SPIRIT OF AMERICA WORLDWIDE

(A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENTS

December 31, 2018

Gursey | Schneider LLP
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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Independent Auditor's Report

To the Board of Directors
Spirit of America Worldwide
Arlington, Virginia

We have audited the accompanying financial statements of Spirit of America Worldwide (a California nonprofit public benefit corporation) which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and change in net assets, 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 on the previous page present fairly, in all material respects, the financial position of Spirit of America Worldwide as of December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Gursey | Schneider LLP

August 15, 2019
Los Angeles, California

SPIRIT OF AMERICA WORLDWIDE
(A California Nonprofit Public Benefit Corporation)
Statement of Financial Position
December 31, 2018

ASSETS

CURRENT ASSETS		
Cash and cash equivalents	$	1,848,897
Investments		1,232,000
Grants and contributions receivable		2,750,000
Employee receivable		3,281
Prepaid expenses and other current assets		46,570
Total Current Assets		5,880,748
OTHER ASSETS		
Cash held for endowment		2,597
Investments held for endowment		104,436
Grants receivable, net of current portion		1,172,768
Property and equipment, net		128,533
Total Other Assets		1,408,334
TOTAL ASSETS	$	7,289,082

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	$	96,704
Accrued liabilities		97,021
Total Current Liabilities		193,725
NET ASSETS		
Without donor restrictions		2,837,325
With donor restrictions		4,258,032
Total Net Assets		7,095,357
TOTAL LIABILITIES AND NET ASSETS	$	7,289,082

SPIRIT OF AMERICA WORLDWIDE
(A California Nonprofit Public Benefit Corporation)
Statement of Activities and Change in Net Assets
For the Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT:			
Contributions	1,981,396	$ 2,801,411	$ 4,782,807
Contributed goods for distribution	-	295,055	295,055
Contributed professional services	291,870	-	291,870
Subtotal - Contributions	2,273,266	3,096,466	5,369,732
Interest and dividends	21,233	-	21,233
Net realized and unrealized investment (loss)	(13,852)	-	(13,852)
Net assets released from restrictions	3,290,189	(3,290,189)	-
TOTAL REVENUES AND SUPPORT	5,570,836	(193,723)	5,377,113
FUNCTIONAL EXPENSES:			
Program services	3,551,248	-	3,551,248
Management and general	715,321	-	715,321
Fundraising	360,709	-	360,709
TOTAL FUNCTIONAL EXPENSES	4,627,278	-	4,627,278
CHANGE IN NET ASSETS	943,558	(193,723)	749,835
NET ASSETS, Beginning of year	1,893,767	4,451,755	6,345,522
NET ASSETS, End of year	$ 2,837,325	$ 4,258,032	$ 7,095,357

SPIRIT OF AMERICA WORLDWIDE
(A California Nonprofit Public Benefit Corporation)
Statement of Functional Expenses
For the Year Ended December 31, 2018

	Program Services	Management and General	Fundraising	Total
Consulting services	$ 21,617	$ 6,994	$ 19,652	$ 48,263
Depreciation	15,500	4,235	9,891	29,626
Employee benefits	140,792	45,550	20,705	207,047
Goods distributed	1,338,874	-	-	1,338,874
Information technology	33,023	10,293	17,071	60,387
Insurance	33,361	2,035	925	36,321
Legal and accounting services	144,130	194,899	-	339,029
Office	74,028	27,896	23,736	125,660
Payroll taxes	90,244	29,197	13,271	132,712
Program equipment	23,022	-	-	23,022
Rent	60,622	19,613	8,915	89,150
Salaries	1,143,578	369,980	168,173	1,681,731
Taxes and licenses	807	260	119	1,186
Travel	431,650	4,369	78,251	514,270
TOTAL FUNCTIONAL EXPENSES	$ 3,551,248	$ 715,321	$ 360,709	$ 4,627,278
Percent of Total Expenses	*76.7%*	*15.5%*	*7.8%*	*100.0%*

SPIRIT OF AMERICA WORLDWIDE
(A California Nonprofit Public Benefit Corporation)
Statement of Cash Flows
For the Year Ended December 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ 749,835
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	29,626
Receipt of donated securities	(1,009,206)
Net realized and unrealized investment gains	13,852
Changes in assets and liabilities	
Increase in grants receivable	312,300
Decrease in prepaid expenses and other current assets	4,096
Increase in accounts payable and accrued liabilities	(34,783)
NET CASH PROVIDED BY OPERATING ACTIVITIES	63,158
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale of investments	2,245,870
Purchases of investments	(1,490,217)
Purchases of fixed assets	(82,759)
NET CASH PROVIDED BY INVESTING ACTIVITIES	672,894
NET INCREASE IN CASH	736,052
CASH AND CASH EQUIVALENTS, Beginning of Year	1,115,442
CASH AND CASH EQUIVALENTS, End of Year	$ 1,851,494

NOTE 1 — NATURE OF ORGANIZATION

Spirit of America ("SOA" or the "Organization") is a privately-funded nonprofit organization located in Arlington, Virginia that provides humanitarian, civic, and economic assistance in direct response to needs identified by American military and civilian personnel. SOA adds the agility, innovativeness, and resources of the American private sector to the capabilities of the U.S. government and military in support of U.S. missions abroad. This support makes U.S. troops and diplomats safer and more successful in their missions and helps local people often not reached by large-scale aid programs. Spirit of America also provides the American people a way to understand, connect with, and support the vital work of U.S. personnel serving abroad.

SOA makes a promise that 100% of a donation is used for the purpose specified by the donor, and, if it is not needed for the specified purpose, the donor will be offered a refund. For example, those who donate to projects featured on SOA's web site are assured that all of their funds will be used to purchase needed goods. Other SOA expenses (for example, salaries and administrative expenses) are funded by donors who make unrestricted gifts. The accompanying financial statements reflect Spirit of America's "100% Promise."

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Financial Presentation – The accompanying financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP"). SOA recognizes contributions, including unconditional promises to give, as revenue in the period in which they are received. Revenues, gains, expenses and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the SOA and changes therein are classified and reported as follows:

- Without donor restrictions – Net assets without donor restriction represent the portion of expendable funds that are available to support the operations and are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by actions of the board of directors, or may otherwise be limited by contractual agreements with outside parties. Contributions that are purpose or time restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. At December 31, 2018, the Organization had unrestricted net assets of $2,837,325.

- With donor restrictions – Net assets that are subject to donor-imposed restrictions that limit the use of their contributions. Donor restrictions may result in temporarily restricted net assets, where the use of contributions is limited by donor-imposed stipulations that either expire by the passage of time or when used for specified purposes. Donor restrictions may also result in permanently restricted net assets, where the donor stipulations neither expire by the passage of time nor can be fulfilled or otherwise removed by the Organization's actions. At December 31, 2018, the Organization had temporarily restricted net assets of $4,158,032 and permanently restricted net assets of $100,000. The permanently restricted net assets consist of one endowed gift.

Use of Estimates — The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Cash Equivalents — For purposes of the statements of cash flows, the SOA considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. The statement of cash flows includes changes in cash balances related to restricted cash held as endowment assets.

Investments — Investments represent marketable securities that are stated at fair value. Purchases and sales of investments are recorded on the trade date. Dividend income is recorded based on the record date. Interest income is recorded as earned on an accrual basis. Realized gains and losses are recorded upon disposition of securities. Investment income and realized and unrealized gains and losses are recognized as unrestricted net assets, unless their use is temporarily or permanently restricted by donors to a specified purpose or future period.

Unrealized gains and losses on investments resulting from fair value fluctuations are recorded in the statement of activities in the period that such fluctuations occur.

Inventory — Inventory is valued based on donor's estimate of fair value for each item received.

Property and Equipment — Acquisition of property and equipment in excess of $1,000 is capitalized at cost or, if donated, at the approximate fair value at the date of donation. Repairs and maintenance are charged to operations as incurred. When property and equipment are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the results of operations for the respective period.

Depreciation expense for property and equipment is calculated on straight-line method over the asset's estimated useful lives ranging from 3 to 5 years. Depreciation on software and website development costs are calculated over a useful life of 5 years.

Impairment of Long-Lived Assets — Long-lived assets to be held are reviewed for events or changes in circumstances, which indicate that their carrying value may not be recoverable. Further, long-lived assets held for sale are to be stated at the lower of cost or fair market value less costs to sell. SOA has determined that no events occurred during the year ended December 31, 2018 that would give rise to impairment of its long-lived assets.

Contributed Goods — Occasionally, the Organization receives contributed goods from corporations and individuals. Donated goods are recorded as unrestricted or temporarily restricted contributions when they are received. Donated goods are valued at management's estimate of fair value at the time they are received. Upon distribution, the goods are recorded as a decrease in either unrestricted or temporarily restricted net assets. During the year ended December 31, 2018, contributed goods in the value of $295,055 were received.

Contributed Services — Contributed services are recognized if the services received (a) increase or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. During the year ended December 31, 2018, SOA received pro-bono legal service of $291,870 for developing programs in collaboration with the U.S. Department of Defense. Contributed service revenue is included as part of contributions in the accompanying statement of activities.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Grants Receivable — Grants receivables are recorded when awarded and are stated at the amount management expects to collect. Management provides an allowance for uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables. SOA has determined that no allowance against the grants receivable is required as of December 31, 2018.

Grants receivable are anticipated to be received as follows:

Within one year	$ 2,750,000
One to five years	1,250,000
Subtotal	4,000,000
Discount to reflect at present value	(77,232)
	$ 3,922,768

Management has applied a discount at 1.76% - 1.89% risk free rates to reflect net present value of the long-term grants.

Grant Expenditures — Grant expenditures are recognized in the period the grant is approved provided the grant is not subject to future contingencies.

Functional Allocation of Expenses — Expenses that can be identified with a specific program or supporting service are charged directly to the related program or supporting service. Expenses that are associated with more than one program or supporting service are allocated based on estimates determined by management. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Concentrations of Risk — The Organization maintains its cash in bank deposit accounts. Accounts are guaranteed by the Federal Deposit Insurance Corporation up to $250,000. At December 31, 2018, SOA maintains balances in excess of FDIC insured limits.

One donor accounted for 42% of contribution revenue for the year ended December 31, 2018 and four donors accounted made up 100% of contributions receivable at December 31, 2018.

Fair Value Measurements — ASC Topic 820, *Fair Value Measurements*, establishes a fair value hierarchy that is based on observability of the inputs to valuation techniques used to measure fair value, sorted into three levels (Level 1, 2, and 3) with the most observable input being Level 1. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

The three levels of the fair value hierarchy under ASC Topic 820 are described below:

Level 1	Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
Level 2	Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;
Level 3	Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Effect of Recently Issued Accounting Standards — In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, "Revenue from Contracts with Customers," which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in GAAP when it becomes effective. In July 2015, the FASB approved a one-year deferral of this standard, with a revised effective date for fiscal years beginning after December 15, 2018. The standard permits the use of either the retrospective or modified retrospective (cumulative effect) transition method. Management is currently evaluating the impact this change in accounting standards will have on Organization's financial statements and related disclosures and has not yet selected a transition method.

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *"Leases"* (Topic 842). This ASU requires a lessee to recognize a right-of-use asset and a lease liability under most operating leases in its balance sheet. For non-public entities, the standard is effective for fiscal years beginning after December 15, 2019 and interim periods beginning the following year. Early adoption is permitted. The new standard must be adopted using a modified retrospective transition, and provides for certain practical expedients during the period of adoption. Transition will require application of the new guidance at the beginning of the earliest comparative period presented. Management is currently evaluating the impact this change in accounting standards will have on the Organization's financial statements and related disclosures.

Finally, on June 21, 2018, the FASB completed its project on revenue recognition of grants and contracts by not-for-profit entities by issuing ASU 2018-08, "Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made" (Topic 958). The amendments provide a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Specifically, the amendments provide:

(1) Clarify how a not-for-profit entity determines whether a resource provider is participating in an exchange transaction or a contribution

(2) Help an entity to evaluate whether contributions are considered conditional or unconditional by stating that a conditional contribution must have (1) a barrier that must be overcome and (2) a right of return or release of obligation

(3) Modify the simultaneous release option currently in generally accepted accounting principles (GAAP), which allows a not-for-profit entity to recognize a restricted contribution directly in net assets without donor restrictions if the restriction is met in the same period that revenue is recognized.

ASU 2018-08 is effective for annual periods beginning after December 15, 2018, and interim periods within those annual periods beginning after December 15, 2019. Management is currently evaluating the impact these changes in accounting standards will have on the Organization's financial statements and related disclosures.

Subsequent Events —Management has reviewed subsequent events through August 15, 2019, the date the financial statements were available to be issued.

NOTE 3 — LIQUIDITY AND AVAILABILITY

Financial assets consist of the Organization's cash and cash equivalents, investments, and contributions receivable. The following table summarizes the Organization's financial assets as of December 31, 2018, reduced by amounts not available for general use within one year of December 31, 2018 because of donor-imposed restrictions:

Financial assets available to meet cash needs for general expenditures within one year represent funding for ongoing operational requirements and planned increases for program expenditures in 2019.

Financial assets as of December 31, 2018	$ 7,113,979
Less assets unavailable for general expenditures within one year:	
Restricted by donors with time restrictions	(3,101,408)
Restricted by donors with purpose restrictions	(1,056,624)
Endowment net assets	(100,000)
Financial assets available to meet cash needs for general expenditures within one year	$ 2,855,947

The Organization has an investment policy authorized by the board of directors that provides guidance and oversight for the management of cash and cash equivalents, and investments. The policy provides that the Organization maintain an adequate level of cash to meet on-going operational and liquidity requirements.

NOTE 4 — PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2018 consisted of the following:

Field operations equipment	$	28,435
Furniture and equipment		59,814
Leasehold improvements		6,755
Software and website development		116,254
		211,258
Less accumulated depreciation		(82,725)
Property and equipment, net	$	128,533

Depreciation expense for the year ended December 31, 2018 was $29,626

NOTE 5 — INVESTMENTS

The cost basis and corresponding fair value of the Organization's investment holdings as of December 31, 2018 are summarized as follows:

	Fair Value	Cost
Fixed income securities	$ 53,531	$ 55,575
Certificates of deposit	1,232,000	1,232,000
Mutual funds	50,905	49,869
Total	$ 1,336,436	$ 1,337,444

At December 31, 2018, investments were classified by level within the valuation hierarchy as follows:

	Fair Value Hierarchy Designation			
	Level 1	Level 2	Level 3	Total
Fixed income securities	$ -	$ 53,531	$ -	$ 53,531
Mutual funds	50,905	-	-	50,905
Total	$ 50,905	$ 53,531	$ -	$ 104,436
Certificates of deposit, 2.25% to 2.4%, due in 2019, at carrying value				1,232,000
Total Investments				$ 1,336,436

NOTE 6 — NET ASSETS WITH DONOR RESTRICTIONS – TEMPORARILY RESTRICTED

Temporarily restricted contributions consist of contributions earmarked by donors for specific project funds and long-term grants that are allocated to multiple years of operations. Project funds are temporarily restricted for the direct expenses of the project selected by the donor. Category / country funds are temporarily restricted for the direct expenses of various projects in the funding category or country. When projects are overfunded, SOA's policy is to offer the donor a refund or to reallocate their donation to another project. No such refunds were requested in 2018 but rather, donors requested their funds be reallocated to other priority areas.

At December 31, 2018, SOA had temporarily restricted net assets available for the following specific requested project funds or category / country funds or time restrictions:

Time restricted	$ 3,101,408
Marcus grant	974,374
Program salaries	82,250
Purpose restricted	1,056,624
Total temporarily restricted net assets	$ 4,158,032

During the year ended December 31, 2018, temporarily restricted contributions and temporarily restricted net assets from the prior year were released from donor restrictions by satisfying the following:

Releases from time restrictions	$ 1,450,000
Field operations personnel	858,750
Africom regional projects	393,311
Centcom regional projects	412,925
Eucom regional projects	53,533
Northcom regional projects	1,185
Pacom regional projects	39,980
Southcom regional projects	80,505
Purpose restrictions satisfied	1,840,189
Total amount released from restriction	$ 3,290,189

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS – PERMANENTLY RESTRICTED

Permanently restricted net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Board of Directors has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) 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. As a result of this interpretation, SOA classifies as permanently restricted net assets (a) the original value of gifts donated 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 fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by SPMIFA.

In accordance with SPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the donor-restricted endowment funds
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies.

During 2015, SOA received one donor-restricted endowment fund which is held in an investment account and is classified as permanently restricted. Investment income and gains from these investments are available to be appropriated for general operational use. The donor has requested the nominal value of the gift be retained in perpetuity to support SOA's activities. SOA's policy will be to appropriate earnings from this endowment to support its program purpose activities.

For the year ended December 31, 2018, SOA's permanently restricted endowment net assets changed as follows:

Net assets, beginning of year	$ 100,000
Net investment income (dividends and interest)	6,264
Appropriated endowment assets available for expenditure	(6,264)
Net assets, end of year	$ 100,000

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS – PERMANENTLY RESTRICTED – (CONTINUED)

At December 31, 2018, endowment assets were held in an investment portfolio composed of the the following:

Cash and cash equivalents	$	2,597
Fixed income securities		53,531
Mutual funds		50,905
	$	107,033

The following is a summary of changes in the endowed cash and investment accounts during the year ended December 31, 2018

Net assets, beginning of year	$	112,392
Endowment funds received		-
Dividends and interest income		2,632
Capital gains		3,632
Unrealized gain (loss)		(8,824)
Appropriated endowment assets for expenditure		(2,799)
Net assets, end of year	$	107,033

NOTE 8 – PENSION PLAN

SOA sponsors a qualified 403(b) pension plan that covers substantially all full-time employees meeting certain eligibility requirements. Employees may contribute a portion of their annual compensation to the plan, limited to the maximum annual amount as set periodically by the Internal Revenue Service. SOA has elected to make a discretionary match contribution to the plan by contributing up to 4.0% of each eligible employee's annual compensation to the plan. During the year ended December 31, 2018, the SOA recognized an expense of $64,611 for discretionary matching contributions. Participants are fully vested in their matching contributions.

NOTE 9 — TAXES

The Organization is a public charity exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. Accordingly, no provision has been made for federal and state income taxes in the accompanying financial statements.

The Organization evaluates tax positions and recognizes a liability for any positions that would not be considered “more likely than not” to be upheld under a tax authority examination. If such issues exist, the Organization’s policy will be to recognize any tax liability so recorded, including applicable interest and penalties, as a component of income tax expense.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

During the year ended December 31, 2018, SOA leases office space in Arlington, Virginia under an amended agreement that extends the lease term through June 2023. The following is a summary of minimum rental payments due under the office lease for each of the successive years:

Years Ending December 31,		
2019	$	125,256
2020		130,266
2021		135,477
2022		140,896
2023		71,829
	$	603,724

The lease agreement provides SOA with an early termination option. SOA may terminate the lease agreement by providing 90 days advance notice and paying a $5,000 early termination fee.

Rent expense for the year ended December 31, 2018 was $89,150, which includes minimum rent payments, parking, and storage rent.