intersection
FOR THE ARTS

Intersection for the Arts

Financial Statements

For the Year Ended

June 30, 2018

With Independent Auditors' Report

REGALIA & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

INTERSECTION FOR THE ARTS

(A California Not-For-Profit Corporation)
June 30, 2018

About Intersection for the Arts:

Founded in the early 1960's and incorporated in 1965, Intersection for the Arts provides artists with resources in order to grow. Intersection's programs emphasize relationships, collaboration, and process. Intersection works with hundreds of artists and arts organizations throughout the Bay Area, providing resources, cultural space, and community to develop sustainable practices.

Board of Directors

Name	Position
Scott Flicker	Board Chair
Kari Harsel Gray	Vice Chair
Todd Elfman	Secretary
Scott Nielsen	Treasurer
Alejandro Acosta	Director
Victoria Oliver	Director
Chelsea Samuel	Director
Norman Shih	Director
Pavan Singh	Director
Mimi Tsai	Director
Randy Rollison	Executive Director

INTERSECTION FOR THE ARTS

(A California Not-For-Profit Corporation)
June 30, 2018

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KIM CHAVARRIA
MARIANNE RYAN

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Intersection for the Arts

We have audited the accompanying financial statements of Intersection for the Arts (a nonprofit organization) which comprise the statement of financial position as of June 30, 2018 and the related statements of activities and changes in net assets, cash flows and functional expenses 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 Intersection for the Arts as of June 30, 2018 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information
We have previously audited Intersection for the Arts 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 30, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Regalia & Associates

Danville, California
February 6, 2019

Statement of Financial Position
June 30, 2018
(with Summarized Financial Information for the Year Ended June 30, 2017)

ASSETS

	Core Operations	Fiscally Sponsored Projects	Total 2018	Total 2017
Current assets:				
Cash and cash equivalents	$ 334,236	$2,039,135	**$2,373,371**	$1,955,304
Grants and pledges receivable	44,319	502,611	**546,930**	823,030
Accounts and other receivables	18,150	143,180	**161,330**	10,346
Prepaid expenses and other assets	30,304	2,503	**32,807**	53,980
	$ 427,009	$2,687,429	**$3,114,438**	$2,842,660

LIABILITIES AND NET ASSETS

	Core Operations	Fiscally Sponsored Projects	Total 2018	Total 2017
Current liabilities:				
Accounts payable and accrued liabilities	$ 22,415	$ 119,908	**$ 142,323**	$ 64,477
Deferred revenue	15,817	-	**15,817**	7,317
Total current liabilities	38,232	119,908	**158,140**	71,794
Net assets:				
Unrestricted	298,777	1,371,533	**1,670,310**	1,300,042
Temporarily restricted	90,000	1,195,988	**1,285,988**	1,470,824
Total net assets	388,777	2,567,521	**2,956,298**	2,770,866
	$ 427,009	$2,687,429	**$3,114,438**	$2,842,660

Statement of Activities and Changes in Net Assets
Year Ended June 30, 2018
(with Summarized Financial Information for the Year Ended June 30, 2017)

	Unrestricted		Temporarily Restricted			
	Core Operations	Fiscally Sponsored Projects	Core Operations	Fiscally Sponsored Projects	Total 2018	Total 2017
Changes in net assets:						
Support:						
Government	$ -	$ -	$ 33,000	$ 458,532	**$ 491,532**	$1,008,767
Foundation and corporate	10,200	205,150	15,000	1,065,934	**1,296,284**	1,025,090
Individual	18,740	745,676	-	-	**764,416**	665,527
Other contributed revenue	-	28,112	-	-	**28,112**	1,572
In-kind	-	21,194	-	-	**21,194**	61,756
Transferred in from new fiscally sponsored projects	-	199,670	-	-	**199,670**	6,317
Net assets released from restrictions	139,500	1,617,802	(139,500)	(1,617,802)	**-**	-
Total support	168,440	2,817,604	(91,500)	(93,336)	**2,801,208**	2,769,029
Revenue:						
Fees	329,970	581,943	-	-	**911,913**	806,154
Fiscal sponsorship fees remitted	-	(314,479)	-	-	**(314,479)**	(249,890)
Admissions, sales and concessions	8,490	540,306	-	-	**548,796**	248,946
Facility charges	144,598	12,033	-	-	**156,631**	107,456
Tuition	2,242	8,463	-	-	**10,705**	7,357
Interest	18	169	-	-	**187**	187
Other	6,656	26,064	-	-	**32,720**	29,836
Total revenue	491,974	854,499	-	-	**1,346,473**	950,046
Total support and revenue	660,414	3,672,103	(91,500)	(93,336)	**4,147,681**	3,719,075
Expenses:						
Program	442,999	2,574,760	-	-	**3,017,759**	2,343,650
General and Administrative	143,885	607,396	-	-	**751,281**	657,989
Fundraising	28,543	164,666	-	-	**193,209**	34,878
Total expenses	615,427	3,346,822	-	-	**3,962,249**	3,036,517
Increase (decrease) in net assets	44,987	325,281	(91,500)	(93,336)	**185,432**	682,558
Net assets at beginning of year	253,790	1,046,252	181,500	1,289,324	**2,770,866**	2,088,308
Net assets at end of year	$ 298,777	$ 1,371,533	$ 90,000	$1,195,988	**$2,956,298**	$2,770,866

Statements of Cash Flows
For the Years Ended June 30, 2018 and 2017

	2018	2017
Operating activities:		
Increase in net assets	**$ 185,432**	$ 682,558
Adjustments to reconcile to cash provided by operating activities:		
Changes in:		
Grants and pledges receivable	**276,100**	(239,045)
Accounts and other receivables	**(150,984)**	(1,376)
Prepaid expenses and other assets	**21,173**	(20,836)
Accounts payable and accrued liabilities	**77,846**	17,931
Deferred revenue	**8,500**	7,092
Cash provided by operating activities	**418,067**	446,324
Net increase in cash and cash equivalents	**418,067**	446,324
Cash and cash equivalents at beginning of year	**1,955,304**	1,508,980
Cash and cash equivalents at end of year	**$2,373,371**	$1,955,304
Additional cash flow information:		
State registration taxes paid	**$ 150**	$ 150
Interest paid	**$ -**	$ -

Statement of Functional Expenses
Year Ended June 30, 2018
(with Summarized Financial Information for the Year Ended June 30, 2017)

	Core Operations				Fiscally Sponsored Projects					
	Program	General and Administrative	Fund-raising	Total Core Operations	Program	General and Administrative	Fund-raising	Total Fiscally Sponsored Projects	Total 2018	Total 2017
Salaries and wages	$ 182,336	$ 29,408	$ 15,924	$ 227,668	$ 184,998	$ 23,190	$ 41,691	$ 249,879	**$ 477,547**	$ 394,138
Employee benefits	20,319	7,257	1,451	29,027	16,345	2,049	3,684	22,078	**51,105**	36,641
Payroll taxes and other staffing costs	17,021	6,079	1,216	24,316	20,829	2,611	4,694	28,134	**52,450**	46,269
	219,676	42,744	18,591	281,011	222,172	27,850	50,069	300,091	**581,102**	477,048
Bad debts	-	-	-	-	7,400	-	-	7,400	**7,400**	
Contract services	75,045	67,143	718	142,906	1,695,715	448,925	101,605	2,246,245	**2,389,151**	1,638,423
Equipment rental/maintenance	-	5,258	-	5,258	-	14,285	-	14,285	**19,543**	27,271
Fees, dues and subscriptions	6,579	1,741	-	8,320	11,505	6,274	-	17,779	**26,099**	28,240
Information technology	3,986	3,813	-	7,799	23,393	-	-	23,393	**31,192**	24,194
In-kind expenses	-	-	-	-	21,194	-	-	21,194	**21,194**	61,756
Insurance	13,127	2,117	1,146	16,390	-	17,734	-	17,734	**34,124**	27,094
Miscellaneous	-	577	-	577	13,612	4,589	-	18,201	**18,778**	7,863
Occupancy	101,321	15,009	7,844	124,174	144,490	64,207	5,952	214,649	**338,823**	391,648
Postage and delivery	2,310	-	198	2,508	1,702	103	209	2,014	**4,522**	3,949
Printing	2,856	2,484	-	5,340	49,150	1,454	-	50,604	**55,944**	49,468
Production expense	7,308	-	-	7,308	176,212	-	-	176,212	**183,520**	149,791
Promotion and development	790	-	-	790	53,464	-	1,298	54,762	**55,552**	37,894
Supplies	3,456	2,825	-	6,281	-	17,441	1,636	19,077	**25,358**	23,154
Telephone	573	174	46	793	-	1,371	-	1,371	**2,164**	1,006
Travel and hospitality	5,972	-	-	5,972	154,751	3,163	3,897	161,811	**167,783**	87,718
Total expenses	$ 442,999	$ 143,885	$ 28,543	$ 615,427	$2,574,760	$ 607,396	$ 164,666	$ 3,346,822	**$ 3,962,249**	$ 3,036,517

Notes to Financial Statements
June 30, 2018

1. Organization

Intersection for the Arts (IFTA) was incorporated in 1965 in California and is a tax-exempt, non-profit corporation which directly supports the creative work of artists through the INTERSECT SF Program, and engages community through artist residencies. IFTA also fiscally sponsors art and cultural projects in the Bay Area across many disciplines-from visual art to performance to arts education and advocacy. Fiscal sponsorship encourages funding agencies and contributors to take risks in financially supporting new projects and emerging artists, ensuring that money is well-managed and spent according to guidelines. IFTA provides assistance in funding, developing and promoting artistic work, as well as providing low-cost office space in San Francisco.

IFTA's staff reviews each potential FSP's application for sponsorship before accepting them as an FSP, verifying that their charitable purpose is consistent with IFTA's nonprofit purpose, that they have viable plans for raising funds, and have a committed project director. At any given time, IFTA sponsors roughly 150 projects, which include projects of limited duration, start-up nonprofit organizations, and others.

All of the financial activity of IFTA's FSPs is combined for financial statement purposes. However, each FSP's funds are accounted for separately in IFTA's books and records. Because of the nature of the business of fiscal sponsorship, IFTA's portfolio of FSPs is volatile, with time-limited projects completing, with maturing projects receiving their own 501(c)(3) status, and with new projects coming on board throughout the year. As such, individual line items may vary considerably from year to year, and typical financial analyses are not always meaningful.

2. Summary of Significant Accounting Policies

Basis of Accounting
The financial statements of IFTA have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities and include the accounts of IFTA and all fiscally sponsored groups.

Basis of Presentation
Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) 958.205, *Presentation of Financial Statements of Not-for-Profit Entities*. Under ASC 958.205, IFTA is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Pledges and Grants Receivable
Pledges and grants receivable are recorded when the pledges and grants are made and are stated at estimated net realizable value. Pledges and grants extending beyond one year are discounted to reflect the net present value of the future cash flows.

Cash and Cash Equivalents
IFTA considers all highly liquid investments with a maturity commitment of 90 days or less when acquired to be cash equivalents. IFTA maintains its cash balances in high quality financial institutions, which at times may exceed federally insured limits. IFTA has not experienced any losses in such accounts.

2. Summary of Significant Accounting Policies *(continued)*

Support and Revenue Recognition
IFTA records contributions in accordance with the recommendations of ASC 958.605, *Revenue Recognition of Not-for-Profit Entities*. Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported on the statement of activities and changes in net assets as net assets released from restrictions. IFTA had no permanently restricted net assets at June 30, 2018 or 2017.

Revenue is recognized during the period in which it is earned and includes fees, admissions, merchandise sales, concessions, facility charges and tuition.

Property and Equipment
Property and equipment purchased by IFTA are stated at cost. Property and equipment donated to IFTA are recorded at estimated fair value as of the date of the gift. The costs of additions and major improvements are capitalized, while maintenance and repairs are charged to expense as incurred. Equipment, furniture and fixtures are capitalized and then depreciated using the straight-line method over the estimated useful lives of the assets of from three to five years. Leasehold improvements are amortized over the shorter of the estimated useful lives of the improvements (generally nine years) or the length of the lease on the property to which they relate.

Income Taxes
Financial statement presentation follows the recommendations of ASC 740, *Income Taxes*. Under ASC 740, IFTA is required to report information regarding its exposure to various tax positions taken by IFTA and requires a two-step process that separates recognition from measurement. The first step is determining whether a tax position has met the recognition threshold; the second step is measuring a tax position that meets the recognition threshold. Management believes that IFTA has adequately evaluated its current tax positions and has concluded that as of June 30, 2018 and 2017, IFTA does not have any uncertain tax positions for which a reserve or an accrual for a tax liability would be necessary.

IFTA has received notification from the Internal Revenue Service and the State of California that it qualifies for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. This exemption is subject to periodic review by the federal and state taxing authorities and management is confident that the organization continues to satisfy all federal and state statutes in order to qualify for continued tax exemption status. IFTA may periodically receive unrelated business income requiring the organization to file separate tax returns under federal and state statutes. Under such conditions, IFTA calculates and accrues the applicable taxes payable.

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 support, revenues, and expenses during the reporting period. Actual results could differ from those estimates.

2. Summary of Significant Accounting Policies *(continued)*

Fair Values

IFTA follows the provisions of ASC 820, *Fair Value Measurements and Disclosures*, and has estimated the fair value of its current assets using available market information and other valuation methodologies. Accordingly, the estimates presented are not necessarily indicative of the amounts that IFTA could realize in a current market exchange. The use of different assumptions and/or estimation methods may have a material effect on the estimated fair value amounts. The estimates are based on pertinent information available to management as of June 30, 2018 and 2017. Although management is not aware of any factors that would significantly affect the estimated fair value amounts, current estimates of fair value may differ significantly from the statements presented.

Contributed Services and Costs

Contributions of donated noncash assets (in-kind donations) are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. Certain contributed time and services were not recognized in the accompanying financial statements because they did not meet the criteria for recognition under ASC 958.30 *Gifts in Kind*.

Functional Allocation of Expenses

The costs of providing IFTA's various programs and other activities have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Reclassifications

Certain reclassifications have been made to the 2017 financial statements in order to conform to the presentation used in 2018.

3. Cash and Cash Equivalents

Cash and cash equivalents include all funds in financial institutions (checking, savings and money market) and consist of the following at June 30, 2018 and 2017:

		2018		2017
Checking and petty cash (noninterest-bearing)	**$**	**2,045,628**	$	1,627,749
Savings (bearing interest at 0.06% per annum at June 30, 2018)		**297,521**		297,342
Money market (bearing interest at 0.03% per annum at June 30, 2018)		**30,222**		30,213
Total cash and cash equivalents	**$**	**2,373,371**	$	1,955,304

At June 30, 2018, certain accounts exceeded the FDIC insured limit, resulting in $2,123,371 in funds that were not covered by insurance provided by the federal government. Such financial instruments potentially subject IFTA to concentrations of credit risk. It is the opinion of management that the solvencies of the referenced financial institutions are satisfactorily strong and that IFTA's financial position will not be compromised. IFTA attempts to limit its credit risk associated with cash equivalents and restricted cash by placing all deposits with highly rated corporate and financial institutions.

4. Receivables

Receivables include grants, pledges and contractually earned income related to operating activities and various grants made to IFTA's fiscally sponsored groups and consist of the following at June 30, 2018 and 2017:

	2018	2017
Grants receivable	$ 539,267	$ 815,840
Pledges receivable	7,663	7,190
Subtotal: grants and pledges receivable	546,930	823,030
Contract income receivable	146,430	-
Other receivables	14,900	10,346
Subtotal: accounts and other receivables	161,330	10,346
Total receivables	$ 708,260	$ 833,376

IFTA uses the direct write-off method with regard to receivables deemed uncollectible. An allowance for estimated losses has not been established because management believes the grants, pledges, and other receivables are fully collectible based on the financial strength of the particular donors and payers.

5. Leases

IFTA leases its corporate office premises in San Francisco under an operating lease agreement which expires December 31, 2018. The lease requires a monthly rental payment of $9,507 as of June 30, 2018. In September 2018, IFTA entered into a five-year operating lease for new office space in San Francisco. This new lease has an effective start date of December 1, 2018 and provides for a monthly payment in the amount of $27,625 with stipulated increases of 3% each December 1. IFTA is also responsible for its share of operating expenses, including maintenance and utilities.

IFTA also leases certain office equipment under a separate rental contract expiring July 2023. From time to time, IFTA and its fiscally sponsored projects rent performance halls under specific usage agreements and are obligated to pay rent based upon the number of performances for which the facilities are utilized.

Future minimum rental payments under all operating leases extending beyond one year are as follows at June 30, 2018:

Year ending June 30, 2019	$ 59,862
Year ending June 30, 2020	2,820
Year ending June 30, 2021	2,820
Year ending June 30, 2022	2,820
Thereafter	3,055

Rent expense for the offices and performance spaces amounted to $327,646 and $387,929 for the years ended June 30, 2018 and 2017, respectively, and is included with occupancy expense on the statement of functional expenses.

Notes to Financial Statements

6. Temporarily Restricted Net Assets

IFTA recognizes support from temporarily restricted net assets when the restrictions imposed by the donors have been satisfied or expired. Temporarily restricted net assets consist of the following at June 30, 2018 and 2017:

		2018		2017
Restricted for:				
Fiscally sponsored projects	$	**1,195,988**	$	1,289,324
Capacity building		**50,000**		100,000
Support for future periods		**40,000**		81,500
	$	**1,285,988**	$	1,470,824

During the years ended June 30, 2018 and 2017, additions to temporarily restricted net assets amounted to $1,572,466 and $1,762,302, respectively. During the years ended June 30, 2018 and 2017, IFTA released $1,757,302 and $1,246,509, respectively, from temporarily restricted net assets to unrestricted net assets.

7. Deferred Revenue

Deferred revenue of $15,817 and $7,317 at June 30, 2018 and 2017, respectively, represents funds received under binding contracts in advance for future activities to be held during the following fiscal year. Such amounts have been reflected as short-term liabilities and will be classified as earned revenue on the statement of activities and changes in net assets in the subsequent fiscal period.

8. In-kind Contributions (Donated Services and Materials)

During the years ended June 30, 2018 and 2017, IFTA was the recipient of a substantial amount of in-kind contributions and these donated services, materials and facilities were recorded at their estimated fair values as program and supporting revenues and expenses. The estimated values of these contributions are summarized as follows:

		2018		2017
Hospitality and travel	$	**2,103**	$	2,608
Facility and equipment usage		**12,188**		25,020
Professional services		**2,386**		10,940
Advertising		**-**		22,770
Auction		**2,050**		-
Supplies		**748**		-
Other		**1,719**		418
Total in-kind donations reflected as contributions	$	**21,194**	$	61,756

9. Compensated Absences (Accrued Payroll and Related Benefits)

Financial statement presentation follows the recommendations of ASC 710.25, *Compensated Absences*. Under ASC 710.25, IFTA is required to record a liability for the estimated amounts of compensation for future absences. Employees are permitted to accrue a specific number of hours of vacation which is payable upon termination of the employee. Sick leave is not paid upon termination. Annual leave accruals are recorded in the financial statements as an accrued liability on the statements of financial position based on hourly rates in effect at the end of the year. Accrued payroll liabilities amounted to $13,864 and $11,217 at June 30, 2018 and 2017, respectively, and are included with accounts payable and accrued liabilities on the statement of financial position.

10. Fair Value Measurements

In accordance with fair value measurement accounting, IFTA has classified certain current assets at June 30, 2018 as follows:

	Totals	Level 1	Level 2	Level 3
Grants and pledges receivable	$ 546,930	$ -	$ 546,930	$ -
Accounts and other receivables	161,330	-	161,330	-
Totals	$ 708,260	$ -	$ 708,260	$ -

Composition of assets utilizing fair value measurements at June 30, 2017 is as follows:

	Totals	Level 1	Level 2	Level 3
Grants and pledges receivable	$ 823,030	$ -	$ 823,030	$ -
Accounts and other receivables	10,346	-	10,346	-
Totals	$ 833,376	$ -	$ 833,376	$ -

Fair value measurements establish a fair value hierarchy that prioritizes the input used to measure fair value. This hierarchy consists of three broad levels: (a) Level 1 measurement reflects the value of the investments at quoted prices in active markets for identical assets, generally without any adjustments, (b) Level 2 assets and liabilities are valued based on "observable inputs" other than quoted active market prices, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, and interest rates and yield curves, and (c) Level 3 assets and liabilities are valued based on “unobservable inputs," such as a company’s own estimates and pricing models. IFTA had no assets classified as Level 1 or Level 3 at June 30, 2018 or 2017.

Notes to Financial Statements

11. Commitments and Contingencies

In the normal course of business there are outstanding various commitments and contingent liabilities, such as commitments to enter into contracts and future performances, which are not reflected in the financial statements. Such commitments and contingencies also include risks associated with various economic and operating factors, which include (a) Grant restrictions and donor conditions which obligate IFTA to fulfill certain requirements as set forth in grant instruments, (b) Funding levels which vary based on factors beyond the IFTA's control, such as generosity of donors and general economic conditions, (c) Employment and service agreements with key management and operating personnel, and (d) Financial risks associated with funds on deposit at bank and investment brokerage accounts. Management believes that such commitments, contingencies and risks will not have a material adverse effect on the financial statements. Certain of the grants and contracts (including current and prior costs) are subject to audit and final acceptance by the granting entities.

12. Advertising

Advertising costs are expensed as incurred. Advertising expenses amounted to $9,077 and $9,553 for the years ended June 30, 2018 and 2017, respectively, and are included with promotion and development expenses on the statement of functional expenses.

13. Subsequent Events

In compliance with ASC 855, *Subsequent Events*, IFTA has evaluated subsequent events through February 6, 2019, the date the financial statements were available to be issued. As disclosed in Note 5, IFTA moved its office subsequent to June 30, 2018 and entered into a five-year lease with an effective date of December 1, 2018. In the opinion of management, there are no subsequent events which need to be disclosed.