

**CUMBERLAND RIVER COMPACT**  
**FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITOR'S REPORT**  
  
**MARCH 31, 2021**

# **CUMBERLAND RIVER COMPACT**

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## **Independent Auditor's Report**

To the Board of Directors  
Cumberland River Compact  
Nashville, Tennessee

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Cumberland River Compact (the Organization) which comprise the statement of financial position as of March 31, 2021, and the related statements of activities and changes in net assets, cash flows and functional expenses 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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.

*(Auditor's report continued on next page)*

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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 the Organization as of March 31, 2021, 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.

Puryear & Noonan, CPAs  
Nashville, Tennessee  
November 23, 2021

**Cumberland River Compact  
Statement of Financial Position  
March 31, 2021**

**Assets**

**Current Assets**

Cash	\$ 1,178,785
Restricted cash	16,464,023
Accounts receivable	23,158
Pledges receivable	7,020
Grants receivable	156,897
Prepaid expenses and other	69,433
<b>Total Current Assets</b>	<b><u>17,899,316</u></b>

**Property and Equipment**

Furniture and Equipment	141,726
Leasehold Improvements	105,265
Vehicles	52,871
Less - Accumulated Depreciation	(198,914)
<b>Net Property and Equipment</b>	<b><u>100,948</u></b>

**Other Assets**

Pledges receivable - due in more than one year	2,000
<b>Total Other Assets</b>	<b><u>2,000</u></b>

<b>Total Assets</b>	<b><u><u>\$ 18,002,264</u></u></b>
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**Liabilities and Net Assets**

**Current Liabilities**

Accounts payable	\$ 106,048
Deferred lease liability	14,980
Deferred ILF program revenue	15,046,575
Other current liabilities	44,082
Paycheck Protection Program (PPP)	120,785
<b>Total Current Liabilities</b>	<b><u>15,332,470</u></b>

**Net Assets**

Without donor restrictions	2,175,808
Without donor restrictions - board designated	50,000
With donor restrictions	443,986
<b>Total Net Assets</b>	<b><u>2,669,794</u></b>

<b>Total Liabilities and Net Assets</b>	<b><u><u>\$ 18,002,264</u></u></b>
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See independent auditor's report and accompanying notes to financial statements.

**Cumberland River Compact**  
**Statement of Activities and Changes in Net Assets**  
**For the Year Ended March 31, 2021**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenues and Support</b>			
Contributions	\$ 422,031	\$ 800,000	\$ 1,222,031
ILF program income	316,496	-	316,496
Government grants	184,359	-	184,359
Other grants	249,303	-	249,303
In-kind contributions	3,005	-	3,005
Fundraising events	2,500	-	2,500
Program service fees	194,516	-	194,516
Investment income	37,043	-	37,043
Other Income	131,889	-	131,889
Net assets released from restriction	387,505	(387,505)	-
<b>Total Revenues and Support</b>	<u>1,928,647</u>	<u>412,495</u>	<u>2,341,142</u>
<b>Expenses</b>			
Program services	1,294,907	-	1,294,907
General and administrative	359,186	-	359,186
Fundraising	15,351	-	15,351
<b>Total Expenses</b>	<u>1,669,444</u>	<u>-</u>	<u>1,669,444</u>
<b>Change in Net Assets</b>	259,203	412,495	671,698
<b>Net Assets - Beginning of Year</b>	<u>1,966,605</u>	<u>31,491</u>	<u>1,998,096</u>
<b>Net Assets - End of Year</b>	<u><u>\$ 2,225,808</u></u>	<u><u>\$ 443,986</u></u>	<u><u>\$ 2,669,794</u></u>

See independent auditor's report and accompanying notes to financial statements.

**Cumberland River Compact  
Statement of Cash Flows  
For the Year Ended March 31, 2021**

**Cash Flows from Operating Activities**

Change in net assets \$ 671,698

**Adjustments to Reconcile Change in Net Assets**

**to Net Cash Provided by (Used for) Operating Activities**

Depreciation expense	19,800
Forgiveness of PPP loan	(111,460)
(Increase) decrease in receivables	201,089
(Increase) decrease in prepaid expenses and other	22,111
Increase (decrease) in accounts payable and other current liabilities	(65,698)
Increase (decrease) in deferred lease liability	(2,178)
Increase (decrease) in deferred ILF program revenue	2,605,732

<b>Net Cash Provided by (Used for) Operating Activities</b>	<u>3,341,094</u>
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**Cash Provided from Investing Activities**

Purchases of property and equipment	<u>(60,241)</u>
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<b>Net Cash Provided by (Used for) Investing Activities</b>	<u>(60,241)</u>
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**Cash Provided from Financing Activities**

Proceeds from PPP loans	<u>232,245</u>
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<b>Net Cash Provided by (Used for) Financing Activities</b>	<u>232,245</u>
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<b>Net Change in Cash</b>	3,513,098
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<b>Cash - Beginning of Year</b>	<u>14,129,710</u>
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<b>Cash - End of Year</b>	<u><u>\$ 17,642,808</u></u>
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**Balance Sheet Presentation**

Cash	\$ 1,178,785
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Restricted cash	<u>16,464,023</u>
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	<u><u>\$ 17,642,808</u></u>
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See independent auditor's report and accompanying notes to financial statements.

**Cumberland River Compact  
Statement of Functional Expenses  
For the Year Ended March 31, 2021**

	<b>Program Services</b>	<b>General and Administrative</b>	<b>Fundraising</b>	<b>Total</b>
Salaries and benefits	\$ 458,375	\$ 167,485	\$ 7,128	\$ 632,988
Contract labor	167,629	670	-	168,299
Marketing and fundraising	31,242	7,924	7,700	46,866
Occupancy costs	91,903	82,426	-	174,329
Supplies	178,753	814	-	179,567
Insurance	-	12,213	-	12,213
Repairs and maintenance	17,071	4,932	-	22,003
Meetings	27	276	-	303
Professional fees	269,145	52,503	523	322,171
Conferences	958	90	-	1,048
Travel expenses	7,501	-	-	7,501
Printing and publications	3,103	-	-	3,103
Dues and subscriptions	2,392	6,196	-	8,588
Equipment rental	66,688	3,857	-	70,545
Other Expenses	120	-	-	120
Depreciation	-	19,800	-	19,800
<b>Total Functional Expenses</b>	<b>\$ 1,294,907</b>	<b>\$ 359,186</b>	<b>\$ 15,351</b>	<b>\$ 1,669,444</b>

See independent auditor's report and accompanying notes to financial statements.



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**CUMBERLAND RIVER COMPACT**  
Notes to Financial Statements  
March 31, 2021

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**Note 1 - Summary of Significant Accounting Policies**

***Organization and Purpose***

Cumberland River Compact (the Organization) was incorporated under the laws of the State of Tennessee in the City of Nashville as a nonprofit organization in 1997. The Organization's mission is to enhance the health and enjoyment of the Cumberland River and its tributaries through education, collaboration and action. The Organization's revenue and support comes primarily from donations from individuals, foundations, and businesses, as well as from both government and private grants. In addition, the Organization is operating in a stream restoration In-Lieu Fee Program (ILF Program) (see Note 4).

***Basis of Accounting***

The financial statements of the Organization have been prepared on the accrual basis of accounting which means that revenues are recognized when earned rather than when collected and expenses are recorded when incurred rather than when disbursed.

***Use of Estimates***

Management of the Organization has made a number of assumptions relating to the reporting of assets and liabilities and disclosure of contingent assets and liabilities to prepare these financial statement in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Actual results could differ from these estimates.

***Financial Statement Presentation***

For financial statement presentation, the Organization reports its financial information according to two classes of net assets (net assets with and without restrictions) based on the existence or absence of donor-imposed restrictions.

***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. Net assets without restrictions may be designated for specific purposes by action of the Board of Directors. The Board has designated \$50,000 for operating reserves.

***Net Assets with Donor Restrictions***

Net assets subject to stipulations imposed by donors and grantors that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions in the Statement of Activities and

Changes in Net Assets as net assets released from restrictions. At March 31, 2021, there were \$443,986 of net assets restricted for stormwater runoff.

***Accounts Receivable***

The Organization considers accounts receivable to be fully collectible at year end. Accordingly, no allowance for doubtful accounts has been recorded.

***Grants Receivable***

The Organization has been awarded several reimbursement-type state and federal governmental grants. Grants receivable at March 31, 2021 consists primarily of costs incurred on reimbursable grants that had not yet been reimbursed to the Organization.

***Pledges Receivable***

Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value and included in current assets. For multi-year pledges, the amounts promised in subsequent years are discounted, if significant, and included in other assets. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

***Property and Equipment***

Property and equipment are recorded at cost and are depreciated using the straight-line method based on the following estimated useful lives of the assets.

Furniture and Equipment	5 - 7 years
Leasehold improvements	15 years
Vehicles	5 years

Significant additions and betterments are capitalized. Expenditures for maintenance, repairs and minor renewals are charged to expense as incurred. Depreciation expense for the year ended March 31, 2021 was \$19,800.

***Measure of Operation***

The Statement of Activities and Changes in Net Assets reports changes in net assets, including net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing activities and interest and investment income. Non-operating activities are limited to resources that generate return from other investments, permanently restricted contributions, net assets released for capital expenditures, and other activities considered to be of a more unusual/or non-reoccurring nature.

There were no non-operating activities for the year ended March 31, 2021.

***Program and Supporting Services - Functional Expenses***

The following program and supporting services are included in the accompanying financial statements on the Statement of Functional Expenses.

***Program Services*** - includes activities carried out to fulfill the Organization's mission to enhance the health and enjoyment of the Cumberland River and its tributaries through education, collaboration and action.

***Supporting Services - General and Administrative*** - relates to the overall direction of the Organization. These expenses are not identifiable with a particular program, event or fundraising, but are indispensable to the conduct of those activities and are essential to the Organization. Specific activities include organizational oversight, business management, record keeping, budgeting, financing, and other administrative activities.

***Supporting Services - Fundraising*** - includes cost of activities directed toward appeals for financial support and the cost of solicitations and creation and distribution of fundraising materials.

***Classification of Expenses***

Expenses are classified functionally as a measure of service efforts and accomplishments. Direct expenses, incurred for a single function, are allocated entirely to that function. Joint expenses applicable to more than one function are allocated on the basis of objectively summarized information or management estimates.

***Revenue Recognition***

The Organization's revenue and support comes primarily from public support through contributions, government grants, project services, the ILF program, and rent from River Center. Contributors donate directly to the Organization to support the operations, expansion, and the charitable causes that the Organization sponsors. The Organization records the contributions when received either as contributions with or without donor restrictions based upon the presence or absence of donor-imposed restrictions.

Revenue from contracts with customers is recognized based on the following five steps model:

- Identification of the contract with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price

- Recognition of revenue when, or as, the Organization satisfies a performance obligation.

The Compact receives support from the community for the multiple projects that it performs to improve the water quality of Cumberland and its connected tributaries. Contributions from many of these individuals are given and have no barrier to recognition. These are recognized when given. The Compact categorizes the donors into Major Donors and Compact Signers. The Major donors are contributions that are given without barriers for recognition. The Compact has grants that have barriers to recognition. These grants are designated toward specific projects and may only be recognized once performance obligations are satisfied by the Organization.

The Compact performs many restoration projects that can span several fiscal years. The revenue from these projects are earned when the performance obligations are completed.

The Compact subleases (short term rental) 3<sup>rd</sup> floor office space for special events. Revenue is recognized upon completion of the event.

#### ***PPP Loan***

The Organization received a loan in accordance with the PPP section of the Coronavirus Air, Relief, and Economic Security Act (the CARES Act). U.S. GAAP provides organizations with two alternatives for reporting the loan and any future forgiveness: 1) proceeds can be treated as debt and future forgiveness recognized as income when the loan or any portion thereof is formally discharged; or 2) proceeds can be treated as a conditional contribution where they recognize a refundable advance and derecognize the liability, and recognize income, as the conditions for forgiveness are substantially met or explicitly waived. The Organization received an initial PPP loan in the amount of \$111,460 and a second PPP loan in the amount of \$120,785. The initial loan was forgiven during fiscal year ended March 30, 2021 and recognized as income. The second loan was forgiven after year end, and the Organization elected to treat the PPP loans as debt until they are formally discharged by the Small Business Administration.

#### ***Income Taxes***

The Organization is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC), and therefore, no provision for federal or state income taxes is applicable.

The Organization has adopted the guidance in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740 on accounting for uncertainty in income taxes. For all tax positions taken by the Organization, management believes it is clear that the likelihood is greater than 50 percent that the full amount of the tax positions taken will be ultimately realized. Therefore, management believes that no

liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken on returns filed for the open tax years (2018-2020), or expected to be taken in the Organization's 2021 tax returns. The Organization identifies its major tax jurisdiction's as the U.S. Federal and the State of Tennessee. However, the Organization is not currently under audit nor has the Organization been contacted by any of these jurisdictions. The Organization is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change in the next twelve months. The Organization incurred no interest or penalties during the year ended March 31, 2021.

***In-Kind Contributions***

During 2021, many individuals volunteered their time and performed a variety of tasks that assisted the Organization with program services and fundraising events. No amounts have been reflected in the financial statements for these donated services since the volunteers' time did not meet the criteria for recognition under U.S.GAAP.

In addition, the Organization has received various in-kind contributions of food, drinks, and auction items for their annual fundraising event in the amount of \$3,005.

***Fair Value Measurements***

The Organization follows Financial Accounting Standards Board (FASB) ASC 820-10, *Fair Value Measurements*, with the respect to its financial assets and liabilities. Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. U.S. GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Organization groups assets at the fair value in three levels, based on the markets in which the assets and liabilities are traded, and the reliability of the assumptions used to determine fair value. These levels are as follows:

**Level 1** - Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

**Level 2** - Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset/liability; and,
- Inputs that are derived principally from or corroborated by other observable market data.

**Level 3** - Unobservable inputs that cannot be corroborated by observable market data.

U.S. GAAP requires disclosure of an estimate of fair value of certain financial instruments. The Organization's significant financial instruments are cash, inventory, donations receivable, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair values.

## **Note 2 - Adoption of New Accounting Pronouncements**

In May 2014, FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This guidance supersedes the revenue recognition requirements in ASC Topic 605, *Revenue Recognition*, (Topic 605), and most industry-specific revenue recognition guidance throughout the Industry Topics of the ASC. The updated guidance states that an entity should recognize revenue to depict the transfer of promised 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. Topic 606 also includes Subtopic 340-40, *Other Assets and Deferred Costs - Contracts with Customers*, which requires deferral of incremental costs of obtaining a contract with a customer. Collectively, Topic 606 and Subtopic 340-40 are referred to as the "new standard."

The Organization adopted the new standard effective April 1, 2020. There was no effect in the change in net assets as a result of this adoption.

## **Note 3 - Liquidity and Availability**

The Organization has \$1,365,860 of financial assets consisting of unrestricted cash and current receivables, of which \$443,986 is subject to donor restrictions of time or purpose, therefore, leaving \$921,875 available to meet cash needs for general expenditures. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

## **Note 4 - Stream Restoration In-Lieu Fee Program**

The Organization operates in a Compensatory Mitigation Stream Restoration ILF Program regulated by the United States Army Corps of Engineers (US Corps of Engineers). The purpose of the ILF Program is to satisfy compensatory mitigation requirements for permits issued under Section 404 and/or Section 401 of the Clean Water Act. The objectives of the ILF Program are as follows:

- Implement effective stream restoration, enhancement, establishment and preservation projects to compensate for the loss of ecological functions affected by permitted activities;
- Provide a watershed-level alternative to permittee-responsible mitigation, which will compensate for lost stream functions and services with projects appropriate to the service area;
- Meet current and expected demand for mitigation credits in the service area;
- Provide a mechanism and source of revenue for stream restoration projects in the Cumberland River Basin in Tennessee.

The process starts when a project (development or infrastructure) seeks permits from Tennessee Department of Environment and Conservation (TDEC) and/or the US Corps of Engineers to impact water. After the permittee and regulators have agreed that all avoidable impacts have been eliminated, the regulators issue permits with a requirement to purchase a specified number of compensatory mitigation credits that will offset the unavoidable impacts to water resources. The permittee then purchases compensatory mitigation credits from a marketplace. The Organization's ILF Program is a seller of compensatory mitigation stream restoration credits in that marketplace. When the Organization sells those credits to the permittee, those funds are recorded as deferred revenue and set aside as restricted cash. The Organization works with the US Corps of Engineers and TDEC to mitigate for the permitted stream impacts through a highly regulated stream restoration process.

Ten percent (10%) of the credits sold plus the proportionate amount of any interest accrued to the ILF Program account shall be used for contingency actions related to disasters, long-term management, and site protection. Fifteen percent (15%) of the credits sold plus a proportionate amount of any interest accrued to the ILF Program account can be used to cover administrative costs such as costs associated with the establishment and operation of the ILF Program, research, planning, and program management. Once a mitigation project has been approved, the remaining seventy-five (75%) of the advanced mitigation funds can be utilized to fund the ILF Program related expenses of the mitigation project. As costs are incurred, the Organization recognizes revenue at the same rate as the related costs. The Organization is also allowed to allocate a portion of their general overhead costs to the administrative costs of the ILF Program. A reasonable basis has been used to determine how much overhead can be allocated.

The Organization would recognize revenue as costs are incurred until the US Corps of Engineers and TDEC approve that the restoration project is complete, and the credits can be released. After the project is completed, if the project has a surplus, meaning more credits in value were released than the costs the Organization incurred to complete the project, the excess funds remaining in the ILF Program account after the above obligations are satisfied, must continue to be used for the restoration,

establishment and enhancement, and/or preservation of aquatic resources and associated upland buffers. Therefore, the Organization will only recognize revenue as the costs are incurred that are qualifying according to the US Corps of Engineers' governing rules at that time.

For the fiscal year ended March 31, 2021, the Organization recognized \$316,496 in ILF Program related revenue and earned \$37,043 in interest income on the restricted cash funds. The restricted cash balance related to the ILF Program at year end was \$15,334,386, and there was deferred revenue related to the ILF Program of \$15,046,575 at year end.

#### **Note 5 - Lease Commitments**

The Organization signed an amended lease agreement to rent 7,369 square feet of office space from October 2017 through November 2022 that required monthly payments of \$15,400 with an annual escalation. On September 1, 2020, the Organization signed a second amendment to the lease subleasing a portion of the office space to a third party that calls for monthly rent payments made directly to the landlord for \$2,500 from September 1, 2020 through December 31, 2020, and \$4,500 from January 1, 2021 through December 31, 2021 at which time the Organization can reclaim the sublease space or allow the third party to start leasing the space directly from the Landlord. The Organization's net rent obligation is reduced by the sublease amount. The Organization paid \$201,912 in net rent payments during the year ended 2021. Future minimum lease payments for the next three years net of the sublease amount are as follows:

	<u>Lease</u>	<u>Sub-Lease</u>	<u>Net</u>
2022	\$ 208,008	\$ (40,500)	\$ 167,508
2023	<u>214,212</u>	<u>-</u>	<u>214,212</u>
Total	<u>\$422,220</u>	<u>(\$40,500)</u>	<u>\$381,720</u>

#### **Note 6 - Net Assets with Donor Restrictions**

Net assets with donor restrictions consist of various grants restricted by the grantors, both governmental and non-governmental, for use in the Organizations various programs and totaled \$443,986 at March 31, 2021. Net assets of \$387,505 were released from donor restrictions during the year by incurring expenses which satisfied the restricted purpose.



**Note 7 - Employee Retirement Plan**

The Organization has adopted a simple 401(k) retirement plan that covers substantially all of its employees. The Organization has a discretionary option to match an eligible participant's compensation up to the maximum allowed by the IRC, and a discretionary option to make an additional profit-sharing contribution. There are no eligibility service requirements. The Organization contributed \$14,053 to the plan for the year ended March 31, 2021.

**Note 8 - Concentration of Credit Risk**

The Organization maintains its checking and savings accounts at financial institutions who's balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per bank. Account balances at times may exceed federally insured limits.

**Note 9 - Subsequent Events**

On March 27, 2020, the Coronavirus Air, Relief, and Economic Security Act (the Cares Act) was signed into law. One of the features of the CARES Act is the PPP funding. The PPP loan received by the Organization in the amount of \$120,785 was forgiven after year end.

Management has evaluated subsequent events through **November 23, 2021**, the date that the financial statements were available to be issued. The Organization is not aware of any material subsequent events.

**Note 10 - Accounting Standards Not Yet Adopted**

In February 2016, the FASB issued ASU 2016-02, *Leases* (ASC 842), which requires lessees to recognize assets and liabilities for most leases. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee is not expected to significantly change under such guidance. The standard, as amended, will be effective for annual reporting periods beginning after December 15, 2021. Accordingly, this ASU will be effective for the Organization for the year ending March 31, 2023. The Organization is currently evaluating the impact that adoption of this ASU will have on the Organization's financial position and results of operations.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, whose purpose is to clarify the presentation and disclosure of contributed nonfinancial assets with the intention to provide the reader of the financial

statements a clearer understanding of what type of nonfinancial assets were received and how they are used and recognized by the nonprofit entity. ASU 2020-07 should be applied on a retrospective basis and effective for annual periods beginning after June 15, 2021. The Organization is currently evaluating the impact that adoption of this ASU will have on the Organization's financial statements.