WRITERS GUILD OF AMERICA, EAST, INC.
Financial Statements
March 31, 2019 and 2018
With Independent Auditors' Report

Writers Guild of America, East, Inc.
March 31, 2019 and 2018

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT

To the Council and Membership,
Writers Guild of America, East, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Writers Guild of America, East, Inc. (the "Guild"), which comprise the statements of financial position as of March 31, 2019 and 2018, the related statements of activities and cash flows for the years then ended, the related statement of functional expenses for the year ended March 31, 2019, 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.

Auditors' 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 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 auditors' 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 auditors consider 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.

withum

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Writers Guild of America, East, Inc. as of March 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change in Accounting Principles

As discussed in Note 2 to the financial statements, in 2019 the Writers Guild of America, East, Inc. adopted new accounting guidance in accordance with Financial Accounting Standards Update No. 2016-14, *Not-for-Profit (Topic 958) – Presentation of Financial Statements for Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

WithumSmith+Brown, PC

September 5, 2019

Writers Guild of America, East, Inc.
Statements of Financial Position
March 31, 2019 and 2018

	2019	2018
Assets		
Assets		
Cash	$ 1,089,547	$ 1,772,318
Investments	9,467,092	9,232,785
Dues receivable	2,365,056	2,315,058
Other receivables	165,609	35,673
Prepaid expenses	69,289	39,953
Property assets - net	683,177	750,256
Total assets	$ 13,839,770	$ 14,146,043
Liabilities and net assets		
Liabilities		
Accounts payable and accrued expenses	$ 670,145	$ 655,983
Advance payments from members	31,205	34,094
Residuals payable	60,107	318,140
Deferred rent	850,557	897,049
Total liabilities	1,612,014	1,905,266
Net assets without donor restrictions	12,227,756	12,240,777
Total liabilities and net assets	$ 13,839,770	$ 14,146,043

The Notes to Financial Statements are an integral part of these statements.

Writers Guild of America, East, Inc.
Statements of Activities
Years Ended March 31, 2019 and 2018

	2019	2018
Changes in net assets without donor restrictions		
Revenue		
Dues based on earnings	$ 5,963,841	$ 5,767,322
Annual basic dues	800,091	759,663
Initiation fees	395,981	388,162
Bookkeeping and late fees	219,282	165,172
Registration of manuscripts	257,201	272,696
Net investment income	117,949	755,693
Awards program	270,535	222,665
Other income	77,251	35,056
Total revenue	8,102,131	8,366,429
Expenses		
Program services	5,643,993	4,854,195
Administrative and general	2,471,159	2,275,875
Total expenses	8,115,152	7,130,070
Changes in net assets without donor restrictions	(13,021)	1,236,359
Net assets at the beginning of the year	12,240,777	11,004,418
Net assets at the end of the year	$ 12,227,756	$ 12,240,777

The Notes to Financial Statements are an integral part of these statements.

Writers Guild of America, East, Inc.
Statement of Functional Expenses
Year Ended March 31, 2019

	2019							
	Program Expenses					Supporting Services		
	Awards, Events, and Activities	Membership and Dues	Contract Enforcement	Organizing	Total Program Expenses	Administrative and General	Total Expenses	**2018***
Salaries, benefit, and taxes	$ 553,214	$ 296,477	$ 920,310	$ 1,028,494	$ 2,798,495	$ 1,506,054	$ 4,304,549	$ 3,799,510
Rent and utilities	281,209	66,038	204,991	226,148	778,386	335,461	1,113,847	1,066,842
WGAw Settlement	-	-	692,633	-	692,633	-	692,633	661,069
Meetings	38,036	-	192,708	72,491	303,235	34,832	338,067	250,164
Legal fees	-	-	251,927	-	251,927	-	251,927	94,022
Database and network maintenance	21,511	11,528	35,784	39,478	108,301	58,560	166,861	177,225
Travel and lodging	27,056	-	27,242	96,149	150,447	15,176	165,623	77,737
Depreciation and amortization	19,043	10,206	31,680	34,949	95,878	51,843	147,721	112,410
Bank and credit card processing fees	15,368	8,236	25,565	28,204	77,373	41,836	119,209	107,095
Per capita dues	-	-	-	-	-	104,734	104,734	116,587
Insurance	11,024	5,908	18,340	20,233	55,505	30,012	85,517	68,573
Miscellaneous	-	-	-	-	-	76,929	76,929	97,103
Accounting	8,637	4,629	14,369	15,852	43,487	23,514	67,001	-
Equipment lease	7,891	4,229	13,128	14,482	39,730	21,483	61,213	58,219
Office supplies	7,359	3,944	12,941	13,506	37,751	20,035	57,786	43,809
Stationery and printing	6,504	19,244	531	4,708	30,987	23,520	54,507	22,946
Lobbying	-	-	-	-	-	54,070	54,070	52,613
Postage	4,031	17,478	24,378	460	46,347	2,300	48,647	51,640
Public relations	32,837	-	-	-	32,837	-	32,837	16,599
Website content and maintenance	10,189	-	-	-	10,189	18,449	28,638	23,173
Statues	28,433	-	-	-	28,433	-	28,433	129,835
Telephone	3,518	1,885	5,852	6,456	17,710	9,576	27,286	26,342
Dues and subscriptions	-	-	-	-	-	22,300	22,300	19,413
Payroll service fees	2,504	1,342	4,166	4,596	12,608	6,818	19,426	18,088
Storage	1,750	938	2,911	3,212	8,811	4,764	13,575	12,015
Communications	12,101	-	700	-	12,801	-	12,801	8,843
Education and professional activities	-	-	5,122	5,000	10,122	2,073	12,195	8,618
Elections	-	-	-	-	-	6,820	6,820	9,580
	$ 1,092,215	$ 452,083	$ 2,485,277	$ 1,614,418	$ 5,643,993	$ 2,471,159	$ 8,115,152	$ 7,130,070

*With comparative totals for 2018

The Notes to Financial Statements are an integral part of this statement.

Writers Guild of America, East, Inc.
Statements of Cash Flows
Years Ended March 31, 2019 and 2018

	2019	2018
Cash flows from operating activities		
Changes in net assets	$ (13,021)	1,236,359
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities		
Depreciation and amortization	147,721	112,410
Unrealized gain on investments	(223,734)	(445,895)
Realized loss (gain) on investments	279,495	(172,606)
(Increase) decrease in		
Dues receivable	(49,998)	(191,209)
Other receivables	(129,936)	(17,891)
Prepaid expenses	(29,336)	(14,971)
Increase (decrease) in		
Accounts payable and accrued expenses	14,162	55,810
Advance payments from members	(2,889)	10,751
Residuals payable	(258,033)	318,140
Deferred rent	(46,492)	(21,720)
Net cash (used) provided by operating activities	(312,061)	869,178
Cash flows from investing activities		
Purchases of property, furniture, and equipment	(80,642)	(41,439)
Sales of investments	900,283	1,207,298
Purchases of investments	(1,190,351)	(1,493,117)
Net cash used in investing activities	(370,710)	(327,258)
Change in cash	(682,771)	541,920
Cash		
Beginning of the year	1,772,318	1,230,398
End of the year	$ 1,089,547	1,772,318

The Notes to Financial Statements are an integral part of these statements.

1. ORGANIZATION

The Writers Guild of America, East, Inc. (the "Guild") is a labor union incorporated in the state of New York, formed to promote and protect the professional and artistic interests of all creators and adapters of literary material; to represent members of the Guild for the purpose of collective bargaining; and to promote fair dealings between its members and others. The Guild is affiliated with Writers Guild of America, West, Inc. ("WGAw"), as well as international writers' organizations throughout the world.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting
The financial statements are prepared on the accrual basis of accounting, which means that revenue is recognized in the period that it is earned, and expenses are recognized in the period that they are incurred.

Net Assets
Net assets are reported as net assets with donor restrictions if they arise from contributions received with donor-imposed stipulations on their use. Some donor restrictions are temporary in nature; those restrictions will be met by the passage of time or action of the Guild pursuant to those stipulations. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. As of March 31, 2019 and 2018, the Guild had no net assets with donor restrictions.

Net assets without donor restrictions are the portion of net assets that are not subject to limitations imposed by donors. Net assets without donor restrictions may, however, be subject to limitations and allocations imposed by the Guild's Council, per its constitution. The Council delineates net assets without donor restrictions into the following categories:

- Undesignated - Represents operating activity
- Council designated - Represents amounts designated by the Council, as mandated by the Constitution, to be used at its discretion. See Note 4 for information on Council designated net assets.

Accounting 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 reported amounts of assets and liabilities and the disclosure of contingencies, if any, at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Investment Valuation and Income Recognition
Investments are reported at fair value. Fair value is 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. The Guild Council determines the Guild's valuation policies utilizing information provided by its investment advisor and custodian. See Note 6 for discussion of fair value measurements.

Purchases and sales of investments are recorded on a trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Investment income includes the realized and unrealized gains and losses on investments bought, sold, and held during the year.

Dues Revenue and Receivable

Membership dues are recognized as revenue based on the membership period covered by the individual member's dues. Dues receivable consists of management's estimation of dues and initiation fees due from members for work performed prior to year-end. There is no allowance for uncollectible accounts because management believes that amount is collectible in its entirety.

Property Assets - Net

Property assets are stated at cost. Depreciation of furniture and equipment is computed using the straight-line method over five to seven years, the estimated useful lives of the assets. Amortization of leasehold improvements is provided on the straight-line method over the remaining term of the lease or the useful life of the improvement, whichever is shorter.

Deferred Rent

The Guild recognizes rent abatements and escalating rent provisions on a straight-line basis over the lease term.

Functional Classification

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited as determined by management on an equitable basis and allocated based on the function of individual departments within the Guild.

Change in Accounting Principles

In preparing these financial statements, management adopted new accounting guidance in accordance with Financial Accounting Standards Board Accounting Standards Update 2016-14, *Not-For-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-For-Profit Entities*. The financial statement presentation has been adjusted in these financial statements accordingly resulting in a change at March 31, 2018 from unrestricted net assets of $12,240,777 to net assets without donor restrictions of $12,240,777. In addition, there are new disclosures related to information regarding liquidity and availability of financial assets and functional expenses.

Subsequent Events

In preparing these financial statements, management has evaluated events and transactions that occurred after March 31, 2019 for potential recognition or disclosure in the financial statements. These events and transactions were evaluated through September 5, 2019, the date that the financial statements were available to be issued, and no items have come to the attention of management that require recognition or disclosure.

3. INCOME TAXES

The Guild is exempt from federal income tax under Section 501(c)(5) of the Internal Revenue Code, except on unrelated business income, if any. For the years ended March 31, 2019 and 2018, income tax expense amounted to $12,000 and $3,000, respectively, and is included in miscellaneous expenses on the statement of functional expenses.

Accounting principles generally accepted in the United States of America require management to evaluate income tax positions taken and accrue an income tax liability if the Guild has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has evaluated the income tax positions taken and concluded that as of March 31, 2019 there are no uncertain positions taken or expected to be taken that would require recognition in the financial statements. The Guild is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any tax periods. In addition, there have been no tax related interest or penalties for the periods presented in these financial statements. Should such penalties and interest be incurred, the Guild's policy is to recognize them as administrative and general expenses.

4. COUNCIL DESIGNATED FUNDS

As mandated by its Constitution, the Guild maintains a Reserve and Residuals Fund to be used at the discretion of the Guild Council. As of March 31, 2019 and 2018, the amount of residuals payable was $60,107 and $318,140, respectively, which is reflected as a liability on the statements of financial position. As of March 31, 2019 and 2018, the balance of the Reserve and Residuals Fund was $300,000.

Additionally, a Strike Fund is maintained for the purpose of providing financial assistance to eligible members during strikes. There was no activity in the Strike Fund for the years ended March 31, 2019 and 2018. As of March 31, 2019 and 2018, the balance of the Strike Fund was $250,000.

All assets of the Reserve and Residuals Fund and the Strike Fund are maintained in cash and investments.

5. INVESTMENT INCOME

For the years ended March 31, 2019 and 2018, net investment income is comprised of:

	2019	2018
Interest and dividend income	$ 202,386	$ 163,918
Net realized (loss) gain on sale of investments	(279,495)	172,606
Net unrealized gain on investments	223,734	445,895
Investment management fees	(28,676)	(26,726)
Net investment income	$ 117,949	$ 755,693

6. FAIR VALUE MEASUREMENTS

The framework for measuring fair value 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) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1
Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the reporting entity has the ability to access at the measurement date.

Level 2
Inputs to the valuation methodology are 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, or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3
Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at March 31, 2019 and 2018.

- Cash equivalents are valued at cost which approximates fair value.

- Equity securities and mutual funds are valued using quoted market prices in active markets.

- Registered investment companies are valued at the net asset value (NAV) of the units of participation owned by the Guild at year end as determined by the trustees of the registered investment company based on the fair value of the underlying investments of the registered investment company. NAV is used as a practical expedient to measure fair value.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the end of the reporting period. During the year ended March 31, 2019, there were no transfers in or out of levels 1, 2, or 3.

As of March 31, 2019 and 2018, assets measured at fair value on a recurring basis are summarized by level within the fair value hierarchy as follows:

	2019			
	Level 1	Level 2	Level 3	Total Fair Value
Cash equivalents	$ --	$ 4,544	$ --	$ 4,544
Equity securities	2,018,491	--	--	2,018,491
Mutual funds	4,199,462	--	--	4,199,462
Total investments in fair value hierarchy	6,217,953	4,544	--	6,222,497
Registered investment companies*				3,244,595
Total recurring fair value measurements	$ 6,217,953	$ 4,544	$ --	$ 9,467,092

	2018							
		Level 1		Level 2		Level 3		Total Fair Value
Cash equivalents	$	--	$	11,968	$	--	$	11,968
Equity securities		1,950,484		--		--		1,950,484
Mutual funds		4,079,231		--		--		4,079,231
Total investments in fair value hierarchy		6,029,715		11,968		--		6,041,683
Registered investment companies*								3,191,102
Total recurring fair value measurements	$	6,029,715	$	11,968	$	--	$	9,232,785

*These investments are valued using NAV as a practical expedient and have not been classified in the fair value hierarchy.

Registered investment companies include three funds as of March 31, 2019 and 2018:

- One fund's objective is to seek long-term capital appreciation primarily by allocating its assets among investments in private investment vehicles, commonly referred to as hedge funds, that are managed by unaffiliated asset managers employing a broad range of investment strategies. Redemptions are made within a reasonable timeframe, contingent upon the liquidity of the underlying assets.

- One fund's objective is to manage the volatility of an equity-oriented asset allocation. Redemptions can be made daily.

- One fund's objective is to manage the volatility of a fixed-income-oriented asset allocation. Redemptions can be made daily.

There were no unfunded commitments as of March 31, 2019 and 2018.

7. PROPERTY ASSETS

At March 31, 2019 and 2018, property assets consisted of the following:

		2019		**2018**
Furniture and equipment	$	2,059,739	$	2,302,402
Leasehold improvements		838,195		775,953
		2,897,934		3,078,355
Accumulated depreciation and amortization		(2,214,757)		(2,328,099)
	$	683,177	$	750,256

For the years ended March 31, 2019 and 2018, depreciation and amortization expense amounted to $147,721 and $112,410, respectively.

8. EMPLOYEE BENEFIT PLANS

The Guild participates in the Producer-Writers Guild of America Pension Plan (the "Pension Plan"), a defined benefit multiemployer plan covering substantially all of its employees. The risks of participating in multiemployer defined benefit pension plans are different from single-employer defined benefit pension plans in the following respects:

(a) Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.

(b) If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.

(c) If the Guild chooses to stop participating in a multiemployer plan, it may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Guild's participation in this plan for the years ended March 31, 2019 and 2018, is outlined in the table below. The "EIN/Pension Plan Number" column provides the Employer Identification Number (EIN) and the three digit plan number. The most recent Pension Protection Act (PPA) zone status available for the Pension Plan is for the plan's year ended December 31, 2017. The zone status is based on information reported on the Form 5500 for that year. Among other factors, plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are less than 80 percent funded, and plans in the green zone are at least 80 percent funded. The "RP Implemented" column indicates whether a rehabilitation plan (RP) has been implemented. The last column lists the expiration date of the collective bargaining agreement to which the plan is subject. There have been no significant changes that affect the comparability of 2019 and 2018 contributions.

Pension Fund	EIN/Pension Plan Number	Pension Protection 12/31/2017	RP Implemented	Contributions 2019	Contributions 2018	Surcharge Imposed	Expiration Date of Collective - Bargaining Agreement
Producer-Writers Guild of America Pension Plan	95-2216351-001	Green	None	$ 288,738	$ 243,566	None	9/30/2019

For the plan year ended December 31, 2018, the Guild's contributions to the Pension Plan were not greater than 5% of the Pension Plan's total contributions.

The Guild participates in the Writer's Guild Industry Health Fund (the "Health Fund"), which provides medical benefits for eligible participants. For the years ended March 31, 2019 and 2018, the Guild contributed $370,321 and $302,758, respectively, to the Health Fund.

In addition, the Guild also contributes to the 401K plan of participating employees covered under the Newspaper Guild contract. For the years ended March 31, 2019 and 2018, the Guild contributed $21,257 and $22,905, respectively, to the 401K plan.

The Guild maintains a 401K Plan and a Sec. 125 Cafeteria Plan for those employees who are eligible and wish to participate. The Guild did not make any contributions to these plans for the years ended March 31, 2019 and 2018.

9. AFFILIATES

In accordance with its Constitution and By-Laws, the Guild is affiliated with the Writers Guild of America, West ("WGAw"). In exchange for services provided by WGAw to the Guild, 13.25% of dues collected for earnings covered by the minimum basic agreement by the Guild is to be paid to the WGAw. During the years ended March 31, 2019 and 2018, the Guild paid $692,633 and $661,069, respectively, to WGAw, and the amount is reflected as WGAw settlement expenses on the statement of functional expenses.

The WGA East Foundation Inc. (the "Foundation") derives income from other foundations and contributions from individual members. The Guild's constitution provides that the Guild may provide the Foundation with up to, but not exceeding, $25,000 per year without the vote of the membership. Office services and space shall be offered in addition, as available, at the discretion of the Council. During the years ended March 31, 2019 and 2018, the Guild did not make any contributions to the Foundation.

10. COMMITMENTS AND CONTINGENCIES

The Guild leases office space under a non-cancellable operating lease in New York City expiring in 2026. Under the terms of the lease, the Guild is obligated to pay escalation rentals for certain operating expenses and real estate taxes. In addition, the Guild also leases office equipment. Minimum future rental payments under the leases for the years ending March 31 are summarized as follows:

Years	Amount
2020	$ 726,908
2021	787,903
2022	804,977
2023	821,076
2024	837,497
Thereafter	921,895
	$ 4,900,256

Rent and utilities expenses for the years ended March 31, 2019 and 2018 amounted to $1,113,847 and $1,066,842, respectively.

11. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Guild's financial assets available within one year of March 31, 2019 for general expenditures are as follows:

	2019	2018
Cash	$ 1,089,547	$ 1,772,318
Investments	9,467,092	9,232,785
Dues receivable	2,365,056	2,315,058
Other receivables	165,609	35,673
Total financial assets	13,087,304	13,355,834
Council designations		
Reserve and Residuals Fund (Note 4)	(300,000)	(300,000)
Strike Fund (Note 4)	(250,000)	(250,000)
	$ 12,537,304	$ 12,805,834

The Guild has a goal to maintain financial assets, on hand to meet a minimum of 60 days of normal operating expenses, which are, on average, approximately $1,400,000. The Guild structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Also, the Guild operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. In addition, as part of its liquidity management, the Guild may invest cash in excess of daily requirements in various short-term investments, including equity securities, mutual funds, and registered investment companies.

12. CONCENTRATION OF CREDIT RISKS

Financial instruments that subject the Guild to concentrations of credit risk include cash with financial institutions and investments held by a custodian. While the Guild attempts to limit its financial exposure, its deposit balances with financial institutions and investments held by a custodian exceeds the limits insured by agencies of the U.S. government. The Guild has not experienced and management does not anticipate experiencing any credit losses on such deposits.

13. LEGAL CONTINGENCY

The Guild is a party in a lawsuit. The liability, if any, is not presently determinable. In the opinion of management, resolution of this issue will not have a material effect on Guild's financial position or changes in net assets.

14. RECLASSIFICATION OF 2018 FINANCIAL STATEMENTS

Certain 2018 amounts have been reclassified to conform with the 2019 presentation. On the statement of financial position as of March 31, 2018, $1,177,374, which was previously recorded as temporarily restricted net assets, is now shown as net assets without donor restrictions. On the statement of activities for the year ended March 31, 2018, $4,078,312, which was previously recorded as administrative and general expenses, is now shown as program services. These reclassifications had no impact on net assets as of March 31, 2018 or the changes in net assets for the year then ended as stated in previously issued financial statements.

15. FUTURE CHANGE IN ACCOUNTING STANDARDS

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09 *Revenue from Contracts with Customers (Topic 606)*, which supersedes all existing revenue recognition requirements, including most industry-specific guidance. Together with subsequent amendments, this created Accounting Standards Codification Topic 606 (ASC 606). ASC 606 requires an entity to recognize revenue when it transfers goods or services to customers in an amount that reflects the consideration that the entity expects to receive for those goods or services. ASC 606 also expands disclosure requirements. ASC 606 is effective for annual reporting periods beginning after December 15, 2018. Early adoption is permitted. Management is currently evaluating the effect of the adoption of ASC 606 on its results of operations, financial position, and cash flows.

In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which supersedes existing lease accounting standards. Together with subsequent amendments, this created Accounting Standards Codification Topic 842 (ASC 842). ASC 842 requires that a lessee recognize a right-of-use asset and a corresponding liability for its obligation under virtually all operating leases, as well as expanding disclosure requirements. ASC 842 is effective for annual reporting periods beginning after December 15, 2019. Early adoption is permitted. Management is currently evaluating the effect of the adoption of ASC 842 on its results of operations, financial position, and cash flows.