

THE SILK ROAD PROJECT, INC.

Financial Statements

June 30, 2019 and 2018

THE SILK ROAD PROJECT, INC.

June 30, 2019 and 2018

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Independent Auditor's Report

To the Board of Directors
The Silk Road Project, Inc.
Allston, Massachusetts

We have audited the accompanying financial statements of The Silk Road Project, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities and changes in net assets, cash flows, and functional expenses 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.

Auditor's 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 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 The Silk Road Project, Inc. as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 15 to the financial statements, the 2018 financial statements have been restated to correct misstatements. Our opinion is not modified with respect to this matter.

Edelstein & Company LLP

Boston, Massachusetts
February 10, 2020

THE SILK ROAD PROJECT, INC.

Statements of Financial Position

June 30,

2019

2018

(As Restated)

Assets:

Cash	\$ 1,197,015	\$ 1,286,449
Grants and contributions receivable, net	862,927	1,265,060
Other receivables	137,122	230,071
Prepaid expenses	45,148	156,564
Inventory	3,010	4,339
Equipment and improvements, net	3,442	6,328
Website development costs, net	14,103	-

Total assets

\$ 2,262,767 \$ 2,948,811

Liabilities and net assets

Liabilities:

Accounts payable and accrued expenses	\$ 423,307	\$ 525,804
Deferred revenue	100,000	200,000

Total liabilities

523,307 725,804

Net assets:

Without donor restrictions:

Undesignated	689,547	552,102
Board designated	125,461	125,461
Total without donor restrictions	<u>815,008</u>	<u>677,563</u>

With donor restrictions	924,452	1,545,444
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Total net assets

1,739,460 2,223,007

Total liabilities and net assets

\$ 2,262,767 \$ 2,948,811

THE SILK ROAD PROJECT, INC.

Statements of Activities and Changes in Net Assets For the Years Ended June 30,

	2019			2018 (As Restated)		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support:						
Performance fees	\$ 1,062,720	\$ -	\$ 1,062,720	\$ 1,639,908	\$ -	\$ 1,639,908
Program income	531,287	-	531,287	265,514	-	265,514
Grants and contributions	711,037	917,718	1,628,755	1,128,767	359,666	1,488,433
Special event, net	56,651	-	56,651	-	-	-
Merchandise sales	2,113	-	2,113	11,233	-	11,233
Other income	18,022	-	18,022	36,885	-	36,885
Interest income	454	-	454	313	-	313
Net assets released from restrictions	1,538,710	(1,538,710)	-	1,071,726	(1,071,726)	-
Total revenue and other support	3,920,994	(620,992)	3,300,002	4,154,346	(712,060)	3,442,286
Expenses and losses:						
Expenses:						
Program services	2,729,841	-	2,729,841	2,686,889	-	2,686,889
General and administrative	656,678	-	656,678	471,250	-	471,250
Fundraising	397,030	-	397,030	304,130	-	304,130
Total expenses	3,783,549	-	3,783,549	3,462,269	-	3,462,269
Loss on sales and disposals of equipment	-	-	-	569	-	569
Total expenses and losses	3,783,549	-	3,783,549	3,462,838	-	3,462,838
Change in net assets	137,445	(620,992)	(483,547)	691,508	(712,060)	(20,552)
Net assets, beginning of year	677,563	1,545,444	2,223,007	(13,945)	2,257,504	2,243,559
Net assets, end of year	\$ 815,008	\$ 924,452	\$ 1,739,460	\$ 677,563	\$ 1,545,444	\$ 2,223,007

The accompanying notes are an integral part of these financial statements.

THE SILK ROAD PROJECT, INC.

Statements of Cash Flows For the Years Ended June 30,

	2019	2018 (As Restated)
Cash flows from operating activities:		
Change in net assets	\$ (483,547)	\$ (20,552)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	6,916	5,524
Loss on sales and disposals of equipment	-	569
Bad debt expense	-	8,000
Changes in operating assets and liabilities:		
Grants and contributions receivable, net	402,133	482,751
Other receivables	92,949	(193,490)
Prepaid expenses	111,416	(88,034)
Inventory	1,329	(4,339)
Accounts payable and accrued expenses	(102,497)	166,379
Deferred revenue	(100,000)	200,000
Net cash (used in) provided by operating activities	<u>(71,301)</u>	<u>556,808</u>
Cash flows from investing activities:		
Proceeds from sales of equipment	-	2,056
Purchases of equipment	-	(6,713)
Purchases of website development costs	(18,133)	-
Net cash used in investing activities	<u>(18,133)</u>	<u>(4,657)</u>
Net (decrease) increase in cash	(89,434)	552,151
Cash, beginning of year	<u>1,286,449</u>	<u>734,298</u>
Cash, end of year	<u>\$ 1,197,015</u>	<u>\$ 1,286,449</u>

THE SILK ROAD PROJECT, INC.

**Statements of Functional Expenses
For the Years Ended June 30,**

	2019					2018 (As Restated)			
	Program Services	General and Administrative	Fundraising	Cost of Direct Benefits to Donors	Total	Program Services	General and Administrative	Fundraising	Total
Compensation and related expenses:									
Salaries	\$ 381,755	\$ 270,158	\$ 179,118	\$ -	\$ 831,031	\$ 270,536	\$ 182,221	\$ 149,467	\$ 602,224
Payroll taxes and employee benefits	103,973	67,480	48,636	-	220,089	104,045	54,789	45,021	203,855
Total compensation and related expenses	485,728	337,638	227,754	-	1,051,120	374,581	237,010	194,488	806,079
Performer/Artist fees	758,520	-	-	-	758,520	1,187,150	-	-	1,187,150
Contract services	471,321	74,798	111,256	-	657,375	231,463	15,624	38,614	285,701
Travel	302,591	67,556	24,497	-	394,644	280,055	20,853	43,131	344,039
Publications/multimedia	159,406	-	-	-	159,406	132,558	-	-	132,558
Commissions on performances	148,900	-	-	-	148,900	191,075	-	-	191,075
New performance works	145,100	-	-	-	145,100	64,750	-	-	64,750
Meals and entertainment	138,898	-	4,408	-	143,306	96,538	-	1,442	97,980
Professional fees	-	65,040	-	-	65,040	-	51,651	-	51,651
Occupancy	28,277	19,655	13,258	-	61,190	-	13,500	-	13,500
Media and contract services	52,187	-	-	-	52,187	22,803	17,102	17,102	57,007
Miscellaneous	2,600	21,680	-	-	24,280	16,426	25,400	-	41,826
Supplies	4,947	15,583	3,408	-	23,938	4,231	17,248	4,014	25,493
Insurance	-	19,387	-	-	19,387	-	19,088	-	19,088
Equipment rental	16,152	-	-	-	16,152	65,620	-	-	65,620
Advertising	10,483	2,410	1,158	-	14,051	2,780	4,979	1,250	9,009
Public relations and hospitality	986	1,353	11,291	-	13,630	401	961	4,089	5,451
Cost of direct benefits to donors	-	-	-	12,909	12,909	-	-	-	-
Website	-	11,606	-	-	11,606	-	19,210	-	19,210
Telephone	-	10,117	-	-	10,117	-	10,217	-	10,217
Depreciation and amortization	-	6,916	-	-	6,916	-	5,524	-	5,524
Postage and delivery	3,441	2,939	-	-	6,380	-	4,883	-	4,883
Inventory purchases	304	-	-	-	304	13,982	-	-	13,982
Bad debt expense	-	-	-	-	-	-	8,000	-	8,000
Artist royalties	-	-	-	-	-	2,476	-	-	2,476
	2,729,841	656,678	397,030	12,909	3,796,458	2,686,889	471,250	304,130	3,462,269
Less items included within revenue and other support:									
Cost of direct benefits to donors	-	-	-	(12,909)	(12,909)	-	-	-	-
Total expenses included in the functional categories on the statement of activities and changes in net assets	\$ 2,729,841	\$ 656,678	\$ 397,030	\$ -	\$ 3,783,549	\$ 2,686,889	\$ 471,250	\$ 304,130	\$ 3,462,269

The accompanying notes are an integral part of these financial statements.

THE SILK ROAD PROJECT, INC.

Notes to Financial Statements

1. Organization and Purpose

The Silk Road Project, Inc. (the “Project”) is a developer of musical and multimedia projects for public educational purposes. The Project was incorporated as a Massachusetts not-for-profit corporation in November 1998, and commenced its operations in January 1999. One of the Project’s major programs is The Silk Road Ensemble. The Silk Road Ensemble is comprised of performers and composers from more than 20 countries, who co-create art, performance and ideas. Through performances and the creation of new music, cultural partnerships, education programs, and cross-disciplinary collaborations, the Project seeks to create meaningful change at the intersection of the arts, education, and business.

The Project’s primary sources of revenue and support are from performance fees, grants and contributions.

2. Summary of Significant Accounting Policies

Basis of Presentation

In order to ensure the observance of limitations and restrictions placed on the use of resources available to The Silk Road Project, Inc., the Project determines the classification of its net assets and its revenues, expenses, gains, and losses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Project and changes therein are classified and reported as follows:

Net assets without donor restrictions represent expendable resources that are available for support of the Project’s general operations. These net assets may be used at the discretion of the Project’s management and the Board of Directors.

Net assets with donor restrictions represent resources restricted by donors and grantors. Some donor restrictions are temporary in nature, for a specific purpose or time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Income on these invested endowment funds are utilized in accordance with the donors’ stipulations.

The Project had no net assets with donor restrictions which were perpetual in nature at June 30, 2019 and 2018, or during the years then ended.

Revenue and Support

Contributions and pledges, which include grants, are recorded as support with or without donor restrictions depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are classified as support with donor restrictions are reclassified to net assets without donor restrictions upon satisfaction of the purpose restriction or expiration of the time restriction.

Performance fees are recognized on the date of the related performances.

Program income consists of revenue from education programs which is recognized on the date that the programs take place. Any amounts received in advance of the program date are reported as deferred revenue.

THE SILK ROAD PROJECT, INC.

Notes to Financial Statements

2. Summary of Significant Accounting Policies (continued)

Revenue and Support (continued)

Revenue from merchandise sales represents proceeds from sales of The Silk Road Ensemble recordings and T-shirts and is recognized at the time of sale.

The Project receives in-kind support in the form of contributed office space and parking, which is recognized at fair value. Additionally, the Project receives contributions of time by volunteers, including Board members. These contributions do not meet the criteria for recognition of in-kind support, and therefore, they have not been reflected in the financial statements.

Cash

Cash consists of deposits held in checking and savings accounts at federally insured banks.

Inventory

Inventory consists of CD recordings and T-shirts and is stated at lower of cost or net realizable value. Cost is determined by the first-in, first out method.

Equipment and Improvements

Equipment and improvements are recorded at cost if purchased, or at fair value at the time of receipt, if donated, net of accumulated depreciation and amortization. Expenditures for maintenance, repairs, and renewals are charged to expense when incurred, whereas additions in excess of \$1,000 are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets ranging from three to five years.

Website Development Costs

Website development costs consist of costs incurred in connection with the development of the Project's website, which are being amortized on a straight-line basis over three years.

Advertising

The Project expenses advertising costs as incurred.

Functional Allocation of Expenses

The Project allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. The financial statements report certain categories of expenses that are attributed to both program and support services. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes and employee benefits, and occupancy, which are allocated on the basis of estimates of time and effort.

THE SILK ROAD PROJECT, INC.

Notes to Financial Statements

2. Summary of Significant Accounting Policies (continued)

Use of Estimates and Subsequent Events

The presentation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The Project's management has evaluated the effect which subsequent events may have on these financial statements. Management's evaluation was completed on February 10, 2020, the date these financial statements became available to be issued. No events have occurred subsequent to the statement of financial position date and through the date of evaluation that meet the criteria required for disclosure or accrual.

Income Taxes

The Project is a publicly supported tax-exempt organization pursuant to Section 501(c)(3) of the Internal Revenue Code and, accordingly, is exempt from federal income taxes. The Project is also exempt from Massachusetts income tax under Massachusetts General Law Chapter 180.

Recently Adopted Accounting Pronouncement

In 2019, the Project implemented Financial Accounting Standards Board ASU 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities* (the "ASU"). The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and lack of consistency in the type of information provided about expenses and investment return. The Project has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

3. Grants and Contributions Receivable

Grants and contributions receivable, net consisted of the following at June 30, 2019 and 2018:

	2019	2018
		(As Restated)
Receivable in less than one year	\$ 610,500	\$ 1,051,750
Receivable in one to five years	260,000	220,000
	<u>870,500</u>	<u>1,271,750</u>
Less - discount to net present value	(7,573)	(6,690)
	<u>\$ 862,927</u>	<u>\$ 1,265,060</u>

Grants and contributions receivable are reported at their net realizable value based on the amount management expects to collect on outstanding balances. The present value of estimated future cash flows was determined using a discount rate of 3% for the years ended June 30, 2019 and 2018.

At June 30, 2019, the Project had a conditional grant of \$40,000 which will not be recognized as revenue until such time as the Project meets the condition of the grant.

THE SILK ROAD PROJECT, INC.

Notes to Financial Statements

4. Equipment and Improvements

Equipment and improvements consisted of the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Equipment	\$ 31,412	\$ 31,412
Leasehold improvements	103,915	103,915
	<u>135,327</u>	<u>135,327</u>
Less - accumulated depreciation	<u>(131,885)</u>	<u>(128,999)</u>
	<u>\$ 3,442</u>	<u>\$ 6,328</u>

Depreciation expense for the years ended June 30, 2019 and 2018 amounted to \$2,886 and \$5,524, respectively. Leasehold improvements were fully amortized in a prior year.

5. Website Development Costs

Website development costs consisted of the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Website development costs	\$ 18,133	\$ 92,400
Less - accumulated amortization	<u>(4,030)</u>	<u>(92,400)</u>
	<u>\$ 14,103</u>	<u>\$ -</u>

Amortization expense for the year ended June 30, 2019 amounted to \$4,030. The 2018 website development costs were fully amortized in a prior year and were disposed of in the current year.

Amortization of the website development costs for each of the following years is as follows:

<u>Years ending June 30,</u>	
2020	\$ 6,044
2021	6,044
2022	2,015

6. Line of Credit

The Project has a line of credit with its bank permitting advances of up to \$250,000. Advances bear interest at the prime rate plus 1.5%, with a minimum rate of 5%. The line of credit is secured by all assets of the Project. There were no outstanding balances on the line of credit at June 30, 2019 and 2018, or during the years then ended. Under the terms of the agreement, the Project is subject to certain restrictive covenants. The Project was in compliance with all covenant requirements at June 30, 2019.

THE SILK ROAD PROJECT, INC.

Notes to Financial Statements

7. Net Assets

Board designated net assets at June 30, 2019 and 2018 consisted of \$125,641, designated for future initiatives.

Net assets with donor restrictions were available for the following purposes or periods at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u> (As Restated)
Scale the impact of musical and learning programs	\$ 644,243	\$ -
Social impact programs	-	83,826
Increase capacity for fundraising	-	541,558
Commission for new works	20,000	20,000
Seeds Project	40,000	-
Time restrictions	220,209	900,060
	<u>\$ 924,452</u>	<u>\$ 1,545,444</u>

Net assets released from restrictions for the years ended June 30, 2019 and 2018 were comprised of the following:

	<u>2019</u>	<u>2018</u> (As Restated)
Scale the impact of musical and learning programs	\$ 98,475	\$ 63,578
Social impact programs	83,826	104,138
Cultural Entrepreneurship	-	100,000
Increase capacity for fundraising	541,558	282,021
Performances	-	40,000
Education and refugee programs	-	33,672
Heroes program	135,000	10,000
Global musician workshop	-	5,200
Rice University residency	-	25,000
Expiration of time restrictions	679,851	408,117
	<u>\$ 1,538,710</u>	<u>\$ 1,071,726</u>

THE SILK ROAD PROJECT, INC.

Notes to Financial Statements

8. Related Party Transactions

Included accounts payable at June 30, 2019 and 2018 and in performer/artist fees for the year ended June 30, 2018 is \$75,000 payable to a company owned by two of the Project's founding Board members for fees earned by one of the Project's founding Board members. In addition, an employee of this company is a member of the Project's Board of Directors.

During the year ended June 30, 2017, the Project entered into an agreement with the same company which provided for a Project employee to perform certain services to the company one day each week, in exchange for which the company would pay the Project \$18,973 a year. The agreement commenced on June 1, 2017 and was effective through October 31, 2018. During the year ended June 30, 2018, \$6,324 was included in other income on the statement of activities and changes in net assets for amounts earned under the terms of this agreement.

9. Collaborative Agreement

The Project has a collaborative agreement with Harvard University ("Harvard") which expires on June 30, 2020. Under the terms of the agreement, the Project reimburses Harvard for salaries plus an agreed upon percentage for payroll taxes and benefits. In addition, the Project provides certain educational programs and performances for Harvard, as stipulated in the collaborative agreement. During the years ended June 30, 2019 and 2018, the Project reimbursed Harvard \$1,020,519 and \$787,743, respectively. For purposes of the presentation in the statements of functional expenses, the reimbursements to Harvard have been classified into their natural categories.

10. Employee Benefit Plans

The Project's employees are eligible to participate in the Harvard University Tax Deferred Annuity ("TDA") Plan. Employees are eligible to participate immediately upon hire and can make voluntary contributions to the plan up to the Internal Revenue Code limit. The Project does not make contributions to this plan.

The Project's employees are also eligible to participate in the Harvard University 2001 Staff Retirement Program after six months of employment and if they work at least half time. The Project's contributions are vested three years after the date of employment. The Project made contributions to the plan of \$58,966 and \$45,162 for the years ended June 30, 2019 and 2018, respectively.

11. Concentrations

Approximately 23% and 15% of revenue for the years ended June 30, 2019 and 2018, respectively, was received from one donor. Approximately 92% of grants and contributions receivable at June 30, 2019 was due from three donors, and approximately 94% of grants and contributions receivable at June 30, 2018 was due from five donors, two of whom are members of the Board of Directors.

The Project has a potential concentration of credit risk in that, from time to time, it maintains deposits with financial institutions in excess of amounts insured by Federal Deposit Insurance Corporation. The maximum deposit insurance amount is \$250,000, which is applied per depositor, per insured depository institution for each account ownership category.

THE SILK ROAD PROJECT, INC.

Notes to Financial Statements

12. In-Kind Contributions

The Project occupies office space in a building owned by Harvard University. In October 2017, Harvard began donating the office space and the use of four parking spaces to the Project. As a result, the Project recorded the fair value of in-kind rent and parking amounting to \$70,022 and \$10,125 for the years ended June 30, 2019 and 2018, respectively, which is included in grants and contributions on the statements of activities and changes in net assets, and in occupancy and travel expenses on the statements of functional expenses.

13. Availability and Liquidity

The Project's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date at June 30, 2019 and 2018 are comprised of the following:

	<u>2019</u>	<u>2018</u>
Cash	\$ 1,197,015	\$ 1,286,449
Grants and contributions receivable, net	862,927	1,265,060
Other receivables	<u>137,122</u>	<u>230,071</u>
Total Financial assets	2,197,064	2,781,580
Less amount not available for general expenditure within one year:		
Net assets with donor restrictions	<u>(603,952)</u>	<u>(638,694)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 1,593,112</u>	<u>\$ 2,142,886</u>

Included in financial assets available to meet general expenditures within one year are time restricted net assets comprised of grants and contributions receivable which are collectible within one year. As part of the Project's liquidity plan, excess cash is held in a savings account. Additionally, the Project maintains a \$250,000 line of credit, as discussed in Note 6. At June 30, 2019 and 2018, \$250,000 remained available on the line of credit.

14. Contingencies

In a prior year, the Project was awarded a \$400,000 grant and additional matching funds of \$100,000 from the National Endowment for the Humanities ("NEH") to support the production of a film. The grant agreement includes a contingency provision which requires the Project to return funding to NEH if all income earned from the film during the grant period and for seven years following the grant completion date exceeds \$50,000. Any amounts due to NEH will be paid out of the Project's share of the worldwide gross proceeds derived from the distribution, exhibition and exploitation of the film. The formula by which the Project will pay back NEH is based on a percentage of NEH's proportional funding for the film. At June 30, 2019 and 2018, the Project has a liability of \$157,848 payable under this formula, which is included in accounts payable on the statements of financial position.

THE SILK ROAD PROJECT, INC.

Notes to Financial Statements

15. Prior Period Adjustments

During the year ended June 30, 2019, the Project discovered that during fiscal year 2017 a \$100,000 payment on a pledge had not been applied to pledges receivable, but instead had been reported as contribution revenue. Accordingly, prior period adjustments have been made to reduce net assets as of June 30, 2017 for the effect of the misapplied payment and to the net present value calculation, amounting to \$94,259. In addition, a prior period adjustment has been made as of June 30, 2018 and for the year then ended to decrease the discount to net present value as a result of the 2017 adjustment, in the amount of \$2,828. The 2018 financial statements have been adjusted accordingly.

During the year ended June 30, 2019, the Project discovered that a liability of \$75,000 which arose during fiscal year 2018 had not been recorded. Accordingly, a prior period adjustment has been made to increase the amount of expense and accounts payable as of June 30, 2018 and for the year then ended. The 2018 financial statements have been adjusted accordingly.

During the year ended June 30, 2019, donor documentation was discovered relating to fiscal year 2017 which granted permission to the Project to repurpose a contribution from one program restriction to another. As a result, additional releases from restrictions were identified during the years ended June 30, 2018 and 2017. Accordingly, a prior period adjustment has been made to increase the net assets without donor restrictions, and decrease the net assets with donor restrictions for the years ended June 30, 2018 and 2017 by \$104,138 and \$84,981, respectively, for a cumulative increase in net assets without restrictions and decrease in net assets with restrictions of \$189,119 at June 30, 2018.

Corresponding entries were made to adjust the previously reported net assets at June 30, 2017 and 2018 as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Net assets - June 30, 2017, as previously reported	\$ (98,926)	\$ 2,436,744	\$ 2,337,818
Adjustment for pledge payment misapplied	-	(94,259)	(94,259)
Adjustment for releases from restrictions	84,981	(84,981)	-
Net assets - June 30, 2017, as restated	<u>\$ (13,945)</u>	<u>\$ 2,257,504</u>	<u>\$ 2,243,559</u>
Net assets - June 30, 2018, as previously reported	\$ 563,444	\$ 1,831,650	\$ 2,395,094
Adjustment for pledge payment misapplied	-	(94,259)	(94,259)
Adjustment to net present value	-	(2,828)	(2,828)
Adjustment for payable not recorded	(75,000)	-	(75,000)
Adjustment for releases from restrictions	189,119	(189,119)	-
Net assets - June 30, 2018, as restated	<u>\$ 677,563</u>	<u>\$ 1,545,444</u>	<u>\$ 2,223,007</u>