “best practice” in international exchange by the Brookings Institute and featured in the *Washington Post* as a model social entrepreneurship program, Atlas Corps engages leaders committed to the nonprofit sector in twelve- to eighteen-month professional fellowships at organizations to learn best practices, build organizational capacity, and return home to create a network of global changemakers.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

Atlas Corps’s financial statements are prepared on the accrual basis of accounting. Net assets are reported based on the presence or absence of donor-imposed restrictions, as follows:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources 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.

Accounts Receivable

Accounts receivable consists primarily of amounts due from host organizations for the general fellowship program. All accounts receivable are expected to be collected within one year and are recorded at net realizable value. Atlas Corps’s policy is to charge-off uncollectible receivables when management determines the receivables will not be collected. The allowance for uncollectible accounts receivable was recorded at \$0 and \$15,457 at December 31, 2019 and 2018, respectively.

Atlas Service Corps, Inc.

Notes to Financial Statements
December 31, 2019 and 2018

2. Summary of Significant Accounting Policies (continued)

Grants Receivable

Grants receivable consist of amounts due to be reimbursed to Atlas Corps for expenses incurred under various grant agreements. All grants receivable are expected to be collected within one year and are recorded at net realizable value. No allowance for uncollectible grants receivable has been established at December 31, 2019 and 2018, as all amounts are deemed fully collectible.

Contributions Receivable

Contributions receivable are unconditional promises to give that are recognized as contributions when promise is received. All contributions receivable are expected to be collected within one year and are recorded at net realizable value. The allowance for uncollectible contributions receivable is determined based on management's evaluation of the collectability of individual promises. No allowance for uncollectible contributions receivable has been established at December 31, 2019 and 2018, as all amounts are deemed fully collectible.

Property and Equipment

Property and equipment with a cost greater than \$5,000 and a projected useful life exceeding one year are capitalized and recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from three to five years. Expenditures for maintenance and repairs are expensed as incurred. All property and equipment held by Atlas Corps was fully depreciated at December 31, 2019 and 2018.

Pass-Through Funds

Atlas Corps acts as a fiduciary agent for an unrelated not-for-profit organization and, as a fiduciary agent, provides safeguarding of assets, record-keeping of transactions, and insuring appropriate distributions. Atlas Corps's policy as fiduciary agent is to record funds received as pass-through funds in the accompanying statements of financial position. Pass-through funds liability was \$95,164 and \$18,465 at December 31, 2019 and 2018, respectively.

Refundable Advances

Grant receipts that are in excess of matching grant expenses for the year are recognized as refundable advances in the accompanying statements of financial position.

Atlas Service Corps, Inc.

Notes to Financial Statements
December 31, 2019 and 2018

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Program revenue consists of host fees and program service fees. Program revenue is received from host organizations to recruit, train, and place individuals from other countries to participate in fellowships hosted by organizations in the United States. Revenue for programs is recognized over the life of the program. The portion of the revenue that is related to the next calendar year is recorded as deferred program revenue in the accompanying statements of financial position.

A portion of Atlas Corps's revenue is derived from cost-reimbursable government grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Expenses charged to federal grants, including allocable indirect costs and fringe benefits, are subject to audit and adjustment. Amounts received are recognized as revenue when Atlas Corps has incurred expenditures in compliance with specific grant provisions. Grant expenses incurred before the grant revenue is received are reported as grants receivable in the accompanying statements of financial position. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the accompanying statements of financial position.

Atlas Corps recognizes grants and contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Atlas Corps reports gifts of cash and other assets as restricted support if they are received or promised with donor stipulations that limit the use of the donated funds to one of Atlas Corps's programs or to a future year. When a donor 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 and reported in the statements of activities as net assets released from restrictions. Net assets with donor restrictions are reported as net assets without donor restrictions if the restrictions are met in the same period as received.

Revenue from all other sources is recognized when earned.

Atlas Service Corps, Inc.

Notes to Financial Statements
December 31, 2019 and 2018

2. Summary of Significant Accounting Policies (continued)

In-Kind Contributions

The value of contributions that enhance a nonfinancial asset and are considered specialized and can be estimated, and would have been purchased if not donated, are reflected in the accompanying statements of activities as in-kind contributions. In-kind contributions are recognized as revenue and expense in the accompanying statements of activities at their estimated fair value, as provided by the donor, at the date of receipt, or calculated fair value of use of property in the period the property is used.

For the year ended December 31, 2019, in-kind contributions consisted of \$14,924 for legal services and \$3,034 for donated goods. For the year ended December 31, 2018, in-kind contributions consisted of \$15,596 for legal services and \$18,225 for accounting services.

Atlas Corps also receives a substantial amount of services donated by volunteers in carrying out its program services. These donated services are not reflected in the accompanying financial statements since they do not meet the criteria for recognition under Financial Accounting Standards Board (FASB) Accounting Standards Codification 958-605-25-16, *Contributed Services*.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising Costs

Advertising costs are expensed as incurred, and totaled \$2,774 and \$7,649 for the years ended December 31, 2019 and 2018, respectively.

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Atlas Service Corps, Inc.

Notes to Financial Statements
December 31, 2019 and 2018

2. Summary of Significant Accounting Policies (continued)

Reclassifications

Certain amounts in the 2018 financial statements have been reclassified to conform to the 2019 presentation. These reclassifications have no effect on the change in net assets previously reported.

Change in Accounting Principles

FASB Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended, supersedes or replaces nearly all revenue recognition guidance under accounting principles generally accepted in the United States of America. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. Atlas Corps has implemented Topic 606 and has adjusted, if applicable, the presentation in these financial statements accordingly. The amendments have been applied retrospectively to all periods presented. The implementation had no impact on the previously reported net assets.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. Atlas Corps has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in these financial statements under a modified prospective basis. The implementation had no impact on the previously reported net assets.

Recently Issued Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, *Leases*. The update requires a lessee to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments, in its statements of financial position. The guidance also expands the required quantitative and qualitative lease disclosures. The guidance is effective beginning in 2021. Management continues to evaluate the potential impact of this update on Atlas Corps's financial statements.

Atlas Service Corps, Inc.

Notes to Financial Statements
December 31, 2019 and 2018

2. Summary of Significant Accounting Policies (continued)

Subsequent Events

In preparing these financial statements, Atlas Corps has evaluated events and transactions for potential recognition or disclosure through September 21, 2020, the date the financial statements were available to be issued.

COVID-19

As a result of the spread of the COVID-19 pandemic, economic uncertainties have arisen that are likely to impact Atlas Corps. The extent of the impact of COVID-19 on Atlas Corps's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and its direct impact on Atlas Corps, all of which are uncertain and cannot be predicted at this time. Atlas Corps has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended December 31, 2019 have not been adjusted to reflect their impact.

Loans Payable

Atlas Corps applied for a Paycheck Protection Program loan ("PPP loan") under Division A, Title 1 of the CARES Act, which was enacted on March 27, 2020. The PPP loan was granted on May 3, 2020 in the amount of \$131,300 and matures on May 3, 2022. This PPP loan bears interest at a fixed rate of 1.00%. The PPP loan may be repaid by Atlas Corps at any time prior to maturity with no prepayment penalties. Funds from this PPP loan may only be used for payroll costs, costs used to continue group healthcare benefits, mortgage payments, rent, utilities, and interest on other debt obligation incurred before February 15, 2020. Atlas Corps intends to use the entire loan amount for qualifying expenses and apply for forgiveness of certain amounts up to the full amount of the loan under the terms of the Paycheck Protection Program.

On May 14, 2020, Atlas Corps obtained a loan in the amount of \$150,000 with a fixed interest rate of 2.75% per annum. Atlas Corps is required to make interest and principal payments of \$641 on a monthly basis commencing on May 14, 2021. The loan is set to mature on May 14, 2050.

On June 16, 2020, Atlas Corps obtained another loan in the amount of \$250,000 with a fixed interest rate of 3% per annum. Atlas Corps is required to make interest-only payments on a monthly basis commencing on July 31, 2020 through November 30, 2020. Atlas Corps is required to make interest and principal payments on a monthly basis commencing on December 31, 2020. The loan is set to mature on June 30, 2022.

Atlas Service Corps, Inc.

Notes to Financial Statements
December 31, 2019 and 2018

3. Liquidity and Availability

Atlas Corps strives to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As part of this liquidity management, Atlas Corps's cash in excess of monthly requirements is segregated in various accounts to maintain liquidity outside of operational checking accounts.

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following at December 31:

	<u>2019</u>	<u>2018</u>
Cash	\$ 614,953	\$ 733,786
Accounts receivable	2,883	190,923
Grants receivable	129,855	226,604
Contributions receivable	<u>137,119</u>	<u>79,968</u>
Total financial assets	884,810	1,231,281
Less: restricted by donors	<u>(180,755)</u>	<u>(169,300)</u>
Total available for general expenditures	<u><u>\$ 704,055</u></u>	<u><u>\$ 1,061,981</u></u>

4. Concentration of Credit Risk

Financial instruments that potentially subject Atlas Corps to significant concentrations of credit risk consist of cash. Atlas Corps maintains cash deposit and transaction accounts with financial institutions and these values, from time to time, exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC). Atlas Corps has not experienced any credit losses on its cash to date as it relates to FDIC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

5. Net Assets With Donor Restrictions

Net assets with donor restrictions were restricted for Leadership Summit in the amount of \$180,755 and \$169,300 at December 31, 2019 and 2018, respectively.

Atlas Service Corps, Inc.

Notes to Financial Statements
December 31, 2019 and 2018

6. Deferred Revenue

Deferred revenue consists of the following at December 31:

	<u>2019</u>	<u>2018</u>
Deferred host revenue	\$ 489,299	\$ 919,899
Deferred rental income	14,104	14,886
Other deferred revenue	<u>-</u>	<u>85,384</u>
Total deferred revenue	<u>\$ 503,403</u>	<u>\$ 1,020,169</u>

7. Line of Credit

Atlas Corps maintains a \$125,000 revolving line of credit to finance short-term working capital needs. Borrowings under this line of credit are on a demand basis. Interest is payable monthly at the bank's variable prime rate. Atlas Corps did not have an outstanding balance on this line of credit at December 31, 2019 and 2018.

8. Commitments and Contingencies

Government Cooperative and Grant Agreements

Funds received from the federal government agencies are subject to audit under the provisions of these cooperative and grant agreements. The ultimate determination of amounts received under these cooperative and grant agreements is based upon the allowance of costs reported to and accepted by the oversight agencies. Until such cooperative and grant agreements are closed out, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability exists.

Operating Lease

On June 14, 2018, Atlas Corps entered into a licensing agreement to use office space, commencing on June 16, 2018 and expiring on June 30, 2020. On July 1, 2020, Atlas Corps extended and amended this agreement to reduce to one office room and one storage room through December 31, 2020.

Occupancy expense for office space for the years ended December 31, 2019 and 2018 was \$90,800 and \$74,053, respectively.

Atlas Service Corps, Inc.

Notes to Financial Statements
December 31, 2019 and 2018

8. Commitments and Contingencies (continued)

Operating Lease (continued)

Future minimum payments under the licensing agreement are \$51,750 for the year ending December 31, 2020.

Atlas Corps maintains five group homes where the Fellows live. The group homes are leased under annual and month-to-month lease agreements that are renewed at various times during the year, except for two properties with multi-year leases that expired on March 31, 2019. The combined annual rent expense for the group homes was \$200,735 and \$273,184 for the years ended December 31, 2019 and 2018, respectively.

9. Related Party Transactions

Atlas Corps receives contributions without donor restrictions from its Board members and employees. For the years ended December 31, 2019 and 2018, Atlas Corps received \$62,081 and \$82,014, respectively, which are included in grants and contributions in the accompanying statements of activities.

10. 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. Expenses that are allocated include salaries, payroll taxes, fringe benefits, professional fees, advertising, staff travel and meetings, supplies and equipment, communications, insurance, office rent, and other business expenses, which are allocated on the basis of estimates of time and effort.

11. Income Taxes

Atlas Corps is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC), and is exempt from income taxes except for taxes on unrelated business activities. For the years ended December 31, 2019 and 2018, there was no unrelated business income and, accordingly, no federal or state income taxes have been recorded. Contributions to Atlas Corps are deductible as provided in IRC Section 170(b)(1)(A)(vi). Management evaluated Atlas Corps's tax positions and concluded that the financial statements do not include any uncertain tax positions.