

**GENEVA HISTORICAL SOCIETY**  
**FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITOR'S REPORT**  
**Years Ended June 30, 2020 and 2019**

**GENEVA HISTORICAL SOCIETY**  
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## **Independent Auditor's Report**

To the Board of Directors  
Geneva Historical Society

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Geneva Historical Society (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, 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**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Geneva Historical Society as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Wieland & Company, Inc.*

Batavia, Illinois  
December 11, 2020

**GENEVA HISTORICAL SOCIETY**  
**STATEMENTS OF FINANCIAL POSITION**

**Years Ended June 30, 2020 and 2019**

	2020	2019
<b>ASSETS</b>		
Cash	\$ 113,955	\$ 80,814
Grant receivable	10,257	-
Prepaid expenses	-	2,500
Investments	980,248	1,181,729
Store inventory	13,700	8,921
Property and equipment		
Land	37,944	37,944
Building and improvements	1,887,809	1,869,696
Furniture, fixtures and equipment	198,200	181,012
Total	2,123,953	2,088,652
Less accumulated depreciation	(995,999)	(920,648)
Net property and equipment	1,127,954	1,168,004
<b>TOTAL ASSETS</b>	<b>\$ 2,246,114</b>	<b>\$ 2,441,968</b>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 11,123	\$ 20,467
Paycheck Protection Program loan	37,866	-
Tenant security deposit	5,000	5,000
<b>TOTAL LIABILITIES</b>	<b>53,989</b>	<b>25,467</b>
<b>NET ASSETS</b>		
Without donor restrictions	1,805,843	2,013,150
With donor restrictions	386,282	403,351
<b>TOTAL NET ASSETS</b>	<b>2,192,125</b>	<b>2,416,501</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,246,114</b>	<b>\$ 2,441,968</b>

See accompanying notes to financial statements.

GENEVA HISTORICAL SOCIETY

STATEMENTS OF ACTIVITIES

Years Ended June 30, 2020 and 2019

	2020			2019		
	Without donor restrictions	With donor restrictions	2020 Total	Without donor restrictions	With donor restrictions	2019 Total
<b>SUPPORT AND REVENUE</b>						
Contributions and grants	\$ 73,218	\$ 49,364	\$ 122,582	\$ 102,262	\$ 22,422	\$ 124,684
Interest and dividends	20,000	13,297	33,297	23,493	15,126	38,619
Museum programs	10,436	-	10,436	20,408	-	20,408
Net gains on sales of investments	8,180	17,050	25,230	6,113	4,562	10,675
Unrealized gain (loss) on investments	(63,645)	(61,479)	(125,124)	9,526	5,506	15,032
Rental income	45,725	-	45,725	43,620	-	43,620
Room usage fee	680	-	680	2,606	-	2,606
Sales and special events						
Museum store sales	12,308	-	12,308	20,827	-	20,827
Events	41,480	-	41,480	31,283	-	31,283
Net assets released from restrictions			-			
Satisfaction of use restrictions	35,301	(35,301)	-	55,380	(55,380)	-
<b>TOTAL SUPPORT AND REVENUE</b>	<b>183,683</b>	<b>(17,069)</b>	<b>166,614</b>	<b>315,518</b>	<b>(7,764)</b>	<b>307,754</b>
<b>EXPENSES</b>						
Program services	267,959	-	267,959	294,382	-	294,382
Management and general	69,162	-	69,162	74,357	-	74,357
Cost of sales and special events	14,874	-	14,874	28,240	-	28,240
Fundraising	38,995	-	38,995	27,488	-	27,488
<b>TOTAL EXPENSES</b>	<b>390,990</b>	<b>-</b>	<b>390,990</b>	<b>424,467</b>	<b>-</b>	<b>424,467</b>
<b>DECREASE IN NET ASSETS</b>	<b>(207,307)</b>	<b>(17,069)</b>	<b>(224,376)</b>	<b>(108,949)</b>	<b>(7,764)</b>	<b>(116,713)</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>2,013,150</b>	<b>403,351</b>	<b>2,416,501</b>	<b>2,122,099</b>	<b>411,115</b>	<b>2,533,214</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 1,805,843</b>	<b>\$ 386,282</b>	<b>\$ 2,192,125</b>	<b>\$ 2,013,150</b>	<b>\$ 403,351</b>	<b>\$ 2,416,501</b>

See accompanying notes to financial statements.

**GENEVA HISTORICAL SOCIETY**

**STATEMENTS OF FUNCTIONAL EXPENSES**

**Years Ended June 30, 2020 and 2019**

	Year Ended June 30, 2020				
	Program Services	Management and General	Cost of Sales and Special Events	Fund-raising	2020 Total
Advertising, printing and promotion	\$ 239	\$ -	\$ 1,148	\$ -	\$ 1,387
Audit, bookkeeping and tax preparation fees	-	8,900	-	-	8,900
Archives and library	5,537	-	-	-	5,537
Bank and investment management fees	4,412	1,961	-	-	6,373
Computer expenses	10,656	2,097	-	987	13,740
Cost of merchandise sold	-	-	4,598	-	4,598
Cost of special events	-	-	8,747	12,514	21,261
Depreciation	56,513	12,810	-	6,028	75,351
Dues, fees and subscriptions	1,308	-	-	-	1,308
Equipment rental and maintenance	4,268	967	-	455	5,690
Facility costs	22,955	5,203	-	2,448	30,606
Insurance	6,266	1,420	-	668	8,354
Miscellaneous	734	2,023	381	-	3,138
Postage and shipping	1,184	268	-	126	1,578
Program services	5,455	-	-	-	5,455
Real estate taxes	7,487	1,697	-	798	9,982
Salaries and related taxes	134,414	30,467	-	14,337	179,218
Staff development	31	-	-	-	31
Store expenses	548	-	-	-	548
Supplies	2,705	613	-	288	3,606
Telephone	3,247	736	-	346	4,329
	<b>\$ 267,959</b>	<b>\$ 69,162</b>	<b>\$ 14,874</b>	<b>\$ 38,995</b>	<b>\$ 390,990</b>

(Continued)

**GENEVA HISTORICAL SOCIETY**

**STATEMENTS OF FUNCTIONAL EXPENSES (Continued)**

**Years Ended June 30, 2020 and 2019**

	Year Ended June 30, 2019				
	Program Services	Management and General	Cost of Sales and Special Events	Fund-raising	2019 Total
Advertising, printing and promotion	\$ 1,008	\$ 228	\$ -	\$ 108	\$ 1,344
Audit, bookkeeping and tax preparation fees	-	8,900	-	-	8,900
Archives and library	6,223	-	-	-	6,223
Bank and investment management fees	-	6,994	-	-	6,994
Computer expenses	11,223	2,544	-	1,197	14,964
Cost of merchandise sold	-	-	15,772	-	15,772
Cost of special events	-	-	12,468	-	12,468
Depreciation	53,117	12,040	-	5,666	70,823
Dues, fees and subscriptions	1,260	-	-	-	1,260
Equipment rental and maintenance	5,404	1,225	-	576	7,206
Facility costs	25,591	5,801	-	2,730	34,122
Insurance	6,211	1,408	-	663	8,282
Miscellaneous	3,783	858	-	404	5,044
Postage and shipping	3,316	389	-	183	3,888
Program services	26,701	-	-	-	26,701
Real estate taxes	5,587	1,266	-	596	7,450
Salaries and related taxes	136,956	31,043	-	14,609	182,608
Staff development	-	53	-	-	53
Store expenses	906	-	-	-	906
Supplies	4,018	911	-	429	5,358
Telephone	3,076	697	-	328	4,101
	<b>\$ 294,382</b>	<b>\$ 74,357</b>	<b>\$ 28,240</b>	<b>\$ 27,488</b>	<b>\$ 424,467</b>

See accompanying notes to financial statements.

**GENEVA HISTORICAL SOCIETY**

**STATEMENTS OF CASH FLOWS**

**Years Ended June 30, 2020 and 2019**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Decrease in net assets	\$ (224,376)	\$ (116,713)
Adjustments to reconcile decrease in net assets to net cash used by operating activities		
Depreciation	75,351	70,823
Net gains on sales of investments	(25,230)	(10,675)
Unrealized loss (gain) on investments	125,124	(15,032)
Changes in operating assets and liabilities:		
Increase in grant receivable	(10,257)	-
Decrease in prepaid expenses	2,500	530
Decrease (increase) in store inventory	(4,779)	3,323
Increase (decrease) in accounts payable and accrued expenses	(9,344)	3,355
<b>NET CASH USED BY OEPRATING ACTIVITIES</b>	<b>(71,011)</b>	<b>(64,389)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(35,301)	(29,532)
Proceeds from sales of investments	512,759	114,467
Purchases of investments	(411,172)	(8,129)
<b>CASH FLOWS PROVIDED BY INVESTING ACTIVITIES</b>	<b>66,286</b>	<b>76,806</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Paycheck Protection Program	37,866	-
<b>CASH FLOWS PROVIDED BY FINANCING ACTIVITIES</b>	<b>37,866</b>	<b>-</b>
<b>NET INCREASE IN CASH</b>	<b>33,141</b>	<b>12,417</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b>80,814</b>	<b>68,397</b>
<b>CASH AT END OF YEAR</b>	<b>\$ 113,955</b>	<b>\$ 80,814</b>

See accompanying notes to financial statements.



**GENEVA HISTORICAL SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2020 and 2019**

**NOTE A - NATURE OF ACTIVITIES**

Geneva Historical Society (the Society) (also known as Geneva History Museum) was incorporated under the Illinois General Not for Profit Corporation Act on September 17, 1949. The Society's mission is to collect, study, research, interpret, preserve, conserve, and exhibit artifacts and archival materials, as well as provide educational programming relating to the history of Geneva, Illinois and surrounding communities.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and, accordingly, reflect all significant receivables, payables and other liabilities. The Society reports information regarding its financial position and activities according to two classes of assets: without donor restrictions and with donor restrictions.

Promises to Give and Revenue Recognition

Grants and gifts are recognized when a grantor makes a promise to give to the Society that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions in the statement of activities.

Conditional promises to give are recognized as support when the conditions on which they depend are substantially met. Support from grants and other agreements that in substance constitutes an exchange for services from the Society is recognized when earned.

Amounts receivable are stated at the amount management expects to collect from outstanding unconditional promises and billed balances. Management provides for probable uncollectible promises using the allowance method. No allowance was deemed necessary at June 30, 2020 and 2019.

Support from wills and estates are recognized when probate declares the will valid and the Society is notified of the approximate amount of the bequest.

Use of Estimates

The preparation of financial statements in conformity with auditing standards generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Society's policy is to invest operating cash balances in safe interest-bearing accounts to the extent practical. For purposes of the statement of cash flows, the Society considers all highly-liquid investments with an initial maturity of three months or less to be cash equivalents. There were no cash equivalents at June 30, 2020 and 2019.

**GENEVA HISTORICAL SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

**June 30, 2020 and 2019**

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Investments

Investments in equity and debt securities with readily determinable fair values are carried at fair value in the Society's statement of financial position. Realized and unrealized investment gains, losses and income are reported in the Society's statement of activities.

Fair Value Measurements

All financial assets and liabilities and nonfinancial assets recognized or disclosed at fair value on a recurring basis are classified and disclosed in one of the following categories:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are not corroborated by market data.

Store Inventory

Inventory is carried at the lower of cost or market with cost being determined on the first-in, first-out (FIFO) method.

Property and Equipment

Land, building, building improvements, furniture, fixtures and equipment are recorded at cost, except for donated property which is recorded at fair market value at the date contributed. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. The estimated service life of the assets for depreciation purposes may be different than their actual economic useful lives.

	<u>Estimated Life</u>
Buildings and improvements:	27.5 - 39 years
Furniture, fixtures and equipment	7 years

Depreciation expense for the fiscal years ended June 30, 2020 and 2019 totaled \$ 75,351 and \$ 70,823, respectively.

The Society reviews its investments in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. No impairment losses have been determined necessary through June 30, 2020.

**GENEVA HISTORICAL SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS – CONTINUED**  
**June 30, 2020 and 2019**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Income Taxes

The Society applied for and has been granted tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and is classified as a public charity under Section 170(b)(1)(A)(vi) and has no unrelated business income. Accordingly, no provision for income taxes is reported.

The financial statement effects of a tax position taken or expected to be taken are recognized when it is more likely than not, based on technical merits, that the position will be sustained upon examination. As of June 30, 2020, the Society had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

Real Estate Taxes

The Society owns real estate in Geneva, Illinois in which it conducts its operations. The parcels owned by the Society used in its mission have been determined to be tax-exempt for real estate taxes. Excess office space in its facility that is leased to an outside party is subject to real estate taxes (see Note H).

Contributed Services

According to U.S. generally accepted accounting principles, contributed services are recognized as contributions if they create or enhance a nonfinancial asset (such as constructing a building) or require specialized skills (such as professionals and skilled craftsmen), are provided by persons possessing those skills, and would need to be purchased if the services were not donated. Although numerous volunteers donate countless hours to help the Organization achieve its mission, the value of contributed services meeting the requirements for recognition in the financial statements was not material during the years ended June 30, 2020 and 2019, and has not been recorded.

Functional Allocation of Expenses

The costs of providing the Society's programs and supporting services are summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs are allocated among the programs and supporting services benefited.

Management Review

Management has evaluated subsequent events to December 11, 2020, the date on which the financial statements were available to be issued.

NOTE C – UNCONDITIONAL PROMISES TO GIVE

There were no unconditional promises to give as of June 30, 2020 and 2019

**GENEVA HISTORICAL SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS – CONTINUED**  
**June 30, 2020 and 2019**

**NOTE D – INVESTMENTS**

Investments consist of the following at June 30, 2020 and 2019:

	At June 30, 2020			
Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Cash and Money Markets	\$ 39,757	\$ 39,757	\$ -	\$ -
Electronically Traded Funds	940,492	940,492	-	-
<b>TOTAL INVESTMENTS</b>	<b>\$ 980,248</b>	<b>\$ 980,248</b>	<b>\$ -</b>	<b>\$ -</b>
	At June 30, 2019			
Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Cash and Money Markets	\$ 50,443	\$ 50,443	\$ -	\$ -
Electronically Traded Funds	1,131,286	1,31,286	-	-
<b>TOTAL INVESTMENTS</b>	<b>\$ 1,181,729</b>	<b>\$ 1,181,729</b>	<b>\$ -</b>	<b>\$ -</b>

**NOTE E – COLLECTIONS**

The Society has not capitalized its collection of artifacts and archival materials. The Society has a significant number of artifacts that have been donated or otherwise acquired that have no readily determinable fair market value. The Society does not deem the benefit of appraising the collection to exceed the cost required to do so. Many of the artifacts have value that is unique to Geneva and the surrounding communities and an appraisal would not adequately reflect the value.

**GENEVA HISTORICAL SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

**June 30, 2020 and 2019**

**NOTE F – ENDOWMENT FUND**

The Society maintains an endowment fund established according to donor restrictions that stipulate the original principal of the gift is to be held and invested by the Organization indefinitely, and income from the fund is to be expended for Society programs. The Society classifies net assets with donor restrictions as (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 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 is classified as net assets without donor restrictions. The society's spending and investment policies attempt to provide a predictable stream of funding support while also maintaining the purchasing power of those endowment assets over the long term. Presently, three percent of the endowment's average value at the end of the past 12 quarters is appropriated for distribution each year.

Changes in endowment net assets for the years ended June 30, 2020 and 2019 are as follows:

	2020		
	Without Donor Restrictions	With Donor Restriction	Total
Endowment net assets, beginning of year	\$ 90,118	\$ 378,844	\$ 468,962
Investment income	30,348	-	30,348
Fees	(1,800)	-	(1,800)
Amounts appropriated for expenditure	(32,640)	-	(32,640)
Unrealized loss	(61,278)	-	(61,278)
Endowment net assets, end of year	<u>\$ 24,747</u>	<u>\$ 378,844</u>	<u>\$ 403,591</u>
	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 118,854	\$ 378,844	\$ 497,698
Investment income	20,204	-	20,204
Fees	(1,867)	-	(1,867)
Amounts appropriated for expenditure	(53,980)	-	(53,980)
Unrealized loss	6,907	-	6,907
Endowment net assets, end of year	<u>\$ 90,118</u>	<u>\$ 378,844</u>	<u>\$ 468,962</u>

**GENEVA HISTORICAL SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

**June 30, 2020 and 2019**

**NOTE G – RESTRICTIONS ON NET ASSETS**

As described in Note F, net assets with donor restrictions totaling \$378,844 at June 30, 2020 and 2019 relate to the Society's endowment fund. Net assets with donor restrictions consist of the following at June 30, 2020 and 2019:

	2020	2019
Permanent exhibit renovation	\$ 201	\$ 201
Nativity crèche	7,237	24,306
Perpetual endowment	378,844	378,844
Total net assets with donor restrictions	\$ 386,282	\$ 403,351

**NOTE H – AGREEMENT AS LESSOR**

Effective August 11, 2017, the Society executed a five-year agreement to lease second floor space in its facility. The agreement provides for monthly rentals of \$3,600 during the first year, \$3,705 in the second year, \$3,820 in the third year, \$3,930 in the fourth year, and \$4,050 in the fifth year. Rental income received during the years ended June 30, 2020 and 2019 totaled \$ 45,725 and \$ 43,620, respectively.

**NOTE I – LIQUIDITY OF ASSETS**

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization maintains financial assets on hand to meet a minimum of three month of normal operating expense. Financial assets at June 30, 2020 is \$ 1,094,203, which consist of cash of \$ 113,955 and investments in trading securities of \$ 980,248.

**NOTE J – PAYCHECK PROTECTION PROGRAM**

On April 30, 2020 the Organization received loan proceeds totaling \$ 37,866 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes. The Organization utilized the loan proceeds for eligible purposes subsequent to year end. The loan was subsequently forgiven in full on October 15, 2020.

**NOTE K – ADOPTION OF NEW ACCOUNTING STANDARD**

New Accounting Standard - Leases

In February 2016, the FASB issued ASU No. 2016-02, Leases, which is intended to improve financial reporting about leasing transactions. ASU No. 2016-02 requires that leased assets be recognized as assets on the statement of financial position and the liabilities for the obligations under the lease also be recognized on the statement of financial position. ASU No. 2016-02 requires disclosures to help investors and other financial statement users better understand the amount, timing and uncertainty of cash flows arising from leases. The required disclosures include qualitative and quantitative requirements. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2019 and interim periods within those fiscal years. The organization have tentatively concluded that no significant changes are expected to the accounting for most of rental revenues upon adoption of Topic 842.

**GENEVA HISTORICAL SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS – CONTINUED**  
**June 30, 2020 and 2019**

NOTE K – ADOPTION OF NEW ACCOUNTING STANDARD – CONTINUED

New Accounting Standard – Contributions Received and Made

In June 2018, the FASB issued ASU No. 2018-08, Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. ASU No. 2018-08 improves the current guidance on determining whether transactions are contributions or exchange transactions. ASU No. 2018-08 also requires determining if a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. ASU No. 2018-08 is effective for resource recipients for annual reporting periods beginning after December 15, 2018 and for resource providers for annual reporting periods beginning after December 15, 2019. The organization has adjusted the presentation of these statements accordingly.