

Financial Statements

2019

**Edge Outreach, Inc.**  
**d/b/a Waterstep**

December 31, 2019 and 2018



Financial Statements

**Edge Outreach, Inc.  
d/b/a Waterstep**

December 31, 2019 and 2018

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**Financial Statements**

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## **Independent Auditors' Report**

Board of Directors  
Edge Outreach, Inc.  
Louisville, Kentucky

We have audited the accompanying financial statements of Edge Outreach, Inc. d/b/a Waterstep (the "Organization"), which are comprised of the statements of financial position as of December 31, 2019 and 2018 and the related statements of activities, 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.

### **Auditors' 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 auditors' 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 auditors consider internal control relevant to the Organization'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 Organization'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 Edge Outreach, Inc. as of December 31, 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.

## Change in Accounting Principle – Adoption of Financial Accounting Standards Board of Accounting Standards Update

As discussed in Note B, the Organization adopted the requirements of Financial Accounting Standards Board, *Accounting Standards Update* No. 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The Organization also adopted the requirements of Financial Accounting Standards Board, *Accounting Standards Update* No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). Our opinion is not modified with respect to these matters.

  
Louisville, Kentucky

May 21, 2020

Statements of Financial Position

**Edge Outreach, Inc.  
d/b/a Waterstep, Inc.**

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 142,585	\$ 133,420
Restricted cash	37,420	111,204
Accounts receivable		22,701
Inventories	168,000	110,758
Prepaid expenses	7,450	
<b>Total Current Assets</b>	<b>355,455</b>	<b>378,083</b>
<b>Property and Equipment</b> , net of accumulated depreciation	1,070,339	1,121,270
<b>Other Intangible Assets</b> , net of accumulated amortization of \$91 (2019)	18,429	12,774
<b>Total Assets</b>	<b>\$ 1,444,223</b>	<b>\$ 1,512,127</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Line of credit	\$ 251,181	\$ 141,181
Accounts payable	39,898	24,953
Deferred safe water trip revenue		5,400
Unearned rent	11,301	
Current maturities of long-term debt	5,926	5,688
<b>Total Current Liabilities</b>	<b>308,306</b>	<b>177,222</b>
<b>Long-Term Debt</b> , less current maturities	3,644	9,553
<b>Total Liabilities</b>	<b>311,950</b>	<b>186,775</b>
<b>Net Assets</b>		
Without donor restriction	1,094,853	1,214,148
With donor restriction	37,420	111,204
<b>Total Net Assets</b>	<b>1,132,273</b>	<b>1,325,352</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,444,223</b>	<b>\$ 1,512,127</b>

See Notes to Financial Statements



Statements of Functional Expenses

Edge Outreach, Inc.  
d/b/a Waterstep, Inc.

	Year Ended December 31, 2019							
	Program Activities			Supporting Activities				
	Safe Water	Disaster Relief	Shoe Program	Programs Subtotal	General and Administrative	Fundraising	Supporting Subtotal	Total Expenses
Salaries	\$ 139,165	\$ 33,474	\$ 94,882	\$ 267,521	\$ 63,731	\$ 81,095	\$ 144,826	\$ 412,347
Payroll taxes	9,607	2,301	7,041	18,949	4,812	5,852	10,664	29,613
Employee benefits	19,104	4,776	8,555	32,435	4,266	6,382	10,648	43,083
<b>Total Salary and Related Expenses</b>	167,876	40,551	110,478	318,905	72,809	93,329	166,138	485,043
Safe water supplies	107,962	14,187		122,149				122,149
Safe water products	150,786	22,954		173,740				173,740
Consultant fees						16,547	16,547	16,547
Professional fees	4,537	1,396	1,047	6,980	12,916	917	13,833	20,813
Travel	28,568	1,076	1,538	31,182				31,182
Supplies			14,586	14,586		11,769	11,769	26,355
Printing and advertising	12,119	3,729	2,797	18,645	7,992		7,992	26,637
Meals	2,948	907	1,480	5,335	4,538	4,536	9,074	14,409
Postage and shipping	754	232	2,679	3,665	1,161	1,161	2,322	5,987
Direct mail solicitation						3,740	3,740	3,740
Insurance	12,286	3,634	2,250	18,170	2,116	985	3,101	21,271
Utilities	15,698	4,830	3,623	24,151	508	763	1,271	25,422
Equipment	6,081	1,871	1,403	9,355	195	295	490	9,845
Service contracts	10,442	3,213	2,410	16,065	338	507	845	16,910
Auto expense	280	86	13,667	14,033	431	431	862	14,895
Banking and finance fees	673	207	155	1,035	10,122		10,122	11,157
Repairs and maintenance	2,607	802	602	4,011	84	127	211	4,222
Interest expense	6,675	2,054	1,540	10,269	216	324	540	10,809
Information technology	16,796	5,168	3,876	25,840	7,441	5,873	13,314	39,154
Office expense	5,255	1,617	1,213	8,085	8,086	8,085	16,171	24,256
Telephone expense	1,774	546	409	2,729	2,727	2,728	5,455	8,184
Depreciation	62,085	19,103	14,327	95,515	2,012	3,016	5,028	100,543
Amortization	59	18	14	91				91
Loss on disposal of equipment								-
Membership dues	2,389	735	551	3,675	3,678	3,676	7,354	11,029
Conferences and conventions	5,314	1,635	1,226	8,175		3,457	3,457	11,632
<b>Total</b>	<b>\$ 623,964</b>	<b>\$ 130,551</b>	<b>\$ 181,871</b>	<b>\$ 936,386</b>	<b>\$ 137,370</b>	<b>\$ 162,266</b>	<b>\$ 299,636</b>	<b>\$ 1,236,022</b>

See Notes to Financial Statements

Statements of Functional Expenses

Edge Outreach, Inc.  
d/b/a Waterstep, Inc.

	Year Ended December 31, 2018									
	Program Activities					Supporting Activities				
	Safe Water	Disaster Relief	Shoe Program	Programs Subtotal	General and Administrative	Fundraising	Supporting Subtotal	Total Expenses		
Salaries	\$ 134,499	\$ 33,685	\$ 70,087	\$ 238,271	\$ 65,240	\$ 17,632	\$ 82,872	\$ 321,143		
Payroll taxes	9,158	2,294	5,215	16,667	4,627	1,229	5,856	22,523		
Employee benefits	19,015	4,683	6,903	30,601	4,263	1,830	6,093	36,694		
<b>Total Salary and Related Expenses</b>	162,672	40,662	82,205	285,539	74,130	20,691	94,821	380,360		
Safe water supplies	86,861	70,468		157,329				157,329		
Safe water products	134,138	44,308		178,446				178,446		
Consultant fees					18,149	18,706	18,706	31,047		
Professional fees	4,192	1,290	967	6,449				45,795		
Travel	31,101	11,706	2,988	45,795				18,323		
Supplies			14,559	14,559		3,764	3,764	12,928		
Printing and advertising	19,608	6,033	4,525	30,166	12,928	3,966	12,928	43,094		
Meals	2,578	793	4,046	7,417	3,966	755	7,932	15,349		
Postage and shipping	491	151	1,230	1,872	755	755	1,510	3,382		
Direct mail solicitation						2,697	2,697	2,697		
Insurance	8,844	2,567	1,424	12,835	2,007	6,901	8,908	21,743		
Utilities	15,137	4,657	3,493	23,287	490	735	1,225	24,512		
Equipment	6,634	2,041	1,531	10,206	215	322	537	10,743		
Service contracts	9,342	2,875	2,156	14,373	302	454	756	15,129		
Auto expense	587	181	9,650	10,418	903	903	1,806	12,224		
Banking and finance fees	666	205	154	1,025	8,444		8,444	9,469		
Repairs and maintenance	3,690	1,135	852	5,677	120	179	299	5,976		
Interest expense	3,726	1,146	860	5,732	120	181	301	6,033		
Information technology	24,104	7,416	5,562	37,082	9,271	2,440	11,711	48,793		
Office expense	4,989	1,535	1,151	7,675	7,675	7,675	15,350	23,025		
Telephone expense	1,808	556	417	2,781	2,781	2,781	5,562	8,343		
Depreciation	45,725	14,069	10,552	70,346	1,481	2,221	3,702	74,048		
Loss on disposal of equipment			719	719				719		
Membership dues	2,214	681	511	3,406	3,407	3,406	6,813	10,219		
Conferences and conventions	6,603	2,032	1,524	10,159				10,159		
	\$ 575,710	\$ 216,507	\$ 151,076	\$ 943,293	\$ 147,144	\$ 85,226	\$ 232,370	\$ 1,175,663		

See Notes to Financial Statements



Statements of Cash Flows

**Edge Outreach, Inc.  
d/b/a Waterstep, Inc.**

	<b>Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
<b>Cash Flows From Operating Activities</b>		
Changes in net assets	\$ (193,079)	\$ (189,423)
Adjustments to reconcile changes in net assets to net cash used in operating activities		
Depreciation	100,543	74,048
Amortization	91	
Loss on disposal of equipment		719
Changes in operating assets and liabilities		
Accounts receivable	22,701	2,503
Inventory	(57,242)	12,391
Prepaid expenses	(7,450)	
Accounts payable	14,945	16,947
Deferred safe water trip revenue	(5,400)	4,500
Unearned rent	11,301	
	<u>(113,590)</u>	<u>(78,315)</u>
<b>Net Cash Used In Operating Activities</b>	<b>(113,590)</b>	<b>(78,315)</b>
<b>Cash Flows From Investing Activities</b>		
Purchases of property and equipment	(49,612)	(193,363)
Proceeds from sales of property and equipment		1,000
Other intangible assets	(5,746)	(8,774)
	<u>(55,358)</u>	<u>(201,137)</u>
<b>Net Cash Used In Investing Activities</b>	<b>(55,358)</b>	<b>(201,137)</b>
<b>Cash Flows From Financing Activities</b>		
Payments on long-term debt	(5,671)	(5,450)
Net borrowings on line of credit	110,000	141,181
	<u>104,329</u>	<u>135,731</u>
<b>Net Cash Provided By Financing Activities</b>	<b>104,329</b>	<b>135,731</b>
	<b>Net Decrease in Cash</b>	<b>(143,721)</b>
	<u>(64,619)</u>	<u>(143,721)</u>
<b>Cash Beginning of Year</b>	<u>244,624</u>	<u>388,345</u>
	<b>Cash at End of Year</b>	<b>\$ 244,624</b>
	<u>\$ 180,005</u>	<u>\$ 244,624</u>
Cash	\$ 142,585	\$ 133,420
Restricted cash	37,420	111,204
	<u>\$ 180,005</u>	<u>\$ 244,624</u>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash paid during the year for interest	<u>\$ 10,809</u>	<u>\$ 6,033</u>
<b>Supplemental Disclosure of Noncash Investing Activities</b>		
Value of improvements to building		<u>\$ 10,648</u>

See Notes to Financial Statements

Notes to Financial Statements

**Edge Outreach, Inc.  
d/b/a Waterstep, Inc.**

December 31, 2019 and 2018

**Note A--Nature of Organization**

Edge Outreach, Inc., d/b/a Waterstep, Inc., (the "Organization") acting through its Board of Directors, operates as a not-for-profit organization established to empower ordinary people to provide safe water solutions, sanitation and basic needs to communities in need. The Organization is dependent on contributions from supporters and revenues from mission projects, product sales and community education and engagement program services.

**Note B--Summary of Significant Accounting Policies**

Basis of Accounting--The financial statements of the Organization are prepared on the accrual basis of accounting. The *Accounting Standards Codification* ("ASC") as produced by the Financial Accounting Standards Board is the sole source of authoritative generally accepted accounting principles.

Basis of Presentation--The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The Organization classifies mission trip revenue as net assets with donor restrictions until the related mission trip is taken. The Organization reports contributions as support with donor restrictions if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, net assets with donor restrictions are reported in the statements of activities as net assets released from restrictions. Certain contributions and grants received and earned with in the same year are recorded as support without donor restrictions in the accompanying statements of activities.

Use of Estimates--The preparation of financial statements in accordance 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 revenues, support and expenses during the reporting period. Actual results could differ from those estimates.

Property and Equipment--Property and equipment is stated at cost if purchased, or at fair market value if donated. Depreciation is computed using straight-line over the estimated useful lives of the assets. Renewals and betterments in excess of \$1,000 and that extend the economic useful lives of the related assets are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. When property and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are reduced, and any gain or loss is included in the statements of activities.

Other Intangible Asset--The Organization has a patent-related intangible asset recorded on the statements of financial position. The patent was internally developed and carried at the legal and filing costs associated with obtaining and defending the patent. The patent is amortized on a straight-line basis over its legal life estimated at 17 years. Amortization expense was \$91 during 2019, with future years' amortization expense estimated to be \$1,089 annually through 2036.

Continued

Notes to Financial Statements--Continued

**Edge Outreach, Inc.  
d/b/a Waterstep, Inc.**

December 31, 2019 and 2018

**Note B--Summary of Significant Accounting Policies--Continued**

Management evaluates the useful life of the patent-related intangible asset and reviews for potential impairment annually whenever events or changes in circumstances indicate the carrying amount of the asset may not be recoverable.

Impairment of Long-Lived Assets--Management of the Organization reviews for the impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss would be recognized when estimated future cash flows expected to result from the use of the asset and its eventual disposition, are less than its carrying amount. There were no charges for impairment of long-lived assets during 2019 or 2018.

In-Kind Contributions--The Organization receives a substantial amount of services donated by volunteers, equipment, and supplies in carrying out the Organization's mission. Such in-kind contributions are recorded as support and program expenses in the accompanying statements of activities at their fair value, in accordance with accounting principles generally accepted in the United States of America.

The Organization also receives some free services from a variety of unpaid volunteers. No amounts have been recognized in the accompanying statements of activities because these services do not meet the criteria for recording as in-kind support and expenses.

Income Taxes--The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 141.010(1)(f) of the Kentucky Revised Statutes. The Organization had no unrelated business income for the years ended December 31, 2019 and 2018. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

The Organization follows generally accepted accounting principles which prescribe a comprehensive model for how an organization should measure, recognize, present and disclose in its financial statements uncertain tax positions that an organization has taken or expects to take on a tax return. For the years ended December 31, 2019 and 2018, the Organization determined it did not have any uncertain tax positions and the Organization did not incur or accrue any associated interest or penalties related to those positions.

Cash and Cash Equivalents--The Organization considers all short-term investments purchased with maturity of three months or less to be cash equivalents.

Program Service Revenues and Accounts Receivable--The Organization sells water chlorination and sanitation devices and related materials. Items are billed when shipped and the Organization records these amounts as receivables. The Organization uses the direct write off method for uncollectible receivables, and records bad debt expense when the associated receivable is identified as uncollectible.

Continued

Notes to Financial Statements--Continued

**Edge Outreach, Inc.  
d/b/a Waterstep, Inc.**

December 31, 2019 and 2018

**Note B--Summary of Significant Accounting Policies--Continued**

Contributions--Unconditional promises to give contributions are recognized as support when the donor makes a promise that is in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Promises to give are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Management periodically reviews the collectability of promises to give, and any amounts where collection is questionable are reserved.

Advertising Costs--Advertising costs are expensed as incurred. Total advertising expense was \$26,639 and \$43,094 for the years ended December 31, 2019 and 2018, respectively.

Inventories--Inventories of chlorination and sanitation devices and related materials are recorded at the lower of cost (average cost method) or net realizable value. Reserves for obsolete inventory are recorded when an impairment of value is identified. No reserves were recorded at December 31, 2019 or 2018.

Functional Expenses--The costs of providing the various programs and other activities have been summarized in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management estimates the expense allocations based on the percentage of square footage or hours worked for the benefited programs or functions.

Reclassification--Reclassifications have been made to the prior period statement of activities and functional expenses in order for them to be conformity with current year presentation. There was no effect on the previously reported income and expenses as a result of the reclassification.

New Accounting Pronouncement-- During the year ended December 31, 2019, the Organization adopted the requirements of the Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") No. 2014-09—*Revenue from Contracts with Customers* (Topic 606), related to the timing of recognizing revenue. The core principle of the adoption of ASU 2014-09 consists of recognizing revenues to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services. Presentation and disclosure requirements include the disaggregation of revenue, contract balances, and determining the transaction price and performance obligations.

The standard has been applied retrospectively and it had no effect on the total net assets and December 31, 2018 balances of the Organization.

The Organization adopted the requirements of the FASB ASU No. 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, in the current year, applying the changes using a modified prospective approach. This update clarifies and improves current guidance about whether a transfer of assets is a contribution or an exchange transaction. The Organization has adopted the guidance in the ASU as of December 31, 2019; however, adoption did not materially impact the Organization's financial statements.

Notes to Financial Statements--Continued

**Edge Outreach, Inc.  
d/b/a Waterstep, Inc.**

December 31, 2019 and 2018

**Note C--Inventories**

Inventories consist of the following:

	<b>Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Raw materials	\$ 114,853	\$ 80,808
Finished goods	53,147	29,950
	<u>\$ 168,000</u>	<u>\$ 110,758</u>

**Note D--Property and Equipment**

Property and equipment consists of the following:

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Land	\$ 40,320	\$ 40,320
Building	1,030,595	998,472
Furniture, fixtures, and equipment	334,391	316,902
Vehicles	41,252	41,252
	1,446,558	1,396,946
Less accumulated depreciation	<u>376,219</u>	<u>275,676</u>
	<u>\$ 1,070,339</u>	<u>\$ 1,121,270</u>

**Note E--Line of Credit**

The Organization maintains a revolving line of credit with Republic Bank which allows for borrowings up to \$350,000 and expires in July 2020. Outstanding borrowings bear interest at prime rate plus 1%. The bank's prime rate was 4.75% and 5.50% at December 31, 2019 and 2018, respectively. The Organization had borrowings of \$251,181 and \$141,181 on the line of credit as of December 31, 2019 and 2018, respectively. The line of credit is collateralized by the Organization's building.

Subsequent to year-end, the Organization accepted an offer to refinance their outstanding line of credit with Republic Bank on April 24, 2020. The terms include a \$300,000 loan with payments based on a 10-year term and an available \$50,000 line of credit. The Organization has the option to refinance after 5 years.

Notes to Financial Statements--Continued

**Edge Outreach, Inc.  
d/b/a Waterstep, Inc.**

December 31, 2019 and 2018

**Note F--Long-Term Debt**

Long-term debt consists of the following:

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Note payable to Republic Bank, requiring monthly principal and interest payments of \$517 through July 2021; interest at 4.07%; collateralized by the building	\$ 9,570	\$ 15,241
Less current maturities	5,926	5,688
	<u>\$ 3,644</u>	<u>\$ 9,553</u>

Future minimum payments are as follows:

<u>Year Ending December 31</u>	
2020	\$ 5,926
2021	<u>3,644</u>
	<u>\$ 9,570</u>

**Note G--Net Assets with Donor Restrictions**

Net assets with donor restrictions of \$37,420 and \$111,204 at December 31, 2019 and 2018, respectively, are restricted for specified purposes as follows:

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Restricted for Specified Purposes:		
Disaster relief	\$ 23,449	\$ 91,738
Mission trips	5,520	5,650
Capital projects	4,000	416
Ambassador program	1,360	6,400
Miscellaneous	3,091	7,000
	<u>\$ 37,420</u>	<u>\$ 111,204</u>

Notes to Financial Statements--Continued

**Edge Outreach, Inc.  
d/b/a Waterstep, Inc.**

December 31, 2019 and 2018

**Note H--Liquidity and Availability of Financial Assets--Continued**

The Organization's major sources of support are corporate grants and contributions, and even though this support can fluctuate significantly from year to year, the Organization has a strong cash position to cover its monthly financial obligations.

The following table reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions or internal designations.

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Cash	\$ 142,585	\$ 133,420
Restricted cash	37,420	111,204
Accounts receivable, to be collected in less than one year	<u>                    </u>	<u>22,701</u>
Total financial assets, excluding noncurrent receivables	180,005	267,325
Contractual or donor-imposed restrictions:		
Cash restricted by donors for specified purposes	<u>(37,420)</u>	<u>(111,204)</u>
<b>Financial Assets Available to Meet Cash Needs for Expenditures Within One Year</b>	<b><u>\$ 142,585</u></b>	<b><u>\$ 156,121</u></b>

**Note I--In-Kind Contributions**

Amounts recorded as in-kind contributions consisted of the following:

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Building materials and labor (building renovation costs)		\$ 10,648
Manufacturing labor	\$ 64,000	58,000
Manufacturing supplies	35,340	9,597
Equipment	<u>                    </u>	<u>5,500</u>
	<b><u>\$ 99,340</u></b>	<b><u>\$ 83,745</u></b>

Notes to Financial Statements--Continued

**Edge Outreach, Inc.  
d/b/a Waterstep, Inc.**

December 31, 2019 and 2018

**Note J--Future Accounting Standards**

On February 25, 2016, the FASB issued ASU No. 2016-02 *Leases* (Topic 842). This new standard, which the Organization is not required to adopt until its year ending December 31, 2021, is intended to improve financial reporting about leasing transactions by requiring entities that lease assets to recognize on their statement of financial position the assets and liabilities for the rights and obligations created by those leases, and to provide additional disclosures regarding the leases. Leases with terms (as defined in the ASU) of twelve months or less are not required to be reflected on an entity's statement of financial position.

The Organization is presently evaluating the effects that this ASU will have on its future financial statements, including related disclosures.

**Note K--Subsequent Event**

Events that occur after the statement of financial position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of financial position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of financial position date require disclosure in the accompanying notes to the financial statements. Management evaluated the activity of the Organization through May 21, 2020, the date the financial statements were available to be issued, and concluded that the following subsequent event have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

Subsequent to year-end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 may impact various parts of its 2020 operations and financial results. In addition, both domestic and international equity markets have experienced significant declines since December 31, 2019. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end are still developing.