

Justin Chad Partners, LLC
1012 West Eldorado Parkway, Suite 436
Little Elm, Texas

Independent Audit Report

Rural & Migrant Ministry, Inc.
Cornwall-on-Hudson, NY 12520



For the Period 1 JANUARY 2022 THROUGH 31 DECEMBER 2022

Rural & Migrant Ministry

Notes to the Financial Statements

December 31, 2022, and 2021

Contents

	Page
Independent Auditor's Report	3-4
Financial Statements	
Statement of Financial Position	6
Statement of Activity	7-8
Statement of Functional Expenses	9-10
Statement of Cash Flows	11
Notes to Financial Statements	12-18



Independent Auditor's Report

Board of Directors
Rural & Migrant Ministry, Inc.
Cornwall-on-Hudson, NY 12520

Report on the Financial Statements

We have audited the accompanying financial statements of the Rural & Migrant Ministry, Inc. which comprise the statement of financial position as of December 31, 2022, 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 the Rural & Migrant Ministry, Inc. as of December 31, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information listed in the table of contents is presented for additional analysis. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, consisting of a stylized, cursive script that is difficult to decipher but appears to be a personal name.

Managing Partner

THIS PAGE WAS INTENTIONALLY LEFT BLANK

Rural & Migrant Ministry

Statement of Financial Position

	<u>December 31,</u>	
	<u>2022</u>	<u>2021</u>
ASSETS		
Cash	\$ 132,270	\$ 327,214
Net Assets Released from Restrictions	(167,846)	-
Contributions receivable	-	-
Prepaid expenses		
Property and equipment	142,226	206,404
Investment	21,344	24,843
Total Assets	\$ 127,994	\$ 558,461
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Line of credit	50,000	41,107
Accounts Payable	101,670	86,617
Accrued expenses	-	-
Loan payables, officer		-
Deferred Revenue	107,205	287,500
Notes Payable	-	8,895
	258,875	424,119
EQUITY		
Retained Earnings	8,457	-
Net Income	28,508	-
	36,965	-
TOTAL LIABILITIES AND EQUITY	\$ 295,841	\$ 424,119
NET ASSETS (DEFICIT)		
Without donor restrictions	(167,846)	(196,523)
With donor restrictions	-	330,865
Total net assets (deficit)	(167,846)	134,342
TOTAL LIABILITIES AND NET ASSET (DEFICIT)	\$ 127,994	\$ 558,461

Rural & Migrant Ministry

Statement of Activity

	Years ended December 31,					
	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT						
Contributions	\$ 615,679	\$ (330,865)	\$ 284,814	\$ 426,889	\$ 139,759	\$ 566,648
Grants	1,292,902	-	1,292,902	1,136,247	-	1,136,247
Special events and fundraising	150,129	-	150,129	224,321	-	224,321
In-kind contributions	-	-	-	-	-	-
Bequests	-	-	-	-	-	-
Other	-	-	-	-	-	-
Release from restrictions	-	-	-	4,489	(4,489)	-
Revenues and other support	<u>\$ 2,058,710</u>	<u>\$ (330,865)</u>	<u>\$ 1,727,845</u>	<u>\$ 1,791,946</u>	<u>\$ 135,270</u>	<u>\$ 1,927,216</u>
EXPENSES						
Program	1,668,500	-	1,668,500	1,265,466	-	1,265,466
Support Services	361,532	-	361,532	783,676	-	783,676
Total Expense	<u>2,030,032</u>	<u>-</u>	<u>\$ 2,030,032</u>	<u>\$ 2,049,142</u>	<u>-</u>	<u>\$ 2,049,142</u>
CHANGE IN ASSETS	28,678	(330,865)	(302,187)	(257,195)	135,270	(121,925)
NET ASSETS, beginning of year	<u>(196,523)</u>	<u>330,865</u>	<u>134,342</u>	<u>60,673</u>	<u>195,595</u>	<u>256,268</u>
Net ASSETS (DEFICIT), end of year	<u>\$ (167,846)</u>	<u>\$ -</u>	<u>\$ (167,846)</u>	<u>\$ (196,523)</u>	<u>\$ 330,865</u>	<u>\$ 134,342</u>

Rural & Migrant Ministry

Statement of Activity

Years ended December 31,

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT						
Contributions	\$ 426,889	\$ 139,759	\$ 566,648	\$ 198,523	\$ 249,766	\$ 448,289
Grants	1,136,247	-	1,136,247	1,171,657	-	1,171,657
Special events and fundraising	224,321	-	224,321	309,516	-	309,516
In-kind contributions	-	-	-	-	-	-
Bequests	-	-	-	-	-	-
Other	-	-	-	-	-	-
Release from restrictions	4,489	(4,489)	-	263,203	(263,203)	-
Revenues and other support	<u>\$ 1,791,946</u>	<u>\$ 135,270</u>	<u>\$ 1,927,216</u>	<u>\$ 1,942,899</u>	<u>\$ (13,437)</u>	<u>\$ 1,929,462</u>
EXPENSES						
Program	1,265,466	-	1,265,466	1,370,246	-	1,370,246
Support Services	783,676	-	783,676	525,212	-	525,212
Total Expense	<u>2,049,142</u>	<u>-</u>	<u>\$ 2,049,142</u>	<u>\$ 1,895,459</u>	<u>-</u>	<u>\$ 1,895,459</u>
CHANGE IN ASSETS	(257,195)	135,270	(121,925)	47,441	(13,437)	34,004
NET ASSETS, beginning of year	<u>60,673</u>	<u>195,595</u>	<u>256,268</u>	<u>13,232</u>	<u>209,032</u>	<u>222,264</u>
Net ASSETS (DEFICIT), end of year	<u>\$ (196,523)</u>	<u>\$ 330,865</u>	<u>\$ 134,342</u>	<u>\$ 60,673</u>	<u>\$ 195,595</u>	<u>\$ 256,268</u>

Rural & Migrant Ministry

Statement of Functional Expense

Year Ended December 31, 2022

	Program				Support Services		
	Accompaniment	Youth Empowerment	Education	Program Total	Management and General	Resource Development	Support Services Total
Salaries	\$ 43,643	\$ 523,721	\$ 305,504	872,869	101,244	33,748	134,992
Payroll taxes and employee benefits	19,192	230,305	134,344	383,841	46,160	15,387	61,547
Total salaries and related expenses	62,836	754,026	439,849	1,256,710	147,404	49,135	196,539
Bank fees	-	\$ -	-	-	-	-	-
Computer/internet	870	10,445	6,093	17,408	4,923	1,641	6,564
Consultants	-	-	-	-	-	-	-
Advertising	602	7,228	4,216	12,047	1,637	546	2,183
Dues and subscriptions	-	-	-	-	-	-	-
Rent	-	-	-	-	-	-	-
Insurance	1,530	18,364	10,712	30,607	6,226	2,075	8,301
Office Expense	2,154	25,846	15,077	43,077	20,639	6,880	27,519
Postage	-	-	-	-	-	-	-
Printing	-	-	-	-	-	-	-
Professional fees	1,113	13,355	7,790	22,258	2,865	955	3,820
Program Support	-	-	-	-	-	-	-
Vehicle Maintenance	682	8,183	4,774	13,639	5,211	1,737	6,948
Property Maintenance	1,442	17,307	10,096	28,845	7,301	2,434	9,735
Scholarship and awards	6,522	78,259	45,651	130,432	53,069	17,690	70,758
Telephone	-	-	-	-	-	-	-
Travel	3,120	37,439	21,839	62,398	18,305	6,102	24,406
Conference	1,624	19,485	11,366	32,475	1,667	556	2,222
Utilities	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
	<u>82,495</u>	<u>989,938</u>	<u>577,464</u>	<u>1,649,896</u>	<u>269,246</u>	<u>89,749</u>	<u>358,995</u>
Depreciation	45	539	315	899	119	40	159
Interest	885	10,623	6,197	17,705	1,784	595	2,378
	<u>\$ 83,425</u>	<u>\$ 1,001,100</u>	<u>\$ 583,975</u>	<u>\$ 1,668,500</u>	<u>\$ 271,149</u>	<u>\$ 90,383</u>	<u>361,532</u>

Rural & Migrant Ministry

Statement of Functional Expense

Year Ended December 31, 2021

	Program				Support Services		
	Accompaniment	Youth Empowerment	Education	Program Total	Management and General	Resource Development	Support Services Total
Salaries	\$ 40,993	\$ 491,911	\$ 286,948	819,851	107,891	35,964	143,854
Payroll taxes and employee benefits	19,527	234,326	136,690	390,543	27,387	9,129	36,516
Total salaries and related expenses	60,520	726,236	423,638	1,210,394	135,278	45,093	180,370
Bank fees	-	-	-	-	-	-	-
Computer/internet	1,938	23,251	13,563	38,751	9,582	3,194	12,776
Consultants	-	-	-	-	-	-	-
Council meetings	-	-	-	-	-	-	-
Dues and subscriptions	-	-	-	-	-	-	-
Rent	-	-	-	-	-	-	-
Events	-	-	-	-	-	-	-
Insurance	2,440	29,284	17,082	48,806	4,261	1,420	5,681
Office supplies	2,502	30,024	17,514	50,040	16,814	5,605	22,418
Postage	-	-	-	-	-	-	-
Printing	-	-	-	-	-	-	-
Professional fees	2,427	29,122	16,988	48,536	1,922	641	2,563
Program supplies	326	3,916	2,284	6,526	-	-	-
Program Support	8,961	107,536	62,729	179,226	-	-	-
Repairs and maintenance	5,658	67,895	39,606	113,159	4,635	1,545	6,180
Scholarship and awards	-	-	-	-	-	-	-
Telephone	-	-	-	-	-	-	-
Travel	2,880	34,565	20,163	57,608	12,578	4,193	16,771
Utilities	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
	<u>87,652</u>	<u>1,051,828</u>	<u>613,566</u>	<u>1,753,046</u>	<u>185,069</u>	<u>61,690</u>	<u>246,759</u>
Depreciation	1,857	22,285	12,999	37,141	-	-	-
Interest	568	6,821	3,979	11,369	623	208	830
	<u>\$ 90,078</u>	<u>\$ 1,080,934</u>	<u>\$ 630,545</u>	<u>\$ 1,801,556</u>	<u>\$ 185,692</u>	<u>\$ 61,897</u>	<u>\$ 247,589</u>

Rural & Migrant Ministry

Statement of Cash Flow

	Years ended December 31,	
	2022	2021
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES		
Change in net assets	\$ (126,405)	\$ (257,196)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities	134,342	109,938
Reinvested dividends and interest	10,277	36,254
Depreciation	1,058	37,141
Gain on sale of property and equipment	-	-
Unrealized (gain) loss on investment	-	(1,921)
(Increase) decrease in Contribution receivable	-	-
Prepaid expenses	-	-
Increase (decrease) in Accounts payable	-	(3,813)
Accrued expenses	101,670	-
Deferred revenue	-	-
	107,205	287,500
	228,147	207,903
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES		
Proceeds from sale of investment	(142,226)	-
Purchase of property and equipment	-	-
	(142,226)	-
CASH FLOWS PROVIDED (USED) BY FINANCING ACTIVITIES		
Line of credit, net	50,000	41,107
Proceeds from loan payable, officer	-	-
Proceeds from notes payable	-	-
Principal payments on notes payable	-	8,895
Change in restricted donations	(330,865)	-
	(280,865)	50,002
Net decrease in cash	(194,944)	257,905
CASH, beginning of year	327,214	69,309
CASH, end of year	\$ 132,270	\$ 327,214
SUPPLEMENTARY CASH FLOW INFORMATION		
Interest	\$ -	\$ 970

Rural & Migrant Ministry

Notes to the Financial Statements December 31, 2022, and 2021

Note 1 • Organization and Summary of Significant Accounting Policies

a. Description of Organization

Rural & Migrant Ministry, Inc. (Ministry) is a not-for-profit entity incorporated in New York State in 1983. Its primary purpose is working for the creation of a just, rural New York State through nurturing leadership, standing with the disenfranchised, especially farm workers and rural workers, and changing unjust systems and structures.

b. Basis of Accounting

The financial statements have been prepared in accordance with the generally accepted accounting principles in the United States of America (U.S. GAAP) for not-for-profit entities, using the accrual method.

c. Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

d. Property and Equipment, Net

Acquisitions of property and equipment and expenditures that materially change capacities or extend useful lives are reported at cost, net of accumulated depreciation. As incurred, routine maintenance, repairs, and minor replacement costs are charged to expenses. When assets are retired or otherwise disposed of, the appropriate accounts are relieved of cost and accumulated depreciation, and any resultant gain or loss is credited or charged to the change in net assets.

Depreciation is provided for in amounts to relate the cost of depreciable assets to expense over their estimated useful lives, principally on a straight-line basis. The estimated lives in determining depreciation vary from three to forty years.

Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the excess of the asset's carrying amount over its fair value. During the years ended December 31, 2022, and 2021, no impairment losses were recorded for long-lived assets.

e. Investment

The Ministry's investment is accounted for at fair value with realized and unrealized gains and losses reported on the statements of activities. Fair value is the price received to sell an asset in an orderly transaction between market participants on the measurement date. Realized gains and losses on the sale of investments are determined by the specific identification method.

Rural & Migrant Ministry

Notes to the Financial Statements December 31, 2022, and 2021

Note 1 Organization and Summary of Significant Accounting Policies – Continued

f. Net Assets

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

Net Assets Without Donor Restrictions are available for use in general operations and are not subject to donor (or certain granter) restrictions.

Net Assets with Donor Restrictions are restricted net assets that can be temporary or perpetual in nature. Restricted contributions are reported as net assets without restrictions if the restrictions expire within the reporting period, otherwise, they are reported as net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

g. Revenue Recognition - Grants and Contributions

Effective January 1, 2022, the Ministry has completed its transition from the cash method of accounting to the accrual method of accounting for revenue recognition and financial reporting. Under the accrual method, contributions and grants are recorded when they are pledged, rather than when they are received in cash, securities, or other assets. However, conditional contributions, which are those with specific performance or other barriers and a right of return, are not recognized until the conditions on which they depend have been fulfilled. This change in accounting methodology is aimed at providing a more accurate reflection of the Ministry's financial position and performance.

h. Functional Allocation of Expenses

Directly identifiable expenses are charged to programs. Expenses related to more than one function are charged to program services and other functions using a combination of budgeted and actual salaries in each program. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Ministry.

i. Tax Status

The Ministry is a tax-exempt organization as described in Section 501 (c)(3) of the Internal Revenue Code and comparable New York State law. The Ministry has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code. The Ministry files Form 990 annually with the Internal Revenue Service. When annual returns are filed, some tax positions taken are highly certain to be sustained upon examination by the taxing authorities, while other tax positions are subject to uncertainty about the technical merits of the position or the amount of the position's tax benefit that would ultimately be sustained. Management evaluated the Ministry's tax positions, including that the Ministry is exempt from taxes and not subject to income taxes on unrelated business income, and concluded that the Ministry had taken no tax positions that required adjustment in its financial statements as of December 31, 2022, or 2021.

Rural & Migrant Ministry

Notes to the Financial Statements December 31, 2022, and 2021

j. Adoption of New Accounting Standard

Effective January 1, 2019, the Ministry adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. As a result of adopting the ASU, the Ministry has included the required liquidity disclosure and replaced the three previous classes of net assets with two new classes. The adoption of this ASU was applied retrospectively to the prior year's financial statements.

k. Subsequent Events

The Ministry has evaluated subsequent events for potential recognition or disclosure through December January 31, 2023, the date the financial statements were available to be issued.

Note 2 - Liquidity and Availability

Total assets at December 31, 2022	\$ 127,993
Less assets not available for general expenditures	
Property and equipment, net	(142,226)
Investment	-
Net assets with donor restrictions for scholarship	-
	<hr/>
Financial assets available for general expenditure	<u>\$ (14,233)</u>

The Ministry has \$127,993 of financial assets available within one year of the statement of financial position date of December 31, 2022, consisting of cash and contributions receivable. The contributions receivable of \$615,679 was collected in 2022 and can be used for general expenditures. The Ministry prepares an annual budget with a goal of balanced revenue and expenditures at a minimum of a breakeven level and carefully monitors liquidity needs through regular review of actual results to budget.

Rural & Migrant Ministry

Notes to the Financial Statements December 31, 2022, and 2021

Note 3 - Property and Equipment, Net

A summary of the Ministry's property and equipment, net, is as follows.

	December 31,	
	2022	2021
Land	24,446	-
Buildings and improvements	5,275	110,899
Vehicles	87,442	-
Equipment	25,083	87,798
Furniture and fixtures	-	7,707
	142,246	206,404
Less accumulated depreciation	-	-
	-	-
Property and equipment, net	\$ 142,246	\$ 206,404

Note 4 Line of Credit

The Ministry has a \$50,000 line of credit with M&T Bank, of which \$50,000 was outstanding on December 31, 2022, and \$41,104 for year ending 2021, respectively. Interest on borrowings is payable at a variable rate equal to the Prime Rate plus 1.50% (effective rate of 8.50% and 6.25% on December 31, 2022, and 2021, respectively). The line of credit is unsecured.

Note 5 - Loan Payable, Officer

The Ministry does not have any unsecured non-interest-bearing loans.

Note 6 - Notes Payable

A summary of the Ministry's notes payable is as follows:

A summary of the Ministry's notes payable is as follows:

	December 31,	
	2022	2021
Note payable requiring monthly payments of \$567, including interest at 5%, due April 2021 secured by a vehicle	\$ -	\$ 2,377
Note payable requiring monthly payments of \$492, including interest at 5%, due December 2022; secured by a vehicle	-	5,906
	\$ -	\$ 8,283

Rural & Migrant Ministry

Notes to the Financial Statements December 31, 2022, and 2021

Note 7 • Notes Payable. Continued

A summary of the Ministry's future minimum maturities of notes payable on December 31, 2022, is as follows:

For the year ending December 31,		
2021	8,283	
2022	-	
	-	
	\$ 8,283	

Note 8 • Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes:

	December 31,	
	2022	2021
Subject to expenditure for specific purpose:		
For scholarships	\$ -	\$ 41,441
For 2022 expenses	-	-
	-	41,441
Subject to the passage of time:		
For periods after December 31, 2022	-	-
	-	-
Total net assets with donor restrictions	\$ -	\$ 41,441

Note 9 - Retirement Plans

The Ministry participates in a multi-employer 403(b) tax-deferred retirement savings plan. All ordained ministry who resides within the Episcopal domestic diocese, are eligible for the plan. The Executive Director, an ordained minister, is the only employee eligible under the plan. The Ministry does not make contributions to this plan.

The Ministry participates in a multi-employer 403(b) defined contribution plan. The plan covers all eligible employees. The Ministry contributes 5% of each qualified employee's salary and matches up to 4% of the employee's contributions. The Ministry's contributions were \$26,297 and \$32,071 for the years ending December 31, 2022, and 2021, respectively.

Rural & Migrant Ministry

Notes to the Financial Statements December 31, 2022, and 2021

Note 10 -Concentrations of Credit Risk

The Ministry maintains cash balances at financial institutions located in New York. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At times, the Ministry may have bank deposits in excess of amounts insured by the FDIC.

Note 11 -Subsequent Events

In May 2020, the Ministry received a federally guaranteed loan of approximately \$150,300 under the Paycheck Protection Program (PPP) established pursuant to the CARES Act to mitigate the risks created by the coronavirus. Such loans are intended to keep workers employed during the pandemic and economic downturn. The Ministry used the funds in compliance with federal regulations for the loan to be forgiven. The loan was forgiven on February 12, 2021, in its entirety.

In September 2020, the Ministry entered into a lease agreement for the rental of office space. The lease expires in August 2022 and calls for monthly rental payments of \$5,000.

Note 12 -Accounting Standards Issued but Not Yet Implemented

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). ASU 2014-09 requires recognition of revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services. The FASB has also issued several updates to ASU 2014-09. The new standard supersedes U.S. GAAP guidance on revenue recognition and requires the use of more estimates and judgments than the present standards. It also requires additional disclosures. The Ministry has substantially completed its assessment of the new standard and it does not expect the impact of adoption to be material to the financial statements. The Ministry continues to evaluate the disclosure requirements related to the new standard. The new standard, as delayed by FASB ASU's 2015-14 and 2020-05, is effective for the fiscal year beginning after December 15, 2019.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. In July 2018, the FASB issued ASU 2018-10, Codification Improvements to Topic 842, Leases, which makes narrow-scope improvements to the standard for specific issues. In July 2018, the FASB also issued ASU 2018-11, Leases (Topic 842): Targeted Improvements, which provides an optional transition method allowing.

Rural & Migrant Ministry

Notes to the Financial Statements December 31, 2022, and 2021

Note 12 -Accounting Standards Issued but Not Yet Implemented -Continued

the standard to be applied at the adoption date. In March 2019, the FASB issued ASU 2019-01, Leases (Topic 842) Codification Improvements, which exempts entities from having to provide the interim disclosures required by ASC 250-10-50-3 in the fiscal year in which a company adopts the new leases standard. A modified retrospective transition approach is required. An entity may adopt the guidance either: (1) retrospectively to each prior reporting period presented in the financial statements with a cumulative-effect adjustment recognized at the beginning of the earliest comparative period presented; or (2) retrospectively at the beginning of the period of adoption through a cumulative-effect adjustment. The new standard provides a number of practical expedients. The Ministry is currently evaluating the impact of the pending adoption of the new standard on financial statements. The new standard, as delayed by FASB's ASUs 2019-10 and 2020-05, is effective for the fiscal year beginning after December 15, 2021, including interim periods within those fiscal years.

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. ASU 2018-08 clarifies the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The ASU also clarifies the guidance used by entities other than not-for-profits to identify and account for contributions made. The ASU has different effective dates for resource recipients and resource providers. The ASU is applicable to contributions received for annual periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019, and thereafter. The Ministry is currently evaluating the impact of the adoption of this guidance on its financial statements.