

**GOOD NEWS PARTNERS**  
**FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITORS' REPORT**  
**AUGUST 31, 2019 AND 2018**

# ***WEISS, SUGAR, DVORAK & DUSEK, LTD.***

*Certified Public Accountants & Consultants*

*20 North Wacker Drive, Suite 2250*

*Chicago, Illinois 60606*

*Telephone: (312) 332-6622*

*Facsimile: (312) 332-3707*

*Stanley H. Weiss, CPA*

*David S. Sugar, CPA*

*Frank A. Dusek, CPA*

*Robert Rehayem, CPA*

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
GOOD NEWS PARTNERS  
Chicago, IL

### **Report of Financial Statements**

We have audited the accompanying financial statements of GOOD NEWS PARTNERS (a nonprofit organization), which comprise the statements of financial position as of August 31, 2019 and 2018, 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**

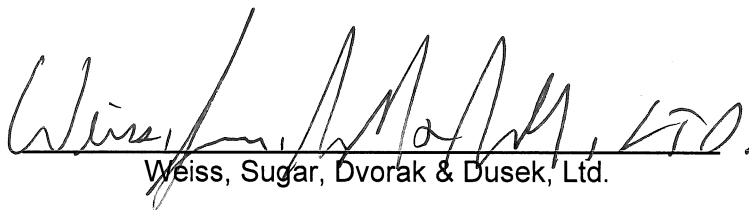
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 GOOD NEWS PARTNERS as of August 31, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Weiss, Sugar, Dvorak & Dusek, Ltd.

Chicago, Illinois  
December 17, 2019

**GOOD NEWS PARTNERS**  
**Statements of Financial Position**  
**August 31, 2019 and 2018**

<b>ASSETS</b>	<u>2019</u>	<u>2018</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 111,950	\$ 246,081
Investments in common stock at fair value		799
Advances		3,138
Note receivable	15,849	27,675
Accounts receivable, net of allowance for doubtful accounts of \$336,986 for 2019 and \$292,466 for 2018	73,650	62,927
Utility deposits	6,500	3,842
Real estate escrow	7,787	6,065
Prepaid expenses	<u>20,800</u>	<u>17,419</u>
Total Current Assets	<u>236,536</u>	<u>367,946</u>
 <b>PROPERTY AND EQUIPMENT</b>		
Land	513,200	513,200
Buildings	2,564,629	2,564,629
Improvements	2,451,482	2,273,308
Equipment	114,424	114,424
Construction in process		<u>107,809</u>
	<u>5,643,735</u>	<u>5,573,370</u>
Less: Accumulated depreciation	<u>1,559,211</u>	<u>1,446,129</u>
Net Property and Equipment	<u>4,084,524</u>	<u>4,127,241</u>
 <b>OTHER ASSETS</b>		
Other	39,777	70,090
Advances to Co-ops	377,162	526,854
Note receivable (net of current portion)	<u>257,169</u>	<u>260,464</u>
Total Other Assets	<u>674,108</u>	<u>857,408</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 4,995,168</u></u>	<u><u>\$ 5,352,595</u></u>

**GOOD NEWS PARTNERS**  
**Statements of Financial Position (Continued)**  
**August 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 171,541	\$ 122,993
Accrued expenses	129,896	149,839
Co-op accrued expenses	24,219	24,219
Tenant security deposits	43,519	29,167
Deferred gain	100,970	106,562
Current maturities of mortgages payable	63,763	60,122
Current portion of unsecured notes payable due to related parties	<u>338,377</u>	<u>146,880</u>
Total Current Liabilities	<u>872,285</u>	<u>639,782</u>
<b>NON-CURRENT LIABILITIES</b>		
Mortgages payable (net of current maturities)	2,765,039	2,820,893
Unsecured notes payable due to related parties (net of current portion)	170,000	361,497
Equity due Co-op occupants	<u>346,681</u>	<u>595,214</u>
Total Non-Current Liabilities	<u>3,281,720</u>	<u>3,777,604</u>
<b>NET ASSETS</b>		
Without donor restrictions	587,715	582,084
With donor restrictions	<u>253,448</u>	<u>353,125</u>
Total Net Assets	<u>841,163</u>	<u>935,209</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 4,995,168</u>	<u>\$ 5,352,595</u>

See independent auditors' report and notes to financial statements.

**GOOD NEWS PARTNERS**  
**Statements of Activities and Changes in Net Assets**  
**For the Years Ended August 31, 2019 and 2018**

	WITHOUT DONOR <u>RESTRICTIONS</u>	WITH DONOR <u>RESTRICTIONS</u>	<u>TOTAL</u>	
			<u>2019</u>	<u>2018</u>
<b>SUPPORT AND REVENUE</b>				
Contributions:				
Individuals	\$ 212,006	\$	\$ 212,006	\$ 188,793
Churches	119,598		119,598	146,114
Corporations and foundations	33,390		33,390	53,448
Government grants	232,336		232,336	201,751
Other	41,125		41,125	10,375
Program service revenue:				
Rental	770,054		770,054	554,596
Other	8,578		8,578	28,008
Investment income	18,812		18,812	21,962
(Loss) on sale of property				(31,863)
Gain on dissolution of Co-op	117,558		117,558	
Miscellaneous	4,586		4,586	13,085
Net assets released from restriction	<u>99,677</u>	<u>(99,677)</u>		
Total Support and Revenue	<u>1,657,720</u>	<u>(99,677)</u>	<u>1,558,043</u>	<u>1,186,269</u>
<b>EXPENSES</b>				
Program services	1,316,928		1,316,928	1,148,977
Supporting services:				
Management and general	248,054		248,054	229,720
Fundraising	<u>87,107</u>		<u>87,107</u>	<u>99,923</u>
Total Expenses	<u>1,652,089</u>		<u>1,652,089</u>	<u>1,478,620</u>
<b>CHANGE IN NET ASSETS</b>	5,631	(99,677)	(94,046)	(292,351)
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>582,084</u>	<u>353,125</u>	<u>935,209</u>	<u>1,227,560</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 587,715</u>	<u>\$ 253,448</u>	<u>\$ 841,163</u>	<u>\$ 935,209</u>

**GOOD NEWS PARTNERS**  
**Statements of Cash Flows**  
**For the Years Ended August 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (94,046)	\$ (292,351)
<i>Adjustments to change in net assets to net cash (used) by operating activities:</i>		
Depreciation	113,082	85,363
Amortization of debt issuance costs to interest expense	9,288	12,813
Loss on sale of property		31,863
(Gain) on dissolution of Co-op	(117,558)	
<i>Increase (decrease) in cash due to changes in:</i>		
Advances	3,138	
Note receivable	15,121	22,850
Accounts receivable	(10,723)	78,903
Utility deposits	(2,658)	13,398
Real estate escrow	(1,722)	14,400
Prepaid expenses	(3,381)	(27)
Other	30,313	
Advances to Co-ops	(33,432)	93,573
Accounts payable and accrued expenses	68,597	(100,967)
Tenant security deposits	14,352	(16,620)
Deferred gain	(5,592)	(8,451)
<b>NET CASH (USED) BY OPERATING ACTIVITIES</b>	<u>(15,221)</u>	<u>(65,253)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of property - net		370,137
Proceeds from sale of investments	799	
(Purchases) of investments		(799)
(Purchases) of property and equipment	(70,365)	(107,809)
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>(69,566)</u>	<u>261,529</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
(Decrease) in unsecured notes payable		(27,500)
(Decrease) increase in equity due co-op occupants	12,157	25,823
(Payments) on mortgages	(61,501)	(224,687)
<b>NET CASH (USED) BY FINANCING ACTIVITIES</b>	<u>(49,344)</u>	<u>(226,364)</u>
<b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(134,131)	(30,088)
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>246,081</u>	<u>276,169</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 111,950</u>	<u>\$ 246,081</u>

See independent auditors' report and notes to financial statements.

**GOOD NEWS PARTNERS**  
**Statements of Functional Expenses**  
**For the Year Ended August 31, 2019**  
**With Comparative Totals for the Year Ended August 31, 2018**

	PROGRAM SERVICES					SUPPORTING SERVICES			TOTAL	
	New Life Interim Housing	Rental Housing	Employment, UR Chicago	Education, Children and Youth	Builders and Apprentices	Ministry	Total	Management and General		Fund Raising
Depreciation	\$ 18,666	\$ 78,033				\$ 3,132	\$ 109,960	\$ 3,122	\$ 113,082	\$ 85,363
Eviction	5,023	4,679					9,702		9,702	6,561
Exterminator	760	78					838		838	767
Fees and memberships	2,714	2,990		225		275	8,499	30,191	39,530	23,658
Food	8,954						8,954		8,954	3,954
Fund raising events			332				332		21,068	15,989
Housing and travel								900	16,255	16,798
Insurance	3,328	22,906		1,302	596	2,990	38,798	587	40,477	40,273
Interest	25,137	84,692				8,394	130,611	6,917	137,528	139,127
Material and supplies	13,285	8,000	2,024			6,248	37,519	393	38,243	14,781
Miscellaneous	3,336	2,963		225		66	6,669	30,313	36,982	19,294
Office										5,256
Payroll taxes	9,855	33,970	2,148	1,183	15,641	2,720	87,340	10,920	99,419	98,358
Postage and mailing								200	3,465	3,414
Programs			29,620				29,620		2,921	4,394
Provision for bad debts	25,160	36,401					61,561		66,716	46,072
Real estate taxes	1,178	48,284					49,540	5,155	49,540	44,656
Rent		4,800					4,800	1,738	6,538	6,000
Repairs and maintenance	2,281	6,276					15,147	65	15,357	12,692
Rubbish removal	5,677	10,042					15,719		15,719	11,654
Salaries and wages	168,374	63,611	63,354	26,207	100,139	200	586,182	146,848	772,861	757,234
Telephone	1,842	925					10,958		10,958	14,696
Training			2,661				2,661	10,211	12,872	7,675
Transportation			1,135				1,135		1,135	449
Utilities	38,844	47,707		1,326		2,421	100,383	494	100,877	99,505
<b>TOTAL EXPENSES - 2019</b>	<b>\$ 324,700</b>	<b>\$ 456,357</b>	<b>\$ 101,274</b>	<b>\$ 30,468</b>	<b>\$ 116,376</b>	<b>\$ 26,446</b>	<b>\$ 1,316,928</b>	<b>\$ 248,054</b>	<b>\$ 87,107</b>	<b>\$ 1,652,089</b>
<b>TOTAL EXPENSES - 2018</b>	<b>\$ 319,373</b>	<b>\$ 421,213</b>	<b>\$</b>	<b>\$ 67,466</b>	<b>\$ 61,183</b>	<b>\$ 19,814</b>	<b>\$ 1,148,977</b>	<b>\$ 229,720</b>	<b>\$ 99,923</b>	<b>\$ 1,478,620</b>

See independent auditors' report and notes to financial statements.



**GOOD NEWS PARTNERS**  
**Notes to Financial Statements**  
**August 31, 2019 and 2018**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

Good News Partners (the "Organization"), incorporated in 1980, is a Christian community organization, striving to empower people to embody the church and to upbuild community. Our community works together through ministries of housing; youth, learning/enrichment, addiction recovery, and spiritual growth programs; job training/employment opportunities; and community development.

**Basis of Accounting**

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Included in the Organization's accounting records are buildings and improvements related to the Co-op Housing Program and their related mortgages payable and equity due Co-op owners. The Co-op Housing Program encourages home ownership and its financial responsibilities among the families it serves. The Organization acts as a financial intermediary by collecting Co-op owners' monthly assessments and remitting them to local financial institutions. Operating costs of the Co-ops are paid for by each of the Co-op Associations independently. Although in theory the Co-ops are independent of Good News Partners, the Organization can and does incur significant operating expenses and rehabilitation expenditures on their behalf and is ultimately liable for their mortgages. As the Co-ops provide cash to reduce principal on the mortgages, the Organization records an equal liability to the Co-ops. Expenses paid directly by the Co-ops are not included in these financial statements.

**Basis of Presentation**

In accordance with generally accepted accounting principles for non-for-profit organizations, the net assets of the Organization are reported according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. See Note 6 for the composition of net assets with donor restrictions.

**Revenue Recognition**

All contributions and grants are considered without donor restrictions unless otherwise specified by the donor and are recorded at fair market value at the date of donation. Restricted contributions and grants are recorded as with donor restricted revenue upon receipt and recognized as without donor restricted revenue when expenditures have been made in accordance with donor restrictions.

## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Accounts Receivable**

Accounts receivable are presented on the statement of financial position net of estimated uncollectible amounts. The Organization records an allowance for doubtful accounts in an amount approximating anticipated losses. Individual uncollectible accounts are written off against the allowance when collection of the individual accounts appears doubtful. Individual uncollectible accounts are included in the statement of functional expense as bad debts and amounted to \$66,716 and \$46,072 during the years ended August 31, 2019 and 2018, respectively. The Organization recorded an allowance for doubtful accounts of \$336,986 and \$292,466 at August 31, 2019 and 2018.

### **Property and Equipment**

Maintenance, repairs and minor replacements are expensed. Depreciation is computed using the straight-line method over the estimated useful life of five to seven years for equipment and thirty-nine years for buildings and improvements.

### **Income Taxes**

The Organization is exempt from federal income taxes under Section 501(C)(3) of the Internal Revenue Code. Thus no provision for income taxes has been provided in the financial statements.

### **Donated Services**

Donation of services is vital to the success of Good News Partners. No amounts have been reflected for donated services since the services provided did not create or enhance nonfinancial assets and did not require specialized skills.

### **Use of Estimates**

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

### **Change in Accounting Principle**

On August 18, 2016, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. We have implemented ASU 2016-14 and have adjusted the presentation in these financial statements accordingly. The ASU has been applied to all periods presented which resulted in no change to net assets.

### **Reclassifications**

Certain amounts in the 2018 financial statements have been reclassified for comparative purposes to conform to the 2019 presentation with no effect on previously reported change in net assets.

## NOTE 2 - MORTGAGES PAYABLE

During 2016, the Organization refinanced its mortgages payable with one financial institution. Debt issuance costs incurred as a result of this refinance amounted to \$69,370. These costs are amortized into interest expense over the life of the loans, which is seven years. During the years ended August 31, 2019 and 2018, the amount amortized into interest expense amounted to \$9,288 and \$12,813, respectively.

Mortgages payable at August 31, consisted of the following:

	<u>2019</u>	<u>2018</u>
<b>A. Independent Co-ops with Residents Remitting</b>		
<b>Monthly Assessments to GNP:</b>		
Mortgage payable at 5.05%, principal and interest in monthly installments on Esperanza Co-op, until 2023, secured by land, building and rents	\$ 403,941	\$ 413,795
Mortgage payable at 5.05%, principal and interest in monthly installments on Phoenix Co-op, until 2023, secured by land, building and rents	<u>464,359</u>	<u>475,683</u>
Total Balance	868,300	889,478
Less: Portion payable in one year	<u>22,357</u>	<u>21,243</u>
Total Long-Term Portion	<u>845,943</u>	<u>868,235</u>
<b>B. Co-ops with Income and Expenses Included in GNP Program Services:</b>		
Mortgage payable at 5.05%, principal and interest in monthly installments on Fargo Co-op, until 2023, secured by land, building and rents	250,714	256,829
Less: Portion payable in one year	<u>6,457</u>	<u>6,135</u>
Total Long-Term Portion	<u>244,257</u>	<u>250,694</u>
<b>C. Non Co-op Mortgages:</b>		
Mortgage payable at 5.05%, principal and interest in monthly installments on Jonquil Hotel, Jonquil Terrace, Lloyd Apartments, Ministry Center and New Life, until 2023, secured by land, building and rents	1,717,826	1,759,734
Other	<u>26,018</u>	<u>18,318</u>
Total Balance	1,743,844	1,778,052
Less: Portion payable in one year	<u>44,237</u>	<u>42,032</u>
Total Long-Term Portion	<u>1,699,607</u>	<u>1,736,020</u>
<b>TOTAL LONG-TERM MORTGAGE DEBT</b>	<u>\$ 2,789,807</u>	<u>\$ 2,854,949</u>

## NOTE 2 - MORTGAGES PAYABLE (Continued)

Maturities of mortgages payable and amortization of debt issuance costs for the years ending August 31, are as follows:

	<u>MATURITIES</u>	<u>AMORTIZATION</u>	<u>TOTAL</u>
2020	\$ 73,051	\$ (9,288)	\$ 63,763
2021	76,207	(9,288)	66,919
2022	79,830	(9,288)	70,542
2023	<u>2,633,770</u>	<u>(6,192)</u>	<u>2,627,578</u>
	<u>\$ 2,862,858</u>	<u>\$ (34,056)</u>	<u>\$ 2,828,802</u>

## NOTE 3 - INVESTMENTS IN COMMON STOCK

The Organization complies with the provisions of Accounting Standards Codification 820 (ASC 820), "Fair Value Measurements and Disclosures". Under ASC 820, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

The Organization's significant financial instruments are investments in common stock. The carrying values of these financial instruments recorded in the accompanying statement of financial position approximate fair value.

The Organization's investments in common stock amounted to \$0 and \$799, at August 31, 2019 and 2018, respectively. These investments were valued using level 1 inputs. The historical cost and fair market value of investments in common stock, all of which are held at one institution, at August 31, were as follows:

	<u>2018</u>	
	<u>COST</u>	<u>MARKET VALUE</u>
Common stock	<u>\$ 799</u>	<u>\$ 799</u>

## NOTE 4 - RELATED PARTIES

The Organization receives loans from its Board Members, former President and others. Interest rates on the loans vary from 0% to 5% and certain loans have no set maturity date. Statement of financial position classification is based on management's anticipated repayment schedule.

## NOTE 5 - CO-OP EQUITY BUY-OUTS

As stated in Note 1, the Co-ops are independent of Good News Partners. Good News Partners encourages Co-op owners to find willing buyers for Co-op units or the Co-op Association itself to buy such units from departing owners. In the event no buyers can be found or the Co-op Association cannot fund a buy-out, Good News Partners may expend its own funds for that purpose. Good News Partners is currently working with each Co-op to update our contract to reflect the actual amount each Co-op will reimburse Good News Partners.

In September 2018, the Esperanza Latina Co-op was dissolved due to the Co-op not having the ability to execute a buy-out, which resulted in a gain that is recorded in the accompanying statement of activities and changes in net assets and an amount due to the former Co-op members that is recorded in accrued expenses in the accompanying statement of financial position.

## NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes in future periods:

	<u>2019</u>	<u>2018</u>
Building purchase	\$ 163,774	\$ 164,688
Education		35,000
Exterior and interior renovations		50,000
Youth	30,000	30,000
Other	59,674	73,437
	<u>\$ 253,448</u>	<u>\$ 353,125</u>

## NOTE 7 - DEPRECIATION POLICY ON CO-OPS

The Organization had been recording depreciation of the Co-op buildings and improvements since inception of the Co-op program. When a Co-op begins operations as an independent Co-op, the Organization ceases to incur any revenue or expenses on the Co-op properties. Since no revenue or expenses are incurred by the Organization, no results of operations are matched against the depreciation expense on the Co-op properties.

## NOTE 8 - BUILDING IMPROVEMENTS

Program services expense for Builders and Apprentices excludes salaries, employee benefits and material expenditures in the amount of \$35,000 and \$107,809 in 2019 and 2018, respectively, were capitalized as building improvements or construction in process.

## **NOTE 9 - ADVANCES TO CO-OPS**

The Organization advances money to the Co-ops for various reasons including improvements and short-term cash flow problems. Good News Partners has classified these advances as long-term since these advances may not be repaid until the Co-ops take title to the properties. Advances are collateralized by the properties.

## **NOTE 10 - TAX STATUS**

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, there is no provision for income taxes in the financial statements. Management believes that the Organization continues to qualify and to operate as designated.

Accounting standards provide guidance for how certain tax positions should be recognized, measured, disclosed and presented in the financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Organization's information returns to determine whether the tax position are "more-likely-than-not" of being sustained "when challenged" or "when examined" by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit and asset or expense and liability in the current year. The Organization files information returns in the U.S. federal jurisdiction and Illinois state jurisdiction. The Organization is no longer subject to U.S. federal and state examinations by tax authorities for years before 2016. As of and for the year ended August 31, 2019, management has determined that there are no uncertain tax positions.

## **NOTE 11 - SALE OF BUILDING**

As of August 31, 2014, the Fargo Building (a rental building owned by the Organization) was sold to the Fargo Co-op (an Illinois Corporation) for approximately \$542,000. The Fargo Co-op ("Fargo") is the home of the Founder, former President and current Director of Good News, Dr. Bud Ogle ("Dr. Ogle"). Dr. Ogle is also the President of the Fargo. The Fargo is not part of the Organization as of August 31, 2014 and will operate as a separate entity from the Organization. It is the intention of the Fargo management to operate Fargo in the spirit of the Organization to service low income families.

The sale of the building was priced at approximately \$20,000 above market value. Dr. Ogle provided all the cash invested in the transaction for the purchase of the Fargo Building. The transaction is a contract sale with deferred gain of \$126,501 recognized ratably by the Organization as Fargo repays the balance due of approximately \$273,018 at August 31, 2019, until it is paid in full on October 1, 2029 or sooner. For the years ended August 31, 2019 and 2018, the Organization recognized \$5,592 and \$8,451, respectively, of deferred gain into miscellaneous income. The Organization retains title to the Fargo Building until the loans are paid in full.

At August 31, 2019, the Organization additionally owed \$250,714 for a mortgage on the Fargo Building, which the Organization is obligated to pay until it is paid in full. Fargo is obligated to pay its own operating expenses and real estate taxes.

## NOTE 12 - DONATION OF BUILDING

On August 24, 2015, Dr. Bud Ogle, Founder, former President and current Director of the Organization, donated a three flat building to Good News Partners. The Organization recorded a donation of \$402,000 for the gift of the building. The building was recorded on the books at its appraised value. On June 14, 2018, the building was sold for \$400,000. The impact of this sale is recognized in the accompanying financial statements.

## NOTE 13 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's net financial assets available within one year of the statements of financial position date for general expenditure are as follows:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 111,950	\$ 246,081
Investments in common stock at fair value		799
Advances		3,138
Note receivable	15,849	27,675
Accounts receivable	<u>73,650</u>	<u>62,927</u>
Total Financial Assets Available Within One Year	201,449	340,620
Less:		
Amounts unavailable for general expenditures within one year due to:		
Net assets with donor restrictions	(253,448)	(353,125)
Less restricted net assets with liquidity to be met in the next year:		
Net assets with purpose restrictions to be met in the next year	<u>89,674</u>	<u>188,437</u>
	<u>(163,774)</u>	<u>(164,688)</u>
Total Financial Assets Available to Management for General Expenditure Within One Year	<u>\$ 37,675</u>	<u>\$ 175,932</u>

The Organization maintains a policy of structuring its financial assets to be available as it general expenditures, liabilities, and obligations become due.

## NOTE 14 - NEW ACCOUNTING STANDARDS UPDATE

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The new guidance provides a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction. It also provides additional guidance on how to determine if a contribution is conditional. The new standard will be effective for transactions that occur during the Organization's fiscal year ending August 31, 2020. Early adoption is permitted

**NOTE 14 - NEW ACCOUNTING STANDARDS UPDATE (Continued)**

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which will supersede the current lease recording requirements in Topic 842. The ASU looks to increase transparency and comparability by conforming US GAAP with International Accounting Standards as it relates to leases. The new standard will require that all leases, including operating leases, be included on the balance sheet as a "right of use" asset with an offsetting liability for the payments remaining on the lease. The new standard will be effective for the Organization's year ending August 31, 2020. Early adoption is permitted. Management is evaluating the effects of these pronouncements on its financial statements.

**NOTE 15 - SUBSEQUENT EVENTS**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 17, 2019, the date the financial statements were available to be issued.