

CHO-YEH CAMP AND
CONFERENCE CENTER, INC.
Livingston, Texas

FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITORS' REPORT

December 31, 2018 and 2017

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Cho-Yeh Camp and Conference
Center, Inc.
Livingston, Texas

We have audited the accompanying financial statements of Cho-Yeh Camp and Conference Center, Inc. (a nonprofit organization) which comprise the statements of financial position as of December 31, 2018 and 2017, 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cho-Yeh Camp and Conference Center, Inc. at December 31, 2018 and 2017, and the statement of activities, functional expenditures, and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Axley & Rode LLP
CERTIFIED PUBLIC ACCOUNTANTS

Lufkin, Texas
May 17, 2019

FINANCIAL STATEMENTS

CHO-YEH CAMP AND CONFERENCE CENTER, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2018 and 2017

	WITHOUT DONOR RESTRICTIONS		WITH DONOR RESTRICTIONS	
	2018	2017	2018	2017
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 1 185 280	\$ 1 428 179	\$ 230 809	\$ 29 208
Accounts receivable	83 106	30 510	-	-
Inventory	53 485	43 730	-	-
Prepaid expenses	9 724	1 062	-	-
Unconditional promises to give	-	-	-	33 176
Other receivables	13 062	291	-	-
TOTAL CURRENT ASSETS	1 344 657	1 503 772	230 809	62 384
Property, plant and equipment	13 604 638	12 656 521	-	-
Other Assets:				
Investments	-	-	26 858	26 858
Cash restricted for property, plant and equipment	-	-	728 026	648 242
TOTAL OTHER ASSETS	-	-	754 884	675 100
TOTAL ASSETS	\$ 14 949 295	\$ 14 160 293	\$ 985 693	\$ 737 484
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts payable	\$ 219 361	\$ 112 475	\$ -	\$ -
Accrued expenses	123 678	78 961	-	-
Current portion of long-term debt	98 119	115 478	-	-
Advance deposits	440 252	358 621	-	-
TOTAL CURRENT LIABILITIES	881 410	665 535	-	-
Long-term debt	682 840	946 795	-	-
TOTAL LIABILITIES	1 564 250	1 612 330	-	-
Net Assets:				
Without donor restrictions	13 385 045	12 547 963	-	-
With Donor Restrictions:				
Scholarships	-	-	230 809	29 208
For purchase of property, plant and equipment	-	-	754 884	708 276
TOTAL NET ASSETS	13 385 045	12 547 963	985 693	737 484
TOTAL LIABILITIES AND NET ASSETS	\$ 14 949 295	\$ 14 160 293	\$ 985 693	\$ 737 484

See independent auditors' report and accompanying notes to financial statements.

TOTAL	
2018	2017
\$ 1 416 089	\$ 1 457 387
83 106	30 510
53 485	43 730
9 724	1 062
-	33 176
13 062	291
<u>1 575 466</u>	<u>1 566 156</u>
13 604 638	12 656 521
26 858	26 858
728 026	648 242
<u>754 884</u>	<u>675 100</u>
\$ <u><u>15 934 988</u></u>	\$ <u><u>14 897 777</u></u>

\$ 219 361	\$ 112 475
123 678	78 961
98 119	115 478
440 252	358 621
<u>881 410</u>	<u>665 535</u>
682 840	946 795
<u>1 564 250</u>	<u>1 612 330</u>
13 385 045	12 547 963
230 809	29 208
754 884	708 276
<u>14 370 738</u>	<u>13 285 447</u>
\$ <u><u>15 934 988</u></u>	\$ <u><u>14 897 777</u></u>

CHO-YEH CAMP AND CONFERENCE CENTER, INC.
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2018 and 2017

	WITHOUT DONOR RESTRICTIONS		WITH DONOR RESTRICTIONS	
	2018	2017	2018	2017
Operating Revenues:				
Retreats and Conferences	\$ 2 417 268	\$ 2 078 887	\$ -	\$ -
Summer Camp	3 225 519	3 093 785	-	-
Gap Year program	103 100	-		
Trading post	363 723	322 319	-	-
Other	112 930	61 834	-	-
TOTAL OPERATING REVENUES	6 222 540	5 556 825	-	-
Operating Expenses:				
Program	5 467 594	4 605 549	-	-
Management and general	493 245	494 031	-	-
Fundraising	133 233	93 561	-	-
TOTAL OPERATING EXPENSES	6 094 072	5 193 141	-	-
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	128 468	363 684	-	-
Other Revenues (Expenses):				
Contributions	15 501	23 985	977 135	652 279
Interest and dividends	10 801	5 706	-	3 526
Interest expense	(46 614)	(55 131)	-	-
Net assets released from restrictions	728 926	3 108 519	(728 926)	(3 108 519)
TOTAL OTHER REVENUES (EXPENSES)	708 614	3 083 079	248 209	(2 452 714)
CHANGE IN NET ASSETS	837 082	3 446 763	248 209	(2 452 714)
Net assets - Beginning of year	12 547 963	9 101 200	737 484	3 190 198
NET ASSETS - END OF YEAR	\$ 13 385 045	\$ 12 547 963	\$ 985 693	\$ 737 484

See independent auditors' report and accompanying notes to financial statements.

TOTAL	
2018	2017
\$ 2 417 268	\$ 2 078 887
3 225 519	3 093 785
103 100	-
363 723	322 319
112 930	61 834
<u>6 222 540</u>	<u>5 556 825</u>
5 467 594	4 605 549
493 245	494 031
133 233	93 561
<u>6 094 072</u>	<u>5 193 141</u>
<u>128 468</u>	<u>363 684</u>
992 636	676 264
10 801	9 232
(46 614)	(55 131)
<u>-</u>	<u>-</u>
<u>956 823</u>	<u>630 365</u>
1 085 291	994 049
<u>13 285 447</u>	<u>12 291 398</u>
\$ <u>14 370 738</u>	\$ <u>13 285 447</u>

CHO-YEH CAMP AND CONFERENCE CENTER, INC.
 STATEMENTS OF FUNCTIONAL EXPENSES
 Years Ended December 31, 2018 and 2017

	2018			
	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUND- RAISING	TOTAL EXPENSES
Salaries	\$ 2 082 423	\$ 178 573	\$ 81 972	\$ 2 342 968
Taxes	168 248	10 042	3 558	181 848
Health insurance	140 644	14 276	3 729	158 649
Other benefits	122 487	3 334	4 699	130 520
TOTAL SALARY AND RELATED EXPENSES	<u>2 513 802</u>	<u>206 225</u>	<u>93 958</u>	<u>2 813 985</u>
Food	488 235	-	-	488 235
Kitchen - Non-food	39 432	-	-	39 432
Interest	-	-	-	-
Repairs and maintenance	215 279	-	-	215 279
Utilities	233 654	-	63	233 717
Trading post	238 804	-	199	239 003
Advertising	212 360	-	6 294	218 654
Bad debt	-	-	-	-
Scholarships	352 561	-	-	352 561
Staff development	108 049	-	-	108 049
Housekeeping	29 683	-	-	29 683
Program activities	248 193	-	1 937	250 130
Construction	20 092	-	-	20 092
Credit card fees	74 429	-	-	74 429
Miscellaneous	78 521	-	731	79 252
Insurance	-	153 131	18	153 149
Professional services	-	74 161	24 685	98 846
Postage	-	1 862	118	1 980
Supplies	-	57 866	4 786	62 652
Travel expenses	18 676	-	444	19 120
TOTAL EXPENSES BEFORE DEPRECIATION AND BAD DEBT	<u>2 357 968</u>	<u>287 020</u>	<u>39 275</u>	<u>2 684 263</u>
Depreciation	<u>595 824</u>	<u>-</u>	<u>-</u>	<u>595 824</u>
TOTAL EXPENSES	<u>\$ 5 467 594</u>	<u>\$ 493 245</u>	<u>\$ 133 233</u>	<u>\$ 6 094 072</u>

See independent auditors' report and accompanying notes to financial statements.

2017

PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUND-RAISING	TOTAL EXPENSES
\$ 1 724 341	\$ 143 764	\$ 50 298	\$ 1 918 403
138 968	10 042	3 558	152 568
116 730	9 469	3 306	129 505
102 140	9 764	3 229	115 133
<u>2 082 179</u>	<u>173 039</u>	<u>60 391</u>	<u>2 315 609</u>
437 778	-	-	437 778
33 030	-	-	33 030
-	-	3 496	3 496
187 561	-	-	187 561
210 972	-	-	210 972
206 778	-	-	206 778
147 322	-	3 777	151 099
19 645	-	-	19 645
344 436	-	1 494	345 930
75 488	-	1 331	76 819
27 365	-	-	27 365
217 345	-	-	217 345
21 087	-	-	21 087
87 755	-	-	87 755
40 089	-	999	41 088
-	186 723	-	186 723
-	86 284	18 960	105 244
-	4 501	1 374	5 875
-	43 484	1 555	45 039
23 514	-	184	23 698
<u>2 080 165</u>	<u>320 992</u>	<u>33 170</u>	<u>2 434 327</u>
<u>443 205</u>	<u>-</u>	<u>-</u>	<u>443 205</u>
<u>\$ 4 605 549</u>	<u>\$ 494 031</u>	<u>\$ 93 561</u>	<u>\$ 5 193 141</u>

CHO-YEH CAMP AND CONFERENCE CENTER, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2018 and 2017

	2018	2017
Cash Flows from Operating Activities:		
Change in net assets	\$ 1 085 291	\$ 994 049
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	595 824	443 205
Unconditional promises to give - Net	33 176	1 756 531
(Increase) Decrease in Current Assets:		
Accounts receivable	(83 106)	17 672
Inventory	(9 755)	(21 110)
Prepaid expenses	(8 662)	-
Other receivables	17 739	1 675
Increase (Decrease) in Current Liabilities:		
Accounts payable	106 886	(61 520)
Accrued expenses	44 717	23 257
Advance deposits	81 631	58 893
NET CASH PROVIDED BY OPERATING ACTIVITIES	1 863 741	3 212 652
Cash Flows from Investing Activities:		
Change in Cash Restricted for:		
Scholarships	-	(3 526)
Property, plant and equipment	(79 784)	701 586
Purchase of property, plant and equipment	(1 543 941)	(3 812 355)
NET CASH USED FOR INVESTING ACTIVITIES	(1 623 725)	(3 114 295)
Cash Flows from Financing Activities:		
Payments on long-term debt	(281 314)	(396 382)
Proceeds from issuance of long-term debt	-	400 000
NET CASH PROVIDED (USED) IN FINANCING ACTIVITIES	(281 314)	3 618
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(41 298)	101 975
Cash and cash equivalents - Beginning of year	1 457 387	1 355 412
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1 416 089	\$ 1 457 387
Supplemental Disclosures:		
Amount paid for interest	\$ 49 279	\$ 58 627

See independent auditors' report and accompanying notes to financial statements.

CHO-YEH CAMP AND CONFERENCE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Cho-Yeh Camp and Conference Center, Inc. (the Organization) was established in 1947 by the Presbytery of New Covenant, Presbyterian Church U.S.A. as an integrated auxiliary. The Organization incorporated and received separate 501(c)(3) status in 2002. Currently, the mission of the Organization is to be "a place where Jesus Christ transforms lives through meaningful relationships and outdoor adventures". This is achieved through various programs and facilities the Organization makes available, such as summer camp, retreats and conferences, Elderhostel, and related facilities.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Promises to Give

Contributions are recognized when the donor makes an unconditional promise to give. All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine the uncollectible portion of unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made.

Accounts Receivable

Accounts receivable consist of those amounts that are due from various individuals or groups that utilize the Organization's services and facilities. Management believes that these amounts are fully collectible; therefore, no allowances for doubtful accounts have been provided. Management is not aware of any significant concentrations of credit or market risks related to receivables or other financial instruments reported in these financial statements.

Contributed Services

Unpaid volunteers have made contributions of their time to develop the Organization's programs. During the year ended December 31, 2018 and 2017, the value of contributed services meeting the requirements for recognition under Financial Accounting Standards Board Codification Section 958, was not material and has not been recorded.

Inventory

Inventory is carried at the lower of cost (determined by the use of the first in, first out method) or market and consists of books, clothing, gifts, etc. Food is expensed as purchased.

Estimates

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

CHO-YEH CAMP AND CONFERENCE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2018 and 2017

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Property, Plant and Equipment

Property, plant and equipment is carried at cost, if purchased, or fair market value at date of acquisition, if received as a donation, with depreciation being taken by the straight-line method over the following estimated useful lives:

Buildings and improvements	30 years
Furniture, fixtures and equipment	7 years
Vehicles	5 years

Interest costs related to building construction are capitalized as part of the building cost.

Maintenance and repairs, as well as minor betterments, are charged to expense as incurred. Major betterments are capitalized. The cost and related accumulated depreciation for property disposals are removed from the accounts and any gains or losses are included in income.

Donations of property, plant, and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property, plant, and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated or acquired assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization then reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Fair Values of Financial Instruments

Current professional standards define fair value 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 should be based on assumptions that market participants would use, including a consideration of non-performance risk. Management assesses the inputs used to measure fair value using a three-tier hierarchy based on the extent to which inputs used in measuring fair value are observable in the market. Level 1 inputs are quoted market prices for identical instruments in an active market that the entity has the ability to access and are the most observable. Level 2 inputs include quoted market prices for similar assets and observable inputs such as interest rates, currency exchange rates, commodity rates, and yield curves. Level 3 inputs are not observable in the market and include management's judgments about the assumptions market participants would use in pricing the asset or liability.

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

Cash and accounts receivable: The carrying amounts reported in the statements of financial position approximate fair values because of the short maturities of those instruments. (Level 1)

Investments: The fair values of investments are based on quoted market prices for those or similar investments. (Level 1)

Long-term unconditional promises to give: The fair value of promises to give that are due in more than one year is estimated by discounting the future cash flows using a current risk free rate of return based on the yield of a U.S. Treasury security with a maturity date similar to the expected collection period. (Level 2)

CHO-YEH CAMP AND CONFERENCE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2018 and 2017

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

Federal Income Tax

The Organization is classified as a nonprofit corporation and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Uncertain Tax Positions

Financial Accounting Standards Board Codification Section 740 requires recognition, measurement and disclosure of uncertain tax positions. The Organization currently accounts for uncertain tax positions based on the estimated likelihood of assessment and has not determined that any tax positions require an accrual based on current standards of accounting. For federal income tax purposes, the tax returns essentially remain open for possible examination for a period of three years after the date on which those returns are filed.

Statements of Cash Flows

For purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash restricted for purchase of property, plant and equipment and designated cash is not included in cash and cash equivalents.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on a historical percentage determined by the organization.

Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation. Such reclassifications had no effect on previously reported net assets (NOTE 11).

NOTE 2 - UNINSURED CASH BALANCES

The Organization's cash is deposited with three institutions. The amount on deposit in each of these institutions may exceed the \$250,000 federally insured limit from time to time. At December 31, 2018 and 2017, cash exceeded federally insured limits by \$2,000,815 and \$1,925,746, respectively.

CHO-YEH CAMP AND CONFERENCE CENTER, INC.
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 December 31, 2018 and 2017

NOTE 3 - INVESTMENTS

Investments as of December 31, 2018 and 2017 consist of deposits with The Texas Presbyterian Foundation and are categorized as follows:

	COST		FAIR VALUE		CARRYING VALUE	
	2018	2017	2018	2017	2018	2017
With Donor Restrictions	\$ -	\$ -	\$ 26 858	\$ 26 858	\$ 26 858	\$ 26 858

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended December 31, 2018 and 2017.

	WITH DONOR RESTRICTIONS	
	2018	2017
Interest and dividends	\$ 10 801	\$ 8 622
Realized and unrealized gains (losses)	\$ -	\$ -

NOTE 4 - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at December 31, 2018 and 2017 are as follows:

	2018	2017
Receivable in less than one year	\$ -	\$ 33 176
Receivable in one to five years	-	-
Receivable in more than five years	-	-
TOTAL UNCONDITIONAL PROMISES TO GIVE	-	33 176
Less discounts to net present value	-	-
Less allowance for uncollectable promises	-	-
NET UNCONDITIONAL PROMISES TO GIVE	\$ -	\$ 33 176

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, at cost, is summarized by major classification as follows:

	2018	2017
Land	\$ 1 667 913	\$ 1 440 984
Buildings and improvements	15 124 766	14 367 441
Furniture and equipment	1 440 180	1 315 074
Construction in progress	695 353	327 501
Vehicles	415 143	348 414
	19 343 355	17 799 414
Less accumulated depreciation	(5 738 717)	(5 142 893)
	\$ 13 604 638	\$ 12 656 521

Depreciation expense totaled \$595,824 and \$443,205 for the years ended December 31, 2018 and 2017, respectively.

NOTE 6 - EMPLOYEE BENEFIT PLANS

The Organization participates in a 401(k) salary reduction plan, which covers all regular full-time employees who have completed twelve consecutive months of service. Contributions to the plan were \$58,974 and \$49,724 for the years ended December 31, 2018 and 2017, respectively.

CHO-YEH CAMP AND CONFERENCE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2018 and 2017

NOTE 7 - NOTES PAYABLE

At December 31, 2018 and 2017, the Organization was liable for the following notes payable:

	2018	2017
Note payable - First National Bank of Livingston, due in 240 monthly installments of \$3,936 including interest at 5.25%, collateralized by deed of trust and real estate lien on a 345 acre tract of land in Polk County, Texas. Matures in August 2024.	\$ 219 840	\$ 252 917
Note payable - First National Bank of Livingston, due in 180 monthly installments of \$8,006, interest due at 5.25%, secured by buildings and equipment. Matures in May of 2026.	561 119	621 767
Note payable - First National Bank of Livingston, due in 240 monthly installments of \$2,696.50, including interest at 5.25%, secured by deed of trust and lien on 6 acres. Matures in March 2037.	-	187 589
	780 959	1 062 273
Less current maturities	98 119	115 478
	\$ 682 840	\$ 946 795

The annual requirements for the five subsequent years are as follows:

2019	\$	98 119
2020		104 085
2021		110 591
2022		117 412
2023		124 654
Thereafter		226 097
	\$	780 959

NOTE 8 - SUBSEQUENT EVENTS

Subsequent events have been evaluated for potential recognition or disclosure through the date of this report which is also the date the report was available to be issued.

NOTE 9 - RISK MANAGEMENT

The Organization is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Organization purchases commercial insurance to cover general liabilities.

NOTE 10 - RELATED PARTY TRANSACTIONS

The Organization received contributions from related parties that approximated \$300,000 and \$350,000 for each year ending December 31, 2018 and 2017, respectively.

CHO-YEH CAMP AND CONFERENCE CENTER, INC.
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 December 31, 2018 and 2017

NOTE 11 - ADOPTION OF ASU NO. 2016-14

In 2018, the Organization adopted ASU No. 2016-14 - *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The standard is intended to improve net asset classification requirements and the information presented in the financial statements and notes about an NFP's liquidity, financial performance, and cash flows.

The standard requires the organization to reclassify its net assets from three categories (i.e., unrestricted, temporarily restricted, and permanently restricted) into two categories: net assets without donor restrictions and net assets with donor restrictions. It also requires recognition of underwater endowment funds as a reduction of net assets with donor restrictions. In addition, the guidance requires enhanced disclosures about the governing board designations; composition of net assets with donor restrictions; the Organization's liquidity; and expenses by both their natural and functional classification.

The effect on the Organization's net asset balances at December 31, 2017 as a result of implementing ASU 2016-14 were as follows:

	ASU 2016-14 CLASSIFICATIONS		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL NET ASSETS
As Previously Presented:			
Unrestricted	\$ 12 547 963	\$ -	\$ 12 547 963
Temporarily restricted	-	710 626	710 626
Permanently restricted	-	26 858	26 858
NET ASSETS AS PREVIOUSLY PRESENTED	\$ 12 547 963	\$ 737 484	\$ 13 285 447

NOTE 12 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's primary liquidity resource is collection of payments for services rendered and is supplemented by contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors.

The following reflects the Organization's financial assets as of December 31, 2018, reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions or internal designations. There are no Board-approved appropriations and no internal designations for expenditure.

	2018
Current assets, excluding nonfinancial assets	\$ 1 268 386
Less: Donor restrictions for specific purposes	-
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	\$ 1 268 386