Kishwaukee United Way

Financial Statements

For the Year Ended
June 30, 2019

IL NFP Audit and Tax, LLP

Kishwaukee United Way

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IL NFP Audit & Tax, LLP
Certified Public Accountants

Independent Auditor's Report

To the Board of Directors
Kishwaukee United Way
DeKalb, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of Kishwaukee United Way, which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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.

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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 Kishwaukee United Way as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

IL NFP Audit & Tax, LLP

Chicago, Illinois

October 29, 2019

564 West Randolph Street, Suite #200, Chicago, Illinois 60661
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Kishwaukee United Way
Statement of Financial Position
June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Assets			
Current Assets			
Cash and Cash Equivalents	$ 180,561	$ 15,524	$ 196,085
Pledges Receivable, Net	40,675	0	40,675
Total Current Assets	221,236	15,524	236,760
Total Fixed Assets, Net	0	0	0
Other Assets			
Beneficial Interest in Assets Held by Others	0	2,317,013	2,317,013
Total Other Assets	0	2,317,013	2,317,013
Total Assets	$ 221,236	$ 2,332,537	$ 2,553,773
Liabilities and Net Assets			
Current Liabilities			
Agency Allocations Payable	$ 142,337	$ 0	$ 142,337
Accrued Liabilities	1,954	0	1,954
Total Current Liabilities	144,291	0	144,291
Total Liabilities	144,291	0	144,291
Total Net Assets	76,945	2,332,537	2,409,482
Total Liabilities and Net Assets	$ 221,236	$ 2,332,537	$ 2,553,773

Kishwaukee United Way
Statement of Activities
For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support and Gains			
Grants and Donations			
Campaign Contributions	$ 195,735	$ 0	$ 195,735
Corporate and Foundation Grants	0	10,075	10,075
Special Event Revenue (Net of Cost of Direct Benefits to Donors of $9,456)	28,907	0	28,907
Change in Value of Beneficial Interest	0	23,888	23,888
Sponsorships	1,975	4,750	6,725
Miscellaneous	3,487	646	4,133
Interest Income	425	0	425
Net Assets Released from Restrictions:			
Satisfaction of Other Purpose Restrictions	16,236	(16,236)	0
Distribution from Beneficial Interest	98,086	(98,086)	0
Expiration of Time Restrictions	0	0	0
Total Revenue, Support and Gains	344,851	(74,963)	269,888
Functional Expenses			
Program Services	227,892	0	227,892
Management and General	37,945	0	37,945
Fundraising	31,162	0	31,162
Total Functional Expenses	296,999	0	296,999
Change in Net Assets	47,852	(74,963)	(27,111)
Net Assets,			
Beginning of Year	29,093	16,289	45,382
Prior Period Adjustment	0	2,391,211	2,391,211
Beginning of Year, Restated	29,093	2,407,500	2,436,593
End of Year	$ 76,945	$ 2,332,537	$ 2,409,482

Kishwaukee United Way
Statement of Functional Expenses
For the Year Ended June 30, 2019

	Program Services	Management and General	Fundraising	Total
Functional Expenses				
Personnel				
Salaries	$ 24,647	$ 24,646	$ 24,646	$ 73,939
Payroll Taxes	1,901	1,901	1,901	5,703
Employee Benefits	400	400	400	1,200
Total Personnel	26,948	26,947	26,947	80,842
Assistance to Other Organizations	176,417	0	0	176,417
Bank & Processing Fees	550	65	32	647
Depreciation	112	13	7	132
Dues & Subscriptions	4,817	567	283	5,667
Insurance	0	1,343	0	1,343
Meetings & Hospitality	0	0	2,170	2,170
Miscellaneous	702	128	0	830
Occupancy	8,340	981	491	9,812
Office	2,086	191	96	2,373
Postage	291	34	457	782
Printing	0	0	551	551
Professional Development	945	111	56	1,112
Professional Fees	0	7,420	0	7,420
Program Support	5,464	0	0	5,464
Repairs & Maintenance	1,220	145	72	1,437
Total Functional Expenses	$ 227,892	$ 37,945	$ 31,162	$ 296,999

Kishwaukee United Way
Statement of Cash Flows
For the Year Ended June 30, 2019

Cash Flows from Operating Activities		
Received from Supporters and Other Sources	$	234,866
Interest Received		425
Paid to Agencies, Vendors and Employees		(312,897)
Interest Paid		0
Income Taxes Paid		0
Net Cash Used in Operating Activities		(77,606)
Cash Flows from Investing Activities		
Proceeds from Distribution of Beneficial Interest		98,086
Net Cash Provided by Investing Activities		98,086
Net Increase in Cash and Cash Equivalents		20,480
Cash and Cash Equivalents,		
Beginning of Year		175,605
End of Year	$	196,085
Non-cash Operating Activities		
Revenue and Expense Related to In-Kind Donated Goods	$	4,010
Reconciliation of Change in Net Assets to Net Cash Used in Operating Activities		
Change in Net Assets	$	(27,111)
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities:		
Depreciation		132
Change in Beneficial Interest in Assets Held by Others		(23,888)
Change in Allowance for Doubtful Accounts		1,031
Changes in Certain Assets and Liabilities:		
Pledges Receivable		(17,186)
Agency Allocations Payable		(10,643)
Accrued Liabilities		59
Total Adjustments		(50,495)
Net Cash Used in Operating Activities	$	(77,606)

Kishwaukee United Way
Notes to the Financial Statements
For the Year Ended June 30, 2019

Note 1 - Principal Activity and Significant Accounting Policies

Organization and Nature of Activities

Kishwaukee United Way (the "Organization") is an Illinois not-for-profit corporation incorporated in 2004. The Organization's mission comprises of improving lives by sharing community resources. Through collaboration, resource mobilization and voluntary giving, the Organization works to provide a better quality of life for the communities that it serves. The Organization works with others to create lasting changes in DeKalb County. The Organization helps support basic needs, prepares kids for success in school, gives people the tools to become financially stable and improves the health and well being of residents.

The Organization is fully accredited by United Way Worldwide, passing annual requirements. The certification mandates completion of 13 Standards of Excellence for United Way membership along with verification of the status of 40 indicators that demonstrate that our United Way embodies the intent of the membership tenets.

Method of Accounting and Revenue Recognition

The Organization's accounts are maintained on the accrual basis of accounting. Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

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

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has not designated any amounts from net assets without donor restrictions as of June 30, 2019.

Note 1 - Principal Activity and Significant Accounting Policies (Continued)

Method of Accounting and Revenue Recognition (Continued)

Net Assets With Donor Restrictions - Net assets subject to donor-imposed 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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. 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.

Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

Beneficial Interest in Assets Held by Others

The Organization established an endowment fund that is permanent i.e. perpetual in nature under the DeKalb Community Foundation’s DeKalb United Way Endowment Fund and named the Organization as beneficiary. The Organization has granted variance power to the community foundation, which allows the community foundation to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of the community foundation’s Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The fund is held and invested by the community foundation for the Organization’s benefit and is reported at fair value in the statement of financial position, with distributions and changes in fair value recognized in the statement of activities.

Note 1 - Principal Activity and Significant Accounting Policies (Continued)

Receivables and Allowance for Doubtful Accounts

The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Generally accepted accounting principles prescribe unconditional promises to give expected to be collected in more than one year to be initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset; in subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. As the present value adjustment does not apply to the Organization, unconditional promises to give are recorded at net realizable value and not at present value. The Organization determines the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible.

Fixed Assets

The Organization records fixed asset additions over $500 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 7 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Organization reviews the carrying values of fixed assets for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2019.

Note 1 - Principal Activity and Significant Accounting Policies (Continued)

Interfund Balance

In an effort to increase transparency and to simplify its financial statements, the Organization presents its statement of financial position on a fund basis which comprises of the following funds: Net Assets with Donor Restrictions and Net Assets without Donor Restrictions.

As of June 30, 2019, no interfund payables or receivables exists between the Net Assets without Donor Restrictions Fund and the Net Assets with Donor Restrictions Fund.

Agency Allocations Payable

The Organization assists other Organizations through grants (referred to as allocations). Allocations expense is recognized when an allocation is approved by the Board and management of the Organization. Agency allocations payable represents unpaid allocations. At June 30, 2019, all agency allocations payable are expected to be paid within one year.

Deferred Revenue

Exchange transactions in which a reciprocal transfer of assets occurs are recorded as deferred revenue if a corresponding performance obligation is yet to be fulfilled by the Organization. As of June 30, 2019, deferred revenue amounts to $0.

Income Taxes

The Organization is exempt from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue Code, therefore, the financial statements do not include a provision for income taxes. The Organization reviews income tax positions taken or expected to be taken in income tax returns to determine if there are any income tax uncertainties. This includes positions that the entity is exempt from income taxes or not subject to income taxes on unrelated business income. The Organization recognizes tax benefits from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by taxing authorities, based on the technical merits of the positions. The Organization has identified no significant income tax uncertainties. The Organization files information returns as a tax-exempt organization. Should that status be challenged in the future, all years since inception could be subject to review by the IRS.

Note 1 - Principal Activity and Significant Accounting Policies (Continued)

Functional Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The Organization allocates functional expenses mainly on the basis of estimates of time and effort.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising costs

The Organization uses advertising to promote its programs among the audiences it serves. The costs of advertising are expensed the first time the advertising takes place, except for direct-response advertising, which is capitalized and amortized over its expected period of future benefits. The Organization had no direct-response advertising during the year ended June 30, 2019.

Financial Instruments and Credit Risk

The Organization manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit, when applicable, with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits. As of June 30, 2019, the Organization held no deposits above federally insured limits. To date, the Organization has not experienced losses in any of these accounts. Credit risk associated with receivables and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from reputable donors highly supportive of the Organization's mission. When applicable, although the fair values of investments are subject to fluctuation on a year-to-year basis, the Organization believes that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

Note 2 - Beneficial Interest in Assets Held by Others

During the year ended June 30, 2019, beneficial interest in assets held by others comprise of the following restrictions and activity:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Assets Held by Community Foundation	$ 0	$ 2,317,013	$ 2,317,013
	$ 0	$ 2,317,013	$ 2,317,013

	Assets Held by Community Foundation		
	Corpus	Accumulated Earnings	Total
Balance - June 30, 2018	$ 1,932,975	$ 458,236	$ 2,391,211
Net Investment Return - June 30, 2019	0	23,750	23,750
Contributions - June 30, 2019	138	0	138
Distributions - June 30, 2019	0	(98,086)	(98,086)
Balance - June 30, 2019	$ 1,933,113	$ 383,900	$ 2,317,013

For the year ended June 30, 2019, the change in beneficial interest in assets held by others comprises of the following:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Change in Beneficial Interest in Assets Held by Community Foundation	$ 0	$ 23,888	$ 23,888
	$ 0	$ 23,888	$ 23,888

Note 3 - Fair Value Measurements and Disclosures

When appropriate, the Organization reports certain assets and liabilities at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available.

A three-tier hierarchy categorizes the inputs as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3: Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

Note 3 - Fair Value Measurements and Disclosures (Continued)

When appropriate, the Organization utilizes net asset value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, as a practical expedient to estimate the fair values of certain investments e.g. hedge funds, private equity funds, funds of funds, and limited partnerships, which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy. The Organization has no investments valued at net asset value as of June 30, 2019.

The following assets are measured at fair value as of June 30, 2019:

	Balance at June 30, 2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Beneficial Interests				
Assets Held by Community Foundation	$ 2,317,013	$ 0	$ 0	$ 2,317,013
	$ 2,317,013	$ 0	$ 0	$ 2,317,013

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	Assets Held by Community Foundation
Balance at June 30, 2018	$ 2,391,211
Change in Value of Beneficial Interest	23,888
Distributions from Beneficial Interest	(98,086)
Balance at June 30, 2019	$ 2,317,013

Note 4 - Pledges Receivable

At June 30, 2019, receivables are estimated to be collected as follows:

Within One Year	$	43,271
In More than One Year		0
Less: Discount to Net Present Value		0
Less: Allowance for Doubtful Accounts		(2,596)
Accounts Receivable, Net	$	40,675

Note 5 - Fixed Assets

At June 30, 2019, fixed assets comprise of the following:

Machinery and Equipment	$	16,960
Total Cost		16,960
Less: Accumulated Depreciation		(16,960)
Fixed Assets, Net	$	0

Depreciation expense amounts to $132 for the year ended June 30, 2019.

Note 6 - In-Kind Donations

Donated Services, Donated Goods and Donated Space

Donated services are recognized as revenues at their estimated fair value when they create or enhance nonfinancial assets or they require specialized skills which would need to be purchased if they were not donated. Volunteers contribute significant amounts of time to the Organization's program services, administration, and fundraising activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. For the year ended June 30, 2019, the Organization did not receive any donated services that meet the recognition criteria prescribed by generally accepted accounting principles.

Note 6 - In-Kind Donations (Continued)

Donated Services, Donated Goods and Donated Space (Continued)

Donated goods are recorded at fair value on the date of donation. The Organization received $4,010 of donated goods during the year ended June 30, 2019.

Donated space is recorded at its estimated fair value on the date of donation. No donated space was received by the Organization during the year ended June 30, 2019.

Donated goods of $4,010 are recorded within special events revenues on the statement of activities. Donated goods expense is correspondingly recorded within the following expenses on the financial statements:

	Statement of Functional Expense			Statement of Activities
	Program Services	Management & General	Fundraising	Special Events (Net)
Cost of Direct Benefits to Donors	$ 0	$ 0	$ 0	$ 4,010
	$ 0	$ 0	$ 0	$ 4,010

Note 7 - Lease Commitments

The Organization leases its office space under a long-term lease ending on June 30, 2020. The lease calls for monthly payments of $675. Rent expense for the year ended June 30, 2019 amounts to $8,100.

Future minimum lease payments are as follows:

For the Year Ended June 30, 2020	$ 8,100
	$ 8,100

Note 8 - Prior Period Adjustment

In order to correct the balances of certain accounts, the following prior period adjustments were made to the beginning balances of said accounts at June 30, 2018:

	Increase (Decrease)		
	Assets	Liabilities	Net Assets
Beneficial Interest in Assets Held by Others	$ 2,391,211	$ 0	$ 0
Net Assets With Donor Restrictions	0	0	2,391,211

Note 9 - Net Asset Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods:

Temporary Restrictions	
Subject to Purpose and Timing Restrictions	
Accumulated Earnings on Assets Held by Community Foundation	$ 383,900
2-1-1 Program	10,992
Money Smart Week Program	4,532
Total Subject to Purpose and Timing Restrictions	399,424
Perpetual (Permanent) Restrictions	
Subject to Perpetual Restrictions	
Corpus of Assets to be Held in Perpetuity with Community Foundation	1,933,113
Total Subject to Perpetual Restrictions	1,933,113
Total Net Assets with Restrictions	$ 2,332,537

Note 9 - Net Asset Restrictions (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions or by the occurrence of the passage of time or other events specified by donors during the year ended June 30, 2019:

Purpose Restrictions Accomplished		
MLK Days Pass-Through	$	7,500
2-1-1 Program		4,042
Born Learning Program		2,500
Day of Caring Program		1,500
Spring Internship		575
Money Smart Week Program		119
Total Purpose Restrictions Accomplished		16,236
Restricted-purpose Spending-rate Distributions and Appropriations Satisfied		
Beneficial Interest Distribution		98,086
Restricted-purpose Spending-rate Distributions and Appropriations Satisfied		98,086
Total Restrictions Released	$	114,322

Note 10 - Retirement Plan

The Organization provides its employees with a Simple IRA retirement plan. Employees that are eligible can make voluntary tax deferred contributions to the plan up to IRS limits. The Organization matches employee contributions upto 3%. Matching contributions made by the Organization during the year ended June 30, 2019 amount to $1,200.

Note 11 - Liquidity

The Organization has $277,435 of financial assets available for general expenditures within one year of the balance sheet date. Of this amount, $15,524 of financial assets are subject to donor timing or purpose restrictions expiring within one year. Financial assets available within one year of the balance sheet for general expenditures comprise of the following:

Cash and Cash Equivalents	$	196,085
Pledges Receivable, Net		40,675
	$	277,435

No contractual restrictions exist that make current financial assets unavailable for general expenditure within one year of the balance sheet date. As of June 30, 2019, the Organization does not expect that its liquidity will deteriorate.

Note 12 - Change in Accounting Principle

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) - *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

The reclassifications corresponding to the retrospective application of ASU 2016-14 are summarized as follows: On the statement of financial position and statement of activities, amounts previously reported as unrestricted net assets have been reclassified to net assets without donor restrictions, and amounts previously reported as temporarily and permanently restricted net assets have been reclassified to net assets with donor restrictions.

Note 13 - Recent Accounting Guidance

Upcoming Accounting Pronouncement - Revenue Recognition

In May 2014, the FASB issued ASU No. 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 and 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 new guidance will be effective for the Organization's year ending June 30, 2020. The ASU permits application of the new revenue recognition guidance to be applied using one of two retrospective application methods: retrospectively to each period presented (full retrospective method) or retrospectively with the cumulative effect of initially applying the guidance recognized at the date of initial application (the cumulative catch-up transition method). The Organization has not yet determined which application method it will use. Management has begun analyzing revenue streams that will be impacted and believes that the pattern of revenue recognition could change upon adoption of the pronouncement. Management is currently analyzing the disclosures that will be required with this pronouncement.

Upcoming Accounting Pronouncement - Leases

In February 2016, the FASB issued ASU No. 2016-02, Leases, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. Currently, leases are classified as either capital or operating, with only capital leases recognized on the statement of financial position. The reporting of lease-related expenses in the statement of activities and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Organization's year ending June 30, 2021 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The new lease standard is not expected to have a significant effect on the Organization's statement of financial position.

Note 14 - Concentration of Funding

The Organization continuously attempts to diversify its donor and revenue base. For the year ended June 30, 2019, the Organization has no concentrations of funding.

Note 15 - Subsequent Events

The date to which events occurring after June 30, 2019, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is October 29, 2019, which is the date on which the financial statements were available to be issued.