

Caring for Cambodia

**Financial Report
December 31, 2014**

Caring for Cambodia

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Independent Auditor's Report

To the Board of Directors
Caring for Cambodia

We have audited the accompanying financial statements of Caring for Cambodia (the "Organization"), which comprise the statement of financial position as of December 31, 2014 and 2013 and the related statements of activities and changes in net assets, 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.

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 audits 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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Caring for Cambodia as of December 31, 2014 and 2013 and the changes in its net assets, functional expenses, and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Plante & Moran, PLLC

March 26, 2015

Caring for Cambodia

Statement of Financial Position

	December 31, 2014	December 31, 2013
Assets		
Cash	\$ 234,014	\$ 210,824
Contributions receivable	22,911	70,052
Investments (Note 3)	415,542	384,755
Inventory	-	15,115
Deposits	762	1,662
Land, school buildings, and equipment (Note 2)	801,370	862,032
Total assets	<u>\$ 1,474,599</u>	<u>\$ 1,544,440</u>
Liabilities and Net Assets		
Liabilities - Accounts payable	\$ 1,768	\$ 3,895
Net Assets		
Unrestricted	1,044,384	1,192,432
Temporarily restricted (Note 4)	428,447	348,113
Total net assets	<u>1,472,831</u>	<u>1,540,545</u>
Total liabilities and net assets	<u>\$ 1,474,599</u>	<u>\$ 1,544,440</u>

Caring for Cambodia

Statement of Activities and Changes in Net Assets

	Year Ended							
	December 31, 2014				December 31, 2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Support								
Contributions	\$ 354,045	\$ 403,053	\$ -	\$ 757,098	\$ 349,617	\$ 446,105	\$ -	\$ 795,722
In-kind donations	212,484	-	-	212,484	200,498	-	-	200,498
Membership fees	4,085	-	-	4,085	4,390	-	-	4,390
Fee for services	485	-	-	485	5,555	-	-	5,555
Special event revenue	154,448	-	-	154,448	65,515	-	-	65,515
Net realized and unrealized gains and losses on investments	797	9,585	-	10,382	(609)	16,548	-	15,939
Interest income	91	-	-	91	52	-	-	52
Special event revenue in-kind	27,647	-	-	27,647	14,281	-	-	14,281
Total revenue and support	754,082	412,638	-	1,166,720	639,299	462,653	-	1,101,952
Net Assets Released from Restrictions	332,304	(332,304)	-	-	326,810	(326,810)	-	-
Total revenue, support, and net assets released from restrictions	1,086,386	80,334	-	1,166,720	966,109	135,843	-	1,101,952
Expenses								
Program services - Program expenses	940,937	-	-	940,937	966,244	-	-	966,244
Support services:								
Management and general	155,723	-	-	155,723	140,571	-	-	140,571
Fundraising	137,774	-	-	137,774	99,905	-	-	99,905
Total expenses	1,234,434	-	-	1,234,434	1,206,720	-	-	1,206,720
(Decrease) Increase in Net Assets	(148,048)	80,334	-	(67,714)	(240,611)	135,843	-	(104,768)
Net Assets - Beginning of year	1,192,432	348,113	-	1,540,545	1,433,043	212,270	-	1,645,313
Net Assets - End of year	\$ 1,044,384	\$ 428,447	\$ -	\$ 1,472,831	\$ 1,192,432	\$ 348,113	\$ -	\$ 1,540,545

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Statement of Functional Expenses

	Year Ended December 31, 2014			
	Program Expenses	Fundraising Expenses	General and Administrative Expenses	Total
Staff and teacher salaries	\$ 320,904	\$ -	\$ -	\$ 320,904
Services expense (Note 6)	-	50,000	84,212	134,212
Services expense in-kind	-	-	48	48
Events expense	-	36,549	-	36,549
Events expense in-kind	-	31,296	-	31,296
Cost of merchandise	-	19,598	-	19,598
Bad debt expense	-	86	-	86
Staff and teacher training	74,154	-	-	74,154
Food-for-thought	68,600	-	-	68,600
Depreciation	80,744	-	-	80,744
Rent	1,855	-	-	1,855
Educational supplies	37,642	-	-	37,642
Student supplies and uniforms	14,907	-	-	14,907
First aid and medical supply	9,234	-	-	9,234
Utilities	14,987	-	-	14,987
Furniture, fixtures, and facility maintenance	80,919	-	-	80,919
Property cleaning	15,606	-	-	15,606
Charitable activities expense in-kind	208,787	-	-	208,787
Printing and copying	-	-	6,147	6,147
Technology licenses and support	-	-	8,430	8,430
Financial statement audit	-	-	16,000	16,000
Miscellaneous	12,598	245	28,875	41,718
Bank charges/credit card fees	-	-	10,130	10,130
Realized exchange rate gain	-	-	1,881	1,881
Total functional expenses	\$ 940,937	\$ 137,774	\$ 155,723	\$ 1,234,434

	Year Ended December 31, 2013			
	Program Expenses	Fundraising Expenses	General and Administrative Expenses	Total
Staff and teacher salaries	\$ 287,191	\$ -	\$ -	\$ 287,191
Services expense (Note 6)	-	51,231	82,096	133,327
Services expense in-kind	-	-	2,457	2,457
Post secondary education	5,067	-	-	5,067
Events expense	-	23,057	-	23,057
Events expense in-kind	-	14,281	-	14,281
Cost of merchandise	-	10,336	-	10,336
Bad debt expense	-	1,000	-	1,000
Staff and teacher training	40,653	-	-	40,653
Food-for-thought	148,858	-	-	148,858
Depreciation	78,646	-	-	78,646
Rent	1,730	-	-	1,730
Educational supplies	66,920	-	-	66,920
Student supplies and uniforms	8,826	-	-	8,826
First aid and medical supply	15,447	-	-	15,447
Utilities	13,480	-	-	13,480
Furniture, fixtures, and facility maintenance	86,097	-	-	86,097
Property cleaning	10,216	-	-	10,216
Charitable activities expense in-kind	198,040	-	-	198,040
Printing and copying	-	-	6,382	6,382
Technology licenses and support	-	-	5,940	5,940
Financial statement audit	-	-	12,500	12,500
Miscellaneous	5,073	-	19,575	24,648
Bank charges/credit card fees	-	-	8,988	8,988
Realized exchange rate loss	-	-	2,633	2,633
Total functional expenses	\$ 966,244	\$ 99,905	\$ 140,571	\$ 1,206,720

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Statement of Cash Flows

	Year Ended	
	December 31, 2014	December 31, 2013
Cash Flows from Operating Activities		
Decrease in net assets	\$ (67,714)	\$ (104,768)
Adjustments to reconcile decrease in net assets to net cash from operating activities:		
Depreciation	80,744	78,646
Bad debt	86	1,000
Net realized and unrealized gains on investments	(10,382)	(15,939)
Donated stock	(4,897)	(15,992)
Changes in operating assets and liabilities which provided (used) cash:		
Contributions receivable	47,055	(33,082)
Inventory	15,115	4,082
Deposits	900	(900)
Accounts payable and accrued expenses	(2,127)	2,891
Net cash provided by (used in) operating activities	58,780	(84,062)
Cash Flows from Investing Activities		
Capital expenditures	(20,082)	(10,020)
Proceeds from sales of investments	288,048	363,702
Purchases of investments	(303,556)	(222,969)
Net cash (used in) provided by investing activities	(35,590)	130,713
Net Increase in Cash	23,190	46,651
Cash - Beginning of year	210,824	164,173
Cash - End of year	<u>\$ 234,014</u>	<u>\$ 210,824</u>

Note I - Nature of Activities and Significant Accounting Policies

Nature of Organization - Caring for Cambodia (the "Organization") is a nongovernmental United States 501(c)(3) public charity whose mission is to create and sustain safe, modern, technologically equipped schools; mentor and professionally train teachers; and fund supplies and other tools needed to teach those who want to learn. The Organization provides educational opportunities for almost 6,400 Cambodian children in 14 schools so they may reach their highest potential and make valuable contributions to their communities.

Assets held abroad in Cambodia include one bank account, petty cash held by the schools in Cambodia, and all of the school buildings and equipment. Assets held abroad totaled \$873,687 and \$924,952 as of December 31, 2014 and 2013, respectively.

Significant accounting policies are as follows:

Classification of Net Assets - Net assets of the Organization are classified as unrestricted, temporarily restricted, or permanently restricted, depending on the presence and characteristics of donor-imposed restrictions limiting the Organization's ability to use or dispose of contributed assets or the economic benefits embodied in those assets.

Donor-imposed restrictions that expire with the passage of time or can be removed by meeting certain requirements result in temporarily restricted net assets. Permanently restricted net assets result from donor-imposed restrictions that limit the use of net assets in perpetuity. Earnings, gains, and losses on restricted net assets are classified as unrestricted unless specifically restricted by the donor or by applicable state law.

Donated Services and Assets - Certain donated services are recognized as support in the statement of activities and changes in net assets. The value of these services is determined based on estimated fair value. The in-kind donations included impact and program studies, research and support, student supplies, uniforms, event auction items, utility services, and inventory items and totaled \$240,131 and \$214,779 for 2014 and 2013, respectively.

Investments - Investments in mutual funds are recorded at fair value based on quoted market prices. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Note I - Nature of Activities and Significant Accounting Policies (Continued)

Contributions - Contributions are recorded at fair value in the statement of activities and changes in net assets. Cash contributions are recognized in the period received. Pledges are recognized in the period pledged. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions to be received after one year are initially recorded at fair value by the Organization as contribution receivable. They are subsequently valued at the present value of future cash flows. Contributions without donor-imposed restrictions are reported as unrestricted support. Other restricted gifts are reported as restricted support as temporarily or permanently restricted net assets.

All contributions receivable as of December 31, 2014 and 2013 are due in less than one year. Management determines allowances for doubtful pledges by reviewing and identifying receivable balances as needed. Recoveries of any written-off amounts would be recorded when received. Management believes the receivables to be fully collectible and therefore no allowance has been recorded as of December 31, 2014 and 2013.

School Buildings and Equipment - School buildings and equipment are recorded at cost when purchased or at fair value at the date of donation and are being depreciated on a straight-line basis over their estimated useful lives. Costs of maintenance and repairs are charged to expense when incurred.

Federal Income Taxes - The Organization is exempt from income tax under provisions of Internal Revenue Code Section 501(c)(3). Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Organization and has concluded that as of December 31, 2014 and 2013, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2011.

Functional Allocation of Expenses - The costs of providing the program and support services have been reported on a functional basis in the statement of activities and changes in net assets. Indirect costs have been allocated between the various programs and support services based on estimates, as determined by management. Although the methods of allocation used are considered reasonable, other methods could be used that would produce a different amount.

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Notes to Financial Statements December 31, 2014 and 2013

Note 1 - Nature of Activities and Significant Accounting Policies (Continued)

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted 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 contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, expenses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Subsequent Events - The financial statements and related disclosures include evaluation of events up through and including March 26, 2015, which is the date the financial statements were available to be issued.

Note 2 - Property and Equipment

Property and equipment are summarized as follows:

	2014	2013	Depreciable Life - Years
Land	\$ 30,258	\$ 30,258	-
School buildings	974,417	970,643	5-20
Equipment	28,050	25,900	3-6
Website	144,005	129,846	5
Total cost	1,176,730	1,156,647	
Accumulated depreciation	375,360	294,615	
Net property and equipment	\$ 801,370	\$ 862,032	

Depreciation expense was \$80,744 for 2014 and \$78,646 for 2013.

Note 3 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provides a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Organization's assets and liabilities measured at fair value on a recurring basis at December 31, 2014 and 2013, and the valuation techniques used by the Organization to determine those fair values.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

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Notes to Financial Statements December 31, 2014 and 2013

Note 3 - Fair Value Measurements (Continued)

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Organization's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Assets and Liabilities Measured at Fair Value on a Recurring Basis at December 31, 2014

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2014
Assets				
Investments - Mutual Funds:				
Low duration	\$ 51,626	\$ -	\$ -	\$ 51,626
Total return	39,629	-	-	39,629
International	68,586	-	-	68,586
Large-cap	52,066	-	-	52,066
Small-cap	15,926	-	-	15,926
Institutional	64,579	-	-	64,579
Income fund	19,065	-	-	19,065
Commodities	11,002	-	-	11,002
Real estate	12,097	-	-	12,097
Mid-cap	23,753	-	-	23,753
Managed	8,028	-	-	8,028
Absolute return	34,925	-	-	34,925
Total investments	<u>\$ 401,282</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 401,282</u>

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Notes to Financial Statements December 31, 2014 and 2013

Note 3 - Fair Value Measurements (Continued)

Assets and Liabilities Measured at Fair Value on a Recurring Basis at December 31, 2013

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2013
Assets				
Investments - Mutual Funds:				
Low duration	\$ 147,692	\$ -	\$ -	\$ 147,692
Total return	28,092	-	-	28,092
International	48,452	-	-	48,452
Large-cap	45,232	-	-	45,232
Small-cap	11,365	-	-	11,365
Institutional	25,303	-	-	25,303
Income fund	14,057	-	-	14,057
Commodities	13,924	-	-	13,924
Real estate	5,645	-	-	5,645
Mid-cap	10,875	-	-	10,875
Managed	5,756	-	-	5,756
Utilities	5,027	-	-	5,027
Absolute return	19,805	-	-	19,805
Total investments	\$ 381,225	\$ -	\$ -	\$ 381,225

Not included in the above table is cash and money market accounts of \$14,260 and \$3,530 as of December 31, 2014 and 2013, respectively.

The Organization's policy is to recognize transfers in and transfers out of Level 1, 2 and 3 fair value classifications as of the beginning of the reporting period. There were no transfers during 2014 and 2013.

As of December 31, 2014, approximately 48 percent of all investments were held in the Blackrock Low Duration BD Investment, Causeway International Value Institutional, Mainstay Large Cap Growth A, and John Hancock Dispend Value Institutional funds. As of December 31, 2013, approximately 25 percent of all investments were held in the PIMCO Low Duration A Fund.

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Notes to Financial Statements December 31, 2014 and 2013

Note 4 - Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2014 and 2013 are restricted for the following:

	2014	2013
Time-restricted pledges	\$ 20,411	\$ 60,052
Purpose restricted - Health projects and teacher scholarships	208,881	95,403
Term endowment	199,155	192,658
Total temporarily restricted net assets	<u>\$ 428,447</u>	<u>\$ 348,113</u>

Note 5 - Donor-restricted and Board-designated Endowments

As of December 31, 2014, the Organization's endowment consisted of one board-designated fund established for general operations and one individual donor-restricted fund established for general operations. During 2012, the donor-restricted endowment was approved by the donor to be released from permanently restricted net assets and transferred to a term endowment. The term endowment includes a stipulation that it be held for five years to earn income and then will be released to unrestricted net assets for general operating expenses should the board of directors deem it necessary.

As of December 31, 2014, it is the intention of the board of directors to preserve the donor endowment gifts and earnings. Net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The board of trustees of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as temporarily restricted net assets (a) the original value of gifts donated to the term endowment, (b) the original value of subsequent gifts to the term endowment, and (c) accumulations to the term endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (3) General economic conditions

Note 5 - Donor-restricted and Board-designated Endowments (Continued)

- (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 Organization
- (7) The investment policies of the Organization

Endowment Net Asset Composition by Type of Fund as of December 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 199,155	\$ -	\$ 199,155
Board-designated endowment funds	4,542	-	-	4,542
Total funds	<u>\$ 4,542</u>	<u>\$ 199,155</u>	<u>\$ -</u>	<u>\$ 203,697</u>

Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets - Beginning of year	\$ 93,599	\$ 192,658	\$ -	\$ 286,257
Investment return - Net appreciation (realized and unrealized)	892	4,647	-	5,539
Total investment return	892	4,647	-	5,539
Contributions	-	1,850	-	1,850
Appropriation of endowment assets for expenditure	(89,949)	-	-	(89,949)
Endowment net assets - End of year	<u>\$ 4,542</u>	<u>\$ 199,155</u>	<u>\$ -</u>	<u>\$ 203,697</u>

Endowment Net Asset Composition by Type of Fund as of December 31, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 192,658	\$ -	\$ 192,658
Board-designated endowment funds	93,599	-	-	93,599
Total funds	<u>\$ 93,599</u>	<u>\$ 192,658</u>	<u>\$ -</u>	<u>\$ 286,257</u>

Note 5 - Donor-restricted and Board-designated Endowments (Continued)

Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets -				
Beginning of year	\$ 319,257	\$ 174,300	\$ -	\$ 493,557
Investment income	-	7,185	-	7,185
Investment return - Net appreciation (realized and unrealized)	(609)	9,363	-	8,754
Total investment return	(609)	16,548	-	15,939
Contributions	-	1,810	-	1,810
Appropriation of endowment assets for expenditure	(225,049)	-	-	(225,049)
Endowment net assets - End of year	<u>\$ 93,599</u>	<u>\$ 192,658</u>	<u>\$ -</u>	<u>\$ 286,257</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. As of December 31, 2014 and 2013, there were no such deficiencies in the permanent donor-restricted endowment fund.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period as well as board-designated funds.

Note 5 - Donor-restricted and Board-designated Endowments (Continued)

Under this policy, as approved by the board of trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a limited level of investment risk to limit the chance of loss.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy to appropriate assets as needed for operations. In establishing this policy, the Organization considered the long-term expected return on its endowment. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Note 6 - General and Administrative Expense Support

Caring for Cambodia receives contributions restricted for general and administrative expenses. The Organization received support of \$50,000 and \$60,000 as of December 31, 2014 and 2013, respectively, for these expenses.

Note 7 - Related Party Transactions

The founders of Caring for Cambodia made contributions to the Organization of \$175,000 and \$192,600 for 2014 and 2013, respectively.

Note 8 - Revenue Recognition

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606), which will supersede the current revenue recognition requirements in Topic 605, Revenue Recognition. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance will be effective for the Organization's year ending December 31, 2018. The ASU permits application of the new revenue recognition guidance to be applied using one of two retrospective application methods. The Organization has not yet determined which application method it will use or the potential effects of the new standard on the financial statements, if any.