

FINANCIAL STATEMENTS OF
NUTRITION FOR THE ELDERLY IN
TOMPKINS COUNTY, INC.
YEARS ENDED DECEMBER 31, 2018 AND 2017

NUTRITION FOR THE ELDERLY IN TOMPKINS COUNTY, INC.

TABLE OF CONTENTS

DECEMBER 31, 2018 AND 2017

Independent Auditor's Report	1-2
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Functional Expenses	5-6
Statements of Cash Flows	7
Notes to Financial Statements	8-15

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Nutrition for the Elderly in Tompkins County, Inc.
Ithaca, New York 14850

We have audited the accompanying financial statements of Nutrition for the Elderly in Tompkins County, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and changes in net assets, 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 above present fairly, in all material respects, the financial position of Nutrition for the Elderly in Tompkins County, Inc., as of December 31, 2018 and 2017, 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.

Sciarabba Walker & Co. LLP

Sciarabba Walker & Co., LLP

Ithaca, New York

June 10, 2019

**NUTRITION FOR THE ELDERLY IN TOMPKINS COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31,**

ASSETS

	2018	2017
CURRENT ASSETS:		
Cash and cash equivalents	\$ 74,283	\$ 86,355
Inventory	14,675	9,050
Grants receivable	18,744	18,917
Pledges receivable, net of allowance for uncollectible amounts of \$9 in 2018 and 2017	31,072	17,093
Prepaid expenses	18,408	15,754
TOTAL CURRENT ASSETS	157,182	147,169
BEQUEST RECEIVABLE	40,000	40,000
FIXED ASSETS , net of accumulated depreciation	354,004	347,626
INTANGIBLE ASSETS , net of accumulated amortization	15,520	14,597
TOTAL ASSETS	\$ 566,706	\$ 549,392

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ 26,267	\$ 27,269
Salaries and fringe benefits payable	15,906	15,216
Other current liabilities	21,955	27,945
Line of credit	60,000	-
Current portion of capital lease	23,792	22,943
TOTAL CURRENT LIABILITIES	147,920	93,373
CAPITAL LEASE OBLIGATIONS , net of current portion	23,962	47,492
NET ASSETS:		
Without donor restrictions	328,577	321,269
With donor restrictions	66,247	87,258
TOTAL NET ASSETS	394,824	408,527
TOTAL LIABILITIES AND NET ASSETS	\$ 566,706	\$ 549,392

See accompanying notes.

**NUTRITION FOR THE ELDERLY IN TOMPKINS COUNTY, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31,**

	2018	2017
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
SUPPORT, REVENUE, AND OTHER SUPPORT:		
IIC grant	\$ 442,509	\$ 431,151
WIN grant	231,082	240,151
Federal NSIP	105,298	109,245
CSE grant	58,629	60,613
NYS Direct Care Program	-	6,737
Local funding	13,300	13,300
Participant contributions	212,205	236,319
Donations and gifts	186,914	175,541
Miscellaneous	4,615	19,482
(Loss) gain on disposal of fixed assets	(429)	100
Interest and dividends	104	69
TOTAL SUPPORT, REVENUE AND OTHER SUPPORT	1,254,227	1,292,708
NET ASSETS RELEASED FROM RESTRICTION	86,073	65,161
EXPENSES:		
Operating expenses	1,284,187	1,219,037
Interest expense	2,369	3,320
Depreciation	42,864	33,640
Amortization	3,572	2,200
TOTAL EXPENSES	1,332,992	1,258,197
NET CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	7,308	99,672
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
SUPPORT, REVENUE AND OTHER SUPPORT:		
Grants	45,485	54,841
Contributions received	19,577	25,569
TOTAL SUPPORT, REVENUE AND OTHER ASSETS	65,062	80,410
NET ASSETS RELEASED FROM RESTRICTION	(86,073)	(65,161)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	(21,011)	15,249
CHANGE IN NET ASSETS	(13,703)	114,921
NET ASSETS, beginning of year	408,527	293,606
NET ASSETS, end of year	\$ 394,824	\$ 408,527

See accompanying notes.

**NUTRITION FOR THE ELDERLY IN TOMPKINS COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Program Services			
	IIC C-1	IIC C-2	WIN	Foodnet Select
Wages	\$ 81,579	\$ 185,557	\$ 150,740	\$ 48,271
Fringe benefits	10,318	41,643	33,846	11,386
Meal delivery travel	6,489	16,380	13,828	4,562
Rent	625	-	-	-
Utilities	1,864	4,706	3,972	1,311
Building and grounds maintenance	1,172	2,959	2,497	824
Food	36,354	101,819	63,773	48,740
Subcontractors	4,030	-	-	-
Insurance	1,219	3,079	2,598	858
Telephone	977	1,033	867	289
Internet	-	-	-	-
Postage	113	285	240	79
Printing	156	394	333	110
Disposables	3,828	16,701	14,164	4,693
Kitchen supplies	867	300	255	84
Office supplies	926	2,308	1,941	645
Laundry	264	663	562	185
Payroll services	-	-	-	-
Advertising and outreach	1	2	2	1
Repairs and maintenance	1,067	2,747	2,320	766
Audit/bookkeeping	-	-	-	-
Registration	555	1,442	1,181	390
Computer software/web design	-	-	-	-
Miscellaneous	162	60	49	16
TOTALS	\$ 152,566	\$ 382,078	\$ 293,168	\$ 123,210

See accompanying notes.

CSE	Donations	Total Program Services	Fundraising Expenses	Supporting Services	Total
\$ 38,228	\$ 1,390	\$ 505,765	\$ 1,500	\$ 175,408	\$ 682,673
8,548	-	105,741	-	38,731	144,472
3,493	1,823	46,575	-	-	46,575
-	-	625	-	-	625
1,003	-	12,856	-	-	12,856
630	1,395	9,477	-	-	9,477
18,693	1,010	270,389	-	-	270,389
-	-	4,030	-	-	4,030
656	-	8,410	-	-	8,410
218	311	3,695	-	411	4,106
-	1,362	1,362	-	-	1,362
61	459	1,237	-	137	1,374
84	-	1,077	75	-	1,152
3,594	-	42,980	-	-	42,980
65	248	1,819	190	-	2,009
491	600	6,911	-	768	7,679
142	-	1,816	78	-	1,894
-	-	-	-	4,852	4,852
1	3,304	3,311	440	-	3,751
586	1,510	8,996	-	-	8,996
-	-	-	-	7,115	7,115
252	3,888	7,708	-	-	7,708
-	3,389	3,389	-	-	3,389
12	4,874	5,173	29	1,111	6,313
<u>\$ 76,757</u>	<u>\$ 25,563</u>	<u>\$ 1,053,342</u>	<u>\$ 2,312</u>	<u>\$ 228,533</u>	<u>\$ 1,284,187</u>

**NUTRITION FOR THE ELDERLY IN TOMPKINS COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Program Services			
	IIC C-1	IIC C-2	WIN	Foodnet Select
Wages	\$ 87,759	\$ 179,466	\$ 149,963	\$ 42,457
Fringe benefits	10,146	37,362	31,818	8,824
Meal delivery travel	6,263	16,096	13,917	3,837
Rent	625	-	-	-
Utilities	1,648	4,254	3,677	1,014
Building and grounds maintenance	732	1,890	1,634	451
Food	33,406	102,475	55,761	20,587
Subcontractors	4,700	-	-	-
Insurance	1,297	3,346	2,892	798
Telephone	880	1,072	927	255
Internet	-	-	-	-
Postage	200	534	462	127
Printing	98	256	221	62
Disposables	3,131	16,298	14,202	3,900
Kitchen supplies	416	258	206	59
Office supplies	1,021	2,661	2,299	661
Laundry	261	672	581	160
Payroll services	-	-	-	-
Advertising and outreach	1	2	2	1
Repairs and maintenance	818	2,314	2,001	552
Audit/bookkeeping	-	-	-	-
Registration	142	356	309	85
Computer software/web design	-	-	-	-
Bad debt expense	-	-	-	500
Miscellaneous	2	4	3	1
TOTALS	\$ 153,546	\$ 369,316	\$ 280,875	\$ 84,331

See accompanying notes.

CSE	Donations	Total Program Services	Fundraising Expenses	Supporting Services	Total
\$ 37,934	\$ 12,440	\$ 510,019	\$ 2,000	\$ 162,030	\$ 674,049
8,065	-	96,215	-	41,919	138,134
3,536	503	44,152	-	-	44,152
-	-	625	-	-	625
934	-	11,527	-	-	11,527
415	-	5,122	-	-	5,122
21,411	535	234,175	-	-	234,175
-	-	4,700	-	-	4,700
735	-	9,068	-	-	9,068
234	345	3,713	-	412	4,125
-	1,052	1,052	-	-	1,052
118	309	1,750	-	194	1,944
55	4,281	4,973	-	-	4,973
3,612	-	41,143	212	-	41,355
55	-	994	230	-	1,224
584	1,581	8,807	-	978	9,785
148	-	1,822	103	-	1,925
-	-	-	-	4,642	4,642
1	1,541	1,548	246	-	1,794
508	800	6,993	-	-	6,993
-	-	-	-	6,935	6,935
78	3,356	4,326	-	-	4,326
-	1,869	1,869	-	-	1,869
-	1,000	1,500	-	-	1,500
1	1,747	1,758	-	1,285	3,043
<u>\$ 78,424</u>	<u>\$ 31,359</u>	<u>\$ 997,851</u>	<u>\$ 2,791</u>	<u>\$ 218,395</u>	<u>\$ 1,219,037</u>

**NUTRITION FOR THE ELDERLY IN TOMPKINS COUNTY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31,**

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (13,703)	\$ 114,921
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	42,864	33,640
Amortization expense	3,572	2,200
Interest expense from bond costs	262	262
Loss (gain) on sale of asset	429	(100)
Noncash donation of vehicle	-	(30,605)
Changes in inventory	(5,625)	813
Changes in grants receivable	173	8,368
Changes in pledges receivable	(13,979)	(2,177)
Changes in prepaid expenses	(2,654)	(450)
Changes in accounts payable	(1,002)	3,532
Changes in salaries and fringe benefits payable	690	2,345
Changes in other current liabilities	(5,990)	(1,174)
Total adjustments	18,740	16,654
NET CASH PROVIDED BY OPERATING ACTIVITIES	5,037	131,575
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of capitalized assets	(81,792)	(40,507)
Proceeds from sale of capitalized assets	27,626	100
NET CASH USED IN INVESTING ACTIVITIES	(54,166)	(40,407)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on capital lease obligations	(22,943)	(22,093)
Proceeds from line of credit	60,000	10,000
Principal payments on line of credit	-	(10,000)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	37,057	(22,093)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(12,072)	69,075
CASH AND CASH EQUIVALENTS, beginning of year	86,355	17,280
CASH AND CASH EQUIVALENTS, end of year	\$ 74,283	\$ 86,355
SUPPLEMENTAL INFORMATION ON CASH FLOWS:		
Cash paid during the year for:		
Interest	\$ 2,413	\$ 3,353
Taxes	-	-

See accompanying notes.

NUTRITION FOR THE ELDERLY IN TOMPKINS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

A. Summary of Significant Accounting Policies

The Organization

The Organization (known as "Foodnet" and "Foodnet Meals on Wheels") is a private, not-for-profit corporation created to help the elderly remain in independent living as long as possible and appropriate through maintenance of a healthy diet, provision of opportunities for socialization, and referrals to other services as needed. Components include: meals served in dining rooms at various community sites, delivery of meals to individuals throughout Tompkins County, as well as nutrition counseling. The Organization began operations in January 1987.

Accounting Method

The financial statements are prepared using the accrual method of accounting, recognizing income and receivables as earned, and expenses and liabilities as incurred.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization accounts for income taxes in accordance with FASB Accounting Standards Codification (ASC) 740, *Income Taxes*. FASB ASC 740-10 clarifies the accounting for income taxes by prescribing a minimum recognition threshold that a tax position is required to meet before being recognized in the financial statements.

Cash and Cash Equivalents

For cash flow reporting purposes, cash and cash equivalents consist of cash, checking accounts, and certificates of deposit.

Fixed Assets and Intangibles

Vehicles, equipment, leasehold improvements, land, building, and intangible assets are stated at cost if purchased or fair value if donated. Depreciation and amortization is provided over the estimated useful lives of 3 to 40 years by the straight-line method. Repairs and maintenance are expensed while major betterments having a cost basis exceeding \$2,500 and greater than one-year service life are capitalized.

Estimates and Assumptions

Management of the Organization uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that management uses.

Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Contributions

Contributions received are recorded as support with donor restrictions or support without donor restrictions depending on the existence or nature of any donor restrictions. Generally, contributions received, including unconditional promises to give, are recognized as revenue in the same period received at their fair values.

Functional Expenses

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

B. Liquidity and Availability of Resources

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions.

	<u>2018</u>	<u>2017</u>
Total current assets	\$ 157,182	\$ 147,169
Less:		
Inventory	14,675	9,050
Prepaid expenses	<u>18,408</u>	<u>15,754</u>
Financial assets	124,099	122,365
Less: those unavailable for general expenditures within one year, due to:		
Contributions restricted for capital expenditures	<u>9,397</u>	<u>17,543</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 114,702</u></u>	<u><u>\$ 104,822</u></u>

The Organization has \$114,702 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures. None of this amount is subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. The portion of receivables that are subject to implied time restrictions are expected to be collected within one year. The Organization has a goal to maintain financial assets,

which consist of cash on hand, to meet 30 days of normal operating expenses, which are, on average, approximately \$103,000. 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 also has a line of credit in the amount of \$60,000, which it can draw upon in the event of an unanticipated liquidity need.

C. Donated Goods and Services

Donations of baked goods and other foods were received from non-profits and other donors. Educational institutions provide interns for various projects. These types of donations were received in both 2018 and 2017. No dollar value has been determined for these contributions due to the difficulty of assigning fair market value to them.

The Organization received a donated 2018 Subaru Outback from Meals on Wheels America in 2017. The donation is reported in fixed assets at its fair market value of \$30,605 as of December 31, 2017.

D. Inventory

Inventory is valued at cost and consisted of food and supplies on hand at December 31:

	2018	2017
Food	\$ 11,203	\$ 6,115
Kitchen and office supplies	386	255
Disposables	3,086	2,680
	\$ 14,675	\$ 9,050

E. Promises to Give

As of December 31, 2018 unconditional promises to give due in less than one year totaled \$31,072, net of allowance for uncollectible amounts of \$9. There are no unconditional promises to give due in more than one year. The Organization had no conditional promises as of December 31, 2018.

F. Bequest Receivable

The Organization is a beneficiary in a trust and due to receive \$40,000 at the date of death of the bequeathor. Bequest receivable is the amount to be received upon death of the bequeathor.

G. Fixed Assets and Intangibles

The Organization's fixed assets consisted of the following at December 31:

	2018	2017
Land	\$ 30,000	\$ 30,000
Building	270,000	270,000
Leasehold improvements	217,289	206,720
Vehicles	218,376	240,976
Equipment	150,624	192,309
	<u>886,289</u>	<u>940,005</u>
Less: accumulated depreciation	532,285	592,379
	<u>\$ 354,004</u>	<u>\$ 347,626</u>

Depreciation expense for the years ended December 31, 2018 and 2017 was \$42,864 and \$33,640, respectively.

Title to equipment purchased with grant monies, administered by Tompkins County Office of the Aging, would be transferred to Tompkins County if the programs should cease to exist or are passed on to another organization in the future. Title to equipment donated to Foodnet purchased from donated funds would remain with Foodnet.

At December 31, 2018, the Organization owned eleven vehicles which are available for meal deliveries.

The Organization's intangible assets consisted of the following at December 31:

	2018	2017
Website design	\$ 11,000	\$ 11,000
Software costs	10,292	5,797
Less: accumulated depreciation	5,772	2,200
	<u>\$ 15,520</u>	<u>\$ 14,597</u>

During 2016 the Organization incurred costs of developing a website and capitalized the costs at \$8,000. The Organization incurred additional costs of \$3,000 in 2017, which were also capitalized. When the website project was completed in January 2017 it started being amortized. The amortization expense was \$2,200 as of December 31, 2018.

During the current year the Organization incurred costs of acquiring software for their client database. The total costs incurred as of December 31, 2017 was \$5,797, and the costs were capitalized. The Organization incurred additional costs of \$4,495 in 2018. When the software was implemented in May 2018 it started being amortized. The amortization expense was \$1,372.

H. Line of Credit

Nutrition for the Elderly in Tompkins County, Inc. has a \$60,000 line of credit with Tompkins Trust Company. The bank line of credit bears interest at prime plus 2% (7.50% at December 31, 2018). As of December 31, 2018 and 2017, the balance was \$60,000 and \$0, respectively.

I. Lease Agreements

In May 2004, Foodnet entered into a capital lease agreement for the North Triphammer Road property with Tompkins County. The term of the lease is twenty years, commencing May 1, 2004 and ending April 30, 2023, with an option to purchase the building for \$1 plus the redemption of all outstanding bonds issued by the County to finance the purchase. Included in the bond was \$24,770 to be set aside for property repairs and improvements. Foodnet received these funds in 2005. The principal payment is made annually on March 1st, and interest payments are made semi-annually on March 1st and September 1st. Foodnet is responsible for all insurance and property taxes. In 2006 Foodnet made additional principal payments and accelerated the payoff date to March 1, 2020.

	<u>2018</u>	<u>2017</u>
Capital lease obligation for land and building, principal payable annually and interest payable semi-annually through March 2020 including interest at 3.375 - 4.00%.	\$ 48,859	\$ 71,802
Less: unamortized bond costs	<u>1,105</u>	<u>1,367</u>
Long-term capital lease, less unamortized debt issuance cost	47,754	70,435
Less: current portion	<u>23,792</u>	<u>22,943</u>
Non-current portion	<u><u>\$ 23,962</u></u>	<u><u>\$ 47,492</u></u>

Future estimated minimum lease payments as of December 31, 2018 are:

2019	\$ 25,271
2020	<u>25,568</u>
	50,839
Less: amount representing interest	<u>1,980</u>
	<u><u>\$ 48,859</u></u>

Bond costs of \$5,230 were incurred as a part of the lease for the purchase of the land and building and are expensed over the term of the lease of twenty years. Amortization expense, which is included in interest expense, for 2018 and 2017 was \$262.

Foodnet has entered into the following operating lease agreements to provide meals for on-site locations:

1. Village of Groton Housing Authority - Foodnet is responsible for utilities at a cost of approximately \$625 annually. The lease has been renewed until December 2019.

2. Ithaca Housing Authority - The Housing Authority contributes the rental space at a fair market value of \$340 per month. This lease has been renewed until December 2019.
3. YMCA of Ithaca - An in-kind contribution for the rental of the meal distribution location is provided to Foodnet. This lease ends in November 2019, with an option to renew.

Total rental expense was \$625 for 2018 and 2017.

J. Other Commitments

Seneca County Office for the Aging (SCOFA) - The Organization had a subcontract agreement with SCOFA to provide the nutrition site and personnel for meal distribution in Trumansburg. The contract ended in December 2018 and was not renewed.

Foodnet was responsible for reimbursing SCOFA for the meals served to Tompkins County residents at a rate of \$5.70 per meal.

K. Restricted Net Assets

Net assets with donor restrictions comprised of the following as of December 31,

	<u>2018</u>	<u>2017</u>
Subject to expenditure for program services and equipment:		
ServTracker database software	\$ 883	\$ 4,495
New vehicle purchase	-	11,870
Technology upgrades, new workstations, access to virtual trainings	206	1,178
New phone system	8,308	-
Subject to the passage of time:		
Contributions to be used for subsequent year's activities	16,850	29,715
Bequest to be received at date of death of the bequeathor to be used for programs	40,000	40,000
Total net assets with donor restrictions	<u>\$ 66,247</u>	<u>\$ 87,258</u>

L. Pension Plan

The Organization allows employees to participate in a tax-deferred annuity plan. Employees are eligible upon commencement of employment and may contribute a percentage of their salary up to \$18,000 and also contribute a catch up maximum of \$6,000. The Organization does not match employee contributions nor contribute any other amounts to the plan.

M. Concentrations

The Organization may have deposits in excess of the FDIC limit during the year.

The Organization received 67% and 65% of its funding from Tompkins County Office of Aging during the years ended December 31, 2018 and 2017, respectively.

N. Adoption of New Accounting Pronouncement

On August 18, 2017, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14 *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. Accordingly, the Organization has adjusted the presentation of its financial statements, applying the changes retrospectively to the comparative period presented. The new standards change the following aspects of the Organization's financial statements:

- The unrestricted net asset class has been relabeled *net assets without donor restrictions*.
- The temporarily restricted and permanently restricted net assets classes have been combined into a single net asset class labeled *net assets with donor restrictions*.
- The financial statements include a new qualitative description of the methods used to allocate the costs among program and support functions in the statement of functional expenses, as described in Note A.
- The financial statements include a new disclosure about liquidity and availability of resources in Note B.

O. Advertising Costs

Advertising costs are expensed as incurred. For the years ended December 31, 2018 and 2017 advertising expense was \$3,751 and \$1,794, respectively.

P. Fair Value Measurements

Accounting Standards Code 820 established a three-tier hierarchy for fair value measurements, which prioritizes the inputs used in measuring fair value as follows.

- Level 1 - Observable inputs such as quoted prices for identical instruments in active markets.
- Level 2 - Inputs other than quoted prices in active markets that are observable either directly or indirectly through corroboration with observable market data.
- Level 3 - Unobservable inputs in which there is little or no market data, which would require the Organization to develop its own assumptions.

As of December 31, 2018 and 2017, the Organization held certain assets that were measured at fair value on a recurring basis. The fair value of investments is obtained from readily available market prices. The following table presents the Organization's financial assets measured at fair value on a recurring basis as of:

	December 31, 2018			
ASSETS:	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Beneficial interest in trusts	\$ 40,000	\$ -	\$ -	\$ 40,000

	December 31, 2017			
ASSETS:	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Beneficial interest in trusts	\$ 40,000	\$ -	\$ -	\$ 40,000

Q. Subsequent Events

Subsequent events were evaluated through June 10, 2019, which is the date the financial statements were available to be issued.