



9/13/2018

Dear Barnabas Foundation Stakeholders,

We want to bring your attention to a new Accounting Standard Update (ASU 2016-14) that is required for financial reporting years beginning after December 15, 2018. Because we believe that ASU 2016-14 enhances the financial reporting model for the benefit of the Financial Statement user, Barnabas Foundation has elected early adoption of the new standard in our 2017 Audited Financial Statements. As a result, the 2017 audited financial statements look a little different than what you have become accustomed to seeing each year. Below are the key changes of ASU 2016-14 as it relates to the Barnabas Foundation financial statements.

- **Classification of Net Assets**

The three net asset classifications that were previously required have now been narrowed down to two: Net Assets with Donor Restrictions and Net Assets without Donor Restrictions. Enhanced disclosures relative to governing board designations that result in self-imposed limits (if any) are required. You will see this new presentation in the net assets section at the bottom of the Statement of Financial Position and in the split column format in the Statement of Activities in the financial statements of Barnabas Foundation.

- **Reporting of Expenses**

Organizations are now required to report their expenses by both natural (or "object") classification and functional classification (program services and supporting activities), similar to how expenses are presented on the IRS form 990. This new presentation is found in the Statement of Functional Expenses, and the footnotes include accompanying disclosures regarding the cost allocation methodology.

- **Disclosures Regarding Liquidity and Availability of Resources**

We have disclosed in Note C quantitative and qualitative information regarding the financial resources (assets) and the net financial assets (liquid assets less amounts committed or designated) that are available to meet the Foundation's payment obligations coming due over the next year.

- **Reporting of Operating Cash Flows**

The new standard allows for a choice between the indirect method or the direct method for presenting operating cash flows in the statement of cash flows, without having to provide reconciliation between the two methods. Barnabas Foundation has opted for the direct method presentation with no indirect method reconciliation.

Thank you for allowing Barnabas Foundation to assist you or your supporters in being good Stewards in charitable giving.

Sincerely,

A handwritten signature in blue ink, appearing to read "DS", is positioned above the name David Schutt.

David Schutt  
Finance Director