

**INLAND SEAS EDUCATION ASSOCIATION
SUTTONS BAY, MICHIGAN**

REPORT ON FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Inland Seas Education Association

Report on the Financial Statements

We have audited the accompanying financial statements of Inland Seas Education Association (the Association) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Inland Seas Education Association as of June 30, 2019, 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.

Report on Summarized Comparative Information

We have previously audited Inland Seas Education Association's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 30, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Maney Costeiran PC

February 28, 2020

FINANCIAL STATEMENTS

INLAND SEAS EDUCATION ASSOCIATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019
(With comparative amounts as of June 30, 2018)

	<u>2019</u>	<u>2018</u>
ASSETS		
Current assets		
Cash	\$ 481,190	\$ 501,769
Investments	64,000	96,000
Accounts receivable	5,779	3,636
Grants receivable	-	12,809
Pledges receivable	225,000	232,500
Inventories	2,459	3,365
Prepaid expenses	14,482	14,034
Accrued interest receivable	-	618
Total current assets	<u>792,910</u>	<u>864,731</u>
Noncurrent assets		
Noncurrent portion of pledges receivable, net	150,000	353,471
Property and equipment, net	<u>2,599,355</u>	<u>1,736,340</u>
TOTAL ASSETS	<u><u>\$ 3,542,265</u></u>	<u><u>\$ 2,954,542</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current liabilities		
Accounts payable	\$ 68,474	\$ 72,874
Accrued liabilities	41,341	42,522
Deferred revenue	79,512	29,985
Current portion of long-term debt	<u>71,806</u>	<u>-</u>
Total current liabilities	261,133	145,381
Noncurrent liabilities		
Noncurrent portion of long-term debt	<u>400,000</u>	<u>-</u>
TOTAL LIABILITIES	<u>661,133</u>	<u>145,381</u>
NET ASSETS		
Without donor restrictions		
Undesignated	2,489,566	1,784,437
Designated for endowment	107,678	107,623
With donor restrictions	<u>283,888</u>	<u>917,101</u>
TOTAL NET ASSETS	<u>2,881,132</u>	<u>2,809,161</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 3,542,265</u></u>	<u><u>\$ 2,954,542</u></u>

See accompanying notes to financial statements.

INLAND SEAS EDUCATION ASSOCIATION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019
(With comparative amounts for year ended June 30, 2018)

	Without Donor Restrictions	With Donor Restrictions	2019 Total	2018 Total
SUPPORT AND REVENUE				
Program fees	\$ 137,976	\$ -	\$ 137,976	\$ 140,309
Contributions	145,483	133,853	279,336	268,029
Fundraising events	\$ 5,598			
Less related expenses	<u>(5,377)</u>	221	221	39,828
In-kind donations	309,251	-	309,251	201,384
Grants and contracts	125,545	395,428	520,973	746,967
Merchandise sales	\$ 3,518			
Less cost of sales	<u>(906)</u>	2,612	2,612	6,739
Sale of donated boats	13,720	-	13,720	28,390
Dock and space rentals	10,483	-	10,483	10,000
Investment return, net	2,168	-	2,168	1,489
(Loss) on sale of assets	(10,150)	-	(10,150)	(196)
Net assets released from restrictions	<u>1,162,494</u>	<u>(1,162,494)</u>	<u>-</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>1,899,803</u>	<u>(633,213)</u>	<u>1,266,590</u>	<u>1,442,939</u>
EXPENSES				
Program services				
GTSI	76,948	-	76,948	68,921
Public Charters	106,845	-	106,845	-
Schoolship	432,653	-	432,653	607,246
Utopia	160,373	-	160,373	50,979
YPIS	40,420	-	40,420	-
Other programs	142,961	-	142,961	126,903
General and administrative	143,486	-	143,486	136,179
Fundraising	90,933	-	90,933	87,265
TOTAL EXPENSES	<u>1,194,619</u>	<u>-</u>	<u>1,194,619</u>	<u>1,077,493</u>
CHANGE IN NET ASSETS	705,184	(633,213)	71,971	365,446
Net assets, beginning of year	<u>1,892,060</u>	<u>917,101</u>	<u>2,809,161</u>	<u>2,443,715</u>
Net assets, end of year	<u>\$ 2,597,244</u>	<u>\$ 283,888</u>	<u>\$ 2,881,132</u>	<u>\$ 2,809,161</u>

See accompanying notes to financial statements.

INLAND SEAS EDUCATION ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019
(With comparative amounts for year ended June 30, 2018)

Expenses	Program Services						Total	General and Administration	Fundraising	2019 Total	2018 Total
	GTSI	Public Charters	Schoolship	Utopia	YPIS	Other programs					
Salaries and wages	\$ 36,921	\$ 51,040	\$ 114,841	\$ 8,552	\$ 20,642	\$ 50,148	\$ 282,144	\$ 66,292	\$ 40,419	\$ 388,855	\$ 392,683
Intern stipends	967	1,895	3,979	-	836	880	8,557	-	-	8,557	5,197
Retirement plan contributions	750	1,037	2,334	-	419	784	5,324	1,349	821	7,494	7,898
Other employee benefits	5,817	8,042	18,094	-	3,252	6,082	41,287	10,446	6,368	58,101	57,162
Payroll taxes	3,200	4,424	9,954	-	1,789	3,346	22,713	5,745	3,503	31,961	34,033
Direct program expenses	2,943	1,416	744	-	-	4,417	9,520	-	-	9,520	42,333
Accounting fees	825	6,995	14,017	-	3,174	2,473	27,484	1,107	-	28,591	26,711
Legal fees	1	5	10	-	2	2,482	2,500	-	-	2,500	-
Consulting fees	1,300	2,600	5,100	-	1,100	900	11,000	-	7,000	18,000	8,000
Supplies	132	959	2,247	-	403	1,255	4,996	254	-	5,250	5,881
Telephone	136	1,011	2,233	-	428	329	4,137	-	-	4,137	3,892
Postage and delivery	74	562	1,111	7	238	194	2,186	-	811	2,997	3,924
Occupancy costs	624	5,106	10,030	1,692	2,160	4,519	24,131	141	44	24,316	23,460
Equipment rental and maintenance	20	173	340	-	73	494	1,100	-	1,884	2,984	5,174
Printing and publications	84	730	1,433	-	309	376	2,932	-	866	3,798	3,891
Travel	548	1,412	-	129	597	818	3,504	2,731	299	6,534	14,854
Grant expenses	21,222	-	-	-	-	-	22,668	-	25	43,915	30,331
Interest	-	-	-	-	-	3,771	3,771	-	-	3,771	3,186
Depreciation	-	-	7,689	12,322	-	-	20,011	40,894	-	60,905	49,326
Advertising and marketing	130	1,492	2,087	-	424	345	4,478	250	-	4,728	9,720
Charter fees	-	7,500	13,750	-	-	-	21,250	-	-	21,250	21,250
Contract services	266	1,792	3,563	-	756	8,741	15,118	663	18,750	34,531	48,561
Training and education	25	218	533	-	92	77	945	-	4	949	4,223
Dues and subscriptions	78	683	1,364	-	289	235	2,649	-	423	3,072	3,525
Insurance	569	2,866	5,025	7,296	1,180	10,035	26,971	1,514	59	28,544	30,317
Events expense	68	593	1,164	-	251	1,570	3,646	-	286	3,932	-
Fundraising expense	-	-	-	-	-	-	-	-	1,445	1,445	-
Licenses and permits	1	6	312	26	3	27	375	-	223	598	987
Bank charges	77	956	613	-	158	2,789	4,593	-	841	5,434	2,356
Ship operating costs	46	2,258	4,032	50,659	1,389	14,195	72,579	-	-	72,579	41,749
Volunteer expenses	102	887	2,080	-	375	308	3,752	-	157	3,909	4,103
Sales commissions paid	-	-	-	-	-	-	-	-	-	-	2,564
Miscellaneous expense	90	780	1,535	-	332	273	3,010	-	8,436	11,446	2,085
Donated in-kind expenses											
Ship volunteer instructors	-	-	174,365	-	-	-	174,365	-	-	174,365	144,176
Boat shop volunteers	-	-	29,238	79,690	-	-	108,928	-	-	108,928	33,766
Accounting	-	-	-	-	-	-	-	12,100	-	12,100	10,175
Total expenses	77,016	107,438	433,817	160,373	40,671	144,531	963,846	143,486	92,664	1,199,996	1,077,493
Less fundraising events expenses netted with revenues	(68)	(593)	(1,164)	-	(251)	(1,570)	(3,646)	-	(1,731)	(5,377)	-
	<u>\$ 76,948</u>	<u>\$ 106,845</u>	<u>\$ 432,653</u>	<u>\$ 160,373</u>	<u>\$ 40,420</u>	<u>\$ 142,961</u>	<u>\$ 960,200</u>	<u>\$ 143,486</u>	<u>\$ 90,933</u>	<u>\$ 1,194,619</u>	<u>\$ 1,077,493</u>

See accompanying notes to financial statements.

INLAND SEAS EDUCATION ASSOCIATION
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2019
(With comparative amounts for year ended June 30, 2018)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 71,971	\$ 365,446
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	60,905	49,326
Loss on sale of assets	10,150	196
(Increase) decrease in		
Accounts receivable	(2,143)	(353)
Inventories	906	1,862
Prepaid expenses	(448)	(2,783)
Grants receivable	12,809	(12,809)
Pledges receivable	210,971	(16,771)
Accrued interest receivable	618	-
Increase (decrease) in		
Accounts payable	(4,400)	52,840
Accrued liabilities	(1,181)	8,222
Deferred revenue	49,527	(32,174)
	409,685	413,002
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(64,000)	(96,000)
Maturity of investments	96,000	34,000
Purchase of fixed assets	(945,270)	(217,076)
Proceeds from sale of fixed assets	11,200	-
	(902,070)	(279,076)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of long-term debt	500,000	-
Principal payments on long-term debt	(28,194)	(209,843)
	471,806	(209,843)
NET DECREASE IN CASH	(20,579)	(75,917)
Cash, beginning of year	501,769	577,686
Cash, end of year	\$ 481,190	\$ 501,769
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	\$ 3,771	\$ 3,186
Federal income tax paid	\$ 1,370	\$ 933

See accompanying notes to financial statements.

**INLAND SEAS EDUCATION ASSOCIATION
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - DESCRIPTION OF THE ORGANIZATION

Inland Seas Education Association (the "Association"), a not-for-profit organization, provides information in aquatic science and other sciences and enhances the learning opportunities for youths and adults in aquatic science aboard traditional vessels on Grand Traverse Bay and Lake Michigan. The Association receives its support through grants, donations, and fees paid by area schools and adults who participate in programs offered by the Association.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Association conform to U.S. generally accepted accounting principles (GAAP) as applicable to nonprofit entities. The Financial Accounting Standards Board (FASB) is the accepted standard-setting body for establishing nonprofit accounting and financial reporting principles.

The following is a summary of the significant accounting policies of the Association:

Basis of Accounting - Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made regardless of the measurement focus applied.

The financial statements of the Association are accounted for using the accrual basis of accounting in accordance with GAAP for nonprofit organizations. The Association recognizes income when earned and expenses when incurred.

Cash - Cash consist of checking, money market accounts, and cash on hand.

Investments - Investments consist of certificates of deposit with an original maturity of greater than 90 days from the date of purchase. Investments are recorded at fair value. Net investment return or loss is included in the statement of activities and consists of interest and dividend income, realized and unrealized gains and losses, less investment expenses.

Receivables - Receivables are deemed to be fully collectible by management. Accordingly, no allowance for doubtful accounts is required for accounts receivable.

Grants receivable consists of reimbursements of grant related expenses. Pledges receivable consist amounts due to the Association for amounts pledged by outside donors but not yet collected.

Inventory - Inventory consists of marine apparel purchased and held for resale. Marine apparel is stated at the lower of cost, principally determined by the first-in, first-out ("FIFO") method, or market.

**INLAND SEAS EDUCATION ASSOCIATION
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment - Property and equipment are recorded at historical cost or at appraisal value at the date of gift if acquired by donation, net of accumulated depreciation. Major improvements and renewals are capitalized, while ordinary maintenance and repairs are expensed. Management annually reviews these assets to determine whether carrying values have been impaired. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets which are summarized as follows:

Building	40 years
Equipment	5 years
Furniture and fixtures	5-7 years
Science ships	20 years
Docks	12 years

Deferred Revenue - Program fees consist of amounts received for educational classes held aboard the Association's sailing vessels. Revenues are generally recognized upon commencement of the classes. Deferred revenues consist of deposits received in advance of the school year program. The deferred revenue will be recognized in the statement of activities when services are provided in the upcoming school year.

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

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor or grantor restrictions. The Association has designated, from net assets without donor restrictions, net assets for endowment funds (See Note 8). Net assets without donor restrictions as of June 30, 2019 and 2018, consist of the following:

	<u>2019</u>	<u>2018</u>
Undesignated	\$ 2,489,566	\$ 1,784,437
Designated for endowment	<u>107,678</u>	<u>107,623</u>
Total net assets without donor restrictions	<u>\$ 2,597,244</u>	<u>\$ 1,892,060</u>

Net assets with donor restrictions - Net assets subject to donor (or grantor) imposed restrictions. Some donor 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 restrictions are perpetual in nature, where the donor stipulates that resources are maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, or when the stipulated purpose has been accomplished. Net assets with donor restrictions that are temporary in nature as of June 30, 2019 and 2018, consist of the following:

**INLAND SEAS EDUCATION ASSOCIATION
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

	2019	2018
Discovery Pier Improvements	\$ -	\$ 30,000
Operational costs for future fiscal years	31,200	146,572
Scholarships for student class costs	151,790	79,502
Costs associated with the Discovering the Great Lakes Program	-	8,339
Mortgage retirement and Tom Kelly Biological Station construction costs	100,898	652,688
	\$ 283,888	\$ 917,101

Revenue and Revenue Recognition - Revenue is recognized when earned. Program service fees received in advance, if any, are recorded as deferred revenue. Contributions are recognized when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give are recognized when the conditions on which they depend have been substantially met.

Contributed Materials, Equipment, and Services - GAAP require recognition of professional services received if those services (a) create or enhance long-lived 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. GAAP also require contributions of tangible assets to be recognized at fair value when received and the value of donated services to be recorded as contributions in the period the services are rendered. The amounts reflected in the financial statements as in-kind contributions will be offset by like amounts included in expenses. During the years ended June 30, 2019 and 2018, the fair value the Association received for services by instructors on the science ship and other professionals totaled \$215,703 and \$188,117, respectively.

Functional Expense Allocation - The costs of providing program and other activities have been reported in the statement of activities. The statement of functional expenses present the natural classification of expenses that are allocated to program or supporting functions of the Association. Expenses that can be identified with a specific program or support service are allocated directly according to their natural expenditure classification. Payroll and related expenses are allocated based on estimated time spent in each area by personnel. Common expenses are generally split based on management estimates.

Advertising Costs - The Association expense costs as incurred. For the years ended June 30, 2019 and 2018, advertising costs amounted to \$4,728 and \$9,720, respectively.

**INLAND SEAS EDUCATION ASSOCIATION
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Income Taxes - The Association is exempt from federal income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. However, income from certain activities not directly related to the Association's tax-exempt purpose is subject to taxation as unrelated business income. This consists of dock rental income and sale of marina apparel. For the years ended June 30, 2019 and 2018, these activities resulted in income tax amounting to \$1,370 and \$933, respectively. In addition, the Association qualifies for the charitable contribution deduction under IRC Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under IRC section 509(a)(2).

The Association is subject to IRS and state examinations for a period of at least three (3) years after the Form 990 has been filed.

Subsequent Events - In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through February 28, 2020, the date the financial statements were available to be issued.

Comparative Data - The financial statements include certain summarized prior-year comparative information in order to provide an understanding of the changes in the Association's financial position and operations.

NOTE 3 - LIQUIDITY AND AVAILABILITY

The Association monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Association considers all expenditures related to its ongoing program service activities to be general expenditures.

The following reflects the Association's financial assets as of June 30, 2019 and 2018, which are deemed available for general expenditures within one year of the statement of net position date. Amounts not available include amounts set aside for board designated purposes and net assets with donor restrictions.

**INLAND SEAS EDUCATION ASSOCIATION
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 - LIQUIDITY AND AVAILABILITY (continued)

	2019	2018
Financial assets available at year-end		
Cash	\$ 481,190	\$ 501,769
Investments	64,000	96,000
Accounts receivable	5,779	3,636
Grants receivable	-	12,809
Pledges receivable	225,000	232,500
Total financial assets available at year-end	775,969	846,714
Board designations		
Less amounts set aside for endowment funds	(107,678)	(107,623)
Donor imposed restrictions		
Less purpose restricted funds	(283,888)	(917,101)
Financial assets available to meet cash needs for general expenditures within one year	\$ 384,403	\$ (178,010)

In addition to financial assets available to meet general expenditures over the next 12 months, the Association operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

NOTE 4 - UNCONDITIONAL PLEDGES TO GIVE

Unconditional pledges to give consist of pledges by three donors. The pledges, totaling \$375,000, will be paid at \$225,000 in the first year, and \$150,000 in the second year. The discount on pledges to give are immaterial to the financial statements, therefore pledges receivable was not discounted in 2019. The funds being received are to be used for the construction of the Tom Kelly Biological Station. It is anticipated that the pledges will be paid in full.

**INLAND SEAS EDUCATION ASSOCIATION
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	Estimated useful lives (in years)	2019	2018
Construction in progress	N/A	\$ -	\$ 160,221
Land and improvements	N/A	1,001,380	1,007,949
Buildings	40	1,549,416	533,926
Equipment	5	158,466	166,160
Furniture and fixtures	5-7	74,991	56,868
Science ships	20	768,787	737,947
Docks	12	12,955	12,955
		<u>3,565,995</u>	<u>2,676,026</u>
Less accumulated depreciation		<u>(966,640)</u>	<u>(939,686)</u>
		<u>\$ 2,599,355</u>	<u>\$ 1,736,340</u>
Depreciation expense		<u>\$ 60,905</u>	<u>\$ 49,326</u>

NOTE 6 - MORTGAGE DEBT

The Association has a mortgage note payable to a bank bearing interest at 5.00% per annum, due in annual installments of \$100,000 from December 3, 2019 to December 3, 2023. The outstanding balance as of June 30, 2019, was \$471,806.

NOTE 7 - EMPLOYEE RETIREMENT PLAN

The Association has in place a SIMPLE retirement plan. In this plan, the Association will be required to match an employee's salary deferrals up to 3% of the employee's compensation. For the years ending June 30, 2019 and 2018, the Association made matching contributions totaling \$7,494 and \$7,898, respectively.

**INLAND SEAS EDUCATION ASSOCIATION
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - COMMUNITY FOUNDATION FUNDS

The Association is the beneficiary of two funds established with Grand Traverse Regional Community Foundation. Funds are available for distribution to the Association upon recommendation of the fund advisory board, subject to variance powers held by the Community Foundation.

The assets held in the funds are not recorded in the financial statements of the Association because they are subject to variance power held by the Community Foundation which allows the Foundation, in its sole discretion, to change the beneficiary or withhold amounts from distribution.

The information for the two funds for the years ended June 30, 2019 and 2018 are as follows:

Inland Seas Education Association Scholarship Endowment Fund

	2019	2018
Transfer by Association to Foundation	\$ -	\$ -
Grants received by Association from Foundation	2,310	2,273
Total assets in fund	59,414	59,392
Funds available for distribution	-	-

Inland Seas Education Association Operating Endowment Fund

	2019	2018
Transfer by Association to Foundation	\$ -	\$ -
Grants received by Association from Foundation	1,871	1,837
Total assets in fund	48,264	48,231
Funds available for distribution	-	-

NOTE 9 - CONDITIONAL PROMISE TO GIVE

During fiscal year 2017-2018, the Association received notification of a promise to give by a donor, contingent on the Association raising the necessary matching contributions. The donor is willing to match the contributions raised by the Association in the amount of \$100,000 for funds raised through November 30, 2017; \$75,000 for funds raised from December 1, 2017 through November 30, 2018; and \$75,000 for funds raised from December 1, 2018 through November 30, 2019.

The Association was awarded the first gift of \$100,000 during the year ended June 30, 2018 and the second gift of \$75,000 during the year ended June 30, 2019. Subsequent to year end, the Association was awarded the third gift of \$75,000.

**INLAND SEAS EDUCATION ASSOCIATION
NOTES TO FINANCIAL STATEMENTS**

NOTE 10 - CONTRACTUAL COMMITMENT

The Association had an agreement with R.W. Popp Excavating, Inc. for remodeling work to the Association's main building. As of June 30, 2019, the remaining balance that the Association was contractually obligated to pay was \$39,873.

NOTE 11 - NEW ACCOUNTING STANDARD

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities*. ASU No. 2016-14 contains changes in reporting requirements that significantly affects how nonprofits communicate with stakeholders. The Association adopted ASU No. 2016-14 for the year ended June 30, 2019. The June 30, 2018 comparative information has been reclassified to conform to the current year presentation. The adoption of this guidance did not have a significant impact on the Association's financial statements.