

KILAUEA POINT NATURAL HISTORY ASSOCIATION
(A Hawai'i Non-Profit Corporation)

AUDITED FINANCIAL STATEMENTS
(With Independent Auditor's Report)

FOR THE YEAR ENDED SEPTEMBER 30, 2019
(With Comparative Totals for the Year Ended September 30, 2018)

KILAUEA POINT NATURAL HISTORY ASSOCIATION

TABLE OF CONTENTS

| | Page |
|---|-------------|
| INDEPENDENT AUDITOR'S REPORT FINANCIAL | 1 |
| STATEMENTS | |
| Statements of Financial Position | 3 |
| Statement of Activities and Changes in Net Assets | 4 |
| Statement of Functional Expenses | 5 |
| Statements of Cash Flows | 6 |
| Notes to the Financial Statements | 7 |

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Kilauea Point Natural History Association
P. O. Box 1130
Kilauea, Hawai'i 96754

We have audited the accompanying financial statements of the Kilauea Point Natural History Association (a Hawai'i Nonprofit Corporation), which comprise the statement of financial position as of September 30, 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 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 Kilauea Point Natural History Association as of September 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Prior Year Comparative Information

The financial statements of Kilauea Point Natural History Association as of September 30, 2018 were audited by other auditors whose report dated February 10, 2019 expressed an unmodified opinion on those statements.

Emphasis-of-Matter Regarding a Prior Period Adjustment

As discussed in Note 11 to the financial statements, the Association determined it had incorrectly capitalized lighthouse repairs and incorrectly accrued audit expenses. Accordingly, beginning net assets as of October 1, 2017 were restated to reflect the correction of this error. Our opinion is not modified with respects to that matter.

Carbonaro CPAs & Management Group

Wailuku, Hawai'i
March 2, 2020

KILAUEA POINT NATURAL HISTORY ASSOCIATION

Statements of Financial Position
As of September 30, 2019 and 2018

| | ASSETS | |
|---|--------------------------|--------------------------|
| | <u>2019</u> | <u>2018</u> |
| CURRENT ASSETS | | |
| Cash and Cash Equivalents (Note 2) | \$ 164,962 | \$ 196,552 |
| Inventory (Note 2) | 79,194 | 80,242 |
| Investments (Note 9) | <u>135,101</u> | <u>122,500</u> |
| Total Current Assets | 379,257 | 399,294 |
| FIXED ASSETS (Note 2) | | |
| Buildings Improvements | 12,296 | 12,296 |
| Furniture and Fixtures | <u>50,885</u> | <u>49,327</u> |
| | 63,181 | 61,623 |
| Less Accumulated Depreciation | <u>(61,204)</u> | <u>(59,510)</u> |
| Net Fixed Assets | <u>1,977</u> | <u>2,113</u> |
| TOTAL ASSETS | <u><u>\$ 381,234</u></u> | <u><u>\$ 401,407</u></u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts Payable | \$ 5,159 | \$ 4,058 |
| Accrued Payroll and Related Expenses | <u>16,998</u> | <u>11,449</u> |
| Total Current Liabilities | 22,157 | 15,507 |
| NET ASSETS (Note 5) | | |
| Net Assets Without Donor Restrictions | | |
| Board Designated | 48,768 | 59,840 |
| Others | <u>281,569</u> | <u>321,079</u> |
| Total Net Assets Without Donor Restrictions | 330,337 | 380,919 |
| Net Assets With Donor Restrictions | <u>28,740</u> | <u>4,981</u> |
| Total Net Assets | <u><u>359,077</u></u> | <u><u>385,900</u></u> |
| TOTAL LIABILITIES AND NET ASSETS | <u><u>\$ 381,234</u></u> | <u><u>\$ 401,407</u></u> |

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

KILAUEA POINT NATURAL HISTORY ASSOCIATION

Statement of Activities and Changes in Net Assets

For the Year Ended September 30, 2019

(With Comparative Totals for the Year Ended September 30, 2018)

| | Without Donor Restrictions | With Donor Restrictions | 2019 Total | 2018 Total |
|---|-------------------------------|----------------------------|---------------|---------------|
| PUBLIC SUPPORT AND SALES | | | | |
| Sales | \$ 601,196 | \$ - | \$ 601,196 | \$ 639,120 |
| Grants | 26,118 | - | 26,118 | - |
| Donations | 55 | 25,272 | 25,327 | 51,908 |
| Special Events | 18,615 | - | 18,615 | - |
| Membership Dues | 3,060 | - | 3,060 | 4,955 |
| Interest Income | 2,287 | - | 2,287 | 2,123 |
| In Kind Donations | 1,500 | - | 1,500 | - |
| Other Revenue | 167 | - | 167 | - |
| Net Assets Released from Restrictions | 1,513 | (1,513) | - | - |
| Total Public Support and Sales | 654,511 | 23,759 | 678,270 | 698,106 |
| OPERATING EXPENSES | | | | |
| Program Services | 551,929 | - | 551,929 | 494,951 |
| Management and General | 111,672 | - | 111,672 | 112,752 |
| Fundraising | 41,492 | - | 41,492 | 34,294 |
| Total Operating Expenses | 705,093 | - | 705,093 | 641,997 |
| Changes in Net Assets (Includes the \$466,469 effect of error correction - Note 11) | (50,582) | 23,759 | (26,823) | 56,109 |
| Net Assets, Beginning of Year | 380,919 | 4,981 | 385,900 | 329,791 |
| Net Assets, End of Year | \$ 330,337 | \$ 28,740 | \$ 359,077 | \$ 385,900 |

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

KILAUEA POINT NATURAL HISTORY ASSOCIATION

Statement of Functional Expenses
 For the Year Ended September 30, 2019
 (With Comparative Totals for the Year Ended September 30, 2018)

| | 2019 | | | Total | 2018 |
|--------------------------|------------------|------------------------|-------------|------------|------------|
| | Program Services | Management and General | Fundraising | | |
| Purchases | \$ 251,370 | \$ - | \$ 349 | \$ 251,719 | \$ 280,499 |
| Salaries and Wages | 143,936 | 61,716 | 28,661 | 234,313 | 202,326 |
| Professional Fees | 19,823 | 28,385 | 3,304 | 51,512 | 22,919 |
| General Excise Taxes | 26,723 | - | 171 | 26,894 | 26,218 |
| Refuge | 24,180 | - | - | 24,180 | 13,767 |
| Payroll Taxes | 10,965 | 6,058 | 2,325 | 19,348 | 15,683 |
| Employee Benefits | 12,490 | 3,280 | 2,224 | 17,994 | 20,233 |
| Special Events | 14,718 | - | - | 14,718 | - |
| Bank Service Charges | 13,581 | 341 | 419 | 14,341 | 14,411 |
| Scholarships | 11,000 | - | - | 11,000 | 16,000 |
| Supplies | 9,289 | 2,399 | - | 11,688 | 3,364 |
| Insurance | 2,606 | 4,396 | - | 7,002 | 2,924 |
| Education | 5,523 | - | 25 | 5,548 | 7,463 |
| Utilities | 2,796 | 1,136 | - | 3,932 | 3,011 |
| Travel and Entertainment | 485 | 851 | 1,561 | 2,897 | 4,195 |
| Miscellaneous | - | 342 | 1,961 | 2,303 | 2,558 |
| Repairs and Maintenance | - | 1,755 | - | 1,755 | 3,400 |
| Depreciation | 1,694 | - | - | 1,694 | 1,380 |
| Storage | 585 | 584 | - | 1,169 | 1,169 |
| Dues and Subscriptions | - | 394 | 492 | 886 | 402 |
| Advertising | 165 | 35 | - | 200 | 75 |
| Total Expenses | \$ 551,929 | \$ 111,672 | \$ 41,492 | \$ 705,093 | \$ 641,997 |

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

KILAUEA POINT NATURAL HISTORY ASSOCIATION

Statements of Cash Flows
For the Years Ended September 30, 2019 and 2018

| | <u>2019</u> | <u>2018</u> |
|---|--------------------------|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash Received from Sales | \$ 601,196 | \$ 639,120 |
| Cash Received from Grants | 26,118 | - |
| Cash Received from Contributions | 25,327 | 51,908 |
| Cash Received from Special Events | 18,615 | - |
| Cash Received from Dues and Other Revenue | 3,227 | 4,955 |
| Cash Received from Interest | 2,287 | 2,123 |
| Cash Paid to Vendors and Employees | (694,201) | (635,611) |
| Net Cash Provided (Used) by Operating Activities (Note 7) | <u>(17,431)</u> | <u>62,495</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Net (Purchase) Investment in Certificates of Deposits | (12,601) | - |
| Purchase of Fixed Assets | <u>(1,558)</u> | <u>-</u> |
| Net Cash Used by Investing Activities | (14,159) | - |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| | <u>-</u> | <u>-</u> |
| Net Increase (Decrease) in Cash for the Year | (31,590) | 62,495 |
| CASH AT BEGINNING OF YEAR | <u>196,552</u> | <u>134,057</u> |
| CASH AT END OF YEAR | <u><u>\$ 164,962</u></u> | <u><u>\$ 196,552</u></u> |

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

KILAUEA POINT NATURAL HISTORY ASSOCIATION

Notes to the Financial Statements September 30, 2019

Note 1. Organization

Kilauea Point Natural History Association (KPNHA) (the Association) is a Hawaii Non-Profit Corporation incorporated in November 1983 to promote better understanding, appreciation, and conservation of the natural history and environment of Kauai's National Wildlife Refuges. KPNHA cooperates with the U.S. Fish and Wildlife Service to:

- Foster educational, interpretive, scientific and other activities appropriate to the goals and objectives of the Kilauea Point and National Wildlife Refuge for the benefit of the public.
- Purchase or produce and make available to Refuge visitors, by sales or free distribution, suitable interpretive and educational material such as books, pamphlets, posters, slides, photographs, maps and other items of interest, to promote the Association's goals and, to increase the visitors' understanding of the surrounding natural environment and natural history.
- Acquire books, films, recordings and other materials for use in interpretive programs which may be donated to the U.S. Fish and Wildlife Service and assist them in carrying out such programs.

Note 2. Summary of Significant Accounting Policies

Method of Accounting: KPNHA uses the accrual basis of accounting. Under this method of accounting, revenue is recognized when earned rather than when received and expenses are recognized when incurred rather than when paid.

Cash and cash equivalents: For purposes of the statements of cash flows, KPNHA considers all highly liquid investments with maturities of three months or less to be cash equivalents. KPNHA places the majority of its cash balances with major Hawaii-based financial institutions. As of September 30, 2019, aggregate cash balances per bank were within federally insured limits.

Revenue Recognition: Contributions received are recorded as with or without donor restrictions, depending on the existence and/or nature of any donor restrictions (Note 5). Unconditional promises to donate due in the next year are reflected as current promises to give and are recorded at their net realizable value. Grants and other contributions of cash are reported as with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When the donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, donor restricted net assets are reclassified to without donor restricted net assets and reported in the statements of activities as net assets released from restrictions. If a donation is received during the year with donor restrictions and that restriction is met during the year it is reported as without restrictions on the statements of activities and changes in net assets.

KILAUEA POINT NATURAL HISTORY ASSOCIATION

Notes to the Financial Statements September 30, 2019

Note 2. Summary of Significant Accounting Policies (Continued)

Fixed Assets: It is the Association's policy to capitalize all property and equipment in excess of \$500 and a useful life greater than one year. Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of 5 to 7 years.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Inventory: Inventory consists of books and other supplies, and is stated at weighted average cost method.

Income tax status: KPNHA is exempt from federal income taxes under Section 501 (c)(3) of the Internal Revenue Code, any income from activities not directly related to its tax-exempt purpose may be subject to taxation as unrelated business income. In addition, since KPNHA has been classified as an association that is not a private foundation under Section 509(a)(2), certain financial and other assistance provided to KPNHA would qualify for the charitable contribution deduction under Section 170(b)(1)(A).

Reclassifications: Certain items on the 2018 Financial Statements have been reclassified to conform to the current year presentations. There were no changes to net assets based on these reclassifications.

Note 3. U.S. Fish and Wildlife Service Affiliation

U.S. Fish and Wildlife Service Affiliation: The U.S. Fish and Wildlife Service (Service) authorized the KPNHA to use the facilities at the Kilauea Point Visitor Center to sell and distribute educational and interpretive materials for the benefit of the visiting public.

The facilities are made available to the Association at no charge. The fair market value of this grant has not been reflected in the financial statements. The Service has the right to terminate this agreement at anytime upon 60 days written notice.

Note 4. Pension Plan

The Association has adopted a Savings Incentive Match Plan for Employees of Small Employers (SIMPLE) covering all employees meeting the eligibility requirements. The Association contributes a matching contribution to each eligible employee's SIMPLE IRA equal to the employee's salary reduction up to a limit of 3% of the employee's compensation for the year. During the year ended September 30, 2019, KPNHA contributed \$3,446 into the pension plan.

KILAUEA POINT NATURAL HISTORY ASSOCIATION

Notes to the Financial Statements
September 30, 2019

Note 5. Net Assets and New Accounting Pronouncements

On August 18, 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The Association has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the unaudited comparative period presented. The new standards change the following aspects of the Association’s financial statements:

The temporarily restricted net asset class has been renamed net assets with donor restrictions. The unrestricted net asset class has been renamed net assets without donor restrictions.

Net assets, revenue, and support are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net assets without donor restrictions include all resources that are not subject to donor-imposed stipulations or contributions with donor-imposed restrictions that are met during the same year as the contribution is made. Net assets without donor restrictions denoted as property and equipment represent equity in such property and equipment. Included in net assets without donor restrictions are Board Designated net assets. Board Designated net assets without donor restrictions consist of the following at September 30:

| | <u>2019</u> | <u>2018</u> |
|--------------------------------------|------------------|------------------|
| Daniel Moriarty Memorial Scholarship | \$ 39,149 | \$ 50,221 |
| Lighthouse Maintenance | 9,619 | 9,619 |
| | <u>\$ 48,768</u> | <u>\$ 59,840</u> |

Net assets with donor restrictions include amounts that the donor subjects to restrictions in perpetuity and amounts subject to legal or donor-imposed stipulations that may or will be met either by actions of the Organization and/or passage of time. Net assets with donor restrictions consist of the following at September 30:

| | <u>2019</u> | <u>2018</u> |
|-------------------------|------------------|-----------------|
| Light House Maintenance | \$ 20,780 | \$ - |
| Huleia NWR Kayak Fees | 7,960 | 4,981 |
| | <u>\$ 28,740</u> | <u>\$ 4,981</u> |

The changes have the following effect on net assets at September 30, 2018:

| <u>Net Asset Class</u> | <u>As Originally Presented</u> | <u>After Adoption of ASU 2016-14</u> |
|---------------------------------------|--------------------------------|--------------------------------------|
| Unrestricted Net Assets (Note 11) | \$ 380,919 | \$ - |
| Temporarily Restricted Net Assets | 4,981 | - |
| Net Assets Without Donor Restrictions | - | 380,919 |
| Net Assets With Donor Restrictions | - | 4,981 |
| | <u>\$ 385,900</u> | <u>\$ 385,900</u> |

KILAUEA POINT NATURAL HISTORY ASSOCIATION

Notes to the Financial Statements September 30, 2019

Note 5. Net Assets and New Accounting Pronouncements (Continued)

The financial statements include statements of Functional Expenses for the year ended September 30, 2019. Functional expenses are allocated to program related and administrative functions. Most expenses are allocated directly to the program or support services benefited. Certain expenses are allocated using a percentage base.

The financial statements include a new disclosure about liquidity and availability of resources (Note 8).

Note 6. Income Tax Positions

Kilauea Point Natural History Association adopted the provisions of ASC 740, Income Taxes, on October 1, 2008. As required by the uncertain tax position guidance in ASC 740, Kilauea Point Natural History Association would recognize the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position after an audit. At the adoption date, Kilauea Point Natural History Association applied the uncertain tax position guidance in ASC 740 to all tax positions for which the statute of limitations has remained open, including Kilauea Point Natural History Association's status as a tax-exempt organization and its lack of unrelated business income. As a result of the implementation of the uncertain tax position guidance in ASC 740, Kilauea Point Natural History Association has not recognized an additional liability for unrecognized tax benefits nor any interest or penalties as of September 30, 2019. Management does not anticipate that this will change significantly in the next twelve months.

Kilauea Point Natural History Association files income tax returns in the U. S. federal jurisdiction and the State of Hawaii. Tax regulations within each jurisdiction are subject to interpretation of the related tax laws and regulations and require significant judgment to apply. With few exceptions, the Organization is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2016.

Note 7. Reconciliation of Change in Assets with Net Cash Provided by Operating Activities

| | 2019 | 2018 |
|--|--------------------|------------------|
| Change in Net Assets | \$ (26,823) | \$ 56,109 |
| Add Depreciation | 1,694 | 1,380 |
| Adjustments to Reconcile: | | |
| Change in Inventory | 1,048 | 8,637 |
| Change in Accounts Payable | 1,101 | (6,067) |
| Change in Prepaid Expenses | - | 2,436 |
| Change in Accrued Expenses | 5,549 | - |
| Net Change Provided (Used) by Operating Activities | <u>\$ (17,431)</u> | <u>\$ 62,495</u> |

KILAUEA POINT NATURAL HISTORY ASSOCIATION

Notes to the Financial Statements
September 30, 2019

Note 8. Liquidity and Availability of Financial Assets

Management's policy is to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

| | | |
|--|----|----------|
| Financial Assets at September 30, 2019 | \$ | 164,962 |
| Less those unavailable to general expenditures within one year due to: | | |
| Restricted by Donor with purpose restrictions | | (28,740) |
| Financial assets available to meet cash needs for general expenditures within one year | \$ | 136,222 |

Note 9. Fair Value Measurements

This fair value hierarchy consists of three broad levels:

- Level 1 inputs consist of unadjusted quoted prices in active markets such as stock exchanges for identical assets and have the highest priority.
- Level 2 inputs consist of significant other observable inputs such as quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset and liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 inputs consist of significant unobservable inputs and include situations where there is little, if any, market activity for the investment. The inputs require significant judgment or estimates, such as those associated with discounted cash flow methodologies and appraisals.

Fair values of assets measured on a recurring basis are as follows, there are no liabilities or other assets measured at fair value on a recurring or non-recurring basis.

| Assets | Total as of September 30, 2019 | Quoted Prices Level 1 | Significant Other Inputs Level 2 | Significant Non- Observable Inputs Level 3 |
|-------------------------|-----------------------------------|--------------------------|--|--|
| Certificates of Deposit | \$ 135,101 | \$ 135,101 | \$ - | \$ - |

| Assets | Total as of September 30, 2018 | Quoted Prices Level 1 | Significant Other Inputs Level 2 | Significant Non- Observable Inputs Level 3 |
|-------------------------|-----------------------------------|--------------------------|--|--|
| Certificates of Deposit | \$ 122,500 | \$ 122,500 | \$ - | \$ - |

The fair value of the certificates of deposit is determined by reference to statements received from the financial institution holding the certificates of deposit.

Note 10. Subsequent Events

In preparing these financial statements, KPNHA has evaluated events and transactions for potential recognition or disclosure through March 2, 2020, the date the financial statements were available to be issued.

KILAUEA POINT NATURAL HISTORY ASSOCIATION

Notes to the Financial Statements September 30, 2019

Note 11. Prior Period Adjustment

During the year, KPNHA determined that some of their noncapital expenses were improperly classified as capital assets in the prior years. In addition, some expenses were improperly recorded in as accounts payable in the prior year. As a result, prior period adjustments were made to properly record the balances in net assets. The adjustments had the following effect on the September 30, 2018 financial statements:

| | |
|---|------------|
| Decrease in Building and Improvements Balance: | \$ 679,209 |
| Decrease in Accumulative Depreciation Balance: | \$ 245,270 |
| Decrease in Accounts Payable Balance: | \$ 12,750 |
| Decrease in Professional Fees: | \$ 12,750 |
| Decrease in Depreciation Expense: | \$ 45,280 |
| Decrease in Net Assets without Donor Restriction Balance: | \$ 466,469 |

Note 12. Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases, which supersedes FASB Accounting Standards Codification (ASC) Topic 840, Leases, and makes other conforming amendments to U.S. GAAP. ASU 2016-02, requires, among other changes to the lease accounting guidance, lessees to recognize most leases on the balance sheet via a right-of-use asset and lease liability as well as additional qualitative and quantitative disclosures. ASU 2016-02 is effective for entity fiscal years beginning after December 15, 2019, but permits early adoption, and mandates a modified retrospective transition method. The provisions are effective for the Association's fiscal year ending September 30, 2021. Management is currently evaluating the impact that the adoption of these provisions will have on the financial statements, but expects ASU 2016-02 to add significant right-of-use assets and lease liabilities to the statement of financial position.

In November 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash, which requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. As a result, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The new standard is effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. Early adoption is permitted. The provisions are effective for the Association's fiscal year ending September 30, 2020. The amendments should be applied using a retrospective transition method to each period presented. Management is currently evaluating the impact that the adoption of these provisions will have on the financial statements.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers, which requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity also should disclose sufficient quantitative and qualitative information to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The new standard is effective for the entity for annual periods in fiscal years beginning after December 15, 2018 (as amended in August 2015 by ASU 2015-14, Deferral of the Effective Date). The provisions are effective for the Association's fiscal year ending September 30, 2020. Management does not expect the adoption of these provisions to have a significant impact on the financial statement.