[redacted]

FINANCIAL STATEMENTS

Year Ended December 31, 2018
with
Independent Auditors' Report

[redacted]

FINANCIAL STATEMENTS

December 31, 2018

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Keller & Owens, LLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
[redacted]

We have audited the accompanying financial statements of [redacted] (the "Organization"), which comprise the statement of financial position as of December 31, 2018, 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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 [redacted] as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2018, [redacted] adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2016-14, Not-for-Profit Entities (Topic 958 – *Presentation of Financial Statements of Not-for-Profit Entities*, as described in Note 1. This has had a material effect on the presentation of financial statements for the year ended December 31, 2018. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited [redacted]'s 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 20, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Keller & Owens, LLC

City, State
August 22, 2019

[redacted]

STATEMENT OF FINANCIAL POSITION
As of December 31, 2018

(with comparative totals as of December 31, 2017)

ASSETS

	2018	2017
Cash and Cash Equivalents	$ 279,282	$ 230,026
Accounts Receivable, net	20,861	4,490
Prepaid Expenses	5,347	8,200
Investments	1,083,347	880,842
Property and Equipment, net	14,942	26,347
Total Assets	$ 1,403,779	$ 1,149,905

LIABILITIES AND NET ASSETS

	2018	2017
Liabilities:		
Accounts payable and accrued liabilities	$ 40,452	$ 32,861
Deferred revenue	141,905	128,318
Refundable advances	190,000	-
Total Liabilities	372,357	161,179
Net Assets:		
Without donor restrictions	914,171	909,522
With donor restrictions	117,251	79,204
Total Net Assets	1,031,422	988,726
Total Liabilities and Net Assets	$ 1,403,779	$ 1,149,905

See accompanying notes

[redacted]

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2018

(with comparative totals for the year ended December 31, 2017)

	2018			2017
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and Revenue:				
Membership dues	$ 273,108	$ -	$ 273,108	$ 250,494
JobLink postings	232,035	-	232,035	164,000
Awards luncheon	227,610	-	227,610	182,161
Philly Awards	27,385	-	27,385	27,080
Educational programs	185,148	-	185,148	160,383
Contributions and grants	119,959	39,894	159,853	108,468
Investment return, net	(46,526)	(1,847)	(48,373)	102,704
Other	5,504	-	5,504	5,640
Total Support and Revenue	1,024,223	38,047	1,062,270	1,000,930
Expenses:				
Program services	748,216	-	748,216	640,280
Supporting Services:				
Management and general	233,101	-	233,101	145,863
Fundraising	38,257	-	38,257	24,058
Total Expenses	1,019,574	-	1,019,574	810,201
Change in Net Assets	4,649	38,047	42,696	190,729
Net Assets at Beginning of Year	909,522	79,204	988,726	797,997
Net Assets at End of Year	$ 914,171	$ 117,251	$ 1,031,422	$ 988,726

See accompanying notes

[redacted]

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2018

(with comparative totals for the year ended December 31, 2017)

	2018							
	Program Services							
	Education	Events	Member Resources	Total Program	Management and General	Fundraising	Total	2017 Total
Wages and taxes	$ 122,226	$ 108,706	$ 103,992	$ 334,924	$ 99,985	$ 29,537	$ 464,446	$ 400,240
Employee benefits	23,799	21,166	20,248	65,213	19,468	5,752	90,433	63,004
Professional services	100,971	79,114	-	180,085	69,928	-	250,013	162,361
Facility rent	14,510	11,979	3,480	29,969	6,564	1,601	38,134	36,166
Depreciation	7,181	3,191	1,596	11,968	3,192	798	15,958	25,877
Member services	11,808	-	18,463	30,271	-	-	30,271	24,475
Bank and credit card fees	13,697	7,147	2,781	23,625	598	-	24,223	20,331
Supplies	6,900	7,560	-	14,460	1,956	-	16,416	19,472
Printing and reproduction	2,946	3,140	-	6,086	13,301	-	19,387	15,937
Office expense	3,427	399	21	3,847	9,092	10	12,949	13,487
Marketing and public relations	11,288	50	187	11,525	2,818	-	14,343	9,905
Gifts to others	5,163	10,735	-	15,898	-	-	15,898	5,761
Other	3,812	4,010	12,523	20,345	6,199	559	27,103	13,185
Total Expenses	$ 327,728	$ 257,197	$ 163,291	$ 748,216	$ 233,101	$ 38,257	$ 1,019,574	$ 810,201

See accompanying notes

[redacted]

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2018

(with comparative totals for the year ended December 31, 2017)

	2018	2017
Cash Flows from Operating Activities:		
Change in net assets	$ 42,696	$ 190,729
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	15,958	25,877
Bad debt expense	7,195	-
Interest and dividends restricted for long-term investment	(2,373)	(2,349)
Net realized and unrealized losses (gains)	65,983	(88,567)
(Increase) decrease in:		
Accounts receivable	(23,566)	1,234
Prepaid expenses	2,853	848
Increase (decrease) in:		
Accounts payable and accrued liabilities	7,591	2,771
Deferred revenue	13,587	(709)
Refundable advances	190,000	-
Net Cash Provided by Operating Activities	319,924	129,834
Cash Flows from Investing Activities:		
Purchases of property and equipment	(4,553)	(4,014)
Purchases of investments	(530,779)	(157,845)
Proceeds from sales of investments	262,291	143,389
Net Cash Used by Investing Activities	(273,041)	(18,470)
Cash Flows From Financing Activites:		
Interest and dividends restricted for reinvestment	2,373	2,349
Payment of short-term trade accounts used to finance property and equipment acquisitions	-	(6,572)
Net Cash Provided (Used) by Financing Activities	2,373	(4,223)
Net Increase in Cash and Cash Equivalents	49,256	107,141
Cash and Cash Equivalents at Beginning of Year	230,026	122,885
Cash and Cash Equivalents at End of Year	$ 279,282	$ 230,026

See accompanying notes

[redacted]

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES

Organization – **Nonprofit Connect** (the "Organization") is a membership organization that links the nonprofit community to education, resources, and networking so organizations can more effectively achieve their missions. Founded in 1974, the Organization serves as the hub of [redacted] City's nonprofit sector. The Organization is a regional association uniquely serving individuals in the management of nonprofit organizations. The Organization is a regional association uniquely serving individuals in the management of nonprofit organizations. The Organization currently has more than 5,000 professional members from over 700 organizations representing local, regional, and national nonprofit organizations of all sizes, as well as for-profit businesses and community funders. Distinctively, the Organization unites nonprofits, foundations, and community and business leaders in a way that is rare across the country to strengthen their organizations and impact the future of [redacted] City and the nonprofit sector.

The program service areas for [redacted] are categorized into three areas:

Education

Educational Programs – The Organization offers a wide variety of training programs designed for nonprofit professionals at all career levels, as well as board members, volunteers, and community leaders who work with the nonprofit sector. We leverage peer experts and national speakers to create affordable education on fundraising, marketing, operations, leadership, strategy, and other topics important to nonprofit management.

eLearning Center – The eLearning Center provides the same affordable education as the in-person programs, but in a manner that is accessible and convenient for the Organization's busy members. The eLearning Center includes webinars, on-demand training, videos, and online resources on the topics important to nonprofit management.

Events

Philanthropy Awards Luncheon – Celebrating its 34th year in 2018, the Luncheon is the Organization's largest event and only fundraiser. With more than 1,000 members of the nonprofit and business community attending each May, the Luncheon honors individuals and organizations for their commitment to the [redacted] City community.

Philly Awards – The Philly Awards recognize nonprofits and their creative partners for excellence in marketing and communications. This event is an opportunity for nonprofits to celebrate their hard work telling the story of their mission, and it is held annually in the fall.

1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (continued)

Member Resources

Membership – The Organization maintains a membership network of over 700 organizations that represent local, regional, and national nonprofits of all sizes, as well as businesses and funders. The Organization provides members with free and discounted training, access to nonprofit management resources, and a community of potential partners, vendors, and funders.

Job Board – The Organization's job board lists close to 100 local nonprofit jobs per day. The job board is viewable by the public, and both members and nonmembers can post positions for an affordable fee.

Online Resources – As a membership benefit, the Organization provides access to the Foundation Directory and GrantStation, both searchable databases of funders and grant deadlines, respectively.

Accounts receivable – Accounts receivable primarily consist of amounts due for memberships, sponsorships, and registration fees. Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. The allowance as of December 31, 2018 and 2017 was $7,195 and $-0-, respectively.

Cash and cash equivalents – For purposes of the statement of cash flows, cash and cash equivalents consists of cash in financial institutions and excludes deposits in money market funds and other cash in brokerage accounts, which are considered to be part of investments on the statement of financial position.

Change in accounting principle – During the year ended December 31, 2018, the Organization adopted FASB ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. This ASU amends the current reporting model for not-for-profit organizations and enhances their required disclosures. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, new quantitative and qualitative disclosures are added regarding the liquidity and availability of resources; investment returns are reported net of related expenses; and the methodology and allocation information related to the functional allocation of expenses is expanded.

Comparative financial information – The financial statements include certain prior year summarized information in total, but not by net asset category. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2017, from which the summarized information is derived.

1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (continued)

Concentrations of credit risk – The Organization maintains its cash in bank accounts in amounts that may exceed federally insured limits at times. The Organization has not experienced any losses in these accounts in the past, and management believes the Organization is not exposed to significant credit risks as they periodically evaluate the strength of the financial institutions in which it deposits funds.

Donated services – Donated services are reflected as contributions at their estimated fair values at date of receipt. A number of volunteers donated services to the Organization in 2018 and 2017. These services do not meet the criteria for recognition as a contribution and thus are not reflected in the accompanying financial statements.

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

Functional allocation of expenses – The Organization allocates expense on a functional basis among the various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by management's estimate of resources devoted to the program or support service, requiring allocation on a reasonable basis that is consistently applied. The expenses that are allocated include wages and taxes and employee benefits, which are allocated on the basis of estimates of time and effort. Office expense, facility rent, and depreciation are allocated on a square footage basis.

Income taxes – The Organization is a non-profit organization exempt from Federal income taxes, except on unrelated income, under Section 501(c)(3) of the Internal Revenue Code ("the Code"). Contributions to the Organization are deductible within the limitations of the Code. The Organization has been classified as a publicly-supported entity, which is not a private foundation under Section 509(a) of the Code.

Investments – Investments in marketable securities with readily determinable fair values and all investments in debt securities are stated at fair value. Unrealized gains and losses are included in investment return in the accompanying statement of activities. The Organization reports investment return restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized.

1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (continued)

Net assets – 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. They also include any designations by the governing board.

Net assets with donor restrictions – Net assets subject to donor- 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. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Property and equipment – Property and equipment are stated at cost. Expenditures for major renewals and betterments exceeding $1,000 that extend the useful life of assets are capitalized. Depreciation and amortization are charged to operations using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are as follows:

	Estimated Useful Life
Computer and office equipment	5 - 7 years
Leasehold improvements	6 years
Website	3 years

Reclassifications – Certain accounts in the prior-year comparative financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements. There was no impact on previously-reported change in net assets.

1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (continued)

Revenue recognition – 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. Funds collected prior to meeting such conditions are recorded as refundable advances in the statement of financial position.

Membership dues are recognized over the term of the membership period. Registrations and sponsorships for educational programs and awards luncheons are recognized when the underlying events occur. [redacted] revenue is recognized at the time of sale. Deferred revenue consists primarily of unearned membership dues and event registrations and sponsorships received in advance of the underlying event taking place.

Subsequent events – Management has evaluated events and transactions that have occurred since December 31, 2018 and reflected their effects, if any, in these financial statements through August 22, 2019, the date the financial statements were available to be issued.

2. LIQUIDITY AND AVAILABILITY OF RESOURCES

	2018	2017
Financial assets	$ 1,383,490	$ 1,115,358
Less: restricted by donors based on time or purpose	(117,251)	(79,204)
Financial Assets Available to Meet General Expenditures Over the Next 12 Months	$ 1,266,239	$ 1,036,154

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. The statement of cash flows identifies the sources and uses of the Organization's cash and shows positive cash generated by operations for the years ended December 31, 2018 and 2017. The donor-restricted portion of the Organization's endowment must be retained in perpetuity. However, the board-designated portion of the endowment may be drawn upon for operational needs. The underlying investments are highly liquid, with no withdrawal restrictions.

3. FAIR VALUE MEASUREMENTS

The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three-tier hierarchy of inputs is summarized in the three broad levels below:

- Level 1 - inputs are unadjusted quoted market prices in active independent markets for identical assets and liabilities;
- Level 2 - inputs are directly or indirectly observable estimates from quotes for similar but not identical assets and liabilities, market trades for identical assets not actively traded or other external independent means;
- Level 3 - inputs are unobservable and reflect assumptions on the part of the reporting entity.

The following tables set forth information about the levels within the fair value hierarchy at which the Organization's financial assets and liabilities are measured on a recurring basis at December 31:

2018	Level 1	Level 2	Level 3	Total
Investments:				
Money market funds	$ 48,462	$ -	$ -	$ 48,462
Mutual funds:				
Equity	391,129	-	-	391,129
Fixed income	643,756	-	-	643,756
Total	$ 1,083,347	$ -	$ -	$ 1,083,347

2017	Level 1	Level 2	Level 3	Total
Investments:				
Money market funds	$ 42,209	$ -	$ -	$ 42,209
Mutual funds:				
Equity	479,960	-	-	479,960
Fixed income	358,673	-	-	358,673
Total	$ 880,842	$ -	$ -	$ 880,842

4. CONDITIONAL PROMISE TO GIVE

At December 31, 2018, conditional promises to give totaled $190,000, conditioned upon a variety of donor stipulations. The Organization collected the $190,000 during 2018 and have included it in refundable advances in the statement of financial position.

At December 31, 2017, conditional promises to give totaled $100,000, conditioned upon grantor approval of the Organization's progress report after using the first half of the $200,000 total grant. The Organization collected the remaining $100,000 in 2018.

5. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	2018	2017
Computer and office equipment	$ 23,292	$ 20,785
Leasehold improvements	139,694	139,694
Website	2,950	2,950
Less accumulated depreciation	(150,994)	(137,082)
Total Property and Equipment, net	$ 14,942	$ 26,347

6. NET ASSETS WITH DONOR RESTRICTIONS

Held in perpetuity:		
General operations	$ 77,357	$ 79,204
Purpose-restricted:		
eLearning digital expansion	39,894	-
Total Net Assets With Donor Restrictions	$ 117,251	$ 79,204

7. ENDOWMENT

The Organization's endowment consists of a donor-restricted endowment and a Board-designated endowment, which are collectively invested. This endowment was established in conjunction with an agreement from a local foundation (the Foundation) on February 1, 2005. The agreement includes the following key provisions:

- The Organization placed $50,000 in an account during 2005 as a Board-designated investment.
- The Foundation matched the $50,000 with an additional $50,000 in the first month of 2006 as an investment to be held in perpetuity.
- The Foundation may offer annually an additional contribution, which will be funded if the Organization can match the proposed contribution amount.
- On an annual basis, 20% of the net investment return or loss is allocated to the donor-restricted endowment amount to be held in perpetuity, and the remaining 80% is allocated to the Board-designated endowment.

The Board of Directors of the Organization has interpreted the Missouri Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. At December 31, 2018 and 2017, there were no such donor stipulations. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

7. ENDOWMENT (continued)

Endowment Net Asset Composition by Type of Fund as of December 31, 2018:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 77,357	$ 77,357
Board-designated endowment funds	40,895	-	40,895
Total Endowment Assets	$ 40,895	$ 77,357	$ 118,252

Endowment Net Asset Composition by Type of Fund as of December 31, 2017:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 79,204	$ 79,204
Board-designated endowment funds	98,286	-	98,286
Total Endowment Assets	$ 98,286	$ 79,204	$ 177,490

Changes in Endowment Net Assets for the Year Ended December 31, 2018:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 98,286	$ 79,204	$ 177,490
Investment return, net	(7,391)	(1,847)	(9,238)
Other changes:			
Distribution from board-designated endowment pursuant to spending policy	(50,000)	-	(50,000)
Endowment net assets, end of year	$ 40,895	$ 77,357	$ 118,252

Changes in Endowment Net Assets for the Year Ended December 31, 2017:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 78,619	$ 74,287	$ 152,906
Investment return, net	19,667	4,917	24,584
Endowment net assets, end of year	$ 98,286	$ 79,204	$ 177,490

7. ENDOWMENT (continued)

The Organization's agreement with the Foundation stipulates that a distribution from the Board-designated endowment can be made at any time, provided that the fair value of the Board-designated endowment is greater than 50% of the fair value of the donor-restricted endowment amount to be held in perpetuity. The distribution rate is determined by the Board of Directors on an annual basis.

The endowment's long-term investment objective is to achieve a total annualized return (aggregate return from interest, dividends, and capital appreciation), consistent with acceptable risk levels, that will meet or exceed the sum of the endowment's spending rate, inflation, and fees. To achieve the endowment objective, the endowment assets are invested following guidance and input from the Foundation.

8. LEASE COMMITMENTS

The Organization has an operating lease for office space expiring June 30, 2021 and another for office equipment expiring December 31, 2018. Rental payments associated with the operating leases are expensed as incurred.

Minimum future lease payments under the non-cancelable operating leases are as follows:

Year Ending December 31:	
2019	$ 32,982
2020	33,971
2021	17,237
Total	$ 84,190

Rent expense related to these leases was $37,961 and $37,130 for the years ended December 31, 2018 and 2017, respectively.

In January 2019, the Organization entered into a new lease for office equipment for a term of 48 months, with total expected minimum rental payments of approximately $31,000.

9. RETIREMENT PLAN

The Organization sponsors a SIMPLE benefit plan for the benefit of its employees, matching 100% of the first 3% of employee elective deferrals. The Organization contributed $11,392 and $9,127 to the plan during the years ended December 31, 2018 and 2017, respectively.

10. NEW ACCOUNTING PRONOUNCEMENTS

ASU 2014-09, Revenue from Contracts with Customers

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The standard permits the use of either the retrospective or cumulative effect transition method.

In August 2015, the FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers (Topic 606)*, which deferred the effective date of the new revenue recognition standard for one year. The new standard is effective for fiscal years beginning after December 15, 2018. Early application is permitted.

ASU 2018-08, Not-for-Profit Entities

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this ASU are to be applied on a modified prospective basis. Retrospective application is permitted. For transactions in which the entity serves as the resource recipient, the amendments should be applied for fiscal years beginning after December 15, 2018. For transactions in which the entity serves as the resource provider, the amendments should be applied for fiscal years beginning after December 15, 2019. Early adoption is permitted.

ASU 2016-02, Leases

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The amendments in this ASU are to be applied using a modified retrospective approach. The amendments are effective for annual financial statements issued for fiscal years beginning after December 15, 2019, with early adoption permitted.

The Organization is evaluating the effect that these standards will have on its financial statements and related disclosures.