Audited Financial Statements

AMAZON WATCH

June 30, 2019

Quigley & Miron

Amazon Watch
Audited Financial Statements
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Quigley & Miron

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Independent Auditor's Report

Board of Directors
Amazon Watch
Oakland, California

We have audited the accompanying financial statements of Amazon Watch, a nonprofit organization, which comprise the statements of financial position as of June 30, 2019, and the related statements of activities 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.

Auditor's Responsibility

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

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

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 Amazon Watch as of June 30, 2019, and the changes in its net assets and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the financial statements of the Amazon Watch as of June 30, 2018, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 22, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived

Quigley & Miron

Los Angeles, California
March 10, 2020

Amazon Watch
Statement of Financial Position
June 30, 2019
(with comparative totals for 2018)

	Without Donor Restrictions	With Donor Restrictions	2019 Total	2018 Total
Assets				
Cash and cash equivalents	$ 130,543	$ 270,984	$ 401,527	$ 127,696
Grants and contributions receivable—Note 3		31,110	31,110	411,347
Prepaid expenses	4,825		4,825	7,625
Other assets	15,157		15,157	12,970
Total Assets	**$ 150,525**	**$ 302,094**	**$ 452,619**	**$ 559,638**
Liabilities and Net Assets				
Liabilities				
Current Liabilities				
Accounts payable and accrued expenses	$ 52,350	$	$ 52,350	$ 58,873
Employee-related accrued expenses	90,008		90,008	74,104
Line of credit—Note 4				150,000
Deferred lease incentive—Note 5	15,448		15,448	5,758
Total Liabilities	**157,806**		**157,806**	**288,735**
Commitments—Note 4				
Net Assets				
Without donor restrictions	(7,281)		(7,281)	(235,046)
With donor restrictions—Note 7		302,094	302,094	505,949
Total Net Assets	**(7,281)**	**302,094**	**294,813**	**270,903**
Total Liabilities and Net Assets	**$ 150,525**	**$ 302,094**	**$ 452,619**	**$ 559,638**

See notes to financial statements.

Amazon Watch
Statement of Activities
Year Ended June 30, 2019
(with comparative totals for 2018)

	Without Donor Restrictions	With Donor Restrictions	2019 Total	2018 Total
Public Support and Revenue				
Grants	$ 673,451	$ 418,886	$ 1,092,337	$ 1,001,250
Contributions	711,513	1,110	712,623	503,340
Special event revenue				
Gross revenue	56,348		56,348	178,997
Less cost of direct benefits to donors	(64,323)		(64,323)	(88,435)
Special Event Revenue, Net	**(7,975)**		**(7,975)**	**90,562**
Rental income	10,882		10,882	18,735
Total Public Support and Revenue	**1,387,871**	**419,996**	**1,807,867**	**1,613,887**
Net assets released from restrictions	623,851	(623,851)		
Total Public Support, Revenue, and Net Assets Released from Restrictions	**2,011,722**	**(203,855)**	**1,807,867**	**1,613,887**
Expenses				
Environmental and indigenous rights advocacy services	1,487,633		1,487,633	1,300,880
Management and general	149,099		149,099	161,637
Fundraising	147,225		147,225	123,527
Total Expenses	**1,783,957**		**1,783,957**	**1,586,044**
Change in Net Assets	**227,765**	**(203,855)**	**23,910**	**27,843**
Net Assets at Beginning of Year	**(235,046)**	**505,949**	**270,903**	**243,060**
Net Assets at End of Year	**$ (7,281)**	**$ 302,094**	**$ 294,813**	**$ 270,903**

See notes to financial statements.

Amazon Watch
Statement of Functional Expenses
Year Ended June 30, 2019
(with comparative totals for 2018)

	Environmental and Indigenous Rights Advocacy Services	Management and General	Fundraising	Special Event Expense	2019 Total	2018 Total
Salaries and wages	$ 690,666	$ 62,825	$ 95,522	$	$ 849,013	$ 803,473
Employee benefits	132,798	12,156	18,169		163,123	145,828
Payroll taxes	56,763	5,188	7,908		69,859	67,010
Total Personnel	**880,227**	**80,169**	**121,599**		**1,081,995**	**1,016,311**
Accounting and audit fees		52,023			52,023	49,014
Bank and finance charges	16,427	1,364	5,690		23,481	18,855
Communications and publicity	15,662				15,662	13,604
Cost of direct benefits to donors				64,323	64,323	88,435
Equipment	6,250	42	39		6,331	4,618
Grants awarded	201,126				201,126	154,771
Insurance	16,546	1,656	1,588		19,790	19,874
Interest expense	3,789	673	512		4,974	14,279
Miscellaneous	4,141	221	279		4,641	5,917
Outside services	112,926	226	4,977		118,129	67,117
Postage and delivery	2,932	19	44		2,995	1,372
Printing and copying	27,088				27,088	11,540
Rent	117,769	12,053	10,806		140,628	127,594
Supplies	2,745	123	146		3,014	2,633
Telephone and internet	5,397	73	169		5,639	8,133
Travel and meetings						
Conferences and meetings	18,532	168	240		18,940	16,070
Delegations	4,831				4,831	4,963
Organization travel	44,284	289	1,136		45,709	37,140
Partner organizations	6,961				6,961	12,239
Total Non-Personnel	**607,406**	**68,930**	**25,626**	**64,323**	**766,285**	**658,168**
Total Expenses by Function	**1,487,633**	**149,099**	**147,225**	**64,323**	**1,848,280**	**1,674,479**
Less expenses included with revenues on the statement of activities						
Cost of direct benefits to donors				(64,323)	(64,323)	(88,435)
Total Expenses Included in Expense Section of the Statement of Activities	**$ 1,487,633**	**$ 149,099**	**$ 147,225**	**$**	**$ 1,783,957**	**$ 1,586,044**

See notes to financial statements.

Amazon Watch
Statement of Cash Flows
Year Ended June 30, 2019
(with comparative totals for 2018)

	2019	2018
Cash Flows from Operating Activities		
Change in net assets	$ 23,910	$ 27,843
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Changes in operating assets and liabilities:		
Grants and contributions receivable	380,237	(94,823)
Prepaid expenses	2,800	3,075
Other assets	(2,187)	(11,522)
Accounts payable and accrued expenses	(6,523)	1,246
Employee-related accrued expenses	15,904	(4,134)
Deferred lease incentive	9,690	(80)
Net Cash Provided by (Used in) Operating Activities	**423,831**	**(78,395)**
Cash Flows from Financing Activities		
Payments on line of credit	(150,000)	(138,000)
Draws on line of credit		185,000
Net Cash Provided by (Used in) Financing Activities	**(150,000)**	**47,000**
Net Increase (Decrease) in Cash and Cash Equivalents	**273,831**	**(31,395)**
Cash and Cash Equivalents at Beginning of Year	**127,696**	**159,091**
Cash and Cash Equivalents at End of Year	**$ 401,527**	**$ 127,696**
Supplementary Disclosures		
Cash paid during the year for:		
Income taxes	$	$
Interest	$ 4,974	$ 7,914

See notes to financial statements.

Note 1—Nature of Activities and Significant Accounting Policies

Nature of Activities—Amazon Watch (Organization) is a California nonprofit corporation, established in 1996 for the purpose of protecting the rainforest and advancing the rights of indigenous peoples in the Amazon Basin. The Organization partners with indigenous and environmental organizations in campaigns for human rights, corporate accountability, and the preservation of the Amazon's ecological systems. The Organization receives grants from foundations, as well as contributions from individuals and corporations. The Organization recognizes the negative balance in net assets without donor restrictions and is actively working, over the next two years, to increase future unrestricted public support through growth in the number of donor individuals, corporations, and foundations. Also, employees, at the direction of management, have implemented cost control measures designed to maintain expenditures relative to service level requirements.

Financial Statement Presentation—In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adopted ASU No. 2016-14 for the year ended December 31, 2018 and has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Organization's net assets are classified based on the existence or absence of donor-imposed restrictions. As such, the net assets of the Organization and changes therein are presented and reported as follows:

> Net assets without donor restrictions—Net assets that are not subject to donor-imposed stipulations and that may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

> Net assets with donor restrictions—Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; such restrictions that may or will be met either by actions of the Organization and/or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. Generally, the donors of such assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. When a time restriction expires or a purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

Note 1—Nature of Activities and Significant Accounting Policies—*Continued*

Measure of Operations—The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's ongoing environmental and indigenous rights advocacy services and interest and dividends earned investments. Nonoperating activities are limited to activities considered to be of a more unusual or nonrecurring nature.

Income Taxes—The Organization is a California nonprofit public benefit corporation that serves charitable and educational purposes and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (Code) and from California franchise tax under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for federal or state income taxes is included in the financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

Accounting standards require an organization to evaluate its tax positions and provide for a liability for any positions that would not be considered *'more likely than not'* to be upheld under a tax authority examination. Management has evaluated its tax positions and has concluded that a provision for tax liability is not necessary for the years ended June 30, 2019 and 2018. Generally, the Organization's information returns remain open for examination for a period of three (federal) or four (state of California) years from the date of filing.

Cash and Cash Equivalents—The Organization considers highly liquid investments with a maturity of less than three months when purchased to be cash equivalents.

Investments—Investments in securities are initially recorded at cost, if purchased, or fair market value, if received as a contribution. Subsequent to acquisition, investments in securities are reported at fair value. Investment income, gains, and losses are reported as unrestricted income unless use of the earnings is restricted by the donor. As part of the Organization's advocacy efforts, it holds five shares or less of common stock in five different energy-related, publicly-traded corporations. These small amounts of stock holdings allow the Organization to attend shareholder meetings and to receive information as to the business activities of these energy companies. At June 30, 2019 and 2018, common stock shareholdings totaled, respectively, $2,802 and $614, and are included in "other assets" on the statement of financial position.

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

Note 1—Nature of Activities and Significant Accounting Policies—*Continued*

These levels are:

Level 1—Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date. The Organization's Level 1 assets consist of common stocks for the years ended June 30, 2019 and 2018.

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

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

The Organization had no Level 2 assets or liabilities for the years ended June 30, 2019 and 2018.

Level 3—Unobservable inputs that cannot be corroborated by observable market data. The Organization had no Level 3 assets or liabilities for the years ended June 30, 2019 and 2018.

Property and Equipment—Property and equipment is stated at cost when purchased, or at estimated fair market value at the date of bequest or gift. Depreciation is provided using the straight-line method over the estimated useful life of the related asset, principally 5 years. Amortization of equipment purchased under capital lease obligations is included in depreciation expense. It is the Organization's policy to expense items purchased or donated with values less than $2,000. As of June 30, 2019, the Organization did not have any property or equipment obtained pursuant to gifts or capital leases.

Concentrations of Credit Risk—Financial instruments which potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents, and grants and contributions receivable.

The Organization places its cash and cash equivalents with high credit quality financial institutions where the funds are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per institution. At times, such balances of cash and cash equivalents are in excess of the FDIC coverage limits. Management regularly reviews the financial stability of its cash depositories and deems the risk of loss due to these concentrations to be minimal.

Grants and contributions receivable are due from a variety of foundations, corporations and individuals well-known to the Organization, with favorable past payment histories. At June 30, 2019, the largest grants and contributions receivable from one entity represented 96% of the Organization's total contributions and grants receivable. The Organization's management has assessed the credit risk associated with these contributions and grants receivable and has determined that an allowance for potentially uncollectible amounts is not necessary.

Accrued Sabbatical Leave—Full-time employees are entitled to five weeks of paid sabbatical leave every five years. Sabbatical leave is not a vested benefit and is not payable to employees upon termination of employment. It is the Organization's policy to accrue salary-related sabbatical leave expense. The salary-related accrued sabbatical leave expense for the years ended June 30, 2019 and 2018 amounted to $42,387 and $38,986, respectively.

Note 1—Nature of Activities and Significant Accounting Policies—*Continued*

Donated Goods and Services—Donated services are not reflected in the accompanying financial statements as they do not meet the criteria for recognition under current accounting standards. In order to expand the reach of its programs, the Organization utilizes the services of a substantial number of volunteers who have donated a significant number of hours to the Organization's program services, management, and fundraising activities. Contributed goods are recorded at fair value at the date of donation. Contributions of such goods received during the years ended June 30, 2019 and 2018 totaled $11,216 and $18,564 respectively and are included in "special event revenue" on the statement of activities.

Revenue and Revenue Recognition—Revenue is recognized when earned. Contributions are recognized when cash, securities, or other assets, or an unconditional promise to give is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Functionalized Expenses—The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel expenses (consisting of salaries and wages, employee benefits, and payroll taxes), bank and finance charges, insurance, rent, and supplies, which are allocated on the basis of estimates of time and effort.

Use of Estimates—The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications—Certain amounts in 2018 have been reclassified to conform with the 2019 financial statement presentation.

Note 2—Availability and Liquidity

The following represents the availability and liquidity of the Organization's financial assets at June 30, 2019 and 2018 to cover operating expenses for the next fiscal year:

	2019	2018
Financial assets		
Cash and cash equivalents	$ 401,527	$ 127,696
Grants and contributions receivable	31,110	411,347
Total Financial Assets	**432,637**	**539,043**
Less amounts not available to be used within one year:		
Net assets with donor restrictions		
Restricted due to purpose		
Environmental and indigenous rights advocacy services in the countries of:		
Brazil	(86,420)	(151,824)
Columbia	(17,460)	(30,991)
Ecuador	(165,437)	(202,435)
Peru	(21,667)	(21,199)
Restricted due to timing	(11,110)	(99,500)
Total Net Assets with Donor Restrictions	**(302,094)**	**(505,949)**
Less net assets with time restrictions to be met within one year	11,110	99,500
Total Amounts Not Available to be Used Within One Year	**(290,984)**	**(406,449)**
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	**$ 141,653**	**$ 132,594**

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately $450,000). The Organization has a $200,000 line of credit available to meet cash flow needs. Additionally, the Organization operates within a prudent range of financial soundness and stability to support the ongoing fulfillment of its mission.

Note 3—Grants and Contributions Receivable

Grants and contributions receivable at June 30, 2019 and 2018 consist of the following:

	2019	2018
Grants from foundations		
With donor restrictions	$ 30,000	$ 380,000
Contributions from individuals		
Without donor restrictions		3,847
With donor restrictions	1,110	27,500
Totals	**$ 31,110**	**$ 411,347**

For detail on the composition of net assets with donor restrictions, see Note 7.

Note 4—Line of Credit

During the year ended June 30, 2018, the Organization renegotiated its bank line of credit with Amalgamated Bank (formerly New Resource Bank), increasing the maximum borrowing amount from $150,000 to $200,000. The line of credit bears variable interest at the Prime Rate, as published by the Wall Street Journal, plus 4%. Interest is payable monthly and the loan matures on October 25, 2019. During the year ended June 30, 2019, the loan was fully paid with no balance owed at year-end. At June 30, 2018, the outstanding balance on the line of credit was $150,000. The amounts of interest paid during the years ended June 30, 2019 and 2018, totaled $4,974 and $7,914, respectively.

Note 5—Commitments

The Organization rents its Oakland office under a non-cancelable operating lease which expires on December 31, 2024. The office lease offers the Organization the option of extending the agreement for an additional five-year period from January 1, 2025 to December 31, 2029. The Organization also leases equipment under a noncancelable three-year operating lease agreement beginning in September 2017 and expiring in August 2020. Future minimum rental payments due on these operating leases are as follows:

Year Ending June 30,	
2020	$ 128,434
2021	131,645
2022	134,958
2023	139,006
2024	143,177
Thereafter	72,646
Total	**$ 749,866**

Note 5—Commitments—*Continued*

Rent expense is recognized on a straight-line basis over the lease terms based on the total payments required under the lease. The deferred lease incentive amounts of $15,448 and $5,758 at June 30, 2019 and 2018, respectively, represents the cumulative difference between the amounts paid and amounts expensed under the leases. Rent expense totaled $124,729 and $121,352 for the years ended June 30, 2019 and 2018, respectively.

Note 6—Contingencies

Grants require the fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. Although that is a possibility, the Board deems the contingency remote since, by accepting the gifts and their terms, the Board is acknowledging the requirements of the grantor at the time of receipt of the grant.

Note 7—Net Assets with Donor Restrictions

Net assets with donor restrictions for the years ended June 30, 2019 and 2018 are as follows:

	2019	2018
Subject to expenditure for specified purpose:		
Environmental and indigenous rights advocacy services in the countries of:		
Brazil	$ 86,420	$ 49,824
Columbia	17,460	3,991
Ecuador	145,437	35,435
Peru	21,667	9,199
Promises to give, the proceeds from which have been restricted by donors:		
For environmental and indigenous rights advocacy services in the countries of:		
Brazil		102,000
Columbia		27,000
Ecuador	20,000	167,000
Peru		12,000
Support for future periods	11,110	99,500
Total Subject to Expenditure for Specified Purpose	**$ 302,094**	**$ 505,949**

Note 7—Net Assets with Donor Restrictions—*Continued*

Net assets released from donor restrictions for the year ended June 30, 2019 and 2018 are as follows:

	2019	2018
Satisfaction of purpose restrictions:		
Environmental and indigenous rights advocacy services in the countries of:		
Brazil	$ 210,550	$ 101,066
Columbia	17,540	4,574
Ecuador	256,594	161,585
Peru	31,667	16,667
Satisfaction of timing restrictions	107,500	274,821
Totals	**$ 623,851**	**$ 558,713**

Note 8—Employee Benefit Plan

Under the Organization's SIMPLE IRA retirement plan (Plan), the Organization matches 100% of employee contributions to the Plan, up to 3% of annual salary. All employees are eligible to participate in the Plan after 90 days of employment. Each participant may elect to contribute up to the maximum limit by federal law. Participants are vested immediately upon entering the Plan with 100% nonforteitability of all employer-matched contributions. The Organization's matching contributions totaled $12,149 and $13,514 during the years ended June 30, 2019 and 2018 respectively.

Note 9—Recent Accounting Pronouncements

Revenue Recognition—In May 2014, FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which supersedes most of the current revenue recognition requirements. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of time value of money in the transaction price and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. ASU No. 2014-09 is effective for fiscal years beginning after December 15, 2018; early adoption is permitted for fiscal years beginning after December 15, 2016. The guidance permits the use of either a retrospective or cumulative effect transition method. The Organization is evaluating whether this will have a material impact on its financial statements.

Note 9—Recent Accounting Pronouncements—*Continued*

Leases—In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. ASU No. 2016-02 is effective for nonprofit organizations with fiscal years beginning after December 15, 2020, with early adoption permitted. The Organization is currently evaluating the impact that the adoption of ASU No. 2016-02 will have on its financial statements.

Restricted Cash—In November 2016, FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. ASU No. 2016-18 clarifies how entities should present restricted cash and restricted cash equivalents in the statement of cash flows. The guidance requires entities to present the change in restricted cash and restricted cash equivalents with cash and cash equivalents to reconcile amounts on the balance sheet to the statement of cash flows. Entities will be required to disclose the nature of the restrictions, as well as reconcile the totals in the statement of cash flows to cash, cash equivalents, restricted cash, and restricted cash equivalents on the balance sheet when these are shown in more than one-line item. ASU No. 2016-18 is effective for fiscal years beginning after December 15, 2018, with early adoption permitted. The Organization does not expect the new guidance to have a material impact on its financial statements.

Contributions—In June 2018, FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU No. 2018-08 clarifies the definition of an exchange transaction. As a result, not-for-profit entities will account for most federal grants as donor-restricted conditional contributions rather than as exchange transactions (the prevalent practice today). An accommodation ("simultaneous release" option) is provided which, if elected, would allow grants received and used within the same period to be reported in net assets without donor restrictions, consistent with where the grant revenue is reported today. Donors will use the same criteria as recipients (i.e., a barrier or hurdle coupled with a right of return/right of release) to determine whether gifts or grants are conditional or unconditional. Expense recognition is deferred for conditional arrangements and is immediate for unconditional arrangements. No new disclosures are required. ASU No. 2018-08 is effective for resource recipients with fiscal years beginning after December 15, 2018, and for resource providers with fiscal years beginning after December 15, 2019; early adoption is permitted. The Organization is currently evaluating the impact that the adoption of ASU No. 2018-08 will have on its financial statements.

Note 10—Subsequent Events

Management evaluated all activities of the Organization through March 10, 2020, which is the date the financial statements were available to be issued. On November 26, 2019, with an effective date of October 25, 2019, the Organization amended its bank line of credit, described in Note 4, increasing the maximum borrowing amount from $200,000 to $250,000. The interest rate continues to be variable at the Prime Rate, as published by the Wall Street Journal, plus 3% with a minimum per annum rate of no less than 7.75%. As of March 10, 2020, no amounts were outstanding on the line of credit. Management has determined that there were no other material subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.