

Hope House of Colorado

Financial Statements

At December 31, 2018 and for the Year then Ended

With

Report of Independent Auditor

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Independent Auditor's Report

Board of Directors
Hope House of Colorado

Report on the Financial Statements

I have audited the accompanying financial statements of Hope House of Colorado (a nonprofit corporation) which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about 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 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, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hope House of Colorado as of December 31, 2018 and the results of their changes in net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

I have previously audited Hope House of Colorado's 2017 financial statements, and I expressed an unmodified audit opinion on those audited financial statements in my report dated August 21, 2018. In my opinion, the summarized comparative financial information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which they have been derived except that as described in footnote 13, the accounting standard associated with determining the satisfaction of donor imposed restrictions for capital campaigns has changed and \$1,228,286 has been reclassified from net assets without donor restrictions to net assets with donor restrictions.



Paul L. Smith, P.C.
Denver, Colorado
May 14, 2019

**Hope House of Colorado
Statement of Financial Position**

	December 31, 2018	Summarized Financial Information 2017
Assets		
Cash and cash equivalents	\$ 618,435	\$ 500,057
Cash - restricted & designated for building project	1,405,486	2,136,349
Prepaid expenses	-	11,038
Unconditional promises to give, net	20,212	258,364
Fixed assets, net	3,168,757	1,866,707
Deposits	50,712	51,212
Prepaid loan costs	3,432	3,846
Total assets	\$ 5,267,034	\$ 4,827,573
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 107,304	\$ 86,255
Mortgage payable	126,849	137,706
Total liabilities	234,153	223,961
Net assets:		
Without donor restrictions		
Undesignated	854,000	876,113
Board designated for:		
Operating reserve	228,973	117,000
Total without donor restrictions	1,082,973	993,113
With donor restrictions	3,949,908	3,610,499
	5,032,881	4,603,613
Total liabilities and net assets	\$ 5,267,034	\$ 4,827,573

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

**Hope House of Colorado
Statement of Activities**

	For the Year Ended December 31, 2018			Summarized Financial Information for 2017
	Without Donor Restrictions	With Donor Restrictions	Total	
Revenues, support and earnings:				
Contributions				
Corporate	\$ 21,976	\$ -	\$ 21,976	\$ 29,262
Grants	180,906	50,000	230,906	208,612
In-kind	146,958	241,244	388,202	297,752
Churches	25,590	-	25,590	16,645
Individuals	788,972	155,665	944,637	1,370,917
Fundraising revenue	\$ 700,183			
Less: Cost of direct benefit to donors	(229,951)			
Net special event revenue	470,232	-	470,232	384,384
Interest income	119	-	119	5
Total revenues and gains	1,634,753	446,909	2,081,662	2,307,577
Net assets released from restrictions				
Satisfaction of program requirements	107,500	(107,500)	-	-
Total net assets released from restrictions	107,500	(107,500)	-	-
Total revenues and gains after restriction releases	1,742,253	339,409	2,081,662	2,307,577
Expenses:				
Programs	1,195,139	-	1,195,139	925,666
General and administrative	129,774	-	129,774	138,422
Fund raising for continuing program support	283,653	-	283,653	227,238
Fund raising for capital campaign	-	-	-	38,278
Total expenses before noncash items	1,608,566	-	1,608,566	1,329,604
Change in Net Assets before Noncash Items	133,687	339,409	473,096	977,973
Depreciation	(43,414)	-	(43,414)	(34,780)
Amortization	(414)	-	(414)	(414)
Change in net assets	89,859	339,409	429,268	942,779
Net assets previously reported at beginning of year	2,221,400	2,382,213	4,603,613	3,660,834
Prior period adjustment	(1,228,286)	1,228,286	-	-
Net assets at end of year	<u>\$ 1,082,973</u>	<u>\$ 3,949,908</u>	<u>\$ 5,032,881</u>	<u>\$ 4,603,613</u>

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

**Hope House of Colorado
Statement of Cash Flows**

	December 31,	Summarized Financial Information
	2018	2017
Cash flows from operating activities		
Change in net assets:	\$ 429,268	\$ 942,779
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	43,874	34,780
Amortization of deferred loan costs	414	414
Capitalized in-kind donations	(241,244)	(166,481)
Change in accounts & pledges receivable	238,152	407,183
Change in prepaid expenses	11,038	3,494
Change in deposits	500	(50,500)
Change in accounts payable and accrued expenses	21,049	30,750
Change in deferred income	-	(7,840)
Net cash provided by operating activities	<u>503,051</u>	<u>1,194,579</u>
Cash flows from investing activities:		
Purchase of property and equipment	(1,104,680)	(485,652)
Change in restricted cash	730,863	(536,510)
Net cash used in investing activities	<u>(373,817)</u>	<u>(1,022,162)</u>
Cash flows from financing activities:		
Repayment of mortgage debt	(10,857)	(11,341)
Net cash applied to financing activities	<u>(10,857)</u>	<u>(11,341)</u>
Net increase in cash and cash equivalents	118,378	161,076
Cash and cash equivalents at beginning of period	<u>500,057</u>	<u>338,981</u>
Cash and cash equivalents at end of year	<u><u>\$ 618,435</u></u>	<u><u>\$ 500,057</u></u>
 Supplemental disclosure of cash flow information:		
Interest incurred	\$ 7,550	\$ 8,212
Interest paid	7,550	8,212
 Non-cash investing activities		
In-kind capitalized design & construction costs	241,244	59,899

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

Hope House of Colorado
Statement of Functional Expenses

	Program Activities	Administrative	Fund Raising	December 31, 2018	Summarized Financial Information 2017
Salaries & Wages	\$ 720,323	\$ 49,510	\$ 200,449	\$ 970,282	\$ 850,586
Payroll taxes	54,730	7,029	17,374	79,133	67,024
Employee benefits	34,820	1,352	9,648	45,820	33,669
	<u>809,873</u>	<u>57,891</u>	<u>227,471</u>	<u>1,095,235</u>	<u>951,279</u>
Other expenses					
Computer costs	25,836	12,698	4,539	43,073	41,173
Copier	4,545	312	627	5,484	4,997
Direct program costs:					
Activities	4,602	-	-	4,602	1,583
Assessment fees	3,269	-	-	3,269	4,458
Community development	5,206	-	71	5,277	2,889
Education costs	19,130	421	-	19,551	16,364
Incentives	6,340	-	-	6,340	5,331
Interest	7,550	-	-	7,550	7,066
Program costs	3,427	253	95	3,775	4,807
Program costs in-kind	79,876	-	-	79,876	79,735
Vehicle expenses	22,168	2	26	22,196	16,160
Volunteer expenses	4,044	-	-	4,044	697
Case management	36,513	-	-	36,513	30,301
Curriculum & book development	40,190	-	-	40,190	-
Dues and subscriptions	3,424	221	2,076	5,721	4,974
Printing and postage	1,712	286	19,623	21,621	18,245
In-kind services	6,453	688	1,463	8,604	1,128
Insurance	18,312	1,314	3,516	23,142	19,830
Legal and accounting	-	39,400	-	39,400	9,873
Meetings	4,014	1,956	3,242	9,212	4,648
Office expense	4,840	1,173	1,318	7,331	4,237
Other expenses	2,900	1,344	227	4,471	6,294
Professional fees	-	1,000	2,985	3,985	-
Rent	40,705	2,982	5,992	49,679	45,969
Staff appreciation	2,279	3,142	1,089	6,510	4,930
Staff training	1,357	3,610	652	5,619	5,793
Supplies	7,811	263	3,344	11,418	7,476
Telephone	6,603	484	972	8,059	6,068
Temporary staffing	1,761	-	634	2,395	3,335
Utilities and facility costs	20,399	334	3,691	24,424	19,963
	<u>1,195,139</u>	<u>129,774</u>	<u>283,653</u>	<u>1,608,566</u>	<u>1,329,604</u>
Amortization	414	-	-	414	414
Depreciation	42,796	618	2,471	43,414	34,780
	<u>\$ 1,238,349</u>	<u>\$ 130,392</u>	<u>\$ 286,124</u>	<u>\$ 1,652,394</u>	<u>\$ 1,364,798</u>

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

**Hope House
of Colorado
Notes to Financial Statements**

December 31, 2018

1. Summary of Significant Accounting Policies

General

Hope House of Colorado (Hope House) is committed to transforming the lives of teen mothers around the world. Hope House offers teen moms and their children hope for a brighter future by providing resources, education, and support to build strong, healthy and loving homes. Hope House offers residential and outreach programs at their facilities in Arvada and Westminster, Colorado. Hope House was incorporated in 2001 in Colorado as a non-profit corporation and is supported primarily through donor contributions, grants and fundraising activity.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-205-45-45-2, Financial Statements of Not-for-Profit Organizations. Under FASB ASC 958-205-45-45-2, Hope House is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

The financial statements of Hope House have been prepared on the accrual basis of accounting. Fees for services are recognized as they are earned and donations are recognized when received. Net assets received with donor restrictions are recognized as increases in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

New Accounting Pronouncement ASU 2016-14 - On August 18, 2016 (FASB) Financial Accounting Standards Board) Issued ASU (Accounting Standards Update) 2016-14 Not-for Profit Entities (Topic 958) - *Presentation of Financial Statement of Not-for-Profit Entities*. The update addresses the complexity and understanding of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Hope House has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

New Accounting Pronouncement ASU 2018-08 - In June 2018 (FASB) Financial Accounting Standards Board) Issued ASU (Accounting Standards Update) 2018-08 Not-for Profit Entities (Topic 958) - *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The update was issued to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. This pronouncement is effective during Hope House's next fiscal year and the clarification is not anticipated to alter the policies Hope House has in place for recognizing contributions received and contributions made.

Hope House follows the provisions of generally accepted accounting principles to account for contributions received and contributions made. Under generally accepted accounting principles, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence or nature of any donor restrictions. Generally accepted accounting principles require that the financial statements report information regarding its financial position and activities separately by two classes of net assets.

**Hope House
of Colorado
Notes to Financial Statements**

A) Without donor restrictions

Net assets without donor restrictions are net assets currently available at the discretion of the Board for use in Hope House operations.

B) With donor restrictions

Net assets with donor restrictions are net assets which are stipulated by donors or grantors for specific operating purposes or future periods.

Revenue Recognition

Hope House reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction stipulation expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without restrictions and reported in the statement of activities as net assets released from restrictions.

Gifts of land, buildings and equipment are recorded 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. Absent explicit donor stipulations about how long those long-lived assets must be utilized, Hope House reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service

Functional Allocation of Expenses

Functional expenses have been allocated between general and respective program expenses based upon the following:

- A) Management and general expenses are allocated on the basis of estimated time spent in each area.
- B) Personnel expenses are allocated on the basis of direct salaries.
- C) Building and occupancy costs are allocated on the basis of square footage.

Description of Program and Supporting Services

Program Services - Provides housing and structured self-sufficiency program for teen moms and children including parenting and life skills classes, a GED program, assistance with college applications and mentoring.

Administrative - Includes functions to ensure an adequate working environment, prepare grant applications and manage financial responsibilities.

Fundraising - Includes an allocation of the executive director's salary and supportive expenses for the purpose of preparing grant requests and meeting with community members for the purpose of educating the community and soliciting resources to support the mission statement.

**Hope House
of Colorado
Notes to Financial Statements**

Property & Equipment

Expenditures for property and equipment in excess of \$5,000 are capitalized and depreciated over estimated useful lives using the straight line method. Repairs and maintenance expenditures that do not improve or materially extend the life of fixed assets are charged to expense as they are incurred. Buildings will be depreciated over a 40 year life and other fixed assets are depreciated over a five year period.

In-Kind Contributions

In-kind contributions may include donated property and equipment, services, space use, gift cards, materials or supplies. All are valued at estimated fair value when recognized. Hope House recognizes the value of contributed services when they 1) create or enhance a non-financial asset or property and equipment; or 2) require specialized skills and would otherwise need to be purchased.

Allowance for doubtful accounts receivable

Hope House has no history of bad debts associated with receivables from donors or other non-profit entities. Accordingly, no allowance for uncollectible receivables has been recognized.

Reclassifications

Certain accounts in prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in current-year financial statements.

Income Taxes

Hope House is exempt from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, Hope House is subject to federal income tax on any unrelated business taxable income but did not have any such income during 2018. Hope House is not considered a private foundation. Hope House is no longer subject to federal or state income tax examinations by taxing authorities for years before 2015. Management does not believe that there are any tax positions that would result in an asset or liability for taxes being recognized in the financial statements.

Use of Estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires the use of management estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could vary from those estimates.

Cash Equivalents

Cash and cash equivalents are defined as cash and short-term investments with an original maturity of three months or less. At December 31, 2018, Hope House's cash was in the form of demand deposits, money market funds and cash on hand.

**Hope House
of Colorado
Notes to Financial Statements**

Concentration of Risk and Support

Hope House generates substantially all of its support from contributions, grants, and fundraising events. For the year ending December 31, 2018, 67% of support was from contributions including in-kind, 22% from net special event revenue, and 11% from grants.

Financial instruments that potentially subject Hope House to concentrations of credit risk consist primarily of cash and cash equivalents deposited in banks. Hope House places its cash with creditworthy, high quality financial institutions that are insured by the Federal Deposit Insurance Corporation (FDIC). As of December 31, 2018 Hope House has cash of \$1,774,000 in excess of FDIC coverage.

Subsequent Events

In connection with the preparation of the financial statements and in accordance with generally accepted accounting principles, Hope House evaluated subsequent events after the statement of financial position date of December 31, 2018 through May 9, 2019, which was the date the financial statements were available to be issued and determined there were no other items to be disclosed.

Comparative Financial Information

The financial statements include prior-year summarized information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Hope House of Colorado's financial statements for the year ended December 31, 2017, for which the summarized information was derived.

2. Liquidity

The following reflects Hope House's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Amounts not available include amounts restricted by donors to periods beyond the year ended December 31, 2019.

Financial assets, at year end:

Cash and cash equivalents	\$ 618,435
Cash - restricted & designated for capital campaign and building	1,405,486
Unconditional promises to give	20,212
	<u>2,044,133</u>

Less those unavailable for general expenditures within one year due to:

With donor restrictions	\$ 3,949,908	
Payments made for capital construction	(2,574,209)	
	<u>1,375,699</u>	1,375,699
Board designation operating reserve		228,973
		<u>1,604,672</u>

Financial assets available to meet cash needs for expenditures within one year.	<u>\$ 439,461</u>
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Payments made for capital construction will not be accounted for as having fulfilled donor restrictions until a certificate of occupancy has been received.

**Hope House
of Colorado
Notes to Financial Statements**

Hope House receives significant support from contributions and grants, including restricted donations and grants. Based on donor restrictions and timing of receivables, resources may be unavailable until a future period. Hope House maintains sufficient resources to meet the responsibilities to its donors. As part of Hope House's liquidity management, Hope House has a policy to maintain no less than 30 days of expenses in the operating bank account to be available for expenditures, liabilities and other obligations as they come due.

In addition Hope House maintains a board designated reserve of operating surplus, which is \$228,973 as of December 31, 2018. At the board's discretion and in accordance with its policy, the operating reserve may be drawn upon the event of financial distress, or be used for general operations when deemed necessary. Additionally, Hope House maintains a secured line of credit with a commercial bank in the amount of \$150,000.

3. Cash restricted and designated for building project or capital improvements

Hope House has deposited cash resources which are restricted or board designated for its building project in a separate account as follows:

Donor restricted funds for capital construction	\$ 1,330,486
Donor restricted funds for capital reserve	25,000
Designated funds	50,000
Total on deposit in account	<u>\$ 1,405,486</u>

4. Promises to Give

Hope House has received unconditional promises to give which are specifically restricted to the payment of costs associated with the Hope House capital campaign. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Promises to give due in more than one year are discounted using a rate of return which is computed based upon published low risk interest rates based on the length of the terms of the unconditional

At December 31, 2018, all promises to give were due during the year ended December 31, 2019, accordingly, no promises to give have been discounted.

5. Line of Credit

Hope House has a \$150,000 revolving line of credit with a commercial bank. The interest rate is variable based on prime plus 1%, but no lower than 4.50%. This line of credit was renewed during 2016 and extended to June 2019. There was no outstanding balance on this line of credit at December 31, 2018 and no borrowings during 2018.

**Hope House
of Colorado
Notes to Financial Statements**

6. Lease Obligations

Hope House has non-cancellable operating leases on its office equipment and on its facility used for both administrative and program purposes. Lease payments of \$3,108 were charged to expense during the year ended December 31, 2018 for the office equipment and \$49,619 for the facility.

Minimum future cash lease payments on the agreements are as follows:

2019	\$ 8,620
2020	1,340
	<u>\$ 9,960</u>

Rent expense includes in-kind amounts representing a waiver of rents on the Hope House facility. The portion of the rent which was in-kind was \$32,200. The end of the term for this lease is June 30, 2019

7. Mortgage Note Payable

Installment note payable, secured by deed of trust and account balances held in accounts of commercial bank lending institution. Interest rate 5.2% with monthly installments of \$1,534. Due July 2027.	\$ 126,849
Less short-term portion	(12,045)
Long-term portion	<u>\$ 114,804</u>

The maturities of the debt is as follows:

Year ended December 31, 2019	\$ 12,045
2020	12,683
2021	13,356
2022	14,064
2023	14,809
Thereafter	59,892
	<u>\$ 126,849</u>

A prepayment penalty may be assessed if the loan is refinanced with another lender.

8. Donor Restricted Grants and Donations

Hope House has a capital campaign in process now projected to be \$4.9 million to construct a resource center to house their GED program, early learning center and other community programs. Contributions for the construction of the resource center are recorded as donor restricted net assets until the funds are spent for construction or the funding of the campaign.

Elements of with donor restrictions are as follows:

Cash and receivables restricted for capital construction	\$ 1,350,699
Capital reserve	25,000
Resource center construction in progress	2,574,209
	<u>\$ 3,949,908</u>

**Hope House
of Colorado
Notes to Financial Statements**

9. Fundraising Functions

Hope House holds and sponsors a number of fundraising events each year. Its main events are an annual golf tournament and a gala. The financial results of these events are as follows:

	<u>Golf</u>	<u>Gala</u>	<u>Others</u>	<u>Total</u>
Gross revenue	\$ 227,500	\$ 390,942	\$ 81,741	\$ 700,183
Day of event costs	101,010	119,047	9,894	229,951
Net revenue	<u>\$ 126,490</u>	<u>\$ 271,895</u>	<u>\$ 71,847</u>	<u>\$ 470,232</u>

10. In-Kind Contributions

In-kind contributions total \$388,202, for the year ended December 31, 2018. In-kind contributions include the following components:

Capitalized development costs	\$ 241,244
Gift Cards	23,978
Rent	32,200
Services	8,604
Supplies and clothing	82,176
	<u>\$ 388,202</u>

Hope House relies extensively on volunteers who perform a variety of services for which no estimate of value is made in the accompanying financial statements. In 2018, Hope House benefited from over 8,000 hours of volunteer time, of which approximately 400 was one-on-one tutoring time with teen moms. Other non-monetized services included child care, mentoring, repairs and maintenance, event support and office assistance.

11. Deferred Loan Fees

Hope House capitalized certain loan costs and that asset is reported as an other asset on the statement of financial position. The loan costs are being amortized over the life of the loan.

12. Fixed Assets

The components of fixed assets are as follows:

Currently in use:		
Land	\$	141,570
Building and improvements		598,853
Program equipment		29,301
Vehicles		49,903
Office equipment		71,123
Cost of assets currently in use		<u>890,750</u>
Accumulated depreciation		<u>(296,202)</u>
		594,548
Other:		
Land in-process of development	\$ 228,007	
Capitalized design, engineering and construction costs	2,346,202	
Total in process construction funded by donor restricted funds	<u>2,574,209</u>	2,574,209
		<u>\$ 3,168,757</u>

**Hope House
of Colorado
Notes to Financial Statements**

13. Prior period adjustment

New accounting standards adopted in 2018 required a change in the policy associated with determining when donor imposed restrictions are to be released. Hope House had been accounting for the release of donor imposed restrictions associated with capital campaign donation at the time the funds were expended for the construction of the building. Under the new standards, donor imposed restrictions are not released until the building is placed in service. Accordingly, a prior period adjustment has been recognized and the associated costs previously accounted for as no longer subject to donor imposed restrictions are now accounted for as donor imposed restricted net assets.

The restriction will be released when the a certificate of occupancy has been issued by the city. The amount of this reclassification of net assets was \$1,228,286 and the change did not impact current or historical cash flows.