

**Montgomery Coalition for
Adult English Literacy, Inc.**

**Financial Statements
June 30, 2019 and 2018**

With Independent Auditor's Report Thereon

**Montgomery Coalition for
Adult English Literacy, Inc.**

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Independent Auditor's Report

To the Board of Directors of
Montgomery Coalition for Adult English Literacy, Inc.

We have audited the accompanying financial statements of Montgomery Coalition for Adult English Literacy, Inc. (MCAEL) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Montgomery Coalition for Audit Literacy, Inc. as of June 30, 2019 and 2018, and the changes in its net assets, functional expenses, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Saggar & Rosenberg P.C.

Rockville, Maryland
October 29, 2019

Montgomery Coalition for Adult English Literacy, Inc.
Statements of Financial Position
June 30, 2019 and 2018

Assets

	<u>2019</u>	<u>2018</u>
Current Assets		
Cash and cash equivalents	\$ 320,878	\$ 249,823
Contributions receivable	15,000	-
Grants receivable	-	5,000
Prepaid expenses	6,487	3,726
Total Current Assets	<u>342,365</u>	<u>258,549</u>
Property and Equipment, Net	41,179	34,523
Deposit	4,215	4,215
Total Assets	<u>\$ 387,759</u>	<u>\$ 297,287</u>

Liabilities and Net Assets

Current Liabilities		
Accounts payable	\$ -	\$ 6,977
Accrued expenses	10,267	-
Deferred rent, current	1,678	543
Total Current Liabilities	<u>11,945</u>	<u>7,520</u>
Deferred rent, long term	9,216	10,894
Total Liabilities	<u>21,161</u>	<u>18,414</u>
Net Assets		
Without donor restriction	350,253	272,202
With donor restriction	16,345	6,671
Total Net Assets	<u>366,598</u>	<u>278,873</u>
Total Liabilities and Net Assets	<u>\$ 387,759</u>	<u>\$ 297,287</u>

See Accompanying Footnotes

Montgomery Coalition for Adult English Literacy, Inc.
Statement of Activities
For the Year Ended June 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue			
Contributions	\$ 29,020	\$ 15,000	\$ 44,020
Public grants	62,500	-	62,500
Government grants	1,757,063	-	1,757,063
Special event - contributions	26,705	-	26,705
Special event - revenue	2,350	-	2,350
Less: cost of direct benefit to donors	<u>(10,739)</u>	<u>-</u>	<u>(10,739)</u>
Net special event income	18,316	-	18,316
Subtotal	<u>1,866,899</u>	<u>15,000</u>	<u>1,881,899</u>
Net Assets Released from Restrictions:			
Satisfaction of program restrictions	<u>5,326</u>	<u>(5,326)</u>	<u>-</u>
Total Support and Revenue	<u>1,872,225</u>	<u>9,674</u>	<u>1,881,899</u>
Expenses			
Program services			
Capacity building	1,272,258	-	1,272,258
Public engagement	308,902	-	308,902
Total Program Services	<u>1,581,160</u>	<u>-</u>	<u>1,581,160</u>
Supporting services			
Management and general	190,776	-	190,776
Fundraising	22,238	-	22,238
Total Supporting Services	<u>213,014</u>	<u>-</u>	<u>213,014</u>
Total Expenses	<u>1,794,174</u>	<u>-</u>	<u>1,794,174</u>
Change in Net Assets	78,051	9,674	87,725
Net Assets at the Beginning of Year	<u>272,202</u>	<u>6,671</u>	<u>278,873</u>
Net Assets at the End of Year	<u>\$ 350,253</u>	<u>\$ 16,345</u>	<u>\$ 366,598</u>

See Accompanying Footnotes

Montgomery Coalition for Adult English Literacy, Inc.
Statement of Activities
For the Year Ended June 30, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue			
Contributions	\$ 20,334	\$ 5,000	\$ 25,334
Public grants	54,850	-	54,850
Government grants	1,657,600	-	1,657,600
Special event - contributions	27,350	-	27,350
Special event - revenue	2,300	-	2,300
Less: cost of direct benefit to donors	<u>(13,456)</u>	<u>-</u>	<u>(13,456)</u>
Net special event income	16,194	-	16,194
Subtotal	<u>1,748,978</u>	<u>5,000</u>	<u>1,753,978</u>
Net Assets Released from Restrictions:			
Satisfaction of program restrictions	<u>203</u>	<u>(203)</u>	<u>-</u>
Total Support and Revenue	<u>1,749,181</u>	<u>4,797</u>	<u>1,753,978</u>
Expenses			
Program services			
Capacity building	1,219,952	-	1,219,952
Public engagement	<u>279,906</u>	<u>-</u>	<u>279,906</u>
Total Program Services	<u>1,499,858</u>	<u>-</u>	<u>1,499,858</u>
Supporting services			
Management and general	150,949	-	150,949
Fundraising	<u>46,038</u>	<u>-</u>	<u>46,038</u>
Total Supporting Services	<u>196,987</u>	<u>-</u>	<u>196,987</u>
Total Expenses	<u>1,696,845</u>	<u>-</u>	<u>1,696,845</u>
Change in Net Assets	52,336	4,797	57,133
Net Assets at the Beginning of Year	<u>219,866</u>	<u>1,874</u>	<u>221,740</u>
Net Assets at the End of Year	<u>\$ 272,202</u>	<u>\$ 6,671</u>	<u>\$ 278,873</u>

See Accompanying Footnotes

Montgomery Coalition for Adult English Literacy, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2019

	Program Services			Supporting Services			Total Expenses	
	Capacity Building	Public Engagement	Total	Management and General	Fundraising	Cost of Goods Sold		Total
Program and support activities	\$ 1,191,408	\$ 123,458	\$ 1,314,866	\$ -	\$ 51	\$ -	\$ 51	\$ 1,314,917
Personnel	71,844	128,978	200,822	151,348	6,102	-	157,450	358,272
Rent	3,541	28,911	32,452	15,500	484	-	15,984	48,436
Professional fees	-	18,915	18,915	18,171	15,500	-	33,671	52,586
Operations	349	4,751	5,100	3,302	-	-	3,302	8,402
Travel and meetings	-	3,889	3,889	-	-	-	-	3,889
Cost of direct benefit to donors	-	-	-	-	-	10,739	10,739	10,739
Depreciation	5,116	-	5,116	2,455	101	-	2,556	7,672
Total expenses	<u>\$ 1,272,258</u>	<u>\$ 308,902</u>	<u>\$ 1,581,160</u>	<u>\$ 190,776</u>	<u>\$ 22,238</u>	<u>\$ 10,739</u>	<u>\$ 223,753</u>	<u>\$ 1,804,913</u>
Less expenses with support and revenue								
Cost of direct benefit to donors	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,739)</u>	<u>(10,739)</u>	<u>(10,739)</u>
Total expenses on statement of activities	<u>\$ 1,272,258</u>	<u>\$ 308,902</u>	<u>\$ 1,581,160</u>	<u>\$ 190,776</u>	<u>\$ 22,238</u>	<u>\$ -</u>	<u>\$ 213,014</u>	<u>\$ 1,794,174</u>
Percent of total expenses	<u>70.91%</u>	<u>17.22%</u>	<u>88.13%</u>	<u>10.63%</u>	<u>1.24%</u>	<u>0.00%</u>	<u>11.87%</u>	<u>100.00%</u>

See Accompanying Footnotes

Montgomery Coalition for Adult English Literacy, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2018

	<u>Program Services</u>			<u>Supporting Services</u>			<u>Total Expenses</u>	
	<u>Capacity Building</u>	<u>Public Engagement</u>	<u>Total</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Cost of Goods Sold</u>		<u>Total</u>
Program and support activities	\$ 1,120,298	\$ 39,176	\$ 1,159,474	\$ -	\$ 22	\$ -	\$ 22	\$ 1,159,496
Personnel	87,198	146,284	233,482	114,205	4,468	-	118,673	352,155
Rent	9,737	16,334	26,071	12,752	499	-	13,251	39,322
Professional fees	-	8,301	8,301	19,700	41,000	-	60,700	69,001
Operations	1,769	60,781	62,550	757	-	-	757	63,307
Travel and meetings	-	7,487	7,487	-	-	-	-	7,487
Miscellaneous	-	(50)	(50)	2,292	-	-	2,292	2,242
Cost of direct benefit to donors	-	-	-	-	-	13,456	13,456	13,456
Depreciation	950	1,593	2,543	1,243	49	-	1,292	3,835
Total expenses	<u>\$ 1,219,952</u>	<u>\$ 279,906</u>	<u>\$ 1,499,858</u>	<u>\$ 150,949</u>	<u>\$ 46,038</u>	<u>\$ 13,456</u>	<u>\$ 210,443</u>	<u>\$ 1,710,301</u>
Less expenses with support and revenue								
Cost of direct benefit to donors	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,456)</u>	<u>(13,456)</u>	<u>(13,456)</u>
Total expenses on statement of activities	<u>\$ 1,219,952</u>	<u>\$ 279,906</u>	<u>\$ 1,499,858</u>	<u>\$ 150,949</u>	<u>\$ 46,038</u>	<u>\$ -</u>	<u>\$ 196,987</u>	<u>\$ 1,696,845</u>
Percent of total expenses	<u>71.90%</u>	<u>16.50%</u>	<u>88.39%</u>	<u>8.90%</u>	<u>2.71%</u>	<u>0.00%</u>	<u>11.61%</u>	<u>100.00%</u>

See Accompanying Footnotes

Montgomery Coalition for Adult English Literacy, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ 87,725	\$ 57,133
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	7,672	3,835
Deferred rent liability	(543)	11,437
Changes in assets and liabilities:		
Increase in contributions receivable	(15,000)	-
Decrease (Increase) in grants receivable	5,000	(5,000)
(Increase) Decrease in prepaid expenses	(2,761)	2,798
Decrease in deposit	-	2,475
(Decrease) Increase in accounts payable	(6,977)	6,237
Increase (Decrease) in accrued expenses	10,267	(18,070)
Net Cash Provided By Operating Activities	<u>85,383</u>	<u>60,845</u>
Cash Flows Used In Investing Activities:		
Purchase of property and equipment	<u>(14,328)</u>	<u>(23,186)</u>
Net Cash Used In Investing Activities	<u>(14,328)</u>	<u>(23,186)</u>
Net Increase In Cash and Cash Equivalents	71,055	37,659
Cash and Cash Equivalents At Beginning of Year	<u>249,823</u>	<u>212,164</u>
Cash and Cash Equivalents At End of Year	<u>\$ 320,878</u>	<u>\$ 249,823</u>

See Accompanying Footnotes

Montgomery Coalition for Adult English Literacy, Inc.
Notes to Financial Statements

Note 1: Organization

Mission

Montgomery Coalition for Adult English Literacy, Inc. (“MCAEL” or the “Organization”) strengthens the countywide adult English literacy network to support a thriving community and effective workforce.

Vision

MCAEL envisions a culturally diverse community where dreams are achieved through the power of literacy.

MCAEL (5.5 FTE staff) achieves its mission through two programs, **Capacity Building and Public Engagement**, by doing the following:

Capacity Building

MCAEL strengthens the capacity of adult English literacy programs to deliver high quality, effective programs that meet the needs of the learners. To accomplish this, the following activities are conducted:

For Providers:

- Capacity Building Grants for community programs
- Workshops
- Technical Assistance
- Networking Meetings
- Resource Library
- Provider E-News
- Online Tools
- Job/Volunteer Postings

For Instructors:

- Trainings
- Resource Library
- Awards/Stipends
- Networking Meetings
- Instructor E-news List
- Job/Volunteer Postings
- Online Tools

Montgomery Coalition for Adult English Literacy, Inc.
Notes to Financial Statements

Note 1: Organization (Continued)

Public Engagement

MCAEL acts as a catalyst for community outreach and education about the benefits that adult English literacy brings to the whole community. MCAEL is a community resource and knowledge center for county-wide data on adult English literacy in Montgomery County. MCAEL engages the broader community to understand ESOL needs, garner support, and promote the 65+ programs that provide English Literacy services. Activities include:

- Data Collection and Analysis
- Reports
- Provider Directory
- Learner Stories
- Promoting Community Literacy
- Coalition Building
- Connecting Businesses, Government, Nonprofits, and Individuals
- Local, State, and National Policy Monitoring

MCAEL directly supports 65+ adult literacy programs in Montgomery County, providing coordination and collaboration to build the capacity and quality of those programs. The leveraging power of the coalition supports a system that serves almost 15,000 adult English learners allowing them to move from poverty to prosperity, from dependence to independence, and from isolation to full engagement in our community. MCAEL supports a wide range of organizations, yet there are still tens of thousands of adults in Montgomery County that are identified as Limited English Proficient who are not in classes or receiving tutoring. MCAEL continues to work to identify new service delivery models and new providers. The County's English language learners support the economic and social growth of Montgomery County as a whole.

In fiscal years 2019 MCAEL served over 350 instructor and provider staff (unique individuals), respectively, to improve their skills. MCAEL connected with almost 41 separate organizations, and multiple programs at those organizations through a professional development institute for provider staff and instructors, workshops, e-news, resources, technical assistance, etc.

With funding from Montgomery County, MCAEL awarded in fiscal years 2019 and 2018, \$1,190,000 and \$1,120,000, respectively, of Montgomery County grants. The funding supported 20 organizations and 27 programs and 20 organizations and 25 programs, respectively. The grant funded programs served over 7,600 and 7,600 learners in fiscal years 2019 and 2018, respectively.

Montgomery Coalition for Adult English Literacy, Inc.
Notes to Financial Statements

Note 2: Summary of Significant Accounting Policies

New accounting pronouncements

On June 21, 2018, the FASB issued *ASU 2018-08, Not-for-Profit entities (Topic 958)* which intended to clarify and improve the scope and the accounting guidance for contributions received and made, primarily by not-for-profit organizations. The amendments in this ASU provide a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction. The Organization has adopted this ASU effective July 1, 2018.

Cash and Cash Equivalents

Cash and cash equivalents include cash held in checking and money market accounts.

Property and Equipment

Property and equipment is stated at cost. The cost of maintenance and repairs is recorded as an expense when incurred. MCAEL capitalizes property and equipment purchases that are valued at \$2,500 or greater and that have an estimated useful life of greater than one year. Depreciation is calculated using the straight-line method over the estimated useful life of five years.

Deferred Rent

MCAEL leases office space under a lease which contains provisions for future rent increases and periods in which rent payments are abated. The Company recognizes rent expense on a straight-line basis over the term of the leases in accordance with accounting principles generally accepted in the United States of America. The difference between the amounts charged to expense and the rent paid is recorded as a deferred rent liability and amortized over the lease term. The deferred rent liability as of June 30, 2019 and 2018 was \$10,984 and \$11,437, respectively.

Revenue Recognition

Contributions are recognized as revenue when received or when an unconditional promise to give has been received and sufficient documentation exists. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as with donor restriction. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, with donor restricted net assets are reclassified to without donor restriction net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support. Revenue from grants and contracts is recognized as related qualifying expenses are incurred. Pledges are unconditional promises that are expected to be collected within one year and are recorded at net realizable value.

Montgomery Coalition for Adult English Literacy, Inc.
Notes to Financial Statements

Note 2: Summary of Significant Accounting Policies (continued)

Contribution Receivables

Contribution receivables are stated at amounts estimated by management to be the net realizable value. The Organization writes off contributions receivable when it becomes apparent based upon age or customer circumstances that amounts will not be collected.

Allowance for Doubtful Accounts

The allowance for doubtful accounts is established through charges to the provision for bad debts. The Company evaluates the adequacy of the allowance for doubtful accounts on a periodic basis. The evaluation includes historical trends in collections and write-offs, management's judgment of the probability of collecting accounts and management's evaluation of business risk. No allowances were recorded at June 30, 2019 or 2018.

Donated Services

The Organization uses in-kind contributions to support its programs. The Organization recognizes contributed services to the extent the services received create or enhance non-financial assets or require specialized skills that would be purchased if not provided by donation. For the year ending June 30, 2019 and 2018, several volunteers have made significant contributions of their time in furtherance of the Organization's mission. These services were not reflected in the accompanying statements of activities for either year as they do not meet the necessary criteria for recognition under US GAAP.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statement 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:

<u>Expense</u>	<u>Method of Allocation</u>
Program and support activities	Time and effort
Personnel costs	Time and effort
Rent	Square footage
Professional fees	Time and effort
Operations	Time and effort
Travel and meetings	Time and effort
Depreciation	Square footage

Montgomery Coalition for Adult English Literacy, Inc.
Notes to Financial Statements

Note 2: Summary of Significant Accounting Policies (continued)

Income Taxes

MCAEL is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. MCAEL has been classified as other than a private foundation. Any income that may be determined to be unrelated is taxable.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect specific amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events

For the year ended June 30, 2019, MCAEL has evaluated subsequent events for potential recognition and disclosure through October 29, 2019, which is the date the financial statements were available to be issued.

Note 3: Concentrations

The Federal Deposit Insurance Corporation (FDIC) insures accounts up to \$250,000 at each financial institution. At June 30, 2019 MCAEL cash balance exceeded insured limits by \$79,918. At June 30, 2018 MCAEL cash balance exceeded insured limits by \$25,593.

MCAEL receives a substantial portion of its revenue from a local government. During fiscal years 2019 and 2018, MCAEL received, approximately 93% and 94%, respectively, of its support and revenue from the Montgomery County Government

Montgomery Coalition for Adult English Literacy, Inc.
Notes to Financial Statements

Note 4: Availability and Liquidity

The following represents MCAEL's financial assets at June 30, 2019.

Financial Assets at year end:

Cash and cash equivalents	\$	320,878
Contributions receivable		15,000
Financial assets available to meet general expenditures over the next twelve months	\$	335,878

As part of MCAEL's liquidity management plan, the Organization has a policy to maintain a reserve of unrestricted current assets that could cover 60 days of operating expenses. In the future, MCAEL is striving to increase the reserve to cover 120 days of operating expenses.

Note 5: Operating Leases

In June 2017, MCAEL entered into an office lease agreement terminating in January 2023. The lease includes rent escalations and an abatement for the first three months.

Rent expense for the years ended June 30, 2019 and 2018 was \$48,436 and \$39,322 respectively.

Future minimum lease payments under all operating leases for the years ending June 30 are as follows:

2020	\$	46,721
2021		47,889
2022		49,093
2023		23,339
	\$	167,042

Montgomery Coalition for Adult English Literacy, Inc.
Notes to Financial Statements

Note 6: Property and Equipment

Property and equipment consist of the following at June 30:

	2019	2018
Furniture and equipment	\$ 64,527	\$ 50,199
Less: Accumulated depreciation	(23,348)	(15,676)
Property and equipment, net	\$ 41,179	\$ 34,523

Depreciation expense for the years ended June 30, 2019 and 2018 was \$7,672 and \$3,835, respectively.

Note 7: Retirement Plan

MCAEL has a Simple IRA Plan for all employees who earn at least \$5,000 during the year. Participants may defer compensation up to the maximum amount allowed by the IRS, including catch-up contributions. MCAEL makes non-elective contributions up to two percent of compensation for each participant who earns more than \$5,000 during the year. Employer contributions totaled \$7,615 and \$2,226 for the years ended June 30, 2019 and 2018, respectively.

Note 8: Related Party Transactions

For the years ending June 30, 2019 and 2018, two board members served as provider representatives to the board, and also represented organizations that received grant funding from MCAEL through the capacity building grants process. The Board's policy is to exclude such individuals from any involvement in actions that related to the disbursement of such grant funding. During fiscal year 2019, MCAEL provided grant funding of \$228,123 to two organizations represented on the Board of Directors. During fiscal year 2018, MCAEL provided grant funding of \$284,335 to two organizations represented on the Board of Directors.

Note 9: Donor Restricted Net Assets

Donor restricted net assets at June 30 compromise of the following:

	2019	2018
Debbie B. Memorial Fund	\$ 1,345	\$ 1,671
Future Periods	10,000	-
Improving Healthcare in Montgomery County	5,000	-
	\$ 16,345	\$ 1,671

Montgomery Coalition for Adult English Literacy, Inc.
Notes to Financial Statements

Note 10: Accounting Standard Updates

In May 2014, the Financial Accounting Standards Board (“FASB”) issued guidance codified in Accounting Standards Codification (“ASC”) 606, Revenue Recognition-Revenue from Contracts with Customers, which amends the guidance in form ASC 605, Revenue Recognition, and most other existing revenue guidance in U.S. Generally Accepted Accounting Principles (“GAAP”), to require an entity to recognize revenue in an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to customers and provide additional disclosures. As amended, the effective date for nonpublic entities is annual reporting periods beginning after December 15, 2018 and interim periods therein. As such, the Organization will be required to adopt the standard on July 1, 2019. Early adoption is not permitted before the first quarter of fiscal year 2017. ASC 606 may be adopted using either a full retrospective approach, in which the standard is applied to all of the periods presented, or a modified retrospective approach. The Organization is currently evaluating which transition method to use and how ASC 606 will affect its financial statements.

In February 2016, the FASB issued guidance codified in ASC 842, Leases, which amends the guidance in former ASC 840, Leases, requiring the recognition of lease assets and lease liabilities by lessee for those leases classified as operating leases under previous U.S. GAAP. The effective date for nonpublic entities is annual reporting periods beginning after December 15, 2019 and interim periods therein, with early adoption permitted. As such, the Organization will be required to adopt the standard on July 1, 2020. Entities are required to use a modified retrospective approach for leases that exist or are entered into after the beginning of the earliest comparative period in the financial statements. The Organization is currently evaluating how ASC 842 will affect its financial statements.

In June 2018, the FASB issued *ASU 2018-08, Not-for-Profit entities (Topic 958)* intended to clarify and improve the scope and the accounting guidance for contributions received and made, primarily by not-for-profit Organization. The amendments in this ASU provide a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction. The effective date for a public company or a not-for-profit organization that has issued, or is a conduit bond obligor for, securities that are traded, listed, or quoted on an exchange or an over-the-counter market, is annual reporting periods beginning after June 15, 2018, including interim periods within that annual period. All other entities should apply the amendments for transactions in which the entity serves as the resource recipient to annual periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. Early adoption of the amendments in this ASU is permitted. The Organization has adopted this ASU effective July 1, 2019.