Childcare Worldwide and Affiliates

Combined Financial Statements with
Independent Auditor's Report

Year Ended September 30, 2018
(with Summarized Comparative Totals
for the Year Ended September 30, 2017)

Larson Gross

Childcare Worldwide and Affiliates

Contents

Larson Gross

Independent Auditor's Report

To the Board of Directors
Childcare Worldwide
Bellingham, Washington

We have audited the accompanying combined financial statements of Childcare Worldwide and affiliates, which comprise the combined statement of financial position as of September 30, 2018, the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined financial statements based on our audit. We did not audit the financial statements of Childcare Worldwide–Uganda, Childcare Worldwide–Kenya, Help the Children–India, Childcare Worldwide–Haiti, and Obra Social Cristiana Childcare Worldwide–Peru, related foreign affiliates, which statements reflect total assets and revenue/(loss) of $456,895 and ($106,886), respectively, as of and for the year ended September 30, 2018. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the related foreign affiliates, is based solely on the reports of the other auditors. 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined financial statements

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

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Opinion
In our opinion, based on our audit and the reports of other auditors, the combined financial statements referred to above present fairly, in all material respects, the financial position of Childcare Worldwide and affiliates as of September 30, 2018, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters
Correction of Error
As described in Note 9 to the combined financial statements, Childcare Worldwide has restated its 2017 financial statements during the current year to recognize the estimated liability for a deferred compensation arrangement, in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Report on Summarized Comparative Information
We have previously audited Childcare Worldwide and affiliates' 2017 combined financial statements, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated January 26, 2018. In our opinion, after considering the impact of the error correction described in the preceding paragraph, the summarized comparative information presented herein as of and for the year ended September 30, 2017, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

Larson Gross PLLC

Bellingham, Washington
January 26, 2019

Childcare Worldwide and Affiliates

Combined Statement of Financial Position

September 30, 2018

(With Summarized Comparative Totals for September 30, 2017)

Assets

	2018	2017
Cash and cash equivalents	$ 1,344,779	$ 1,056,856
Investments	134,939	134,977
Prepaid and other	46,404	6,768
Land, property, and equipment, net	2,392,553	2,541,895
Total assets	$ 3,918,675	$ 3,740,496

Liabilities and Net Assets

	2018	2017
Accounts payable	$ 132,539	$ 120,860
Accrued liabilities	70,787	52,797
Deferred compensation	199,000	153,000
Note payable	1,027,786	1,050,793
Total liabilities	1,430,112	1,377,450
Net assets		
Unrestricted		
Board designated	131,395	93,395
Undesignated	1,738,370	1,746,736
Total unrestricted net assets	1,869,765	1,840,131
Temporarily restricted	618,798	522,915
Total net assets	2,488,563	2,363,046
Total liabilities and net assets	$ 3,918,675	$ 3,740,496

Childcare Worldwide and Affiliates

Combined Statement of Activities

Year Ended September 30, 2018

(With Summarized Comparative Totals for Year Ended September 30, 2017)

	2018	2017
Changes in unrestricted net assets		
Revenue		
Contributions	$ 4,315,126	$ 4,378,950
In-kind contribution	-	450,000
Loss on sale of land, property, and equipment	(126,495)	(4,565)
Investment return	5,783	20,313
Net assets released from restrictions	142,316	253,977
Total unrestricted revenue and support	4,336,730	5,098,675
Expenses		
Program services		
International programs	3,121,932	3,203,863
Domestic programs	590,992	746,937
Total program services	3,712,924	3,950,800
Supporting activities		
Administration	272,798	172,693
Fundraising	321,995	385,229
Total supporting activities	594,793	557,922
Total expenses	4,307,717	4,508,722
Increase in unrestricted net assets	29,013	589,953
Changes in temporarily restricted net assets		
Contributions	238,199	133,822
Net assets released from restrictions	(142,316)	(253,977)
Increase (decrease) in temporarily restricted net assets	95,883	(120,155)
Increase in net assets	124,896	469,798
Foreign currency translation adjustment	621	(23,762)
Net assets – beginning of year	2,363,046	1,917,010
Net assets – end of year	$ 2,488,563	$ 2,363,046

Childcare Worldwide and Affiliates

Combined Statement of Functional Expenses

Year Ended September 30, 2018

(With Summarized Comparative Totals for Year Ended September 30, 2017)

	Program Services				Supporting Services			
	International Programs	Domestic Programs	Total 2018	Total 2017	Administration	Fundraising	Total 2018	Total 2017
Children's program	$ 1,622,759	$ -	$ 1,622,759	$ 1,646,941	$ -	$ -	$ -	$ -
Salaries and benefits	888,588	382,931	1,271,519	1,354,779	135,883	134,665	270,548	224,058
Other ministry	304,164	122,837	427,001	406,427	25,331	131,719	157,050	123,783
Utilities, rent, and building maintenance	115,167	29,952	145,119	118,681	22,084	35,275	57,359	62,758
Travel	90,883	38,204	129,087	149,894	54	1,589	1,643	1,556
Depreciation	27,947	63	28,010	34,284	82,174	105	82,279	61,538
Outside services	24,313	7,294	31,607	46,897	5,248	12,156	17,404	18,037
Supplies, printing, and postage	38,553	7,002	45,555	80,472	564	1,409	1,973	20,485
Miscellaneous	9,558	2,709	12,267	112,425	1,460	5,077	6,537	45,707
	$ 3,121,932	$ 590,992	$ 3,712,924	$ 3,950,800	$ 272,798	$ 321,995	$ 594,793	$ 557,922

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

Childcare Worldwide and Affiliates

Combined Statement of Cash Flows

Year Ended September 30, 2018

(With Summarized Comparative Totals for Year Ended September 30, 2017)

	2018	2017
Cash flows from operating activities		
Increase in net assets	$ 124,896	$ 469,798
Adjustments to reconcile increase in net assets		
to net cash provided by operating activities		
Depreciation	110,289	95,822
Loss on sale of land, property, and equipment	126,495	4,565
Non-cash contribution of building purchase discount	-	(450,000)
Net unrealized gain on investments	(1,444)	(16,245)
(Increase) decrease in assets		
Prepaid and other	(39,636)	29,371
Increase (decrease) in liabilities		
Accounts payable	11,679	(27,103)
Accrued liabilities	17,990	7,842
Deferred compensation	46,000	15,000
Net cash provided by operating activities	396,269	129,050
Cash flows from investing activities		
Proceeds from sale of investments	1,482	73,714
Proceeds from sale of land, property, and equipment	-	2,500
Purchase of property and equipment	(92,721)	(486,555)
Net cash used by investing activities	(91,239)	(410,341)
Cash flows from financing activities		
Repayments and issuance costs of note payable	(23,007)	(29,207)
Net cash used by financing activities	(23,007)	(29,207)
Net increase (decrease) in cash and cash equivalents	282,023	(310,498)
Effect of exchange rates on foreign currency translation	5,900	(452)
Cash and cash equivalents – beginning of year	1,056,856	1,367,806
Cash and cash equivalents – end of year	$ 1,344,779	$ 1,056,856
Supplemental Disclosures of Cash Flow Information		
Cash paid for interest	$ 50,553	$ 43,820
Non-cash investing and financing activities:		
Discount on purchase of building	$ -	$ 450,000
Land and building purchased through notes payable issuance	$ -	$ 1,080,000

Note 1 – Summary of Significant Accounting Policies

Organizations – Childcare Worldwide (the Organization) receives contributions of funds and donated goods from Christian relief organizations, churches, and individuals. The Organization's ministry efforts are conducted in international and domestic areas. International ministries support and direct ministry in foreign countries, including Kenya, Uganda, Haiti, Mexico, Thailand, Peru, Sri Lanka, and India. The activities in these countries include feeding, clothing, and educating the poor, providing medical assistance, housing orphans and performing evangelism, and encouraging the study of the Bible. Domestic ministries include ministry team expenses and publication ministries.

Principles of combination – The combined financial statements include the financial statements of the following affiliated organizations: Childcare Worldwide – Uganda, Childcare Worldwide – Kenya, Help the Children – India, Childcare Worldwide – Haiti, and Obra Social Cristiana Childcare Worldwide – Peru. Childcare Worldwide and all affiliated organizations are collectively referred to as "the Organization" or "Childcare Worldwide." All significant inter-organization accounts and transactions have been eliminated in combination.

Basis of accounting – The Organization prepares its combined financial statements in accordance with accounting principles generally accepted in the United States of America, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Basis of presentation – Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

> **Unrestricted net assets** – Net assets that are not subject to externally imposed restrictions.
>
> **Temporarily restricted net assets** – Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization or the passage of time.
>
> **Permanently restricted net assets** – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. The Organization had no permanently restricted net assets as of September 30, 2018 or 2017.

Revenues are reported as increases in unrestricted net assets unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose of restrictions. When donor restrictions are met during the same period that the contribution is received, the contribution is recorded as unrestricted net assets.

Note 1 – Summary of Significant Accounting Policies – (Continued)

Cash and cash equivalents – Cash and cash equivalents consist of checking and money market accounts and for purposes of combined cash flows are defined as all highly liquid investments with an initial maturity of three months or less.

Concentrations of credit risk – Financial instruments which potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents. The Organization maintains cash and cash equivalent balances at various foreign and domestic financial institutions. The accounts may exceed insured limits at times during the year. The Organization has not experienced any losses in these accounts, and management does not believe it is exposed to any significant credit risk.

Investments – Investments consist of certificates of deposit and mutual funds and are recorded at fair value. Unrealized investment gains and losses are included in the changes in net assets. Investment income or loss is reported as an increase or decrease in unrestricted net assets unless the investment income on restricted assets also is restricted by the donor, resulting in such investment income being recorded as restricted until time or purpose restrictions are satisfied.

Land, property, and equipment – The Organization capitalizes all land, property, and equipment acquisitions in excess of $2,500. Land, property, and equipment are recorded at cost or, if acquired as a donation, at the estimated fair market value at the date donated. Additions, improvements or expenditures which add to productive capacity or extend the life of an asset are capitalized. Expenditures for repairs and maintenance are charged to operations as incurred. Depreciation and amortization is recorded using the straight-line method over estimated useful lives of the assets, which range from 5 to 39 years. Depreciation expense totaled $110,290 and $95,822 for the years ended September 30, 2018 and 2017, respectively.

Contributions – Contribution revenue consists of general contributions and grants, and is recognized in the period received or when an unconditional promise to give is made, whichever is earlier. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Donated goods and services – Donations of supplies, equipment, and other goods are recorded at fair value on the date of receipt. Donated services are recognized if services received (a) create or enhance nonfinancial assets or (b) require special skills, and are provided by individuals possessing those skills and would typically need to be purchased if not donated. Many volunteers have donated significant amounts of time to the Organization's activities. The services of these volunteers are not recorded in the accompanying financial statements as they do not meet the criteria for recognition under ASC 958-605-25-16, *Not-for-Profit Entities – Recognition of Contributed Services.*

Functional allocation of expenses – The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying combined statement of activities and the combined statement of functional expenses by natural classification. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Note 1 – Summary of Significant Accounting Policies – (Continued)

Federal income tax – Childcare Worldwide is a non-profit entity exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income tax is necessary. The tax returns for the prior three fiscal years remain subject to examination by major tax jurisdictions.

Foreign currency translation – The functional currency of the Organization's affiliated organizations is the local currency. The Organization translates all assets and liabilities to U.S. dollars at the current exchange rates as of the applicable statement of financial position date. Expenses are translated using the average exchange rate for the period. Gains and losses resulting from the translation of the foreign subsidiaries' financial statements are reported as a component of unrestricted net assets. Net gains and losses resulting from foreign exchange transactions are recorded on the combined statement of activities.

Use of estimates – The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. Such estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements, and affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent events – In preparing these combined financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 26, 2019, the date the combined financial statements were available to be issued.

Note 2 – Fair Value Measurements

ASC 820, *Fair Value Measurements and Disclosures*, 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 measurement) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1: Observable inputs to the valuation methodology that are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2: Observable inputs to the valuation methodology other than quoted market prices (unadjusted) for identical assets or liabilities in active markets. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical assets in markets that are not active, and inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable for the asset or liability.

Note 2 – Fair Value Measurements – (Continued)

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. At both September 30, 2018 and 2017, all investments are measured using level 1 inputs based on quoted prices in active markets for identical assets.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There were no changes in valuation methods during the years ended September 30, 2018 and 2017.

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

	2018			
	Level 1	Level 2	Level 3	Total
Certificates of deposit	$ 106,092	$ -	$ -	$ 106,092
Mutual funds	28,847	-	-	28,847
	$ 134,939	$ -	$ -	$ 134,939

	2017			
	Level 1	Level 2	Level 3	Total
Certificates of deposit	$ 105,845	$ -	$ -	$ 105,845
Mutual funds	29,132	-	-	29,132
	$ 134,977	$ -	$ -	$ 134,977

To assess the appropriate classification of investments with the fair value hierarchy, the availability of market data is monitored. Changes in economic conditions or valuation techniques may require the transfer of investments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

The Organization evaluated the significance of transfers between levels based upon the nature of the investment and size of the transfer relative to total net assets available for benefits. For the year ended September 30, 2018, there were no significant transfers in or out of Level 3.

Note 2 – Fair Value Measurements – (Continued)

Investment return consists of the following for the years ended September 30:

	2018	2017
Interest and dividends	$ 4,802	$ 4,179
Unrealized gains	1,444	16,245
Other	(463)	(111)
	$ 5,783	$ 20,313

Note 3 – Land, Property, and Equipment

Land, property, and equipment consist of the following at September 30:

	2018	2017
Buildings and improvements	$ 1,794,494	$ 1,879,495
Land	596,686	600,790
Automobiles	248,586	247,472
Office equipment	97,114	98,930
Other	721	2,375
	2,737,601	2,829,062
Less accumulated depreciation and amortization	(345,048)	(287,167)
	$ 2,392,553	$ 2,541,895

The above reconciles to total land, property, and equipment as follows at September 30:

	2018	2017
United States	$ 2,055,887	$ 2,062,085
Foreign affiliates	336,666	479,810
	$ 2,392,553	$ 2,541,895

Note 4 – Deferred Compensation

The Organization has an unfunded post-retirement plan for the Organization's founder and former President/CEO, Dr. Max Lange (the Founder). Benefits of $3,000 per month are to be paid to the Founder or his spouse for the duration of their lives, to be continued through the life of whomever lives the longest. The Organization accrues the projected future costs of providing post-retirement benefits during the period that employees render the services necessary to be eligible for such benefits. The accrued deferred compensation from this arrangement is $199,000 and $153,000 as of September 30, 2018 and 2017. The discount rate used in determining the accrued deferred compensation was 2.45% and 1.39% at September 30, 2018 and 2017, respectively. No benefits were paid by the Organization during the years ended September 30, 2018 and 2017.

Note 4 – Deferred Compensation – (Continued)

The Founder retired effective October 31, 2018. Estimated future benefits to be paid are as follows for the years ending September 30:

2019	$ 32,200
2020	35,100
2021	35,100
2022	35,100
2023	35,100
Thereafter	26,400
	$ 199,000

Note 5 – Note Payable

In October 2016, the Organization obtained a 15-year note payable from a local financial institution to finance the purchase of land and an office building located in Bellingham, Washington. Imbedded in the note payable is a rate conversion agreement to fix the interest rate on the remaining amount of the note at 4.73%. Prior to the rate conversion agreement, the variable interest rate on the note was based on one-month LIBOR plus 2.75%. The note requires monthly principal and interest payments totaling $6,193 with a final balloon payment for the remaining balance due in November 2031. As of September 30, 2018, the note payable consisted of:

Note payable to financial institution	$ 1,038,118
Less: Unamortized debt issuance costs	(10,332)
Note payable, less unamortized debt issuance costs	$ 1,027,786

Amortization of the debt issuance costs for the year ended September 30, 2018 totaled $421, and is reported as depreciation expense in the combined statement of functional expenses. Interest expense for the year ended September 30, 2018 totaled $50,553.

Future minimum principal payments for the years ending September 30 are as follows:

2019	$ 25,088
2020	26,183
2021	27,601
2022	28,954
2023	30,374
Thereafter	899,918
	$ 1,038,118

Note 6 – Restrictions on Net Assets

Temporarily restricted net assets are available for the following purposes at September 30:

	2018	2017
International programs and other	$ 372,229	$ 371,689
Pledges for child sponsorship and operations	246,569	151,226
	$ 618,798	$ 522,915

Note 7 – Leases

In November 2016, the Organization entered into a 5-year operating lease for office equipment. Monthly base lease payments totaled $801 for the year ended September 30, 2018, increasing approximately 6% each year. Total rent expense for the years ended September 30, 2018 and 2017 totaled $9,665 and $8,398, respectively.

Future minimum payments under the office equipment operating lease are as follows for the years ending September 30:

2019	$ 10,189
2020	10,800
2021	10,494
	$ 31,483

Note 8 – Geographic Area of Operations

Included in the Organization's combined financial statements are net assets of Childcare Worldwide's international operations. Information related to the net assets in international countries is as follows at September 30:

	2018	2017
Uganda	$ 144,945	$ 277,850
Kenya	162,003	188,266
Peru	30,380	32,480
Haiti	21,096	33,256
India	17,157	20,733
	$ 375,581	$ 552,585

Note 8 – Geographic Area of Operations – (Continued)

The above reconciles to total net assets as follows at September 30:

	2018	2017
United States	$ 2,112,982	$ 1,810,461
Foreign affiliates	375,581	552,585
	$ 2,488,563	$ 2,363,046

Note 9 – Prior Period Restatement

Subsequent to issuing the September 30, 2017 combined financial statements, management determined that an unrecorded deferred compensation arrangement with the Organization's founder (see Note 4) should have been recorded as a liability. The following line items of the September 30, 2017 combined financial statements were affected:

	2017 As Previously Reported	Effect of Restatement	2017 As Restated
Combined Statement of Financial Position			
Deferred compensation	$ -	$ 153,000	$ 153,000
Unrestricted net assets	$ 1,993,131	$ (153,000)	$ 1,840,131
Combined Statement of Activities			
Administration expenses	$ 157,693	$ 15,000	$ 172,693
Increase in net assets	$ 484,798	$ (15,000)	$ 469,798
Net assets – beginning of year	$ 2,055,010	$ (138,000)	$ 1,917,010
Net assets – end of year	$ 2,516,046	$ (153,000)	$ 2,363,046
Combined Statement of Cash Flows			
Increase in net assets	$ 484,798	$ (15,000)	$ 469,798
Deferred compensation	$ -	$ 15,000	$ 15,000

Note 10 – Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, “Revenue from Contracts with Customers”, which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. ASU 2014-09 and subsequent amendments outline a five-step process for revenue recognition that focuses on transfer of control, as opposed to transfer of risk and rewards, and also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenues and cash flows from contracts with customers. Major provisions include determining which goods and services are distinct and represent separate performance obligations, how variable consideration (which may include change orders and claims) is recognized, whether revenue should be recognized at a point in time or over time and ensuring the time value of money is considered in the transaction price. This guidance may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of initial application. Application is required for annual periods beginning after December 15, 2018. The Organization continues to evaluate the impact of the new accounting guidance on its combined financial statements.

In August 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, “net assets with donor restrictions” and “net assets without donor restrictions”, and expands disclosures about the nature and amount of any donor restrictions. ASU 2016-14 is effective for annual periods beginning after December 15, 2017. The Organization is currently evaluating the impact the adoption of this guidance will have on its combined financial statements.