CENTRAL DETROIT CHRISTIAN COMMUNITY DEVELOPMENT CORPORATION

Detroit, Michigan

CONSOLIDATED FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2017

CENTRAL DETROIT CHRISTIAN COMMUNITY DEVELOPMENT CORPORATION

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As of and for the Year Ended December 31, 2017

INDEPENDENT AUDITORS' REPORT

Board of Directors
Central Detroit Christian Community Development Corporation
Detroit, Michigan

We have audited the accompanying consolidated financial statements of Central Detroit Christian Community Development Corporation (the "Organization"), which comprise the consolidated statement of financial position as of December 31, 2017, and the related consolidated statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 2017, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Correction of an Error

As described in Note 2 to the consolidated financial statements, beginning net assets have been restated to correct an error, including the consolidation of a real estate partnership in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Baker Tilly Virchow Krause, LLP

Southfield, Michigan
June 15, 2018

CENTRAL DETROIT CHRISTIAN COMMUNITY DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of December 31, 2017

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	$ 449,155
Accounts receivable, net	102,844
Grants receivable	259,877
Current portion of land contracts receivable	31,673
Total Current Assets	843,549
LONG-TERM ASSETS	
Loans receivable from related parties	20,803
Land contracts receivable, net of current portion	58,239
Other investment	101,474
Assets held for sale	382,178
Property and equipment, net	9,539,203
Total Long-Term Assets	10,101,897
TOTAL ASSETS	$ 10,945,446

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable	$ 81,524
Line of credit	87,135
Accrued expenses	145,073
Property taxes payable	10,746
Current maturities of long-term debt	73,713
Total Current Liabilities	398,191
LONG-TERM LIABILITIES	
Long-term debt, net of current portion	1,253,112
Total Liabilities	1,651,303
NET ASSETS	
Unrestricted:	
Controlling interest	3,114,430
Non-controlling interest	538,882
Total Unrestricted	3,653,312
Temporarily restricted	5,640,831
Total Net Assets	9,294,143
TOTAL LIABILITIES AND NET ASSETS	$ 10,945,446

See accompanying notes to consolidated financial statements.

CENTRAL DETROIT CHRISTIAN COMMUNITY DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT AND REVENUE			
Grants and contributions	$ 948,733	$ 1,226,662	$ 2,175,395
In-kind contributions	73,228	-	73,228
Rental income	215,658	-	215,658
Sales of services	118,764	-	118,764
Loss on sale of property held for sale	(78,746)	-	(78,746)
Net assets released from temporary restriction	1,241,651	(1,241,651)	-
Total Public Support and Revenue	2,519,288	(14,989)	2,504,299
EXPENSES			
Program	2,160,521	-	2,160,521
Management and general	225,948	-	225,948
Fundraising	49,628	-	49,628
Total Expenses	2,436,097	-	2,436,097
CHANGE IN NET ASSETS	83,191	(14,989)	68,202
NET ASSETS - BEGINNING OF YEAR			
Controlling interest	2,967,807	5,655,820	8,623,627
Non-controlling interest	602,314	-	602,314
NET ASSETS - BEGINNING OF YEAR (as restated)	3,570,121	5,655,820	9,225,941
NET ASSETS - END OF YEAR	$ 3,653,312	$ 5,640,831	$ 9,294,143

See accompanying notes to consolidated financial statements.

CENTRAL DETROIT CHRISTIAN COMMUNITY DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	$ 68,202
Adjustments to reconcile change in net assets to net cash flows provided by operating activities	
Depreciation	478,499
Loss on property held for sale	78,746
Bad debt expense	6,439
Loss on sale of property and equipment	5,362
Changes in assets and liabilities	
Accounts receivable, net	(87,031)
Grants receivable	(244,628)
Land contracts receivable	(58,239)
Loans receivable from related parties	38,000
Accounts payable	13,956
Accrued expenses	70,527
Property taxes payable	(13,962)
Net Cash Flows provided by Operating Activities	355,871
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of assets held for sale	(177,481)
Proceeds from sale of assets held for sale	88,045
Purchases of property and equipment	(1,420,409)
Proceeds from sale of property and equipment	118,924
Net Cash Flows used in Investing Activities	(1,390,921)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issuance of long-term debt	1,194,080
Repayments of long-term debt	(213,826)
Net increase in line of credit	9,025
Net Cash Flows provided by Financing Activities	989,279
Net Change in Cash and Cash Equivalents	(45,771)
CASH AND CASH EQUIVALENTS - Beginning of Year	494,926
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 449,155

Supplemental cash flow disclosures	
Cash paid for interest	$ 54,743

See accompanying notes to consolidated financial statements.

CENTRAL DETROIT CHRISTIAN COMMUNITY DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2017

	Program	Management and General	Fundraising	Total
Administration	$ -	$ 967	$ -	$ 967
Auto insurance	2,452	-	-	2,452
Bad debt expense	6,439	-	-	6,439
Bank service charges	-	2,645	-	2,645
Beautification	132,982	-	-	132,982
Benevolence	534	-	-	534
Consulting	11,595	2,500	33,890	47,985
Contract labor	110,876	-	-	110,876
Cost of goods sold	36,708	-	-	36,708
Depreciation	462,910	15,589	-	478,499
Donation	82,728	-	-	82,728
Dues and memberships	2,778	1,300	-	4,078
Events	-	-	944	944
Fiduciary program	134,204	-	-	134,204
Fines and penalties	3,380	-	-	3,380
Garden	8,249	-	-	8,249
General and liability insurance	60,626	4,284	-	64,910
Groundskeeping	8,195	-	-	8,195
Health insurance	11,332	-	-	11,332
Interest	41,057	13,686	-	54,743
Legal fees	820	-	-	820
Licenses and permits	2,662	688	-	3,350
Maintenance and repairs	49,175	-	-	49,175
Marketing	16,989	2,564	-	19,553
Office supplies	11,555	2,920	-	14,475
Payroll and payroll taxes	626,967	108,950	7,800	743,717
Postage and delivery	1,429	1,428	-	2,857
Printing and reproduction	6,312	3,120	3,120	12,552
Professional fees	12,527	55,695	3,874	72,096
Program supplies	56,575	-	-	56,575
Property taxes	60,822	-	-	60,822
Rent	3,325	-	-	3,325
Sales taxes	341	-	-	341
Small equipment rental	19,390	6,463	-	25,853
Staff meetings supplies	9,584	-	-	9,584
Staff travel	496	8	-	504
Summer programs	28,309	-	-	28,309
Telephone	5,587	923	-	6,510
Training stipends	28,845	-	-	28,845
Transportation	12,073	-	-	12,073
Utilities	75,551	2,218	-	77,769
Vehicle repairs and maintenance	14,142	-	-	14,142
Total Expenses	$ 2,160,521	$ 225,948	$ 49,628	$ 2,436,097

See accompanying notes to consolidated financial statements.

NOTE 1 - Summary of Significant Accounting Policies

A summary of the accounting policies of Central Detroit Christian Community Development Corporation ("the Organization") is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of Activities

The Organization is a nonprofit, faith based organization committed to empowering people and creating positive opportunities for the central Detroit community. The Organization's mission is to transform individuals to reach their highest potential while transforming the community to be a place of peace and wholeness, "Shalom". This is achieved through education, employment and economic development in central Detroit. The Organization's vision is to be an agent of change creating a community of choice. The Organization desires to meet the real needs of its community in such a way that the community is restored and made whole and as a result people will take pride in their community and desire to stay there.

The Organizations' primary sources of revenue and support are grants and contributions.

Principles of Consolidation

The consolidated financial statements include the activities of seven wholly-owned limited liability companies Detroit Remade, LLC, Farm and Fishery LLC, Fit N Fold Laundromat, LLC, Peaches & Greens LLC, Pathways of Promise Early Childhood Learning Center, Shadow of the Almighty, LLC, and Solid Rock Property Management, LLC. Second Avenue Apartments, Inc., a corporation, has also been consolidated. All inter-company transactions have been eliminated in the preparation of the financial statements.

Detroit ReMade, LLC, produces and sells one-of-a-kind, hand-crafted products made by artists who repurpose forgotten and abandoned items into useful and decorative household items. Its vision is to clean up the community, employ and train individuals in the neighborhood, and develop creativity and innovation in the heart of Detroit.

Farm and Fishery, LLC, is an indoor, self-sustaining ecosystem that provides fresh fish and vegetables to individuals and restaurants.

Fit N Fold Laundromat, LLC, is a coin operated laundry facility that includes fitness equipment and televisions and is located in the facility near high need customers.

Peaches & Greens, LLC, is a produce/grocery market and mobile truck that includes a commercial kitchen available for rent to local caterers and chefs. Peaches & Greens, LLC's, mission is to provide access to quality produce at affordable prices. During the year, a strategic business plan was implemented which reduced the staff hours and added tenant rental income.

NOTE 1 - Summary of Significant Accounting Policies (cont.)

Principles of Consolidation (cont.)

Pathways of Promise Early Childhood Learning Center ("the Center") is a childcare facility and preschool serving high need families in central Detroit. The Center opened on October 30, 2017, and is licensed for 56 students ages 0-5.

Shadow of the Almighty Security Company, LLC, was formed in 2014 to employ individuals from the community to provide security services for ongoing construction projects and community events.

Solid Rock Property Management, LLC, is the property management arm of the Organization and manages the operations of two subsidiaries, Gladstone Apartments, LLC, and Piety Hill, LLC, which carry out the purposes of the Organization and are fully consolidated into the operating activities of Solid Rock Property Management, LLC.

The Organization is a 100% owner of Second Avenue Apartments, Inc., which is .01% owner of Second Avenue Apartments Limited Dividend Housing Association Limited Partnership, an 11 unit apartment building that provides affordable housing for low-income residents of central Detroit. The activities of the limited partnership have been consolidated into Second Avenue Apartments, Inc. and, consequently, the Organization, as the Organization controls this entity, thus requiring consolidation by professional standards. The remaining ownership is classified as a non-controlling interest. All inter-company transactions have been eliminated. Solid Rock Property Management, LLC, also performs management functions for Second Avenue Apartments Limited Dividend Housing Association Limited Partnership.

Basis of Accounting

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of 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 and disclosure of contingent assets and liabilities as the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid investments purchased with a maturity date of three months or less to be cash equivalents. The Organization maintains cash balances with two banks. Accounts are insured by the Federal Deposit Insurance Corporation up to $250,000. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

NOTE 1 - Summary of Significant Accounting Policies (cont.)

Accounts, Grants, Loans, and Land Contracts Receivable

Accounts receivable are shown net of an allowance for doubtful accounts of $5,278 as of December 31. Land contracts receivable are shown net of a present value discount of $17,151. The Organization's accounts receivable are due primarily from tenants and donors. Grants receivable are due from granting agencies and amounts are determined based upon award letters less cash received before year-end. Loans receivable are due from related parties and are discussed further in Note 9. Land contracts receivable are due from qualifying families with which the Organization has entered into an agreement (Note 3). All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that determination is made.

Assets Held for Sale

The Organization acquires vacant land and homes through purchases or donation. The Organization's intention is to refurbish the homes as necessary and then sell them. Vacant land is held for the purpose of sale and future construction. Property is recorded at cost. The donated property is recorded at the estimated fair market value at the date of gift.

Property and Equipment

Property and equipment purchased by the Organization are carried on its books at cost. Assets donated to the Organization have been recorded at their estimated fair value at the date of receipt. Expenditures for major betterments and additions are charged to the property accounts, while replacements, maintenance and repairs which do not improve or extend the life of the respective assets are expensed currently. The Organization's policy is to capitalize expenditures in excess of $1,000 and an estimated useful life greater than one year. Lesser amounts are expensed as incurred and included in the statement of activities.

Depreciation of property and equipment is provided under the straight-line method over the following estimated useful lives:

Building and Improvements	5 - 20 years
Furniture and Equipment	5 - 10 years
Vehicles	5 years

Gains or losses from the sale of property and equipment are recorded in the statement of activities.

Impairment of Long-Lived Assets

The Organization reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

NOTE 1 - Summary of Significant Accounting Policies (cont.)

Classification of Net Assets

The Organization classifies resources for accounting and reporting purposes into net assets categories according to externally (donor) imposed restrictions. A description of the three categories follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. As of December 31, the Organization had no permanently restricted net assets.

All are generally recorded as unrestricted revenue, unless specifically restricted by the donor. All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities.

Contributed Goods and Services

Contributed goods and services are recorded at fair value as revenues and expenses in the period pledged. For the year ended December 31, the total amount of contributed goods and services recorded by the Organization was $73,228, which is reflected as in-kind contributions on the consolidated statement of activities. This amount includes donated staff salary and various donated items received by the Organization to further its mission that would otherwise need to be purchased. In addition, approximately 1,110 non-professional volunteers have donated their time during the year for the Organization's programs. They worked approximately 22,900 hours. No value for these donated services is reflected in the accompanying financial statements because these services have not created or enhanced a non-financial asset, nor are they specialized skills provided by entities or persons possessing those skills that would be purchased if they were not donated.

Functional Allocation of Expenses

Certain expenses have been allocated between programs, management and general and fundraising on various bases and estimates. All employee costs including salaries and wages, payroll taxes, and benefits are allocated based on each employee's time spent performing program management and fundraising activities. Other expenses are classified based on the nature and purpose of the transaction. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different results.

NOTE 1 - Summary of Significant Accounting Policies (cont.)

Tax-Exempt Status

The Organization has received notification that it qualifies as a tax-exempt organization under Sections 501(c)(3) of the U.S. Internal Revenue Code and corresponding provisions of State law and, accordingly, are not subject to federal or state income taxes on related income. Unrelated business income may be subject to taxation. The seven wholly-owned limited liability companies are treated as disregarded entities for tax reporting purposes. Second Avenue Apartments, Inc. is a corporation and is required to file separately for tax reporting purposes.

Subsequent Events

The Organization has evaluated events and transactions through June 15, 2018, which is the date the financial statements were approved and available to be issued.

NOTE 2 - Restatement Regarding Entity Not Consolidated

During 2017, the Organization determined an error was made in prior years related to the non-consolidation of Second Avenue Apartments, Inc. As a result, the Organization has restated beginning net assets to reflect this item in accordance with current authoritative accounting guidance.

The following consolidated financial statement line items, as of the beginning of the year, were affected by the restatement. The change in unrestricted net assets is an increase of approximately $846,000.

	As Previously Stated	As Restated	Effect of Correction
Consolidated Statement of Activities			
Net assets - beginning of year (unrestricted)	$ 2,724,158	$ 3,570,121	$ 845,963
Net assets - beginning of year (temporarily restricted)	5,655,820	5,655,820	-
Net assets - beginning of year (total)	$ 8,379,978	$ 9,225,941	$ 845,963

NOTE 3 - Land Contracts Receivable

As part of its mission, the Organization sells homes to low income families. The land contracts vary but usually are for periods of twenty-four to sixty months and require monthly principal payments with a zero percent interest rate. The land contracts are discounted based upon prevailing market rates for low income housing at the inception of the land contract. For the year ended December 31, a 6% discount rate was used for a total discount on land contracts receivable of $17,151. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that determination is made. No accounts were deemed uncollectible at December 31.

NOTE 4 - Property and Equipment

Property and equipment at December 31, consisted of the following:

Building and Improvements	$ 9,926,327
Nondepreciable land	94,464
Furniture and Equipment	1,466,061
Vehicles	88,989
Total Property and Equipment	11,575,841
Less: Accumulated Depreciation	(2,036,638)
Property and Equipment, Net	$ 9,539,203

NOTE 5 - Piety Hill Loan Conversion

The Organization received a non-interest-bearing loan in the amount of $5,638,450 from the City of Detroit Neighborhood Stabilization Program ("the City") to rehabilitate 22 homes in the neighborhood served by the Organization, known as the Piety Hill property renovation project. The loan was later amended to include only 19 of those 22 homes in the renovation project, which doubled as collateral on the loan until the project reached completion.

The Piety Hill property renovation project was completed as of January 1, 2016. The renovated properties provide affordable housing in the low-income neighborhood served by the Organization. Upon completion of the project, the loan from the City of Detroit was deemed satisfied and was re-characterized as a capital advance. The Organization has ongoing commitments through 2030 to maintain the property and comply with rental rate requirements.

The Organization is required to maintain compliance with certain requirements as listed above and report at least annually to the City that each house is occupied by low-income qualified persons or families. Should the Organization violate terms of compliance, the City reserves the right to call the advance. The compliance period ends in 2030, a total of 16 years. Each year one-sixteenth of the advance, $352,403, is released from Temporarily Restricted Net Assets and presented as Unrestricted Net Assets on the Statement of Financial Position. The Temporarily Restricted portion is $4,933,644 at December 31.

NOTE 6 - Long-Term Debt

A mortgage payable to IFF was issued on February 26, 2016 with an additional draw of $980,255 in 2017, and bears interest at a rate of 5.375% per annum. The mortgage proceeds were used to finance renovation of the property at 1550 Taylor, Detroit, Michigan. The mortgage is collateralized by the property, and at December 31, the balance of the loan was $1,326,825. Future minimum payments on the IFF mortgage are as follows:

Year	Amount Due
2018	$ 73,713
2019	88,455
2020	88,455
2021	88,455
2022	88,455
2023 and thereafter	899,292
Total	$ 1,326,825

An available line of credit of $90,000 with Huntington Bank matures on July 14, 2018, and bears interest at a variable rate based on LIBOR. The effective rate at December 31, was 4.61%. The line of credit proceeds are used to finance the rehabilitation costs of property held for sale, and costs associated with each property are due 12 months from the date of closing. During 2017, the Organization borrowed $213,825 and made payments of $204,800 for a net effect of $9,025. At December 31, the balance of the line of credit was $87,135.

NOTE 7 - Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following:

	December 31	Released
Restricted for time and purpose	$ 707,187	$ 889,248
City of Detroit advance	4,933,644	352,403
Total	$ 5,640,831	$ 1,241,651

NOTE 8 - Contingency

Second Avenue Apartments Limited Dividend Housing Association Limited Partnership's partnership agreement provides for a replacement reserve of $250 per unit per year funded from gross receipts of the partnership. In the event cash flows are insufficient to fund the reserve, the general partner will make the reserve payments.

The general partner shall lend to the partnership the funds required to pay any operating deficits incurred prior to the fifteen years from the date the project achieves breakeven operations. The general partner's liability in this regard shall not exceed $25,000. The general partner's obligations are guaranteed by the Organization. At December 31, no reserve has been accrued.

NOTE 9 - Related Party Transactions

The Organization has loans receivable from related parties totaling $20,803 at December 31. In compliance with the Organization's internal control and conflict of interest policies, all related party transactions are approved by the Board of Directors. The Organization also pays insurance and interest on behalf of related parties.

NOTE 10 - Future Accounting Pronouncements

During August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-14, Not-for-Profit Entities (Topic 958): "Presentation of Financial Statements of Not-for-Profit Entities." The new guidance is intended to improve and simplify the current net asset classification requirements and information presented in financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance and cash flows. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. ASU 2016-14 is to be applied retroactively with transition provisions. The Organization is currently assessing the impact this standard will have on its financial statements.

During May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers". ASU No. 2014-09 establishes principles for recognizing revenue upon the transfer of promised goods or services to customers, in an amount that reflects the expected consideration received in exchange for those goods or services. During August 2015, the FASB issued ASU 2015-14, which defers the effective date of ASU 2014-09. ASU 2014-09 is effective for fiscal years beginning after December 15, 2018. The Organization may elect to apply the guidance earlier, but no earlier than fiscal years beginning after December 15, 2016. The amendments may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of initial application. The Organization is currently assessing the effect that ASU 2014-09 and 2015-14 will have on its results of operations, financial position and cash flows.

During February 2016, the FASB issued ASU 2016-02, "Leases". ASU 2016-02 establishes principles that require a lessee to recognize a lease asset and a lease liability for those leases classified as operating leases under previous accounting principles generally accepted in the United States of America. ASU 2016-02 is effective for annual periods beginning after December 15, 2019, and for interim periods within fiscal years beginning after December 15, 2020. The Organization is currently assessing the effect that ASU 2016-02 will have on its results of operations, financial position and cash flows.