**SARGENT SHRIVER NATIONAL CENTER
ON POVERTY LAW**

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

SARGENT SHRIVER NATIONAL CENTER ON POVERTY LAW
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

INDEPENDENT AUDITORS' REPORT	**1**
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	**3**
STATEMENTS OF ACTIVITIES	**5**
STATEMENTS OF FUNCTIONAL EXPENSES	**7**
STATEMENTS OF CASH FLOWS	**9**
NOTES TO FINANCIAL STATEMENTS	**10**

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Sargent Shriver National Center on Poverty Law
Chicago, Illinois

We have audited the accompanying financial statements of Sargent Shriver National Center on Poverty Law (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, 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 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.

Board of Directors
Sargent Shriver National Center on Poverty Law

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sargent Shriver National Center on Poverty Law as of December 31, 2018 and 2017, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2018, Sargent Shriver National Center on Poverty Law adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Oak Brook, Illinois
June 14, 2019

SARGENT SHRIVER NATIONAL CENTER ON POVERTY LAW
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 1,781,571	$ 2,346,804
Investments:		
Without Donor Restrictions	435,439	329,520
With Donor Restrictions Endowment Fund, Accumulated Earnings	195,856	274,680
Grants Receivable, net of Allowance for Uncollectible Promises To Give of $50,000 and $0 at December 31, 2018 and 2017, Respectively	1,498,797	2,164,479
Pledges Receivable, net of Allowance for Uncollectible Promises to Give of $20,000 and $0 at December 31, 2018 and 2017, Respectively	100,120	126,400
Other Receivables	737,564	124,056
Prepaid Expenses	156,707	165,645
Inventory	11,400	12,000
Funds Held on Behalf of Others	80,000	-
Total Current Assets	4,997,454	5,543,584
OTHER ASSETS		
Net Property and Equipment	293,402	307,406
Investments - With Donor Restrictions	866,267	863,767
Grants Receivable, Long-Term, With Donor Restrictions	651,104	328,041
Pledges Receivable, Long-Term, With Donor Restrictions	109,515	198,029
Lease Deposit	-	18,792
Intangible Assets, Net	54,375	-
Total Other Assets	1,974,663	1,716,035
Total Assets	$ 6,972,117	$ 7,259,619

See accompanying Notes to Financial Statements.

SARGENT SHRIVER NATIONAL CENTER ON POVERTY LAW
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2018 AND 2017

	2018	2017
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$ 65,826	$ 114,615
Accrued Compensation	229,864	204,203
Deferred Revenue	48,699	56,394
Funds Held on Behalf of Others	80,000	-
Total Current Liabilities	424,389	375,212
OTHER LIABILITIES		
Deferred Rent	48,577	-
Total Liabilities	472,966	375,212
NET ASSETS		
Without Donor Restrictions	634,932	503,960
With Donor Restrictions	5,864,219	6,380,447
Total Net Assets	6,499,151	6,884,407
Total Liabilities and Net Assets	$ 6,972,117	$ 7,259,619

See accompanying Notes to Financial Statements.

SARGENT SHRIVER NATIONAL CENTER ON POVERTY LAW
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Contributions - Foundation and Corporate	$ 481,000	$ 3,541,420	$ 4,022,420
Contributions - Individuals	363,636	21,656	385,292
Fellowship Contributions	-	123,155	123,155
Special Events	822,791	-	822,791
Service Contracts	25,050	-	25,050
Earned Revenue	352,182	-	352,182
In-Kind Donations	36,000	-	36,000
Attorney Fees, Court Fees, and Honorariums	668,350	-	668,350
Miscellaneous Income	3,875	-	3,875
Investment Gain (Loss) - Net	7,722	(78,824)	(71,102)
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	3,734,685	(3,734,685)	-
Satisfaction of Time Restrictions	388,950	(388,950)	-
Total Public Support and Revenue	6,884,241	(516,228)	6,368,013
EXPENSES			
Program Services:			
Advocacy	4,119,745	-	4,119,745
Advocate Resources and Training	1,045,116	-	1,045,116
Total Program Services	5,164,861	-	5,164,861
Costs of Direct Benefits to Donors	85,630	-	85,630
Supporting Services:			
Management and General	693,997	-	693,997
Fundraising	808,781	-	808,781
Total Supporting Service	1,502,778	-	1,502,778
Total Expenses	6,753,269	-	6,753,269
CHANGE IN NET ASSETS	130,972	(516,228)	(385,256)
Net Assets - Beginning of Year	503,960	6,380,447	6,884,407
NET ASSETS - END OF YEAR	$ 634,932	$ 5,864,219	$ 6,499,151

See accompanying Notes to Financial Statements.

SARGENT SHRIVER NATIONAL CENTER ON POVERTY LAW
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Contributions - Foundation and Corporate	$ 586,200	$ 4,305,333	$ 4,891,533
Contributions - Individuals	381,883	144,989	526,872
Fellowship Contributions	-	192,998	192,998
Special Events	847,643	-	847,643
Cy Pres Awards	4,035	-	4,035
Service Contracts	15,269	-	15,269
Earned Revenue	162,406	-	162,406
In-Kind Donations	66,128	-	66,128
Attorney Fees, Court Fees, and Honorariums	212,351	-	212,351
Investment Gain - Net	30,782	161,859	192,641
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	3,471,851	(3,471,851)	-
Satisfaction of Time Restrictions	537,200	(537,200)	-
Total Public Support and Revenue	6,315,748	796,128	7,111,876
EXPENSES			
Program Services:			
Advocacy	3,607,665	-	3,607,665
Advocate Resources and Training	708,009	-	708,009
Total Program Services	4,315,674	-	4,315,674
Costs of Direct Benefits to Donors	115,825	-	115,825
Supporting Services:			
Management and General	708,581	-	708,581
Fundraising	985,787	-	985,787
Total Supporting Service	1,694,368	-	1,694,368
Total Expenses	6,125,867	-	6,125,867
CHANGE IN NET ASSETS	189,881	796,128	986,009
Net Assets - Beginning of Year	314,079	5,584,319	5,898,398
NET ASSETS - END OF YEAR	$ 503,960	$ 6,380,447	$ 6,884,407

See accompanying Notes to Financial Statements.

SARGENT SHRIVER NATIONAL CENTER ON POVERTY LAW
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018

	Program Services			Supporting Services		
	Advocacy	Advocate Resources and Training	Costs of Direct Benefits to Donors	Management and General	Fundraising	Total
Personnel Expenses:						
Salaries	$ 1,793,941	$ 514,417	$ -	$ 310,835	$ 346,376	$ 2,965,569
Fellowships	217,937	-	-	-	-	217,937
Health, Disability, and Life Insurance	325,208	91,604	-	56,460	61,877	535,149
Payroll Taxes	144,916	40,610	-	25,736	27,479	238,741
Retirement Plan Contributions	68,423	19,475	-	12,022	13,176	113,096
Total Personnel Expenses	2,550,425	666,106	-	405,053	448,908	4,070,492
Consultants	29,845	21,230	-	20,239	25,009	96,323
Program Consultants	376,221	80,743	-	-	-	456,964
Sub-Grantees	208,900	-	-	-	-	208,900
VISTA Program	46,669	12,741	-	316	5,928	65,654
Auditing	-	-	-	23,700	-	23,700
Payroll and Benefits Administration	-	-	-	26,748	-	26,748
Technology	118,113	31,950	-	4,720	16,950	171,733
Occupancy	286,068	68,881	-	46,160	57,009	458,118
Liability Insurance	21,868	3,840	-	2,574	3,178	31,460
Telephone and Communications	14,254	6,395	-	2,300	2,841	25,790
Staff Travel	58,881	45,209	-	4,563	7,984	116,637
Equipment and Network Maintenance	6,845	1,648	-	1,105	1,364	10,962
Supplies	14,479	4,930	-	1,739	6,160	27,308
Postage	2,774	517	-	173	1,909	5,373
Printing and Copying	10,065	1,785	-	193	6,816	18,859
Conference and Fees	70,565	11,540	-	1,532	3,882	87,519
Convenings	140,736	42,850	-	-	-	183,586
Meetings and Special Events	17,511	24,477	85,630	367	184,772	312,757
Coalition Expense	5,838	-	-	-	776	6,614
Litigation and Client Costs	38,852	-	-	-	-	38,852
Board Costs	-	-	-	8,067	456	8,523
Dues and Fees	29,398	2,469	-	539	3,465	35,871
Subscriptions and Fees	18,486	4,082	-	38	8,999	31,605
Bank Charges and Interest	5,325	2,255	-	859	12,884	21,323
Uncollectible Promises to Give	-	-	-	123,833	-	123,833
Loss on Disposal of Property and Equipment	-	-	-	2,545	-	2,545
Unrelated Business Income Tax	-	-	-	8,948	-	8,948
Depreciation and Amortization	47,627	11,468	-	7,686	9,491	76,272
Total Expenses	$ 4,119,745	$ 1,045,116	$ 85,630	$ 693,997	$ 808,781	$ 6,753,269

See accompanying Notes to Financial Statements.

SARGENT SHRIVER NATIONAL CENTER ON POVERTY LAW
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

	Program Services			Supporting Services		
	Advocacy	Advocate Resources and Training	Costs of Direct Benefits to Donors	Management and General	Fundraising	Total
Personnel Expenses:						
Salaries	$ 1,778,229	$ 349,642	$ -	$ 396,378	$ 431,615	$ 2,955,864
Fellowships	191,783	-	-	-	-	191,783
Health, Disability, and Life Insurance	299,653	54,825	-	57,686	67,070	479,234
Payroll Taxes	151,254	27,503	-	29,000	33,709	241,466
Retirement Plan Contributions	81,050	14,820	-	15,624	18,165	129,659
Total Personnel Expenses	2,501,969	446,790	-	498,688	550,559	3,998,006
Consultants	5,400	799	-	937	73,839	80,975
Program Consultants	197,937	101,130	-	-	-	299,067
Sub-Grantees	166,900	-	-	-	-	166,900
VISTA Program	49,266	5,966	-	2,226	2,743	60,201
Auditing	-	-	-	24,200	-	24,200
Payroll and Benefits Administration	-	-	-	24,733	-	24,733
Technology	69,940	10,770	-	2,752	13,587	97,049
Occupancy	205,067	35,275	-	38,731	47,256	326,329
Liability Insurance	21,398	2,420	-	2,855	3,484	30,157
Telephone and Communications	13,187	5,198	-	2,415	2,947	23,747
Staff Travel	55,388	47,313	-	3,572	13,663	119,936
Equipment and Network Maintenance	6,800	1,088	-	1,284	1,567	10,739
Supplies	6,897	3,428	-	796	2,585	13,706
Postage	2,966	522	-	308	5,771	9,567
Printing and Copying	5,384	1,562	-	148	15,208	22,302
Conference and Fees	66,613	8,669	-	813	5,281	81,376
Convenings	113,929	-	-	-	-	113,929
Meetings and Special Events	22,275	25,625	115,825	713	218,911	383,349
Coalition Expense	6,033	-	-	-	366	6,399
Litigation and Client Costs	21,345	-	-	-	-	21,345
Board Costs	-	-	-	8,312	-	8,312
Dues and Fees	22,533	2,446	-	367	1,307	26,653
Subscriptions and Fees	14,188	2,900	-	13	8,280	25,381
Bank Charges and Interest	1,277	1,150	-	185	11,296	13,908
Uncollectible Promises to Give	-	-	-	77,723	-	77,723
Loss on Disposal of Property and Equipment	-	-	-	10,960	-	10,960
Depreciation and Amortization	30,973	4,958	-	5,850	7,137	48,918
Total Expenses	$ 3,607,665	$ 708,009	$ 115,825	$ 708,581	$ 985,787	$ 6,125,867

See accompanying Notes to Financial Statements.

SARGENT SHRIVER NATIONAL CENTER ON POVERTY LAW
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received - Contributions	$ 4,844,809	$ 5,238,735
Cash Received - Special Events	783,366	834,493
Cash Received - Cy Pres Awards	-	4,035
Cash Received - Service Contracts	13,050	44,522
Cash Received - Earned Revenue	340,427	198,275
Cash Received - Attorney Fees, Court Fees, and Honorariums	117,072	126,659
Cash Received - Sale of Donated Stock	12,138	3,000
Cash Received - Interest and Dividend Income	33,967	30,046
Payments for Wages and Other Operating Activities	(6,458,710)	(6,082,610)
Net Cash Provided (Used) by Operating Activities	(313,881)	397,155
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(34,662)	(36,803)
Proceeds from Sale of Investments	-	71,965
Transfer of Cash from Investments	-	13,000
Purchase of Property and Equipment	(64,815)	(211,181)
Purchase of Intangible Assets	(54,375)	-
Net Cash Used by Investing Activities	(153,852)	(163,019)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Received - Endowment	2,500	1,000
Transfer from Operations to Board Directed Fund	(100,000)	-
Net Cash Provided (Used) by Financing Activities	(97,500)	1,000
NET CHANGE IN CASH AND CASH EQUIVALENTS	(565,233)	235,136
Cash and Cash Equivalents - Beginning of Year	2,346,804	2,111,668
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 1,781,571	$ 2,346,804

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Sargent Shriver National Center on Poverty Law (the Shriver Center) is an Illinois not-for-profit corporation that provides national leadership in advancing laws and policies that secure justice to improve the lives and opportunities of people living in poverty.

The Shriver Center envisions a nation free from poverty, with justice, equity, and opportunity for all. In furtherance of its mission, the Shriver Center advocates for state and federal laws and policies that address poverty and racial inequality; leads, equips, and mobilizes multistate networks to advance an anti-poverty and racial justice agenda; and strengthens the core competencies of equal justice advocates across the country through training and leadership programs.

The Shriver Center's Advocacy Programs advance laws, policies, and systems changes that improve the lives and opportunities of people living in poverty. Shriver Center advocates focus on issues that have the greatest impact on people living in poverty: community justice, economic justice, healthcare justice, and housing justice. Understanding that poverty cannot be effectively addressed without addressing racial inequality, the Shriver Center uses a racial justice lens to set its advocacy agenda. Shriver Center advocates use multifaceted approach, including litigation to combat mounting state and federal threats while also tackling structural racism and discrimination head on; policy to uncover systemic inequities and create new pathways for opportunity through legislation and system changes; and multistate advocacy to harness the power of the Shriver Center's growing networks. The Shriver Center has a track record of accomplishments in its home state of Illinois, and is working to broaden its advocacy wins, state by state and at the federal level.

The Shriver Center's Advocate Resources and Training Program (ART) offers the specialized training and leadership development equal justice advocates need to obtain bigger, better, and bolder gains for their clients. Rooted in social justice and racial equity values, the Shriver Center's training programs are designed to foster innovation and collaboration while building advocates' skills and capacities.

The Shriver Center, through its Advocacy and ART programs, builds teams and develops leaders through several networks of state advocates. Each of these networks connects advocates to one another and to the intelligence and information resource networks they need to be effective. Two of the Shriver Center's most active networks include:

- ***The Legal Impact Network***, a dynamic collaborative of 36 advocacy organizations from across the country working with communities to end poverty and achieve racial justice at the federal, state, and local levels. Through working groups and convenings, Legal Impact Network members share victories and expertise, and develop resources, strategies, model policies and legal tools to maximize impact across the country.

- ***The Racial Justice Training Institute,*** a groundbreaking national leadership program, grounded in a commitment to race-equity as an integral and essential part of anti-poverty advocacy. Following six months of intensive training, Fellows join a national network of RJTI alumni who are advancing race equity all throughout the country. RJTI has cultivated 200 advocates representing 81 organizations in 28 states.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization (Continued)

The Shriver Center also connects and equips advocates through the ***Clearinghouse Community***, a unique online collection of tools and resources where advocates can explore best practices and recent developments in the law. More than 3,600 advocates visit the Clearinghouse Community each month.

In December 2018, the board of directors approved a new trade name and rebranding of the Shriver Center. The new name and logo are expected to be launched in June 2019.

Income Tax Status

The Shriver Center was recognized as exempt from federal income tax by the Internal Revenue Service (IRS) pursuant to the provisions of Internal Revenue Code Section 501(c)(3). The Shriver Center qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization that is not a private foundation under Section 509(a)(1). The tax exempt purpose of the Shriver Center and the nature in which it operates is described above. The Shriver Center continues to operate in compliance with its tax exempt purpose. The Shriver Center is subject to income taxes on its unrelated business income. Income tax expense was $8,948 and $-0- for the years ended December 31, 2018 and 2017, respectively.

The Shriver Center has determined that it does not have uncertain tax positions and, therefore, has not recorded a liability for any unrecognized tax benefits.

Basis of Accounting

The accounts and financial statements are maintained on the accrual basis of accounting and accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The Shriver Center reports 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, as required by accounting principles generally accepted in the United States of America (GAAP) and defined as follows:

Net Assets Without Donor Restrictions – Those resources over which the board of directors (board) has discretionary control.

Net Assets With Donor Restrictions – Those resources subject to donor-imposed restrictions which will be satisfied by actions of the Shriver Center or the passage of time.

Those resources subject to a donor-imposed restriction that they be maintained permanently by the Shriver Center. The donors of these resources permit the Shriver Center to use all or part of the income earned, including capital appreciation, or related investments for unrestricted or restricted purposes.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with 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 the revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of bank deposits in federally insured accounts. At December 31, 2018 and 2017, the Shriver Center's bank deposits exceeded federally insured limits by approximately $1,798,000 and $1,990,000, respectively. The Shriver Center has not experienced any losses in such accounts and management believes the Shriver Center is not exposed to any significant credit risk related to cash and cash equivalents. During 2017, the Shriver Center changed its primary financial institution to one that further mitigates this potential risk.

Investments

Investments are carried at fair value at each fiscal year-end. Realized and unrealized gains and losses are reflected in the statements of activities. Fair value is based on quoted market prices. Donated stock is sold upon receipt and recorded at fair market value at the date of donation.

Funds Held for Others

The Shriver Center held funds in a separate account for the administration of its SEED program, which in prior years offered eligible participants seed funding for college savings accounts. At December 31, 2016, funds held on behalf of others amounted to $686 and had also been reflected as a liability in the accompanying statements of financial position. This account was closed during 2017.

The Shriver Center opened a new Interest on Lawyers Trust Account (IOLTA) during 2018 pursuant to the terms of settlement on a class-action lawsuit. The Shriver Center received $120,000 in the new interest-bearing account to be remitted in proportionate share to claimants. The balance of unpaid claims reflected as funds held on behalf of others at December 31, 2018 amounted to $80,000 and is also reflected as a liability in the accompanying statements of financial position.

Grants and Pledges Receivable

Grants and pledges receivable represent amounts promised by donors (unconditional promises to give), some of which are due in installments. Amounts due by more than a year in the future are recorded net of a present value discount, which is based on a risk-free rate of return. Grants receivable is shown net of an allowance for uncollectible promises to give of $50,000 and $-0-, respectively and pledges receivable is shown net of an allowance for uncollectible promises to give of $20,000 and $-0-, respectively at December 31, 2018 and 2017 based on the Shriver Center's historical collection experience.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Receivables

In 2018 and 2017, the Shriver Center's other receivables related to an outstanding payment for advocacy and related services provided. The Shriver Center does not accrue interest on past due accounts. Receivables are written off only after all collection attempts have failed and are based on individual credit evaluation and the specific circumstances. An allowance for doubtful accounts was not deemed necessary at December 31, 2018 and 2017 based on the Shriver Center's historical collection experience.

Inventory

Inventory consists of unused airline vouchers which are recorded at the fair value of the donation based on information provided by the donor. Tickets are expected to be used during the next fiscal year.

Property and Equipment

Expenditures for property and equipment over $1,000 and items which substantially increase the useful lives of existing assets are capitalized at cost. The Shriver Center provides for depreciation on the straight-line method at rates designed to depreciate the costs of assets over estimated useful lives of three to ten years.

Intangible Assets

Amortizable intangible assets consist of intellectual property related to the naming rights of the Shriver Center. These assets are amortized on a straight-line basis over the assets' estimated useful lives. The Shriver Center reviews the intangible assets for impairment on or about December 31 of each year. Recoverability for these assets is measured by comparing their carrying amounts to their fair values. If the assets are considered impaired, the impairment to be recognized would equal the amount by which the carrying value of the assets exceed their fair values. The Shriver Center did not record any impairment charges during 2018 and 2017.

Accrued Compensation

The Shriver Center accrues for vacation time benefits that would be payable upon an employee's separation from employment with the Shriver Center. No employee shall accumulate more than 30 days (210 hours) vacation leave.

Deferred Revenue

Training registration fees collected in advance of training events are included in deferred revenue. Deferred revenue for training events is recognized upon completion of the training event.

Deferred Rent

Rent expense is being recognized on a straight-line basis over the life of the lease. The difference between rent expense recognized and rental payments, as stipulated in the lease, is reflected as deferred rent in the statements of financial position.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Support and Revenue

The Shriver Center reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

The Shriver Center reports gifts of land, buildings, and equipment as without donor restricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as with donor restricted support. Absent explicit donor stipulations regarding how long those long-lived assets must be maintained, the Shriver Center reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. Furniture and office equipment valued at $30,128 was donated to the Shriver Center during the year ended December 31, 2017 with no restrictions as to the use of the donation. No such donations were received during the year ended December 31, 2018.

Training fees are recognized as revenue when the related training event is conducted.

Donated Services

Contributions of services are required to be recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Shriver Center received no donated services that were valued and recorded in 2018 and 2017.

During 2018 and 2017 the Shriver Center received donated work from various volunteers, fellows, and nonattorney AmeriCorps VISTAs which did not meet the above requirements to be recorded as donated services.

Some of the Shriver Center’s eight nonattorney AmeriCorps VISTAs were provided at no cost to the Shriver Center through the federally funded AmeriCorps VISTA program and the remainder were provided on a cost-share basis. Expenses including monthly transportation subsidies, housing stipends, professional development, and travel related to the AmeriCorps VISTA program were also incurred by the Shriver Center during 2018 and 2017.

In-Kind Contributions

In addition to receiving cash contributions, the Shriver Center receives in-kind contributions from various donors. It is the policy of the Shriver Center to record the estimated fair value of certain in-kind donations as an expense in its financial statements, and similarly increase donation revenue by a like amount. Fair value is assigned based on information provided by the donor. For the years ended December 31, 2018 and 2017, the Shriver Center received donated airline vouchers valued at $36,000. In 2017, the Shriver Center received donated furniture and office equipment valued at $30,128. As such, total in-kind contributions for 2018 and 2017 were $36,000 and $66,128, respectively.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Certain Vulnerabilities and Concentrations

During the year ended December 31, 2018, the Shriver Center received approximately 33% of its funding from one major donor. At December 31, 2018, the Shriver Center had 2 donors that comprised 58% of grants receivable.

During the year ended December 31, 2017, the Shriver Center received approximately 21% of its funding from one major donor. At December 31 2017, the Shriver Center had 3 donors that comprised 44% of grants receivable.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and the statements of functional expenses. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy costs which are allocated based on the number of employees dedicated to each functional area, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort.

Sub-Grantee Expense

From time to time, the Shriver Center may provide funding to a third party to collaborate with the Shriver Center in carrying out a portion of the scope of work or objective of the Shriver Center’s award agreement with a foundation donor or other awarding agency. These funding arrangements are listed as sub-grantee expense in the statements of functional expenses.

Liquidity

There is an established board-designated fund where the governing board has the objective of setting funds aside to be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside of the typical life cycle of converting financial assets to cash or settling financial liabilities. The Board has committed to grow the fund annually by $100,000 from any operating surplus or special fundraising activities. The fund or liquidity reserve is at $435,439 as of December 31, 2018.

In the event of an unanticipated liquidity need, Shriver Center also could draw upon $250,000 of available line of credit. $250,000 of the $500,000 credit line is collateralized for a letter of credit on the Shriver Center’s office lease.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Liquidity (Continued)

The following reflects Shriver Center's financial assets as of the statement of financial position date:

Current Financial Assets, as of December 31, 2018	$	4,997,454
Less:		
Inventory, Prepaid, Escrow, Restricted and Designated Investments		(879,402)
Net Contractual or Donor-Imposed Restrictions Making Financial Assets Unavailable for General Expenditure		(3,344,694)
Financial Assets Available Within One Year to Meet Cash Needs for General Expenditures Within One Year	$	773,358

Amounts not available include amounts set aside for long-term investing in the board-directed fund (quasi-endowment) that could be drawn upon if the governing board approves that action, donor restricted endowment fund plus its earnings and grants-fellowships receivables.

Adoption of New Accounting Standard

In 2018, the Shriver Center adopted Accounting standards Update (ASU) No. 2016-14 – *Not-for-Profit entities (Topic 958): Presentation of Financial statements of Not-for-Profit Entities*. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes to the financial statements about a not-for-profit entity's liquidity, financial performance, and cash flows. Main provisions of this guidance include: presentation of two classes of net assets versus the previously required three; recognition of capital gifts for construction as a net asset without donor restrictions when the associated long-lived asset is placed in service; and recognition of underwater endowment funds as a reduction in net assets with donor restrictions. The guidance also enhances disclosures for board-designated amounts, composition of net assets without donor restrictions, liquidity, and expenses by both their natural and functional classifications.

NOTE 2 INVESTMENTS

A summary of investments at fair value as of December 31 is as follows:

	2018		2017	
	Cost	Fair Value	Cost	Fair Value
Domestic Large Cap Blend Fund-With Donor Restrictions	$ 1,171,315	$ 1,062,123	$ 1,124,101	$ 1,138,447
Money Market Fund-Board Designated	435,439	435,439	329,520	329,520
Total Investments	$ 1,606,754	$ 1,497,562	$ 1,453,621	$ 1,467,967

NOTE 2 INVESTMENTS (CONTINUED)

A summary of investments by net asset classification as of December 31 is as follows:

	2018	2017
Without Donor Restrictions	$ 435,439	$ 329,520
With Donor Restrictions	1,062,123	1,138,447
Total	$ 1,497,562	$ 1,467,967

Investment income recorded in the statements of activities is as follows for the years ended December 31:

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and Dividends, Net of Fees	$ 7,722	$ 26,244	$ 33,966
Unrealized Loss	-	(105,068)	(105,068)
Total Investment Income (Loss)	$ 7,722	$ (78,824)	$ (71,102)

	2017		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and Dividends, Net of Fees	$ 5,722	$ 24,323	$ 30,045
Realized Gain	-	12,008	12,008
Unrealized Gain	25,060	125,528	150,588
Total Investment Income	$ 30,782	$ 161,859	$ 192,641

NOTE 3 FAIR VALUE MEASUREMENTS

GAAP defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in the most advantageous market in an orderly transaction between market participants on the measurement date.

GAAP establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The standard describes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2 – Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

The fair value of debt and equity investments that are readily marketable is determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs) or by quoted market prices of similar securities with similar due dates or matrix pricing, which is a mathematical technique widely used in the industry to value debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on securities' relationship to other benchmark quoted securities (Level 2 inputs).

Assets and Liabilities Measured on a Recurring Basis

Assets and liabilities measured at fair value at December 31 are classified as Level 1 and are summarized as follows:

	2018	2017
Assets - Investments	$ 1,497,562	$ 1,467,967

NOTE 4 GRANTS AND PLEDGES RECEIVABLE

Grants and pledges receivable at December 31 are due as follows:

	2018	2017
Within One Year, Net of Allowance for Uncollectible Promises to Give of $70,000 and $0, Respectively	$ 1,598,917	$ 2,290,879
One to Five Years, Net of Present Value Discount of $22,418 and $17,119, Respectively	760,619	526,070
Total	$ 2,359,536	$ 2,816,949

Grants and pledges receivable are designated by the donor for the following at December 31, 2018:

General Advocacy	$ 247,417
Healthcare Advocacy	184,659
Legal Impact Network	1,064,678
Housing Advocacy	195,000
Fellowships	113,248
Grants and Pledges, Shriver Challenge	209,537
Grants, Restricted for Time	344,997
Total Contributions Receivable	$ 2,359,536

NOTE 4 GRANTS AND PLEDGES RECEIVABLE (CONTINUED)

Grants and pledges receivable are designated by the donor for the following at December 31, 2017:

General Advocacy	$	242,304
Healthcare Advocacy		338,530
Advocate Resources and Training		460,000
Economic Justice: Budget & Tax		23,000
Community Justice Advocacy		20,000
Housing Advocacy		195,000
Fundraising Assessment		6,000
Education Advocacy		500,000
Women's Law and Policy Project		40,000
Fellowships		215,287
Grants and Pledges, Shriver Challenge		374,429
Grants, Restricted for Time		402,399
Total Contributions Receivable	$	2,816,949

As of December 31, 2018 and 2017, grants and pledges receivable more than one year in the future were discounted based upon payment terms using a discount factor of 3.07% and 2.11%, respectively, which reflects the mid-term applicable federal rate (AFR) as recorded on the IRS website.

NOTE 5 INTANGIBLE ASSETS

Intangible assets were as follows at December 31:

	Estimated Useful Life	Gross Carrying Amount	2017 Accumulated Amortization	2017 Net Intangible Value	2018 Accumulated Amortization	2018 Net Intangible Value
Training Programs	6 Years	$ 84,120	$ (84,120)	$ -	$ (84,120)	$ -
Trade Name	4 Years	7,757	(7,757)	-	(7,757)	-
Trade Name	10 Years	54,375	-	-	-	54,375
Total		$ 146,252	$ (91,877)	$ -	$ (91,877)	$ 54,375

For the years ended December 31, 2018 and 2017, amortization expense was $-0- and $10,515, respectively.

NOTE 6 PROPERTY AND EQUIPMENT

The Shriver Center's property and equipment at December 31 are as follows:

	2018	2017
Computer Equipment	$ 250,429	$ 242,113
Furniture	90,940	88,161
Office Equipment	103,177	63,899
Leasehold Improvements	61,741	52,790
Total Property and Equipment	506,287	446,963
Accumulated Depreciation	212,885	139,557
Property and Equipment, Net	$ 293,402	$ 307,406

For the years ending December 31, 2018 and 2017, depreciation expense was $76,272 and $38,403, respectively.

NOTE 7 DEFERRED REVENUE

Deferred revenue at December 31, 2018 and 2017 consists of funds received in advance for training and conferences of $48,699 and $56,394, respectively.

NOTE 8 LINES OF CREDIT

The Shriver Center had a $250,000 revolving line of credit with Bank of America, expiring August 1, 2017. The Bank of America line was secured by the Shriver Center's equipment and receivables, with interest payable monthly. During 2017, the Shriver Center terminated the agreement and opened a new line of credit with Wintrust Bank on January 25, 2017. The new agreement provides for borrowings up to $500,000. The new line is secured by all inventory, chattel paper, accounts, equipment, and general intangibles, with interest payable monthly. The line of credit was renewed in January 2018 and again in January 2019 for additional one-year terms. At December 31, 2018 and 2017, there was nothing borrowed against the existing agreements.

The Shriver Center is also obligated for credit cards issued in its name. At December 31, 2018 and 2017, the Shriver Center's maximum credit limit related to these credit cards is $50,000 and $50,000, respectively, of which $7,293 and $13,573, respectively, was outstanding and included in accounts payable.

NOTE 9 NET REVENUES FROM SPECIAL EVENTS

Net revenues from special events consist of the following:

	2018	2017
Contributions, Including Sponsorship	$ 763,111	$ 758,218
Raffles and Auctions	25,925	24,200
Special Events Revenue, Ticket Portion	33,755	65,225
Revenue from Special Events	822,791	847,643
Less: Costs of Direct Benefits to Donors	85,630	115,825
Net Revenues from Special Events	$ 737,161	$ 731,818

Costs of direct benefits to donors include the cost of the food, drinks, entertainment, or other benefits received by the donor at the special event.

NOTE 10 EMPLOYEE BENEFIT PLAN

The Shriver Center maintains a retirement plan under section 401(k) of the Internal Revenue Code. The plan allows for all employees who reach the age of 21 to contribute a portion of their pre-tax earnings. Employer matching contributions may be made to the plan based on the board of directors' discretion. Participants become fully vested in the employer contributions with two years of service at the Shriver Center. The Shriver Center board of directors has approved a 5% matching contribution for 2018 and 2017. For the years ended December 31, 2018 and 2017, the Shriver Center contributed and expensed $113,096 and $129,659, respectively, to the plan.

NOTE 11 LEASES

The Shriver Center leased office space in Chicago, Illinois under a 15-year agreement that expired July 31, 2017. Under the provisions of the lease, the Shriver Center paid a base rent plus a proportionate share of basic operating costs (e.g., for taxes, insurance, utilities, etc.). The lease terms provided for rental increases each year. Rent expense for this lease was recorded based upon the total cost of the lease allocated over the lease term with any difference between the allocated amount and the actual payment reflected as a lease obligation in the financial statements. In 2017, the Shriver Center amended its office space lease in Chicago to extend the expiration date until December 31, 2017. The Shriver Center entered into a new office space lease at a new location in Chicago effective January 1, 2018, under a 15-year agreement that expires December 31, 2032.

The Shriver Center is obligated under an operating lease for equipment with monthly payments of $752 through November 2019.

Rent expense for these leases for the years ended December 31, 2018 and 2017 was $439,279 and $273,690, respectively.

NOTE 11 LEASES (CONTINUED)

Future minimum lease payments under these operating leases are as follows for the year ending December 31:

Year Ending December 31,	Amount
2019	$ 396,890
2020	395,555
2021	402,495
2022	409,435
2023	416,374
Thereafter	4,059,648
Total	$ 6,080,397

NOTE 12 NET ASSETS WITHOUT DONOR RESTRICTIONS

Included in net assets without donor restrictions are $435,439 and $329,520 at December 31, 2018 and 2017, respectively, which the board has directed as an operating reserve. The operating reserve exists to provide sufficient liquidity to meet short-term and intermediate-term cash needs of the Shriver Center. Reserves are in place to sustain the Shriver Center through economic downturns as well as provide funding for cash flow shortages due to unanticipated delays in receipt of budgeted income or unexpected major expenditures.

NOTE 13 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are for the following purposes and time periods as of December 31:

	2018
Subject to Expenditure for Specific Purpose or Passage of Time:	
General Advocacy, $247,417 Included in Receivables	$ 591,876
Legal Impact Network, $1,064,678 Included in Receivables	1,599,600
Healthcare Advocacy, $184,659 Included in Receivables	602,261
Advocate Resources and Training	204,385
Community Justice Advocacy	60,000
Housing Advocacy, $195,000 Included in Receivables	232,500
Education Advocacy	346,987
Women’s Law and Policy Project	30,000
Economic Justice Advocacy: Budget and Tax	35,852
Fellowships, $113,248 Included in Receivables	183,996
Fundraising Assessment	20,000
Donor Restricted Endowment Earnings for Legal Service Projects	195,856
Grants and Pledges, Shriver Challenge, $209,537 Included in Receivables	277,635
Grants, Without Donor Restriction, $344,997 Included in Receivables	615,004
Not Subject to Appropriation or Expenditure:	
Restricted to Investment in Perpetuity, $2,000 Included in Receivables	868,267
Total	$ 5,864,219

NOTE 13 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

	2017
Subject to Expenditure for Specific Purpose or Passage of Time:	
General Advocacy, $242,000 Included in Receivables	$ 1,021,904
Legal Impact Network	400,000
Healthcare Advocacy, $339,000 Included in Receivables	629,155
Advocate Resources and Training, $460,000 Included in Receivables	675,000
Community Justice Advocacy, $20,000 Included in Receivables	175,000
Housing Advocacy, $195,000 Included in Receivables	395,000
Education Advocacy, $500,000 Included in Receivables	805,000
Women's Law and Policy Project, $40,000 Included in Receivables	70,000
Asset Opportunity Advocacy	20,000
Economic Justice Advocacy: Budget and Tax, $23,000 Included in Receivables	33,000
Fellowships, $215,000 Included in Receivables	235,012
Fundraising Assessment, $6,000 Included in Receivables	6,000
Donor Restricted Endowment Earnings for Legal Service Projects	274,680
Grants and Pledges, Shriver Challenge, $367,000 Included in Receivables	367,446
Grants, Without Donor Restriction, $402,000 included in Receivables	402,500
Not Subject to Appropriation or Expenditure:	
Restricted to Investment in Perpetuity, $6,983 Included in Receivables	870,750
Total	$ 6,380,447

NOTE 14 DONOR-RESTRICTED ENDOWMENT

At this time, the Shriver Center's endowment consists of one fund separate and apart from any other endowment fund that may be created. The income from it may be expended for legal service projects of the Shriver Center that embody the values and goals of Sargent Shriver. As required by accounting principles for nonprofits, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The gift instrument for the endowment fund specifically makes generally inapplicable to such endowment the accounting and expenditure rules of the Illinois Uniform Prudent Management of Institutional Funds and Uniform Principal and Income Acts and any successors thereto. Principal and unrealized appreciation may not be expended without prior written approval of the donor.

Realized appreciation may be credited to principal or expended or both in accordance with the Shriver Center's endowment spending policy.

Interpretation of Relevant Law

Except as described above with respect to the separate fund, in general, as a result of the board of directors' interpretation of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) the Shriver Center classifies as net assets with donor restrictions (a) the original value of gifts donated for endowment, (b) the original value of subsequent gifts for endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument.

NOTE 14 DONOR-RESTRICTED ENDOWMENT (CONTINUED)

Interpretation of Relevant Law (Continued)

Any portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions – not subject to appropriation or expenditure are classified as net assets with donor restrictions –subject to expenditure for a specific purpose until those amounts are appropriated for expenditure by the Shriver Center in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Shriver Center considers the following factors in making a determination to appropriate or accumulate income or gain on donor-restricted endowment funds, except as noted with regards to the donor-restricted endowment fund which is classified as a net assets with donor restrictions – not subject to appropriation or expenditure:

(1) The duration and preservation of the fund,
(2) The mission of the Shriver Center and the purpose of the donor-restricted endowment fund,
(3) General economic conditions,
(4) The possible effect of inflation and deflation,
(5) The expected total return from income and the appreciation of investments,
(6) Other resources of the Shriver Center, and
(7) The investment policies of the Shriver Center.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the Shriver Center is required to retain as a fund of perpetual duration. There were no deficiencies of this nature as of December 31, 2018 and 2017.

The changes in endowment net assets for the Shriver Center were as follows:

Endowment Net Assets - January 1, 2017	$ 1,055,504
Contributions	32
Investment Return:	
Interest and Dividends, Net of Fees	24,323
Net Realized Gain	12,008
Net Unrealized Gain	125,528
Total Investment Return	161,859
Appropriation of Endowment Assets for Expenditure in 2017	(71,965)
Endowment Net Assets - December 31, 2017	1,145,430
Contributions	17
Investment Return:	
Interest and Dividends, Net of Fees	26,244
Net Unrealized Loss	(105,068)
Total Investment Return	(78,824)
Write-Off of Uncollectible Pledge	(2,500)
Endowment Net Assets - December 31, 2018	$ 1,064,123

NOTE 14 DONOR-RESTRICTED ENDOWMENT (CONTINUED)

Return Objectives and Risk Parameters

The Shriver Center has adopted endowment investment and spending policies that attempt to provide a predictable stream of funding to programs supported by endowment while protecting purchasing power of the endowment assets over time. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that meet or exceed the return of a hypothetical portfolio composed of indices representing the board approved asset allocation while assuming a moderate level of investment risk.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, in general, the Shriver Center relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Shriver Center targets a diversified asset allocation that places an emphasis on equity-based and fixed income investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

Subject to the terms of each endowment gift instrument, the Shriver Center has a general policy of appropriating for distribution each year a portion (limited to 5%) of its endowment fund's average market value over a trailing three-year period. This is consistent with the Shriver Center's objective to maintain the purchasing power of the endowment assets held in perpetuity.

NOTE 15 RECLASSIFICATIONS

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

NOTE 16 SUBSEQUENT EVENTS

For the fiscal year ended December 31, 2018, the Shriver Center's management has evaluated subsequent events through June 14, 2019, which is the date the financial statements were available to be issued.

Subsequent to December 31, 2018, a grantor informed the Shriver Center that it would discontinue a program grant. This will result in the Shriver Center repaying approximately $227,000 to the grantor in 2019.

NOTE 17 RECENT ACCOUNTING PRONOUNCEMENTS

Revenue Recognition

In May 2014, the Financial Accounting Standards Board (FASB) issued amended guidance to clarify the principles for recognizing revenue from contracts with customers. The guidance requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required regarding customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. The guidance will initially be applied retrospectively using one of two methods. The standard will be effective for the Organization for the year ending December 31, 2019.

Clarifying Scope and the Accounting Guidance for Contributions

In June 2018, the FASB issued amended guidance to clarify and improve the scope and the accounting guidance for contributions received and contributions made. This amended guidance distinguishes between contributions and exchange transactions and assists in determining which guidance to apply. For contributions, the guidance in Subtopic 958-605, *Not-for-Profit Entities-Revenue Recognition*, should be followed. For exchange transactions, Topic 606, *Revenue from Contracts with Customers*, should be followed. In addition, once a transaction is deemed to be a contribution, this amended guidance assists in determining whether a contribution is conditional or unconditional, and if unconditional, whether the transaction is donor-restricted for a limited purpose or timing. The guidance should be applied on a modified prospective basis. As a resource recipient, the guidance will be effective for the Organization for the year ending December 31, 2019.

Leases

In February 2016, the FASB issued amended guidance for the treatment of leases. The guidance requires lessees to recognize a right-of-use asset and a corresponding lease liability for all operating and finance leases with lease terms greater than one year. The guidance changes the accounting for sale and leaseback transactions to conform to the new revenue recognition standard. The guidance also requires both qualitative and quantitative disclosures regarding the nature of the Shriver Center's leasing activities. The guidance will initially be applied using a modified retrospective approach. The amendments in the guidance are effective for the year ending December 31, 2020. Early adoption is permitted.

Management is evaluating the impact of these standards on the Shriver Center's financial statements.