THE FAMILY CENTER
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

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BLANKENSHIP

Independent Auditors' Report

To the Board of Directors
The Family Center

Report on the Financial Statements
We have audited the accompanying financial statements of The Family Center (a Tennessee not-for-profit corporation), which comprise the statements of financial position as of June 30, 2019 and 2018, the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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

Auditors' 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 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 The Family Center as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Blankenship CPA Group, PLLC

Blankenship CPA Group, PLLC
Brentwood, Tennessee
October 16, 2019

THE FAMILY CENTER
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

	2019	2018
ASSETS		
Cash	$ 399,500	$ 438,768
Accounts receivable	28,521	18,556
Pledge and contributions receivables, net	36,247	271,206
Prepaid expenses	6,313	1,707
Investments	56,029	-
Property and equipment, net	398,362	427,440
Beneficial interest in funds held by Community Foundation of Middle Tennessee	33,361	33,236
TOTAL ASSETS	$ 958,333	$ 1,190,913
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$ 8,927	$ 16,467
Accrued expenses	19,626	17,872
Total Liabilities	28,553	34,339
NET ASSETS		
Without donor restrictions	881,283	878,885
With donor restrictions	48,497	277,689
Total Net Assets	929,780	1,156,574
TOTAL LIABILITIES AND NET ASSETS	$ 958,333	$ 1,190,913

The accompanying notes are an integral part of these financial statements.

THE FAMILY CENTER
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Changes in Net Assets Without Donor Restrictions		
Revenues and Support:		
Contracts and government grants	$ 332,662	$ 302,049
Contributions and foundation grants	373,520	268,817
Special events (net of direct benefits to donors of $51,052 and $32,101 for 2019 and 2018, respectively)	143,123	109,862
Program fees	12,606	11,836
Distribution from beneficial interest	1,500	1,500
Change in value of beneficial interest in funds held by Community Foundation of Middle Tennessee	125	733
Investment income	6,018	-
Interest income	1,088	1,352
Other	7,543	3,703
Total Unrestricted Revenues and Support	878,185	699,852
Net assets released from restrictions	250,192	164,001
Total Unrestricted Revenues, Support and Reclassifications	1,128,377	863,853
Expenses:		
Program services	865,571	750,970
Supporting services:		
Management and general	93,772	126,863
Fundraising	166,636	177,872
Total Expenses	1,125,979	1,055,705
Increase (Decrease) in Net Assets Without Donor Restrictions	2,398	(191,852)
Changes in Net Assets With Donor Restrictions		
Contributions and foundation grants	21,000	292,206
Net assets released from restrictions	(250,192)	(164,001)
(Decrease) Increase in Net Assets With Donor Restrictions	(229,192)	128,205
Decrease in net assets	(226,794)	(63,647)
Net assets, beginning of year	1,156,574	1,220,221
Net assets, end of year	$ 929,780	$ 1,156,574

The accompanying notes are an integral part of these financial statements.

THE FAMILY CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019

	Program Services	Supporting Services: Management and General	Supporting Services: Fund Raising	Total
Salaries	$ 544,366	$ 47,934	$ 112,626	$ 704,926
Contract wages	47,017	7,093	1,800	55,910
Employee benefits	41,372	1,980	11,155	54,507
Payroll taxes	41,687	3,484	8,728	53,899
Total personnel costs	674,442	60,491	134,309	869,242
Supplies	29,165	107	123	29,395
Depreciation	24,716	1,454	2,908	29,078
Facility rent	22,840	-	-	22,840
Communications	16,564	648	1,736	18,948
Professional services	2,911	15,421	343	18,675
Insurance	15,218	895	1,790	17,903
Advertising	17,162	-	-	17,162
Travel and entertainment	11,240	2,251	2,004	15,495
Conferences and professional development	4,260	8,714	1,084	14,058
Technology	11,727	217	1,616	13,560
Building repairs and maintenance	10,010	454	908	11,372
Utilities	9,039	351	701	10,091
Equipment rental and maintenance	6,933	1,015	355	8,303
Dues and licenses	4,542	228	1,037	5,807
Merchant service charges	2,327	-	1,855	4,182
Miscellaneous	-	1,526	1,725	3,251
Printing	2,475	-	-	2,475
Bad debts	-	-	-	-
Total expenses before special events direct costs	865,571	93,772	152,494	1,111,837
Special events direct costs	-	-	65,194	65,194
Less direct benefits to donors	-	-	(51,052)	(51,052)
Total special events direct costs	-	-	14,142	14,142
Total expenses	$ 865,571	$ 93,772	$ 166,636	$ 1,125,979

The accompanying notes are an integral part of these financial statements.

THE FAMILY CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018

	Program Services	Supporting Services: Management and General	Supporting Services: Fund Raising	Total
Salaries	$ 472,566	$ 41,891	$ 119,072	$ 633,529
Contract wages	30,875	32,886	-	63,761
Employee benefits	43,780	1,588	10,975	56,343
Payroll taxes	32,924	3,000	8,330	44,254
Total personnel costs	580,145	79,365	138,377	797,887
Supplies	14,989	287	463	15,739
Depreciation	25,694	1,814	2,720	30,228
Facility rent	19,200	-	-	19,200
Communications	12,378	2,052	1,555	15,985
Professional services	1,071	12,653	-	13,724
Insurance	17,125	1,209	1,813	20,147
Advertising	2,308	-	181	2,489
Travel and entertainment	13,566	515	2,042	16,123
Conferences and professional development	16,137	3,289	3,735	23,161
Technology	11,801	435	689	12,925
Building repairs and maintenance	8,157	576	863	9,596
Utilities	9,365	661	992	11,018
Equipment rental and maintenance	6,672	471	706	7,849
Dues and licenses	5,134	366	1,738	7,238
Merchant service charges	1,056	1,152	-	2,208
Miscellaneous	-	1,835	-	1,835
Printing	6,172	2,275	4,903	13,350
Bad debts	-	17,908	-	17,908
Total expenses before special events direct costs	750,970	126,863	160,777	1,038,610
Special events direct costs	-	-	49,196	49,196
Less direct benefits to donors	-	-	(32,101)	(32,101)
Total special events direct costs	-	-	17,095	17,095
Total expenses	$ 750,970	$ 126,863	$ 177,872	$ 1,055,705

The accompanying notes are an integral part of these financial statements.

THE FAMILY CENTER
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Cash flows from operating activities:		
Decrease in net assets	$ (226,794)	$ (63,647)
Adjustments to reconcile decrease in net assets to net cash provided (used) by operating activities:		
Depreciation	29,078	30,228
Investment income	(6,018)	-
Payout from beneficial interest held in trust by others	(1,500)	(1,500)
Change in value of beneficial interest in funds held by Community Foundation of Middle Tennessee	(125)	(733)
Donation of investments	(5,216)	
(Increase) decrease in:		
Accounts receivable	(9,965)	37,141
Pledge and contributions receivables, net	234,959	(162,396)
Prepaid expenses	(4,606)	2,699
Increase (decrease) in:		
Accounts payable	(7,540)	1,691
Accrued expenses	1,754	8,179
Net cash provided (used) by operating activities	4,027	(148,338)
Cash flows from investing activities:		
Cash from beneficial interest in funds held by others	1,500	1,500
Proceeds from the sale of investments	5,205	-
Purchases of investments	(50,000)	-
Net cash (used) provided by investing activities	(43,295)	1,500
Net decrease in cash	(39,268)	(146,838)
Cash, beginning of year	438,768	585,606
Cash, end of year	$ 399,500	$ 438,768

The accompanying notes are an integral part of these financial statements.

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

The Family Center (the Organization) is a private, not-for-profit organization focused on changing lives, changing families, and changing futures through its mission of breaking multi-generational cycles of child abuse, neglect, and trauma. It is a licensed Tennessee Child Abuse Prevention Agency with locations in Nashville and Murfreesboro and serves individuals and families across Middle Tennessee. During the year ending June 30, 2019, the Organization served 2,197 adults and impacted 1,975 children through its Positive Parenting Plus!, Nurturing Family, Co-Parenting, and Community Resilience/Trauma Informed Cultures programs (direct services).

Research demonstrates that the key to mitigating multi-generational risks for negative health, mental health, substance abuse, emotional, or socio-economic outcomes is through a trauma informed lens that promotes resilience. The Organization works with myriad families of all races, ethnicities, and socio-economics (with an emphasis on higher risk families) to increase awareness about Adverse Childhood Experiences/Adverse Community Environments (ACEs) and provide education, skills, support, and resources that increase the potential for positive change.

The Organization's direct service programs, along with its community outreach, awareness, and advocacy efforts incorporate evidence-informed and evidence-based curricula and emerging evidence in related fields. It is a founding member of and active partner with All Children Excel (ACE) Nashville, a collective impact initiative aimed at reducing ACEs through a public health approach. As neuroscience, psychology, and sociology converge to better understand the dynamics behind brain development, The Organization is at the forefront of integrating this knowledge into its service delivery. Our programs are evolving to better meet community and family needs, offering clients both more voice and choice in how and where they participate. In addition, we are using more analytics in determining efficacy and impact in our programs, involving clients and volunteers through expanded program opportunities, and raising our profile among donors and community partners. Our staff and Board of Directors are committed to our values of Excellence, Integrity, Inclusion, Transformation, and Connection as we align the organization to family and community needs across Middle Tennessee.

The Organization is financially supported by individual donations, corporate support, foundation grants, government grants, area Exchange Clubs, the Economic Club of Nashville, the United Way, various special events, and client program fees.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation
The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

> **Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.
>
> **Net assets with donor restrictions**: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Use of Estimates
The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Investments
Investments are held by a broker and consist of equity and bond mutual funds. They are reported at quoted fair market value based on the last reported sale of the year on a national security exchange. Interest and dividends, as well as changes in unrealized gains and losses are recognized in the statement of activities for the period.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment and Depreciation
It is the Organization's policy to capitalize all property and equipment over $1,000. Property and equipment acquisitions are recorded at cost. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted revenues unless the donor has restricted the donated asset to a specific purpose. When depreciable assets are disposed of, the cost and related accumulated depreciation are removed from the accounts, and any gain (except on trade-in) or loss is included in the statements of activities for the period. A gain on trade-in is applied to reduce the cost of the new acquisition. Depreciation is computed using the straight-line method over 10 to 40 years for buildings and improvements and 5 to 10 years for furniture and equipment.

Beneficial Interest in Funds Held By Community Foundation of Middle Tennessee
The Organization's beneficial interest in an agency endowment fund held by the Community Foundation of Middle Tennessee is recognized as an asset. Changes in the value of the fund are recognized in the statements of activities, and distributions received from the fund are recorded as decreases in the beneficial interest and investment income.

Contributions
Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Revenue Recognition and Accounts Receivable
Government grants are considered exchange transactions and accordingly revenue is recognized in the period in which the Organization incurs and bills for the associated reimbursable costs. Program fees revenues are recognized and generally collected at the time the educational and awareness services are provided to the individuals or families. Accounts receivable represents amounts owed from government grants and programs fees. No allowance for bad debts was deemed necessary as of June 30, 2019 and 2018.

Donated Services, Materials and Rent
Various volunteers donate many hours to the Organization's program services and fundraising campaigns. These contributed services are reflected in the financial statements only when the services require specialized skills. Materials, prizes, rent and other assets received as donations are recorded and reflected in the accompanying financial statements at their estimated fair values at the date of the receipt.

Fair Value Measurements
Financial accounting standards relating to fair value measurements establish a 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs – Fair values are based on quoted prices (unadjusted) in active markets for identical assets that the Organization has the ability to access at the measurement date (e.g. prices derived from NYSE, NAADAQ or Chicago Board of Trade).

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)
Level 2 Inputs – Fair values are based on inputs other than quoted prices included within level 1 that are observable for valuing the asset or liability, either directly or indirectly (e.g. interest rate and yield curves observable at commonly quoted intervals, default rates, etc.). Observable inputs include quoted prices for similar assets or liabilities in active or non-active markets. Level 2 inputs may also include insignificant adjustments to market observable inputs.

Level 3 Inputs – Fair values are based on unobservable inputs used for valuing the asset or liability. Unobservable inputs are those that reflect the Organization's own assumptions about the assumptions that market participants would use in pricing the asset, based on the best information available in the circumstances. An example could be real estate valuations, which require significant judgment.

The beneficial interest in funds held by the Community Foundation of Middle Tennessee ("CFMT") represents the Organization's interest in pooled investments with other participants in the funds. CFMT prepares a valuation of the fund based on the fair value of the underlying investments and allocates income or loss to each participant based on market results. Due to the nature of the underlying investments and method of allocation of the fund, the beneficial interest in the agency endowment fund is classified within Level 3 of the valuation hierarchy.

Income Taxes
The Organization is a not-for-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service (IRS) as other than a private foundation.

Functional Expenses
The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

Expense	Method of Allocation
Personnel costs	Time and effort
Supplies	Estimated usage
Depreciation	Facility square footage
Communications	Estimated usage
Insurance	Facility square footage
Technology	Estimated usage
Building repairs and maintenance	Facility square footage
Utilities	Facility square footage
Equipment rental and maintenance	Estimated usage
Dues and licenses	Estimated usage

New Accounting Pronouncement
On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) No. 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 adjusted the presentation of these statements accordingly.

NOTE 3 – RESTATEMENT OF NET ASSETS

The Organization has restated its previously issued 2017 financial statements to correct a classification error related to the presentation and disclosure of its endowment fund held by the Community Foundation of Middle Tennessee. The effect of this reclassification is to increase the net assets without donor restrictions and decrease the net assets with donor restriction by $32,503 over what was previously reported.

NOTE 4 – AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at June 30, 2019:

Financial assets at year end:	
Cash	$ 399,500
Accounts receivable	28,521
Pledges and contributions receivable, net	36,247
Investments	56,029
Beneficial interest in funds held by others	33,361
Total financial assets	553,658
Less amounts not available to be used within one year:	
Beneficial interest in funds held by others	33,361
Financial assets available to meet general expenditures over the next twelve months	$ 520,297

As part of its liquidity plan, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization receives year-round donations from individuals and the Organization makes specific appeals at strategic times of the year for specific projects. Cash flow is tracked through regular budget to actual comparisons which are monitored by management and the board of directors.

NOTE 5 – PLEDGE AND CONTRIBUTIONS RECEIVABLES

Pledge and contributions receivables are summarized as follows as of June 30:

	2019	2018
Pledge and contributions receivables	$ 41,347	$ 276.306
Less: Allowance for bad debts	(5,100)	(5,100)
	$ 36,247	$ 271,206

Scheduled expected collections of pledge and contributions receivables are as follows for the year ending June 30:

2020	$ 23,934
2021	12,313
	$ 36,247

NOTE 6 – INVESTMENTS

The Organization's investments consist of the following as of June 30, 2019:

Cash equivalents	$ 647
Mutual funds	55,382
	$ 56,029

Investment income includes the following for the eighteen months ended June 30, 2019:

Dividends and interest	$ 1,069
Net gain on investments	5,253
Investment expenses	(304)
	$ 6,018

The Organization's major categories of investments measured at fair value on a recurring basis, by level within the fair value hierarchy as of June 30, 2019 includes mutual funds which are all measured with Level 1 inputs.

NOTE 7 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30:

	2019	2018
Land	$ 124,887	$ 124,887
Building and improvements	595,716	595,716
Furniture and equipment	82,805	84,228
	803,408	804,831
Accumulated depreciation	(405,046)	(377,391)
	$ 398,362	$ 427,440

Depreciation expense was $29,078 and $30,228 for 2019 and 2018, respectively.

NOTE 8 – BENEFICIAL INTEREST IN FUNDS HELD BY OTHERS

The Organization has a beneficial interest in an endowment fund held by the Community Foundation of Middle Tennessee (the "CFMT") that resulted from funds transferred by the Organization (see Note 9). The Organization has granted variance power to the CFMT, and the CFMT has the ultimate authority and control over the Fund and the income derived there from. The fund is charged a .4% administrative fee annually. Upon request by the Organization, income from the fund representing a 5% annual return may be distributed to the Organization or to another suggested beneficiary.

A schedule of changes in the Organization's beneficial interest in this fund follows for the years ended June 30:

	2019	2018
Balance, beginning of year	$ 33,236	$ 32,503
Change in value of beneficial interest:		
Investment earnings	1,832	2,450
Grants distributed	(1,500)	(1,500)
Administrative expenses	(207)	(217)
Net change	125	733
Balance, end of year	$ 33,361	$ 33,236

NOTE 9 – NET ASSETS

Net assets without donor restrictions are available for the Organization's various programs and administration. Within net assets without donor restrictions, the Organization has designated funds for an endowment (see Note 8). Net assets with donor restrictions are restricted for certain programs or projects.

Net assets consist of the following at June 30:

	2019	2018
Net assets without donor restrictions		
Undesignated net assets without donor restrictions	$ 847,922	$ 845,649
Designated net assets in beneficial interest held by others	33,361	33,236
	881,283	878,885
Net assets with donor restrictions		
Pledges/contributions receivables	36,247	225,364
Program grants	12,250	12,325
Time restricted - general operations	-	40,000
	48,497	277,689
	$ 929,780	$ 1,156,574

NOTE 10 – LEASES

The Organization has entered into various operating leases for office copiers. A schedule of future minimum lease payments under these operating leases are as follows for the years ending June 30:

2020	$ 1,560
2021	1,560
2022	520
Total	$ 3,640

Rental expense was $3,204 and $3,159 for the years ended June 30, 2019 and 2018.

Various not-for-profit organizations provide the Organization with classroom space for programming. Accordingly, the value of this facility usage has been included as in-kind contributions described in Note 10.

NOTE 11 – DONATED SERVICES AND MATERIALS

The following donated services and materials have been included in unrestricted revenues and expenses in the financial statements for the year ended June 30:

	2019	2018
Included in contributions/expenses		
Facility usage	$ 22,840	$ 19,200
Food for programs and meetings	2,970	-
Professional services	-	2,805
	25,810	22,005
Included in special events income/expense		
Food and supplies for fundraiser	4,820	1,000
	$ 30,630	$ 23,005

Additionally, in-kind contributions for auction items were received and recorded as assets that totaled $18,461 and $35,465 for 2019 and 2018, respectively. These assets were subsequently sold during fundraising events with the proceeds recorded in special events income.

NOTE 12 – RETIREMENT PLAN

The Organization provides a defined contribution 401(k) retirement plan. Employees meeting certain eligibility requirements can participate in the plan to the extent allowed under the Employee Retirement Income Security Act (ERISA). The plan also provides for discretionary matching contributions and profit sharing by the Organization. Participants are immediately vested in their voluntary contributions plus related earnings; whereas, participants are fully vested in the Organization's contributions plus related earnings after five years of service. The Organization made no matching or profit sharing contributions in years ending June 30, 2019 or 2018.

NOTE 13 – CONCENTRATIONS

Of the Organization's total revenues for the year ending June 30, 2019, approximately 17% (10% for 2018) represents funds received from one government contract. No other revenue source represents 10% or more of total revenues.

NOTE 14 – RELATED PARTY TRANSACTION

A member of the board of directors is employed by the company that administers the Organization's property and casualty insurance.

NOTE 15 – RECENT ACCOUNTING PRONOUNCEMENTS

In August 2018, the FASB issued ASU 2018-*08, Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* ASU 2018-08 will result in treatment of most government grants as donor-restricted conditional contributions rather than exchange transactions and applies to all entities that make or receive contributions. The new standard also clarifies the criteria for evaluating whether contributions are unconditional or conditional. The Organization does not expect the timing of grant or gift revenue recognition to change significantly as a result of this ASU. The Organization will implement ASU 2018-08 in fiscal 2020.

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842). ASU No. 2016-02 requires recognition of rights and obligations arising from lease contracts, including existing and new arrangements, as assets and liabilities on the balance sheet. ASU No. 2016-02 is effective for annual reporting periods beginning after December 15, 2019. The Organization's adoption of the new standard in 2020 will require quantitative and qualitative financial statement disclosures regarding the Organization's lease arrangements and balance sheet presentation of right of use assets and lease liabilities representative of the Organization's discounted future lease payments. The Organization is currently evaluating the effect that implementation of the new standard will have on its financial statements in the subsequent years.

NOTE 16 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through October 16, 2019 which is the date the financial statements were available to be issued.