MINDSPARK LEARNING

Financial Statements As Of December 31, 2018

Together With Independent Auditors’ Report
INDEPENDENT AUDITORS’ REPORT

To the Board of Directors of
mindSpark Learning:

Report on the Financial Statements

We have audited the accompanying financial statements of mindSpark Learning (the “Organization”), a not-for-profit organization, which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 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 mindSpark Learning as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Effect of Adopting New Accounting Standard**

As discussed in Note 2, the Organization adopted the Financial Accounting Standards Board’s Accounting Standards update ("ASU") 2016-14, *Not-for-Profit Entities (Topic 958)-Presentation of Financial Statements of Not-for-Profit Entities* as of and for the year ended December 31, 2018. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

**JDS Professional Group**

TBD
MINDSPARK LEARNING

Statement Of Financial Position
As Of December 31, 2018

ASSETS

Current Assets:
Cash $ 217,344
Accounts receivable 33,398
Promises to give 2,000,000
Investments 299,993
Prepaid expenses 55,713
   Total Current Assets 2,606,448

Non - Current Assets:
Promises to give, net 7,069,338
Furniture and equipment, net of accumulated depreciation of $190,290 364,566

TOTAL ASSETS $ 10,040,352

LIABILITIES AND NET ASSETS

Current Liabilities:
Accounts payable $ 31,541
Accrued liabilities 135,498
Deferred revenue 95,867
Line of credit 110,246
   Total Current Liabilities 373,152

Net Assets:
Without Donor Restrictions 597,862
With Donor Restrictions 9,069,338
   Total Net Assets 9,667,200

TOTAL LIABILITIES AND NET ASSETS $ 10,040,352

The accompanying notes are an integral part of the financial statements.
MINDSPARK LEARNING

Statement Of Activities
For The Year Ended December 31, 2018

<table>
<thead>
<tr>
<th></th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Support And Revenue:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>$ 356,836</td>
<td>$</td>
<td>$ 356,836</td>
</tr>
<tr>
<td>Grants</td>
<td>2,686,133</td>
<td>9,069,338</td>
<td>11,755,471</td>
</tr>
<tr>
<td>Service fees</td>
<td>793,414</td>
<td>793,414</td>
<td></td>
</tr>
<tr>
<td>Investment income</td>
<td>496</td>
<td>496</td>
<td></td>
</tr>
<tr>
<td><strong>Net assets released from restrictions:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Satisfaction of program restrictions</td>
<td>15,000</td>
<td>(15,000)</td>
<td></td>
</tr>
<tr>
<td><strong>Total Support And Revenue</strong></td>
<td>3,851,879</td>
<td>9,054,338</td>
<td>12,906,217</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenses:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program Services</td>
<td>3,141,747</td>
<td>3,141,747</td>
<td></td>
</tr>
<tr>
<td>Supporting Services -</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General administration</td>
<td>350,453</td>
<td>350,453</td>
<td></td>
</tr>
<tr>
<td>Fundraising</td>
<td>167,238</td>
<td>167,238</td>
<td></td>
</tr>
<tr>
<td><strong>Total Supporting Services</strong></td>
<td>517,691</td>
<td>517,691</td>
<td></td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>3,659,438</td>
<td>3,659,438</td>
<td></td>
</tr>
</tbody>
</table>

**CHANGES IN NET ASSETS FROM OPERATIONS**

192,441 | 9,054,338 | 9,246,779

Net Assets, Beginning Of Year

405,421 | 15,000 | 420,421

**NET ASSETS, END OF YEAR**

$ 597,862 | $ 9,069,338 | $ 9,667,200

The accompanying notes are an integral part of the financial statements.
<table>
<thead>
<tr>
<th>Supporting Services</th>
<th>Program Services</th>
<th>General Administration</th>
<th>Fundraising</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and benefits</td>
<td>$ 1,349,063</td>
<td>$ 219,638</td>
<td>$ 104,688</td>
<td>$ 1,673,389</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>101,056</td>
<td>16,222</td>
<td>7,421</td>
<td>124,699</td>
</tr>
<tr>
<td><strong>Total Personnel</strong></td>
<td>1,450,119</td>
<td>235,860</td>
<td>112,109</td>
<td>1,798,088</td>
</tr>
<tr>
<td>Advertising/Marketing/Promotional</td>
<td>159,295</td>
<td>789</td>
<td>33</td>
<td>160,117</td>
</tr>
<tr>
<td>Bank charges</td>
<td>7,654</td>
<td>330</td>
<td>2</td>
<td>7,986</td>
</tr>
<tr>
<td>Building maintenance</td>
<td>29,565</td>
<td>4,809</td>
<td>2,286</td>
<td>36,660</td>
</tr>
<tr>
<td>Contractors</td>
<td>223,486</td>
<td>14,391</td>
<td>18,820</td>
<td>242,306</td>
</tr>
<tr>
<td>Depreciation</td>
<td>88,477</td>
<td>14,391</td>
<td>6,840</td>
<td>109,708</td>
</tr>
<tr>
<td>Dues and subscriptions</td>
<td>14,557</td>
<td>317</td>
<td>294</td>
<td>15,168</td>
</tr>
<tr>
<td>Events</td>
<td>296,778</td>
<td>4,170</td>
<td></td>
<td>300,948</td>
</tr>
<tr>
<td>Insurance</td>
<td>5,035</td>
<td>819</td>
<td>389</td>
<td>6,243</td>
</tr>
<tr>
<td>Professional fees</td>
<td>45,665</td>
<td>14,749</td>
<td></td>
<td>60,414</td>
</tr>
<tr>
<td>Meals and entertainment</td>
<td>46,718</td>
<td>2,287</td>
<td>29</td>
<td>49,034</td>
</tr>
<tr>
<td>Office expenses</td>
<td>40,348</td>
<td>7,894</td>
<td>1,532</td>
<td>49,774</td>
</tr>
<tr>
<td>Rent</td>
<td>185,546</td>
<td>29,869</td>
<td>14,198</td>
<td>229,613</td>
</tr>
<tr>
<td>Staff development</td>
<td>14,586</td>
<td>1,565</td>
<td></td>
<td>16,151</td>
</tr>
<tr>
<td>Talent/Presenter fees</td>
<td>194,923</td>
<td>14,319</td>
<td></td>
<td>194,923</td>
</tr>
<tr>
<td>Technology</td>
<td>88,036</td>
<td>14,319</td>
<td>6,806</td>
<td>109,161</td>
</tr>
<tr>
<td>Travel</td>
<td>219,757</td>
<td>14,694</td>
<td></td>
<td>234,451</td>
</tr>
<tr>
<td>Utilities</td>
<td>29,708</td>
<td>4,832</td>
<td>2,297</td>
<td>36,837</td>
</tr>
<tr>
<td>Other</td>
<td>1,494</td>
<td>324</td>
<td>38</td>
<td>1,856</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 3,141,747</strong></td>
<td><strong>$ 350,453</strong></td>
<td><strong>$ 167,238</strong></td>
<td><strong>$ 3,659,438</strong></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of the financial statements.
Cash flows from operating activities:
Changes in net assets from operations $ 9,246,779
Adjustments to reconcile changes in net assets from operations to net cash provided by operating activities:
Discount on promises to give 430,662
Depreciation and amortization 109,708
Changes in operating assets and liabilities -
(I) Increase in accounts receivable (30,678)
(I) Increase in promises to give (9,485,000)
(I) Increase in prepaid expenses (55,416)
(I) Decrease in accounts payable (8,497)
Increase in accrued liabilities 60,657
Increase in deferred revenue 59,497
Net cash provided by operating activities 327,712

Cash flows from investing activities:
Purchases of investments (299,993)
Purchases of furniture and equipment (36,125)
Net cash (used in) investing activities (336,118)

Cash flows from financing activities:
Proceeds from line of credit 110,246
Net cash provided by financing activities 110,246

NET INCREASE IN CASH AND CASH EQUIVALENTS 101,840

Cash and Cash Equivalents, Beginning Of Year 115,504

CASH AND CASH EQUIVALENTS, END OF YEAR $ 217,344

The accompanying notes are an integral part of the financial statements.
(1) **Nature Of Organization**

mindSpark Learning (the “Organization”) was incorporated on July 24, 2015. The mission of the Organization is to teach and inspire educators in emerging practices for a 21st Century workforce. The Organization is a nationwide organization that collaborates with some of the most creative and innovative minds in education to deliver professional development for educators, by educators. As discussed in Note 8, revenues are derived primarily through contributions and grants from the Morgridge Family Foundation.

(2) **Summary Of Significant Accounting Policies**

**Basis Of Accounting**

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

**Measure Of Operations**

The Statement of Activities reports all changes in net assets, including changes in net assets from operating and non operating activities. Operating activities consists of those items attributable to the Organization’s ongoing program services and investment earnings. Nonoperating activities are limited to activities considered to be of a more unusual or nonrecurring nature.

**Basis Of Presentation**

Financial statement presentation follows the recommendations of *Financial Statements for Not-for-Profit Organizations*. Under this standard, the Organization is required to report information regarding financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions**: Net assets that are not subject to donor-imposed restrictions and 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; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds must be maintained in perpetuity. The Organization does not have any funds to be held in perpetuity.
Use Of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of support and revenue and expenses during the reported period. Actual results could differ from those estimates.

Cash And Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and money market accounts. The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalent.

Accounts Receivable

The Organization believes that its receivables, which are recorded at fair value, are fully collectible. The Organization’s policy for charging off receivables is when future payments thereon are determined to be improbable.

Promises to give

Unconditional promises are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in more than one year are initially recorded at fair value. That fair value is computed using a present value technique applied to anticipated cash flows discounted using a risk-free interest rate of 2.51% return, which as of December 31, 2018, amounted to $430,662. Amortization of the resulting discount is recognized as additional contribution revenue in subsequent periods.

Furniture And Equipment

Furniture and equipment are stated at cost and are depreciated using the straight-line method over their estimated useful lives ranging from three to five years. Donated furniture and equipment are recorded at their estimated fair market value at the date of receipt. Expenditures for maintenance, repairs and minor replacements are charged to operations and expenditures for major replacements and betterments that exceed the capitalization threshold are capitalized. Effective, August 7, 2018, the Organization changed its capitalization threshold from $5,000 to $1,000.

Fair Value Measurements

The Organization follows Fair Value Measurements, which among other things requires enhanced disclosures about investments that are measured and reported at fair value and establishes a
framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes
the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority
to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements)
and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair
value hierarchy are described below:

**Level 1** Inputs to the valuation methodology are unadjusted quoted prices for identical assets
or liabilities in active markets that the Organization has the ability to access.

**Level 2** Inputs to the valuation methodology include:

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

If the asset or liability has a specified (contractual) term, the Level 2 input must be
observable for substantially the full term of the asset or liability.

**Level 3** Inputs to the valuation methodology are unobservable and significant to the fair value
measurement.

The asset’s or liability’s fair value measurement level within the fair value hierarchy is based on the
lowest level of any input that is significant to the fair value measurement. Valuation techniques used
need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

**Certificates of deposit:** The fair value of the time deposit is based on amortized cost or
original cost plus accrued interest.

As of December 31, 2018, the Organization held a time deposit in the amount of $299,993. Such
investment is considered a Level 1 investment.

The methods described above may produce a fair value calculation that may not be indicative of net
realizable value or reflective of future fair values. Furthermore, while the Organization believes its
valuation methods are appropriate and consistent with other market participants, the use of different
methodologies or assumptions to determine the fair value of certain financial instruments could result
in a different fair value measurement at the reporting date.
In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the balance sheets.

The carrying amount reported in the Statements of Financial Position for cash, accounts receivable, promises to give, accounts payable and accrued liabilities approximate fair value because of the immediate or short-term maturities of these financial instruments.

Contributions and Grants

Contributions and grants received are recorded as net assets without donor restrictions or net assets with donor restrictions support, depending on the existence or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Donated Services and Facilities

Certain donated services and facilities that meet the criteria for recognition, are reflected in the financial statements at estimated fair market value at the time of the donation.

Methods Used for Allocation of Expenses from Management and General Activities

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 expenses that are allocated include salaries, benefits, payroll taxes, in-kind, utilities, telephone and internet, technology, office supplies, insurance, depreciation, and building and maintenance which are allocated on the basis of estimates of time and effort.

Adoption of New Accounting Pronouncement

For the year ended December 31, 2018, the Organization adopted the Financial Accounting Standards Board’s Accounting Standards Update (ASU) No. 2016-14 - Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. This 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 between not-for-profit entities. The change required by the update have been applied retrospectively to all periods presented. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets, if applicable, are now reported as net assets with donor restrictions.

Subsequent Events

The Organization has performed an evaluation of subsequent events through TBD which is the date the financial statements were available to be issued and considered any relevant matters in the preparation of the financial statements and footnotes.

(3) Tax Exempt Status

The Organization has previously received notice from the Internal Revenue Service of exemption from income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the accompanying financial statements contain no provision for income taxes. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation under Section 509(a)(1).

The Organization follows Accounting for Uncertainty in Income Taxes, which requires the Organization to determine whether a tax position (and the related tax benefit) is more likely than not to be sustained upon examination by the applicable taxing authority, based solely on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon settlement, presuming that the tax position is examined by the appropriate taxing authority that has full knowledge of all relevant information. During the year ended December 31, 2018, the Organization’s management evaluated its tax positions to determine the existence of uncertainties, and did not note any matters that would require recognition or which may have an affect on its tax-exempt status.

The Organization commenced operations during the year 2016, and accordingly, the Organization is still subject to U.S. federal income tax audits on all of its Form 990s. Such returns contain matters that could be subject to differing interpretations of applicable tax laws and regulations as it relates to the amount and/or timing of income, deductions, and tax credits. Although the outcome of tax audits is uncertain, the Organization believes no material issues would arise.
(4) **Promises To Give And Concentrations Of Credit Risk**

Unconditional promises to give consisted of the following as of December 31, 2019:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receivables due in less than one year</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>Receivables due in one to five years</td>
<td>$7,500,000</td>
</tr>
<tr>
<td><strong>Total receivables</strong></td>
<td><strong>$9,500,000</strong></td>
</tr>
<tr>
<td>Less: unamortized discount</td>
<td>$430,662</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$9,069,338</strong></td>
</tr>
</tbody>
</table>

During the year ended December 31, 2018, the Organization received 90% of its funding from the Morgridge Family Foundation. The Organization is dependant on that support to continue at the current level of service. Additionally, 100% of the contributions receivable is from the Morgridge Family Foundation.

**Conditional Promise to Give**

**Concentration of Credit Risk**

The Organization’s cash demand deposits are held at a financial institution at which deposits are insured up to $250,000 by the FDIC. As of December 31, 2018, there were no balances in excess of the FDIC limit.

(5) **Line Of Credit**

The Organization has a line of credit in the amount of $500,000 with a financial institution with an interest rate based on the weekly LIBOR rate plus a spread which was 2.375% on December 31, 2018. The line of credit is secured by the investment account held at the same financial institution. A minimum payment of interest only is due each month. As of December 31, 2018, the balance owed on the line of credit was $110,246.
(6) **Donated Services And Facilities**

For the year ended December 31, 2018, donated advertising, other and facilities consisted of the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising and other</td>
<td>$2,711</td>
</tr>
<tr>
<td>Facilities</td>
<td>$225,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$227,711</strong></td>
</tr>
</tbody>
</table>

(7) **Retirement Plan**

The Organization maintains an employee retirement plan (the “Plan”) under the provisions of Internal Revenue Code (IRC) Section 401(k). Employees who were employed at the time the Plan was adopted were immediately eligible for participation. All other employees are eligible for participation in the Plan after completing three months of service, and being at least 18 years of age. Participants may contribute up to 100% of their annual salary to the Plan, limited to the IRC maximum contribution limits. The Organization matches 100% of the first 3% and 50% of the next 2% of employee voluntary contributions. Employee and employer matching contributions are immediately 100% vested. The Organization made contributions of $36,911 for the year ended December 31, 2018.

(8) **Net Assets With Donor Restrictions**

As of December 31, 2018, net assets with donor restrictions consisted of time restrictions.

(9) **Related Party Transactions**

The Organization was incorporated on July 24, 2015, and prior to the Organization obtaining its exempt status it was a program with in the Morgridge Family Foundation. The Organization has one founding member who is also Board Chair of the Organization and the Vice President of the Morgridge Family Foundation. Since both organization’s are under the control or significant influence of this individual they are considered related parties. During the year ended December 31, 2018, the Morgridge Family Foundation provided the Organization with the following support:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donated facilities</td>
<td>$225,000</td>
</tr>
<tr>
<td>Grants</td>
<td>11,399,371</td>
</tr>
<tr>
<td><strong>Total support</strong></td>
<td><strong>$11,624,371</strong></td>
</tr>
</tbody>
</table>
(10) **Liquidity And Availability Of Financial Assets**

The Organization’s financial assets available within one year of the Statement of Financial Position date for general expenditure are as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$217,344</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>33,398</td>
</tr>
<tr>
<td>Promises to give</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Investments</td>
<td>299,993</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$2,550,735</strong></td>
</tr>
</tbody>
</table>

As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Additionally, the Organization has a $500,000 line of credit available to meet cash flow needs. As of December 31, 2018, the Organization had drawn down $110,246 on the line of credit.

(11) **New Accounting Pronouncements**

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

In August 2015, the FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers* (Topic 606), which deferred the effective date of the new revenue recognition standard for one year. The new standard is effective for the Organization’s financial statements for the year ended December 31, 2019. Early application is permitted for the Organization. The Organization is evaluating the effect that No. 2015-14 will have on its financial statements and related disclosures.
In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made*, which clarifies how entities will determine whether to account for a transfer of assets as an exchange transaction or a contribution. The distinction is important because contributions are accounted for under Accounting Standards Codification (ASC) 958-605, *Not-For-Profit Entities - Revenue Recognition*, while exchange transactions are accounted for under other guidance such as ASC 606, *Revenue from Contracts with Customers*. The guidance also clarifies how entities will determine whether a contribution is conditional. The timing of revenue and expense recognition depends upon whether a contribution is conditional or unconditional. The new standard is effective for the Organization’s financial statements for the year ended December 31, 2019. Early adoption is permitted. The Organization is evaluating the effect that ASU No. 2018-08 will have on its financial statements and related disclosures.