

**GENEVA HISTORICAL SOCIETY**  
**FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITOR'S REPORT**  
**Years Ended June 30, 2021 and 2020**

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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, 2021 and 2020, 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, 2021 and 2020, 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 13, 2021

**GENEVA HISTORICAL SOCIETY**

**STATEMENTS OF FINANCIAL POSITION**

**Years Ended June 30, 2021 and 2020**

	2021	2020
<b>ASSETS</b>		
Cash	\$ 141,390	\$ 113,955
Grant receivable	2,098	10,257
Rent receivable	3,820	-
Investments	1,123,664	980,248
Store inventory	13,077	13,700
Property and equipment		
Land	37,944	37,944
Building and improvements	2,102,881	1,887,809
Furniture, fixtures and equipment	198,200	198,200
Total	2,339,025	2,123,953
Less accumulated depreciation	(1,088,579)	(995,999)
Net property and equipment	1,250,446	1,127,954
<b>TOTAL ASSETS</b>	<b>\$ 2,534,495</b>	<b>\$ 2,246,114</b>
 <b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 23,544	\$ 11,123
Paycheck Protection Program loan	-	37,866
Tenant security deposit	5,000	5,000
<b>TOTAL LIABILITIES</b>	28,544	53,989
 <b>NET ASSETS</b>		
Without donor restrictions	2,073,276	1,805,843
With donor restrictions	432,676	386,282
<b>TOTAL NET ASSETS</b>	2,505,951	2,192,125
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,534,495</b>	<b>\$ 2,246,114</b>

See accompanying notes to financial statements.

**GENEVA HISTORICAL SOCIETY**

**STATEMENTS OF ACTIVITIES**

**Years Ended June 30, 2021 and 2020**

	2021			2020		
	Without donor restrictions	With donor restrictions	2021 Total	Without donor restrictions	With donor restrictions	2020 Total
<b>SUPPORT AND REVENUE</b>						
Contributions and grants	\$ 340,189	\$ 35,415	\$ 375,604	\$ 73,218	\$ 49,364	\$ 122,582
Paycheck Protection Program	42,866	-	42,866	-	-	-
Interest and dividends	6,772	10,295	17,067	20,000	13,297	33,297
Museum programs	2,079	-	2,079	10,436	-	10,436
Net gains on sales of investments	21,204	19,873	41,077	8,180	17,050	25,230
Unrealized gain (loss) on investments	133,466	71,018	204,484	(63,645)	(61,479)	(125,124)
Rental income	45,840	-	45,840	45,725	-	45,725
Room usage fee	-	-	-	680	-	680
Sales and special events			-			
Museum store sales	3,399	-	3,399	12,308	-	12,308
Events	9,522	-	9,522	41,480	-	41,480
Net assets released from restrictions			-			-
Satisfaction of use restrictions	90,207	(90,207)	-	35,301	(35,301)	-
<b>TOTAL SUPPORT AND REVENUE</b>	<b>695,544</b>	<b>46,394</b>	<b>741,938</b>	<b>183,683</b>	<b>(17,069)</b>	<b>166,614</b>
<b>EXPENSES</b>						
Program services	324,438	-	324,438	267,959	-	267,959
Management and general	70,615	-	70,615	69,162	-	69,162
Cost of sales and special events	5,625	-	5,625	14,874	-	14,874
Fundraising	27,433	-	27,433	38,995	-	38,995
<b>TOTAL EXPENSES</b>	<b>428,111</b>	<b>-</b>	<b>428,111</b>	<b>390,990</b>	<b>-</b>	<b>390,990</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>267,433</b>	<b>46,394</b>	<b>313,827</b>	<b>(207,307)</b>	<b>(17,069)</b>	<b>(224,376)</b>
<b>NET ASSETS AT BEGINNING 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>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 2,073,276</b>	<b>\$ 432,676</b>	<b>\$ 2,505,951</b>	<b>\$ 1,805,843</b>	<b>\$ 386,282</b>	<b>\$ 2,192,125</b>

See accompanying notes to financial statements.

**GENEVA HISTORICAL SOCIETY**  
**STATEMENTS OF FUNCTIONAL EXPENSES**

**Years Ended June 30, 2021 and 2020**

	Year Ended June 30, 2021				2021 Total
	Program Services	Management and General	Cost of Sales and Special Events	Fund-raising	
Advertising, printing and promotion	\$ 77	\$ -	\$ -	\$ 374	\$ 450
Audit, bookkeeping and tax preparation fees	-	9,056	-	-	9,056
Archives and library	4,256	-	-	-	4,256
Bank and investment management fees	4,079	1,748	-	-	5,827
Computer expenses	7,043	1,386	652	-	9,081
Cost of merchandise sold	-	-	1,613	-	1,613
Cost of special events	-	-	3,186	-	3,186
Depreciation	69,435	15,739	-	7,406	92,580
Dues, fees and subscriptions	10,173	-	-	-	10,173
Equipment rental and maintenance	4,135	937	-	441	5,514
Facility costs	25,345	5,745	-	2,703	33,793
Insurance	8,596	1,948	-	917	11,461
Miscellaneous	334	921	173	-	1,428
Postage and shipping	1,264	287	-	135	1,686
Program services	43,836	-	-	-	43,836
Real estate taxes	6,088	1,380	-	649	8,117
Salaries and related taxes	131,723	29,858	-	14,050	175,632
Staff development	150	-	-	-	150
Store expenses	804	-	-	-	804
Supplies	3,121	707	-	333	4,161
Telephone	3,981	902	-	425	5,308
	<u>\$ 324,438</u>	<u>\$ 70,615</u>	<u>\$ 5,625</u>	<u>\$ 27,433</u>	<u>\$ 428,111</u>

(Continued)

**GENEVA HISTORICAL SOCIETY**

**STATEMENTS OF FUNCTIONAL EXPENSES (Continued)**

**Years Ended June 30, 2021 and 2020**

	Year Ended June 30, 2020				2020 Total
	Program Services	Management and General	Cost of Sales and Special Events	Fund-raising	
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
	\$ 267,959	\$ 69,162	\$ 14,874	\$ 38,995	\$ 390,990

See accompanying notes to financial statements.

**GENEVA HISTORICAL SOCIETY**

**STATEMENTS OF CASH FLOWS**

**Years Ended June 30, 2021 and 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease (increase ) in net assets	\$ 313,827	\$ (224,376)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	92,580	75,351
Net gains on sales of investments	(41,077)	(25,230)
Unrealized loss (gain) on investments	(204,484)	125,124
Forgiveness of Paycheck Protection Program loan	(37,866)	-
Changes in operating assets and liabilities:		
Decrease (increase) in grant receivable	8,159	(10,257)
Increase in rent receivable	(3,820)	-
Decrease in prepaid expenses	-	2,500
Decrease (increase) in store inventory	623	(4,779)
Increase (decrease) in accounts payable and accrued expenses	12,421	(9,344)
NET CASH PROVIDED (USED) BY OEPRATING ACTIVITIES	140,363	(71,011)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(215,072)	(35,301)
Proceeds from sales of investments	509,325	512,759
Purchases of investments	(407,180)	(411,172)
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES	(112,927)	66,286
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program loan	-	37,866
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	-	37,866
NET INCREASE IN CASH	27,435	33,141
CASH AT BEGINNING OF YEAR	113,955	80,814
CASH AT END OF YEAR	\$ 141,390	\$ 113,955

See accompanying notes to financial statements.



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

**June 30, 2021 and 2020**

**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, 2021 and 2020.

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, 2021 and 2020.

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

**June 30, 2021 and 2020**

**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, 2021 and 2020 totaled \$92,580 and \$75,351, 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, 2021.

**GENEVA HISTORICAL SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS – CONTINUED**  
**June 30, 2021 and 2020**

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, 2021, 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, 2021 and 2020, 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 the date on which the financial statements were available to be issued, which is the date of the Independent Auditor's Report.

NOTE C – UNCONDITIONAL PROMISES TO GIVE

There were no unconditional promises to give as of June 30, 2021 and 2020.

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

**June 30, 2021 and 2020**

**NOTE D – INVESTMENTS**

Investments consist of the following at June 30, 2021 and 2020:

	At June 30, 2021			
	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	\$ 12,317	\$ 12,317	\$ -	\$ -
Electronically Traded Funds	1,111,347	1,111,347	-	-
<b>TOTAL INVESTMENTS</b>	<b>\$ 1,123,664</b>	<b>\$ 1,123,664</b>	<b>\$ -</b>	<b>\$ -</b>

	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>

**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, 2021 and 2020**

**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, 2021 and 2020 are as follows:

	2021		
	Without Donor Restrictions	With Donor Restriction	Total
Endowment net assets, beginning of year	\$ 24,747	\$ 378,844	\$ 403,591
Investment income	30,168	-	30,168
Fees	(1,283)	-	(1,283)
Amounts appropriated for expenditure	(40,745)	-	(40,745)
Unrealized loss	71,018	-	71,018
Endowment net assets, end of year	<u>\$ 83,905</u>	<u>\$ 378,844</u>	<u>\$ 462,749</u>
	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>

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

**June 30, 2021 and 2020**

**NOTE G – RESTRICTIONS ON NET ASSETS**

As described in Note F, net assets with donor restrictions totaling \$378,844 at June 30, 2021 and 2020 relate to the Society's endowment fund. Net assets with donor restrictions consist of the following at June 30, 2021 and 2020:

	2021	2020
Permanent exhibit renovation	\$ 1,234	\$ 201
Nativity crèche	23,400	7,237
Capital improvement	26,729	
Raise the paddle	2,469	
Perpetual endowment	378,844	378,844
Total net assets with donor restrictions	\$ 432,676	\$ 386,282

**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, 2021 and 2020 totaled \$45,840 and \$45,725, 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, 2021 of is \$1,265,054, which consist of cash of \$141,390 and investments in trading securities of \$1,123,664.

**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 along with additional proceeds of \$5,000.

**NOTE K – COVID-19 CONTINGENCY**

The Organization has taken a number of measures to monitor and mitigate the effects of Covid-19 including the procurement of two PPP loans as described in the previous note, and increased fundraising efforts. At this stage, the impact on the Organization's operations has not been significant. Significant uncertainty remains around the breadth and duration of the effects of Covid-19 and, as such, the Organization is unable to determine if it will have a material impact to its operations in future years

**GENEVA HISTORICAL SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS – CONTINUED**  
**June 30, 2021 and 2020**

NOTE L – ADOPTION OF NEW ACCOUNTING STANDARD

ASU 2016-02 Leases

In February 2016, the Financial Accounting Standards Board (“FASB”) issued ASU 2016-02, Leases (Topic 842), which affects any entity that enters into a lease (as defined in ASU 2016-02), with some specified scope exceptions. The main difference between the guidance in ASU 2016-02 and current lease accounting standard ASC 840 is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under current GAAP guidance (ASC 840).

Lessor accounting under the new guidance is aligned with the revenue recognition principles in FASB ASC 606 (mentioned in the preceding Note) and remains largely the same as under FASB ASC 840, particularly for operating leases. The Organization’s leases are generally month-to-month operating leases, which are currently recognized in accordance with FASB ASC 840. Under such guidance, when accounting for an operating lease, the lessor carries the leased asset in its balance sheet and depreciates it according to its normal depreciation policy. Rent income is recognized as it becomes receivable.

The requirements of Topic 842 were originally effective for reporting periods beginning after December 15, 2020, but the implementation date was extended one year due to the Covid-19 pandemic. The Organization has tentatively concluded that no significant changes are expected to the accounting for most of the rental revenues upon adoption of Topic 842.