

MUSICAL BRIDGES AROUND THE WORLD, INC.
AUDITED FINANCIAL STATEMENTS
SAN ANTONIO, TEXAS
AUGUST 31, 2019 AND 2018

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SAN ANTONIO, TEXAS 78232

210-884-2043

Board of Directors
Musical Bridges Around the World, Inc.
San Antonio, Texas

I have audited the accompanying financial statements of Musical Bridges Around the World, Inc. (a non-profit organization) which comprise the statement of financial position as of August 31, 2019, and the related statement 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit 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 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, 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 Musical Bridges Around the World, Inc. as of August 31, 2019, 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.

Prior Period Financial Statements

The financial statements of Musical Bridges Around the World, Inc. as of August 31, 2018, were audited by another auditor whose report dated July 10, 2019, expressed an unmodified opinion on those statements.

A handwritten signature in cursive script, appearing to read "Erin Keace".

San Antonio, Texas

August 3, 2020

MUSICAL BRIDGES AROUND THE WORLD, INC.
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2019 AND 2018

	<u>ASSETS</u>	
	2019	2018
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 39,030	\$ 108,061
Accounts Receivable	3,000	-
Deposits - Office Lease	2,550	2,550
Prepaid Expenses	4,481	4,361
Total Current Assets	49,061	114,972
Investments	712,849	745,928
Fixed Assets:		
Property and Equipment	63,389	57,068
Less: Accumulated Depreciation	49,221	45,721
Net Property and Equipment	14,168	11,347
TOTAL ASSETS	\$ 776,078	\$ 872,247

LIABILITIES AND NET ASSETS

<u>LIABILITIES</u>		
Current Liabilities:		
Accounts Payable	\$ 9,497	\$ 13,073
Deferred Revenues	-	31,900
Payroll Liabilities	7,506	6,054
Line of Credit	-	50,000
Total Current Liabilities	\$ 17,003	\$ 101,027
<u>NET ASSETS</u>		
Without Donor Restrictions:		
Designated - Future Reserves	712,849	745,928
Undesignated	46,226	25,292
Total Without Donor Restrictions	759,075	771,220
Total Net Assets	759,075	771,220
TOTAL LIABILITIES AND NET ASSETS	\$ 776,078	\$ 872,247

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

MUSICAL BRIDGES AROUND THE WORLD, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Donations	\$ 128,375	\$ -	\$ 128,375
Grants	439,782	-	439,782
Memberships and Subscriptions	95,386	-	95,386
Gurwitz Piano Competition - Donations and Grants	87,346	-	87,346
Gurwitz Piano Competition - Application Fees	7,600	-	7,600
Art Sales	6,400	-	6,400
Special Events, net of expenses of \$21,969	47,500	-	47,500
Investment Income (Loss), net expenses	16,912	-	16,912
Other Income	2,990	-	2,990
In-Kind Contributions (See Footnote 6)	172,726	-	172,726
Net Assets Released from Restrictions	-	-	-
TOTAL REVENUE AND SUPPORT	1,005,017	-	1,005,017
EXPENSES			
Program	725,540	-	725,540
Administrative	129,828	-	129,828
Fundraising	161,794	-	161,794
TOTAL EXPENSES	1,017,162	-	1,017,162
CHANGE IN NET ASSETS	(12,145)	-	(12,145)
NET ASSETS AT BEGINNING OF THE YEAR	771,220	-	771,220
NET ASSETS AT END OF YEAR	\$ 759,075	\$ -	\$ 759,075

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

MUSICAL BRIDGES AROUND THE WORLD, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Donations	\$ 349,519	\$ -	\$ 349,519
Grants	405,271	-	405,271
Memberships and Subscriptions	106,610	-	106,610
Gurwitz Piano Competition	200	-	200
CD Sales	3,300	-	3,300
Special Events, net of expenses of \$15,000	21,328	-	21,328
Investment Income (Loss), net expenses	96,727	-	96,727
Other Income	1,958	-	1,958
In-Kind Contributions	123,548	-	123,548
Net Assets Released from Restrictions	38,500	(38,500)	-
TOTAL REVENUE AND SUPPORT	1,146,961	(38,500)	1,108,461
EXPENSES			
Program	723,095	-	723,095
Administrative	124,891	-	124,891
Fundraising	109,639	-	109,639
TOTAL EXPENSES	957,625	-	957,625
CHANGE IN NET ASSETS	189,336	(38,500)	150,836
NET ASSETS AT BEGINNING OF THE YEAR	581,884	38,500	620,384
NET ASSETS AT END OF YEAR	\$ 771,220	\$ -	\$ 771,220

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

MUSICAL BRIDGES AROUND THE WORLD, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities:		
Changes in Net Assets	\$ (12,145)	\$ 150,836
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	3,500	4,701
Investment (Income) Loss	(16,912)	(96,727)
 (Increase) Decrease in Grants Receivables	 -	 205,000
(Increase) Decrease in Accounts Receivable	(3,000)	-
(Increase) Decrease in Prepaid Expenses	(120)	(4,000)
Increase (Decrease) in Accounts Payable	(3,576)	9,047
Increase (Decrease) in Payroll Liabilities	1,452	601
Increase (Decrease) Deferred Revenues	<u>(31,900)</u>	<u>31,900</u>
 Net Cash Provided (Used) By Operating Activities	 (62,701)	 301,358
 Cash Flows from Investing Activities:		
Purchase of Investments	-	(325,000)
Sale of Investments	49,991	100,000
Purchase of Property and Equipment	<u>(6,321)</u>	<u>-</u>
Net Cash Provided (Used) By Investing Activities	43,670	(225,000)
 Cash Flows from Financing Activities:		
Repayment on Line of Credit	(50,000)	(50,000)
Issuance of Line of Credit	<u>-</u>	<u>50,000</u>
Net Cash Provided (Used) By Financing Activities	(50,000)	-
 Net Increase (Decrease) in Cash	 (69,031)	 76,358
 CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	 <u>108,061</u>	 <u>31,703</u>
 THE END OF THE YEAR	 <u>\$ 39,030</u>	 <u>\$ 108,061</u>
 Supplemental Disclosure:		
Interest Paid	<u>\$ -</u>	<u>\$ 150</u>

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

MUSICAL BRIDGES AROUND THE WORLD, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2019

	Program	Administrative	Fundraising	2019 Total
Advertising	\$ 10,591	\$ -	\$ -	10,591
Artistic Fee	143,780	-	-	143,780
Auto	1,330	-	-	1,330
Bank Charges	-	6,610	-	6,610
Catering and Meals for Artists and Events	15,000	-	4,839	19,839
Conferences and Workshops	4,026	2,000	-	6,026
Depreciation	3,500	-	-	3,500
Dues and Subscriptions	14,433	-	-	14,433
Employee Benefits	3,657	1,500	500	5,657
Flowers and Gifts	900	-	762	1,662
Insurance	8,000	1,500	601	10,101
Meetings	800	500	227	1,527
Membership Benefits	33,690	-	-	33,690
Occupancy	30,000	3,000	-	33,000
Office Supplies	7,000	4,000	1,086	12,086
Salaries and Wages	163,172	39,479	68,876	271,527
Payroll Taxes	9,468	2,291	3,996	15,755
Piano Expense	8,633	-	-	8,633
Postage and Delivery	2,000	1,448	1,500	4,948
Printing and Reproduction	18,000	3,000	3,762	24,762
Professional Consultants:				
Accounting Fees	-	12,714	-	12,714
Architecture Services	-	-	22,076	22,076
Attorney Fees	2,000	1,318	-	3,318
Curriculum Development	8,699	-	-	8,699
Development Consultant	-	32,000	35,440	67,440
Education Director	25,401	-	-	25,401
Financial Advisor	-	5,000	-	5,000
Gallery Coordinator	1,618	-	-	1,618
Graphic Designer	42,662	3,000	3,000	48,662
Grant Writer	5,987	-	-	5,987
Intern	1,500	1,000	-	2,500
Office Assistant	15,000	4,468	3,000	22,468
Photography	12,662	-	-	12,662
Publicist	4,702	-	-	4,702
Video and Media Production	5,808	2,500	2,500	10,808
Web-site Designer	19,500	-	-	19,500
Security	2,637	-	-	2,637
Telephone, Website, and Internet	3,750	1,500	1,500	6,750
Travel	36,000	-	3,870	39,870
Utilities	3,500	1,000	259	4,759
Venue Rental	56,134	-	4,000	60,134
TOTAL FUNCTIONAL EXPENSES	\$ 725,540	\$ 129,828	\$ 161,794	\$ 1,017,162

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

MUSICAL BRIDGES AROUND THE WORLD, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2018

	Program	Administrative	Fundraising	2018 Total
Advertising	\$ 9,713	\$ -	\$ -	9,713
Artistic Fee	161,322	-	-	161,322
Auto	3,778	-	-	3,778
Bank Charges	-	4,793	-	4,793
Catering and Meals for Artists and Events	30,000	-	5,695	35,695
Computer Services	-	354	-	354
Depreciation	4,701	-	-	4,701
Dues and Subscriptions	7,972	-	-	7,972
Employee Benefits	6,000	1,085	1,000	8,085
Flowers and Gifts	1,000	474	500	1,974
Insurance	10,000	2,000	934	12,934
Occupancy	30,000	3,184	-	33,184
Office Supplies	15,000	5,000	1,168	21,168
Payroll - Artistic Director	50,000	10,000	10,000	70,000
Payroll - Managers	110,000	20,000	5,225	135,225
Payroll Taxes	10,000	3,000	2,991	15,991
Piano Expense	9,809	-	-	9,809
Postage and Delivery	4,000	1,323	1,000	6,323
Printing and Reproduction	15,000	2,500	2,837	20,337
Professional Consultants:				
Accounting Fees	-	10,760	-	10,760
Attorney Fees	10,628	6,000	-	16,628
Curriculum Development	3,600	-	-	3,600
Development Consultant	-	35,418	40,000	75,418
Education Director	7,000	-	-	7,000
Financial Advisor	-	5,000	-	5,000
Gallery Coordinator	500	-	-	500
Graphic Designer	49,262	2,500	2,500	54,262
Grant Writer	-	-	23,952	23,952
Intern	3,240	3,000	-	6,240
Meetings	5,000	3,000	195	8,195
Photography	11,200	-	-	11,200
Publicist	3,810	-	-	3,810
Video and Media Production	6,830	2,500	2,500	11,830
Web-site Designer	18,254	-	-	18,254
Rentals	6,315	-	-	6,315
Security	2,580	-	-	2,580
Telephone, Website, and Internet	6,000	2,000	2,044	10,044
Travel	65,000	-	6,780	71,780
Utilities	4,000	1,000	318	5,318
Venue Rental	41,581	-	-	41,581
TOTAL FUNCTIONAL EXPENSES	\$ 723,095	\$ 124,891	\$ 109,639	\$ 957,625

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

MUSICAL BRIDGES AROUND THE WORLD, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018

NOTE 1: NATURE OF ACTIVITIES

Musical Bridges Around the World, Inc. (the Organization) is a nonprofit corporation founded in 1998. The Organization's mission is to unite, educate, and inspire through culturally diverse performances and visual arts programming. The organization is dedicated to creating unforgettable classical music experiences for San Antonio residents regardless of age or socio-economic status by providing concerts of classical chamber music and jazz for adults, concerts for local school children through its "Kids to Concerts" educational outreach program in partnership with San Antonio public school districts, and hosting art gallery openings that combine art and music together. In the prior fiscal year, Musical Bridges Around the World, Inc. merged with The San Antonio International Piano Competition, which is another non-profit Organization located in San Antonio. Musical Bridges Around the World, Inc. will take over their signature event, the International Piano Competition, which takes place every four years. The next competition is scheduled for 2020.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Organization uses United States generally accepted accounting principles in the preparation of its financial statements. Under these provisions, net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Organization's net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – These are net assets that are not subject to donor-imposed stipulations and are immediately available to the organization for the performance of its service. Net assets designated for a specific purpose by the Organization's Board of Directors are reported as net assets without donor restrictions, designated.

Net Assets With Donor Restrictions – These are net assets that are limited by donor-imposed stipulations. 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. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. There are no net assets with donor restrictions held by the Organization as of August 31, 2019 and 2018.

MUSICAL BRIDGES AROUND THE WORLD, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of financial statements in conformity with United States 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.

Cash

Cash and cash equivalents consist of cash deposits and various short-term investment vehicles with maturities of 90 days or less.

Property and Equipment

Property and equipment is stated at cost. Donated property and equipment is recorded at fair value at the date of the gift. Depreciation is computed using the modified accelerated cost recovery system method over the estimated useful lives of the assets. Individual items of furniture, fixtures, and equipment are depreciated over periods varying from five to seven years. Leasehold improvements are depreciated over a fifteen year period.

Board Designated Net Assets

The Board of Directors has set aside funds to be available in the future, should unforeseen events limit the Organization's ability to function as intended. The Board's intention is to continue to designate funds for this purpose on an annual basis. The designated funds balance is \$712,849 and \$745,928 as of August 31, 2019 and 2018, respectively.

Revenue and Support

The Organization receives support from individual contributions and grants from corporations, foundations, and local government entities. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Federal Income Tax Status

The Organization is exempt from federal income tax under Section 501 (c)(3) of the Internal Revenue Code, and is not a private foundation as defined by Section 509 (a)(1) of the Code. The Organization does not believe there are any material uncertain tax positions and, accordingly, it has not recognized any liability for unrecognized tax benefits in the accompanying financial statements. The Organization has filed all of its required Forms 990, however the tax years 2016 through 2018 remain open by the taxing jurisdictions to which the Organization is subject, and these periods have not been extended beyond the applicable statute of limitations.

MUSICAL BRIDGES AROUND THE WORLD, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentrations of Credit Risk:

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents. The Organization minimizes its risk by maintaining substantially all of its cash and cash equivalents in FDIC insured accounts.

Functional Allocation of Expenses

The costs of providing the Organization's various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the programs and supporting services benefited.

NOTE 3: INVESTMENTS

Investments are presented in the statements of financial position at fair value based on quoted market prices at year-end. Investments held by the Organization consist of the following as of August 31, 2019 and 2018.

	2019	2018
Cash and Cash Equivalents	\$ 20,521	\$ 56,043
Mutual Funds	692,328	689,885
Total	<u>\$ 712,849</u>	<u>\$ 745,928</u>

Investment income (losses) for the year ended August 31, 2019 and 2018 was comprised of:

	2019	2018
Dividends and Interest	\$ 14,478	\$ 12,558
Unrealized and Realized Gains	2,434	84,169
Less: Fees	<u>-</u>	<u>-</u>
Total	<u>\$ 16,912</u>	<u>\$ 96,727</u>

MUSICAL BRIDGES AROUND THE WORLD, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018

NOTE 4: PROPERTY AND EQUIPMENT

Property and equipment consist of the following at August 31, 2019 and 2018:

	2019	2018
Furniture and Equipment	\$ 50,858	\$ 44,537
Leasehold Improvements	12,531	12,531
Less: Accumulated Depreciation	(49,221)	(45,721)
Net Property and Equipment	<u>\$ 14,168</u>	<u>\$ 11,347</u>

NOTE 5: LINE OF CREDIT

In March 2018, The Organization opened a line of credit with Broadway National Bank for a maximum amount of \$100,000. As of August 31, 2018, \$50,000 was drawn upon the line of credit which was paid back in full during the fiscal year ending August 31, 2019. The line of credit remains available to the Organization if needed for future use.

NOTE 6: IN-KIND CONTRIBUTIONS

The Organization receives a significant amount of donated goods and services. In accordance with accounting principles generally accepted in the United States, goods and services received during fiscal years 2019 and 2018 were recognized in the Statements of Activities as in-kind support, and were offset by a charge to expense in accordance with the character of the donation.

The Organization received the following in-kind contributions during the years ended August 31, 2019 and 2018:

	2019	2018
Venue Rentals	\$ 33,287	\$ 22,350
Supplies	3,284	7,550
Piano Rental & Moving	5,625	3,738
Legal Services	320	9,500
Financial Advisor	5,000	5,000
Photographer	9,512	11,200
Office Assistant	22,468	-
Development Services	25,000	-
Advertising	100	-
Architecture Services	22,076	-

MUSICAL BRIDGES AROUND THE WORLD, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018

NOTE 6: IN-KIND CONTRIBUTIONS (CONTINUED)

	2019	2018
Graphic Designer	25,000	20,000
Video Production	5,000	6,000
Printing & Reproduction	543	6,686
Catering	3,145	6,095
Auto	-	3,778
Hotel Accommodations	12,366	21,651
Total In-Kind Contributions	<u>\$ 172,726</u>	<u>\$ 123,548</u>

NOTE 7: FAIR VALUE OF FINANCIAL INSTRUMENTS

As required by the Fair Value of Financial Instruments topic of the FASB Accounting Standards Codification, the Organization adapted the provisions of Fair Value Measurements.

Under the Fair Value Measurements topic, fair value is defined as the price that would be received to sell an asset or an amount paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair Value Measurements, establishes a fair value hierarchy that prioritizes the inputs of valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets or liabilities and have the highest priority, Level 2 valuations are based on quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities, and Level 3 valuations are based on inputs that are unobservable and consequently have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its assets or liabilities. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. No Level 2 or 3 input valuations were used by the Organization.

The following methods and assumptions were used by The Organization in estimating its fair value disclosures for financial statements:

At August 31, 2019 and 2018 all investments were classified as Level 1. The fair value of the Organization's investments is determined by observing active market prices for identical or similar assets.

MUSICAL BRIDGES AROUND THE WORLD, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018

NOTE 7: FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

At August 31, 2019 and 2018, the fair value of the Organization's cash and cash equivalents, accounts receivable, accounts payable, and accrued liabilities approximate the carrying amounts of such instruments due to their short maturity, and are therefore classified as Level 1 inputs.

NOTE 8: OPERATING LEASE COMMITMENTS

The Organization entered into two non-cancelable operating leases for office space, which expired in February 2019. The Organization was on a month to month basis for the office space through the end of the fiscal year ending August 31, 2019.

Total lease expense for the office space for the years ending August 31, 2019 and 2018 was \$33,000 and \$33,184 respectively.

NOTE 9: EMPLOYEE RETIREMENT PLAN

In 2016, The Organization implemented a Simple IRA Plan. An employee is eligible to become a participant in the Plan provided the employee has earned \$5,000 during any preceding year and it is anticipated the employee will receive at least as much in the current year. A formula has been established whereby employee contributions are matched by the Organization up to a maximum of 3% of the employee's compensation. The employer contributions of \$5,657 and \$8,085 for 2019 and 2018 are matching, non-elective contributions.

NOTE 10: RECLASSIFICATIONS

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between the periods presented. Reclassifications were made due to the adoption of Accounting Standards Update 2016-4, as discussed above, which requires two classifications of net assets from the previously reported three classes. Net assets previously classified at August 31, 2018 as "unrestricted" are now classified as "without donor restrictions". Net assets previously classified as "temporarily restricted" and "permanently restricted" are now classified as "with donor restrictions". The reclassifications had no effect on the previously reported change in net assets.

MUSICAL BRIDGES AROUND THE WORLD, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018

NOTE 11: SUBSEQUENT EVENTS

No material subsequent events were identified that would affect the financial statements for the period ended August 31, 2019. Subsequent events have been evaluated through August 3, 2020, which is the date the financial statements were available to be issued.

NOTE 12: NEW AND RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued a new accounting pronouncement regarding revenue recognition effective for reporting periods beginning after December 15, 2018. Management has determined that the adoption of this pronouncement will not materially affect its financial position, results of operations and related disclosures.

In February 2016, the FASB issued a new accounting pronouncement regarding lease accounting for reporting periods beginning after December 15, 2020. A lessee will be required to recognize on the balance sheet the assets and liabilities for leases with lease terms of more than 12 months. Management is currently evaluating the effect this pronouncement will have on the financial statements and related disclosures.

Recently Adopted Accounting Pronouncements

In August 2016, the FASB issued a new accounting pronouncement regarding reporting and disclosure requirements for not-for-profit organizations, effective for periods beginning after December 15, 2017, with early applications permitted. The pronouncement replaces the three classes of net assets with two new classes, requires the reporting of expense by function and natural classification, enhances disclosures on liquidity and availability of resources, and includes several other less significant reporting enhancements. The Organization has adopted this new pronouncement with the 2019 financial statements.

NOTE 13: LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The Organization has approximately \$737,876 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure. This consists of cash and cash equivalents of \$39,030 accounts receivable of \$3,000, and investments of \$712,849 net of the Organization's current liabilities of \$17,003. The Organization has enough financial assets on hand to meet at least 90 days of normal operating expenses which are, on average approximately \$100,000 per month.