INSTITUTE FOR CREATION RESEARCH

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

JUNE 30, 2018

Institute for Creation Research
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June 30, 2018

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
of Institute for Creation Research

We have audited the accompanying financial statements of Institute for Creation Research (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and changes 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.

Auditors' 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 auditors' 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 Institute for Creation Research as of June 30, 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.

Salmon Sims Thomas & Associates

Salmon Sims Thomas & Associates
A Professional Limited Liability Company

October 24, 2018

Institute for Creation Research
Statement of Financial Position
June 30, 2018

ASSETS

Cash and cash equivalents	$ 3,916,784
Cash restricted - Museum fund	136,574
Investments - split-interest agreements	178,352
Product development costs, net	45,766
Other assets	31,196
Inventory	342,536
Total Current Assets	4,651,208
Charitable gift reserve funds	1,948,078
Long-term investments - split-interest agreements	1,477,018
Property and equipment, net	22,979,038
Total Long-term Assets	26,404,134
TOTAL ASSETS	$ 31,055,342

LIABILITIES AND NET ASSETS

Liabilities	
Accounts payable	$ 984
Retainage payable	851,798
Accrued liabilities	247,126
Revocable living trusts	43,362
Current portion of liabilities under split-interest agreements	178,352
Total Current Liabilities	1,321,622
Liabilites under split-interest agreements	1,911,891
Total Liabilities	3,233,513
Net Assets	
Unrestricted	27,055,929
Temporarily restricted	762,041
Permanently restricted	3,859
Total Net Assets	27,821,829
TOTAL LIABILITIES AND NET ASSETS	$ 31,055,342

The accompanying notes are an integral part of this financial statement.

Institute for Creation Research
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and Support				
Contributions	$ 5,792,614	$ 6,660,066	$ -	$12,452,680
Product sales revenue	574,516	-	-	574,516
Investment return	10,006	39,563	-	49,569
Change in value of split-interest agreements	-	(105,236)	-	(105,236)
Gain (loss) on investments	(21,543)	94,596	-	73,053
In-kind broadcasting revenue	1,712,100	-	-	1,712,100
Royalties and honoraria income	69,289	-	-	69,289
Other revenue	119,987	-	-	119,987
	8,256,969	6,688,989	-	14,945,958
Net assets released from restriction	13,540,970	(13,540,970)	-	-
Total Revenues and Support	21,797,939	(6,851,981)	-	14,945,958
Expenses				
Program services				
Education	3,232,005	-	-	3,232,005
Research	852,786	-	-	852,786
Applied research and communications	3,893,549	-	-	3,893,549
Total program services	7,978,340	-	-	7,978,340
Supporting activities				
General and administrative	760,271	-	-	760,271
Fundraising	431,296	-	-	431,296
Total supporting activities	1,191,567	-	-	1,191,567
Total Expenses	9,169,907	-	-	9,169,907
Increase (Decrease) in Net Assets	12,628,032	(6,851,981)	-	5,776,051
Net Assets, beginning of year	14,427,897	7,614,022	3,859	22,045,778
Net Assets, end of year	$ 27,055,929	$ 762,041	$ 3,859	$27,821,829

The accompanying notes are an integral part of this financial statement.

Institute for Creation Research
Statement of Cash Flows
For the Year Ended June 30, 2018

Cash Flows From Operating Activities	
Increase in Net Assets	$ 5,776,051
Adjustments to reconcile change in net assets	
to net cash provided (used) by operating activities:	
Depreciation	173,213
Amortization	313,864
Unrealized gain on investments	(94,596)
Realized loss on investments	21,543
Reinvestment of interest and dividends	(39,563)
Change in assets and liabilities:	
Other assets	(4,939)
Inventory	(20,119)
Accounts payable	(157,803)
Accrued liabilities	8,016
Net Cash Provided by Operating Activities	5,975,667
Cash Flows From Investing Activities	
Purchase of property and equipment	(13,092,322)
Net proceeds from sale of restricted investments	6,987,387
Purchase of investments	(1,342,757)
Net proceeds from sale of investments	841,672
Living trust liabilities	292,692
Net Cash Used by Investing Activities	(6,313,328)
Net Decrease in Cash	(337,661)
Cash, beginning of year	4,254,445
Cash, end of year	$ 3,916,784

The accompanying notes are an integral part of this financial statement.

Institute for Creation Research
Statement of Functional Expenses
June 30, 2018

	Program Expenses			Supporting Expenses		
	Education	Research	Applied Research/ Communications	General and Administrative	Fundraising	Totals
Salaries and fringe benefits	$ 1,017,379	$ 695,766	$ 1,125,954	$ 554,367	$ 224,359	$ 3,617,825
Postage and freight	657,852	114	21,811	1,693	49,621	731,091
Printing	571,514	142	15,254	391	47,924	635,225
Professional services	117,020	-	409,785	52,043	41,000	619,848
Travel and hospitality	19,235	11,912	98,050	2,785	771	132,753
Information technology	196,137	57,674	24,935	36,788	12,345	327,879
Promotion and advertising	34,457	-	37,417	529	13,902	86,305
Cost of sales	160,943	-	17,667	-	-	178,610
Depreciation and amortization	103,616	30,468	327,038	19,435	6,520	487,077
Supplies	63,416	12,691	13,604	8,415	3,278	101,404
Other	15,867	4,694	12,725	14,267	8,409	55,962
Equipment rental	72,561	-	20,387	-	-	92,948
Utilities	32,089	11,281	8,038	3,839	2,350	57,597
Telephone	52,376	6,442	11,243	3,842	1,830	75,733
Maintenance	46,840	13,781	9,507	12,194	17,358	99,680
Credit card and bank charges	33,199	-	11,899	44,108	-	89,206
Insurance	31,840	7,632	9,429	4,187	1,629	54,717
Radio - Air Time Valuation	-	-	1,712,100	-	-	1,712,100
Subscriptions	5,664	189	6,706	1,388	-	13,947
Total Expenses	$ 3,232,005	$ 852,786	$ 3,893,549	$ 760,271	$ 431,296	$ 9,169,907

The accompanying notes are an integral part of this financial statement.

NOTE 1: ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES

The summary of significant accounting policies of the Institute for Creation Research ("the Institute") is presented to assist in understanding the financial statements. The financial statements and notes are representations of the Institute's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) and have been consistently applied in the preparation of the financial statements.

Organization

The Institute is a California nonprofit corporation headquartered in Dallas, Texas. The Institute was founded in 1970 and is a leader in scientific research within the context of biblical creation and biblical apologetics. As a research organization, the Institute conducts laboratory, field, theoretical, and library research projects that seek to understand the science of origins and Earth history. As an educational organization, the Institute offers formal courses of instruction, including graduate degree programs at the School of Biblical Apologetics, conducts seminars and conferences, produces and presents radio programming, offers both live streaming and downloadable lectures on science topics, as well as other means of education. The Institute also produces and publishes books, DVDs, periodicals, a full-color monthly magazine, a quarterly devotional booklet and other media for communicating the evidence and information confirming the authority and historicity of Scripture.

Cash and Cash Equivalents

The Institute considers all investments with original maturity dates of ninety days or less to be cash equivalents. The Institute places its cash, which, at times, may exceed federally-insured limits, with high-credit quality institutions. The Institute has not experienced any losses on such accounts.

Investments

Investments, consisting of equity securities, mutual funds, and bonds, are stated at their current market values. Investment return consists of interest and dividend income, realized gains or losses, and unrealized gains or losses.

Inventory

Inventory is stated at the lower of cost or market on a first-in, first-out basis and consists of books, DVDs, periodicals and other media.

Product Development Costs

Product development costs consist of those costs directly incurred in the production of the Institute's special production video series. Current costs include the video series *Made in His Image, Uncovering the Truth about Dinosaurs* and *The Universe.* See Note 8 for breakdown of capitalized costs for each series and total related amortization recognized on the production of these series based on total sales.

Property, Equipment, Depreciation and Amortization

Property and equipment are stated at cost when purchased or fair value at the date the asset is donated, less accumulated depreciation and amortization. Expenditures for property and equipment greater than $5,000 are capitalized at cost. Depreciation is computed on the straight-line method over the estimated useful lives of the assets. Estimated useful lives range from 5 to 40 years.

NOTE 1: ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation

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

> Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that are maintained permanently by the Institute.
>
> Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Institute and/or the passage of time.
>
> Unrestricted Net Assets - Net assets not subject to donor-imposed stipulations.

Revenues are reported as increases in unrestricted net assets unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expirations of temporarily restricted net assets (*i.e.,* the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Contributions of assets other than cash are recorded at their estimated fair value.

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as "net assets released from restrictions."

Income Taxes

The Institute is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Institute has been classified as an organization that is not a private institute under IRC Section 509(a)(2), and as such, contributions to the Institute qualify for deductions as charitable contributions. However, income generated from activities unrelated to the Institute's exempt purpose is subject to tax under IRC Section 511.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these financial statements include depreciation and amortization, donated media time, value of split-interest agreements, and the functional allocation of expenses. Actual results could vary from estimates.

NOTE 1: ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Accounting for Uncertainty in Income Taxes

Management has concluded that any tax positions that would not meet the more-likely-than-not criterion of Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 740-10 would be immaterial to the financial statements taken as a whole. Accordingly, the accompanying financial statements do not include any provision for uncertain tax positions, and no related interest or penalties have been recorded in the statement of activities or accrued in the statement of financial position. Federal tax returns of the entity are generally open to examination by the relevant taxing authority for a period of three years from the date the returns are filed.

Functional Allocation of Expenses

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

Advertising Costs

Advertising costs are expensed as incurred. The Institute expended $86,306 promoting seminars and other institutional events for the year ended June 30, 2018.

Collections

Collections consist of historical artifacts that are held for educational purposes. These artifacts are preserved and cared for and records of each item are maintained. Collections are capitalized at cost if purchased and at fair value on the date of the gift, if donated.

Revocable Living Trusts

The Institute is the trustee for certain revocable trusts which are included in the financial statements under revocable living trusts. Revenue is not recognized on these trusts until the trusts become irrevocable or the assets are distributed to the Institute for its unconditional use. Until revenue is recognized, the Institute records a liability to offset the trust assets.

Split-Interest Agreements

The Institute has entered into charitable gift annuity agreements. Under these agreements a donor contributes assets to the Institute in exchange for the right to receive a fixed dollar annual return during the donor's lifetime. A portion of the transfer is a charitable contribution for income tax purposes to the donor. The difference between the amount provided for the gift annuity and the liability for future payments, determined on an actuarial basis, is recognized as a contribution at the date of the gift. The liabilities, which are reflected as a part of liabilities under split-interest agreements, are revalued annually using a discount rate established at the inception of the agreement and appropriate actuarial assumptions. Actuarial changes and annuity payments are reported as a change in value of future payments under its charitable gift annuity contracts as required by governing state laws. The Institute maintains separate reserve funds to meet future payments under its charitable gift annuity contracts as required by state law. The total amount held in separate reserve funds was $1,948,078 as of June 30, 2018.

NOTE 1: ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Split-Interest Agreements (Continued)

As trustee, the Institute administers irrevocable charitable trusts. These trusts provide the payment of lifetime distributions to the grantor or other designated beneficiaries. The present value of the lifetime beneficiaries' interests are reflected as liabilities under split-interest agreements on the statements of financial position using federal discount and mortality tables. At the death of the lifetime beneficiaries, the trusts provide for the distribution of assets to the designated remainderman. The present value of the Institute's remainder interest is reported as temporarily restricted contributions in the period received, temporarily restricted net assets and as a reclassification to unrestricted net assets when released, unless specified for a restricted purpose. Actuarial changes, annuity payments, matured agreements, investment income and unrealized gains and losses are reported as a change in value of split-interest agreements in the statement of activities. The portion attributable to other remaindermen is reflected as a part of liabilities under split-interest agreements on the statement of financial position. The total value of liabilities under split-interest agreements at June 30, 2018 was $2,090,243.

Fair Value of Financial Instruments

Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) Topic 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under FASB ASC Topic 820 are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Institute has the ability to access.

Level 2 Inputs to the valuation methodology include

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. For the year ended June 30, 2018, there were no significant transfers between levels.

NOTE 1: ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (CONTINUED)
Fair Value of Financial Instruments (Continued)
The following is a description of the valuation methodology used for assets measured at fair value. There has been no change in the methodology used at June 30, 2018.

Fixed Income: Fixed income instruments traded on national securities exchanges are valued at the closing price on the last business day of the fiscal year.

Mutual Funds: Mutual funds traded on national securities exchanges are valued at the closing price on the last business day of the fiscal year.

Irrevocable Split-Interest Arrangements: Charitable gift annuities, charitable remainder trusts and similar arrangements in which the Institute is trustee or custodian, conform to GAAP which generally requires investment securities be carried at estimated fair value.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Institute believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Recent Accounting Pronouncements
In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases*, which will supersede the current lease requirements in ASC 840. The new standard requires lessees to recognize a right-of-use (ROU) asset and a related lease liability for all leases with terms longer than 12 months.

Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities and changes in net assets. Currently, leases are classified as either capital or operating, with only capital leases recognized on the statement of financial position. The new standard is effective for private entities for annual periods beginning after December 15, 2019.

The Institute is currently assessing the impact that adoption of ASU 2016-02 will have on its assets, liabilities and results of operations, but expect that it will not result in a significant increase in the long-term assets given the Institute does not have a significant number of leases.

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, as an update to ASC 958, Not-for-Profit Entities. This update makes several improvements to current reporting requirements that address complexities in the use of the currently required three classes of net assets and enhance required disclosures related to donor restrictions of net assets. The updated guidance will result in a change in the classes of net assets reported on the face of the statement of financial position from three classes (unrestricted, temporarily restricted, and permanently restricted) to two classes (net assets without donor restrictions and net assets with donor restrictions).

NOTE 1: ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements (Continued)

The update also requires all not-for-profit entities to report expenses by function and by natural classification, either on the face of the financial statements or in the footnotes. Additional qualitative information about the methods used to allocate costs is also required to be disclosed. The update also requires all not-for-profit entities to disclose quantitative information that communicates the availability of the Institute's financial assets at the statement of financial position date to meet cash needs for general expenditures within one year as well as qualitative information on how the Institute manages its liquid resources available to meet cash needs for general expenditures within one year of the statement of financial position date.

The updated guidance will be effective for annual periods beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018. Early adoption is permitted. The new guidance should be applied on a retrospective basis. The Institute will be adopting this update in fiscal year 2019. No other material impact is expected.

In November 2016, the FASB issued ASU 2016-18, *Restricted Cash*, as an update to ASC 230, Statement of Cash Flows. This update requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The updated guidance will be effective for annual periods beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. The Institute will be adopting this update in fiscal year 2020. The new guidance will be applied on a retrospective basis. The updated guidance will result in a change in the statement of cash flows to include restricted cash and restricted cash equivalents. No other material impact is expected.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which will supersede the current revenue recognition requirements in Topic 605, Revenue Recognition. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The statement is effective for annual periods beginning after December 15, 2018. The Institute is in the process of evaluating the potential impact of ASU 2014-09 on its financial statements and it has not yet determined the method by which the standard will be adopted in 2020.

Date of Management's Review

Subsequent events have been evaluated for potential recognition or disclosure through October 24, 2018, which is the date the financial statements were available to be issued.

NOTE 2: INVESTMENTS/CHARITABLE GIFT RESERVE

Investments at June 30, 2018 consisted of the following:

Mutual funds	$ 3,585,249
Fixed income securities	18,199
Total investments	$ 3,603,448

NOTE 3: FAIR VALUE MEASURMENTS

Fair value of assets and liabilities measured on a recurring basis at June 30, 2018 are as follows:

	Assets and Liabilities at Fair Value			
	Total	**Level 1**	**Level 2**	**Level 3**
Mutual funds	$ 3,585,249	$3,585,249	$ -	$ -
Fixed income securities	18,199	18,199	-	-
Total investments	$ 3,603,448	$3,603,448	$ -	$ -
Liabilities for annuities and trusts	$ 2,133,605	$ -	$2,133,605	$ -

NOTE 4: TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2018, temporarily restricted net assets consisted of the following:

Discovery center	$ 136,574
Estimated future trust benefits	560,615
Other institute projects	64,852
	$ 762,041

Net assets released from restrictions during the year ended June 30, 2018 were as follows:

Discovery center	$ 13,500,318
Other Institute projects	40,652
	$ 13,540,970

NOTE 5: PERMANANETLY RESTRICTED NET ASSETS
Permanently restricted net assets at June 30, 2018 were $3,859, the corpus and related income was restricted for scholarships.

NOTE 6: RETIREMENT PLAN
The Institute maintains a 401(k) retirement plan ("the Plan") for the benefit of its employees. Eligible employees may make elective deferral contributions to the Plan. The Institute makes non-discretionary contributions equal to 6% of each employee's compensation to the Plan. The Institute contributed $170,813 to the Plan during the year ended June 30, 2018.

NOTE 7: DONATED MEDIA
The Institute receives donated airtime to facilitate broadcasting certain of its radio programs. Management estimates the value of the donated airtime based on comparable costs of airing the programs on similar radio stations. During the year ended June 30, 2018, the Institute recognized $1,712,100 of donated airtime which is included as "in-kind broadcasting revenue" and "applied research and communications" expense in the accompanying statement of activities.

NOTE 8: PRODUCT DEVELOPMENT COSTS
Product development costs at June 30, 2018 consist of the following:

Made in His Image	$ 412,791
Uncovering the Truth about Dinosaurs	400,500
The Universe	199,950
Total costs	1,013,241
Less accumulated amortization	(967,475)
Product development costs, net	$ 45,766

Amortization expense for the year ending June 30, 2018 was $313,864.

NOTE 9: LINE OF CREDIT
In June 2018, the Institute opened a line of credit with a financial institution in the amount of $5,000,000, which is due on demand, with interest rate based on one-month LIBOR plus 1.5%. The line is secured by certain investments owned by a related party. As of June 30, 2018, the Institute had taken no advances against the line of credit.

NOTE 10: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2018:

Land	$ 2,476,069
Building and improvements	3,828,470
Furniture and equipment	478,816
Collections	440,802
Construction in progress	16,929,297
Total property and equipment	24,153,454
Less: Accumulated depreciation	(1,174,416)
Property and equipment, net	$ 22,979,038

Depreciation expense was $173,213 for the year ended June 30, 2018.

NOTE 11: COMMITMENTS

Operating Leases

The Institute has entered into various noncancelable operating lease commitments for certain office equipment which expire in years ending June 30, 2019 through 2022.

The future minimum lease obligation is summarized as follows for the year ending June 30,

2019	$ 85,900
2020	85,900
2021	76,000
2022	56,100
2023	4,500
2024 and thereafter	-

Lease expense for the year ending June 30, 2018 totaled $92,948.