HOSPICE OF GREEN COUNTRY, INC.

Financial Statements

Year Ended December 31, 2019

With

Independent Auditor's Report

MORSE & CO.

HOSPICE OF GREEN COUNTRY, INC.

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Independent Auditor's Report

Board of Directors
Hospice of Green Country, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Hospice of Green Country, Inc. which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, cash flows, and functional expenses 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 Hospice of Green Country, Inc. as of December 31, 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.

Effect of Adopting New Accounting Standard

As discussed in Note 1, the Organization adopted the Financial Accounting Standards Board's Accounting Standards updated ("ASU") 2014-09, Revenue from Contracts with Customers (Topic 606) as of and for the year ended December 31, 2019. Our opinion is not modified with respect to this matter.

Morse & Co., PLLC

Tulsa, Oklahoma
May 26, 2020

HOSPICE OF GREEN COUNTRY, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

ASSETS

Cash and cash equivalents	$ 177,456
Cash and cash equivalents - restricted	414,417
Accounts receivable, net of allowance for doubtful accounts of $17,233	229,948
Pledges receivable	12,500
Prepaid expenses	258
Other assets	13,904
Investments	592,041
Beneficial interest in Irrevocable Charitable Remainder Unitrust	13,449
Beneficial interest in assets held by Tulsa Community Foundation	110,655
Property and equipment, net of accumulated depreciation	30,964
Total assets	$ 1,595,592

LIABILITIES AND NET ASSETS

Accounts payable	$ 43,424
Accrued payroll	47,465
Accrued paid time off	13,819
Other liability	1,848
Total liabilities	106,556
Net assets without donor restrictions	950,515
Net assets with donor restrictions	538,521
Total net assets	1,489,036
Total liabilities and net assets	$ 1,595,592

See independent auditor's report and accompanying notes to financial statements

HOSPICE OF GREEN COUNTRY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

	Without Donor Restriction	With Donor Restriction	Total
Revenue			
Net patient service revenue	$ 1,890,377	$ -	$ 1,890,377
Contributions, grants, and bequests, net of fundraising expeneses of $13,366	249,633	225,675	475,308
Resale store sales	73,480	-	73,480
Unrealized gains on investments	4,858	15,419	20,277
Realized gain on investments, net of fees of $4,424	81,045	3,694	84,739
Interest income	15,695	-	15,695
Other income	23,718	-	23,718
Net assets released from restrictions	347,465	(347,465)	-
Total revenues	2,686,271	(102,677)	2,583,594
Expenses			
Program services	1,922,075	-	1,922,075
Management and general	271,971	-	271,971
Fundraising	177,814	-	177,814
Total expenses	2,371,860	-	2,371,860
Increase (decrease) in net assets	314,411	(102,677)	211,734
Net assets, beginning of year	636,104	641,198	1,277,302
Net assets, end of year	$ 950,515	$ 538,521	$ 1,489,036

See independent auditor's report and accompanying notes to financial statements

HOSPICE OF GREEN COUNTRY, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2019

Cash flow from operating activities	
Change in net assets	$ 211,734
Adjustments to reconcile change in net assets to cash provided by (used for) by operating activities:	
Depreciation	10,959
Change in allowance for bad debt	2,233
Bad debt expense	13,632
Unrealized loss (gain) on investments	(20,277)
Realized loss (gain) on sale of investments, net	(84,739)
Changes in assets and liabilities:	
Accounts receivable	(52,664)
Pledges receivable	30,000
Prepaid expenses	9,139
Other assets	(167)
Accounts payable	(4,337)
Accrued payroll	8,544
Accrued paid time off	(3,272)
Other liability	149
Deferred revenue	(2,900)
Net cash provided by (used for) operating activities	118,034
Cash flow from investing activities	
Purchase of equipment	(39,200)
Purchase of investments	(15,830)
Net cash provided by (used for) investing activities	(55,030)
Change in cash and cash equivalents	63,004
Cash and cash equivalents, beginning of year	528,869
Cash and cash equivalents, end of year	$ 591,873

See independent auditor's report and accompanying notes to financial statements

HOSPICE OF GREEN COUNTRY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

	Program Services	Management and General	Fundraising	Total
Other salaries and wages	$ 874,998	$ 9,089	$ -	$ 884,087
Office and other general expenses	245,711	113,070	80,135	438,916
Compensation of officers	71,258	138,156	88,671	298,085
Medical supplies and drugs	266,841	-	-	266,841
Employee benefits	130,806	964	2,569	134,339
Contract labor	133,997	-	-	133,997
Other patient services	102,929	-	-	102,929
Payroll taxes	68,711	10,692	6,439	85,842
Bad debt	15,865	-	-	15,865
Depreciation	10,959	-	-	10,959
Total	$ 1,922,075	$ 271,971	$ 177,814	$ 2,371,860

See independent auditor's report and accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Organization

Hospice of Green Country, Inc. (the Organization) is a nonprofit agency specializing in care for people with limited life expectancy. The Organization provides services throughout Northeastern Oklahoma.

The Organization offers additional services in order to serve the community including Courtesy Care, Stay At Home, and Pet Peace of Mind services.

Courtesy Care allows patients with no means of paying for costly end-of-life care to receive the full array of hospice services. No differentiation in care and services provided is made between those served through Courtesy Care and those with Medicare or private insurance.

Stay At Home services help meet the needs of patients who lack adequate support to remain home at the end of life. The Organization assists patients in accessing special services that support their safety and quality of life.

Pet Peace of Mind services are also provided to assist hospice patients who are unable to maintain appropriate routine health care and nutrition for their animal companions due to mounting medical expenses or caregiver disability.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

> ***Net Assets Without Donor Restrictions -*** Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors.
>
> ***Net Assets With Donor Restrictions -*** Net assets subject to donor-imposed restrictions which can be fulfilled, either by actions of the Organization and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions in the period such restrictions are satisfied and reported in the statement of activities as net assets released from restrictions. Payments that are received in advance for future program services are not recognized as net assets with donor restrictions due to their deferred nature. The recognition of revenue will occur simultaneously with the release of the restricted purpose and is disclosed separately in Note 7.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

Contributions received with donor-imposed restrictions are recorded as unrestricted if the restrictions are met within the same period. Contributions for which restrictions are not met in the same period are recognized as temporarily restricted. All contributions are considered available for unrestricted use unless specifically restricted by the donor or subject to other legal restrictions.

Fair Value Measurements

The Organization records certain financial assets and liabilities 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. Financial assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurement. Inputs into valuation techniques are categorized into three levels, with the highest priority given to Level 1 and the lowest priority given to Level 3, as described below.

> Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
>
> Level 2 - Quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability.
>
> Level 3 - Generally unobservable inputs, which are developed based on the best information available and may include the Organization's own internal data.

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 the reported amounts of 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.

Cash and Cash Equivalents

The Organization defines cash equivalents to be short term, highly-liquid investments with original maturities of three months or less. Cash and cash equivalents include donor restricted deposits that are readily available.

Investments

Investments in equity securities with readily determinable fair market values and all investments in debt securities are measured at fair value in the statement of financial position. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in the statement of activities as increases or decreases in net assets.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable represent patient service revenue billed to clients that was uncollected at December 31, 2019. Accounts receivable are short-term, non-interest bearing, uncollateralized reimbursements from Medicare and are reported at billed amounts less an allowance for doubtful accounts. Accounts outstanding longer than the contractual terms are considered past due. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a reduction of the accounts receivable. The Organization reviews the adequacy of the allowance for uncollectible accounts receivable on a regular basis. Management determined at December 31, 2019 an allowance of $17,233 was necessary.

Pledges Receivable

The Organization has elected the fair value option for valuing pledges receivable. The fair value option was chosen to measure pledges in order to mitigate volatility in reported changes in net assets. Pledges are recorded at their estimated fair value when received and revalued annually. Management believes that pledges receivable at December 31, 2019 are collectible and that an allowance for doubtful accounts is not necessary.

Property and Equipment

Property and equipment are shown in the balance sheet at cost or at estimated fair market value if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Lives range from three to twenty years. Depreciation expense is then allocated to the respective programs based on usage.

Additions and improvements that extend the useful lives of assets are capitalized. Expenditures for repairs and maintenance are expensed as incurred. The Organization follows the practice of capitalizing all expenditures for equipment in excess of $1,500 with an estimated useful life of over one year.

The Organization records impairment to property and equipment when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated lives. Impairments are recorded to reduce the carrying value of the assets to their estimated fair values determined by the Organization, based on facts and circumstances in existence at the time of the determination, estimates of probable future economic conditions, and other information. No impairments were recorded during the year ended December 31, 2019.

Revenue Recognition

Prior to the adoption of Topic 606, the Organization's revenue recognition policy was in accordance with ASC Topic 605, Revenue Recognition. Effective January 1, 2019, the Organization adopted Topic 606 using the modified retrospective transition method. The adoption of Topic 606 did not have a material impact on the Organization's financial statements. The Organization considers hospice services and sales at the resale store to be contracts with customers.

(Continued)

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Contributions are recorded when the donor makes a promise to give to the Organization that is, in substance, unconditional. Donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. All contributions are considered without donor restrictions unless specifically restricted by the donor or subject to other legal restrictions.

Revenue is recognized from hospice care services at the time the services are performed. Revenue is measured as the amount of consideration the Organizations expects to receive in exchange for services performed. The Organization estimates different forms of variable consideration at the time of sale based on historical experience, current conditions and contractual obligations. Revenue is recorded net of any discounts. This adjustment is made in the same period as the underlying transactions.

The Organization operates a resale store, Sophisticated Seconds, located in Tulsa, Oklahoma. The items held for sale were provided by donor contributions. The resale operations are considered incidental to the service programs performed by the Organization. Therefore, the initial contribution of the items held for sale are not recognized as in-kind revenue. As the items are sold, the Organization recognizes sales net of any customer discounts. When the Organization offers the right or has a history of accepting returns of product, historical experience is utilized to establish a liability for the estimate of expected returns and an asset for the right to recover the product expected to be returned. These adjustments are made in the same period as the underlying sales transactions.

The Organization has a policy of providing charity care ("Courtesy Care Program") to patients who are unable to pay. Such patients are identified based on financial information obtained from the patient and subsequent analysis. Since the Organization does not expect payment, estimated charges for charity care are not included in revenue. Total estimated expenses for charity care were $255,376 in 2019.

Sales and other tax amounts collected from customers for remittance to governmental authorities are included in revenue. The Organization has elected to include shipping and handling of product with sales, when applicable. The practical expedient not to disclose information about remaining performance obligations has also been elected as these contracts have an original duration of one year or less. The Organization does not have any payment terms that exceed one year from the point it has satisfied the related performance obligations.

Advertising

The Organization expenses advertising costs as incurred. Advertising expense was $19,107 for the year ended December 31, 2019.

(Continued)

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, insurance, and other various expenses which are allocated on the basis of estimates of time and effort.

Income Taxes

The Organization is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and comparable state law, and contributions to it are tax deductible within limitations prescribed by the Code. The Organization has been classified as a publicly-supported organization which is not a private foundation under Section 501(a) of the code.

The Organization has adopted the provisions from FASB Accounting Standards Codification Topic ASC 740-10. As of December 31, 2019 the unrecognized tax benefit accrual was zero. The Organization will recognize future interest and penalties related to unrecognized tax benefits in income tax expense, if incurred. The Organization is no longer subject to examinations by taxing authorities for years before 2016.

Change in Accounting Principle

On January 1, 2019, the Organization adopted Accounting Standards Codification (ASC) Topic 606, Revenue from Contracts with Customers (ASC 606). ASC 606 provides a new model for accounting for revenue arising from contracts with customers that supersedes most revenue recognition guidance. Under the new guidance, entities are required to recognize revenue at an amount that reflects the consideration to which the entity expects to be entitled upon transferring control of goods or services to a customer. As part of adoption of ASC 606, the Organization applied the modified retrospective method to contracts that were not completed as of January 1, 2019. Further, results for reporting periods beginning on or after January 1, 2019 are presented under ASC 606, while prior period amounts were not adjusted and continue to be reported under the previous accounting standards. The adoption of ASC 606 had no impact on opening net assets.

The Organization recognizes revenue upon the transfer of promised goods to its customers in an amount that reflects the consideration to which the Organization expects to be entitled by applying the following five-step process specified in ASC 606:

1) Identify the contract(s) with a customer
2) Identify the performance obligations
3) Determine the transaction price
4) Allocate the transaction price
5) Recognize revenue when the performance obligations are met

(Continued)

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including to the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared states of emergency. It is anticipated that these impacts will continue for some time. Future potential impacts to the Organization include disruptions or restrictions on the Organization's ability to operate. The future effects of these issues are unknown.

The Organization has evaluated subsequent events through May 26, 2020, the date the financial statements were available to be issued.

NOTE 2 - FAIR VALUE MEASUREMENTS

Assets measured at fair value on a recurring basis at December 31, 2019 are as follows:

Investments	$ 592,041
Beneficial interest in Irrevocable Charitable Remainder Unitrust	13,449
Beneficial interest in assets held by Tulsa Community Foundation	110,655
Pledges receivable	12,500
Total	$ 728,645

The fair value of these assets were determined as follows:

	Quoted Prices in Active Markets of Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments	$ 592,041	$ -	$ -
Beneficial interest in Irrevocable Charitable Remainder Unitrust	-	13,449	-
Beneficial interest in assets held by Tulsa Community Foundation	-	110,655	-
Pledges receivable	-	-	12,500
Total assets measured at fair value	$ 592,041	$ 124,104	$ 12,500

(Continued)

NOTE 2 - FAIR VALUE MEASUREMENTS (CONTINUED)

Following is a reconciliation of changes in the fair value of the Organization's net financial assets classified as Level 3 in the fair value hierarchy:

Balance, beginning of year	$	42,500
Pledges receivable activity, net		(30,000)
Balance, end of year	$	12,500

NOTE 3 - INVESTMENTS

Investments are presented in the financial statements at fair market value and are summarized as follows:

	Market Value		Cost	
Investments	$	592,041	$	577,605
Beneficial interest in assets held by Tulsa Community Foundation		110,655		93,668
	$	702,696	$	671,273

	Market Value		Cost	
Short-term investments	$	6,749	$	6,749
Alternative investments		6,378		5,335
Equity investments		424,439		401,447
Fixed income investments		265,130		257,742
	$	702,696	$	671,273

Investment income and gains and losses on investments consist of the following for the year ended December 31, 2019:

Realized gain on investments	$	89,163
Unrealized gain (loss) on investments		20,277
Investment fees		(4,424)
Total	$	105,016

(Continued)

NOTE 4 - BENEFICIAL INTEREST IN IRREVOCABLE CHARITABLE REMAINDER UNITRUST

The Organization has been named a 28.33% beneficiary of an Irrevocable Charitable Remainder Unitrust, which provides for a distribution of 28.33% of the Unitrust corpus to the Organization upon the death of the net income beneficiary. The Organization has recorded the estimated discounted value of this final distribution of Unitrust corpus using a present value factor with an estimated date of collection in 2038.

NOTE 5 - BENEFICIAL INTEREST IN ASSETS HELD BY TULSA COMMUNITY FOUNDATION

The Organization has established a trust fund with Tulsa Community Foundation. The trust was established for the benefit of the Organization. However, if the Organization ceases to exist as a qualified charitable organization, the Foundation will continue to hold the funds and make distributions to other similar organizations.

Distributions from the fund are made in accordance with a spending policy adopted by the Foundation's board. The spending policy allows for a steady and predictable level of distribution while maintaining amounts invested. In unusual circumstances of need or opportunity, the Organization may request a distribution of all or a portion of the Fund upon two-thirds vote of the Board of Directors. The Foundation may grant the request if it concludes the distribution is neither unreasonable nor inconsistent with the charitable purposes of the Foundation and the Organization; however, the Foundation had the ultimate unilateral authority and control of all property in the Fund. The trust investments have been recognized as a beneficial interest in the Foundation's net assets on the Organization's statement of financial position.

The Organization has additional investments with the Tulsa Community Foundation of $7,343 at December 31, 2019, respectively, which includes contributions made by others for the benefit of Hospice of Green Country, Inc. The Organization has the power to modify the donor’s stipulations under certain conditions as the Organization monitors the changing needs of the community. As such, this amount is not included as an asset, but distributions are recorded when received.

NOTE 6 - PROPERTY AND EQUIPMENT

At December 31, 2019 property and equipment were as follows:

Computer equipment	$ 280,085
Office furniture and fixtures	23,061
	303,146
Accumulated depreciation	(272,182)
Property and equipment, net	$ 30,964

Depreciation expense for the year ended December 31, 2019 was $10,959.

(Continued)

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2019 net assets with donor restrictions are available for the following purposes:

Courtesy Care	$	295,210
Beneficial interest in Tulsa Community Foundation		110,655
Pet Peace of Mind		68,003
Stay at Home program		51,204
Beneficial interest in Irrevocable Charitable Remainder Unitrust		13,449
Total	$	538,521

The following net assets were released from donor restriction by incurring expenses satisfying the restrictions or by the occurrence of events specified by the donors:

Courtesy Care	$	255,376
Capital Project		39,200
Stay at Home program		32,926
Pet Peace of Mind		19,963
Total	$	347,465

NOTE 8 - LEASES

The Organization leases various equipment and facilities under operating leases expiring at various dates through June 2023. Rent expense totaled $117,182 for the year ended December 31, 2019.

Minimum future lease payments for the operating leases are as follows:

Year Ending December 31		
2020		74,399
2021		75,902
2022		77,405
Thereafter		39,078
	$	266,784

(Continued)

NOTE 9 - CONCENTRATIONS OF CREDIT RISK

The Organization's financial instruments exposed to concentrations of credit risk consists primary of cash and cash equivalents. The Organization maintains its cash balances at local banks. The balances are insured by the Federal Deposit Insurance Corporation up to $250,000 at December 31, 2019. At times, the Organization's balances may exceed the insured limit. Management believes the risk related to these deposits is minimal.

The Organization maintains its investment balances at a financial institution. The balances are insured by the Securities Investors Protection Corporation (SIPC) up to $500,000 coverage for cash and securities held by a firm that is forced into bankruptcy. Management believes the funds are not exposed to any significant risks due to the diversity of high-grade financial instruments held by the fund and management's routine assessment of the portfolio.

Revenues from the Medicare program accounted for 98% and 99% of the Organization's net patient service revenue and accounts receivable, respectively, at December 31, 2019. Laws and regulations governing the Medicare program are complex and subject to interpretation.

NOTE 10 - SUPPLEMENTAL CASH FLOW INFORMATION

The Organization has adopted *FASB ASU 2016-18, Restricted Cash,* which requires the statement of cash flows explain the change during the period in the total of cash, cash equivalents, and restricted cash or cash equivalents.

Cash and cash equivalents	$ 177,456
Restricted cash	414,417
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	$ 591,873

NOTE 11 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	$ 177,456
Accounts receivable, net	229,948
Pledges receivable	12,500
Investments	592,041
	$ 1,011,945

(Continued)

NOTE 11 - LIQUIDITY AND AVAILABILITY (CONTINUED)

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Organization relies primarily on reimbursements from Medicare or commercial insurances, via direct deposit or by check, to fund hospice care. The other source of funding is related to donations from individuals or business organizations as well as an Oysters & Ale fundraising campaign. The Organization also maintains an investment account with one entity, which the account is primarily intended to manage liquidity.

For purposes of analyzing resources available to meet general expenditures over a twelve month period, the Organization considers all expenditures related to its ongoing program service activities as well as the conduct of services undertaken to support those activities, to be general expenditures.

In addition to financial assets available to meet general expenditures over the next twelve months, the Organization operates within a balanced budget and anticipates collecting sufficient revenues to cover general expenditures.

NOTE 12 - CONTRACT BALANCES

In accordance with the adoption of ASC 606, balances from contracts with customers are presented below.

	2019	2018
Accounts receivable, net	$ 229,948	$ 193,149

NOTE 13 - NEW ACCOUNTING PRONOUNCEMENT

In February 2016, the Financial Account Standards Board issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)* , which provides more transparency and comparability among organizations by recognizing leased assets and leased liabilities on the balance sheet and disclosing key information about leasing arrangements. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2020 with early adoption permitted. The Organization will be evaluating the impact this standard will have on its financial statements and related disclosures.