

Shoreline Community College
FOUNDATION

FINANCIAL STATEMENTS

June 30, 2018 and 2017

(With Independent Auditor's Report Thereon)



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Shoreline Community College Foundation

We have audited the accompanying financial statements of Shoreline Community College Foundation (the Foundation), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities 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 U.S. generally accepted accounting principles; 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 U.S. generally accepted auditing standards. 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 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 Shoreline Community College Foundation as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Vine Dahlen PLLC

February 26, 2019

SHORELINE COMMUNITY COLLEGE FOUNDATION
STATEMENTS OF FINANCIAL POSITION
June 30, 2018 and 2017

ASSETS

	2018	2017
CURRENT ASSETS:		
Cash and cash equivalents	\$ 567,551	\$ 358,801
Accounts receivable, net	15,222	10,553
Contract receivable, net	312,400	323,960
Prepaid expenses	2,073	1,730
TOTAL CURRENT ASSETS	897,246	695,044
OTHER ASSETS:		
Long-term investments	3,390,998	2,893,302
	\$ 4,288,244	\$ 3,588,346

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ 50,422	\$ 6,901
Contract payable	257,089	250,120
TOTAL CURRENT LIABILITIES	307,511	257,021
NET ASSETS:		
Unrestricted:		
Board designated	472,854	451,981
Undesignated	60,379	12,331
Total unrestricted net assets	533,233	464,312
Temporarily restricted	1,866,090	1,714,181
Permanently restricted	1,581,410	1,152,832
TOTAL NET ASSETS	3,980,733	3,331,325
	\$ 4,288,244	\$ 3,588,346

SHORELINE COMMUNITY COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES, GAINS, AND OTHER SUPPORT:				
Contributions	\$ 12,265	\$ 180,771	\$ 374,577	\$ 567,613
In-kind contributions	271,397	0	0	271,397
Special events revenue	4,442	77,175	4,520	86,137
Contract revenue	358,017	0	0	358,017
Investment income	9,254	64,199	0	73,453
Net realized and unrealized gain on investments	13,709	116,668	0	130,377
Net assets transferred	0	(49,481)	49,481	0
Net assets released from restrictions	237,423	(237,423)	0	0
	<u>906,507</u>	<u>151,909</u>	<u>428,578</u>	<u>1,486,994</u>
EXPENSES:				
College program support	406,338	0	0	406,338
Scholarships	176,976	0	0	176,976
	<u>583,314</u>	<u>0</u>	<u>0</u>	<u>583,314</u>
Total program services	<u>583,314</u>	<u>0</u>	<u>0</u>	<u>583,314</u>
Administration	243,295	0	0	243,295
Fundraising	10,977	0	0	10,977
	<u>254,272</u>	<u>0</u>	<u>0</u>	<u>254,272</u>
Total supporting services	<u>254,272</u>	<u>0</u>	<u>0</u>	<u>254,272</u>
TOTAL EXPENSES	<u>837,586</u>	<u>0</u>	<u>0</u>	<u>837,586</u>
CHANGE IN NET ASSETS	68,921	151,909	428,578	649,408
BEGINNING NET ASSETS	<u>464,312</u>	<u>1,714,181</u>	<u>1,152,832</u>	<u>3,331,325</u>
ENDING NET ASSETS	<u>\$ 533,233</u>	<u>\$ 1,866,090</u>	<u>\$ 1,581,410</u>	<u>\$ 3,980,733</u>

See accompanying notes to financial statements.

SHORELINE COMMUNITY COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES, GAINS, AND OTHER SUPPORT:				
Contributions	\$ 13,926	\$ 138,387	\$ 4,891	\$ 157,204
In-kind contributions	246,065	0	5,317	251,382
Special events revenue	0	37,541	0	37,541
Contract revenue	332,582	0	0	332,582
Investment income	6,511	40,621	0	47,132
Net realized and unrealized gain on investments	19,364	180,038	0	199,402
Net assets transferred	0	(25,000)	25,000	0
Net assets released from restrictions	243,290	(243,290)	0	0
	<u>861,738</u>	<u>128,297</u>	<u>35,208</u>	<u>1,025,243</u>
TOTAL REVENUES, GAINS, AND OTHER SUPPORT				
EXPENSES:				
College program support	300,998	0	0	300,998
Scholarships	210,336	0	0	210,336
	<u>511,334</u>	<u>0</u>	<u>0</u>	<u>511,334</u>
Total program services				
Administration	292,134	0	0	292,134
Fundraising	9,374	0	0	9,374
	<u>301,508</u>	<u>0</u>	<u>0</u>	<u>301,508</u>
Total supporting services				
TOTAL EXPENSES	<u>812,842</u>	<u>0</u>	<u>0</u>	<u>812,842</u>
CHANGE IN NET ASSETS	48,896	128,297	35,208	212,401
BEGINNING NET ASSETS	<u>415,416</u>	<u>1,585,884</u>	<u>1,117,624</u>	<u>3,118,924</u>
ENDING NET ASSETS	<u>\$ 464,312</u>	<u>\$ 1,714,181</u>	<u>\$ 1,152,832</u>	<u>\$ 3,331,325</u>

SHORELINE COMMUNITY COLLEGE FOUNDATION
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES:		
Change in net assets	\$ 649,408	\$ 212,401
Adjustments to reconcile change in net assets to net cash:		
Contributions restricted for endowments	(407,017)	(10,208)
Net realized and unrealized gain on investments	(130,377)	(199,402)
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts and contract receivable	6,891	(70,353)
Prepaid expenses	(343)	0
Increase (decrease) in liabilities:		
Accounts payable	43,521	5,940
Contract payable	6,969	(40,400)
Total adjustments and changes	<u>(480,356)</u>	<u>(314,423)</u>
	<u>169,052</u>	<u>(102,022)</u>
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES:		
Investment of assets restricted for endowments	(407,017)	(10,208)
Payments for purchases of investments	(186,641)	(2,605,036)
Proceeds from sale of investments	226,339	2,568,879
	<u>(367,319)</u>	<u>(46,365)</u>
CASH FLOWS PROVIDED (USED) BY FINANCING ACTIVITIES:		
Contributions restricted for endowments	<u>407,017</u>	<u>10,208</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	208,750	(138,179)
BEGINNING CASH AND CASH EQUIVALENTS	<u>358,801</u>	<u>496,980</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 567,551</u>	<u>\$ 358,801</u>

SHORELINE COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

1. PURPOSE OF THE FOUNDATION

Shoreline Community College Foundation (the Foundation) is a Washington State nonprofit corporation that was established in 1984 to assist and advance the mission of Shoreline Community College (the College), a public two-year comprehensive college serving the residents of King County.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Foundation is presented to assist in understanding the Foundation's financial statements. These accounting policies conform to U.S. generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Use of estimates in the preparation of financial statements

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

Basis of presentation

The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Revenue recognition

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

Donor-restricted support 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 statement of activities as net assets released from restrictions.

The Foundation reports gifts of equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Time restrictions implied on gifts of long-lived assets expire as the economic benefits of the acquired assets are used up; that is, over their estimated useful lives. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contract revenue is recognized ratably in accordance with the terms of the contract.

SHORELINE COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated materials, equipment, and services

Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated fair value at date of receipt. The Foundation recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

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 program and supporting services benefited.

Expenses are charged to each program based on direct expenditures incurred. Administration costs include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation. Fundraising costs, including costs of special events, are incurred to persuade potential donors to make contributions to the Foundation and are expensed as incurred.

Cash and cash equivalents

For purposes of the statements of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less. Cash that is held in investment accounts is included with investments in the statements of financial position and is not considered to be a part of cash and cash equivalents.

Accounts and contract receivable

The Foundation uses the allowance method to account for uncollectible accounts and contract receivable as well as for uncollectible pledges receivable.

The Foundation's policy does not provide accrual of interest or other service charges on its receivables. Accounts are written off as uncollectible only after all efforts to collect have been exhausted.

Investments

The Foundation's investment objective is to maximize total return and preserve capital, while minimizing credit risk and avoiding excessive market risk. An investment company is currently managing the majority of the Foundation's investments. Investment earnings are reported net of investment management fees. Investment earnings consist of interest and dividend income, and net realized and unrealized gains and losses. The Foundation adheres to all donor-imposed restrictions in the allocation and expenditure of investment earnings.

Investments in equity securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statements of financial position.

Income tax status

The Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and, therefore, has no provision for federal income taxes unless the Foundation engages in unrelated business activities. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(1).

SHORELINE COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax status (continued)

The Foundation's tax filings are subject to examination by taxing authorities, generally for three years after the return is filled. The Foundation would recognize accrued interest and penalties associated with uncertain tax provisions, if any, as part of administration expenses on the statement of activities.

3. ACCOUNTS AND CONTRACT RECEIVABLE

Accounts and contract receivable consist of amounts outstanding for program services. The allowance for uncollectible accounts was \$0 since management considers the balance in accounts and contract receivable to be fully collectible. Note 11 discloses additional information about the contract.

4. INVESTMENTS

The fair values of financial assets are classified based on the following hierarchy reflecting the significance of inputs used in determining fair value measurements.

Level 1 - Observable inputs that reflect unadjusted quoted prices or published net asset value for identical assets in active markets.

Level 2 - Other inputs that are directly or indirectly observable in the marketplace.

Level 3 - Unobservable inputs which are supported by little or no market activity.

Following were the aggregate carrying amounts of long-term investments and the fair values and the hierarchy classification of financial assets measured on a recurring basis at June 30:

	Fair Value Hierarchy	2018	2017
Cash	N/A	\$ 46,335	\$ 46,858
Equity mutual funds	1	0	110,536
Corporate bonds	2	49,508	76,903
Municipal bonds	2	352,668	376,984
Other debt securities	2	50,015	50,289
Exchange-traded funds	1	2,892,472	2,231,732
		\$ 3,390,998	\$ 2,893,302

Investment management fees were \$14,207 and \$19,169 for the years ended June 30, 2018 and 2017, respectively.

5. RELATED PARTY TRANSACTIONS

The College provided the Foundation with a substantial amount of support including office space, employee support, business office support, office supplies, and other services. The fair value of the support from the College is recorded as in-kind contributions of \$200,447 and \$245,065, for the years ended June 30, 2018 and 2017, respectively. The contribution from the College represents 13% and 24% of total revenues, gains, and other support for the years ended June 30, 2018 and 2017, respectively. In addition, equipment and program supplies valued at \$70,950 and \$0 were donated to the Foundation and then contributed to the College during the years ended June 30, 2018 and 2017, respectively. These amounts are reflected as in-kind contributions and college program support on the statement of activities.

SHORELINE COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS

6. COMMITMENTS

Grants and bequests require the fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of the funds to grantors. Although that is a possibility, the Board of Directors deem the contingency remote, since by accepting the gifts and their terms, it has accommodated the objectives of the Foundation to the provisions of the gift.

7. CONCENTRATION OF CREDIT RISK

The Foundation maintains its cash balances at financial institutions which are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times during the year, the Foundation had balances in excess of the insured amount.

The Foundation maintains an account with an investment firm. The account contains cash and securities. Within the limits of protection offered by the Securities Investor Protection Corporation (SIPC), claims against a broker-dealer are satisfied on cash up to a maximum of \$250,000 and securities up to a maximum of \$500,000. Coverage provided by the SIPC does not protect against the loss of market value of securities. At times during the year, the Foundation had balances in excess of the limits.

8. TEMPORARILY RESTRICTED NET ASSETS

The Foundation's temporarily restricted net assets for the years ended June 30, were available for the following purposes:

	2018	2017
College programs and departments	\$ 486,372	\$ 436,271
Scholarships	1,347,922	1,248,556
Student emergency assistance	25,884	23,442
Special events	5,912	5,912
	\$ 1,866,090	\$ 1,714,181

Net assets were released from donor restrictions during the years ended June 30, by incurring expenses satisfying the restricted purposes or time restrictions specified by donors as follows:

College programs and departments	\$ 61,846	\$ 79,724
Scholarships	174,654	160,434
Student emergency assistance	923	3,132
	\$ 237,423	\$ 243,290

SHORELINE COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS

9. PERMANENTLY RESTRICTED NET ASSETS

The Foundation's permanently restricted net assets for the years ended June 30, were as follows:

	2018	2017
Endowed scholarships	\$ 1,370,448	\$ 941,870
Exceptional faculty award	100,000	100,000
Endowed college programs and departments	110,962	110,962
	\$ 1,581,410	\$ 1,152,832

10. ENDOWMENTS

The Foundation's endowments consist of individual funds established for scholarships and College program support. The endowments include both donor-restricted endowment funds and funds designated by the Board of Directors to function as an endowment. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as an endowment, are classified and reported on the existence or absence of donor-imposed restrictions and board designations.

Interpretation of relevant law

The Board of Directors of the Foundation has interpreted the Washington enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as allowing the Foundation to appropriate for expenditure or accumulate so much of an endowment fund as the Foundation determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise in the gift instrument, the assets in an endowment fund shall be donor-restricted assets until appropriated for expenditure by the Board of Directors. As a result of this interpretation, the Foundation classifies as permanently or temporarily restricted net assets (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instruments at the time the accumulation is added to the fund.

None of the permanently restricted endowment funds of the Foundation require additional accumulations to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation. The Board of Directors of the Foundation appropriates for expenditure for the uses and purposes for which an endowment fund is established so much of the net appreciation, realized and unrealized, in the fair value of the assets of an endowment fund over the historic dollar value of the fund as is prudent under UPMIFA.

SHORELINE COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS

10. ENDOWMENTS (Continued)

Endowment net asset composition

At June 30, 2018, the Foundation's endowment net asset composition by type of fund was as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted	\$ 0	\$ 1,183,350	\$ 1,581,410	\$ 2,764,760
Board designated	472,854	0	0	472,854
	<u>\$ 472,854</u>	<u>\$ 1,183,350</u>	<u>\$ 1,581,410</u>	<u>\$ 3,237,614</u>

At June 30, 2017, the Foundation's endowment net asset composition by type of fund was as follows:

Donor restricted	\$ 0	\$ 1,050,322	\$ 1,152,832	\$ 2,203,154
Board designated	451,981	0	0	451,981
	<u>\$ 451,981</u>	<u>\$ 1,050,322</u>	<u>\$ 1,152,832</u>	<u>\$ 2,655,135</u>

Changes in endowment net assets for the years ended June 30, 2018 and 2017 were as follows:

Balance at June 30, 2016	\$ 371,167	\$ 886,771	\$ 1,117,624	\$ 2,375,562
Contributions	0	1,910	10,208	12,118
Contract revenue	67,634	0	0	67,634
Investment income	4,978	38,678	0	43,656
Net appreciation	19,376	172,308	0	191,684
Transfer	0	(25,000)	25,000	0
Appropriated for expenditure	(11,174)	(24,345)	0	(35,519)
Balance at June 30, 2017	<u>451,981</u>	<u>1,050,322</u>	<u>1,152,832</u>	<u>2,655,135</u>
Contributions	56	37,308	379,097	416,461
Contract revenue	39,691	0	0	39,691
Investment income	7,110	61,627	0	68,737
Net appreciation	13,709	111,722	0	125,431
Transfer	0	(4,040)	49,481	45,441
Appropriated for expenditure	(39,693)	(73,589)	0	(113,282)
Balance at June 30, 2018	<u>\$ 472,854</u>	<u>\$ 1,183,350</u>	<u>\$ 1,581,410</u>	<u>\$ 3,237,614</u>

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the historical dollar value that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature that are reported in unrestricted net assets were \$0 for each of the years ended June 30, 2018 and 2017.

SHORELINE COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS

10. ENDOWMENTS (Continued)

Return objectives and risk parameters

The Foundation has adopted investment and spending policies for endowment assets that provides for long-term growth of income and principal without undue exposure to risk. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period, as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to emphasize total return.

Strategies employed for achieving objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Board of Directors shall determine once a year an asset allocation range based on economic conditions, operating needs and an annual risk analysis.

Spending policy and how the investment objectives relate to spending policy

Annually, the Foundation reviews the performance of the various endowment fund portfolios to determine what, if any, income in the form of interest, dividends and net capital appreciation may be appropriated for use to support the Foundation's programs. In making this decision, the Foundation exercises prudent judgment so as to assure that the funds retain sufficient assets and income to allow for reasonable future unfavorable market conditions and the preservation of principal.

11. CONTRACT FOR TRAINING PROGRAM

The Foundation has an agreement with a third party to facilitate a training program for international students. Revenue of \$312,400 and \$332,582 related to this agreement was recognized during the years ended June 30, 2018 and 2017, respectively.

Related to the above agreement, the Foundation has an agreement with the College to provide a hotel training program for the students of the third party. Expenses of \$257,089 and \$250,120 related to this agreement were recognized during the years ended June 30, 2018 and 2017, respectively.

The Foundation is obligated under the agreement with the College to provide support to the College's International Education Program from the revenue of the agreement with the third party. The amount of support was \$39,691 and \$67,634 during the years ended June 30, 2018 and 2017, respectively and will be expensed as the costs are incurred.

12. SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through the date these statements were available to be issued on February 26, 2019.

SHORELINE COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS

13. RECENTLY ISSUED ACCOUNTING STANDARD

In August 2016, the Financial Accounting Standards Board issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The standard makes targeted improvements to the not-for-profit financial reporting model, including changes in how a not-for-profit organization classifies its net assets, as well as the information it presents in the financial statements and notes about its liquidity, financial performance, and cash flows. The amendments will be effective for the Foundation for the fiscal year ending June 30, 2019.

The Foundation is currently in the process of evaluating the impact of adoption of this accounting standard on the financial statements.

14. RECLASSIFICATION

Certain amounts in the prior year financial statements have been reclassified to conform with the presentation in the current year financial statements.