

KILAUEA POINT NATURAL HISTORY ASSOCIATION
DBA FRIENDS OF KAUA'I WILDLIFE REFUGES
(A Hawai'i Non-Profit Corporation)

REVIEWED FINANCIAL STATEMENTS
(With Independent Accountant's Review Report)

FOR THE YEAR ENDED SEPTEMBER 30, 2020
(With Comparative Totals for the Year Ended September 30, 2019)

**KILAUEA POINT NATURAL HISTORY ASSOCIATION
DBA FRIENDS OF KAUA'I WILDLIFE REFUGES**

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Friends of Kaua'i Wildlife Refuges
P. O. Box 1130
Kilauea, Hawai'i 96754

We have reviewed the accompanying financial statements of Kilauea Point Natural History Association dba Friends of Kaua'i Wildlife Refuges (a nonprofit organization), which comprise the statement of financial position as of September 30, 2020, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements and Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards required us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United State of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Report on 2019 Financial Statements and Summarized Comparative Information

The 2019 financial statements of Kilauea Point Natural History Association dba Friends of Kaua'i Wildlife Refuges were audited by us, and we expressed an unmodified opinion on them in our report dated March 2, 2020. We have not performed any auditing procedures since that date. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Carlman CPAs & Mgmt Group

Wailuku, Hawaii
March 15, 2021

KILAUEA POINT NATURAL HISTORY ASSOCIATION
DBA FRIENDS OF KAUA'I WILDLIFE REFUGES

Statements of Financial Position
As of September 30, 2020 and 2019

| | (Unaudited) 2020 | (Audited) 2019 |
|---|---------------------|-------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and Cash Equivalents (Note 2) | \$ 117,030 | \$ 164,962 |
| Inventory (Note 2) | 82,523 | 79,194 |
| Total Current Assets | 199,553 | 244,156 |
| FIXED ASSETS (Note 2) | | |
| Buildings Improvements | 12,296 | 12,296 |
| Furniture and Fixtures | 55,417 | 50,885 |
| Less Accumulated Depreciation | (67,713) | (63,181) |
| Net Fixed Assets | 4,993 | 1,977 |
| Investments (Note 9) | 110,206 | 135,101 |
| TOTAL ASSETS | \$ 314,752 | \$ 381,234 |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts Payable | \$ 487 | \$ 5,159 |
| Accrued Payroll and Related Expenses | 18,821 | 16,998 |
| Paycheck Protection Loan (Note 11) | 55,000 | - |
| Total Current Liabilities | 74,308 | 22,157 |
| NET ASSETS (Note 5) | | |
| Net Assets Without Donor Restrictions | | |
| Board Designated | 37,768 | 48,768 |
| Others | 167,503 | 281,569 |
| Total Net Assets Without Donor Restrictions | 205,271 | 330,337 |
| Net Assets With Donor Restrictions | 35,173 | 28,740 |
| Total Net Assets | 240,444 | 359,077 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 314,752 | \$ 381,234 |

The accompanying notes and independent accountant's review report are an integral part of these financial statements.

KILAUEA POINT NATURAL HISTORY ASSOCIATION
DBA FRIENDS OF KAUA'I WILDLIFE REFUGES

Statement of Activities and Changes in Net Assets
For the Year Ended September 30, 2020
(With Comparative Totals for the Year Ended September 30, 2019)

| | Without Donor Restrictions | With Donor Restrictions | (Unaudited) 2020 Total | (Audited) 2019 Total |
|---------------------------------------|-------------------------------|----------------------------|------------------------------|----------------------------|
| PUBLIC SUPPORT AND SALES | | | | |
| Sales | \$ 299,001 | \$ - | \$ 299,001 | \$ 601,196 |
| Grants | 18,831 | - | 18,831 | 26,118 |
| Donations | 22,311 | 6,433 | 28,744 | 25,327 |
| Special Events | - | - | - | 18,615 |
| Membership Dues | 4,545 | - | 4,545 | 3,060 |
| Interest Income | 2,229 | - | 2,229 | 2,287 |
| In Kind Donations (Note 12) | 1,450 | - | 1,450 | 1,500 |
| Other Revenue | 265 | - | 265 | 167 |
| Net Assets Released from Restrictions | - | - | - | - |
| Total Public Support and Sales | 348,632 | 6,433 | 355,065 | 678,270 |
| OPERATING EXPENSES | | | | |
| Program Services | 374,948 | - | 374,948 | 551,929 |
| Management and General | 62,206 | - | 62,206 | 111,672 |
| Fundraising | 36,544 | - | 36,544 | 41,492 |
| Total Operating Expenses | 473,698 | - | 473,698 | 705,093 |
| Changes in Net Assets | (125,066) | 6,433 | (118,633) | (26,823) |
| Net Assets, Beginning of Year | 330,337 | 28,740 | 359,077 | 385,900 |
| Net Assets, End of Year | <u>\$ 205,271</u> | <u>\$ 35,173</u> | <u>\$ 240,444</u> | <u>\$ 359,077</u> |

The accompanying notes and independent accountant's review report are an integral part of these financial statements.

KILAUEA POINT NATURAL HISTORY ASSOCIATION
DBA FRIENDS OF KAUA'I WILDLIFE REFUGES

Statement of Functional Expenses
For the Year Ended September 30, 2020
(With Comparative Totals for the Year Ended September 30, 2019)

| | (Unaudited) 2020 | | | | (Audited) 2019 |
|--------------------------|---------------------|---------------------------|------------------|-------------------|-------------------|
| | Program Services | Management and General | Fundraising | Total | |
| Salaries and Wages | \$ 150,116 | \$ 26,176 | \$ 23,997 | \$ 200,289 | \$ 234,313 |
| Purchases | 122,185 | - | 349 | 122,534 | 251,719 |
| Professional Fees | 21,340 | 21,811 | 4,421 | 47,572 | 51,512 |
| Employee Benefits | 14,508 | 3,365 | 1,912 | 19,785 | 17,994 |
| Payroll Taxes | 11,840 | 3,074 | 1,941 | 16,855 | 19,348 |
| General Excise Taxes | 15,340 | - | 171 | 15,511 | 26,894 |
| Scholarships | 11,000 | - | - | 11,000 | 11,000 |
| Refuge | 7,317 | - | - | 7,317 | 24,180 |
| Bank Service Charges | 6,975 | 134 | 290 | 7,399 | 14,341 |
| Insurance | 2,679 | 2,819 | - | 5,498 | 7,002 |
| Utilities | 2,426 | 905 | - | 3,331 | 3,932 |
| Supplies | 1,799 | 860 | 641 | 3,300 | 11,688 |
| Education | 2,556 | 129 | - | 2,685 | 5,548 |
| Travel and Entertainment | 1,425 | 197 | 1,355 | 2,977 | 2,897 |
| Miscellaneous | 272 | 985 | 631 | 1,888 | 2,303 |
| Depreciation | 1,516 | - | - | 1,516 | 1,694 |
| Storage | 630 | 630 | - | 1,260 | 1,169 |
| Dues and Subscriptions | 31 | 1,086 | 836 | 1,953 | 886 |
| Special Events | 618 | - | - | 618 | 14,718 |
| Advertising (Note 2) | 375 | 35 | - | 410 | 200 |
| Repairs and Maintenance | - | - | - | - | 1,755 |
| Total Expenses | \$ 374,948 | \$ 62,206 | \$ 36,544 | \$ 473,698 | \$ 705,093 |

The accompanying notes and independent accountant's review report are an integral part of these financial statements.

KILAUEA POINT NATURAL HISTORY ASSOCIATION
DBA FRIENDS OF KAUA'I WILDLIFE REFUGES

Statements of Cash Flows
For the Years Ended September 30, 2020 and 2019

| CASH FLOWS FROM OPERATING ACTIVITIES | (Unaudited) 2020 | (Audited) 2019 |
|---|------------------------------|------------------------------|
| Cash Received from Sales | \$ 299,001 | \$ 601,196 |
| Cash Received from Grants | 18,831 | 26,118 |
| Cash Received from Contributions | 28,744 | 25,327 |
| Cash Received from Special Events | - | 18,615 |
| Cash Received from Dues and Other Revenue | 4,810 | 3,227 |
| Cash Received from Interest | 2,229 | 2,287 |
| Cash Paid to Vendors and Employees | (476,910) | (694,201) |
| Net Cash Used by Operating Activities (Note 7) | <u>(123,295)</u> | <u>(17,431)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Net Sale (Purchase) of Investment in Certificates of Deposits | 24,895 | (12,601) |
| Purchase of Fixed Assets | (4,532) | (1,558) |
| Net Cash Provided (Used) by Investing Activities | <u>20,363</u> | <u>(14,159)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from Paycheck Protection Loan (Note 11) | <u>55,000</u> | <u>-</u> |
| Net Decrease in Cash for the Year | (47,932) | (31,590) |
| CASH AT BEGINNING OF YEAR | <u>164,962</u> | <u>196,552</u> |
| CASH AT END OF YEAR | <u><u>\$ 117,030</u></u> | <u><u>\$ 164,962</u></u> |

The accompanying notes and independent accountant's review report are an integral part of these financial statements.

KILAUEA POINT NATURAL HISTORY ASSOCIATION
DBA FRIENDS OF KAUA'I WILDLIFE REFUGES

Notes to the Financial Statements
September 30, 2020

Note 1. Organization

Kilauea Point Natural History Association dba Friends of Kaua'i Wildlife Refuges (KPNHA) (the Association) is a Hawaii Non-Profit Corporation incorporated in November 1983 to promote better understanding, appreciation, and conservation of the natural history and environment of Kauai's National Wildlife Refuges. KPNHA cooperates with the U.S. Fish and Wildlife Service to:

- Foster educational, interpretive, scientific and other activities appropriate to the goals and objectives of the Kaua'i National Wildlife Refuge Complex for the benefit of the public.
- Purchase or produce and make available to Refuge visitors, by sales or free distribution, suitable interpretive and educational material such as books, pamphlets, posters, slides, photographs, maps and other items of interest, to promote the Association's goals and to increase the visitors' understanding of the surrounding natural environment and natural history.
- Acquire books, films, recordings and other materials for use in interpretive programs which may be donated to the U.S. Fish and Wildlife Service and assist them in carrying out such programs.

Note 2. Summary of Significant Accounting Policies

Method of Accounting: KPNHA uses the accrual basis of accounting. Under this method of accounting, revenue is recognized when earned rather than when received and expenses are recognized when incurred rather than when paid.

Cash and Cash Equivalents: For purposes of the statements of cash flows, KPNHA considers all highly liquid investments with maturities of three months or less to be cash equivalents. KPNHA places the majority of its cash balances with major Hawaii-based financial institutions. As of September 30, 2020, and 2019, aggregate cash balances per bank were within federally insured limits. During 2020, the Organization adopted ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. Management believes that the adoption of the new accounting standard had no effect on the statement of cash flows as the Organization does not have any restrictions on cash and cash equivalents.

Fixed Assets: It is the Association's policy to capitalize all property and equipment in excess of \$500 and a useful life greater than one year. Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of 5 to 7 years.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Inventory: Inventory consists of books and other supplies, and is recorded at the lower of cost, determined on the first-in, first-out method, or market.

KILAUEA POINT NATURAL HISTORY ASSOCIATION
DBA FRIENDS OF KAUA'I WILDLIFE REFUGES

Notes to the Financial Statements
September 30, 2020

Note 2. Summary of Significant Accounting Policies (Continued)

Revenue Recognition: Contributions received are recorded as with or without donor restrictions, depending on the existence and/or nature of any donor restrictions (see Note 5). Unconditional promises to donate due in the next year are reflected as current promises to give and are recorded at their net realizable value. Grants and other contributions of cash are reported as with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When the donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, donor restricted net assets are reclassified to without donor restricted net assets and reported in the statements of activities as net assets released from restrictions. If a donation is received during the year with donor restrictions and that restriction is met during the year, it is reported as without restrictions on the statement of activities and changes in net assets.

The Association has analyzed the provisions of the FASB's ASC Topic 606, *Revenue from Contracts with Customers*, and ASU 2018-08, *Not-for-Profit Entities (Topic 958) Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, and has concluded that no changes are necessary to conform to the new standard. Performance obligation related to program services and grant revenue are recognized as the expenses occurred or the services have been provided throughout the year. Other revenues and donations do not have a specific performance obligation and are generally earned when received.

Income Tax Status: KPNHA is exempt from federal income taxes under Section 501 (c)(3) of the Internal Revenue Code, any income from activities not directly related to its tax-exempt purpose may be subject to taxation as unrelated business income. In addition, since KPNHA has been classified as an association that is not a private foundation under Section 509(a)(2), certain financial and other assistance provided to KPNHA would qualify for the charitable contribution deduction under Section 170(b)(1)(A).

Functional Expenses: The financial statements include Statement of Functional Expenses for the year ended September 30, 2020. Functional expenses are allocated to program related and administrative functions. Most expenses are allocated directly to the program or support services benefited. Certain expenses are allocated using a percentage base.

Advertising: The Organization expenses advertising costs when they occur. Total advertising costs were \$410 and \$200 for the years ending September 30, 2020 and 2019, respectively.

Note 3. U.S. Fish and Wildlife Service Affiliation

U.S. Fish and Wildlife Service Affiliation: The U.S. Fish and Wildlife Service (Service) authorized the KPNHA to use the facilities at the Kilauea Point Visitor Center to sell and distribute educational and interpretive materials for the benefit of the visiting public.

The facilities are made available to the Association at no charge. The fair market value of this grant has not been reflected in the financial statements. The Service has the right to terminate this agreement at anytime upon 60 days written notice.

KILAUEA POINT NATURAL HISTORY ASSOCIATION
DBA FRIENDS OF KAUA'I WILDLIFE REFUGES

Notes to the Financial Statements
September 30, 2020

Note 4. Pension Plan

The Association has adopted a Savings Incentive Match Plan for Employees of Small Employers (SIMPLE) covering all employees meeting the eligibility requirements. The Association contributes a matching contribution to each eligible employee's SIMPLE IRA equal to the employee's salary reduction up to a limit of 3% of the employee's compensation for the year. During the year ended September 30, 2020 and 2019, KPNHA contributed \$838 and \$3,446 into the pension plan, respectively.

Note 5. Net Assets

In accordance with FASB ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*, the Association is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions include all resources that are not subject to donor-imposed stipulations or contributions with donor-imposed restrictions that are met during the same year as the contribution is made. Net assets without donor restrictions denoted as property and equipment represent equity in such property and equipment. Included in net assets without donor restrictions are Board Designated net assets. Board Designated net assets without donor restrictions consist of the following at September 30:

| | 2020 | 2019 |
|--------------------------------------|-----------|-----------|
| Daniel Moriarty Memorial Scholarship | \$ 28,149 | \$ 39,149 |
| Lighthouse Maintenance | 9,619 | 9,619 |
| | \$ 37,768 | \$ 48,768 |

Net assets with donor restrictions include amounts that the donor subjects to restrictions in perpetuity and amounts subject to legal or donor-imposed stipulations that may or will be met either by actions of the Association and/or passage of time. Net assets with donor restrictions consist of the following at September 30:

| | 2020 | 2019 |
|-------------------------------------|-----------|-----------|
| Light House Maintenance | \$ 23,352 | \$ 20,780 |
| Huleia NWR Kayak Fees | 7,960 | 7,960 |
| Birds of Kilauea Point Book Project | 3,861 | - |
| | \$ 35,173 | \$ 28,740 |

KILAUEA POINT NATURAL HISTORY ASSOCIATION
DBA FRIENDS OF KAUA'I WILDLIFE REFUGES

Notes to the Financial Statements
September 30, 2020

Note 6. Income Tax Positions

Kilauea Point Natural History Association dba Friends of Kaua'i Wildlife Refuges adopted the provisions of ASC 740, Income Taxes, on October 1, 2008. As required by the uncertain tax position guidance in ASC 740, Kilauea Point Natural History Association would recognize the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position after an audit. At the adoption date, Kilauea Point Natural History Association applied the uncertain tax position guidance in ASC 740 to all tax positions for which the statute of limitations has remained open, including KPNHA's status as a tax-exempt organization and its lack of unrelated business income. As a result of the implementation of the uncertain tax position guidance in ASC 740, Kilauea Point Natural History Association has not recognized an additional liability for unrecognized tax benefits nor any interest or penalties as of September 30, 2020. Management does not anticipate that this will change significantly in the next twelve months.

KPNHA files income tax returns in the U. S. federal jurisdiction and the State of Hawaii. Tax regulations within each jurisdiction are subject to interpretation of the related tax laws and regulations and require significant judgment to apply. With few exceptions, the Organization is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2017.

Note 7. Reconciliation of Change in Assets with Net Cash Used by Operating Activities

| | (Unaudited) 2020 | (Audited) 2019 |
|--|---------------------|--------------------|
| Change in Net Assets | \$ (118,633) | \$ (26,823) |
| Add Depreciation | 1,516 | 1,694 |
| Adjustments to Reconcile: | | |
| Change in Inventory | (3,329) | 1,048 |
| Change in Accounts Payable | (4,672) | 1,101 |
| Change in Accrued Payroll and Related Expenses | 1,823 | 5,549 |
| Net Change Used by Operating Activities | <u>\$ (123,295)</u> | <u>\$ (17,431)</u> |

KILAUEA POINT NATURAL HISTORY ASSOCIATION
DBA FRIENDS OF KAUA'I WILDLIFE REFUGES

Notes to the Financial Statements
September 30, 2020

Note 8. Liquidity and Availability of Financial Assets

Management's policy is to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

| | | |
|--|----|----------|
| Financial Assets at September 30, 2020 | \$ | 117,030 |
| Less those unavailable to general expenditures within one year due to: | | |
| Restricted by Donor with purpose restrictions | | (35,173) |
| Financial assets available to meet cash needs for general expenditures within one year | \$ | 81,857 |

Note 9. Fair Value Measurements

This fair value hierarchy consists of three broad levels:

- Level 1 inputs consist of unadjusted quoted prices in active markets such as stock exchanges for identical assets and have the highest priority.
- Level 2 inputs consist of significant other observable inputs such as quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset and liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 inputs consist of significant unobservable inputs and include situations where there is little, if any, market activity for the investment. The inputs require significant judgment or estimates, such as those associated with discounted cash flow methodologies and appraisals.

Fair values of assets measured on a recurring basis are as follows, there are no liabilities or other assets measured at fair value on a recurring or non-recurring basis.

| Assets | Total as of September 30, 2020 | Quoted Prices Level 1 | Significant Other Inputs Level 2 | Significant Non- Observable Inputs Level 3 |
|-------------------------|-----------------------------------|--------------------------|--|--|
| Certificates of Deposit | \$ 110,206 | \$ 110,206 | \$ - | \$ - |

| Assets | Total as of September 30, 2019 | Quoted Prices Level 1 | Significant Other Inputs Level 2 | Significant Non- Observable Inputs Level 3 |
|-------------------------|-----------------------------------|--------------------------|--|--|
| Certificates of Deposit | \$ 135,101 | \$ 135,101 | \$ - | \$ - |

The fair value of the certificates of deposit is determined by reference to statements received from the financial institution holding the certificates of deposit.

KILAUEA POINT NATURAL HISTORY ASSOCIATION
DBA FRIENDS OF KAUA'I WILDLIFE REFUGES

Notes to the Financial Statements
September 30, 2020

Note 10. Subsequent Events

Subsequent to the year end the outbreak of COVID-19 pandemic was still ongoing. At the time these financial statements were available to be issued the situation remained very volatile and the full effect of the pandemic on the operations of the Association could not be determined.

In preparing these financial statements, KPNHA has evaluated events and transactions for potential recognition or disclosure through March 15, 2021, the date the financial statements were available to be issued.

Note 11. Payroll Protection Program Loan

On May 1, 2020, the Association received loan proceeds in the amount of \$55,000 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, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness can be reduced if the borrower terminates employees or reduces salaries over the period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Association intends to use the proceeds for purposes consistent with the PPP and therefore plans to meet the conditions for forgiveness of the loan. Until the bank has forgiven the indebtedness in whole or in part, the Association will maintain the loan balance on the balance sheet accordingly.

Note 12. Donated Services, Goods and Facilities

Donated services, goods and facilities are recognized as contributions in accordance with FASB ASC 958-605-25-16, *Accounting for Contributions Received and Contributions Made*. Contributions of donated noncash assets are recorded at their fair values in the period received. Donated professional services are reflected in the statement of activities at their fair value at the date of donation. The contribution of services are recognized if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Association. During the year ended September 30, 2020 and 2019, the Association recognized \$1,450 and \$1,500 in in-kind donations, respectively.

Note 13. Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases, which supersedes FASB Accounting Standards Codification (ASC) Topic 840, Leases, and makes other conforming amendments to U.S. GAAP. ASU 2016-02, requires, among other changes to the lease accounting guidance, lessees to recognize most leases on the balance sheet via a right-of-use asset and lease liability as well as additional qualitative and quantitative disclosures. ASU 2016-02 is effective for entity fiscal years beginning after December 15, 2020, but permits early adoption, and mandates a modified retrospective transition method. The provisions are effective for the Association's fiscal year ending September 30, 2022. Management is currently evaluating the impact that the adoption of these provisions will have on the financial statements, but expects ASU 2016-02 to add significant right-of-use assets and lease liabilities to the statement of financial position.