



**American Council on Science
and Health, Inc.**

Financial Statements

June 30, 2019 and 2018



INDEPENDENT AUDITORS' REPORT

The Board of Trustees American Council on Science and Health, Inc.

We have audited the accompanying financial statements of American Council on Science and Health, Inc. (the "Council") (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 auditors' 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 auditors consider 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 American Council on Science and Health, Inc. as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**The Board of Trustees
American Council on Science and Health, Inc.**

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Change in Accounting Principle

As discussed in Note 2 to the financial statements, during the year ended June 30, 2019, American Council on Science and Health, Inc. adopted new accounting guidance resulting in a change in the manner in which it presents net assets and reports certain aspects of its financial statements. Our opinion is not modified with respect to this matter.

Substantial Doubt about the Organization's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Council will continue as a going concern. As discussed in Note 3 to the financial statements, the Council's significant decreases in net assets raises substantial doubt about its ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding those matters also are described in Note 3. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

PKF O'Connor Davies, LLP

Stamford, Connecticut
February 7, 2020

American Council on Science and Health, Inc.

Statements of Financial Position

	June 30,	
	<u>2019</u>	<u>2018</u>
ASSETS		
Cash	\$ 73,689	\$ 94,345
Investments	298,842	996,298
Contributions receivable	100,000	120,801
Prepaid expenses and other current assets	11,558	33,578
Security deposit	4,485	82,602
Property and equipment, net	<u>-</u>	<u>19,335</u>
	<u>\$ 488,574</u>	<u>\$ 1,346,959</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 75,351	\$ 92,514
Deferred rent liability	<u>-</u>	<u>150,250</u>
Total Liabilities	<u>75,351</u>	<u>242,764</u>
 Net Assets		
Without donor restrictions	303,762	943,324
With donor restrictions	<u>109,461</u>	<u>160,871</u>
Total Net Assets	<u>413,223</u>	<u>1,104,195</u>
	<u>\$ 488,574</u>	<u>\$ 1,346,959</u>

See Notes to Financial Statements

American Council on Science and Health, Inc.

Statements of Activities

	Year Ended June 30, 2019			Year Ended June 30, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE						
Contributions	\$ 709,406	\$ 17,600	\$ 727,006	\$ 1,020,783	\$ 76,582	\$ 1,097,365
Publications revenue	834	-	834	3,516	-	3,516
Special event support, net of direct donor benefit expenses	(13,612)	-	(13,612)	-	-	-
Investment return	46,333	-	46,333	96,526	-	96,526
Net assets released from restrictions	69,010	(69,010)	-	43,520	(43,520)	-
Total Public Support and Revenue	<u>811,971</u>	<u>(51,410)</u>	<u>760,561</u>	<u>1,164,345</u>	<u>33,062</u>	<u>1,197,407</u>
EXPENSES						
Scientific and educational	1,128,110	-	1,128,110	1,409,371	-	1,409,371
Management and general	175,066	-	175,066	152,861	-	152,861
Fundraising	262,637	-	262,637	422,239	-	422,239
Total Expenses	<u>1,565,813</u>	<u>-</u>	<u>1,565,813</u>	<u>1,984,471</u>	<u>-</u>	<u>1,984,471</u>
Loss from Operations	(753,842)	(51,410)	(805,252)	(820,126)	33,062	(787,064)
OTHER CHANGES IN NET ASSETS						
Loss on disposal of property and equipment	(16,720)	-	(16,720)	-	-	-
Gain on cancellation of leases	131,000	-	131,000	-	-	-
Change in Net Assets	<u>(639,562)</u>	<u>(51,410)</u>	<u>(690,972)</u>	<u>(820,126)</u>	<u>33,062</u>	<u>(787,064)</u>
NET ASSETS						
Beginning of year	<u>943,324</u>	<u>160,871</u>	<u>1,104,195</u>	<u>1,763,450</u>	<u>127,809</u>	<u>1,891,259</u>
End of year	<u>\$ 303,762</u>	<u>\$ 109,461</u>	<u>\$ 413,223</u>	<u>\$ 943,324</u>	<u>\$ 160,871</u>	<u>\$ 1,104,195</u>

See Notes to Financial Statements

American Council on Science and Health, Inc.

Statements of Functional Expenses

	Year Ended June 30, 2019					Year Ended June 30, 2018			
	Scientific and Educational	Management and General	Fundraising	Direct Donor Benefits	Total Expenses	Scientific and Educational	Management and General	Fundraising	Total Expenses
PERSONNEL									
Salaries and wages	\$ 531,049	\$ 68,307	\$ 97,651	\$ -	\$ 697,007	\$ 681,644	\$ 69,502	\$ 123,093	\$ 874,239
Young scientists in America - wages	7,029	-	-	-	7,029	11,320	-	-	11,320
Payroll taxes	38,967	5,012	7,165	-	51,144	48,169	4,911	8,698	61,778
Employee benefits	73,763	9,488	13,564	-	96,815	54,722	5,580	9,882	70,184
Total Personnel	<u>650,808</u>	<u>82,807</u>	<u>118,380</u>	<u>-</u>	<u>851,995</u>	<u>795,855</u>	<u>79,993</u>	<u>141,673</u>	<u>1,017,521</u>
OTHER THAN PERSONNEL COSTS									
Direct mail expenses	-	-	42,132	-	42,132	3,945	-	181,285	185,230
Event production	-	-	-	40,431	40,431	-	-	-	-
Insurance	7,976	2,659	2,659	-	13,294	7,963	2,654	2,654	13,271
Merchant processing fees	1,597	508	315	-	2,420	2,159	687	425	3,271
Miscellaneous	580	724	114	-	1,418	87	290	17	394
Moving expenses	-	3,655	-	-	3,655	-	-	-	-
Network and computer expenses	6,365	2,025	1,254	-	9,644	8,342	2,654	1,643	12,639
Office equipment rental	3,151	405	580	-	4,136	3,676	375	664	4,715
Postage, storage, and freight	1,845	217	109	-	2,171	4,933	580	290	5,803
Printing and reproduction costs	375	44	22	5,316	5,757	17,614	2,072	1,036	20,722
Professional fees	23,327	73,576	84,195	11,565	192,663	25,399	44,853	72,663	142,915
Rent and utilities	215,265	6,798	4,532	-	226,595	255,212	8,059	5,373	268,644
Research	164,263	-	-	-	164,263	187,542	-	-	187,542
State registration fees	-	-	5,117	-	5,117	-	-	4,314	4,314
Stationery and office supplies	5,832	750	1,073	-	7,655	8,173	833	1,476	10,482
Telephone	4,987	642	917	-	6,546	6,535	666	1,180	8,381
Travel, meetings, and conventions	10,455	-	872	-	11,327	25,319	-	4,468	29,787
Travel - Washington DC	-	-	-	-	-	-	8,691	2,273	10,964
Website sidebar placement and other internet costs	29,291	-	-	-	29,291	52,160	-	-	52,160
Total Other Than Personnel Costs	<u>475,309</u>	<u>92,003</u>	<u>143,891</u>	<u>57,312</u>	<u>768,515</u>	<u>609,059</u>	<u>72,414</u>	<u>279,761</u>	<u>961,234</u>
Depreciation	1,993	256	366	-	2,615	4,457	454	805	5,716
	<u>1,128,110</u>	<u>175,066</u>	<u>262,637</u>	<u>57,312</u>	<u>1,623,125</u>	<u>1,409,371</u>	<u>152,861</u>	<u>422,239</u>	<u>1,984,471</u>
Direct donor benefits	-	-	-	(57,312)	(57,312)	-	-	-	-
Total Expenses	<u>\$ 1,128,110</u>	<u>\$ 175,066</u>	<u>\$ 262,637</u>	<u>\$ -</u>	<u>\$ 1,565,813</u>	<u>\$ 1,409,371</u>	<u>\$ 152,861</u>	<u>\$ 422,239</u>	<u>\$ 1,984,471</u>

See Notes to Financial Statements

American Council on Science and Health, Inc.

Statements of Cash Flows

	Year Ended June 30,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (690,972)	\$ (787,064)
Adjustments to reconcile change in net assets to net cash from operating activities		
Net realized and unrealized gains on investments	(36,636)	(69,651)
Gain on cancellation of leases	(131,000)	-
Lease buyout	(33,900)	-
Loss on disposal of property and equipment	16,720	-
Depreciation	2,615	5,716
Changes in operating assets and liabilities		
Contributions receivable	20,801	(112,746)
Prepaid expenses and other current assets	22,020	(15,005)
Security deposit	78,117	(6,000)
Accounts payable and accrued expenses	(17,163)	36,255
Deferred rent liability	14,650	42,516
Net Cash from Operating Activities	(754,748)	(905,979)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	-	(9,948)
Proceeds from sales of investments	734,092	728,795
Purchases of investments	-	(26,893)
Net Cash from Investing Activities	734,092	691,954
Net Change in Cash	(20,656)	(214,025)
CASH		
Beginning of year	94,345	308,370
End of year	\$ 73,689	\$ 94,345

See Notes to Financial Statements

American Council on Science and Health, Inc.

Notes to Financial Statements
June 30, 2019 and 2018

1. Organization and Tax Status

American Council on Science and Health, Inc. (the “Council”) is a nonprofit consumer education consortium concerned with issues related to food, nutrition, chemicals, pharmaceuticals, lifestyle, the environment and health. The Council was organized on January 1, 1977 as an unincorporated association. Support for the Council comes primarily from contributions.

The Council is exempt from Federal income tax under Section 501(c)(3) of the United States Internal Revenue Code.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Change in Accounting Guidance

On July 1, 2018, the Council adopted new U.S. GAAP guidance regarding the Presentation of Financial Statements of Not-for-Profit Entities. This guidance requires the Council to collapse the three-category (unrestricted, temporarily restricted, and permanently restricted) classification of net assets into two categories: with donor restrictions and without donor restrictions. In addition, the new guidance requires the Council to make certain expanded disclosures relating to (1) the liquidity of financial assets; and (2) expenses by both their natural and functional classification in one location in the financial statements. As a result of implementing this standard, prior year amounts for unrestricted net assets were reclassified to net assets without donor restrictions and temporarily restricted net assets were reclassified to net assets with donor restrictions.

Net Asset Presentation

Net assets of the Council are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

Net Assets Without Donor Restrictions – Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met. This category may also include amounts designated by the Board of Trustees.

Net Assets With Donor Restrictions – Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or be actions of the Council. Certain restrictions may require the assets to be maintained in perpetuity.

American Council on Science and Health, Inc.

Notes to Financial Statements
June 30, 2019 and 2018

2. Summary of Significant Accounting Policies (*continued*)

Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Allowance for Doubtful Contributions Receivable

The Council has considered a number of factors in estimating its allowance for doubtful contributions receivable, including the uncertainty of the current economy, ongoing circumstances surrounding contributors' continuing ability to meet their contribution obligations, and contribution payment history. If any of these factors were to change, it could have a material effect on the need for or amount of the estimated allowance. As of June 30, 2019 and 2018, management did not believe an allowance for doubtful contributions receivable was required.

Fair Value of Financial Instruments

The Council follows U.S. GAAP guidance on *Fair Value Measurements* which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Following is a description of the valuation methodologies used for assets measured at fair value, on a recurring basis. There have been no changes to the methodologies used at June 30, 2019 and 2018.

Equity Securities and Exchange Traded Funds: Valued at the closing price reported on the active market in which the individual securities or funds are traded.

Municipal and Corporate Bonds: Valued at the closing price reported on the active market on which the individual securities are traded. If prices in active markets are not available, government obligations and corporate bonds are valued based on yields currently available on comparable securities of issues with similar credit ratings.

American Council on Science and Health, Inc.

Notes to Financial Statements
June 30, 2019 and 2018

2. Summary of Significant Accounting Policies (continued)

Investment Valuation

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 5 for a discussion of fair value measurements.

Purchase and sales of securities are recorded on a trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Realized and unrealized gains include gains and losses on investments bought and sold as well as held during the year.

Property and Equipment

Property and equipment are recorded at cost at date of acquisition or, if received through donation, at estimated fair market value on the date received. Major improvements and repairs are capitalized and minor maintenance and repairs of property are expensed as incurred.

Depreciation is provided using the straight-line method over the estimated useful lives of the assets which range from three to five years.

Contributions

Contributions, including unconditional promises to give, are reported as revenues in the period received. Unconditional promises to give that are due beyond one year are discounted to reflect the present value of future cash flows using a risk adjusted discount rate assigned in the year the respective pledge originates. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any. Conditional promises to give are recognized when the conditions upon which they depend have been substantially met. If contributions are received with donor stipulations that limit their use either through purpose or time restrictions, the Council records them as contributions with donor restrictions. When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Accounting for Uncertainty in Income Taxes

The Council recognizes the effect of income tax positions only when they are more likely than not to be sustained. Management is not aware of any exposure to uncertain tax positions that require financial statement recognition or disclosure. The Council is no longer subject to examinations by the Federal government for periods ending on or prior to June 30, 2016.

American Council on Science and Health, Inc.

Notes to Financial Statements
June 30, 2019 and 2018

2. Summary of Significant Accounting Policies (continued)

Advertising

Advertising is expensed as incurred.

Functional Expense Allocation

Expenses are charged directly to Council program services, management and general, and fundraising based on specific identification to the extent practicable. Expenses related to more than one function have been allocated using reasonable ratios determined by management. Those expenses include personnel costs, professional fees, insurance, rent, and utilities, office expenses, depreciation, and miscellaneous which are allocated on the basis of square footage or estimated employee time spent on each functional area.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is February 7, 2020.

3. Going Concern

For the years ending June 30, 2019 and 2018, the Council incurred decreases of net assets of \$690,972 and \$787,064. If the current rate of decrease in net assets were to continue, liquid assets will not last one year from February 7, 2020.

To avoid any further projected cash outflow deficit, management plans to continue closely monitoring and reducing its general operating expenses. For the fiscal year ending June 30, 2019, management successfully negotiated the exit to lease obligations for its New York and Washington DC offices, relocated to a more affordable space, and reduced overall general operating costs by 25%.

Additionally, the Council plans to increase revenue via donor bequest commitments, continuing the growth trend of contributions received via online services and social media outreach, and personalizing donor relationships and commitments via targeted appeals. Subsequent to June 30, 2019, the Council received a contingent promise to give of up to \$100,000 dependent upon the Council raising matching gifts of \$100,000. During the fiscal year ending June 30, 2020, the Council succeeded in raising the required matching gifts and the donation of \$100,000 was received unconditionally.

There can be no assurance that the Council will be successful in increasing revenue or reducing expenses. Because of the uncertainty surrounding the Council to continue operations, there is substantial doubt about the Council's ability to continue as a going concern within one year after these financial statements were available to be issued from (February 7, 2020). The financial statements do not include any adjustments that might be necessary should the Council be unable to continue as a going concern.

American Council on Science and Health, Inc.

Notes to Financial Statements
June 30, 2019 and 2018

4. Contributions Receivable

Contributions receivable of \$100,000 and \$120,801 at June 30, 2019 and 2018 represent unconditional promises to give to fund operations for the years ended June 30, 2019 and 2018 that were not paid in full prior to June 30, 2019 and 2018. All amounts are due within one year.

5. Investments and Investment Returns

The following are the major categories of investments measured at fair value and categorized by the fair value hierarchy at June 30:

Description	2019		
	Level 1	Level 2	Total
Equity Securities			
Domestic	\$ 54,922	\$ -	\$ 54,922
Corporate bonds	-	243,920	243,920
	<u>\$ 54,922</u>	<u>\$ 243,920</u>	<u>\$ 298,842</u>

Description	2018		
	Level 1	Level 2	Total
Equity Securities			
Domestic	\$ 354,961	\$ -	\$ 354,961
Foreign	43,570	-	43,570
Exchange Traded Funds			
Domestic	24,565	-	24,565
Municipal bonds - taxable	-	107,408	107,408
Corporate bonds	-	465,794	465,794
	<u>\$ 423,096</u>	<u>\$ 573,202</u>	<u>\$ 996,298</u>

Net investment return, including interest on cash, consists of the following for the years ended June 30:

	2019	2018
Interest and dividends	\$ 15,240	\$ 38,129
Realized gains	111,205	198,137
Unrealized losses	(74,569)	(128,486)
Investment Income, Gross	51,876	107,780
Less investment fees	(5,543)	(11,254)
Investment Income, Net	<u>\$ 46,333</u>	<u>\$ 96,526</u>

American Council on Science and Health, Inc.

Notes to Financial Statements
June 30, 2019 and 2018

6. Property and Equipment

The following is a summary of property and equipment at June 30:

	2019	2018
Office furniture and equipment	\$ -	\$ 97,270
Computers	-	24,867
	-	122,137
Less accumulated depreciation	-	(102,802)
	<u>\$ -</u>	<u>\$ 19,335</u>

The Council relocated in March 2019 to a shared workspace location and disposed of all of its property and equipment. The loss on disposal of these assets is reflected as a change in net assets in the statements of activities for \$16,720.

7. Compensated Absences

The Council allows employees to receive compensation for vacation, personal, and sick leave, with certain limitations. The accompanying financial statements include an accrual for unused vacation leave. While unused sick and personal leave may be accumulated indefinitely, it can only be used for actual sick and personal leave and is not payable upon separation of employment. Since the amount of accrued sick and personal leave that will ultimately be taken cannot be reasonably estimated, it is the Council's policy to record the cost when actually paid to employees. As of June 30, 2019, the total unused sick and personal leave that could be taken amounts to approximately \$74,000. Additionally, the Council offers to pay one week of salary for each year of service, up to a maximum of 10 weeks of salary, in the event an employee has a serious illness requiring hospitalization. The potential maximum cost that could be incurred under this policy as of June 30, 2019 is approximately \$57,000.

8. Liquidity and Availability of Financial Assets

Total financial assets available to meet cash needs for general expenditures within one year at June 30, 2019 are as follows:

Cash	\$ 73,689
Investments	298,842
Contributions receivable	<u>100,000</u>
Financial assets as of year end	472,531
Less amounts unavailable for general expenditures due to:	
Subject to grantor purpose restrictions	<u>(109,461)</u>
Financial Assets as of Year End Available to Meet Needs for General Expenditures	<u>\$ 363,070</u>

American Council on Science and Health, Inc.

Notes to Financial Statements
June 30, 2019 and 2018

9. Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following as of June 30:

	<u>2019</u>	<u>2018</u>
Young Scientists in America	\$ 35,760	\$ 42,788
Elizabeth Whelan Chair in Epidemiology	73,701	73,701
Big Fears, Little Risks	-	44,382
	<u>\$ 109,461</u>	<u>\$ 160,871</u>

Amounts released from net assets with donor restrictions consisted of the following for the years ended June 30:

	<u>2019</u>	<u>2018</u>
Young Scientists in America	\$ 7,029	\$ 11,320
Big Fears, Little Risks	61,981	32,200
	<u>\$ 69,010</u>	<u>\$ 43,520</u>

10. Pension Plan

The Council maintains a defined contribution pension plan (the "Plan") qualified under Section 403(b) of the Internal Revenue Code covering all of its eligible employees. Eligible employees may make voluntary contributions to the Plan. Employer contributions to the Plan are at the discretion of the Council and are computed as a percentage of each employee's basic compensation for all enrolled members who have completed one year of service. Employer contributions charged to expense amounted to \$0 for the years ended June 30, 2019 and 2018.

11. Operating Leases

The Council exited its New York City lease agreement effective May 8, 2019 for office space and moved into a shared workspace in March 2019. The Council applied its security deposit against the rent owed. The New York City lessor did not invoice the Council for the remaining balance due and therefore this amount was not accrued as of June 30, 2019. The Council paid to terminate its Washington, DC lease agreement for office space as of February 21, 2019, of which \$6,100 was applied to the open rent expense liability.

The termination of the lease agreements resulted in the reversal of the deferred rent liability amounting to \$164,900. This reversal is shown net of payment for lease buyout as gain on cancellation of leases in other changes in net assets in the statement of activities. Rent expense for 2019 and 2018, including utilities and escalations, totaled \$200,615 and \$189,225, respectively.

American Council on Science and Health, Inc.

Notes to Financial Statements
June 30, 2019 and 2018

12. Related Party Transactions

Contributions of approximately \$228,750 and \$124,650 were from board members for the years ended June 30, 2019 and 2018.

The Council made payments to a company owned by a person who was an officer and board member of the Council for the year ended June 30, 2018 and part of the year ended June 30, 2019 in exchange for a sidebar located on the company's website displaying links to articles produced by the Council. The Council paid the company \$27,000 and \$50,000 for the years ended June 30, 2019 and 2018.

13. Concentration of Credit Risk

Financial instruments that potentially subject the Council to significant concentrations of credit risk consist principally of cash and cash equivalents and marketable securities. At times, balances held at financial institutions may be in excess of federally insured limits. The Council has not experienced any losses on its holdings at financial institutions.

14. Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU replaces nearly all existing U.S. GAAP guidance on revenue recognition. In August 2015, the FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers: Topic 606: Deferral of Effective Date*. This standard delays the effective date for non-public entities to fiscal years beginning after December 15, 2018, with early adoption permitted. The Council is evaluating the impact the pronouncement may have on the financial statements.

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-profit Entities, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard clarifies and improves guidance on evaluation whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. This standard is effective for non-public entities' fiscal years beginning after December 15, 2018. The Council is evaluating the impact the pronouncement may have on the financial statements.
