Women Employed

WE pursue equity for all.

AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2019

Selden Fox

Accounting for your future

Women Employed
Audit Report
For the Year Ended June 30, 2019

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Selden Fox
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Women Employed
Chicago, Illinois

We have audited the accompanying financial statements of **Women Employed**, a District of Columbia not-for-profit corporation, which comprise the statement of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 Women Employed as of June 30, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Effect of Adopting a New Accounting Standard

As discussed in Note 1, Women Employed 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 June 30, 2019. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

Selden Fox, Ltd.

November 4, 2019

Women Employed
Statement of Financial Position
June 30,

Assets	2019	2018
Current assets:		
Cash and cash equivalents:		
Operating	**$ 761,198**	$ 478,108
Restricted for future programs	**240,132**	386,250
Total cash and cash equivalents	**1,001,330**	864,358
Investments	**652,205**	790,535
Accounts receivable	**42,327**	22,312
Pledges receivable	**2,257**	32,193
Grants receivable	**197,500**	220,000
Prepaid expenses	**58,343**	35,920
Total current assets	**1,953,962**	1,965,318
Noncurrent assets:		
Deposits	**11,908**	11,908
Office furniture and equipment, at cost, less accumulated depreciation of $122,830 ($102,503 in 2018)	**8,591**	27,906
Total assets	**$ 1,974,461**	$ 2,005,132

See accompanying notes.

Liabilities and Net Assets	2019	2018
Current liabilities:		
Accounts payable	**$ 20,081**	$ 18,287
Accrued expenses	**36,729**	19,161
Total current liabilities	**56,810**	37,448
Deferred rent, long-term	**37,686**	57,739
Total liabilities	**94,496**	95,187
Net assets:		
Without donor restrictions:		
Invested in property and equipment	**8,591**	27,906
Board designated - Working Capital Fund	**405,000**	405,000
Available for operations	**809,732**	636,968
Total without donor restrictions	**1,223,323**	1,069,874
With donor restrictions	**656,642**	840,071
Total net assets	**1,879,965**	1,909,945
Total liabilities and net assets	**$ 1,974,461**	$ 2,005,132

Women Employed
Statement of Activities
For the Year Ended June 30,

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue:			
Public support - contributions:			
Individuals	$ 578,902	$ 32,936	$ 611,838
Corporations, foundations, and trusts	422,885	647,000	1,069,885
Net assets released from restrictions	863,365	(863,365)	-
Total contributions	1,865,152	(183,429)	1,681,723
Special events	464,691	-	464,691
Less special event expense	(94,937)	-	(94,937)
Net revenues from special events	369,754	-	369,754
Total public support	2,234,906	(183,429)	2,051,477
Other revenue:			
Net investment income	49,660	-	49,660
Miscellaneous	49,954	-	49,954
Total other revenue	99,614	-	99,614
Total support and revenue	2,334,520	(183,429)	2,151,091
Expenses:			
Program services - Public Education and Policy	1,440,734	-	1,440,734
Supporting services:			
Management and general	322,894	-	322,894
Fund-raising	417,443	-	417,443
Total supporting services	740,337	-	740,337
Total expenses	2,181,071	-	2,181,071
Net increase (decrease) in net assets	153,449	(183,429)	(29,980)
Net assets, beginning of the year	1,069,874	840,071	1,909,945
Net assets, end of the year	$ 1,223,323	$ 656,642	$ 1,879,965

See accompanying notes.

2018		
Without Donor Restrictions	With Donor Restrictions	Total
$ 207,781	$ 23,289	$ 231,070
664,902	760,000	1,424,902
971,363	(971,363)	-
1,844,046	(188,074)	1,655,972
492,057	-	492,057
(107,842)	-	(107,842)
384,215	-	384,215
2,228,261	(188,074)	2,040,187
37,356	-	37,356
28,324	-	28,324
65,680	-	65,680
2,293,941	(188,074)	2,105,867
1,711,150	-	1,711,150
234,816	-	234,816
411,199	-	411,199
646,015	-	646,015
2,357,165	-	2,357,165
(63,224)	(188,074)	(251,298)
1,133,098	1,028,145	2,161,243
$ 1,069,874	$ 840,071	$ 1,909,945

Women Employed
Statement of Functional Expenses
For the Year Ended June 30, 2019

	Program Services - Public Education and Policy	Supporting Services - Management and General	Supporting Services - Fund-raising	**Total**
Salaries	$ 872,415	$ 127,751	$ 306,673	**$ 1,306,839**
Employee benefits	66,224	5,479	13,357	**85,060**
Payroll taxes	60,083	12,065	21,599	**93,747**
Workers' compensation and unemployment insurance	7,752	1,521	2,690	**11,963**
Legal and accounting fees	-	29,762	-	**29,762**
Purchased services	226,459	82,132	14,224	**322,815**
Telephone	18,942	2,776	2,602	**24,320**
Office supplies and stationery	15,546	5,470	4,280	**25,296**
Printing	7,070	12,778	3,967	**23,815**
Postage and delivery	1,087	2,077	4,038	**7,202**
Rent and utilities	104,959	8,363	30,613	**143,935**
General insurance	4,873	474	1,421	**6,768**
Travel and training	22,038	9,756	1,726	**33,520**
Literature and library	1,048	577	163	**1,788**
Bank charges	-	4,348	-	**4,348**
Membership dues and fees	1,537	618	1,153	**3,308**
Equipment leases and licenses	14,991	1,457	4,372	**20,820**
Equipment maintenance	698	1,093	204	**1,995**
Advertising	62	-	-	**62**
Miscellaneous	315	12,974	92	**13,381**
Depreciation	14,635	1,423	4,269	**20,327**
Total expenses	$ 1,440,734	$ 322,894	$ 417,443	**$ 2,181,071**

See accompanying notes.

Women Employed
Statement of Functional Expenses
For the Year Ended June 30, 2018

	Program Services - Public Education and Policy	Supporting Services - Management and General	Supporting Services - Fund-raising	Total
Salaries	$ 1,042,502	$ 123,677	$ 293,783	$ 1,459,962
Employee benefits	83,510	6,430	13,739	103,679
Payroll taxes	69,881	14,147	22,522	106,550
Workers' compensation and unemployment insurance	10,852	1,345	3,017	15,214
Retirement benefits	22,021	1,845	7,295	31,161
Legal and accounting fees	-	26,773	-	26,773
Purchased services	258,078	5,970	17,730	281,778
Telephone	17,035	993	2,156	20,184
Office supplies and stationery	10,340	1,300	2,287	13,927
Printing	8,121	826	4,481	13,428
Postage and delivery	3,023	2,403	4,297	9,723
Rent and utilities	106,887	12,030	25,999	144,916
General insurance	4,923	532	1,198	6,653
Travel and training	33,523	23,423	3,247	60,193
Literature and library	770	413	229	1,412
Bank charges	-	5,735	-	5,735
Membership dues and fees	2,163	1,288	1,068	4,519
Equipment leases and licenses	15,443	1,669	3,751	20,863
Equipment maintenance	662	72	161	895
Advertising	4,914	-	270	5,184
Miscellaneous	625	2,229	107	2,961
Depreciation	15,877	1,716	3,862	21,455
Total expenses	$ 1,711,150	$ 234,816	$ 411,199	$ 2,357,165

See accompanying notes.

Women Employed
Statement of Cash Flows
For the Year Ended June 30,

	2019	2018
Reconciliation of increase (decrease) in net assets to net cash (applied to) provided by operating activities:		
Decrease in net assets	**$ (29,980)**	$ (251,298)
Adjustments to reconcile decrease in net assets to net cash (applied to) provided by operating activities:		
Deferred rent	**(20,053)**	(16,979)
Depreciation	**20,327**	21,455
Non-cash contributions of investments	**(5,358)**	(12,553)
Gain on investments	**(23,326)**	(22,043)
Cash provided by (applied to) other operating activities:		
Accounts receivable	**(20,015)**	10,388
Pledges receivable	**29,936**	22,331
Grants receivable	**22,500**	262,500
Prepaid expenses	**(22,423)**	19,729
Accounts payable	**1,794**	(33,686)
Accrued expenses	**17,568**	(15,883)
Net cash (applied to) provided by operating activities	**(29,030)**	(16,039)
Net cash (applied to) provided by investing activities:		
Purchase of fixed assets	**(1,012)**	(13,096)
Proceeds from noncash contributions of investments	**5,358**	12,553
Purchase of investments	**(90,338)**	(350,174)
Proceeds from sale of investments	**251,994**	481,956
Net cash provided by investing activities	**166,002**	131,239
Net increase in cash and cash equivalents	**136,972**	115,200
Cash and cash equivalents, beginning of the year	**864,358**	749,158
Cash and cash equivalents, end of the year	**$ 1,001,330**	$ 864,358

See accompanying notes.

1. Summary of Significant Accounting Policies

Women Employed (Organization) was incorporated under the laws of the District of Columbia on October 19, 1977, pursuant to the General Not-for-profit Corporation Act. The Organization's goal is to improve the economic status of women earning low wages through research, public education, and policy development.

General – These financial statements, which are presented on the accrual basis of accounting, have been prepared to focus on the Organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of net assets and transactions into two classes: with donor restrictions and without donor restrictions.

Revenues are reported as increases in net assets without donor restrictions, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor stipulation or by law. Expiration of donor-imposed restrictions on net assets (i.e., the donor imposed stipulated purpose has been fulfilled or the stipulated time period has elapsed) are reported as reclassifications between net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Contributions With Restrictions Met in the Same Year – Contributions received with donor imposed restrictions that are met in the same year as received are reported as revenues without donor restrictions.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. Significant estimates used in the preparation of these financial statements include the determination of collectibility of amounts due from others, the determination of useful lives of office furniture and equipment ranging from three to ten years, and the allocation of expenditures to various service functions. Actual results could differ from those estimates.

Certain Significant Concentrations – At June 30, 2019, the Organization had $23,422 of deposits with financial institutions and brokerages recorded as cash and cash equivalents not insured by the Federal Deposit Insurance Corporation, Securities Investor Protection Corporation, or private insurance.

1. **Summary of Significant Accounting Policies** (cont'd)

Cash and Cash Equivalents – The Organization considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents. A portion of cash and cash equivalents has been restricted for grants received in advance of when the donors intend them to be used.

Fair Value of Investments – The Organization's securities are accounted for at fair value with unrealized gains and losses reported in the statement of activities. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements are reported in a three-level valuation hierarchy based on the reliability of observable and unobservable inputs as follows:

Level 1 – Valuations are based on quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 – Valuations are based on the quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and model-derived valuations whose significant inputs are observable.

Level 3 – Valuations are based on unobservable inputs for the asset or liability that reflect the reporting entity's own data and assumptions that market participants would use in pricing the asset or liability.

The Organization's investment securities consist primarily of publicly traded stocks, mutual funds and exchange-traded funds valued based on quoted market prices and classified in Level 1 of the hierarchy.

Furniture and Equipment – Replacement of major assets of property are capitalized at historical cost. In-kind donations are capitalized at their fair value at the date of donation. Maintenance, repairs and minor replacements are expensed. The book value of property sold or retired is removed from the related property and accumulated depreciation accounts. Depreciation is provided on the straight-line method at rates based on estimated lives of three, five, seven or ten years.

Functional Allocation of Expenses – Certain expenses, including salaries, benefits, rent and utilities are allocated to more than one program or supporting function based on an estimate of time and effort incurred by each program.

1. **Summary of Significant Accounting Policies** (cont'd)

Income Taxes – The Organization is tax exempt under Section 501(c)(3) of the Internal Revenue Code. As such, it is not subject to federal income taxes, except for taxes on unrelated business income. There was no taxable unrelated business income in 2019 or 2018. The Organization is registered as a lobbyist under Section 501(h) of the Internal Revenue Code. The Organization's lobbying expenditures did not exceed the permitted amounts in 2019 or 2018. Accordingly, no provision for income taxes has been included in the accompanying financial statements.

The Organization has not been examined by the Internal Revenue Service or the Illinois Department of Revenue. Accordingly, all years under the statute of limitations (years ended June 30, 2016 through 2018) are open for examination.

Subsequent Events – Subsequent events have been evaluated through November 4, 2019, which is the date the financial statements were available to be issued.

New Accounting Pronouncement – The Financial Accounting Standards Board (FASB) issued ASU 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements for 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. The Organization was required to implement this new standard in fiscal 2019. As a result of the update, transactions and balances previously reported as unrestricted and temporarily restricted are now being reported as without donor restrictions and with donor restrictions, respectively. The ASU also required the Organization to add disclosure about the liquidity and availability of funds (Note 7). The Organization has adjusted the presentation of these statements accordingly and retrospectively applied the changes to all periods presented.

2. **Contributed Services and Property**

The Organization recognizes contributed revenue for certain professional services and property received at their fair value. For the year ended June 30, 2019, those services and property included $10,088 of auditing and accounting services ($8,560 of auditing and accounting services for the year ended June 30, 2018).

3. **Investments**

Investment securities at June 30, 2019, are as follows:

Description	Level 1	Level 2	Level 3	**Total**
Money market funds	$ 2,942	$ -	$ -	**$ 2,942**
Bond mutual funds:				
Intermediate-term	144,785	-	-	**144,785**
Global	144,343	-	-	**144,343**
Equity mutual funds:				
International	19,987	-	-	**19,987**
Equities	229,249	-	-	**229,249**
ETFs:				
International	85,899	-	-	**85,899**
Emerging markets	25,000	-	-	**25,000**
	$ 652,205	$ -	$ -	**$ 652,205**

Investment securities at June 30, 2018, are as follows:

Description	Level 1	Level 2	Level 3	Total
Money market funds	$ 201	$ -	$ -	$ 201
Bond mutual funds:				
Intermediate-term	222,768	-	-	222,768
Global	222,164	-	-	222,164
Equity mutual funds:				
International	18,322	-	-	18,322
Equities	212,590	-	-	212,590
ETFs:				
International	88,655	-	-	88,655
Emerging markets	25,835	-	-	25,835
	$ 790,535	$ -	$ -	$ 790,535

Net investment income for the year ended June 30, 2019, consists of interest and dividends of $31,933, unrealized gains of $11,364, realized gains of $11,962, and investment fees of $5,599. Net investment income at June 30, 2018, consisted of interest and dividends of $21,657, unrealized gains of $2,291, realized gains of $19,752, and investment fees of $6,344.

4. **Trust Beneficiary**

During 2007, the Organization was named a beneficiary of a $5 million fund that is administered by The Chicago Community Trust (CCT). The Organization is to receive quarterly distributions of up to 5.5% of the fair market value of the fund, net of administrative fees, subject to administrative review. Total distributions received for the year ended June 30, 2019, were $213,196 ($213,937 for the year ended June 30, 2018). The fair value of the fund at June 30, 2019, was $5,532,656 ($5,645,054 at June 30, 2018).

5. **Pledges Receivable**

The Organization undertook a capital campaign during fiscal 2017, to create the Anne Ladky Leadership Fund (Fund). The Fund will support efforts to engage new leaders in women's economic justice issues and encourage the next generation of young women to become activists.

Pledges receivable at June 30, represent unconditional promises to give for that purpose as follows:

	2019	2018
Unconditional promises to give	**$ 2,300**	$ 32,800
Less unamortized discount	**(43)**	(607)
	$ 2,257	$ 32,193

The remaining pledge receivable balance is due in less than one year.

Pledges receivable are discounted using the Treasury Yield Curve as of June 30, 2019, and applying an additional risk premium. The applicable discount rate used at June 30, 2019, was 1.88%. Amortization of the discount for the year ended June 30, 2019, totaled $564 ($369 for the year ended June 30, 2018).

No provision has been made to provide for doubtful accounts, as all pledges receivable are deemed collectible.

6. **Grants Receivable**

Unconditional grants receivable at June 30, 2019, by grantor and expected period of receipt, are as follows:

	Less Than One Year	One to Five Years
Restricted for future programs:		
The Chicago Community Trust	$ 112,500	$ -
Crown Family Philanthropies	40,000	-
Driehaus	25,000	-
Family Values At Work	20,000	-
Total	$ 197,500	$ -

Unconditional grants receivable at June 30, 2018, by grantor and expected period of receipt, are as follows:

	Less Than One Year	One to Five Years
Restricted for future programs:		
The Chicago Community Trust	$ 200,000	$ -
Family Values At Work	20,000	-
Total	$ 220,000	$ -

No provision has been made to provide for doubtful accounts, as all grants receivable are deemed collectible.

7. **Liquidity and Availability**

Assets available to meet cash needs for general expenditures within one year, without contractual or donor restrictions, consist of the following at June 30:

	2019	2018
Cash	**$ 1,001,330**	$ 864,358
Investments	**652,205**	790,535
Accounts receivable	**42,327**	22,312
Pledges receivable	**2,257**	32,193
Grants receivable	**197,500**	220,000
Less:		
Board-designated net assets without donor restrictions	**(405,000)**	(405,000)
Donor restricted net assets	**(656,642)**	(840,071)
	$ 833,977	$ 684,327

The Organization is generally supported by contributions, many of which are donor restricted. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization maintains an investment portfolio that could be drawn upon if needed. A line of credit is also available to supplement cash requirements. The Organization hosts a major fund-raising event each year. Registration fees charged to attendees and contributions cover the cost of the event and provide additional contributions to cover cash needs.

Board-designated net assets are not considered to be available to fund near term general cash flows, as it is not the expectation or intent for the Organization to use such funds. This designation could be lifted with appropriate Board action.

8. **Restrictions and Limitations on Net Assets**

Net assets with donor restrictions at June 30, consist of grants receivable, pledges receivable, unexpended grant funds and unexpended contributions for the Anne Ladky Leadership Fund, available as follows:

	2019	2018
Future operations	**$ 88,099**	$ 122,500
Public education and policy	**374,533**	483,750
Anne Ladky Leadership Fund	**194,010**	233,821
	$ 656,642	$ 840,071

8. **Restrictions and Limitations on Net Assets** (cont'd)

All contributions receivable are time and purpose restricted and included above.

The sources of net assets released from donor restrictions by incurring expenses satisfying the restricted purposes, or by the occurrence of events specified by the donor, were as follows:

	2019	2018
Future operations	**$ 211,401**	$ 151,667
Public education and policy	**604,217**	764,166
Anne Ladky Leadership Fund	**47,747**	55,530
	$ 863,365	$ 971,363

9. **Operating Leases**

The Organization entered into a lease for its office space that expires February 28, 2021. Under the terms of the lease, 50% of the beginning monthly base rent is to be abated for the first 18 months of the lease. The lease specifies monthly base rental payments commencing at $10,627 and escalating to $12,932. Deferred rent represents the difference between rent actually paid and rent expense recognized. The total rent expense, including abated rent and rent escalations, is recognized evenly over the entire lease term. Rent expense under the lease was $132,573 for the years ended June 30, 2019 and 2018. Rent paid under the lease was $152,626 for the year ended June 30, 2019 ($149,553 for the year ended June 30, 2018).

In addition, the Organization leases office equipment under leases that expire during the year ended June 30, 2021 to June 30, 2022. Rent expensed and paid under equipment leases was $13,381 for the year ended June 30, 2019 ($13,370 for the year ended June 30, 2018).

The future rental payments required are as follows:

Years ending June 30,	Building Rentals	Equipment Rentals	Total Rentals
Fiscal 2020	$ 155,186	$ 10,343	$ 165,529
Fiscal 2021	103,457	9,374	112,831
Fiscal 2022	-	6,885	6,885
	$ 258,643	$ 26,602	$ 285,245

10. **Retirement Plan**

The Organization maintains a qualified defined contribution retirement plan. All employees who have completed one year of service are allocated a discretionary employer contribution. In fiscal 2019, there was no discretionary employer contribution ($31,161, 3% of eligible compensation in fiscal 2018).

11. **Concentration**

For the year ended June 30, 2019, two foundations accounted for approximately $390,000 and $130,000 of public support, respectively (four foundations accounted for approximately $410,000, $170,000, $150,000 and $150,000 of public support, respectively, for the year ended June 30, 2018). Each of the foundations individually represented more than 5% of total revenue and support for the fiscal year disclosed.

For the year ended June 30, 2019, one individual accounted for approximately $330,000 of public support. There were no significant individual donors in the year ended June 30, 2018.

12. **Commitments**

During the year ended June 30, 2017, the Organization entered into an agreement for various IT services. The agreement will be paid over 5 years in monthly installments totaling $2,961. During the year ended June 30, 2019, the total amount expensed under this agreement was $35,578 ($36,799 expensed during the year ended June 30, 2018).

13. **Contingency**

The Organization has received significant financial assistance from various foundations under grant agreements. The disbursement of funds received under these agreements generally requires compliance with terms and conditions specified in the grant agreements, and may be subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. The Organization's management believes that the Organization is in compliance with the terms and conditions of the grant awards.

The Organization has been named beneficiary in a number of potential donors' wills. The ultimate amount to be received is undeterminable at this time.

14. **Line of Credit**

During the year ended June 30, 2016, the Organization opened a line of credit with an investment broker that allows for borrowings collateralized by cash and investments in brokerage accounts with a fair value of $1,069,833 at June 30, 2019 ($1,081,880 at June 30, 2018). The Organization can borrow money using their brokerage accounts as collateral. Maximum borrowings under the line are a factor of the fair value of the assets in the accounts and range from 30% to 40% of the fair value of the brokerage accounts' assets without further approval by the lender depending on the type of assets held in those accounts. With further approval of the lender, the Organization can borrow between 50% to 90% of the fair value of the brokerage accounts' assets, depending on the type of assets held in those accounts. Maximum borrowings at June 30, 2019, without further lender approval, approximate $577,000, and $900,000 with further lender approval. The line of credit was not used during the years ended June 30, 2019 nor 2018.

15. **Future Accounting Standards**

Leases – During 2016, the Financial Accounting Standards Board issued new standards relating to lease accounting. The new standard will require the Organization to recognize on its balance sheet, the asset and liability of their leasing agreements relating to the rights and obligations created by the leases. The standard will be effective for fiscal 2022. The Organization has not determined the effect of adopting the new standard.

Revenue Recognition – During 2018, the Financial Accounting Standards Board issued clarifying and amended guidance for not-for-profit entities on whether a transfer of assets is a contribution or exchange transaction and whether a contribution received is conditional or unconditional. Guidance has been added concerning how an entity should determine whether, in a transfer of assets (or a reduction, settlement, or cancellation of liabilities), a resource provider is participating in an exchange transaction by evaluating whether the resource provider is receiving commensurate value in return for the resources transferred.

15. **Future Accounting Standards** (cont'd)

Guidance has also been added requiring an entity to determine whether a contribution contains a donor-imposed condition on the basis of whether the agreement includes both (1) a barrier that must be overcome, and (2) either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. Either a right of return of the assets transferred or a right of release of the promisor from its obligation to transfer assets must be determinable from the agreement (or from another document referenced in the agreement). Note that the agreement does not need to include the specific phrase "right of return" or "release from obligation". However, an agreement must be sufficiently clear to support a reasonable conclusion about when a recipient will be entitled to the transfer of assets. In the absence of any apparent indication that a recipient is only entitled to the transferred assets or a future transfer of assets if it has overcome a barrier, the agreement should be considered not to contain a right of return of assets transferred or a right of release from obligation, and, thus, should be deemed a contribution without donor-imposed conditions. The presence of both a barrier and a right of return or a right of release indicates that a recipient is not entitled to the transferred assets (or a future transfer of assets) until it has overcome any barriers in the agreement.

The new standard is effective in fiscal 2020. The Organization has not determined the effect of adopting the new standard.