Globus Relief

Year Ended December 31, 2018

Financial Statements

And

Independent Auditor's Report

Globus Relief

Table of Contents

shaw & co.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Globus Relief
Salt Lake City, Utah

Financial Statements

We have audited the accompanying financial statements of Globus Relief (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Globus Relief as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

1564 South 500 West, Ste. 201
Bountiful, UT 84010-7400
Phone: (801) 294-3155
Fax: (801) 294-3190
www.shaw-cpa.com
info@shaw-cpa.com

Emphasis of Matter

As explained in Note 12 to the financial statements, in 2018, the Organization adopted Financial Accounting Standards Board's Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities* as of and for the year ended December 31, 2018. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited Globus Relief's December 31, 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 23, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Shaw & Co., P.C.

Bountiful, Utah
June 28, 2019

Globus Relief

Statement of Financial Position
December 31, 2018
With Comparative Totals For December 31, 2017

	12/31/2018	12/31/2017
ASSETS		
Current assets		
Cash and cash equivalents	$ 1,578,577	$ 1,322,144
Accounts receivable	135,709	392,467
Inventory	11,809,079	39,581,312
Prepaid expenses	170,408	187,454
Investments	9,289	9,482
Total current assets	13,703,062	41,492,859
Property and equipment, at cost		
Building	1,221,000	-
Land	2,079,000	-
Equipment	296,706	286,656
Furniture	21,430	21,430
Software	271,099	271,099
Total property and equipment	3,889,235	579,185
Less: accumulated depreciation	(582,830)	(514,401)
Net property and equipment	3,306,405	64,784
Total assets	$ 17,009,467	$ 41,557,643
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	$ 46,103	$ 136,765
Accrued liabilities	20,910	3,749
Accrued payroll	55,374	50,476
Customer deposits	218,518	370,135
Current portion of long-term debt	78,390	-
Total current liabilities	419,295	561,125
Long-term debt, net of current portion	2,511,466	-
Total liabilities	2,930,761	561,125
Net assets		
Without donor restrictions	14,078,706	40,996,018
With donor restrictions	-	500
Total net assets	14,078,706	40,996,518
Total liabilities and net assets	$ 17,009,467	$ 41,557,643

See accompanying notes to financial statements.

Globus Relief

Statement of Activities
Year Ended December 31, 2018
With Comparative Totals For The Year Ended December 31, 2017

	12/31/2018			12/31/2017
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUES				
Support				
In-kind contributions	$ 27,937,336	$ -	$ 27,937,336	$ 49,281,359
Contributions	174,214	-	174,214	528,838
Special projects contributions	25,000	-	25,000	34,000
Net assets released from restrictions	500	(500)	-	-
Total support	28,137,050	(500)	28,136,550	49,844,197
Revenues				
Handling and processing	7,125,911	-	7,125,911	6,591,521
Product conversion income	1,496,734	-	1,496,734	1,102,989
Less: cost of goods sold	(452,413)	-	(452,413)	(262,081)
Miscellaneous	4,396	-	4,396	16,922
Interest	3,486	-	3,486	1,740
Total revenues	8,178,114	-	8,178,114	7,451,091
Total support and revenues	36,315,164	(500)	36,314,664	57,295,288
EXPENSES				
Program services	62,259,203	-	62,259,203	74,461,254
General and administrative	830,093	-	830,093	702,674
Development and fundraising	143,180	-	143,180	195,646
Total expenses	63,232,476	-	63,232,476	75,359,574
Change in net assets	(26,917,312)	(500)	(26,917,812)	(18,064,286)
Net assets, beginning of year	40,996,018	500	40,996,518	59,060,804
Net assets, end of year	$ 14,078,706	$ -	$ 14,078,706	$ 40,996,518

See accompanying notes to financial statements.

Globus Relief

Statement of Functional Expenses
Year Ended December 31, 2018
With Comparative Totals For The Year Ended December 31, 2017

	12/31/2018				
	Program Services	General and Administrative	Development Fundraising	Total	12/31/2017 Total
Salaries and wages	$ 808,456	$ 338,343	$ 119,231	$ 1,266,030	$ 1,136,274
Employee benefits	69,977	94,292	2,417	166,686	133,379
Payroll taxes	58,053	24,296	8,562	90,911	78,775
Total salaries and related expenses	936,486	456,931	130,210	1,523,627	1,348,428
In-kind contributions to others	55,477,088	-	-	55,477,088	68,352,003
Cost of goods sold	4,531,947	-	-	4,531,947	4,161,390
Freight	817,930	216	-	818,146	879,329
Occupancy	113,533	29,771	4,253	147,557	131,845
Contract service	78,776	42,199	-	120,975	73,945
Bank and merchant fees	2,792	111,045	-	113,837	77,076
Travel	102,276	4,454	-	106,730	103,370
Mortgage interest expense	43,707	13,055	1,865	58,627	-
Information technology	498	38,962	-	39,460	40,331
Equipment rentals	18,128	13,175	-	31,303	17,283
Insurance	2,510	25,718	-	28,228	27,919
Commissions	-	26,190	-	26,190	-
Supplies	14,543	10,926	36	25,505	18,787
Grants	25,000	-	-	25,000	34,000
Property taxes	15,208	6,364	2,243	23,815	-
Professional fees	-	17,689	-	17,689	9,825
License, dues, and fees	7,304	8,262	-	15,566	4,876
Communications	9,772	3,641	1,672	15,085	14,776
Utilities	4,708	1,970	694	7,372	-
Meals and entertainment	6,227	159	-	6,386	6,372
Repairs and maintenance	-	3,914	-	3,914	-
Advertising	-	-	-	-	40
Total expenses before depreciation and amortization	62,208,433	814,641	140,973	63,164,047	75,301,595
Depreciation and amortization	50,770	15,452	2,207	68,429	57,979
Total expenses	$ 62,259,203	$ 830,093	$ 143,180	$ 63,232,476	$ 75,359,574

See accompanying notes to financial statements.

Globus Relief

Statement of Cash Flows
Year Ended December 31, 2018
With Comparative Totals For The Year Ended December 31, 2017

	12/31/2018	12/31/2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (26,917,812)	$ (18,064,286)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	68,429	57,979
In-kind contributions of investments	-	(2,540)
Non-cash change in inventory	27,772,233	18,985,261
Changes in current assets and liabilities:		
Accounts receivable	256,758	(153,945)
Prepaid expenses	17,046	(135,945)
Accounts payable	(90,662)	(23,419)
Accrued liabilities	17,161	(319)
Accrued payroll	4,898	2,124
Customer deposits	(151,617)	287,281
Net cash provided by operating activities	976,434	952,191
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments reinvested	193	-
Purchases of property and equipment	(3,310,050)	(3,025)
Net cash used in investing activities	(3,309,857)	(3,025)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on long-term debt	(50,144)	-
Proceeds from issuance of long-term debt	2,640,000	-
Net provided by financing activities	2,589,856	-
Net change in cash and cash equivalents	256,433	949,166
Cash and cash equivalents, beginning of year	1,322,144	372,978
Cash and cash equivalents, end of year	$ 1,578,577	$ 1,322,144

SUPPLEMENTAL CASH FLOW INFORMATION

During the year ended December 31, 2018, the Organization received in-kind contributions totaling $27,937,336. In-kind contributions consisted of inventory of $27,805,491 and donated use of facilities of $131,845.

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid for interest	$ 58,627	$ -
Cash paid for income taxes	$ -	$ -

See accompanying notes to financial statements.

Globus Relief
Notes to Financial Statements
December 31, 2018

1. ORGANIZATION HISTORY

Globus Relief, formerly known as Globous Relief Fund, (the "Organization") is a not-for-profit corporation organized under the laws of the State of Utah in December 1996. The organization's vision is to continually work to improve healthcare. The Organization is a medical resource humanitarian organization, committed to partnering with other charities, corporations and governments working to improve the delivery of healthcare across the world. The Organization accomplishes the improvement of health care through assessment, partnership, and training. The Organization reduces unnecessary duplication of efforts among our partners and works to produce a synergistic environment that magnifies social impact.

The Organization receives contributions of funds, as well as medical, health, educational, food, and clothing supplies, and makes charitable contributions of these resources to entities, programs, and causes which promote humanitarian assistance worldwide.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Organization have been prepared on the accrual basis. The Organization follows the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for Profit Entities*.

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

<u>Date of Management's Review</u>

Subsequent events were evaluated through June 28, 2019, which is the date the financial statements were available to be issued. From their review, management has determined that there were no significant recognizable or unrecognizable subsequent events that were not properly disclosed.

<u>Estimates in the Financial Statements</u>

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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.

<u>Cash and Cash Equivalents</u>

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposits, and all highly liquid debt instruments with original maturities of three months or less.

<u>Concentrations of Credit Risks</u>

The Organization maintains its cash balances at banks. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation up to $250,000. At December 31, 2018, the Organization had $1,376,401 in bank deposits that exceeded the FDIC insurance limit of $250,000, and therefore was not insured. The Organization has not experienced any losses in such account and believes it is not exposed to any significant credit risk on cash.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are carried at their estimated collectible amounts. The Organization's accounts receivable are generally short-term in nature; thus accounts receivable do not bear interest.

Accounts receivable are periodically evaluated for collectability based on past credit history with customers and their current financial condition. Provisions for losses on accounts receivable are determined on the basis of loss experience, known and inherent risks, and current economic conditions.

Inventory

Inventory consists of humanitarian supplies, medical equipment and supplies, and pharmaceutical supplies. Inventory is accounted for at the lower of cost or market, using the specific identification method. For donated inventory items, cost represents the estimated fair market value of donated inventory on the date of donation.

Property and Equipment

Property and equipment are recorded at acquisition cost, or if donated, at the fair market value at the date donated. The Organization capitalizes additions that exceed $1,000. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Depreciation and amortization expense are provided on a straight-line basis over the estimated useful lives of the respective assets, which range from three to thirty-nine years. Depreciation and amortization expense for the year ended December 31, 2018, was $68,429.

Impairment of Long-Lived Assets

The Organization evaluates its long-lived assets for any events or changes in circumstances which indicate that the carrying amounts of the assets may not be fully recoverable. The Organization evaluates the recoverability of long-lived assets by measuring the carrying amounts of the assets against the estimated undiscounted future cash flows associated with them. When future undiscounted cash flows of certain long-lived assets are not sufficient to recover the carrying amounts of the assets, the assets are adjusted to their fair values.

Investments

The Organization has adopted the provisions of FASB ASC 958-320, *Investments—Debt and Equity Securities*. Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the statement of activities.

Fair Value of Financial Instruments

The Organization has a number of financial instruments, none of which are held for trading purposes. The Organization estimates that the fair value of all financial instruments at December 31, 2018, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position.

Classes of Net Assets

Net assets, revenues and gains are classified based on the presence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

a. *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

b. *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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.

Contributions

Contributions are recognized when cash or an unconditional promise to give is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

In-Kind Contributions

In-kind contributions are recorded as support at their estimated fair market value at the date of gift. These contributions are reported as unrestricted support unless the donor has restricted the donation for a specific purpose. Assets donated with explicit restrictions regarding their use are reported as temporarily restricted support and reclassified to unrestricted net assets when placed in service. In-kind contributions received during the year ended December 31, 2018 consisted of the following:

Inventory	$ 27,805,491
Use of facilities	131,845
	$ 27,937,336

In accordance with FASB ASC 958-605-25-16, Contributed Services, the Organization recognizes contributed services only 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. There were no contributed services recognized during the year ended December 31, 2018.

Program Revenue and Revenue Recognition

Program service revenue consists of handling and processing fees, product conversion income, and other income. Program service revenue is recognized when earned. Payments received in advance, if any, are deferred to the applicable period in which the related goods or services are provided.

Freight and Shipping

Freight and shipping costs are expensed when incurred.

Advertising

Advertising costs are expensed when the advertising first takes place. Advertising expense for the year ended December 31, 2018 was $0.

Functional Allocation of Expenses

The cost of providing programs and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes, employee benefits, professional fees, occupancy, and depreciation, which are allocated on the basis of estimated time and effort.

Income taxes

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income tax for the year ended December 31, 2018.

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending December 31, 2018, 2017, 2016, and 2015 are subject to examination by the IRS, generally for three years after they were filed. Generally accepted accounting principles require tax effects from an uncertain tax position to be recognized in the financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged. If an uncertain tax position meets the more-likely-than-not threshold, the largest amount of tax benefit that is greater than 50% likely to be recognized upon ultimate settlement with the taxing authority is recorded. The Organization's primary tax positions relate to its status as a not-for-profit entity exempt from income taxes and classification of activities related to its exempt purpose. Management has evaluated the tax positions reflected in the Organization's tax filings and does not believe that any material uncertain tax positions exist.

Reclassifications

Certain items from December 31, 2017 have been reclassified to conform to the December 31, 2018 presentation.

3. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date consisted of the following:

Cash and cash equivalents	$ 1,578,577
Accounts receivable	135,709
Investments	9,289
Current financial assets, at year-end	1,723,575
Financial assets available to meet cash needs for general expenditure within one year	$ 1,723,575

As part of its liquidity management plan, the Organization invests cash in excess of daily requirements in savings and money market funds.

4. ACCOUNTS RECEIVABLE

Accounts receivable consisted of $135,709 in trade receivables. Accounts receivable are expected to be collected in full in less than one year. Therefore, management has determined that there is no allowance necessary.

5. FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3).

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
Level 2	Inputs to the valuation methodology include • quoted prices for similar assets or liabilities in active markets; • quoted prices for identical or similar assets or liabilities in inactive markets; • inputs other than quoted prices that are observable for the asset or liability; • inputs that are derived principally from or corroborated by observable market data by correlation or other means If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

Level 1
Mutual funds: Valued based on quoted NAV of the shares held by the Organization at year-end. The values of underlying common stocks, corporate bonds, and U.S. Government securities are based on the closing price reported on the active market where the individual securities are traded.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value at December 31, 2018:

Assets at Fair Value as of December 31, 2018

	Level 1	Level 2	Level 3	Total
Equity mutual funds	$ 9,289	$ -	$ -	$ 9,289
Total investments	$ 9,289	-	-	$ 9,289

6. LONG-TERM DEBT

At December 31, 2018, long-term debt consists of a note payable to a financial institution which accrues interest at 5.212%. The note requires monthly payments of $17,846. The note is due July 2028. The note is secured by land and building costing $3,300,000.

A schedule of future maturities of long-term debt is as follows:

Year Ending December 31,	Principal	Amortized Debt Issuance Costs	Net Amount
2019	$ 80,344	$ (1,954)	$ 78,390
2020	84,633	(1,954)	82,679
2021	89,151	(1,954)	87,197
2022	93,910	(1,954)	91,956
2023	98,923	(1,954)	96,969
Thereafter	2,161,621	(8,498)	2,152,665
Total long-term debt	2,608,582	(18,726)	2,589,856
Less: current portion	(80,344)	1,954	(78,390)
Long-term debt, less current portion	$ 2,528,238	$ (16,772)	$ 2,511,466

Interest expense for the year ended December 31, 2018 was $58,627.

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors as following for the year ended December 31, 2018:

Satisfaction of purpose restrictions:	
Breast cancer project	$ 500

8. RELATED-PARTY TRANSACTIONS

During the year ended December 31, 2018, the Organization was involved in certain related-party transactions with National Product Sales, a company in which two members of the board of directors maintain an ownership interest. These transactions included the following:

In-kind contributions:	
Inventory	$ 379,539
Use of facilities	131,845
	$ 511,384

9. COMMITMENTS AND CONTINGENCIES

The Organization may be involved in certain claims arising from the ordinary course of operations, and has purchased insurance policies to cover these risks.

10. OPERATING LEASES

The Organization entered into a new operating lease that began on November 1, 2018. The lease will expire on February 28, 2020 and requires monthly payments of $10,410. The Organization prepaid the entire amount of the lease to obtain a discount. A total of $144,330 was prepaid as of December 31, 2018. Future minimum lease payments to be amortized under the operating lease are as follows:

For the year ending	
2019	$ 124,920
2020	20,820
Thereafter	-
Total future minimum lease payments	$ 144,330

Rental expense for the year ended December 31, 2018 was $15,713.

11. PRIOR YEAR INFORMATION

The accompanying financial statements include certain prior year (2017) summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles in the United States of America. The financial statements for the year ended December 31, 2017 are presented for comparative purposes only. The notes presented herein contain information relating to December 31, 2018 only. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2017 from which the summarized information was derived.

12. ADOPTION OF NEW ACCOUNTING PRONOUNCMENT

For the year ended December 31, 2018, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) 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 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
- Recognition of underwater endowment funds as a reduction in net assets with donor restrictions and presentation of investment expenses as a reduction of investment income, versus the previously required gross presentation of investment expenses

The guidance also enhances disclosures for liquidity, board designated amounts, composition of net assets with donor restrictions, and expenses by both their natural and functional classification. The ASU has been applied retrospectively to all periods presented.