TRINITY REPERTORY COMPANY
Financial Statements
June 30, 2019 and 2018
With Independent Auditor's Report

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Trinity Repertory Company
June 30, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees,
Trinity Repertory Company:

We have audited the accompanying financial statements of Trinity Repertory Company (a not-for-profit corporation) (the "Organization"), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses 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 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 Organization'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 Organization'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 Trinity Repertory Company as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2019, the Organization adopted Accounting Standards Update *("*ASU*") 2016-14*, *Not-for-Profit Entities* (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities. Our opinion is not modified with respect to this matter.

WithumSmith+Brown, PC

October 21, 2019

Trinity Repertory Company
Statements of Financial Position
June 30, 2019 and 2018

	2019			2018		
Assets	**WITHOUT DONOR RESTRICTIONS**	**WITH DONOR RESTRICTIONS**	**TOTAL**	**WITHOUT DONOR RESTRICTIONS**	**WITH DONOR RESTRICTIONS**	**TOTAL**
Current Assets						
Cash and cash equivalents	$ 2,639,932	$ 227,599	$ 2,867,531	$ 1,560,379	$ 61,474	$ 1,621,853
Investments	167,814	--	167,814	--	--	--
Unconditional promises to give	485,795	416,258	902,053	521,548	452,584	974,132
Prepaid expenses and other current assets	119,454	--	119,454	196,601	--	196,601
Total Current Assets	3,412,995	643,857	4,056,852	2,278,528	514,058	2,792,586
Unconditional promises to give	--	247,573	247,573	--	403,321	403,321
Property and equipment, at cost, net of accumulated depreciation and amortization	5,618,390	--	5,618,390	5,906,245	--	5,906,245
Assets held at The Rhode Island Community Foundation	97,875	3,062,020	3,159,895	97,875	2,733,130	2,831,005
Deposits	26,500	--	26,500	7,450	--	7,450
Total Assets	$ 9,155,760	$ 3,953,450	$ 13,109,210	$ 8,290,098	$ 3,650,509	$ 11,940,607
Liabilities and Net Assets						
Liabilities						
Current Liabilities						
Loans payable	$ 87,504	$ --	$ 87,504	$ 87,504	$ --	$ 87,504
Accounts payable and accrued expenses	87,882	--	87,882	212,063	--	212,063
Deferred revenue	2,205,646	--	2,205,646	1,318,516	--	1,318,516
Current portion of capital lease obligation	149,940	--	149,940	147,000	--	147,000
Total Current Liabilities	2,530,972	--	2,530,972	1,765,083	--	1,765,083
Deferred rent credit	17,868	--	17,868	12,289	--	12,289
Capital lease obligation, net of current portion	1,400,071	--	1,400,071	1,431,615	--	1,431,615
Loans payable	1,143,736	--	1,143,736	1,531,240	--	1,531,240
Total Liabilities	5,092,647	--	5,092,647	4,740,227	--	4,740,227
Commitments and contingencies						
Net Assets						
Without donor restrictions						
Property and equipment, net of capital lease obligation	4,068,379	--	4,068,379	4,327,630	--	4,327,630
Board-designated	260,375	--	260,375	260,375	--	260,375
Undesignated (deficit)	(265,641)	--	(265,641)	(1,038,134)	--	(1,038,134)
Total without donor restrictions	4,063,113	--	4,063,113	3,549,871	--	3,549,871
With donor restrictions	--	3,953,450	3,953,450	--	3,650,509	3,650,509
Total Net Assets	4,063,113	3,953,450	8,016,563	3,549,871	3,650,509	7,200,380
Total Liabilities and Net Assets	$ 9,155,760	$ 3,953,450	$ 13,109,210	$ 8,290,098	$ 3,650,509	$ 11,940,607

The Notes to the Financial Statements are an integral part of these statements.

Trinity Repertory Company
Statements of Activities
Years Ended June 30, 2019 and 2018

	2019			2018		
Operating Activities	**WITHOUT DONOR RESTRICTIONS**	**WITH DONOR RESTRICTIONS**	**TOTAL**	**WITHOUT DONOR RESTRICTIONS**	**WITH DONOR RESTRICTIONS**	**TOTAL**
Public Support and Other Revenue						
Public Support						
Government	$ 163,378	$ --	$ 163,378	$ 253,791	$ 30,000	$ 283,791
Foundations	244,338	315,000	559,338	419,449	162,095	581,544
Corporations	126,776	35,000	161,776	170,907	50,000	220,907
Individuals and family foundations	964,084	133,771	1,097,855	668,179	326,249	994,428
Fundraising benefits	515,936	--	515,936	574,325	--	574,325
Less: direct costs of fundraising benefits	(271,463)	--	(271,463)	(331,199)	--	(331,199)
Donated services and materials	720,576	--	720,576	734,987	--	734,987
Spending policy distribution	122,917	--	122,917	115,218	--	115,218
Net assets released from restrictions						
Individuals and family foundations	156,000	(156,000)	--	444,474	(444,474)	--
Foundations	183,614	(183,614)	--	69,304	(69,304)	--
Corporations	50,000	(50,000)	--	35,000	(35,000)	--
Government	30,000	(30,000)	--	14,900	(14,900)	--
Total Public Support	3,006,156	64,157	3,070,313	3,169,335	4,666	3,174,001
Ticket sales	3,355,660	--	3,355,660	3,247,274	--	3,247,274
MFA Program income	2,810,527	--	2,810,527	2,662,000	--	2,662,000
Service charge and facility income	461,827	--	461,827	406,200	--	406,200
Education and engagement income	274,495	--	274,495	256,332	--	256,332
Concession income, net of cost of goods sold	167,472	--	167,472	111,058	--	111,058
Program advertising	137,197	--	137,197	75,155	--	75,155
Rental income	101,303	--	101,303	44,533	--	44,533
Miscellaneous income	57,702	--	57,702	13,424	--	13,424
Investment income	29,340	--	29,340	6,559	--	6,559
Total Public Support and Other Revenue	10,401,679	64,157	10,465,836	9,991,870	4,666	9,996,536
Expenses						
Program Services	8,882,656	--	8,882,656	8,568,303	--	8,568,303
Supporting Services						
Management and General	621,195	--	621,195	660,615	--	660,615
Fundraising	693,915	--	693,915	614,779	--	614,779
Total Supporting Services	1,315,110	--	1,315,110	1,275,394	--	1,275,394
Total Expenses	10,197,766	--	10,197,766	9,843,697	--	9,843,697
Increase in Net Assets Before Non-Operating Activities (carried forward)	203,913 *	64,157	268,070	148,173 *	4,666	152,839

* Includes non-cash depreciation and amortization expense of $554,378 (2019) and $515,783 (2018)

The Notes to the Financial Statements are an integral part of these statements.

Trinity Repertory Company
Statements of Activities
Years Ended June 30, 2019 and 2018

	2019			2018		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
Increase in Net Assets Before Non-Operating Activities (brought forward)	$ 203,913	$ 64,157	$ 268,070	$ 148,173	$ 4,666	$ 152,839
Non-Operating Activities						
Individuals and family foundations	--	264,580	264,580	--	312,514	312,514
Investment income	--	144,196	144,196	--	223,679	223,679
Spending policy distribution	--	(122,917)	(122,917)	--	(115,218)	(115,218)
Capital contributions						
Government	262,254	--	262,254	1,372,968	--	1,372,968
Foundations	--	--	--	56,600	--	56,600
Corporations	--	--	--	8,138	--	8,138
Net assets released from restrictions						
Foundations	47,075	(47,075)	--	--	--	--
Total Non-Operating Activities	309,329	238,784	548,113	1,437,706	420,975	1,858,681
Increase in Net Assets	513,242	302,941	816,183	1,585,879	425,641	2,011,520
Net Assets, beginning of year	3,549,871	3,650,509	7,200,380	1,963,992	3,224,868	5,188,860
Net Assets, End of Year	$ 4,063,113	$ 3,953,450	$ 8,016,563	$ 3,549,871	$ 3,650,509	$ 7,200,380

The Notes to the Financial Statements are an integral part of these statements.

Trinity Repertory Company
Statement of Functional Expenses
Year Ended June 30, 2019

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Supporting Services: Total	2019 Total Expenses
Salaries, payroll taxes and benefits	$ 5,227,629	$ 371,357	$ 403,492	$ 774,849	$ 6,002,478
Production costs	795,073	--	--	--	795,073
Rent, utilities and maintenance	597,694	42,452	46,125	88,577	686,271
Donated services and materials	712,616	1,947	6,013	7,960	720,576
Advertising and marketing	332,190	--	--	--	332,190
Office expenses	358,496	25,462	27,666	53,128	411,624
Interest expense	118,396	54,832	--	54,832	173,228
Indirect benefit expense	--	--	7,520	7,520	7,520
Consulting fees and development	2,836	37,984	75,345	113,329	116,165
Miscellaneous	36,997	2,628	2,856	5,484	42,481
Insurance	56,154	3,988	4,333	8,321	64,475
Artistic expenses	54,805	--	--	--	54,805
Dues and memberships	14,437	13,801	15,600	29,401	43,838
Travel and entertainment	92,508	1,983	65,705	67,688	160,196
Professional fees	--	30,468	--	30,468	30,468
Bad debt expense	--	--	2,000	2,000	2,000
Total expenses before depreciation and amortization	8,399,831	586,902	656,655	1,243,557	9,643,388
Depreciation and amortization	482,825	34,293	37,260	71,553	554,378
Total 2019 Expenses	$ 8,882,656	$ 621,195	$ 693,915	$ 1,315,110	$ 10,197,766

The Notes to the Financial Statements are an integral part of this statement.

Trinity Repertory Company
Statement of Functional Expenses
Year Ended June 30, 2018

		Supporting Services			2018
	Program Services	Management and General	Fundraising	Total	Total Expenses
Salaries, payroll taxes and benefits	$ 5,001,335	$ 376,357	$ 400,311	$ 776,668	$ 5,778,003
Production costs	699,277	--	--	--	699,277
Rent, utilities and maintenance	554,693	42,097	46,034	88,131	642,824
Donated services and materials	693,912	39,395	1,680	41,075	734,987
Advertising and marketing	331,299	--	--	--	331,299
Office expenses	380,440	28,872	31,573	60,445	440,885
Interest expense	120,392	62,863	--	62,863	183,255
Indirect benefit expense	--	--	7,275	7,275	7,275
Consulting fees and development	103,057	38,092	1,730	39,822	142,879
Miscellaneous	34,606	2,626	2,872	5,498	40,104
Insurance	52,853	4,011	4,386	8,397	61,250
Artistic expenses	65,684	--	--	--	65,684
Dues and memberships	19,045	--	15,600	15,600	34,645
Travel and entertainment	66,641	5,404	49,749	55,153	121,794
Professional fees	--	27,121	--	27,121	27,121
Bad debt expense	--	--	16,632	16,632	16,632
Total expenses before depreciation and amortization	8,123,234	626,838	577,842	1,204,680	9,327,914
Depreciation and amortization	445,069	33,777	36,937	70,714	515,783
Total 2018 Expenses	$ 8,568,303	$ 660,615	$ 614,779	$ 1,275,394	$ 9,843,697

The Notes to the Financial Statements are an integral part of this statement.

Trinity Repertory Company
Statements of Cash Flows
Years Ended June 30, 2019 and 2018

	2019	2018
Cash Flows From Operating and Non-Operating Activities		
Increase in net assets	$ 816,183	$ 2,011,520
Adjustments to reconcile increase in net assets to net cash provided by operating and non-operating activities:		
Depreciation and amortization	554,378	515,783
Donated securities	(314,799)	(163,982)
Change in discount for present value of unconditional promises	(22,085)	30,670
Realized loss on sale of donated securities	3,686	2,978
Unrealized gain on investments	(5,264)	--
Bad debt expense	2,000	16,632
Fund activities		
Unrealized gain on investments	(9,334)	(81,803)
Realized gain on sale of investments	(136,367)	(142,617)
Reinvested interest and dividends	(35,017)	(29,372)
Investment management fees and expenses	36,520	30,113
(Increase) decrease in:		
Unconditional promises to give	247,912	(118,935)
Prepaid expenses and other current assets	77,147	(20,552)
Deposits	(19,050)	(500)
Increase (decrease) in:		
Accounts payable and accrued expenses	(124,181)	(198,749)
Deferred revenue	887,130	(37,485)
Deferred rent credit	5,579	5,579
Net Cash Provided By Operating and Non-Operating Activities	1,964,438	1,819,280
Cash Flows From Investing Activities		
Proceeds from sale of donated securities	311,113	161,004
Payment for purchase of investments	(162,550)	--
Fund activities		
Transfer of endowment contributions	(307,609)	(248,242)
Receipt of spending policy distribution	122,917	115,218
Capital expenditures	(77,839)	(1,436,617)
Payments towards construction in progress	(188,684)	--
Net Cash Used By Investing Activities	(302,652)	(1,408,637)
Cash Flows From Financing Activities		
Principal payments towards loans payable	(387,504)	(87,504)
Principal payments towards capital lease obligation	(28,604)	(26,608)
Net Cash Used By Financing Activities	(416,108)	(114,112)
Net increase in cash and cash equivalents	1,245,678	296,531
Cash and cash equivalents, beginning of year	1,621,853	1,325,322
Cash and Cash Equivalents, End of Year	$ 2,867,531	$ 1,621,853
Supplemental Disclosure of Cash Flow Information		
Interest paid (loans)	$ 54,646	$ 62,863
Interest paid (capital lease)	$ 118,396	$ 120,392

The Notes to the Financial Statements are an integral part of these statements.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Trinity Repertory Company (the "Organization") is a not-for-profit corporation located in Providence, Rhode Island. Founded in 1963, the Organization was established to promote the appreciation of theater through theatrical productions, provide and support facilities for education and instruction in the art of theater, and to offer seminars, workshops and other programs relating to the art of theater.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

The Organization's resources are classified and reported as separate classes of net assets based on the existence or absence of donor-imposed restrictions as follows:

Without donor restrictions - include expendable resources that are used to carry out the Organization's operations and are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by the Organization or may be limited by contractual agreements with side parties. In addition, net assets without donor restrictions include board designated endowment funds and property and equipment used in operations.

With donor restrictions - net assets subject to donor-imposed restrictions that will be met either by the actions of the Organization or through the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt. Expirations of restrictions on net assets with donor restrictions are reported as net assets released from restrictions. Also included in this category are net assets subject to donor-imposed restrictions to be maintained permanently by the Organization, including gifts and promises to give wherein donors stipulate that the corpus of the gift be held in perpetuity and that only the income may be made available for operations, subject to the Organization's spending policy.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, cash and cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

Fair Value Measurements

Majority of the Organization's investments are held at The Rhode Island Community Foundation, a Rhode Island not-for-profit corporation (the "Foundation"). The total of the Foundation's net assets are valued at approximately $933 million stated at fair value (per the December 31, 2018 audited financial statements) and the Organization's allocated share of the net assets as of June 30, 2019 and 2018 is approximately $3.2 million or .3% (2019) and $2.8 million or .3% (2018). Since majority of the Organization's investments are invested in the Foundation, the Foundation's investment policy is included within these disclosures in order to provide further detail on how fair value has been determined by the Foundation.

The fair values of the financial instruments as of December 31, 2018 and 2017, represent management's best estimates of the amounts that would be received to sell those assets or that would be paid to transfer those liabilities in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects the Foundation's own judgments about the assumptions that market participants would use in pricing the asset or liability. Those judgments are developed by the Foundation based on the best information available in the circumstances.

The Foundation follows generally accepted accounting principles (“GAAP”) regarding the treatment of transactions in which the Foundation accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets, or both to another entity that is specified by the donor. GAAP requires that if a Not-for-Profit Organization (“NPO”) establishes a fund at a community foundation with its own funds and specifies itself as the beneficiary of that fund, the community foundation must account for the transfer of such assets as a liability. The Foundation refers to such funds as agency endowments. The Foundation maintains variance power and legal ownership of agency endowment funds and, as such, continues to report the funds as assets of the Foundation. However, in accordance with GAAP, a liability has been established for the fair value of the funds, which is generally equivalent to the present value of future payments expected to be made to the NPOs.

Investments are reported at fair value. Fair value represents the price that would be received upon the sale of an asset or paid upon the transfer of a liability in an orderly transaction between market participants as of the measurement date. Financial instruments that are measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 - quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities. Level 1 includes debt and equity securities that trade in an active exchange market, as well as U.S. Treasury securities;

Level 2 - observable prices that are based on inputs not quoted in active markets, but corroborated by market data; and

Level 3 - unobservable inputs are used when little or no market data is available. Significant professional judgment is used in determining the fair value assigned to such assets or liabilities. This category includes financial instruments whose value is determined using pricing models, discounted cash flow methodologies or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. Investment management and custody fees represent fees paid directly to the investment managers.

Investments

The Foundation's portfolio is managed by outside investment managers who invest according to the investment guidelines established by the Investment Committee of the Board. The investment portfolio is allocated approximately 60% equity investments, 35% alternative investments, and 5% fixed income investments. The equity investments are further diversified into domestic, international, and emerging markets. The alternative investments are further diversified into private equity, real assets, and hedge/absolute return strategies. Additionally, the entire portfolio is diversified across economic sectors, geographic locations, and industries.

Realized and unrealized investment gains or losses are determined by comparison of the asset cost basis to net proceeds received at the time of disposition on a first in first out basis (realized) and comparison of the difference between market values and the cost basis (unrealized), respectively. Dividend and interest income are recognized when earned.

Property and Equipment

Property and equipment acquired are recorded at cost per project. It is the Organization's policy to capitalize expenditures for these items in excess of $5,000 (per project). Lesser amounts are expensed. Building, equipment, and furniture are being depreciated over the useful life of the related asset using the straight-line method, with a half of a year's depreciation recognized in the years of acquisition and disposal. Leasehold improvements are amortized over the shorter of useful life or periods, including options, if any, specified in the related lease agreements.

Contributions and Promises to Give

Contributions are recognized when received or when the donor makes a promise to give that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restriction if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Organization uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Revenue Recognition and Deferred Revenue

Ticket sales and facility income are recognized as income in the period the show has taken place. Service charges are recognized as income at the time of the transaction. Fundraising benefit income is recognized when the fundraising event has taken place. MFA Program income and education and engagement income are recognized in the year that the programs take place. Concession income, program advertising, and rental income are recognized in the period the performance takes place or the period to which the fees relate.

Deferred revenue consists of advance subscription revenue, deferred education fees, and unredeemed gift certificates which are all recognized in the period the performance takes place or the period to which the fees relate.

Advertising Costs

Advertising costs are charged to operations at the time the advertising occurs, except for direct response marketing and other expenses incurred related to the subsequent season's performances that are deferred and recognized in the season when the related revenue is recognized. Advertising expense for the years ended June 30, 2019 and 2018 was $332,190 and $331,299, respectively.

Production Costs

Production costs are capitalized at cost and are amortized over the estimated life of the theatrical production. Since all productions closed prior to the issuance of the financial statements, all production costs have been expensed. The Organization maintains certain scenery and costume inventories of past productions. The Organization is unable to determine future use of the scenery and costumes and therefore they are expensed over the run of the public performances of the original show.

Estimates

The preparation of financial statements in accordance with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Significant estimates used in the preparation of these financial statements include depreciation and present value of unconditional promises to give. Actual results could differ from those estimates.

Tax Status and Uncertain Tax Positions

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation. The Organization is obligated for unrelated business income tax on net income from program advertising. The Organization has incurred net losses from this activity; therefore, there is no tax liability on this unrelated business activity. As of June 30, 2019, the Organization had approximately $453,000 in net operating loss carryforwards, which begin to expire in the year 2031. The carried forward losses have been fully reserved for since management is unable to determine the actual utilization of these losses.

The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. There are no income tax related penalties and interest included in these financial statements.

New Accounting Pronouncements Adopted in Current Year

During the year ended June 30, 2019, the Organization adopted *ASU 2016-14 - Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities*. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows.

The main provisions of this guidance include: presentation of two classes of net assets versus the previously required three; recognition of capital gifts for construction as a net asset without donor restrictions when the associated long-lived asset is placed in service; and recognition of underwater endowment funds as a reduction in net assets with donor restrictions. The guidance also enhances disclosures for board designated amounts, composition of net assets without donor restrictions, liquidity, and presentation of expenses by both their nature and functional classification.

A recap of the net asset classifications driven by the adaption of ASU 2016-14 as of June 30, 2018 and 2017 are as follows:

	2018			2017		
Net Asset Classifications	**Without Donor Restrictions**	**With Donor Restrictions**	**Total Net Assets**	**Without Donor Restrictions**	**With Donor Restrictions**	**Total Net Assets**
As previously presented:						
Unrestricted	$ 3,549,871	$ --	$ 3,549,871	$ 1,963,992	$ --	$ 1,963,992
Temporarily restricted	--	1,100,815	1,100,815	--	987,688	987,688
Permanently restricted	--	2,549,694	2,549,694	--	2,237,180	2,237,180
Net assets reclassified	$ 3,549,871	$ 3,650,509	$ 7,200,380	$ 1,963,992	$ 3,224,868	$ 5,188,860

2. RESTRICTIONS ON NET ASSETS

Net Assets Without Donor Restrictions

The Board-designated net assets consist of The National Endowment for the Arts ("NEA") cash reserve which totaled $260,375 as of June 30, 2019 and 2018, respectively. Investment earnings on these funds are without donor restrictions.

Net Assets With Donor Restrictions

The following net assets are restricted for the following as of June 30:

	2019	2018
Grants and Contributions		
Future Periods and Programs		
Future programs and periods	$ 704,608	$ 707,046
Excess investment earnings - Funds (Note 8)	457,747	436,468
	1,162,355	1,143,514
Less: Discount for present value	(22,210)	(42,699)
	1,140,145	1,100,815
Donor-Designated Endowments		
Donor Directed Use of Investment Income		
Project Discovery Endowment	643,465	434,000
Chace Endowment	500,000	500,000
NEA Challenge Grant Endowment	435,000	435,000
NEA Challenge Grant Cash Reserve	262,500	262,500
Richard Cumming Endowment Fund	230,360	190,451
Duke Endowment	213,194	213,194
General Endowment	135,610	133,693
Kavanaugh Fund	51,092	51,092
Robert Clayton Black Fellowship Fund	45,925	42,925
Eustis Endowment	45,650	45,650
John and Yvette Harpootian Fund	35,600	33,600
Claiborne and Nuala Pell Fund	30,100	30,100
Stephen Hamblett Memorial Fund	30,000	30,000
Rakatansky Endowment	30,000	30,000
Heidi Keller Moon Fund for Project Discovery	30,000	25,000
Victoria Irene Ball Fund	24,572	24,572
Michael and Donna Lee Gennaro Fund	17,700	17,700
Margo Skinner Memorial Fund	16,375	16,375
Tilles Family Endowment Fund	16,225	15,601
Barbara Meek Memorial Fund	14,110	14,010
Ed Hall Fund	12,794	12,794
	2,820,272	2,558,257
Less: Discount for present value	(6,967)	(8,563)
	2,813,305	2,549,694
	$ 3,953,450	$ 3,650,509

The Organization's endowment consists of several donor-restricted endowment funds established for specific purposes. As required by generally accepted accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result, the Organization classifies as Donor-Designated Endowments (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations and decrements to the permanent endowment made in accordance with the direction of the applicable donor gift instrument. The remaining portion of the donor-restricted endowment fund that is not classified as Donor-Designated Endowment is classified as Excess Investment Earnings until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following facts in making a determination to appropriate or accumulate donor-restricted endowment funds:

a. The duration and preservation of the fund;
b. The purposes of the Organization and the donor-restricted endowment fund;
c. General economic conditions;
d. The possible effect of inflation and deflation;
e. The expected total return from income and the appreciation of investments;
f. Other resources of the Organization; and
g. The investment policy of the Organization.

Return Objectives and Risk Parameters

The Organization has adopted an investment policy for endowment assets with the primary goal of maintaining the original value of the endowment principal, while providing funding to programs supported by its endowment. Under this policy, the endowment assets are invested in a manner that is intended to produce income and preserve principal while assuming a very low level of investment risk. See Note 8 investment income spending policy.

3. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of June 30, 2019, financial assets and liquidity resources available within one year for general expenditures, such as operating expenses, scheduled principal payments on debt, and capital construction costs not financed with debt, were as follows:

Financial assets	
Cash and cash equivalents	$ 2,639,932
Investments	167,814
Unconditional promises to give	485,795
	3,293,541
Liquidity resources	
Unused letters of credit	300,000
Total financial assets and liquidity resources available within one year	$ 3,593,541

The Organization's cash flows are substantially supported by the performances at their theater. The Organization produces and performs at their theater and generates cash flow through ticket sales and concessions. The Organization receives advance ticket sales for the productions at their theater. The Organization has an agreement with a local university to provide theater education programs as a part of a degree program at the university. In addition, the Organization has pledge campaigns to fund operations and other projects. The Organization's endowment funds consist of donor-restricted endowments. The Organization's endowment policy provides for an annual distribution for operating purposes.

4. CONCENTRATION OF CREDIT RISK AND RESTRICTED CASH

The Organization maintains its cash and cash equivalent balances in various financial institutions. Certain balances are insured by the Federal Deposit Insurance Corporation up to $250,000 per institution. One of the Organization's accounts is insured by the National Credit Union Share Insurance Funds up to $250,000. One of the Organization's accounts is fully insured by the Share Insurance Fund. At June 30, 2019, the Organization's cash and cash equivalents uninsured balances totaled $1,662,454.

The Organization's investment account is insured by the Securities Investor Protection Corporation ("SIPC") up to $500,000 per customer. At June 30, 2019, the Organization's investment balance was fully insured.

The Organization has obtained a letter of credit in the amount of $60,843 as part of an obligation to post a bond under a collective bargaining agreement with the Actors' Equity Association. The bond currently expires in June 2020.

5. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Fair Value of Financial Instruments
The fair value and carrying amount of the Organization cash and short-term investments as of June 30, 2019 and 2018 was $2,867,531 and $1,621,853, respectively, reflected as cash and cash equivalents on the statements of financial position. Cash and short-term investments' carrying amount approximates fair value because of the short maturities of those investments.

Fair Values Measured on Recurring Basis
Fair values of assets measured on a recurring basis at June 30, 2019 consist of exchange traded funds. Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions. The fair value of the Organization's assets as of June 30, 2019 was $167,814 and the cost basis was $162,550.

6. UNCONDITIONAL PROMISES TO GIVE

When estimating the value of unconditional promises to give, management considers the relationships with the donor, the donor's past history of making timely payments, and the donor's overall creditworthiness and incorporates the information into a fair value measurement computed using present value techniques. The interest element resulting from amortization of the discount for the time value of money, computed using the effective interest rate method, is reported as contribution revenue. Unconditional promises to give to be received after one year are discounted at a rate of 5%. Uncollectible promises to give are expected to be insignificant.

Unconditional promises to give consist of the following as of June 30, 2019:

	Less Than One Year	One to Five Years	Total
Without donor restrictions	$ 485,795	$ --	$ 485,795
With donor restrictions	416,258	276,750	693,008
	902,053	276,750	1,178,803
Less: discount for present value	--	(29,177)	(29,177)
	$ 902,053	$ 247,573	$ 1,149,626

Unconditional promises to give consist of the following as of June 30, 2018:

	Less Than One Year	One to Five Years	Total
Without donor restrictions	$ 521,548	$ --	$ 521,548
With donor restrictions	452,584	454,583	907,167
	974,132	454,583	1,428,715
Less: discount for present value	--	(51,262)	(51,262)
	$ 974,132	$ 403,321	$ 1,377,453

7. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	Life/Years	2019	2018
Land	n/a	$ 100,000	$ 100,000
Building and improvements	10-50	8,242,191	8,211,427
Leasehold property	Life of lease	1,800,000	1,800,000
Equipment	3-5	1,110,364	1,063,289
Furniture and fixtures	5-7	1,248,958	1,248,958
Leasehold improvements	10-20	601,072	601,072
		13,102,585	13,024,746
Less: accumulated depreciation and amortization		(7,711,715)	(7,157,337)
Construction in progress		227,520	38,836
		$ 5,618,390	$ 5,906,245

Depreciation and amortization expense for the years ended June 30, 2019 and 2018 was $554,378 and $515,783, respectively.

Construction in progress consists of costs incurred in relation to multiple renovation projects. Since the projects were not complete by June 30, 2019, the costs have not been depreciated.

8. ASSETS HELD IN FUND

The Organization transfers all endowment monies received that are with donor restriction to The Rhode Island Community Foundation, a Rhode Island not-for-profit corporation (the "Foundation"). The Foundation created The Fund for Trinity Repertory Company (the "Fund"). The Fund also maintains Board-designated net assets (Note 2) for investment purposes. Any net excess investment earnings earned by the Fund after making an annual distribution to the Organization are further restricted and reflected within net assets with donor restrictions. During the years ended June 30, 2019 and 2018, the Fund's investments had a net gain of $21,279 and $108,461, respectively. The balance in with donor restrictions is $457,747 and $436,468 as of June 30, 2019 and 2018, respectively (see Note 2).

The Foundation manages its investment income spending policy by the "total return" method, which utilizes the Board-approved prudent spending rate percentage applied against a sixteen-quarter average investment portfolio market value. This method allows for the investments to be invested over the long term in order to achieve its primary investment objective. The Foundation's spending rate percentage ranges from 5% to 6.53%.

During the years ended June 30, 2019 and 2018, the Fund made a distribution of $122,917 and $115,218, respectively. The assets of the Fund are commingled with other assets of the Foundation for investment purposes.

The table below presents the Organization's allocated share in the Foundation's investments using investment categories listed within the Foundation's audited statements as of December 31, 2018 with the fair values reflected as of June 30, 2019:

	Level 1	Portfolio Funds	Total
Short term investments:			
Cash and cash equivalents	$ 281,751	$ --	$ 281,751
Mutual funds - fixed income:	110,615	--	110,615
Mutual funds and common trust funds:			
Equity	693,500	--	693,500
Real estate	53,630	--	53,630
Common stocks, preferred stock, and bonds:			
US Treasury bonds	1,575	--	1,575
International bonds	6,179	--	6,179
Short duration bonds	215,477	--	215,477
International funds - equities and fixed income:			
Emerging markets: equity	160,121	--	160,121
Developed markets: equity	512,159	--	512,159
Developed markets: fixed	52,119	--	52,119
Hedge funds/flexible capital:			
Multiple strategies	--	739,986	739,986
Private equity:			
Private equity and venture capital funds	--	237,445	237,445
Real assets/inflation hedging:			
Treasury inflation protected securities	--	91,733	91,733
Real estate and natural resources	--	3,605	3,605
	$ 2,087,126	$ 1,072,769	$ 3,159,895

The table below presents the Organization's allocated share in the Foundation's investments using investment categories listed within the Foundation's audited statements as of December 31, 2017 with the fair values reflected as of June 30, 2018:

	Level 1	Portfolio Funds	Total
Short term investments:			
Cash and cash equivalents	$ 107,115	$ --	$ 107,115
Mutual funds - fixed income:	1,527	--	1,527
Mutual funds and common trust funds:			
Equity	757,939	--	757,939
Real estate	41,640	--	41,640
Treasury inflation protected securities	87,719	--	87,719
Common stocks, preferred stock, and bonds:			
Short duration bonds	185,553	--	185,553
International funds - equities and fixed income:			
Emerging markets: equity	146,638		146,638
Developed markets: equity	542,024	--	542,024
Developed markets: fixed	45,405	--	45,405
Hedge funds/flexible capital:			
Multiple strategies	--	653,481	653,481
Private equity:			
Private equity and venture capital funds	--	159,802	159,802
Real assets/inflation hedging:			
Treasury inflation protected securities	--	19,672	19,672
Real estate and natural resources	--	82,490	82,490
	$ 1,915,560	$ 915,445	$ 2,831,005

The Organization is the income beneficiary of permanent endowment funds established with the Foundation. The fair value was approximately $78,380 and $78,495 at June 30, 2019 and 2018, respectively. These funds are considered assets of the Foundation and therefore, are not included in the Organization's financial statements. Interest earned on these endowment funds is distributed to the Organization by the Foundation on a periodic basis. The investment income is currently reflected in the accompanying statements of activities.

Investment income consists of the following for the years ended June 30:

	2019	2018
Realized gain on sale of investments	$ 132,681	$ 139,639
Interest and dividends	62,777	38,909
Unrealized gain on investments	14,598	81,803
Management fees and expenses	(36,520)	(30,113)
Total Investment Income	173,536	230,238
Spending policy distribution	(122,917)	(115,218)
Less: amount earned on operating activities	(29,340)	(6,559)
Net Investment Income	$ 21,279	$ 108,461

9. LOANS AND MORTGAGE PAYABLE

Term Loan

In 2017, the Organization restructured its long-term debt and entered into a 20-year loan agreement with a financial institution in the amount of $1,750,000 ($1,231,240 and $1,618,744 outstanding at June 30, 2019 and 2018, respectively). Interest on term loan is due monthly at the thirty-day London Interbank Offered Rate ("LIBOR") plus 2.0% (4.43% and 3.23% as of June 30, 2019 and 2018, respectively). The term loan has a first position Open-End Equity Mortgage, Security Agreement, and Assignment of Leases and Rents, with respect to 201 Washington Street and personal property and fixtures. The term loan contains certain administrative and restrictive financial covenants which provide for, among other things, minimum debt service coverage ratio and actual results must be within 105% of the board approved budget. As of June 30, 2019 and 2018, the Organization was in compliance with these covenants.

In addition, the Organization entered into a 3-year line of credit agreement with a bank (expiring December 2, 2019) which provides for maximum borrowings of $300,000 with annual interest of prime plus 1% (6.50% and 6.00% as of June 30, 2019 and 2018, respectively). The line of credit has a second position Open-End Equity Mortgage, Security Agreement, and Assignment of Leases and Rents, with respect to 201 Washington Street and personal property and fixtures. No amounts were borrowed during the years ended June 30, 2019 and 2018.

Loan payable is due as follows at June 30:

Due during the year ending June 30, 2020	$	87,504
" " " " " June 30, 2021		87,504
" " " " " June 30, 2022		87,504
" " " " " June 30, 2023		87,504
" " " " " June 30, 2024		87,504
Thereafter through November 30, 2036		793,720
Total Amount Due		1,231,240
Less: long-term portion		(1,143,736)
Current Portion	$	87,504

Interest expense for the years ended June 30, 2019 and 2018 was $54,646 and $62,863, respectively.

Mortgage

In July 2019, the Organization purchased property in the amount of $356,000 (plus closing costs of $6,849). The property is to be used for intern housing. The Organization obtained a ten-year mortgage to finance the purchase in the amount of $213,600. The mortgage is secured by the property and any personal property located on and used in connection with the intern housing. Monthly principal and interest payments commenced July 29, 2019. The annual interest rate is 4.75% for the first seven years of the mortgage, and can be adjusted for the remaining term at 2.25% above the average of the three year Federal Home Loan Bank of Boston Amortizing Advance Rate (not to be below 4.75%).

Mortgage payable is due as follows at June 30:

Due during the year ending	June 30, 2020	$	6,079
" " " " "	June 30, 2021		6,940
" " " " "	June 30, 2022		7,277
" " " " "	June 30, 2023		7,630
" " " " "	June 30, 2024		8,001
Thereafter through July 28, 2029			177,673
Total Amount Due		$	213,600

10. COMMITMENTS AND CONTINGENCIES

a) Government supported programs are subject to audit by the granting agency.

b) The Organization has two employment agreements which terms are through September 15, 2020 and June 30, 2023. The aggregate commitment under these agreements was approximately $1,018,615 at June 30, 2019.

c) The Organization contributes to three multiemployer pension plans under collective bargaining agreements covering union-represented employees, entirely in the entertainment industry. The vast majority of employers participating in these multiemployer plans are primarily engaged in the entertainment industry. These plans generally provide retirement benefits to vested participants based on their service to contributing employers, of which the Organization is one. In general, these plans are managed by a Board of Trustees with the unions appointing certain trustees and contributing employers of the plan appointing certain members. The Organization does not participate in any plan where it considers its contributions to be individually significant to the overall plan.

Based on information available to the Organization, the vast majority of the multiemployer plans to which it contributes are adequately funded under the applicable provisions of the Pension Protection Act enacted in 2006 (PPA). Two funds are in either "critical" or "endangered" status as those terms are defined in the PPA. The PPA requires all underfunded pension plans to improve their funding ratios within prescribed intervals based on their level of underfunding. Until the plan trustees develop the funding improvement plans or rehabilitation plans as required by the PPA, the Organization is unable to determine the amount of assessments the Organization may be subject to, if any.

Under applicable law upon its ceasing to make contributions to, or other “withdrawal” from an underfunded multiemployer pension plan, the affected funds could seek contributions from the Organization for the Organization’s proportionate share of the plan's unfunded vested liabilities. The Organization believes that under such circumstances, if a Fund were to seek to assess such contribution obligation upon the Organization’s alleged “withdrawal,” the Organization would have significant defenses against such assessment under applicable law.

The Organization cannot determine at this time the impact that any alleged withdrawal from the affected plans may have on the financial position, results of operations, or cash flows.

Approximately 16% (2019) and 15% (2018) of the Organization's employees and contractors are participants in multiemployer plans. Pension and welfare expense for multiemployer plans was $213,533 and $190,340 for the years ended June 30, 2019 and 2018, respectively.

d) In 1989, the Organization entered into an agreement with a key employee for post-employment benefits. Since the benefits are for past services, the estimated present value of the obligation was originally recorded during the year the obligation was entered into, fiscal 1989. The amount payable to the key employee for these post-employment benefits was calculated using a life time expectancy of 86 and the key employee reached the age of 86 in 2013. The annual cash obligation is $50,000 per year and will continue until the death of the key employee.

e) The Organization entered into a Memorandum of Agreement (“MOA”) with Brown University in September 2013 (renews automatically) to combine the academic resources of Brown University with the professional expertise of the Organization to produce graduate academic programs (The Brown/Trinity MFA in Acting and Directing Program). The MOA provides for two years’ advance notice of the intention by either party to terminate the program. As of June 30, 2019, management has represented that neither party has provided such notice.

f) The Organization has been named in two claims for personal injury sustained at the Organization’s premises. The Organization’s insurance company is currently handling the claims. Management believes that the insurance coverage is sufficient to cover any claims which may be realized.

g) Per an agreement with the State of Rhode Island and Providence Plantations, the Organization was awarded $4,647,750 for the Lederer Theater and the Pell Chafee Performance Center, both in Providence, used for performance facilities, educational instruction, production, and administration. Of the total, $1,500,000 was granted to reimburse the Organization for fire code improvements made prior to July 1, 2015 and was reflected within unrestricted capital contributions as of June 30, 2015. The remaining funds are conditional and are not recorded within the accompanying financial statements until completion of such projects. During the years ended June 30, 2019 and 2018, $215,159 and $1,372,968, respectively, was recorded for completed projects. As of June 30, 2019, $353,191 of the award is remaining and is expected to be used in fiscal year 2020.

h) Relative to the Organization’s investments held by the Foundation (Note 1), private equity and real estate investments are generally made through limited partnerships. Under the terms of these agreements, the Foundation is obligated to remit additional funding periodically as capital or liquidity calls are exercised by the manager. These partnerships have a limited existence, generally ten years, and such agreements may provide for annual extensions for the purpose of disposing portfolio positions and returning capital to investors. However, depending on market conditions, the inability to execute the fund's strategy, and other factors, a manager may extend the terms of a fund beyond its originally anticipated existence or may wind the fund down prematurely. The Foundation cannot anticipate such changes because they are based on unforeseen events, but should they occur they may result in less liquidity or return from the investment than originally anticipated. As a result, the timing and amount of future capital or liquidity calls expected to be exercised in any particular future year is uncertain.

i) The Organization occupies warehouse space under a lease which has a term expiring June 30, 2027. The approximate future minimum annual rental payments are as follows:

Due during the year ending June 30, 2020	$	45,000
" " " " " June 30, 2021		45,000
" " " " " June 30, 2022		45,000
" " " " " June 30, 2023		45,000
" " " " " June 30, 2024		45,000
Thereafter through June 30, 2027		157,500
Total Amount Due	$	382,500

Accounting principles generally accepted in the United States of America require the Organization to amortize the aggregate of the total minimum lease payments (net of expected shortfall provision payments) on the straight-line basis over the term of the lease. The difference between the straight-line expense and amounts paid in accordance with the terms of its leases is recorded as deferred rent in the statements of financial position. Deferred rent as of June 30, 2019 and 2018 was $17,868 and $12,289, respectively.

j) In 2018, the Organization entered into a 5-year license agreement with an internet-based customer relationship management system provider. The agreement has a renewal option. The Organization may terminate this agreement for any reason with written notice. Per the agreement, the internet-based customer relationship management system provider is entitled to a minimum annual charge and a percentage of sales in excess of a certain level.

11. CAPITAL LEASE OBLIGATION

On June 30, 2014, the Organization entered into an agreement with a board member for the sale of the 87 Empire Street property. The sale price was determined by an independent appraisal that was completed in April 2014. The purchase was conditioned upon execution of a lease by the Organization and guaranteed by Brown University.

The Organization has signed a lease with the board member (purchaser) to lease back the premises sold to him on June 30, 2014. The lease is for an initial term of eleven years, with two renewal options by the Organization for an additional ten years. The Organization is responsible for all costs of maintaining the property including utilities, real estate taxes, and capital expenditures.

The Organization has reflected the capital lease at the appraised fair market value of $1,800,000. The balance of accumulated depreciation as of June 30, 2019 and 2018 was $385,714 and $300,000, respectively. The economic substance of the capital lease is that the Organization is financing the acquisition of the assets through the lease, and, accordingly, it is recorded within the Organization's assets and liabilities.

The lease provides for minimum annual payments as follows as of June 30, 2019:

Year ending June 30, 2020	$ 149,940
" " " " 2021	152,938
" " " " 2022	155,967
" " " " 2023	159,117
" " " " 2024	162,299
Thereafter through June 30, 2035	2,014,469
Total lease payments	2,794,730
Less: amount representing interest	(1,244,719)
Net Principal Due as of June 30, 2019	1,550,011
Less: long-term portion	(1,400,071)
Current Portion	$ 149,940

12. EMPLOYEE BENEFIT PLAN

The Organization has a 401(k) salary deferral plan covering substantially all employees. Under the plan, the Organization may make a contribution to the employee plan on a discretionary basis. No amounts were contributed for the years ended June 30, 2019 and 2018.

13. FUNCTIONAL ALLOCATION OF EXPENSES

The cost of providing the various programs and the supporting services has been summarized on a functional basis in the financial statements of activities. Costs have been allocated among the programs and supporting services based on analysis of personnel time and utilization of related activities. Management and general expense include those expenses that are not directly identifiable with any specific function but provide for the overall support and direction of the Organization. The expenses that are allocated include rent, utilities, maintenance, depreciation and amortization, which are allocated on a square footage basis, as well as salaries, benefits, payroll taxes, office expense, insurance, and miscellaneous, which are allocated on the basis of estimates of time and effort.

14. DONATED SERVICES AND MATERIALS

The Organization received donated services and materials during the years ended June 30, 2019 and 2018 in support of its programs and operations. The fair market value has been recorded in the accompanying financial statements.

Donated services and materials consist of the following for the years ended June 30:

	2019	2018
Advertising	$ 497,868	$ 458,700
Rent (Administrative office and MFA program building)	114,288	114,288
Volunteer services (ushers)	58,089	45,072
Professional services	31,474	61,307
Airline tickets	14,400	16,400
Furniture, clothing and other	4,457	29,970
Food and catering services	--	9,250
	$ 720,576	$ 734,987

15. NEW ACCOUNTING PRONOUNCEMENTS ISSUED NOT YET EFFECTIVE

In June 2018, the Financial Accounting Standards Board ("FASB") issued ASU 2018-08, Not-for-Profit Entities, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958). The FASB is issuing this ASU to improve and clarify existing guidance on revenue recognition of grants and contracts by not-for-profit organizations ("NFPs") because there is diversity in practice among NFPs with characterizing grants and similar contracts with government agencies and others as reciprocal transactions (exchanges) or nonreciprocal transactions (contributions) and distinguishing between conditional and unconditional contributions. This ASU also provides guidance to help determine whether a contribution is conditional or unconditional, and better distinguish a donor-imposed condition from a donor-imposed restriction. This ASU is effective for resource recipients for annual periods beginning after December 15, 2018 (fiscal year 2020) and interim periods beginning after December 15, 2019 (fiscal year 2021).

In February 2016, FASB issued ASU 2016-02, Leases (Topic 842), which requires the recognition of a "right to use" asset and a lease liability, initially measured at the present value of the lease payments, on the balance sheet for all of the Organization's lease obligations. This ASU is currently effective for years beginning after December 15, 2019 (fiscal year 2021).

In November 2016, the FASB issued ASU 2016-18, Restricted Cash. ASU 2016-18 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. Therefore, 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. ASU 2016-18 is effective for fiscal years beginning after December 15, 2018 (fiscal year 2020).

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), which provides a comprehensive new revenue recognition model that requires a company to recognize revenue in an amount that reflects the consideration it expects to receive for the transfer of promised goods or services to its customer. The standard also requires additional disclosure regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. This ASU, which was deferred by ASU 2015-14, is effective for annual periods beginning after December 15, 2018 (fiscal year 2020) and interim periods beginning after December 15, 2019 (fiscal year 2021). The ASU is to be applied retrospectively or using a cumulative effect transition method.

The Organization is currently evaluating the effect that these pronouncements will have on its financial statements and related disclosures.

16. EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through October 21, 2019, the date which the financial statements were available to be issued. Management has determined that there are no subsequent events that require disclosure in these financial statements, except for the mortgage agreement in Note 9.