



MY BROTHER'S KEEPER

A Christian ministry of loving service and education

Financial Statements

For the Years Ended June 30, 2019 and 2018

My Brother's Keeper, Inc.

Index

June 30, 2019 and 2018

Independent Auditor's Report

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Independent Auditor's Report

To the Board of Directors of
My Brother's Keeper, Inc.

I have audited the accompanying financial statements of My Brother's Keeper, Inc. (a nonprofit Corporation) which comprise the statement 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

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of My Brother's Keeper, Inc. as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads 'Melissa Gilroy'.

Melissa Gilroy, Certified Public Accountant
Westwood, Massachusetts
April 29, 2020

Statements of Financial Position

As of June 30,	2019	2018
Assets		
Current Assets		
Cash and cash equivalents	\$ 144,807	\$ 122,804
Pledge receivables, net	152,650	318,960
Accounts receivables	25,571	36,000
Prepaid expenses	13,189	14,249
Total current assets	<u>336,217</u>	<u>492,013</u>
Fixed Assets		
Land	1,127,900	1,127,900
Building and improvements	5,812,753	5,615,019
Statue	109,400	109,400
Furniture and equipment	259,644	250,446
Trucks	395,355	367,855
Less: accumulated depreciation	(1,570,515)	(1,393,195)
Total net fixed assets	<u>6,134,537</u>	<u>6,077,425</u>
Other Assets		
Pledge receivables, net	192,559	333,146
Cash reserves:		
Reserve fund	372,501	378,833
Building and capital asset reserve	150,827	231,014
Mission advancement reserve	77,465	99,935
Total reserves	<u>600,793</u>	<u>709,782</u>
Total other assets	<u>793,352</u>	<u>1,042,928</u>
Total Assets	<u><u>\$ 7,264,106</u></u>	<u><u>\$ 7,612,366</u></u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 35,786	\$ 12,037
Deferred revenue	126,450	118,645
Long term debt, current	18,200	157,636
Total current liabilities	<u>180,436</u>	<u>288,318</u>
Long Term Liabilities		
Note payable	<u>784,877</u>	<u>817,964</u>
Total long term liabilities	<u>784,877</u>	<u>817,964</u>
Total liabilities	<u>965,313</u>	<u>1,106,282</u>
Net Assets		
Without donor restrictions	5,953,584	5,853,978
With donor restrictions	345,209	652,106
Total net assets	<u>6,298,793</u>	<u>6,506,084</u>
Total Liabilities and Net Assets	<u><u>\$ 7,264,106</u></u>	<u><u>\$ 7,612,366</u></u>

Statements of Activities and Changes in Net Assets

For the years ended June 30,	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Changes in Net Assets						
Revenue and Support						
Grants and Contributions	\$ 3,541,001	199,900	3,740,901	\$ 3,109,111	365,000	3,474,111
Fundraising events, net	562,066	-	562,066	487,562	-	487,562
Interest income	1,323	-	1,323	1,265	-	1,265
Contributions released from restrictions	349,900	(349,900)	-	215,000	(215,000)	-
Total revenue and support	4,454,290	(150,000)	4,304,290	3,812,938	150,000	3,962,938
Expenses						
Program services	4,119,953	-	4,119,953	3,722,418	-	3,722,418
General and administrative	197,414	-	197,414	180,166	-	180,166
Development	194,214	-	194,214	196,837	-	196,837
Total expenses	4,511,581	-	4,511,581	4,099,421	-	4,099,421
Net Operating Income (Loss)	(57,291)	(150,000)	(207,291)	(286,483)	150,000	(136,483)
Non-Operating Revenue						
Contributions	-	-	-	277,900	-	277,900
Capital Campaign funds released from restriction	156,897	(156,897)	-	1,476,903	(1,476,903)	-
Capital Campaign Contributions	-	-	-	-	849,760	849,760
Total non-operating revenue	156,897	(156,897)	-	1,754,803	(627,143)	1,127,660
Change in Net Assets	99,606	(306,897)	(207,291)	1,468,320	(477,143)	991,177
Net Assets at Beginning of Year	5,853,978	652,106	6,506,084	4,385,658	1,129,249	5,514,907
Net Assets at End of Year	\$ 5,953,584	345,209	6,298,793	\$ 5,853,978	652,106	6,506,084



My Brother's Keeper, Inc.

Statement of Functional Expenses

For the year ended June 30,	2019				2018			
	Program Services	General and Administrative	Development	Total	Program Services	General and Administrative	Development	Total
Salaries and contributed services	\$ 537,217	118,357	112,977	\$ 768,551	\$ 509,930	112,345	107,238	\$ 729,513
Benefits and payroll taxes	109,046	24,025	22,932	156,003	106,095	23,374	22,312	151,781
Sub-total	646,263	142,382	135,909	924,554	616,025	135,719	129,550	881,294
Christmas gifts and supplies	1,198,051	-	-	1,198,051	976,141	-	-	976,141
Furniture donations and expenses	953,738	-	-	953,738	816,567	-	-	816,567
Food donations and expenses	681,577	-	-	681,577	689,760	-	-	689,760
Depreciation	159,588	8,866	8,866	177,320	142,932	7,941	7,941	158,814
Tithing	133,984	-	-	133,984	130,174	-	-	130,174
Volunteer expenses	32,778	-	-	32,778	50,460	-	-	50,460
Utilities	46,930	2,607	2,607	52,144	48,293	2,683	2,683	53,659
Vehicle expenses	27,553	-	-	27,553	27,570	-	-	27,570
Marketing and promotion	4,863	-	19,452	24,315	7,866	-	31,466	39,332
Repairs and maintenance	55,622	3,090	3,090	61,802	36,650	2,036	2,036	40,722
Interest	37,716	2,095	2,095	41,906	31,902	1,772	1,772	35,446
Insurance	37,239	3,812	1,962	43,013	37,655	3,441	1,987	43,083
Printing and postage	23,848	9,367	10,615	43,830	19,430	7,546	8,531	35,507
Telephone and technology	27,082	3,892	3,747	34,721	26,118	3,940	3,788	33,846
Dues and fees	6,241	868	829	7,938	9,098	1,405	1,342	11,845
Fuel assistance	13,724	-	-	13,724	15,980	-	-	15,980
Rent and property expenses	-	-	-	-	8,082	449	449	8,980
Crucifixes	15,768	-	-	15,768	10,337	-	-	10,337
Other supplies and expenses	17,388	4,558	5,042	26,988	21,378	4,734	5,292	31,404
Professional fees	-	15,877	-	15,877	-	8,500	-	8,500
Total Functional Expenses	\$ 4,119,953	197,414	194,214	\$ 4,511,581	\$ 3,722,418	180,166	196,837	\$ 4,099,421

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

Statements of Cash Flows

For the years ended June 30,	2019	2018
Cash Flows from Operating Activities		
Change in net assets	\$ (207,291)	\$ 991,177
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	177,320	158,814
Assets acquired through donation	-	(692,160)
Decrease (increase) in assets		
Accounts and pledge receivables	317,326	457,048
Prepaid expenses	1,060	3,245
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	23,749	(4,643)
Deferred revenue	7,805	94,435
Net Cash Provided by Operating Activities	<u>319,969</u>	<u>1,007,916</u>
Cash Flows from Investing Activities		
Purchase of fixed assets	(234,432)	(1,456,812)
Cash reserve additions / (uses)	108,989	48,436
Net Cash Used in Investing Activities	<u>(125,443)</u>	<u>(1,408,376)</u>
Cash Flows from Financing Activities		
Loan proceeds	-	475,000
Loan repayments	(172,523)	(419,101)
Net Cash (Used in) Provided by Financing Activities	<u>(172,523)</u>	<u>55,899</u>
Net Increase (Decrease) in Cash and Cash Equivalents	22,003	(344,561)
Cash and Cash Equivalents - Beginning	<u>122,804</u>	<u>467,365</u>
Cash and Cash Equivalents - Ending	\$ <u>144,807</u>	\$ <u>122,804</u>
Supplement Disclosure of Cash Flow Information		
Cash paid during the year for interest	\$ <u>41,906</u>	\$ <u>35,445</u>

My Brother's Keeper, Inc.

Notes to Financial Statements

1. Organization and Nature of Activities

My Brother's Keeper, Inc. (the Organization) was incorporated under the General Laws of the Commonwealth of Massachusetts in February 1990. The mission of the organization is "To bring the Love and Hope of Jesus Christ to those we serve." In doing so, it provides and delivers furniture, household items, ancillary services, and food to needy individuals and families that seek assistance in the communities of southeastern Massachusetts. The Organization is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and Section 13.2210(e) of the State Revenue and Taxation Code and is not a private foundation.

The majority of the Organization's activities are listed in the order of relative importance:

Furniture Assistance – The Organization delivers, free of charge, essential furniture as well as household items to needy individuals and families. The organization obtains donated new and used items from individual, institutional, and commercial sources. Program needs often require the Organization to purchase items to fulfill the needs of the people it serves.

Food Assistance – The Organization delivers food to those who request help. Deliveries consist of a healthy balance of non-perishable canned goods, dairy products, fresh fruits, and vegetables.

Christmas Assistance – The Organization provides gifts and food to needy families requesting assistance and support over the Christmas Season.

Fuel Assistance – In conjunction with another unaffiliated entity, the Organization assists requesting families with financial assistance in meeting overdue residential fuel bills to prevent cessation of services.

Credentials for Credibility – The program seeks to provide a resource for needy individuals to obtain driver licenses within the Commonwealth of Massachusetts, thereby providing them better access to the job markets outside their immediate residential area.

2. Summary of Significant Accounting Policies

The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Method of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America.

Use of Estimates

The preparation of financial statements is in conformity with generally accepted accounting principles in the United States of America ("GAAP") which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

My Brother's Keeper, Inc.

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis with net assets, revenues, expenses, gains, and losses classified in two categories based on the existence or absence of externally imposed restrictions. Operating revenues consist of those monies received and contributions attributable to the Organization's ongoing efforts. The net assets of the Organization are classified and defined as follows:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed stipulations are considered unrestricted.

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. 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 statements of activities as net assets released from restrictions.

Cash and cash equivalents

The Organization considers all highly liquid investments purchased with an original maturity date of three months or less to be cash equivalents. The Organization maintains its cash deposit balances in banks located in Massachusetts.

Contributions

Contributions, including unconditional promises to give, are recognized as with or without donor restricted revenues in the year received in accordance with the donor requirements. Contributions receivable are recorded at the present value of expected future cash flows, net of an allowance for estimated unfulfilled promises to give. As of June 30, 2019 and 2018, management has determined that no allowance is required. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of noncash assets are recorded at fair market value upon the date of receipt.

Revenue Recognition

The Organization earns revenue from contributions (both in-kind and cash donations), sponsorships for events and other event income. Contribution income is recognized as described above. Event income is recognized up occurrence of the event. Event income paid in advance are recorded as deferred revenue in the statement of financial position. Substantially all the Organization's revenue is derived from its activities in Massachusetts.

Donated goods and services

Various individuals and organizations donate significant goods and services to the Organization as detailed in Note 5 of these financial statement footnotes. In addition, the Organization receives significant amounts of donated volunteer time related to its programs. For the years ending June 30, 2019 and 2018, the Organization received approximately 46,500 and 45,000 volunteer hours, respectively. This volunteer time was not recognized in the financial statements because it did not meet the criteria for recognition.

My Brother's Keeper, Inc.

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

Fair Value Measurements

In accordance with GAAP, assets and liabilities recorded at fair value in the statement of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value.

Property and equipment

Maintenance and repairs are expensed as incurred and improvements that increase the useful life of the asset are capitalized. When assets are retired or disposed of, the cost and related accumulated depreciation are removed from the accounts, and gains and losses are included in non-operating activities in the Statements of Activities. Land, buildings, and equipment, are shown at cost or fair value at the date a gift was received. Depreciation is computed on the straight-line method over the estimated useful lives of respective assets as follows:

Building and improvements	39 years
Statue	10 years
Furniture and equipment	5 years
Truck	5 years

The Organization reviews its real estate for impairment whenever events or changes in circumstances indicate that the carrying amount of such property may not be recoverable. If the real estate is considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the real estate exceeds the fair market value of such property. There were no impairment losses recognized in 2019 and 2018.

Fundraising

Fundraising relates to the activities of raising general and specific contributions to the Organization and promotion of its special events.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and supporting services. Expenses relating to more than one function are allocated accordingly. Administration expenses include those expenses that are not directly identifiable with any specific function but provide for all the overall support and direction of the Organization. Payroll and associated costs are allocated to functions based on the job functions of respective employees. Occupancy costs are allocated based on estimated square footage.

Income Tax Status

My Brother's Keeper, Inc. is classified as a Section 501(c)(3) organization under the Federal Internal Revenue Code and Section 13.2210(e) of the State Revenue and Taxation Code. As a result, it is exempt from federal income and state franchise taxes.

The Organization complies with the provisions of GAAP related to the accounting for the uncertainty in income taxes. As required, the Organization has evaluated its tax positions, applying a "more likely than not" threshold and believes that there would be no material changes to the results of its operation or financial position as a result of an audit by the applicable taxing authorities, federal or state. The Organization has filed all of its known and required tax returns in a timely manner, including as permitted, allowed extensions.

My Brother's Keeper, Inc.

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

Subsequent Event

On March 13, 2020, a national emergency was declared in the United States as a result of the coronavirus epidemic. This public health crisis has had a significant and wide-ranging effect on the United States economy. The Organization's management is actively assessing the impact of this evolving situation on its operations and financial position.

Other than the event mentioned above, the Organization has performed an evaluation of subsequent events through April 29, 2020, which is the date the Organization's financial statements were available to be issued.

3. Cash Reserves

The Board of Directors authorized the adoption of a cash management policy to ensure the long-term stability of the ministry through varying economic conditions so that the Organization can continuously carry out its mission, avoid excessive accumulation of funds, and effectively use major gifts. The following funds were established:

Reserve Fund – To create an internal line of credit to manage cash flow and maintain financial flexibility. The target amount is three months' reserve calculated as 25% of annual operating expenses from the prior three fiscal years. The Reserve Fund is to be funded quarterly in the lesser of \$25,000 or 5% of unrestricted contributions until the target is reached. At the Board's discretion, funding may be temporarily halted if funding will impact the ability to meet current operating needs.

Building and Capital Reserve – To create a ready source of funds for building repairs, renovations including leasehold improvements and other capital needs. The account is funded annually from 2% of unrestricted income, contributions are capped at \$250,000.

Mission Advancement Reserve – To create funds to meet special targets of opportunity that build capacity or improve our ability to carry out our mission. The target amount of the Mission Advancement Reserve will be an amount equal to complete Board approved projects. Funding will be from the annual budget surplus or 25% of unrestricted gifts in excess of \$50,000.

4. Fundraising Events, net

The special events detailed below, represents the gross and net proceeds of fund raising events for the fiscal years ended June 30, 2019 and 2018:

Event	2019		
	Income	Expense	Net
Family Walk	\$ 223,649	\$ 38,422	\$ 185,227
Golf Tournament	150,553	32,934	117,619
Lovely Ladies	110,292	34,995	75,297
Other events	49,761	26,739	23,022
Hungry Men	188,653	27,752	160,901
	<u>\$ 722,908</u>	<u>\$ 160,842</u>	<u>\$ 562,066</u>

Event	2018		
	Income	Expense	Net
Family Walk	\$ 258,658	\$ 37,607	\$ 221,051
Golf Tournament	138,405	33,097	105,308
Lovely Ladies	91,617	46,389	45,228
Hungry Men	154,441	38,466	115,975
	<u>\$ 643,121</u>	<u>\$ 155,559</u>	<u>\$ 487,562</u>

My Brother's Keeper, Inc.

Notes to the Financial Statements

5. Donated Goods and Services

Donated materials, facilities and services totaling \$2,294,807 and \$2,742,963 in 2019 and 2018, respectively, were recorded at fair market value at the date of donation, and have been included in revenue and expenses as follows:

Goods	2019	2018
Furniture	\$ 728,876	\$ 621,966
Food	625,030	637,866
Christmas gifts	818,367	657,140
Building and related assets	-	700,160
Total	2,172,273	2,617,132
Services		
Professional services	44,560	51,570
Administrative salaries	77,974	74,261
Total	122,534	125,831
Total	\$ 2,294,807	\$ 2,742,963

6. Pledges Receivable

Pledges, net of discounts and allowances are recorded as receivables with the revenue assigned to the appropriate net asset category. Pledges consist of unconditional written promises to contribute to the Organization in the future. A pledge due from one donor amounts to approximately 87% and 61% of the total outstanding pledge receivables as of June 30, 2019 and 2018, respectively. All pledges are considered collectible, as such, management has determined that no allowance is required. Multi-year pledges initially are fair valued in the year the pledge is made and computed using a risk-free rate adjusted for market risk premium of the credit worthiness of the donor. At June 30, 2019 and 2018 pledges, in thousands of dollars, are expected to be realized in the following time frame:

	2019	2018
In one year or less	\$ 152,650	\$ 318,960
Between two and five years	212,000	350,840
Subtotal	364,650	669,800
Discount to present value	(19,441)	(17,694)
Pledge receivables	\$ 345,209	\$ 652,106

7. Concentration of Credit Risk

The Organization maintains its cash deposit balances in banks located in Massachusetts that from time to time may exceed insurable limits under the Federal Depository Insurance Corporation (FDIC). The Organization has not experienced any losses on its cash deposit balances as it relates to FDIC insurance limits. Management monitors the credit worthiness of all banks where cash deposits are maintained. Management believes that the risk of any loss is minimal.

My Brother's Keeper, Inc.

Notes to the Financial Statements

8. Land Lease

The building owned by My Brother's Keeper, Inc., located in Easton, Massachusetts, is situated on leased land owned by The Congregation of the Holy Cross Eastern Province, Inc. The terms of the lease called for payments of \$10 per year for a period of fifty (50) years. The lease was paid in full on October 2, 2002. The Organization recorded the fair value of the use of the land donated amounting to \$550,000 as a prior period adjustment as of July 1, 2017.

In fiscal 2018, land adjacent to the building was included in a lease to the Organization by the same lessor which will serve the Organization as parking facilities. The Organization recorded the fair value of the use of the land donated amounting to \$277,900 as of June 30, 2018. In both cases as part of this land lease arrangement, the lessor may reclaim the land.

10. Line of Credit

The Organization secured a \$100,000 demand line of credit with a local financial institution with an interest rate of 7.75% based on prime plus 2.5% with a minimum rate of 6%. The line expires in November 2020. The line of credit is secured by all assets of the Organization. At June 30, 2019 and 2018, there were no outstanding advances on the line.

11. Note Payable

In connection with the building project that was completed in a prior fiscal year, the Organization obtained a \$225,000 line of credit that is due upon demand and a \$2,560,000 construction loan. Both the line and the construction loan had an interest rate of the Wall Street Journal Prime rate plus 0.50%. The line of credit did not have an outstanding balance as of June 30, 2019 and 2018.

The loan had interest only payments due through August 2018 with an interest rate of 4% based on the Wall Street Journal Prime rate plus 0.50%. As of September 2018, the loan commenced monthly payments of principal and interest amounting to \$5,605.46. Effective February 2019, the loan agreement was modified to reduce the monthly principal and interest payments to \$4,768.31 as the Organization was able to repay a significant amount of the principal balance outstanding during fiscal 2018. The loan matures in December 2022 and will become due and payable in full on that date. The loan is being amortized over 25 years and carries an interest rate of the Bank of Boston advance rate plus 2.5% which was 4.91% as of June 30, 2019. The loan is secured by the real estate. As of June 30, 2019 and 2018 the loan had an outstanding balance of \$803,077 and \$975,600, respectively.

The five-year loan payments are as follows:

2020	\$	18,300
2021	\$	19,114
2022	\$	20,074
2023	\$	745,689

12. Related Party Transactions

During 2019 and 2018, Board members donated \$46,387 and \$54,592 to the Organization, respectively.

13. Employee Benefits

The organization sponsors a 403b retirement plan for the benefit of eligible employees. All full-time employees are eligible to participate in the plan. The Organization's contributions under this plan amounted to \$27,817 and \$25,206 for the years ended June 30, 2019 and 2018.

My Brother's Keeper, Inc.

Notes to the Financial Statements

15. Net Assets with Donor Restrictions

As of June 30, 2019 and 2018, net assets with donor restrictions consisted of pledges, primarily for the Dartmouth Expansion and other programming needs amounting to \$345,209 and \$652,106, respectively.

16. Commitments and Contingencies

During 2018, the organization entered into a non-cancellable operating lease for warehouse and office space. Rent expense for fiscal 2018, amounted to \$8,980. The lease was not renewed and expired at the conclusion of fiscal 2018.

17. Liquidity and Available

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, as of June 30, 2019 within one year of the balance sheet date consists of:

Financial Assets at year-end:

Cash and cash equivalents	\$ 144,807
Accounts receivable	25,571
Pledge receivable	152,650
Cash reserves	600,793
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 923,821</u>

The Organization's goal is generally to maintain financial assets to meet 60 days of operating expense, which it was able to achieve in fiscal 2019

18. Recent Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Presentation of Financial Statements for Not-for-Profit Entities. The new standard replaces the current three-category classification of net assets with a simplified model that combines temporarily restricted and permanently into a single category called "net assets with donor restrictions". The standard also enhances certain disclosures regarding board designations, donor restrictions and qualitative information regarding management of liquid resources. In addition to reporting expenses by functional classifications, the standard will also require the financial statements to provide information about expenses by their nature, along with enhanced disclosures about the methods used to allocate costs among programs and support functions. The standard is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. The Organization has adopted this standard effective July 1, 2018.

In May 2014, the FASB issued Accounting Standards Update ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)". This ASU amends the guidance for revenue recognition to replace numerous, industry-specific requirements and converges areas under this topic with those of the International Financial Reporting Standards. This ASU implements a five-step process for customer contract revenue recognition that focuses on transfer of control, as opposed to transfer of risk and rewards. This ASU also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenues and cash flows from contracts with customers. Other major provisions include ensuring the time value of money is considered in the transaction price and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The amendments in this ASU are effective for reporting periods beginning after December 15, 2018, and early adoption is permitted. Entities can transition to the standard either retrospectively or as a cumulative-effect adjustment as of the date of adoption. The Organization is currently reviewing the impact of adoption of these standard updates on its financial statements and does not anticipate that this adoption will have a significant impact on its financial position, results of operations, or cash flows.