

# **Center for a New American Security Inc.**

Financial Report  
September 30, 2016

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## Independent Auditor's Report

To the Board of Directors  
Center for a New American Security Inc.  
Washington, D.C.

### Report on the Financial Statements

We have audited the accompanying financial statements of Center for a New American Security Inc. (CNAS), which comprise the statements of financial position as of September 30, 2016 and 2015, the related statements of activities 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 Center for a New American Security Inc. as of September 30, 2016 and 2015, 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.

*RSM US LLP*

Washington, D.C.  
March 27, 2017

Center for a New American Security Inc.

Statements of Financial Position  
September 30, 2016 and 2015

	2016	2015
<b>Assets</b>		
Current assets:		
Cash	\$ 4,835,209	\$ 1,584,142
Promises to give and grants receivable, current portion	2,332,004	1,467,888
Prepaid expenses	165,430	43,633
<b>Total current assets</b>	<b>7,332,643</b>	<b>3,095,663</b>
Promises to give and grants receivable, net of current portion and discount	357,459	-
Property and equipment, net	849,302	889,652
Deposit	71,847	71,847
<b>Total assets</b>	<b>\$ 8,611,251</b>	<b>\$ 4,057,162</b>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 202,544	\$ 505,627
Accrued expenses	165,813	174,656
Refundable advances	281,235	1,110,162
Obligations under capital leases, current portion	14,071	28,182
<b>Total current liabilities</b>	<b>663,663</b>	<b>1,818,627</b>
Obligations under capital leases, net of current portion	19,177	9,451
Deferred rent	731,644	608,047
<b>Total liabilities</b>	<b>1,414,484</b>	<b>2,436,125</b>
Commitments and contingencies (Notes 5 and 8)		
Net assets:		
Unrestricted	2,828,436	298,238
Temporarily restricted	4,368,331	1,322,799
<b>Total net assets</b>	<b>7,196,767</b>	<b>1,621,037</b>
<b>Total liabilities and net assets</b>	<b>\$ 8,611,251</b>	<b>\$ 4,057,162</b>

See notes to financial statements.

Center for a New American Security Inc.

Statements of Activities  
Years Ended September 30, 2016 and 2015

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and revenue:						
Contributions	\$ 4,761,626	\$ 5,826,375	\$ 10,588,001	\$ 2,304,868	\$ 1,486,594	\$ 3,791,462
Grants and contract revenue	3,914,581	-	3,914,581	4,123,082	549,817	4,672,899
Other income	241,402	-	241,402	322,869	-	322,869
Donated professional services and facilities	77,399	-	77,399	446,442	-	446,442
Net assets released from restrictions	2,780,843	(2,780,843)	-	1,613,804	(1,613,804)	-
<b>Total support and revenue</b>	<b>11,775,851</b>	<b>3,045,532</b>	<b>14,821,383</b>	<b>8,811,065</b>	<b>422,607</b>	<b>9,233,672</b>
Expenses:						
Program services:						
20YY – NGAS Program	1,353,456	-	1,353,456	895,534	-	895,534
Outreach	1,024,093	-	1,024,093	769,555	-	769,555
Regional focus	922,098	-	922,098	977,290	-	977,290
Strategy	907,653	-	907,653	708,495	-	708,495
Middle East	728,114	-	728,114	625,962	-	625,962
Technology and Security	625,784	-	625,784	686,334	-	686,334
Natural Security	600,699	-	600,699	539,092	-	539,092
Military Veterans and Society	572,404	-	572,404	580,720	-	580,720
Future of Department of Defense	39,599	-	39,599	196,438	-	196,438
<b>Total program services</b>	<b>6,773,900</b>	<b>-</b>	<b>6,773,900</b>	<b>5,979,420</b>	<b>-</b>	<b>5,979,420</b>
Supporting services:						
Management and general	1,525,005	-	1,525,005	901,378	-	901,378
Fundraising	946,748	-	946,748	793,546	-	793,546
<b>Total supporting services</b>	<b>2,471,753</b>	<b>-</b>	<b>2,471,753</b>	<b>1,694,924</b>	<b>-</b>	<b>1,694,924</b>
<b>Total expenses</b>	<b>9,245,653</b>	<b>-</b>	<b>9,245,653</b>	<b>7,674,344</b>	<b>-</b>	<b>7,674,344</b>
<b>Change in net assets</b>	<b>2,530,198</b>	<b>3,045,532</b>	<b>5,575,730</b>	<b>1,136,721</b>	<b>422,607</b>	<b>1,559,328</b>
Net assets:						
Beginning (deficit)	298,238	1,322,799	1,621,037	(838,483)	900,192	61,709
Ending	\$ 2,828,436	\$ 4,368,331	\$ 7,196,767	\$ 298,238	\$ 1,322,799	\$ 1,621,037

See notes to financial statements.

Center for a New American Security Inc.

**Statements of Cash Flows**  
**Years Ended September 30, 2016 and 2015**

	2016	2015
Cash flows from operating activities:		
Change in net assets	\$ 5,575,730	\$ 1,559,328
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	166,990	92,541
Deferred rent	123,597	115,282
Loss (gain) from disposal of property and equipment	11,031	(166)
Increase in discount on promises to give and grants receivable	22,541	-
Changes in assets and liabilities:		
(Increase) decrease in:		
Promises to give and grants receivable	(1,244,116)	(756,169)
Prepaid expenses	(121,797)	59,782
Increase (decrease) in:		
Accounts payable	(303,083)	378,838
Accrued expenses	(8,843)	15,227
Refundable advances	(828,927)	(234,759)
<b>Net cash provided by operating activities</b>	<b>3,393,123</b>	<b>1,229,904</b>
Cash flows from investing activities:		
Purchases of property and equipment	(111,696)	(432,898)
Proceeds from sales of property and equipment	-	1,846
<b>Net cash used in investing activities</b>	<b>(111,696)</b>	<b>(431,052)</b>
Cash flows from financing activities:		
Principal payments on obligations under capital lease	(30,360)	(27,029)
<b>Net cash used in financing activities</b>	<b>(30,360)</b>	<b>(27,029)</b>
<b>Net increase in cash</b>	<b>3,251,067</b>	<b>771,823</b>
Cash:		
Beginning	1,584,142	812,319
Ending	\$ 4,835,209	\$ 1,584,142
Supplemental disclosure of cash flow information:		
Interest paid	\$ 2,300	\$ 2,736
Supplemental schedule of noncash investing and financing activities:		
Equipment acquired by capital lease	\$ 25,975	\$ -
Leasehold improvements acquired through tenant allowance	\$ -	\$ 398,680

See notes to financial statements.

## Center for a New American Security Inc.

### Notes to Financial Statements

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#### Note 1. Nature of Activities and Significant Accounting Policies

**Nature of activities:** Center for a New American Security Inc. (CNAS), formed in December 2006, is a not-for-profit organization that is focused on national security policy development, research and analysis. CNAS is one of the nation's preeminent think tanks on national security and defense policy. CNAS is seen as indispensable by policymakers, political candidates and members of Congress seeking concrete and compelling recommendations for strengthening America's national security, ensuring the vitality and effectiveness of the U.S. military and using America's power wisely and effectively. CNAS plays a central role in shaping and elevating the national security debate in the United States. CNAS also helps to develop the civilian professionals who will lead the nation's defense and security apparatus in the future.

CNAS's mission is to develop strong, pragmatic and principled national security and defense policies that promote and protect American interests and values. Building on the deep expertise and broad experience of its staff and advisors, CNAS will engage policymakers, experts and the public with innovative, fact-based research, ideas and analysis to shape and elevate the national security debate. As an independent and non-partisan research institution, CNAS will lead efforts to help inform and prepare the national security leaders of today and tomorrow.

A summary of CNAS's significant accounting policies follows:

**Basis of accounting:** The financial statements are presented in accordance with the accrual basis of accounting, whereby unconditional support is recognized when received, revenue is recognized when earned, and expenses are recognized when incurred.

**Basis of presentation:** The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (the Codification). As required by the Not-for-Profit Entities Topics of the Codification, Balance Sheet and Income Statement, CNAS is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. At September 30, 2016 and 2015, CNAS had no permanently restricted net assets.

**Financial risk:** CNAS maintains its cash in bank deposit accounts, which at times, may exceed federally insured limits. CNAS has not experienced any losses in such accounts. CNAS believes it is not exposed to any significant financial risk on cash.

**Promises to give and grants receivable:** Unconditional promises to give are recorded at their net realizable value. Long-term promises to give are discounted to net present value. Grants receivable consist of invoiced and unbilled amounts due based on completion of award requirements. An estimate is made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. When all collection efforts have been exhausted, the account is written off against the allowance for doubtful receivables. Management estimated an allowance for doubtful accounts of \$0 as of September 30, 2016 and 2015. All promises to give outstanding at September 30, 2015 were due in one year. As of September 30, 2016, management has identified certain promises to give that are due in more than one year. See Note 2.

**Property and equipment:** Property and equipment are recorded at cost and are depreciated using the straight-line method over the estimated useful lives, ranging from three to five years. All acquisitions greater than \$500 with expected lives greater than one year are capitalized. Leasehold improvements are amortized over the lesser of the life of the asset or the related lease term.



## Center for a New American Security Inc.

### Notes to Financial Statements

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#### Note 1. Nature of Activities and Significant Accounting Policies (Continued)

**Deferred rent:** CNAS leases office space in Washington, D.C. The lease agreement requires minimum annual rents, provides for an annual increase, includes a rent concession and provided for a tenant improvement allowance, all of which are required to be recognized ratably over the lease term in accordance with accounting principles generally accepted in the United States of America. Accordingly, the amount of rent expense does not coincide with cash payments. This gives rise to a deferred rent liability, which is being amortized over the term of the lease and is recorded in the accompanying statements of financial position.

**Net assets:** To ensure the observance of limitations and restrictions placed on the use of resources available to CNAS, its net assets and support have been classified into net asset groups based on the existence or absence of donor-imposed restrictions. The classes of net assets are as follows:

**Unrestricted:** Represents resources of CNAS available to support general operations.

**Temporarily restricted:** Represents resources that are subject to donor-imposed purpose or time restrictions.

**Support and revenue recognition:** Unconditional grants and contributions received, including unconditional promises to give, are recorded as support in the period received, at fair value. Donor-restricted unconditional grants and contributions are reported as an increase in temporarily restricted or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported on the statements of activities as net assets released from restrictions. Grants and contributions that are temporarily restricted are recorded as additions and releases in temporarily restricted net assets, even if the restriction is met in the same reporting period.

Revenue is recognized on conditional grants when services have been provided and expenses incurred. Funds received in advance of services being provided and expenses incurred are reported as refundable advances in the accompanying statements of financial position. Revenue is recognized on contract revenue as work is completed and as milestones are achieved.

CNAS also receives tuition revenue for its fellows program. This revenue is recognized in the period earned and is reported as other income on the statements of activities. Any payments received related to future periods are deferred.

In the normal course of business, CNAS receives donated professional legal and consulting services. The fair value of the donated professional legal services was \$74,898 and \$26,442 for the years ended September 30, 2016 and 2015, respectively. The fair value of the donated professional consulting services was \$2,501 and \$420,000 for the years ended September 30, 2016 and 2015, respectively. These services are recorded with offsetting revenue and expense amounts in the accompanying statements of activities.

**Functional allocation of expenses:** Expenses have been summarized on a functional basis in the accompanying statements of activities. Accordingly, costs have been allocated among the program and supporting services directly benefited, or upon management's estimate of the proportion of these costs applicable to each function.

**Notes to Financial Statements**

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**Note 1. Nature of Activities and Significant Accounting Policies (Continued)**

**Use of estimates:** The preparation of financial statements 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 support and revenue and expenses during the reporting period. Accordingly, actual results may differ from those estimates.

**Income taxes:** CNAS is generally exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. In addition, CNAS qualifies for charitable contribution deductions and has been classified as an organization that is not a private foundation. Income that is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. There was no net tax liability for unrelated business income tax at September 30, 2016 and 2015.

Management has evaluated CNAS's tax positions and has concluded that CNAS has taken no uncertain tax positions that require adjustments to the financial statements.

**Pending accounting pronouncements:** In February 2016, FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in *Topic 840, Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position 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. The new standard is effective for fiscal years beginning after December 15, 2019.

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The amendments in this ASU make improvements to the information provided in financial statements and accompanying notes of not-for-profit entities. The amendments set forth the FASB's improvements to net asset classification requirements and the information presented about a not-for-profit entity's liquidity, financial performance and cash flows. The ASU will be effective for fiscal years beginning after December 15, 2017. Earlier adoption is permitted. The changes in this ASU should generally be applied on a retrospective basis in the year that the ASU is first applied.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring 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 updated standard will replace most existing revenue recognition guidance in generally accepted accounting principles in the United States of America (U.S. GAAP) when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU No. 2015-14, which defers the effective date of ASU No. 2014-09 one year, making it effective for annual reporting periods beginning after December 15, 2018. CNAS has not yet selected a transition method and is currently evaluating the effect that the standard will have on the financial statements.

**Subsequent events:** CNAS evaluated subsequent events through March 27, 2017, which is the date the financial statements were available to be issued.

## Center for a New American Security Inc.

### Notes to Financial Statements

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#### Note 2. Promises to Give and Grants Receivable

Promises to give and grants receivable at September 30, are comprised of the following:

	2016	2015
Less than a year	\$ 2,332,004	\$ 1,467,888
One to five years	380,000	-
Gross promises to give and grants receivable	<u>2,712,004</u>	<u>1,467,888</u>
Less discount (rate 3.5%)	(22,541)	-
	<u>\$ 2,689,463</u>	<u>\$ 1,467,888</u>

#### Note 3. Property and Equipment

At September 30, 2016 and 2015, property and equipment, recorded at cost, and related accumulated depreciation and amortization, consisted of the following:

	2016	2015
Office equipment and software	\$ 54,697	\$ 302,565
Website	91,002	179,995
Furniture and fixtures	65,989	159,638
Equipment held under capital lease	120,982	95,007
Leasehold improvements	<u>815,732</u>	<u>810,884</u>
	1,148,402	1,548,089
Less accumulated depreciation and amortization	(299,100)	(658,437)
	<u>\$ 849,302</u>	<u>\$ 889,652</u>

Depreciation and amortization expense for the years ended September 30, 2016 and 2015, was \$166,990 and \$92,541, respectively.

#### Note 4. Pension Plan

CNAS established a 403(b) pension plan, whereby, employees are eligible to participate immediately. Participants may elect to contribute a portion of their compensation within statutory limits and are fully vested in those contributions. CNAS contributes up to 4% of eligible employees' compensation (safe harbor contributions) within statutory limits. Participants are fully vested in safe harbor contributions. Additionally, CNAS has the option of making a second discretionary non-elective contribution on behalf of eligible employees that becomes fully vested after three years of service. CNAS's total pension expense was \$186,852 and \$153,860 for years ended September 30, 2016 and 2015, respectively, and no discretionary contributions were made during the years ended September 30, 2016 and 2015.

## Center for a New American Security Inc.

### Notes to Financial Statements

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#### Note 5. Leases

CNAS has a non-cancellable operating lease agreement for office space through February 2024. The lease calls for annual escalations and rent abatement. The lease also provided for tenant improvement allowances for a total of \$398,680.

Future minimum rental payments under the leases are as follows:

Years ending September 30:		
2017	\$	584,425
2018		607,797
2019		632,101
2020		657,361
2021		683,630
Thereafter		1,773,441
	\$	<u>4,938,755</u>

Rent expense is recorded on a straight-line basis. Deferred rent is recognized for the difference between the cash payments for rent and the recorded expense. Rent expense for the years ended September 30, 2016 and 2015, was \$565,029 and \$488,888, respectively.

CNAS also leases office equipment under capital leases ending on various dates through March 2021. CNAS records capitalized equipment leases at cost and depreciates the equipment over the related lease terms. The cost and book value of the capital leases were as follows at September 30, 2016 and 2015:

	2016	2015
Cost	\$ 120,982	\$ 95,007
Less accumulated depreciation	(92,448)	(60,362)
	<u>\$ 28,534</u>	<u>\$ 34,645</u>

Future payments under capital leases are as follows:

Years ending September 30:		
2017	\$	15,976
2018		6,324
2019		6,324
2020		6,324
2021		2,965
		<u>37,913</u>
Less amount representing interest		(4,665)
Present value of minimum lease payments	\$	<u>33,248</u>

#### Note 6. Related Party Transactions

CNAS receives significant support in the form of contributions from Board members. During the years ended September 30, 2016 and 2015, Board members and organizations affiliated with Board members made contributions totaling \$314,500 and \$433,620, respectively.

**Center for a New American Security Inc.**

**Notes to Financial Statements**

**Note 7. Temporarily Restricted Net Assets**

Temporarily restricted net asset activity for the year ended September 30, 2016, consisted of the following:

	Balance September 30, 2015	Additions	Released	Balance September 30, 2016
Time restricted:				
General operating support	\$ 68,000	\$ 1,058,459	\$ (177,000)	\$ 949,459
Purpose restricted:				
Disruptive Technologies	-	500,000	(140,197)	359,803
Veterans Data Project	256,934	150,035	(58,206)	348,763
Surveillance	-	397,626	(88,216)	309,410
Missile Technology	-	250,000	(435)	249,565
China's Emerging Bluewater Maritime Strategy	-	247,188	(14,079)	233,109
Generation	8,964	335,774	(138,884)	205,854
Women in National Security	-	300,000	(101,185)	198,815
Nuclear Competition Prevention	-	200,000	(11,688)	188,312
All Volunteer Force	-	250,000	(81,860)	168,140
Next Generation National Security Leaders Program	-	205,550	(50,687)	154,863
Veteran Economic Performance	-	200,000	(51,463)	148,537
Cyber and Financial Sanctions Tools to				
Counter Transnational Terrorist Threats	-	230,000	(111,385)	118,615
Future Defense	118,174	14,982	(32,639)	100,517
National Security in a New Energy Age	100,000	-	-	100,000
Future Foundry	-	250,000	(153,482)	96,518
Networking Asia Pacific	-	100,000	(35,546)	64,454
Non-Profit Veteran Support	11,567	75,000	(28,923)	57,644
Counter Balance	-	175,000	(119,917)	55,083
Transitioning Veterans	-	88,500	(38,906)	49,594
Ploughshares	-	70,000	(25,657)	44,343
Extending American Power	41,887	-	-	41,887
Korea and Offset Strategy	-	65,000	(32,242)	32,758
Transatlantic Security Beyond Europe	-	50,011	(22,946)	27,065
Technology and Security	286,828	-	(266,463)	20,365
Southeast Asian Policy Roundtable	-	80,000	(60,000)	20,000
Challenges to Baltic Security	14,458	375,000	(372,147)	17,311
Citizen Soldier	-	25,000	(17,453)	7,547
Asia Pacific Program	195,650	-	(195,650)	-
Veterans Needs Assessment	91,057	-	(91,057)	-
Robert Gates Fellowship – Next				
Leaders Program	42,531	-	(42,531)	-
Ground Force Mod Study	40,000	-	(40,000)	-
Two State Solution Allen Plan	25,000	25,000	(50,000)	-
Korea Unification – Regional Focus	16,533	-	(16,533)	-
National Security/Energy Program	4,846	-	(4,846)	-
National Security	370	-	(370)	-
ISIS	-	50,000	(50,000)	-
Silicon Valley and International Relations	-	30,000	(30,000)	-
Security Internships	-	25,000	(25,000)	-
Defense Strategies and Assessment	-	3,250	(3,250)	-
	<u>\$ 1,322,799</u>	<u>\$ 5,826,375</u>	<u>\$ (2,780,843)</u>	<u>\$ 4,368,331</u>

**Center for a New American Security Inc.**

**Notes to Financial Statements**

**Note 6. Temporarily Restricted Net Assets (Continued)**

Temporarily restricted net asset activity for the year ended September 30, 2015, consisted of the following:

	Balance September 30, 2014	Additions	Released	Balance September 30, 2015
Time restricted:				
General operating support	\$ 68,000	\$ 250,000	\$ (250,000)	\$ 68,000
Purpose restricted:				
Veterans Data Project	-	400,000	(143,066)	256,934
Asia Pacific Program	-	200,100	(4,450)	195,650
Future Defense	146,035	134,000	(161,861)	118,174
Offset Strategy	100,000	195,000	(178,123)	116,877
National Security in a New Energy Age	-	100,000	-	100,000
21st Century Government	99,524	-	(2,287)	97,237
Veterans Needs Assessment	-	117,132	(26,075)	91,057
Reforming Government Surveillance	60,850	-	-	60,850
Next Generation National Security				
Leaders Program	119,428	50,000	(126,897)	42,531
Extending American Power	-	100,000	(58,113)	41,887
Ground Force Mod Study	-	40,000	-	40,000
Two State Solution Allen Plan	-	25,000	-	25,000
Korea Unification – Regional Focus	-	82,994	(66,461)	16,533
Challenges to Baltic Security	-	20,000	(5,542)	14,458
Cyber	20,000	-	(8,136)	11,864
Non-profit Veteran Support	-	50,000	(38,433)	11,567
Robert Gates Fellowship – Next				
Generation	-	109,500	(100,536)	8,964
National Security/Energy Program	-	31,100	(26,254)	4,846
National Security	20,000	70,000	(89,630)	370
Taiwan Delegation	166,355	-	(166,355)	-
America's Global Role	100,000	-	(100,000)	-
Responsible Defense Program	-	3,585	(3,585)	-
Economic Statecraft	-	25,000	(25,000)	-
Next Generation National Security Leaders Program	-	30,000	(30,000)	-
Technology and National Security Program	-	3,000	(3,000)	-
	<u>\$ 900,192</u>	<u>\$ 2,036,411</u>	<u>\$ (1,613,804)</u>	<u>\$ 1,322,799</u>

**Note 8. Lines of Credit**

CNAS had two lines of credit with separate banks for \$100,000 and \$500,000 at September 30, 2016. Subsequently, the line of credit for \$100,000 was closed. The \$500,000 line of credit is secured by the assets of CNAS and accrues interest at the Wall Street Journal prime rate plus 1%. CNAS has various covenants to meet annually. There was no outstanding balance on either line at September 30, 2016 and 2015.