CADILLAC AREA COMMUNITY FOUNDATION

CADILLAC, MICHIGAN

AUDITED FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

CADILLAC AREA COMMUNITY FOUNDATION
CADILLAC, MICHIGAN

AUDITED FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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CADILLAC AREA COMMUNITY FOUNDATION
CADILLAC, MICHIGAN

AUDITED FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

OFFICERS

President	-	Nathan Piwowarski
Vice-President	-	Peter Eliot
Treasurer	-	Jeremy Winkle
Secretary	-	Jenny Reaume

R&M
Richards & McDougall PC
Certified Public Accountants

David L. Richards, CPA, ABV
Krista D. McDougall, CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Cadillac Area Community Foundation

We have audited the accompanying financial statements of Cadillac Area Community Foundation (a Michigan non-profit organization) which comprise the statement of financial position as of September 30, 2019 and the related statements of activities 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 State 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.

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Members: American Institute of Certified Public Accountants & Michigan Association of Certified Public Accountants

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 Cadillac Area Community Foundation as of September 30, 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.

Richards + McDougall, P.C.

Certified Public Accountants
Manistee, Michigan
February 12, 2020

CADILLAC AREA COMMUNITY FOUNDATION
CADILLAC, MICHIGAN

STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2019

ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	$ 207,680
Investment in Marketable Securities	12,433,217
Security Deposit Receivable	500
Current Portion of Student Loans Receivable	2,133
Total Current Assets	12,643,530
PROPERTY AND EQUIPMENT, NET	873
OTHER ASSETS	
Student Loans Receivable, Net of Current Portion	9,732
TOTAL ASSETS	$ 12,654,135
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts Payable	$ 2,430
Grants Payable	23,175
Total Current Liabilities	25,605
NET ASSETS	
Without Donor Restrictions	2,794,357
With Donor Restrictions	9,834,173
Total Net Assets	12,628,530
TOTAL LIABILITIES AND NET ASSETS	$ 12,654,135

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

CADILLAC AREA COMMUNITY FOUNDATION
CADILLAC, MICHIGAN

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Donations	$ 79,980	$ 326,303	$ 406,283
Interest and Dividends	126,614	437,984	564,598
Net Unrealized and Realized Gain on Investments	(16,008)	(51,912)	(67,920)
Net Assets Released from Restrictions	453,090	(453,090)	0
Total Revenue and Support	643,676	259,285	902,961
EXPENSES			
Grants	441,002	0	441,002
Administrative	127,709	0	127,709
Investment fees	21,305	0	21,305
Total Expenses	590,016	0	590,016
Net Increase in Net Assets	53,660	259,285	312,945
NET ASSETS - Beginning of Year	2,740,697	9,574,888	12,315,585
NET ASSETS - End of Year	$ 2,794,357	$ 9,834,173	$ 12,628,530

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

CADILLAC AREA COMMUNITY FOUNDATION
CADILLAC, MICHIGAN

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Program Services	Supporting Services: Management and General	Supporting Services: Fund Raising	Total
Wages	$ 0	$ 71,008	$ 0	$ 71,008
Payroll Taxes	0	5,634	0	5,634
Grants	441,002	0	0	441,002
Legal and Accounting	0	11,000	0	11,000
Investment Expense	0	21,305	0	21,305
Advertising	0	1,803	0	1,803
Program Supplies	0	1,941	0	1,941
Dues and Fees	0	4,805	0	4,805
Insurance	0	2,858	0	2,858
Repairs and Maintenance	0	5,210	0	5,210
Occupancy	0	6,889	0	6,889
Telephone	0	2,017	0	2,017
Miscellaneous	0	2,534	0	2,534
Contracted Services	0	391	0	391
Postage and Shipping	0	707	0	707
Depreciation	0	706	0	706
Travel and Conferences	0	2,539	0	2,539
Promotional Expense	0	7,667	0	7,667
	$ 441,002	$ 149,014	$ 0	$ 590,016

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

CADILLAC AREA COMMUNITY FOUNDATION
CADILLAC, MICHIGAN

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	$ 312,945
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities	
Increase in Assets Held for Endowments	(326,303)
Noncash Donation of Stock	(29,786)
Gain on Sale of Investments	(113,317)
Unrealized Gain on Investments	181,237
Depreciation	706
Changes in Operating Assets and Liabilities Which Provided (Used) Cash	
Accounts Receivable	67,100
Accounts Payable	(1,108)
Grants Payable	(74,542)
Net Cash Flows Used by Operating Activities	16,932
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of Investments	(1,755,430)
Proceeds from Sale of Investments	1,360,774
Student Loan Repayments	2,564
Net Cash Used by Investing Activities	(392,092)
CASH FLOWS FROM FINANCING ACTIVITIES	
Endowment Donations	326,303
NET INCREASE IN CASH AND CASH EQUIVALENTS	(48,857)
Cash and Cash Equivalents - Beginning of Year	256,537
Cash and Cash Equivalents - End of Year	$ 207,680

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

NOTE A - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Cadillac Area Community Foundation (the "Foundation") was incorporated as a Michigan nonprofit corporation on June 29, 1988 to acquire and manage a collection of unrestricted, field-of-interest and restricted endowment funds with income from these funds used to support the public welfare of the people of and around Cadillac, Michigan.

The Foundation also administers the assets of the Missaukee Area Community Foundation. The assets of this *Geographic Component Fund*, which is not a separate legal entity, are exclusively for the purpose of enhancing the quality of life for the residents of Missaukee County.

Basis of Accounting and Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions and restrictions imposed by specific fund agreements. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Net Assets with Donor Restrictions – These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted.

It is the Foundation's intent to honor donor instructions and stipulations regarding the use of gifts made to the Foundation. However, the Foundation Board has retained authority to vary the condition of any gift otherwise subject to donor-imposed conditions if adherence to any such conditions or stipulations would, in the judgment of the Board, be unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community served by the Foundation.

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the current period received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using low-risk interest rates applicable to the years in which

NOTE A - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES – *Cont'd*

Contributions - Continued

the promises are to be received. The Foundation records donations of non-cash assets at their appraised or fair value at the date of the gift.

Donated Services

A portion of the Foundation's activities has been conducted by volunteers without compensation and by professional and business organizations at significantly reduced charges. Support for goods and services contributed has only been recognized to the extent that such contributions (1) require specialized skills (and are provided by individuals possessing those skills) and would typically be purchased if not provided by donation or (2) create or enhance the non-financial assets of the Foundation.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash deposits held in various checking and savings accounts. The Foundation considers all temporary investments with a maturity of three months or less to be cash equivalents. Cash amounts included in the investment portfolio are considered to be cash and cash equivalents for the purposes of the statement of cash flows.

Investments

Investments in marketable securities are stated at fair market value. Increases or decreases resulting from changes in market value of investments are included annually in the *Statement of Activities* whether or not realized by the sale of investments. Investments are recorded on the trade date of the transaction.

Student Loans Receivable

Student loans receivable are unsecured loans to students carrying a variable interest rate and commencing repayment six months after graduation or otherwise ceases to be a student in good standing. There is no allowance for uncollectible loans recorded because the Foundation does not expect such amounts to be significant.

The Foundation's practice is to charge off any loan or portion of a loan when the loan is determined by management to be uncollectible due to the borrower's failure to meet the repayment terms, the deteriorating or deteriorated financial conditions, or for any other reasons. For the fiscal year ending September 30, 2019, the Foundation did not consider any student loans to be uncollectible.

NOTE A - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES – *Cont'd*

Property and Equipment

Property and equipment are stated at cost if purchased or at the estimated fair value if donated. The costs of additions and betterments are capitalized and expenditures for repairs and maintenance are expensed when paid. When items of property or equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is included in additions to or deductions from net assets.

Depreciation is recorded using the straight-line method over the estimated useful lives of the respective assets as follows:

Office Furniture and Equipment	5 years
Leasehold Improvements	15 years

Grants Payable

Grants payable consist of grants approved for distribution and awarded but not paid to local non-profit organizations or individual scholarship recipients. All grants payable are current.

Tax Status

The Foundation has received determination from the Internal Revenue Service that it qualifies as a public charity and is tax exempt under Section 501(c)(3) of the Internal Revenue Code. Also, the Foundation has been certified as a community foundation by the State of Michigan and has received determination of the Foundation as "other than a private foundation" under Section 170(b)(1)(A)(vii) of the Internal Revenue Code.

The Foundation files income tax returns in the U.S. Federal jurisdiction. With few exceptions, the Foundation is no longer subject to U.S. Federal income tax examination by tax authorities for years before September 30, 2017.

Advertising

Advertising costs are charged in the year incurred and totaled $1,803 in 2019.

Use of Estimates in the Preparation of Financial Statements

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 and 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 amounts could differ from those estimates.

NOTE A - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES – *Cont'd*

Reclassification

Certain prior year numbers have been reclassified to be in conformity with the current year presentation.

NOTE B – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Foundation's primary sources of revenues are donations and investment income. Due to the nature of the pooled cash and investment accounts, it would be impractical and immaterial to allocate the available funds between the available cash and investments, therefore, the total available has been noted. The Foundation's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, are comprised of the following at September 30, 2019:

Cash and Investments	$ 786,743

NOTE C - INVESTMENTS AND DEPOSITS

The Foundation's cash and investments are held by financial institutions and consisted of the following at September 30, 2019:

	Market Value	Cost
Cash Equivalents		
Deposits and Cash Equivalent - Investments	$ 207,680	$ 207,680
Marketable Securities		
Equity Securities	2,513,581	1,482,123
Bond Securities	4,337,817	4,205,821
Mutual Funds - Equity	5,581,444	4,691,397
Mineral Interests	375	375
Total Investments in Marketable Securities	12,433,217	10,379,716
Total Cash Equivalents and Investments	$12,640,897	$10,587,396

NOTE C - INVESTMENTS AND DEPOSITS – *Continued*

Concentration of Credit Risk

The Foundation maintains its cash in bank deposit accounts at various financial institutions. The balances, at times, may exceed federally insured limits. At September 30, 2019, the Foundation's cash balances were fully insured.

Concentration of Credit Risk - *Investments*

Brokerage accounts have insurance of $500,000 per broker, provided by the Securities Investor Protection Corporation. The balance of investments exceeded insured limits by $11.467 million at September 30, 2019.

NOTE D - FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial Accounting Standards Board Accounting Standards Codification 820-10 (FASB ASC 820-10), formerly Financial Accounting Standards Board Statement No. 157, *Fair Value Measurements*, 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 under FASB ASC 820-10 are described below:

Level 1—Quoted prices in active markets for identical assets. Assets in this level typically include publicly traded equities, mutual fund investments, cash equivalents, and listed derivatives.

Level 2—Quoted prices for similar assets in active or inactive markets, or inputs derived from observable market data such as published interest rates and yield curves, over-the-counter derivatives, market modeling, or other valuation methodologies. Assets in this level include debt securities and partnerships that hold Level 1 assets, provided that the Foundation has the ability to redeem the investment in the near term, and real estate held for investment if measured by a current appraisal.

Level 3—Unobservable inputs that reflect management's assumptions and best estimates based on available data. Assets in this level include alternative investments, real estate held for investment if measured using management estimates, investments in partnerships and limited liability companies, and beneficial interests in charitable remainder trusts.

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 to minimize the use of unobservable inputs.

NOTE D - FAIR VALUE OF FINANCIAL INSTRUMENTS – *Continued*

Following is a description of the valuation methodologies used for asset measured at fair value. There have been no changes in the methodologies used at September 30, 2019.

Equity and bond securities: Valued at fair value based on quoted market prices.

Mutual funds: Valued at the net asset value ("NAV") of shares held by the Foundation at year-end.

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 Foundation 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.

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of September 30, 2019:

Assets at Fair Value as of September 30, 2019

	Level 1	Level 2	Level 3	Total
Mutual Funds				
Blended Funds	$ 1,892,942	$ 0	$ 0	$ 1,892,942
Bond Funds	4,337,817	0	0	4,337,817
Emerging Markets	171,657	0	0	171,657
Growth Funds	1,414,852	0	0	1,414,852
Income Funds	8,424	0	0	8,424
Index Funds	343,067	0	0	343,067
International Funds	771,061	0	0	771,061
Midcap Funds	704,077	0	0	704,077
Real Estate Funds	97,480	0	0	97,480
Small Cap Funds	177,884	0	0	177,884
Total Mutual Funds	9,919,261	0	0	9,919,261

NOTE D - FAIR VALUE OF FINANCIAL INSTRUMENTS - *Continued*

Assets at Fair Value as of September 30, 2019				
Equity Securities				
Consumer Discretionary	379,834	0	0	379,834
Consumer Staples	156,219	0	0	156,219
Energy	133,624	0	0	133,624
Financials	465,191	0	0	465,191
Health Care	243,293	0	0	243,293
Industrials	183,150	0	0	183,150
Information Technology	589,899	0	0	589,899
Materials	124,584	0	0	124,584
Telecommunications	145,351	0	0	145,351
Utilities	92,436	0	0	92,436
Total Equity Securities	2,513,581	0	0	2,513,581
Mineral Interest	375	0	0	375
	$ 12,433,217	$ 0	$ 0	$ 12,433,217

NOTE E - STUDENT LOANS RECEIVABLE

Student loans receivable are unsecured and has a variable interest rate from year to year based on outside student loan programs available. Terms of the loan state that the repayments begin six months after the recipient graduates or otherwise ceases to be a student in good standing. If the total amount of the recipient's student loans is less than $5,000, the Foundation will establish a term for repayment not to exceed five years. If the total amount is $5,000 or more, the Foundation will establish a term for repayment not to exceed ten years. At September 30, 2019, student loan receivables were $11,865. Amounts are to be received as follows:

2019-2020	$ 2,133
2020-2021	2,198
2021-2022	1,510
2022-2023	1,094
2023-2024	1,128
Thereafter	3,802
	$ 11,865

NOTE F - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of September 30, 2019:

Office Furniture and Equipment	$	9,592
Leasehold Improvements		1,856
		11,448
Less Accumulated Depreciation		(10,575)
Total Property and Equipment	$	873

Depreciation expense for the year ending September 30, 2019 totaled $706.

NOTE G – NET ASSETS WITH DONOR RESTRICTIONS

The Foundation's restricted net assets are available for the following purposes:

Available for Expenditure for:		
Field of Interest	$	3,210,499
Donor Advised		3,916,961
Agency		1,941,997
Scholarships		764,716
		9,834,173

NOTE H - ENDOWMENT

The Foundation's endowment consists of individual funds that are donor restricted or board designated and have been established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment net assets are classified as the following as of September 30, 2019:

Without Donor Restrictions	$ 2,794,357
With Donor Restrictions	9,065,015
	$ 11,859,372

NOTE H – ENDOWMENT - *Continued*

The net changes in endowment net assets are as follows for September 30, 2019:

	Board Designated Endowment	Donor-Restricted Endowments	
	Net Assets without Donor	Net Assets with Donor Restrictions	Total
Endowment Net Assets, Beginning of Year	$ 2,740,697	$ 8,918,368	$11,659,065
Contributions	79,980	97,557	177,537
Distributions	(136,926)	(350,552)	(487,478)
Net Investment Return (loss)	110,606	399,642	510,248
Endowment Net Assets, End of Year	$ 2,794,357	$ 9,065,015	$11,859,372

Interpretation of Relevant Law

The Foundation is subject to the Michigan Uniform Prudent Management of Institutional Funds Act (UPMIFA) (Act 87 of 2009), and, thus classifies amounts in its donor restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Foundation appropriates such amounts for expenditures. Most of those net assets are also subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Foundation has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor restricted endowment funds, the Foundation considered a fund underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund, and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Foundation has interpreted UPMIFA to permit spending from underwater funds in accordance with prudent measures required under law. Additionally, in accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The durations and preservation of the fund
2. The purpose of the organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation (depreciation) of investments
6. Other resources of the organization
7. The investment policies of the Foundation.

NOTE H – ENDOWMENT - ***Continued***

Fund with Deficiencies

From time to time, the fair value of the assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. A deficiency of this nature exists in one donor-restricted fund., which has an original gift value of \$100,000, a current fair value of \$92,709, and a deficiency of \$7,291. The deficiency is a result of unfavorable market conditions. The fund agreement allows the Foundation to use the restricted portion of the funds to make grants when the fund is considered underwater.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to increase the purchasing power of the funds and to produce a reasonable return for distribution to meet current community needs. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period. No Board-designated endowments have been established.

Strategies Employed for Achieving Objectives

To meet its investment objectives for endowment funds, the Foundation follows a total-return strategy; that is, investment decisions are made with the intent of maximizing the long-term total return of the entire portfolio both from market-value increases (realized and unrealized gains) and from current yield (interest and dividends). Assets may be invested among stocks, bonds, cash and other financial instruments in a manner that will produce the highest return without the constraint of producing a specified amount of income for distribution.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year, in general, up to 5.0% of the fund's average quarterly balance, for the prior year. The quarterly balances used to calculate the 5.0% available to be distributed was September 30 and December 31 of the prior year and March 31, and June 30 of the current year. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 4.0% annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

NOTE I - CHARITABLE REMAINDER TRUSTS

The Foundation has been named as the remainder beneficiary of certain trusts at the bequest of the various donors. The timing and method of disbursing the trusts' assets are governed by the provisions of the related legal documents. The amount of assets ultimately to be received and the date when these trusts' assets will be available to the Foundation is not determinable at this time.

NOTE J - OFFICE SPACE

The Foundation paid $515 per month for office space. Rent expense was $6,105 for the year ending September 30, 2019. The Foundation pays for utilities and maintenance while the landlord pays for property taxes, insurance and repairs. The future minimum lease payments are as follows:

Year Ending September 30,	
2020	$ 6,288
2021	6,477
2022	6,671
2023	2,814
	$ 22,250

NOTE K - NEW ACCOUNTING PRONOUNCEMENT

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, Presentation of Financial Statements for Not-for-Profit Entities. The Organization adopted the provisions of this new standard during the year ended September 30, 2019. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added regarding liquidity and availability of resources and related to functional allocation of expenses.

NOTE L – SUBSEQUENT EVENTS

The Foundation has evaluated events and transactions to September 30, 2019 for potential recognition and disclosure through February 12, 2020, the date the financial statements were available to be issued.