

**SNOW CITY ARTS FOUNDATION**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

# SNOW CITY ARTS FOUNDATION

## FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

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**REPORT OF INDEPENDENT AUDITORS**

To the Board of Directors of  
Snow City Arts Foundation

***Report on the Financial Statements***

We have audited the accompanying financial statements of Snow City Arts Foundation (the Foundation), which comprise the statements of financial position as of December 31, 2019 and 2018 and the related statements of activities, of functional expenses, and of 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.

***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 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 Foundation'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 Foundation'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 in the first paragraph present fairly, in all material respects, the financial position of Snow City Arts Foundation as of December 31, 2019 and 2018, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matters***

As discussed in Note 2, during the year ended December 31, 2019, the Foundation implemented new accounting guidance for contributions received and contributions made as well as revenue from contracts with customers.

As discussed in Note 13, the 2018 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to these matters.

*Legacy Professionals LLP*

Westchester, Illinois

July 10, 2020

**SNOW CITY ARTS FOUNDATION**  
**STATEMENTS OF FINANCIAL POSITION**  
DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 558,165	\$ 600,729
Accounts receivable	3,375	-
Pledges receivable	175,504	98,942
Prepaid expenses	<u>4,825</u>	<u>2,856</u>
Total current assets	741,869	702,527
 Property and equipment - net	 <u>7,748</u>	 <u>15,666</u>
Total assets	<u><u>\$ 749,617</u></u>	<u><u>\$ 718,193</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 22,900	\$ 20,360
Deferred revenue	<u>54,749</u>	<u>54,749</u>
Total liabilities	<u>77,649</u>	<u>75,109</u>
<b>NET ASSETS</b>		
Without donor restrictions		
Undesignated	452,704	520,689
Memorial Fund	<u>43,760</u>	<u>23,453</u>
Total without donor restrictions	496,464	544,142
With donor restrictions	<u>175,504</u>	<u>98,942</u>
Total net assets	<u>671,968</u>	<u>643,084</u>
Total liabilities and net assets	<u><u>\$ 749,617</u></u>	<u><u>\$ 718,193</u></u>

See accompanying notes to financial statements.

## SNOW CITY ARTS FOUNDATION

### STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND OTHER SUPPORT</b>						
Foundation and corporate grants	\$ 71,376	\$ 237,179	\$ 308,555	\$ 147,576	\$ 204,239	\$ 351,815
Government grants	-	62,900	62,900	-	63,100	63,100
Individual and small business contributions	79,258	1,000	80,258	75,182	2,000	77,182
Donated office space	31,032	-	31,032	31,032	-	31,032
Donated professional services	5,000	-	5,000	16,650	-	16,650
Program service fees	279,363	-	279,363	289,007	-	289,007
Program merchandise sales	55,673	-	55,673	52,256	-	52,256
Special events						
Gross receipts	169,321	-	169,321	193,899	-	193,899
Less costs of direct benefits to donors	(52,035)	-	(52,035)	(57,376)	-	(57,376)
Miscellaneous income	6,286	-	6,286	4,842	-	4,842
Satisfaction of program restrictions	224,517	(224,517)	-	349,484	(349,484)	-
Total revenue and other support	<u>869,791</u>	<u>76,562</u>	<u>946,353</u>	<u>1,102,552</u>	<u>(80,145)</u>	<u>1,022,407</u>
<b>EXPENSES</b>						
Program services	677,043	-	677,043	660,436	-	660,436
Supporting services						
Management and general	104,836	-	104,836	114,323	-	114,323
Fundraising	135,590	-	135,590	157,852	-	157,852
Total expenses	<u>917,469</u>	<u>-</u>	<u>917,469</u>	<u>932,611</u>	<u>-</u>	<u>932,611</u>
CHANGE IN NET ASSETS	(47,678)	76,562	28,884	169,941	(80,145)	89,796
<b>NET ASSETS</b>						
Beginning of year - as restated	544,142	98,942	643,084	374,201	179,087	553,288
End of year	<u>\$ 496,464</u>	<u>\$ 175,504</u>	<u>\$ 671,968</u>	<u>\$ 544,142</u>	<u>\$ 98,942</u>	<u>\$ 643,084</u>

See accompanying notes to financial statements.

**SNOW CITY ARTS FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**

YEAR ENDED DECEMBER 31, 2019

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Compensation and related expenses				
Salaries and wages	\$ 472,361	\$ 43,644	\$ 82,315	\$ 598,320
Payroll taxes	38,572	3,495	6,712	48,779
Employee benefits	<u>27,170</u>	<u>6,865</u>	<u>6,490</u>	<u>40,525</u>
	538,103	54,004	95,517	687,624
Communication	730	308	546	1,584
Computer	15,400	2,367	3,176	20,943
Cost of direct benefit to donors	-	-	52,035	52,035
Depreciation	5,843	905	1,170	7,918
Dues and subscriptions	1,156	682	1,433	3,271
Exhibit storage	4,452	56	-	4,508
Insurance	-	7,816	-	7,816
Merchandise overhead	23,652	-	410	24,062
Miscellaneous	886	277	6,317	7,480
Postage and delivery	108	582	2,544	3,234
Printing	3,021	1,679	3,718	8,418
Professional development	3,340	1,157	87	4,584
Professional services	36,388	25,310	12,870	74,568
Professional services - donated	3,690	571	739	5,000
Rent - donated	22,900	3,546	4,586	31,032
Supplies	10,462	4,273	508	15,243
Travel and meetings	<u>6,912</u>	<u>1,303</u>	<u>1,969</u>	<u>10,184</u>
Total expenses by function	677,043	104,836	187,625	969,504
Less cost of direct benefit to donors	<u>-</u>	<u>-</u>	<u>(52,035)</u>	<u>(52,035)</u>
Total expenses on statement of activities	<u>\$ 677,043</u>	<u>\$ 104,836</u>	<u>\$ 135,590</u>	<u>\$ 917,469</u>

See accompanying notes to financial statements.

**SNOW CITY ARTS FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**

YEAR ENDED DECEMBER 31, 2018

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Compensation and related expenses				
Salaries and wages	\$ 446,269	\$ 48,147	\$ 98,846	\$ 593,262
Payroll taxes	39,584	3,945	8,321	51,850
Employee benefits	<u>28,023</u>	<u>7,401</u>	<u>5,247</u>	<u>40,671</u>
	513,876	59,493	112,414	685,783
Communication	544	469	114	1,127
Computer	17,356	1,365	3,514	22,235
Cost of direct benefit to donors	-	-	57,376	57,376
Depreciation	6,901	1,195	1,649	9,745
Dues and subscriptions	1,383	912	50	2,345
Exhibit storage	3,416	-	-	3,416
Insurance	-	7,829	-	7,829
Merchandise overhead	22,717	178	376	23,271
Miscellaneous	305	416	6,876	7,597
Postage and delivery	370	1,150	2,311	3,831
Printing	3,707	735	2,674	7,116
Professional development	6,328	117	256	6,701
Professional services	34,188	29,154	17,401	80,743
Professional services - donated	11,791	2,041	2,818	16,650
Rent - donated	21,975	3,805	5,252	31,032
Supplies	8,911	4,683	432	14,026
Travel and meetings	<u>6,668</u>	<u>781</u>	<u>1,715</u>	<u>9,164</u>
Total expenses by function	660,436	114,323	215,228	989,987
Less cost of direct benefit to donors	<u>-</u>	<u>-</u>	<u>(57,376)</u>	<u>(57,376)</u>
Total expenses on statement of activities	<u>\$ 660,436</u>	<u>\$ 114,323</u>	<u>\$ 157,852</u>	<u>\$ 932,611</u>

See accompanying notes to financial statements.



# SNOW CITY ARTS FOUNDATION

## STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 28,884	\$ 89,796
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	7,918	9,745
Changes in assets and liabilities		
Accounts receivable	(3,375)	3,500
Pledges receivable	(76,562)	(33,355)
Prepaid expenses	(1,969)	2,047
Accounts payable and accrued expenses	2,540	(9,074)
Deferred revenue	<u>-</u>	<u>2,845</u>
Net cash provided by (used in) operating activities	(42,564)	65,504
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	<u>-</u>	<u>(3,483)</u>
NET INCREASE (DECREASED) IN CASH AND CASH EQUIVALENTS	(42,564)	62,021
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>600,729</u>	<u>538,708</u>
End of year	<u>\$ 558,165</u>	<u>\$ 600,729</u>

See accompanying notes to financial statements.

# SNOW CITY ARTS FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

### NOTE 1. DESCRIPTION OF THE ORGANIZATION

Snow City Arts Foundation (the Foundation) is an Illinois not-for-profit organization established in 1998 to provide arts education and foster cultural enrichment for the benefit of children in hospitals. The Foundation receives donations from private foundations, corporations, and individuals to fund creative writing, musical visual arts, theater, and filmmaking programs.

### NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Method of Accounting** - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America.

**New Accounting Pronouncements** - In June 2018, the Financial Accounting Standards Board issued Account Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities - Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)*, which was effective for the Foundation's financial statements for the year ended December 31, 2019. Key provisions in this guidance include clarification regarding the accounting for grants and contracts as exchange or contribution transactions and improve guidance to better distinguish between conditional and unconditional contributions. Accordingly, there is no effect in connection with the implementation of this ASU.

In May 2014, the Financial Accounting Standards Board issued Account Standards Update (ASU) No. 2014-09- *Revenue from Contracts with Customers (Topic 606)*, which was effective for the Foundation's financial statements for the year ended December 31, 2019. This guidance provides the framework for recognizing revenue and is intended to improve comparability of revenue recognition practices across for profit and not-for-profit entities. Analysis of various provisions of this standard resulted in no significant changes in the way the Foundation recognizes revenue, and therefore no changes to the previously audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

**Basis of Presentation** - In order to conform to provisions of generally accepted accounting principles, the Foundation, as a not-for-profit entity, is required to report information regarding its financial position and activities in two classes of net assets: without donor restriction and with donor restriction.

## NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Basis of Presentation (continued)

**Net Assets without Donor Restrictions** - Net assets that are not subject to donor-imposed restrictions and available to finance the general operations of the Foundation. The only limits on the use of net assets without donor restriction are the broad limits resulting from the nature of the Foundation, the environment in which it operates and the purposes specified in its articles of incorporation. Voluntary resolutions by the Board of Directors to designate a portion of its net assets without donor restriction for specific purposes do not result in restricted funds. Since designations are voluntary and may be reversed by the Board at any time, designated net assets are considered net assets without donor restrictions. The Foundation has Board designated net assets for the Memorial Fund of \$43,760 and \$23,453 as of December 31, 2019 and 2018 respectively.

**Net Assets with Donor Restrictions** - Net assets subject to donor or grantor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor imposed restrictions are perpetual in nature, where donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. At December 31, 2019 and 2018, the Foundation does not have any perpetual donor restrictions.

**Cash and Cash Equivalents** - The Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents.

**Accounts Receivable** - Accounts receivable primarily consists of amounts due from hospitals for services delivered by the Foundation. The Foundation considers receivables to be fully collectible; accordingly, no allowance for doubtful accounts is considered necessary.

**Pledges Receivable** - Unconditional promises to give are recognized as revenue in the period that the promises are received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Pledges receivable may contain amounts that will be collected over a period longer than one year. No estimate for the present value of these amounts has been made, as the discount would be immaterial. The Foundation considers pledges receivable to be fully collectible; accordingly, no allowance for doubtful accounts is necessary. If amounts become uncollectible, they will be charged to operations when that determination is made.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property and Equipment** - Property and equipment are carried at cost if purchased or fair value at time of donation for donated items. Major additions are capitalized while replacements, maintenance and repairs which do not improve or extend the lives of the respective assets are expensed currently. Depreciation is computed by the straight-line method over the following estimated useful lives of the related assets:

Office equipment and software	5 - 10 years
Website development	3 years

Depreciation expense was \$7,918 and \$9,745 for the years ended December 31, 2019 and 2018, respectively.

**Deferred Program Service Fees** - The Foundation had contracts for its arts program with five hospitals for the years ended December 31, 2019 and 2018. All contracts are uniquely created and the applicable terms and fees vary. The art program fees for each hospital are billed on annual basis and are due in one lump sum payment. Deferred revenue represents the fees received in the current year that are applicable to the next year.

The following table provides information about significant changes in the deferred art program fees for the year ended December 31, 2019.

Program service fees paid in advance, beginning of year	\$ 54,749
Revenue recognized that was included in program service fees at the beginning of the year	(54,749)
Increase in program service fees due to cash received during the year	<u>54,749</u>
Program service fees paid in advance, end of year	<u>\$ 54,749</u>

**Revenue Recognition** - The Foundation receives a portion of their operating revenue from art program fees and curation services.

The program service fees are comprised of art programs with five hospitals and are considered an exchange transaction. They are recognized at the end of each month when the performance obligation of providing the month's services at the agreed upon locations are satisfied.

Program service fees paid in advance are deferred to the calendar year to which they relate. Such amounts deferred are recognized in the following year.

Program merchandise sales consist of curation services offered to the Foundation's partner hospitals and the curation services are considered an exchange transaction. The transactions are recognized at the time the service has been provided and the respective product installed and this is when the performance obligation has been considered to have been met. No payments are received in advance.

## **NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **Revenue Recognition (continued)**

Contributions and grants received are recorded without donor restrictions or with donor restrictions depending on the existence or nature of any donor restrictions. When a time restriction expires or purpose restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restriction.

**In-kind Contributions** - In-kind contributions are recorded at fair value at the date of the donation and include use of facilities. The value of in-kind contributions is reflected in the financial statements at the fair market value estimated by the donor. These contributions have been presented in the financial statements as support with an equal amount shown as expense.

**Memorial Fund** - This program was established in memory of a Foundation volunteer to be used to further the Foundation's mission.

**Allocation of Costs** - The costs of providing various program and supporting services have been summarized on a functional basis in the statements of functional expenses. Some expenses incurred support the work performed under more than one grant or contract. These common expenses are allocated among the various programs as agreed upon by the funding sources or, in the absence of an agreement, on the basis of time spent, square footage or the purpose which appears most appropriate to the Foundation.

**Estimates** - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

**Subsequent Events** - Subsequent events have been evaluated through July 10, 2020, which is the date the financial statements were available to be issued.

### NOTE 3. LIQUIDITY AND AVAILABILITY OF RESOURCES

Snow City Arts has a liquidity policy to maintain current financial assets less current liabilities at a minimum of 90 days operating expenses. Snow City Arts considers contributions restricted for programs and deferred revenue which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditure. The organization has a policy to target a year-end balance of reserves of undesignated net assets to meet three months of expected expenditures. To achieve these targets, the entity forecasts its future cash flows and monitors its liquidity quarterly, and monitors its reserves annually. During the years ended December 31, 2019 and 2018, the level of liquidity and reserves was managed within the policy requirements. Snow City Arts considers contributions restricted for programs and deferred revenue which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures.

Financial assets available for general expenditure within one year at December 31, 2019 and 2018 comprise the following:

	<u>2019</u>	<u>2018</u>
Financial assets at year end:		
Total cash	\$ 558,165	\$ 600,729
Total receivables	<u>178,879</u>	<u>98,942</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 737,044</u>	<u>\$ 699,671</u>

### NOTE 4. TAX STATUS

The Foundation has been advised by the Internal Revenue Service that it is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is, therefore, not subject to tax under present income tax laws. The Foundation is not considered to be a private foundation under Section 509(c) of the Internal Revenue Code.

Accounting principles generally accepted in the United States of America require the Foundation to evaluate tax positions taken by the Foundation and recognize a tax liability if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by tax authorities. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

### NOTE 5. CONCENTRATIONS OF CREDIT RISK

Cash consists of petty cash on hand and monies held in checking accounts without significant withdrawal restrictions. The Foundation places its cash deposits with financial institutions deemed to be creditworthy. Balances are insured by FDIC up to \$250,000 per financial institution. Balances may at times exceed insured limits. Management believes this credit risk to be minimal.

**NOTE 6. EMPLOYEE BENEFIT PLAN**

The Foundation maintains a Savings Incentive Match for Employees (SIMPLE) IRA Plan for the benefit of salaried and hourly employees. The Foundation will match employee contributions up to 3% of salary for eligible employees. The Foundation made contributions to the plan of \$10,773 and \$11,921 during the years ended December 31, 2019 and 2018, respectively.

**NOTE 7. PLEDGES RECEIVABLE**

Pledges receivable consisted of the following at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Pledges receivable in less than one year	<u>\$ 175,504</u>	<u>\$ 98,942</u>

**NOTE 8. PROPERTY AND EQUIPMENT**

Property and equipment at December 31, 2019 and 2018 consisted of the following:

	<u>2019</u>	<u>2018</u>
Office equipment and software	\$ 52,051	\$ 54,469
Website development	<u>6,781</u>	<u>6,781</u>
Total	58,832	61,250
Less accumulated depreciation	<u>(51,084)</u>	<u>(45,584)</u>
Net property and equipment	<u>\$ 7,748</u>	<u>\$ 15,666</u>

**NOTE 9. DONATED FACILITIES**

The Foundation leases office space at no charge from the Rush University Medical Center. The Foundation also occasionally uses office space at no charge from the Lurie Children's Hospital. For each of the years ended December 31, 2019 and 2018, the estimated fair market value of the total donated office space was \$31,032. During the years ended December 31, 2019 and 2018, the Foundation also received professional services at no charge that was valued at \$5,000 and \$16,650 respectively.

**NOTE 10. LINE OF CREDIT**

The Organization renewed their demand line of credit in September 2018. Maximum borrowings on the line are \$50,000. The line is not subject to review and can be utilized until January 16, 2020. On March 11, 2020, the line of credit was renewed and can be utilized until April 23, 2021. The line bears a variable interest which is subject to change. The balance outstanding on the line of credit was \$0 at December 31, 2019.

## NOTE 11. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Subject to the passage of time:		
Promises to give that are unavailable for expenditure until received	\$ 125,504	\$ 98,942
Subject to expenditure for a specified purpose and time:		
Arts programs for Chicago Partners Hospitals	<u>50,000</u>	<u>-</u>
Total net assets with donor restrictions	<u>\$ 175,504</u>	<u>\$ 98,942</u>

All net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes.

## NOTE 12. SUBSEQUENT EVENTS

As a result of the spread of the COVID-19 coronavirus pandemic, economic uncertainties have arisen, which negatively impacts the Foundation's operations and financial condition. The potential impact and duration of the pandemic is unknown as of the date the financial statements were available to be issued.

The Foundation has taken aggressive steps to ensure that it can continue to function while its staff shelter at home to mitigate the effects of the pandemic. This includes the establishment of remote connectivity and teleworking capability for numerous staff, including receptionists, secretaries and other essential administrative staff.

The pandemic has prohibited the Foundation from continuing its primary business due to the environment the art program would be conducted in. However, the Foundation has participated in the Paycheck Protection Program in the amount of approximately \$131,000 to offset any loss revenue.

Like many social impact programs, the current economic uncertainty has destabilized fundraising in the following way:

- Central DuPage Hospital has exercised an option to cancel its contract effective in 2020 which represented approximately 13% of the December 31, 2019 Foundations revenue.

If the pandemic continues for much longer, it is possible that the Foundation's revenue stream for the year 2021 could be additionally negatively impacted by other contributors. However, we have no such expectation at this time.



**NOTE 13. PRIOR PERIOD ADJUSTMENT**

During the years ended December 31, 2017 and 2018, the Foundation understated deferred revenue. This error resulted in the overstatement of previously reported net assets without donor restrictions and previously reported total net assets as of January 1, 2018. The resulting change to net assets without donor restrictions and total net assets as of January 1, 2019 and 2018 are reflected in the current financial statements. They are also summarized here as follows:

	Net Assets without Donor <u>Restrictions</u>	Total <u>Net Assets</u>
Previously reported at January 1, 2018	\$ 426,105	\$ 605,192
Understatement of deferred revenue	<u>(51,904)</u>	<u>(51,904)</u>
As restated at January 1, 2018	\$ 374,201	\$ 553,288
Change in net assets as previously reported	172,786	92,641
Understatement of deferred revenue	<u>(2,845)</u>	<u>(2,845)</u>
As restated at January 1, 2019	<u>\$ 544,142</u>	<u>\$ 643,084</u>